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Enabling the rural poor
to overcome poverty

Resources available for commitment

Executive Board — Ninety-first Session
Rome, 11-12 September 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:

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Recommendation for approval

Based on the estimated resources position as at June 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\$60.7 million due to estimated net inflows for the eight-month period to 31 August 2007 amounting to US\$271.0 million and the loans and grants presented for approval amounting to US\$220.6 million, as well as loans and grants already approved of US\$134.8 million and advance commitment authority (ACA) already approved of US\$23.7 million at April, approves the use of an additional US\$60.7 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 ninety-first session in September 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 30 June 2007.
2. Details on Member State contributions specifically excluded from committable resources as at 30 June 2007 are provided in attachment II.
3. Attachment III provides details of loans and grants approved by the Board at its ninetieth session in April 2007.
4. Attachment IV provides information on the loans and grants under negotiation proposed to the current session of the Board in a total amount of 145.5 million special drawing rights (SDR). Based on the exchange rate in force as at 30 June 2007, such loans and grants amount to some US\$220.6 million. These figures will be updated in an addendum to this document to be tabled at the session.
5. Attachment V 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 August 2007; the estimated net inflows during this period are US\$271.0 million. Inasmuch as the loans and grants proposed for approval at the September session of the Board total approximately US\$220.6 million and loans and grants approved to date total US\$134.8 million (with approved ACA use so far this year of US\$23.7 million), there will be a resource shortfall of US\$60.7 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 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 30 June 2007

(Thousands of United States dollars)

Assets in freely convertible currencies		
Cash and investments	2 431 157	
Promissory notes – Member States	312 258 ^a	
Other receivables	<u>158 957^b</u>	<u>2 902 372</u>
Less:		
Payables and liabilities		(217 657) ^c
Programme Development Financing Facility carry-forward		(1 347)
General Reserve		(95 000)
Undisbursed effective loans	(2 076 764)	
Approved loans signed but not yet effective	(428 758)	
Undisbursed grants	<u>(63 181)</u>	(2 568 703)
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(80 898)</u>
Resources available for commitment		<u>(61 233)</u>
Less:		
Loans not yet signed		(236 261)
Grants not yet signed		<u>(88 912)</u>
Net resources available for commitment before ACA carry-forward and 2007 net flows		<u>(386 406)</u>

^a Promissory notes of US\$312,258,000 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\$231,360,000.

^b Other receivables include US\$54,765,000 relating to receivables for investments sold.

^c Payables and liabilities include US\$113,835,000 relating to payables for investments purchased.

Summary of resource flows in the period

ACA carried forward at 1 January 2007		453 316
Net flows to 30 June 2007	201 704	
Loan and grant commitments to 30 June 2007	<u>(134 794)</u>	
	66 910	(66 910)
ACA carried forward at 30 June 2007		<u>386 406</u>

Resources available for commitment under the Regular Programme as at 30 June 2007

Amounts specifically excluded

(Thousands of United States 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
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Drawdowns on Second Replenishment promissory notes that have not been paid

Mauritania	<u>2</u>	2
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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>
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Total specifically excluded

80 898

Loans and grants approved at the ninetieth session of the Executive Board

<i>Country/Recipient</i>	<i>Programme/project title</i>	<i>SDR</i>
Proposed loans		
Ethiopia	Participatory Small-scale Irrigation Development Programme	13 300 000
Kenya	Smallholder Horticulture Marketing Programme	15 600 000
Syrian Arab Republic	North-eastern Region Rural Development Project	13 380 000
Total		42 280 000
Proposed grants under the Debt Sustainability Framework (DSF)		
Burundi	Livestock Sector Rehabilitation Support Project	9 300 000
Cambodia	Rural Livelihoods Improvement Project in Kratie, Preah Vihear and Ratanakiri	6 400 000
Comoros	National Programme for Sustainable Human Development	3 150 000
Ethiopia	Participatory Small-scale Irrigation Development Programme	13 300 000
Sierra Leone	Rural Finance and Community Improvement Programme	5 950 000
Total		38 100 000
Proposed grants		
FECOPROD	Grant under the country-specific grants window to the Federation of Production Cooperatives (FECOPROD): Networking for Rural Finance in Paraguay	445 472
Kenya	Smallholder Horticulture Marketing Programme	335 000
International Center for Agricultural Research in the Dry Areas (ICARDA)	Technology Transfer to enhance Rural Livelihoods and Natural Resource Management in the Arabian Peninsula	982 660
World Agroforestry Centre (ICRAF)	Pro-poor Rewards for Environmental Services in Africa	655 106
International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)	Harnessing the True Potential of Legumes: Economic and Knowledge Empowerment of Poor Farmers in Rainfed Areas in Asia	917 150
International Development Research Centre (IDRC)	Knowledge Networking for Rural Development in Asia/Pacific Region (ENRAP)	710 790
International Rice Research Institute (IRRI)	Alleviating Rural Poverty by Improving Rice Production in Eastern and Southern Africa	982 659
World Soil Information (ISRIC)	Green Water Credits – Pilot Operation	982 659
Executive Secretariat of the Andrés Bello Agreement (SECAB)	Regional Programme in Support of Rural Populations of African Descent in Latin America	982 659
Total		6 994 155
Grand total		87 374 155^a

^a Equivalent to US\$133.4 million based on the exchange rate at the date of approval.

