

|               |                       |
|---------------|-----------------------|
| Document:     | <u>EB 2007/90/R.9</u> |
| Agenda:       | <u>8</u>              |
| Date:         | <u>21 March 2007</u>  |
| Distribution: | <u>Public</u>         |
| Original:     | <u>English</u>        |

**E**



Enabling the rural poor  
to overcome poverty

## **Resources available for commitment**

Executive Board — Ninetieth Session  
Rome, 17-18 April 2007

---

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:

**Carlo M. Borghini**

Controller

telephone: +39 06 5459 2791

e-mail: [c.borghini@ifad.org](mailto:c.borghini@ifad.org)

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

**Deirdre McGrenra**

Governing Bodies Officer

telephone: +39 06 5459 2374

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

## **Recommendation for approval**

Based on the estimated resources position as at March 2007, the Executive Board is requested to approve the use of the advance commitment (ACA) authority as follows:

The Executive Board, in accordance with paragraph III.17 of Governing Council Resolution 141/XXIX/Rev.1, noting the present shortfall in resources of an estimated US\$26.3 million due to estimated net inflows for the three-month period to 31 March 2007 amounting to US\$110.6 million and the loans and grants presented for approval amounting to US\$136.9 million, approves the use of an additional US\$26.3 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 ninetieth session in April 2007. 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.



## 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 31 December 2006.
2. Details on Member State contributions specifically excluded from committable resources as at 31 December 2006 are provided in attachment II.
3. Attachment III provides information on the loans and grants proposed to the current session of the Board in a total amount of 91.1 million special drawing rights (SDR). Based on the exchange rate in force as at 31 December 2006, such loans and grants amount to some US\$136.9 million. These figures will be updated in an addendum to this document to be tabled at the session.
4. Attachment IV shows commitments made using advance commitment authority (ACA) from 2001 to 2006. It also provides a further analysis of estimated net flows from 1 January to 31 March 2007; the estimated net inflows during this period are US\$110.6 million. Inasmuch as the loans and grants proposed for approval at the April session of the Board total approximately US\$136.9 million, there will be a resource shortfall of US\$26.3 million in respect of which use of ACA will be needed.

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

5. The Governing Council authorized the use of advance commitment authority at its twentieth session in February 1997. The procedures for ACA use during the Seventh Replenishment period are set out in Resolution 141/XXIX/Rev.1. The ceiling for ACA use during the Seventh Replenishment period is based on five years' of reflows. Under the Seventh Replenishment, 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.

## Statement of resources available for commitment as at 31 December 2006

(Thousands of United States dollars)

|   |                            |                         |
|---|----------------------------|-------------------------|
| <b>Assets in freely convertible currencies</b>  |                            |                         |
| Cash and investments  | 2 414 429                  |                         |
| Promissory notes – Member States  | 329 892 <sup>a</sup>       |                         |
| Other receivables   | <u>128 490<sup>b</sup></u> | <u>2 872 811</u>        |
| <b>Less:</b>  |                            |                         |
| Payables and liabilities  |                            | (169 180) <sup>c</sup>  |
| Programme Development Financing Facility carry-forward  |                            | (3 879)                 |
| General Reserve   |                            | (95 000)                |
| Undisbursed effective loans   | (2 090 759)                |                         |
| Approved loans signed but not yet effective   | (302 504)                  |                         |
| Undisbursed grants  | <u>(54 216)</u>            | (2 447 479)             |
| Drawdowns on promissory notes that have not been paid<br>(see Attachment II)  |                            | <u>(80 898)</u>         |
| <b>Resources available for commitment</b>   |                            | <b><u>76 376</u></b>    |
| <b>Less:</b>  |                            |                         |
| Loans not yet signed  |                            | (484 698)               |
| Grants not yet signed   |                            | <u>(44 994)</u>         |
| <b>Net resources available for commitment before ACA<br/>carry-forward and 2006 net flows</b>   |                            | <b><u>(453 316)</u></b> |
| <sup>a</sup> Promissory notes of US\$329,892,000 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\$248,994,000. |                            |                         |
| <sup>b</sup> Other receivables include US\$22,884,000 relating to receivables for investments sold.   |                            |                         |
| <sup>c</sup> Payables and liabilities include US\$79,429,000 relating to payables for investments purchased.  |                            |                         |
| <b>Summary of resource flows in the period</b>  |                            |                         |
| ACA carried forward at 1 January 2006   |                            | <u>296 022</u>          |
| Net flows in 2006   |                            | <u>(24 306)</u>         |
| ACA approved in 2006  |                            | <u>181 600</u>          |
| ACA carried forward at 31 December 2006   |                            | <u>453 316</u>          |
| Net resources available for commitment  |                            | <u>0</u>                |

