

# A

**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Executive Board – Eighty-eighth Session**  
Rome, 13-14 September 2006

**RESOURCES AVAILABLE FOR COMMITMENT**

**For: Approval**

---

## **Note to Executive Board Directors**

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session.

**Ruth Farrant**

Manager, Accounting Unit

tel.: +39-06-5459-2281

e-mail: [r.farrant@ifad.org](mailto:r.farrant@ifad.org)

Queries regarding the dispatch of documentation for this session should be addressed to:

**Deirdre McGrenra**

Governing Bodies Officer

tel.: +39-06-5459-2374

e-mail: [d.mcgrenra@ifad.org](mailto:d.mcgrenra@ifad.org)

**RECOMMENDATION FOR APPROVAL**

The Executive Board is invited to approve the recommendation on the use of advance commitment authority as contained in paragraph 8.



## RESOURCES AVAILABLE FOR COMMITMENT

1. For the information of the Executive Board, Attachments I and II contain details of the resources available for commitment under IFAD's Regular Programme as at 30 June 2006.
2. Details on Member States' contributions specifically excluded from committable resources as at 30 June 2006 are provided in Attachment II.
3. Attachment III provides details of loans and grants approved by the Board at its eighty-seventh session in April 2006.
4. Attachment IV provides information on the loans and grants proposed to the current session of the Board in a total amount of 80.0 million special drawing rights (SDR). Based on the exchange rate in force as at 30 June 2006, such loans and grants amount to some US\$118.8 million. These figures will be updated in an addendum to be tabled at the session.
5. Attachment V shows commitments made using advance commitment authority (ACA) from 2001 to 2005. It also provides a further analysis of net flows from 1 January to 30 June 2006; the net inflows during this period were US\$136.9 million. Inasmuch as the loans and grants proposed for approval at the September 2006 session of the Board total approximately US\$118.8 million and loans and grants approved to date total US\$155.6 million (with approved ACA use so far this year of US\$49.1 million), there will be a resource shortfall of US\$88.4 million in respect of which use of ACA will be needed.
6. **Advance commitment authority and its ceiling.** The Governing Council authorized the use of advance commitment authority at its twentieth session in February 1997. The procedures for ACA use during the Sixth Replenishment period are set out in document GC 26/Resolutions/Rev.1. The ceiling for ACA use during the Sixth Replenishment period is based on the same principle as for the Fourth and Fifth Replenishment periods, namely a ceiling of three years' worth of reflows. On the basis of current estimates of loan reflows for the three-year period, this amounts to about US\$600 million.<sup>1</sup> According to the new practice for ACA, under the Sixth Replenishment resolution "total net flows" during the current year will be maintained as resources available for commitment. The advance commitment authority requested at each session of the Executive Board, if any, will represent the amount of loan and grant commitments in excess of the resources available for commitment. At year-end, taking into account net resources available for commitment and any additional ACA used during the year, the ACA carried forward will be adjusted accordingly. This procedure will make ACA use clearer and more transparent. The additional use of ACA in any given year will be the simple sum of the ACA approved by the Executive Board at its three sessions during the year.
7. An update of this document will be provided to the next session of the Executive Board.

### Recommendation

8. Based on the resources position as at 30 June 2006, the Executive Board is requested to approve the use of the advance commitment authority as follows:

The Executive Board, in accordance with paragraph III.17 of Governing Council Resolution 130/XXVI, noting the present shortfall in resources of an estimated US\$88.4 million due to net inflows for the six-month period to 30 June 2006 amounting to US\$136.9 million and the loans and grants presented for approval amounting to

---

<sup>1</sup> Loan reflows for the three-year period 2006-2008 are forecast to be US\$653 million.

US\$ 118.8 million, as well as loans and grants already approved of US\$155.6 million and advance commitment authority (ACA) already approved of US\$49.1 million at the April session of the Executive Board, approves the use of an additional US\$88.4 million under the ACA. These figures will be updated for the next Board session to include estimated flows for the months of July and August. Accordingly, the Executive Board authorizes the President to conclude agreements for loans and grants approved by the Executive Board at its eighty-eighth session in September 2006. In addition, the Board requests the President to report to the Executive Board at its next and subsequent sessions on the use of ACA and the resources available for commitment.