Proposed loans and grants presented for approval at the ninety-first session of the Executive Board

<i>Country/Recipient</i>	<i>Programme/project title</i>	<i>U.S. dollars</i>	<i>SDR equivalent^a</i>
Proposed loans			
Angola	Market-oriented Smallholder Agriculture Project	8 200 000	5 409 130
Armenia	Farmer Market Access Programme	11 900 000	7 849 835
Bangladesh	Finance for Enterprise Development and Employment Creation Project	35 094 368	23 150 000
El Salvador	Rural Development and Modernization Project for the Central and Paracentral Regions	14 980 000	9 881 557
Gabon	Agricultural and Rural Development Project	5 760 631	3 800 000
Lesotho	Rural Financial Intermediation Programme	4 350 000	2 869 478
Maldives	Fisheries and Agricultural Diversification Programme	3 562 495	2 350 000
Morocco	Rural Development Project in the Mountain Zones of Errachidia Province	18 300 000	12 071 595
Nicaragua	Value Chain and Market Access Project for Small-scale Producers	3 941 484	2 600 000
Pakistan	Programme for Increasing Sustainable Microfinance	35 010 000	23 094 347
Peru	Project for Strengthening Assets, Markets and Rural Development Policies in the Northern Highlands (Sierra Norte)	14 400 000	9 498 960
Uganda	Community Agricultural Infrastructure Improvement Programme	15 083 757	9 950 000
Yemen	Rainfed Agriculture and Livestock Project	16 600 000	10 950 190
Total		187 182 735	123 475 092
Proposed grants under the Debt Sustainability Framework (DSF)			
Guinea-Bissau	Rural Rehabilitation and Community Development Project	4 700 000	3 100 355
Guinea	Village Communities Support Project – Phase II	10 005 306	6 600 000
Lesotho	Rural Financial Intermediation Programme	4 350 000	2 869 478
Nicaragua	Value Chain and Market Access Project for Small-scale Producers	3 941 484	2 600 000
Total		22 996 790	15 169 833
Proposed grants			
Armenia	Farmer Market Access Programme	500 000	329 825
Gabon	Agricultural and Rural Development Project	288 032	190 000
Morocco	Rural Development Project in the Mountain Zones of Errachidia Province	500 000	329 825
International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)	Programme for Integrated Innovations for Improving Legume Productivity, Market Linkages and Risk Management in Eastern and Southern Africa	1 400 000	923 510
International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)	Programme for Linking the Poor to Global Markets: Pro-poor Development of Biofuel Chains	1 500 000	989 475
International Institute of Tropical Agriculture (IITA)	Participatory Development, Diffusion and Adoption of Cowpea Technologies for Poverty Reduction and Sustainable Livelihoods in West Africa – Phase III (PRONAF)	1 200 000	791 580
Africa Rice Center (WARDA)	Programme for Enhancing Smallholder Access to New Rice for Africa (NERICA) Seeds to Alleviate Rural Poverty in Western and Central Africa	1 500 000	989 475
African Rural and Agricultural Credit Association (AFRACA)	AFRACA Development Programme 2008-2012	1 100 000	725 615
International Fertilizer Development Center (IFDC)	Programme for Extending Agro-Input Dealer Networks	1 000 000	659 650
Microfinance Information eXchange, Inc (MIX)	Programme for building Market Information to Improve Performance Monitoring in Rural Finance	948 000	625 348
Papua New Guinea	Project for Local Governance and Community Participation in Oil-Palm-Growing Provinces	500 000	329 825
Total		10 436 032	6 884 128
Grand total		220 615 557	145 529 053

^a Using the 30 June 2007 US\$/SDR exchange rate of 1.515955 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
ACA carry-forward at start of year	-	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
ACA carry-forward at end of year/ period	153.7	277.8	331.1	136.8	296.0	453.3

	<i>Millions of United States dollars</i>		
	<i>January to June 2007</i>	<i>Estimated July to August 2007</i>	<i>Estimated January to August 2007</i>
1. Resources available at start of period			0
Analysis of flows			
Loan reflows		92.6	24.3
HIPC Debt Initiative loan payments net of reclassification ^a		4.4	6.7
<i>Total loan reflows</i>		<i>97.0</i>	<i>31.0</i>
Loan and grant cancellations		21.0	5.0
Members' contributions		121.4	49.6
HIPC Debt Initiative transfer to Trust Fund		(10.0)	(10.0)
Net investment income		36.0	11.0
Net exchange rate movements		(8.9)	-
Operating expenses, ASMCS, Action Plan, PDFF ^a		(54.8)	(17.3)
2. Total estimated net inflows from January to August		201.7	69.3
3. ACA approved by the Executive Board at EB 90^a			23.7
4. ACA to be approved for EB 91^a			60.7
5. Loan and grant commitments^b			(355.4)
Resources available at end of period (=1+2+3+4+5)			0
6. ACA brought forward (= prior period)			453.3
7. ACA carried forward (=3+4+6)			537.7

^a 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)
EB 91 = Ninety-first session of the Executive Board (September 2007)

^b Loan and grant commitments include loans and grants presented for approval at this Board session of US\$220.6 million.