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Enabling poor rural people
to overcome poverty

Resources available for commitment

Executive Board — Ninety-fifth Session
Rome, 15-17 December 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, attachment I contains a statement of resources available for commitment and attachment II lists amounts specifically excluded from resources available for commitment under IFAD's Regular Programme as at 30 September 2008.
2. Details on Member States' contributions specifically excluded from committable resources as at 30 September 2008 are also 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 and at its ninety-fourth session in September 2008.
4. Attachment IV provides details of loans and grants proposed to the current session of the Board in a total amount of US\$321.2 million. Based on the exchange rate in force as at 30 September 2008, such loans and grants amount to some 208.3 million special drawing rights (SDR). 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 September 2008; the estimated net inflows during this period are US\$298.4 million. Inasmuch as the loans and grants proposed for approval at the current session of the Board total approximately US\$321.2 million (attachment IV), and loans and grants approved to date in 2008 total US\$315.1 million (with an ACA approved so far this year of US\$57.8 million), there is a resource shortfall of US\$280.1 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 to operations in any financial year. The Governing Council authorized the use of ACA at its twentieth session in February 1997 by amending the Agreement Establishing IFAD for that purpose. The procedures for ACA use during the Seventh Replenishment period are set out in resolution 141/XXIX/Rev.1. The ceiling for ACA used during the Seventh Replenishment period is based on five years' of reflows. 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 September 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 noting the present shortfall in resources of an estimated US\$280.1 million due to estimated net inflows for the nine months to 30 September 2008 amounting to US\$298.4 million and the loans and grants presented for approval amounting to US\$321.2 million, as well as loans and grants already approved of US\$315.1 million and advance commitment authority (ACA) already approved of US\$57.8 million at its September 2008 session, approves the use of an additional US\$280.1 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-fifth session in December 2008. In addition, the Board requests the President to report to the Executive Board at its next and subsequent sessions on the resources available for commitment, loans and grants approved, and the use of ACA.

Statement of resources available for commitment as at 30 September 2008
(Thousands of United States dollars)

Assets in freely convertible currencies		
Cash and investments	2 599 435	
Promissory notes – Member States	251 163 ^a	
Other receivables	<u>115 447^b</u>	<u>2 966 045</u>
Less:		
Payables and liabilities		(301 753) ^c
Programme Development Financing Facility (PDFF) carry forward		(272)
General Reserve		(95 000)
Undisbursed effective loans	(2 218 883)	
Approved loans signed but not yet effective	(332 408)	
Undisbursed grants	<u>(144 818)</u>	(2 696 109)
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(80 898)</u>
Resources available for commitment		<u>(207 987)</u>
Less:		
Loans not yet signed		(317 254)
Grants not yet signed		<u>(76 815)</u>
Net resources available for commitment before ACA carry-forward and 2008 net flows		<u>(602 056)</u>

^a Promissory notes of US\$251,163,000 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\$170,265,000.

^b Other receivables include US\$76,333,000 relating to receivables for investments sold.

^c Payables and liabilities include US\$209,783,000 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 September 2008 (Attachment V)	298 433	
Loan and grant commitments as at 30 September 2008	<u>(315 137)</u>	
	(16 704)	16 704
ACA carried forward at 30 September 2008		<u>602 056</u>

Resources available for commitment under the Regular Programme as at 30 September 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
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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 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-IFADAFRICA Network – 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 (Scaling Up Rural Innovations)	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	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

Loans and grants approved at the ninety-fourth session of the Executive Board

<i>Country/recipient</i>	<i>Programme/project title</i>	<i>SDR</i>
Proposed loans		
Albania	Mountain to Markets Programme	5 860 000
Cameroon	Rural Microfinance Development Support Project	8 300 000
Costa Rica	National Rural and Entrepreneurial Development Programme	5 850 000
Honduras	Project for Enhancing the Rural Economic Competitiveness of Yoro	1 430 000
Indonesia	National Programme for Community Empowerment in Rural Areas Project	42 033 300
Madagascar	Support to Farmers' Professional Organizations and Agricultural Services Project	11 450 000
Moldova	Rural Financial Services and Marketing Programme	8 100 000
Mozambique	Rural Markets Promotion Programme	19 100 000
Nicaragua	Inclusion of Small-scale Producers in Value Chains and Market Access Project	390 000
Senegal	Agricultural Value Chains Support Project	9 100 000
Total		111 613 300
Proposed Debt Sustainability Framework (DSF) grants		
Congo	Rural Development Project in Likouala, Pool and Sangha Departments	5 250 000
Kyrgyzstan	Agricultural Investments and Services Project	5 588 000
Nicaragua	Inclusion of Small-scale Producers in Value Chains and Market Access Project	390 000
Rwanda	Kirehe Community-based Watershed Management Project	13 050 000
Sudan	Southern Sudan Livelihoods Development Project	8 600 000
Total		32 878 000
Proposed grants		
Albania	Mountain to Markets Programme	260 000
Cameroon	Rural Microfinance Development Support Project	130 000
Indonesia	National Programme for Community Empowerment in Rural Areas Project	246 800
Kenya Gatsby Trust	Rural Finance Knowledge Management Partnership – Phase II	826 189
Madagascar	Support to Farmers' Professional Organizations and Agricultural Services Project	320 000
Common Market of the South (MERCOSUR)	Institutional Consolidation of the Commission on Family Farming of the Common Market of the South (MERCOSUR)	687 960
Moldova	Rural Financial Services and Marketing Programme	340 000
Senegal	Agricultural Value Chains Support Project	170 000
Uganda Women's Effort to Save Orphans	Institutional Capacity Strengthening, Resource Mobilization and Rural Financial Services Expansion	433 160
United Nations Economic Commission for Africa	Support for the Formulation and Implementation of Pan-African Land Policy Guidelines	477 750
World Agroforestry Centre	Programme for Promoting Rural Innovation through Participatory Tree Domestication in West and Central Africa	764 400
Total		4 656 259
Grand total		149 147 559

