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Enabling poor rural people
to overcome poverty

Resources available for commitment

Executive Board — Ninety-fourth Session
Rome, 10-11 September 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 7.

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 2008.
2. Details on Member States' contributions specifically excluded from committable resources as at 30 June 2008 are provided in attachment II.
3. Attachment III provides details of loans and grants approved by the Board at its ninety-third session in April 2008.
4. Attachment IV provides details of loans and grants proposed to the current session of the Board in a total amount of 147.6 million special drawing rights (SDR). Based on the exchange rate in force as at 30 June 2008, such loans and grants amount to some US\$240.8 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 2007. It also provides a further analysis of estimated net flows from 1 January to 30 June 2008; the estimated net inflows during this period are US\$180.0 million. Inasmuch as the loans and grants proposed for approval at the current session of the Board total approximately US\$240.8 million, and loans and grants approved to date in 2008 total US\$87.4 million (with no ACA approved so far this year), there is a resource shortfall of US\$148.2 million in respect of which use of ACA will be needed.

Advance commitment authority and its ceiling

6. Under article 7, section 2(b), of the Agreement Establishing IFAD, it is the responsibility of the Executive Board to determine the proportion of the Fund's resources to be committed in any financial-year operations. 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

7. Based on the estimated resource position as at 30 June 2008, the Executive Board is requested to approve the use of advance commitment authority as follows:

The Executive Board, having regard to article 7 of the Agreement Establishing IFAD and in accordance with paragraph III.17 of Governing Council resolution 141/XXIX/Rev.1, noting the present shortfall in resources of an estimated US\$148.2 million due to estimated net inflows for the six months to 30 June 2008 amounting to US\$180.0 million and the loans and grants presented for approval amounting to US\$240.8 million, as well as loans and grants already approved of US\$87.4 million, approves the use of an additional US\$148.2 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-fourth session in September 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 30 June 2008
(Thousands of United States dollars)

Assets in freely convertible currencies		
Cash and investments	2 730 742	
Promissory notes – Member States	304 605 ^a	
Other receivables	<u>305 418^b</u>	<u>3 340 765</u>
Less:		
Payables and liabilities		(484 217) ^c
Programme Development Financing Facility (PDFF) carry forward		(2 000)
General Reserve		(95 000)
Undisbursed effective loans	(2 417 236)	
Approved loans signed but not yet effective	(298 752)	
Undisbursed grants	<u>(141 914)</u>	<u>(2 857 902)</u>
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(80 898)</u>
Resources available for commitment		<u>(179 252)</u>
Less:		
Loans not yet signed		(257 499)
Grants not yet signed		<u>(56 263)</u>
Net resources available for commitment before ACA carry-forward and 2008 net flows		<u>(493 014)</u>

^a Promissory notes of US\$304,605,000 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\$223,707,000.

^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 2008		585 352
Net flows to 30 June 2008	179 773	
Loan and grant commitments as at 30 June 2008	<u>(87 435)</u>	
	92 338	<u>(92 338)</u>
ACA carried forward at 30 June 2008		<u>493 014</u>

Resources available for commitment under the Regular Programme as at 30 June 2008

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 approved at the ninety-third session of the Executive Board

<i>Country/recipient</i>	<i>Programme/project title</i>	<i>SDR</i>
Proposed loans		
Cape Verde	Rural Poverty Alleviation Programme	2 600 000
India	Mitigating Poverty in Western Rajasthan Project	18 460 000
Mauritius	Marine and Agricultural Resources Support Programme	3 450 000
Panama	Participative Development and Rural Modernization Project	2 600 000
Philippines	Second Cordillera Highland Agricultural Resource Management Project	16 150 000
Total		43 260 000
Proposed grants		
International Center for Tropical Agriculture	Programme for Linking Livelihoods of Poor Smallholder Farmers to Emerging Environmentally Progressive Agro-Industrial Markets	918 105
Food and Agriculture Organization of the United Nations	Regional Capacity-building and Knowledge Management for Gender Equality	918 105
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 Region	869 139
West Africa Rural Foundation	FIDAFRIQUE – Programme for Promoting Knowledge-sharing and Innovation for Rural Poverty Reduction in sub-Saharan Africa	1 224 140
Global Mechanism of the United Nations Convention to Combat Desertification	Designing Integrated Financing Strategies for UNCCD Implementation in Selected Countries of Asia and the Pacific and Latin America and the Caribbean	765 088
India	Mitigating Poverty in Western Rajasthan Project	370 000
International Development Research Centre	Regional Research and Dissemination Programme on Campesino Innovations: A Joint IFAD-IDRC Initiative	612 070
International Network for Bamboo and Rattan	Programme for Enhanced Bamboo-based Smallholder Livelihood Opportunities – Phase II	765 088
Mauritius	Marine and Agricultural Resources Support Programme	250 000
Philippines	Second Cordillera Highland Agricultural Resource Management Project	341 000
Traidcraft Exchange	Programme for Local Market Services Development Project	612 070
World Agroforestry Centre	Programme on Rewards for, Use of and Shared Investment in Pro-poor Environmental Services (RUPES-II)	918 105
Total		8 562 910
Grand total		51 822 910