## Resources available for commitment under the Regular Programme as at 31 December 2006

Amounts specifically excluded

(Thousands of United States dollars)

---

|  |               |                      |
|--|---------------|----------------------|
| <b>IFAD Regular Programme</b>  |               |                      |
| <b>Drawdowns on Initial Contribution<br/>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<br/>promissory notes that have not been paid</b>                   |               |                      |
| Iraq   | <u>31 099</u> | 31 099               |
| <b>Drawdowns on Second Replenishment<br/>promissory notes that have not been paid</b>                  |               |                      |
| Mauritania   | <u>2</u>      | 2                    |
| <b>Drawdowns on Third Replenishment<br/>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<br/>Countries Affected by Drought and Desertification</b> |               |                      |
| <b>Drawdowns on First Phase<br/>promissory notes that have not been paid</b>                           |               |                      |
| Mauritania   |               | <u>10</u>            |
| <b>Total specifically excluded</b>   |               | <b><u>80 898</u></b> |

---

## Proposed loans and grants presented for approval at the ninetieth 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>  |  |                     |                                   |
| Ethiopia   | Participatory Small-scale Irrigation Development Programme   | 20 000 000          | 13 299 000                        |
| Kenya  | Smallholder Horticulture Marketing Programme   | 23 430 000          | 15 579 779                        |
| Syrian Arab Republic   | North-eastern Region Rural Development Project   | 20 100 000          | 13 365 495                        |
| <b>Total</b>   |  | <b>63 530 000</b>   | <b>42 244 274</b>                 |
| <b>Proposed grants under the Debt Sustainability Framework (DSF)</b> |  |                     |                                   |
| Burundi  | Livestock Sector Rehabilitation Support Project  | 14 000 000          | 9 309 300                         |
| Cambodia   | Rural Livelihoods Improvement Project in Kratie, Preah Vihear and Ratanakiri   | 9 516 000           | 6 327 664                         |
| Comoros  | National Programme for Sustainable Human Development   | 4 654 000           | 3 094 677                         |
| Ethiopia   | Participatory Small-scale Irrigation Development Programme   | 20 000 000          | 13 299 000                        |
| Guinea-Bissau  | Rural Rehabilitation and Community Development Project   | 4 700 000           | 3 125 265                         |
| Sierra Leone   | Rural Finance and Community Improvement Programme  | 9 880 000           | 6 569 706                         |
| <b>Total</b>   |  | <b>62 750 000</b>   | <b>41 725 612</b>                 |
| <b>Proposed grants</b>   |  |                     |                                   |
| FECOPROD   | Grant under the country-specific grants window to the Federation of Production Cooperatives (FECOPROD): Networking for rural finance in Paraguay | 680 000             | 452 166                           |
| Kenya  | Smallholder Horticulture Marketing Programme   | 500 000             | 332 475                           |
| ICARDA   | Technology transfer for Natural Resource Management in Arabian Peninsula   | 1 500 000           | 997 425                           |
| ICRAF  | Pro-poor rewards for environmental services (PRESA)  | 1 000 000           | 664 950                           |
| ICRSAT   | Harnessing potential of legumes: economics & knowledge empowerment in Asia   | 1 400 000           | 930 930                           |
| IDRC   | Knowledge Networking for Asia & Pacific (ENRAP)  | 1 085 000           | 721 471                           |
| IRRI/WARDA   | Alleviating Rural Poverty through Improving Rice Production  | 1 500 000           | 997 425                           |
| ISRIC  | Green Water Credits  | 1 500 000           | 997 425                           |
| SECAB  | Regional Programme for Rural African descent populations in Latin America  | 1 500 000           | 997 425                           |
| <b>Total</b>   |  | <b>10 665 000</b>   | <b>7 091 692</b>                  |
| <b>Grand total</b>   |  | <b>136 945 000</b>  | <b>91 061 578</b>                 |

