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Enabling the rural poor  
to overcome poverty

## **Resources available for commitment**

Executive Board — Eighty-ninth Session  
Rome, 12-14 December 2006

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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:

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## **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 September 2006.
2. Details on Member States' contributions specifically excluded from committable resources as at 30 September 2006 are provided in attachment II.
3. Attachments III and IV provide details of loans and grants approved by the Board at its eighty-seventh session in April 2006 and eighty-eighth session in September 2006 respectively.
4. Attachment V provides information on the loans and grants proposed to the current session of the Board in a total amount of 208.5 million special drawing rights (SDR). Based on the exchange rate in force as at 30 September 2006, such loans and grants amount to some US\$307.8 million. These figures will be updated in an addendum to be tabled at the session.
5. Attachment VI shows commitments made using advance commitment authority (ACA) from 2001 to 2005. It also provides a further analysis of estimated net flows from 1 January to 31 December 2006; the estimated net inflows during this period are US\$353.9 million. Inasmuch as the loans and grants proposed for approval at the December 2006 session of the Board total approximately US\$294.3 million (excluding US\$13.5 million of ex-grants transferred to the Programme Development Financing Facility [PDFF]) and loans and grants approved to date total US\$252.9 million (with approved ACA use so far this year of US\$79.4 million), there will be a resource shortfall of US\$113.9 million in respect of which use of ACA will be needed.

### **Advance commitment authority and its ceiling**

6. 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\$620 million. 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. 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 this session of the Executive Board.

### **Recommendation**

8. Based on the estimated resources position as at 31 December 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\$113.9 million due to estimated net inflows for the year to 31 December 2006 amounting to US\$353.9 million and the loans and grants presented for approval amounting to US\$294.3 million (excluding US\$13.5 million of ex-grants transferred to the PDFF), as well as loans and grants already approved of US\$252.9 million and advance commitment

authority (ACA) already approved of US\$79.4 million at the April and September sessions of the Executive Board, approves the use of an additional US\$113.9 million under the ACA. These figures will be updated for the next Board session. Accordingly, the Executive Board authorizes the President to conclude agreements for loans and grants approved by the Executive Board at its eighty-ninth session in December 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.

## Statement of resources available for commitment as at 30 September 2006

(Thousands of United States dollars)

<b>Assets in freely convertible currencies</b>		
Cash and investments	2 464 570	
Promissory notes – Member States	257 392 <sup>a</sup>	
Other receivables	<u>47 851<sup>b</sup></u>	<u>2 769 813</u>
<b>Less:</b>		
Payables and liabilities		(118 855) <sup>c</sup>
Programme Development Financing Facility carry-forward		(589)
General Reserve		(95 000)
Undisbursed effective loans	(2 054 748)	
Approved loans signed but not yet effective	(349 052)	
Undisbursed grants	<u>(57 270)</u>	(2 461 070)
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(80 898)</u>
<b>Resources available for commitment</b>		<b><u>13 401</u></b>
<b>Less:</b>		
Loans not yet signed		(303 225)
Grants not yet signed		<u>(27 206)</u>
<b>Net resources available for commitment before ACA carry-forward and 2006 net flows</b>		<b><u>(317 030)</u></b>

<sup>a</sup> Promissory notes of US\$257,392,000 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\$176,494,000.

<sup>b</sup> Other receivables include US\$29,568,000 relating to receivables for investments sold.

<sup>c</sup> Payables and liabilities include US\$107,109,000 relating to payables for investments purchased.

### Summary of resource flows in the period

Net flows from January to September 2006	<b>242 112</b>
Estimated net flows for October to December 2006	<b>111 800</b>
Actual loan and grant commitments approved in the period to September 2006	<b><u>(252 911)</u></b>
Total estimated net inflows in the period	<b>101 001</b>
ACA approved in the period	<b><u>79 400</u></b>
Estimated net resource flows available for commitment	<b>180 401</b>
Loan and grant commitments to be presented at the December 2006 Board session (excluding US\$13.5 million of ex-grants transferred to the PDFF)	<b><u>(294 261)</u></b>
ACA to be approved at the December 2006 Board session	<b><u>113 860</u></b>

## Resources available for commitment under the Regular Programme as at 30 September 2006

Amounts specifically excluded

(Thousands of United States dollars)

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<b>IFAD Regular Programme</b>		
<b>Drawdowns on Initial Contribution promissory notes that have not been paid</b>		
Iran (Islamic Republic of)	29 358	
Iraq	<u>13 717</u>	43 075
<b>Drawdowns on First Replenishment promissory notes that have not been paid</b>		
Iraq	<u>31 099</u>	31 099
<b>Drawdowns on Second Replenishment promissory notes that have not been paid</b>		
Mauritania	<u>2</u>	2
<b>Drawdowns on Third Replenishment promissory notes that have not been paid</b>		
Democratic People's Republic of Korea	600	
Libyan Arab Jamahiriya	6 087	
Mauritania	<u>25</u>	6 712
<b>Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification</b>		
<b>Drawdowns on First Phase promissory notes that have not been paid</b>		
Mauritania		<u>10</u>
<b>Total specifically excluded</b>		<b><u>80 898</u></b>

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## Loans and grants approved at the eighty-seventh session of the Executive Board

<i>Country/Recipient</i>	<i>Programme/project title</i>	<i>SDR</i>
<b>Loans</b>		
Bosnia and Herzegovina	Rural Enterprise Enhancement Project	8 800 000
Brazil (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>Grants</b>		
Brazil (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.