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

<i>Country/recipient</i>	<i>Programme/project title</i>	<i>United States dollars</i>	<i>SDR equivalent^a</i>
Proposed loans			
Albania	Mountain to Markets Programme	9 200 000	5 640 054
Cameroon	Rural Microfinance Development Support Project	13 500 000	8 276 166
Costa Rica	National Rural and Entrepreneurial Development Programme	9 190 000	5 633 924
Indonesia	IFAD Support to the National Programme for Community Empowerment in Rural Areas	68 130 000	41 767 054
Madagascar	Support to Farmers' Professional Organizations and Agricultural Services Project	18 677 126	11 450 000
Moldova	Rural Financial Services and Marketing Programme	12 700 000	7 785 727
Mozambique	Rural Markets Promotion Programme	31 100 000	19 065 835
Senegal	Agricultural Value Chains Support Project	14 870 000	9 116 044
Total		177 367 126	108 734 804
Proposed Debt Sustainability Framework (DSF) grants			
Congo	Rural Development Project in Likouala, Pool and Sangha Departments	8 600 000	5 272 225
Kyrgyzstan	Agricultural Investments and Services Project	9 000 000	5 517 444
Rwanda	Kirehe Community-based Watershed Management Project	25 000 000	15 326 234
Sudan	Southern Sudan Livelihoods Development Project	13 500 000	8 276 166
Total		56 100 000	34 392 069
Proposed grants			
Albania	Mountain to Markets Programme	400 000	245 220
Cameroon	Rural Microfinance Development Support Project	200 000	122 610
Indonesia	IFAD Support to the National Programme for Community Empowerment in Rural Areas	400 000	245 220
Kenya Gatsby Trust	Rural Finance Knowledge Management Partnership – Phase II	1 300 000	796 964
Madagascar	Support to Farmers' Professional Organizations and Agricultural Services Project	521 981	320 000
Common Market of the South (MERCOSUR)	Institutional Consolidation of the Commission on Family Farming of the Common Market of the South (MERCOSUR)	1 080 000	662 093
Moldova	Rural Financial Services and Marketing Programme	530 000	324 916
Senegal	Agricultural Value Chains Support Project	270 000	165 523
Uganda Women's Effort to Save Orphans	Institutional Capacity Strengthening, Resource Mobilization and Rural Financial Services Expansion	680 000	416 874
United Nations Economic Commission for Africa	Support for the Formulation and Implementation of Pan-African Land Policy Guidelines	750 000	459 787
World Agroforestry Centre	Programme for Promoting Rural Innovation through Participatory Tree Domestication in West and Central Africa	1 200 000	735 659
Total		7 331 981	4 494 866
Grand total		240 799 106	147 621 740

^a Using the 30 June 2008 US\$/SDR exchange rate of 1.63119 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>						
	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>
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>Estimated January to June 2008</i>
1. Resources available at start of period		
Analysis of flows		
Members' contributions		83.7
Total loan reflows:		120.1
- of which, HIPC Debt Initiative loan payments ^a		16.6
- of which, net loan reflows		103.5
Loan and grant cancellations		19.0
Net investment income		39.5
Net exchange rate movements		(19.3)
Operating expenses, ASMCS, Action Plan, PDFF ^a		(63.0)
2. Total estimated net inflows from January to December		180.0
3. ACA approved by the Executive Board in the year		-
4. Loan and grant commitments^b		(328.2)
5. ACA to be approved at EB 94^a		148.2
6. ACA covered from flows in the period		-
ACA unused balance (=1+2+3+4+5+6)		0
7. ACA brought forward (= prior period)		585.3
8. ACA carried forward (= 3+5+6+7)		733.5

^a ASMCS = After-Service Medical Coverage Scheme
 EB 93 = Ninety-third session of the Executive Board (April 2008)
 EB 94 = Ninety-fourth session of the Executive Board (September 2008)
 HIPC = Heavily Indebted Poor Countries
 PDFF = Programme Development Financing Facility

^b Loan and grant commitments include loans and grants presented for approval at this Board session of US\$240.8 million.