ATTACHMENT I

**STATEMENT OF RESOURCES AVAILABLE FOR COMMITMENT  
AS AT 30 JUNE 2006  
(thousands of U.S. dollars)**

|   |                            |                         |
|---|----------------------------|-------------------------|
| <b>Assets in freely convertible currencies</b>  |                            |                         |
| Cash and investments  | 2 446 764                  |                         |
| Promissory notes – Member States  | 270 182 <sup>a</sup>       |                         |
| Other receivables   | <u>277 683<sup>b</sup></u> | <u>2 994 629</u>        |
| <b>Less:</b>  |                            |                         |
| Payables and liabilities  |                            | (305 421) <sup>c</sup>  |
| Programme Development Financing Facility carry-forward  |                            | (2 624)                 |
| General Reserve   |                            | (95 000)                |
| Undisbursed effective loans   | (1 970 580)                |                         |
| Approved loans signed but not yet effective   | (515 770)                  |                         |
| Undisbursed grants  | <u>(56 044)</u>            | (2 542 394)             |
| Drawdowns on promissory notes<br>that have not been paid (see Attachment II)                  |                            | <u>(80 898)</u>         |
| <b>Resources available for commitment</b>   |                            | <b><u>(31 708)</u></b>  |
| <b>Less:</b>  |                            |                         |
| Loans not yet signed  |                            | (262 487)               |
| Grants not yet signed   |                            | <u>(20 575)</u>         |
| <b>Net resources available for commitment before ACA<br/>carry-forward and 2006 net flows</b> |                            | <b><u>(314 770)</u></b> |

<sup>a</sup> Promissory notes of US\$270,182,000 are gross of provisions for those amounts drawn down and not paid of US\$80,898,000. The net amount of promissory notes included as resources available for commitment is US\$189,284,000.

<sup>b</sup> Other receivables include US\$256,012,000 relating to receivables for investments sold.

<sup>c</sup> Payables and liabilities include US\$291,157,000 relating to payables for investments purchased.

**SUMMARY OF RESOURCE FLOWS IN THE PERIOD**

|   |                         |
|---|-------------------------|
| Net flows January to June 2006  | <b>136 880</b>          |
| Actual loan and grant commitments approved in the period to<br>June 2006      | <b><u>(155 628)</u></b> |
| Total net flows in the period   | <b>(18 748)</b>         |
| ACA approved in the period  | <b><u>49 100</u></b>    |
| Net resources available for commitment  | <b>30 352</b>           |
| Loan and grant commitments to be presented at September 2006<br>Board session | <b><u>(118 769)</u></b> |
| ACA to be approved at September 2006 Board session                            | <b><u>88 417</u></b>    |

**RESOURCES AVAILABLE FOR COMMITMENT  
UNDER THE REGULAR PROGRAMME  
AS AT 30 JUNE 2006**

Amounts Specifically Excluded  
(thousands of U.S. dollars)

**IFAD Regular Programme**

**Drawdowns on Initial Contribution**

**promissory notes that have not been paid**

|                            |               |        |
|----------------------------|---------------|--------|
| Iran (Islamic Republic of) | 29 358        |        |
| Iraq                       | <u>13 717</u> |        |
|                            |               | 43 075 |

**Drawdowns on First Replenishment**

**promissory notes that have not been paid**

|      |               |        |
|------|---------------|--------|
| Iraq | <u>31 099</u> |        |
|      |               | 31 099 |

**Drawdowns on Second Replenishment**

**promissory notes that have not been paid**

|            |          |   |
|------------|----------|---|
| Mauritania | <u>2</u> |   |
|            |          | 2 |

**Drawdowns on Third Replenishment**

**promissory notes that have not been paid**

|                                       |           |       |
|---------------------------------------|-----------|-------|
| Democratic People's Republic of Korea | 600       |       |
| Libyan Arab Jamahiriya                | 6 087     |       |
| Mauritania                            | <u>25</u> |       |
|                                       |           | 6 712 |

**Special Programme for Sub-Saharan  
African Countries Affected by Drought  
and Desertification**

**Drawdowns on First Phase**

**promissory notes that have not been paid**

|            |  |           |
|------------|--|-----------|
| Mauritania |  | <u>10</u> |
|------------|--|-----------|

|                                    |  |               |
|------------------------------------|--|---------------|
| <b>Total specifically excluded</b> |  | <u>80 898</u> |
|------------------------------------|--|---------------|