### Loans and grants approved at the eighty-eighth session of the Executive Board

<i>Country/Recipient</i>	<i>Programme/project title</i>	<i>SDR</i>
<b>Loans</b>		
Colombia	Rural Microenterprise Assets Programme: Asset Enhancement, Technical Assistance and Investment Support	13 450 000
Gambia	Rural Finance Project	4 150 000
Nigeria	Rural Finance Institution-building Programme	18 500 000
Senegal	Agricultural Services and Producer Organizations Project – Phase II	4 100 000
Viet Nam	Programme for Improving Market Participation of the Poor	17 550 000
<b>Total</b>		<b>57 750 000</b>
<b>Grants</b>		
Anuradhapura Participatory Development Foundation	Microfinance and Institutional Capacity Development Project in Sri Lanka	372 406
Asia-Pacific Rural and Agricultural Credit Association	Accelerating the Financial Empowerment of Poor Rural Communities in Asia and the Pacific through Rural Finance Innovations	809 580
Gambia	Rural Finance Project	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	843 312
International Institute of Tropical Agriculture	Integrated Protection of Cassava from Emerging Pests and Diseases that threaten Rural Livelihoods	877 045
International Rice Research Institute	Programme for Accelerating Agricultural Technology Adoption to Enhance Rural Livelihoods in Disadvantaged Districts of India	293 473
Nigeria	Rural Finance Institution-building Programme	270 000
Participatory Microfinance Group for Africa	Programme for the Promotion of Participatory Microfinance in Africa	539 720
Sasakawa-Global 2000	A Market-driven Initiative for Millet and Sorghum Development in West and Central Africa	877 045
Senegal	Agricultural Services and Producer Organizations Project – Phase II	210 000
United Nations Capital Development Fund	Programme for Building Inclusive Financial Sectors in Western and Central Africa	667 903
Viet Nam	Programme for Improving Market Participation of the Poor	270 000
World Agroforestry Centre	Programme to Support the Smallholder Conservation Agriculture Promotion (SCAP) in Western and Central Africa	1 011 975
<b>Total</b>		<b>7 322 459</b>
<b>Grand total</b>		<b>65 072 459<sup>a</sup></b>

<sup>a</sup> Equivalent to approximately US\$96.5 million based on the exchange rate at the date of approval.