Proposed loans and grants for approval at the ninety-fifth 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			
Belize	Rural Finance Programme	3 000 000	1 945 350
Bosnia and Herzegovina	Rural Livelihoods Development Project	11 110 000	7 204 279
China	Dabieshan Area Poverty Reduction Programme	32 000 000	20 750 400
Ecuador	Ibarra-San Lorenzo Development Project	8 625 000	5 592 882
Ghana	Rural and Agricultural Finance Programme	15 000 000	9 726 750
Guatemala	Sustainable Rural Development for the Northern Region	18 400 000	11 931 480
Mauritania	Value Chains Development Programme for Poverty Reduction	6 000 000	3 890 700
Mexico	Community-based Forestry Development Project in Southern States (Campeche, Chiapas and Oaxaca)	24 845 000	16 110 740
Niger	Agricultural and Rural Rehabilitation Development Initiative Project – Institutional Strengthening Component (ARRDI-ISC)	8 000 000	5 187 600
Philippines	Rapid Food Production Enhancement Programme	19 000 000	12 320 550
Swaziland	Rural Finance and Enterprise Development Programme	6 000 000	3 890 700
United Republic of Tanzania	Agricultural Sector Development Programme	56 000 000	36 313 200
Venezuela (Bolivarian Republic of)	Orinoco Delta Warao Support Programme	13 000 000	8 429 850
Viet Nam	Pro-poor Partnerships for Agroforestry Development	21 000 000	13 617 450
Total		241 980 000	156 911 931
Proposed Debt Sustainability Framework (DSF) grants			
Democratic Republic of the Congo	Integrated Agricultural Rehabilitation Programme in the Maniema Province	23 330 000	15 128 338
Lao People's Democratic Republic	Sustainable Natural Resource Management and Productivity Enhancement Project	15 000 000	9 726 750
Mauritania	Value Chains Development Programme for Poverty Reduction	6 000 000	3 890 700
Niger	Agricultural and Rural Rehabilitation and Development Initiative Project – Institutional Strengthening Component (ARRDI-ISC)	8 000 000	5 187 600
Tajikistan	Khatlon Livelihoods Support Project	12 300 000	7 975 935
Total		64 630 000	41 909 323
Proposed grants			
CGIAR: International Food Policy Research Institute	Grant under the global/regional grants window to a CGIAR-supported international centre, the International Food Policy Research Institute (IFPRI), for the IFAD-IFPRI Strategic Partnership to Develop Innovative Policies on Climate Change Mitigation and Market Access	3 000 000	1 945 350
CGIAR: International Water Management Institute	Grant under the global/regional grants window to a CGIAR-supported international centre, the International Water Management Institute, for Improving Sustainability of Impacts of Agricultural Water Management Interventions in Challenging Contexts	1 200 000	778 140
Food and Agriculture Organization of the United Nations	Development of Innovative Site-specific Integrated Animal Health Packages for the Rural Poor	1 600 000	1 037 520
Food and Agriculture Organization of the United Nations	Reducing Risks of Wheat Rusts Threatening the Livelihoods of Resource-poor Farmers through Monitoring and Early Warning	1 500 000	972 675
International Development Research Centre	KariaNet II Knowledge Access for Rural Interconnected People – Phase II	1 500 000	972 675
International Federation of Agricultural Producers	Empowering Smallholder Farmers in Markets (ESFIM)	1 000 000	648 450

<i>Country/recipient</i>	<i>Programme/project title</i>	<i>United States dollars</i>	<i>SDR equivalent^a</i>
International Land Coalition	Grant under the global/regional grants window to the International Land Coalition: Putting a Pro-poor Land Agenda into Practice – Implementing the International Land Coalition Strategic Framework at the Regional and Global Level	1 150 000	745 717
Indian Ocean Commission	Regional Initiative for Smallholder Agriculture Adaptation to Climate Change in the Indian Ocean Islands	750 000	486 338
Foundation of the Peoples of the South Pacific International	Grant under the country-specific grants window to the Foundation of the Peoples of the South Pacific International for the Mainstreaming of Rural Development Innovations Programme in the Pacific – Phase II	1 500 000	972 675
PhytoTrade Africa	Support to PhytoTrade Africa 2009-2010 – The Southern African Natural Products Trade Association	1 200 000	778 140
Swaziland	Rural Finance and Enterprise Development Programme	200 000	129 690
Total		14 600 000	9 467 370
Grand total		321 210 000	208 288 624

^a Using the 30 September 2008 US\$/SDR exchange rate of 1.54213895 based on the United States dollar amount for loans and associated grants not negotiated to date.

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 September 2008</i>
1. Resources available at start of period	0
Analysis of flows	
Members' contributions	102.9
Total loan reflows:	163.0
- of which, HIPC Debt Initiative loan payments ^a	32.8
- of which, net loan reflows	130.2
Loan and grant cancellations	43.2
Net investment income	77.6
Net exchange rate movements	10.2
Operating expenses, ASMCS, Action Plan, PDFF ^a	(98.5)
2. Total estimated net inflows from January to September	298.4
3. ACA approved by the Executive Board in the year	57.8
4. Loan and grant commitments^b	(636.3)
5. ACA to be approved at EB 95^a	280.1
6. ACA covered from flows in the period	0
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)	923.2

^a ASMCS = After-Service Medical Coverage Scheme
EB 95 = Ninety-fifth session of the Executive Board (December 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\$321.2 million.