**LOANS AND GRANTS APPROVED AT THE  
EIGHTY-SEVENTH SESSION OF THE EXECUTIVE BOARD**

| <b>PROPOSED LOANS</b>   |   |                                |
|---|---|--------------------------------|
| <b>Country</b>  | <b>Programme/Project Title</b>  | <b>SDR</b>                     |
| Bosnia and Herzegovina  | Rural Enterprise Enhancement Project  | 8 800 000                      |
| Brazil<br>(State of Bahia)                                      | Rural Communities Development Project in the Poorest Areas of the State of Bahia  | 20 800 000                     |
| Congo   | Rural Development Project in the Departments of Niari, Bouenza and Lékoumou   | 5 900 000                      |
| India   | Post-tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu                                      | 10 400 000                     |
| Madagascar  | Project to Support Development in the Menabe and Melaky Regions   | 9 100 000                      |
| Maldives  | Post-tsunami Agricultural and Fisheries Rehabilitation Programme  | 1 450 000                      |
| Mozambique  | Agricultural Support Programme  | 13 850 000                     |
| Pakistan  | Project for the Restoration of Earthquake-Affected Communities and Households   | 18 350 000                     |
| Sri Lanka   | Post-tsunami Coastal Rehabilitation and Resource Management Programme   | 10 950 000                     |
| Sri Lanka   | Post-tsunami Livelihoods Support and Partnership Programme  | 1 650 000                      |
| <b>Total</b>  |   | <b>101 250 000</b>             |
| <b>PROPOSED GRANTS</b>  |   |                                |
| <b>Recipient</b>  | <b>Programme/Project Title</b>  | <b>SDR<br/>(Equivalent)</b>    |
| Brazil<br>(State of Bahia)                                      | Rural Communities Development Project in the Poorest Areas of the State of Bahia  | 343 750                        |
| International Livestock Research Institute                      | Programme for Enhancing Livelihoods of Poor Livestock Keepers through Increased Use of Fodder                                 | 1 100 000                      |
| International Center for Agricultural Research in the Dry Areas | Programme for Rehabilitation of Agricultural Livelihoods of Women in Marginal Post-Conflict Areas of Afghanistan and Pakistan | 742 500                        |
| International Food Policy Research Institute                    | Support Programme to the Poverty Reduction Strategy Paper Process in Western and Central Africa                               | 343 750                        |
| Madagascar  | Project to Support Development in the Menabe and Melaky Regions   | 255 000                        |
| Regional Programme for Rural Development Training (PROCASUR)    | Learning Routes Training Programme  | 618 750                        |
| <b>Total</b>  |   | <b>3 403 750</b>               |
| <b>Grand Total</b>  |   | <b>104 653 750<sup>a</sup></b> |

<sup>a</sup> Equivalent to approximately US\$152.2 million based on the exchange rate at the date of approval.

ATTACHMENT IV

**PROPOSED LOANS AND GRANTS PRESENTED FOR APPROVAL AT THE  
EIGHTY-EIGHTH SESSION OF THE EXECUTIVE BOARD**

| <b>PROPOSED LOANS</b>   |  |  |   |
|---|--|--|---|
| <b>Country</b>  | <b>Programme/Project Title</b>   | <b>US\$<br/>(Equivalent)<sup>a</sup></b> | <b>SDR<br/>(Equivalent)<sup>a</sup></b> |
| Colombia  | Rural Microenterprise Assets Programme: Asset Enhancement, Technical Assistance and Investment Support (Activos)             | 20 000 000                               | 13 475 000                              |
| Gambia  | Rural Finance Project  | 6 159 555                                | 4 150 000                               |
| Nigeria   | Rural Finance Institution-building Programme   | 27 170 000                               | 18 305 787                              |
| Senegal   | Agricultural Services and Producer Organizations Project – Phase II  | 6 085 343                                | 4 100 000                               |
| Sri Lanka   | Smallholder Outgrowers Estate Development Programme  | 22 500 000                               | 15 159 375                              |
| Viet Nam  | Programme for Improving Market Participation of the Poor   | 26 000 000                               | 17 517 500                              |
| <b>Total</b>  |  | <b>107 914 898</b>                       | <b>72 707 662</b>                       |
| <b>PROPOSED GRANTS</b>  |  |  |   |
| <b>Recipient</b>  | <b>Programme/Project Title</b>   | <b>US\$<br/>(Equivalent)<sup>a</sup></b> | <b>SDR<br/>(Equivalent)<sup>a</sup></b> |
| Anuradhapura Participatory Development Foundation                           | Microfinance and Institutional Capacity Development Project in Sri Lanka   | 552 000                                  | 371 910                                 |
| Asia-Pacific Rural and Agricultural Credit Association                      | Accelerating the Financial Empowerment of Poor Rural Communities in Asia and the Pacific through Rural Finance Innovations   | 1 200 000                                | 808 500                                 |
| Gambia  | Rural Finance Project  | 415 584                                  | 280 000                                 |
| Global Mechanism of the United Nations Convention to Combat Desertification | Support to Resource Mobilization for and Implementation of Action Programmes and Related Initiatives – Phase II              | 1 250 000                                | 842 187                                 |
| International Institute of Tropical Agriculture                             | Integrated Protection of Cassava from Emerging Pests and Diseases that threaten Rural Livelihoods                            | 1 300 000                                | 875 875                                 |
| International Rice Research Institute (IRRI)                                | Programme for Accelerating Agricultural Technology Adoption to Enhance Rural Livelihoods in Disadvantaged Districts of India | 435 000                                  | 293 081                                 |
| Nigeria   | Rural Finance Institution-building Programme   | 400 000                                  | 269 500                                 |
| Participatory Microfinance Group for Africa                                 | Programme for the Promotion of Participatory Microfinance in Africa  | 800 000                                  | 539 000                                 |
| Sasakawa-Global 2000  | A Market-driven Initiative for Millet and Sorghum Development in West and Central Africa                                     | 1 300 000                                | 875 875                                 |
| Senegal   | Agricultural Services and Producer Organizations Project – Phase II  | 311 688                                  | 210 000                                 |
| United Nations Capital Development Fund                                     | Programme for Building Inclusive Financial Sectors in Western and Central Africa   | 990 000                                  | 667 013                                 |
| Viet Nam  | Programme for Improving Market Participation of the Poor   | 400 000                                  | 269 500                                 |
| World Agroforestry Centre   | Programme to Support the Smallholder Conservation Agriculture Promotion (SCAP) in Western and Central Africa                 | 1 500 000                                | 1 010 625                               |
| <b>Total</b>  |  | <b>10 854 272</b>                        | <b>7 313 066</b>                        |
| <b>Grand Total</b>  |  | <b>118 769 170</b>                       | <b>80 020 728</b>                       |