## Proposed loans and grants presented for approval at the eighty-ninth session of the Executive Board

<i>Country/Recipient</i>	<i>Programme/project title</i>	<i>U.S. dollars</i>	<i>SDR equivalent<sup>a</sup></i>
<b>Proposed loans</b>			
Argentina	Rural Areas Development Programme	19 300 000	13 076 715
Bolivia	Enhancement of the Peasant Camelid Economy Support Project	7 230 000	4 898 687
Burkina Faso	Agricultural Commodity Chain Support Project	13 830 000	9 370 516
China	Xinjiang Uygur Autonomous Region Modular Rural Development Programme	25 000 000	16 938 750
Costa Rica	Rural Development and Poverty Reduction Programme	10 000 000	6 775 500
Egypt	Upper Egypt Rural Development Project	15 100 000	10 231 005
Eritrea	Post-crisis Rural Recovery and Development Programme	12 250 000	8 299 988
Haiti	Small-scale Irrigation Development Project (PPI-2)	13 000 000	8 808 150
India	Women's Empowerment and Livelihoods Programme in the Mid-Gangetic Plains	30 170 000	20 441 683
Lao People's Democratic Republic	Northern Region Sustainable Livelihoods through Livestock Development Project	3 000 000	2 032 650
Mali	Kidal Integrated Rural Development Programme	11 340 000	7 683 417
Niger	Agricultural and Rural Rehabilitation and Development Initiative Project	15 247 000	10 330 605
Sri Lanka	Smallholder Outgrowers Estate Development Programme	22 500 000	15 244 875
Sudan	Butana Integrated Rural Development Project	24 800 000	16 803 240
Turkey	Rural Poverty Reduction Programme	24 100 000	16 328 955
Uganda	District Livelihoods Support Programme	27 440 000	18 591 972
United Republic of Tanzania	Rural Micro, Small and Medium Enterprise Support Programme	19 500 000	13 212 225
<b>Total</b>		<b>293 807 000</b>	<b>199 068 933</b>
<b>Proposed grants</b>			
Bioversity International	Programme for Empowering the Rural Poor by Strengthening their Identity, Income Opportunities and Nutritional Security through the Improved Use and Marketing of Neglected and Underutilized Species	1 400 000	948 570
Centro Internacional para el Desarrollo Humano	Programme for Strengthening Rural Organizations for Policy Dialogue in the Context of the - Dominican Republic - Central America – United States Free Trade Agreement	800 000	542 040
Consultative Group to Assist the Poor	Regional Partnership Programme to Support the Development of a Pro-poor Rural Financial Sector in the Near East and North Africa	1 200 000	813 060
Egypt	Upper Egypt Rural Development Project	950 000	643 673
Eritrea	Post-crisis Rural Recovery and Development Programme	343 000	232 400
Food and Agriculture Organization of the United Nations	Programme for Enhancing the Agriculture Competitiveness of Rural Households in the Greater Mekong Subregion	609 000	412 628
International Maize and Wheat Improvement Center	Programme for Facilitating the Adoption of Conservation Agriculture by Resource-Poor Smallholder Farmers in Southern Africa	1 500 000	1 016 325
International Land Coalition	Strengthen the Performance of the Land Coalition	1 700 000	1 151 835
Microfinance Centre for Central and Eastern Europe and the Newly Independent States	Programme for Facilitating Widespread Access to Microinsurance Services	952 000	645 028
Netherlands-based International Development Organization (SNV: a not-for-profit foundation)	Programme for Strengthening Support Capacity for Enhanced Market Access and Knowledge Management in Eastern and Southern Africa (operating from the SNV Market Access Office, Uganda, coordinating activities in 8 countries)	1 550 000	1 050 202
Niger	Agricultural and Rural Rehabilitation and Development Initiative Project	400 000	271 020
Uganda	District Livelihoods Support Programme	400 000	271 020
United Republic of Tanzania	Rural Micro, Small and Medium Enterprise Support Programme	450 000	304 897
Viet Nam	Ministry of Agriculture and Rural Development of the Socialist Republic of Viet Nam for the Rural Development Strategy for 2010-2015 with a Vision to 2020	300 000	203 265
West Africa Rural Foundation	Programme to Support IFAD-funded Projects' Monitoring and Evaluation Systems in the Western and Central Africa Region	1 400 000	948 570
<b>Total</b>		<b>13 954 000</b>	<b>9 464 533</b>
<b>Grand Total</b>		<b>307 761 000</b>	<b>208 523 466</b>

<sup>a</sup> Using the 30 September 2006 US\$/SDR exchange rate of 1.47590 based on the United States dollar amount for loans not negotiated to date and for grants.

## Analysis of use of advance commitment authority

	<i>Millions of United States dollars</i>				
	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>

	<i>Millions of United States dollars</i>		
	<i>January to September 2006<sup>a</sup></i>	<i>Estimated net flows October to December 2006</i>	<i>Estimated January to December 2006</i>
<b>1. Resources available at start of period</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Analysis of flows</b>			
Loan reflows	142.8	52.2	195.0
Loan and grant cancellations	55.8	34.2	90.0
Members' contributions	112.0	56.0	168.0
HIPC DI contributions <sup>b</sup>	7.0	-	7.0
Net investment income	42.2	8.5	50.7
Net exchange rate movements	(19.5)	-	(19.5)
Operating expenses, ASMCS, SCP, PDFF <sup>b</sup>	(71.3)	(29.0)	(100.3)
HIPC loan payments	(26.9)	(10.1)	(37.0)
<b>2. Total estimated net inflows January to December 2006</b>	<b>242.1</b>	<b>111.8</b>	<b>353.9</b>
<b>3. ACA approved by the Executive Board at EB 87 and EB 88</b>			<b>79.4</b>
<b>4. ACA to be approved for EB 89</b>			<b>113.9</b>
<b>5. Loan and grant commitments<sup>c</sup></b>			<b>(547.2)</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. Forecast ACA carried forward as at 31 December 2006 (=3+4+6)</b>			<b>489.3</b>

<sup>a</sup> Based on actual results for the year to 30 September 2006.

<sup>b</sup> ASMCS = After-Service Medical Coverage Scheme  
HIPC DI = 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)  
EB 89 = Eighty-ninth session of the Executive Board (December 2006)

<sup>c</sup> Loan and grant commitments include loans and grants presented for approval at this Board session of US\$294.3 million (excluding US\$13.5 million of ex-grants transferred to the PDFF). While the SDR amounts for the 2006 programme of work are in line with those approved by the Executive Board in December 2005, the dollar amounts are slightly different due to changes in the US\$/SDR exchange rate. As exchange rates may vary between now and the end of the year, dollar amounts will reflect any such changes.