<sup>a</sup> Using the 31 December 2006 US\$/SDR exchange rate of 1.50387 based on the United States dollar amount for loans not negotiated to date and for associated grants.



### Analysis of use of advance commitment authority

|   | <i>Millions of United States dollars</i> |              |              |              |              |              |
|---|--|--------------|--------------|--------------|--------------|--------------|
|   | 2001                                     | 2002         | 2003         | 2004         | 2005         | 2006         |
| <b>ACA carry-forward at start of year</b>       | -  | 153.7        | 277.8        | 331.1        | 136.8        | 296.0        |
| Net ACA use/(cover)                             | 153.7                                    | 124.1        | 53.3         | (194.3)      | 159.2        | 157.3        |
| <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> | <b>453.3</b> |

|  | <i>Millions of United States dollars</i>    |  |
|--|---|--|
|  | <i>January to December 2006<sup>a</sup></i> | <i>Estimated January to March 2007</i> |
| <b>1. Resources available at start of period</b>           | <b>0</b>                                    | <b>0</b>                               |
| <b>Analysis of flows</b>                                   |   |  |
| Loan reflows   | 192.9                                       | 52.5                                   |
| Loan and grant cancellations                               | 98.9  | 15.0                                   |
| Members' contributions                                     | 240.0                                       | 74.3                                   |
| HIPC Debt Initiative contributions <sup>b</sup>            | 8.6   | -                                      |
| HIPC Debt Initiative transfer to Trust Fund                | (10.0)                                      | (10.0)                                 |
| Net investment income                                      | 57.9  | 18.0                                   |
| Net exchange rate movements                                | (36.5)                                      | -                                      |
| Operating expenses, ASMCS, Action Plan, PDFF <sup>b</sup>  | (111.2)                                     | (26.7)                                 |
| HIPC Debt Initiative loan payments                         | (34.6)                                      | (12.5)                                 |
| <b>2. Total net inflows</b>                                | <b>406.0</b>                                | <b>110.6</b>                           |
| <b>3. ACA approved by the Executive Board in the year</b>  | <b>181.6</b>                                | <b>-</b>                               |
| <b>4. ACA to be approved for EB 90<sup>b</sup></b>         | <b>-</b>                                    | <b>26.3</b>                            |
| <b>5. Loan and grant commitments<sup>c</sup></b>           | <b>(563.3)</b>                              | <b>(136.9)</b>                         |
| <b>6. ACA covered from flows in the period</b>             | <b>(24.3)</b>                               | <b>-</b>                               |
| <b>Resources available at end of period (=1+2+3+4+5+6)</b> | <b>0</b>                                    | <b>0</b>                               |
| <b>7. ACA brought forward (= prior period)</b>             | <b>296.0</b>                                | <b>453.3</b>                           |
| <b>8. ACA carried forward (=3+6+7)</b>                     | <b>453.3</b>                                |  |

<sup>a</sup> Based on actual results for the year to 31 December 2006.

<sup>b</sup> ASMCS = After-Service Medical Coverage Scheme

HIPC = Heavily Indebted Poor Countries

PDFF = Programme Development Financing Facility

EB 90 = Ninetieth session of the Executive Board (April 2007)

<sup>c</sup> Loan and grant commitments include loans and grants presented for approval at this Board session of US\$136.9 million.