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Enabling poor rural people
to overcome poverty

Resources available for commitment

Executive Board — Ninety-third Session
Rome, 24-25 April 2008

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 6.

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 2007.
2. Details on Member States' contributions specifically excluded from committable resources as at 31 December 2007 are provided in attachment II.
3. Attachment III provides details of loans and grants proposed to the current session of the Board in a total amount of 54.1 million special drawing rights (SDR). Based on the exchange rate in force as at 31 December 2007, such loans and grants amount to some US\$84.9 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 2007. It also provides a further analysis of estimated net flows from 1 January to 31 March 2008; the estimated net inflows during this period are US\$83.2 million. Inasmuch as the loans and grants proposed for approval at the current session of the Board total approximately US\$84.9million, there is a resource shortfall of US\$1.7 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 ACA 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 ACA requested at each Board session, 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.

Recommendation

6. Based on the estimated resources position as at 31 March 2008, the Executive Board is requested to approve the use of advance commitment 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\$1.7 million due to estimated net inflows for the three months to 31 March 2008 amounting to US\$83.2 million and the loans and grants presented for approval amounting to US\$84.9million, approves the use of an additional US\$1.7 million under the ACA. These figures will be updated in an addendum to this document to be tabled at 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-third session in April 2008. 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 31 December 2007

(Thousands of United States dollars)

Assets in freely convertible currencies		
Cash and investments	2 666 202	
Promissory notes – Member States	339 444 ^a	
Other receivables	<u>69 840^b</u>	<u>3 075 486</u>
Less:		
Payables and liabilities		(256 805) ^c
Programme Development Financing Facility (PDFF) carry forward		(2 257)
General Reserve		(95 000)
Undisbursed effective loans	(2 286 986)	
Approved loans signed but not yet effective	(280 246)	
Undisbursed grants	<u>(76 848)</u>	(2 644 080)
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(80 898)</u>
Resources available for commitment		<u>(3 554)</u>
Less:		
Loans not yet signed		(461 745)
Grants not yet signed		<u>(120 053)</u>
Net resources available for commitment before ACA carry-forward and 2007 net flows		<u>(585 352)</u>

^a Promissory notes of US\$339,444,000 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\$258,546,000.

^b Other receivables include US\$53,489,000 relating to receivables for investments sold.

^c Payables and liabilities include US\$219,336,000 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 31 December 2007	473 319	
Loan and grant commitments to 31 December 2007	<u>(605 355)</u>	
	(132 036)	132 036
ACA carried forward at 31 December 2007		<u>585 352</u>

Resources available for commitment under the Regular Programme as at 31 December 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
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>
Total specifically excluded		<u>80 898</u>

Proposed loans and grants for approval at the ninety-third 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			
Cape Verde	Rural Poverty Alleviation Programme	4 250 000	2 696 837
India	Mitigating Poverty in Western Rajasthan Project	30 300 000	19 226 864
Mauritius	Marine and Agricultural Resources Support Programme	5 600 000	3 553 480
Panama	Participative Development and Rural Modernization Project	4 200 000	2 665 110
Philippines	Second Cordillera Highland Agricultural Resource Management Project	26 560 000	16 853 647
Total		70 910 000	44 995 938
Proposed grants			
International Center for Tropical Agriculture	Programme for Linking Smallholder Livelihoods to Emerging Environmentally Progressive Agro-Industrial Markets	1 500 000	951 825
Food and Agriculture Organization of the United Nations	Programme for Regional Capacity-building and Knowledge Management for Gender Equality	1 500 000	951 825
Food and Agriculture Organization of the United Nations/Self Employed Women's Association	Medium-term Cooperation Programme with Farmers' Organizations in Asia and the Pacific	1 420 000	901 061
West Africa Rural Foundation	FIDAFRIQUE – Programme for Promoting Knowledge-sharing and Innovation for Rural Poverty Reduction in sub-Saharan Africa	2 000 000	1 269 100
Global Mechanism of the United Nations Convention to Combat Desertification	Designing Integrated Financing Strategies for UNCCD Implementation in Selected Countries of Asia and Latin America	1 250 000	793 187
India	Mitigating Poverty in Western Rajasthan Project	600 000	380 730
International Development Research Centre	Regional Research and Dissemination Programme on Peasant Innovations: A Joint IFAD-IDRC Initiative	1 000 000	634 550
International Network for Bamboo and Rattan	Programme for Enhanced Bamboo-based Smallholder Livelihood Opportunities	1 250 000	793 187
Mauritius	Marine and Agricultural Resources Support Programme	400 000	253 820
Philippines	Second Cordillera Highland Agricultural Resource Management Project	560 000	355 348
Traidcraft Exchange	Programme for Local Market Services Development in East Africa	1 000 000	634 550
World Agroforestry Centre	Rewards for Use of and Shared Investment in Pro-poor Environmental Services (RUPES) – Phase II	1 500 000	951 825
Total		13 980 000	8 871 008
Grand total		84 890 000	53 866 946

^a Using the 31 December 2007 US\$/SDR exchange rate of 1.57592 based on the United States dollar loan 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	2007
ACA carry-forward at start of year	-	153.7	277.8	331.1	136.8	296.0	453.3
Net ACA use/(cover)	153.7	124.1	53.3	(194.3)	159.2	157.3	132.0
ACA carry-forward at end of year	153.7	277.8	331.1	136.8	296.0	453.3	585.3

	<i>Millions of United States dollars</i>	
	<i>January to December 2007</i>	<i>Estimated January to March 2008</i>
1. Resources available at start of period		
Analysis of flows		
Members' contributions	290.7	15.0
Total loan reflows:	226.6	57.5
- of which, HIPC Debt Initiative loan payments ^a	43.4	13.6
- of which, net loan reflows	183.2	38.9
HIPC reclassification	(20.1)	-
HIPC Debt Initiative transfer to Trust Fund	(25.0)	-
Loan and grant cancellations	52.1	2.0
ASMCS reclassification ^a	(44.1)	
Net investment income	142.6	40.0
Net exchange rate movements	(28.7)	-
Operating expenses, ASMCS, Action Plan, PDFF ^a	(120.7)	(31.3)
2. Total estimated net inflows from January to December	473.4	83.2
3. ACA approved by the Executive Board in the year	142.8	
4. Loan and grant commitments^b	(605.4)	(84.9)
5. ACA to be approved for EB 93^a		1.7
6. ACA covered from flows in the period	(10.8)	
ACA unused balance (=1+2+3+4+5+6)	0	0
7. ACA brought forward (= prior period)	453.3	585.3
8. ACA carried forward (=3+5+6+7)	585.3	587.0

^a ASMCS = After-Service Medical Coverage Scheme
 EB 93 = Ninety-third session of the Executive Board (April 2008)
 HIPC = Heavily Indebted Poor Countries
 PDFF = Programme Development Financing Facility

^b Loan and grant commitments in the period January to March 2008 include loans and grants presented for approval at this Board session of US\$ 84.9 million.