<sup>a</sup> Using the 30 June 2006 US\$/SDR exchange rate of 1.48423 based on the dollar amount for loans not negotiated to date and for grants and SDR amounts for loans already negotiated to date and associated grants.

**ANALYSIS OF USE OF ADVANCE COMMITMENT AUTHORITY**

|   | Millions of U.S. dollars |              |              |              |              |
|---|--------------------------|--------------|--------------|--------------|--------------|
|   | 2001                     | 2002         | 2003         | 2004         | 2005         |
| <b>ACA carry-forward at start of year</b>       | -                        | 153.7        | 277.8        | 331.1        | 136.8        |
| Net ACA use/(cover)                             | 153.7                    | 124.1        | 53.3         | (194.3)      | 159.2        |
| <b>ACA carry-forward at end of year/ period</b> | <b>153.7</b>             | <b>277.8</b> | <b>331.1</b> | <b>136.8</b> | <b>296.0</b> |

|  | 2006<br>January to June<br>including EB 88 <sup>a b</sup><br>(millions of U.S. dollars) |
|--|---|
| <b>1. Resources available at start of period</b>                   | <b>0</b>  |
| <b>Analysis of flows</b>   |   |
| Loan reflows   | 79.2  |
| Loan and grant cancellations                                       | 42.0  |
| Members' contributions   | 63.4  |
| Cumulative HIPC contributions <sup>b</sup>                         | 7.0   |
| Net investment income  | 9.5   |
| Release of contributions excluded                                  | -   |
| Net exchange rate movements  | (14.7)  |
| Operating expenses, ASMCS, SCP, PDFF <sup>b</sup>                  | (49.5)  |
| <b>2. Total net flows</b>  | <b>136.9</b>  |
| <b>3. ACA approved by the Executive Board at EB 87<sup>b</sup></b> | <b>49.1</b>   |
| <b>4. ACA to be approved in the period</b>                         | <b>88.4</b>   |
| <b>5. Loan and grant commitments<sup>c</sup></b>                   | <b>(274.4)</b>  |
| <b>Resources available at end of period (=1+2+3+4+5)</b>           | <b>0</b>  |
| <b>6. ACA brought forward (= prior period)</b>                     | <b>296.0</b>  |
| <b>7. ACA carried forward (=3+4+6)</b>                             | <b>433.5</b>  |

<sup>a</sup> Based on six twelfths of the annual projection for IFAD and the Office of Evaluation in document GC 29/L.6 (Programme of Work and Administrative Budget of IFAD and of its Office of Evaluation for 2006).

<sup>b</sup> ASMCS = After-Service Medical Coverage Scheme  
HIPC = Debt Initiative for Heavily Indebted Poor Countries  
PDFF = Programme Development Financing Facility  
SCP = Strategic Change Programme  
EB 87 = Eighty-seventh session of the Executive Board (April 2006)  
EB 88 = Eighty-eighth session of the Executive Board (September 2006)

<sup>c</sup> Loan and grant commitments include loans and grants presented for approval at this Board session of US\$118.8 million.