

Document:	<u>EB 2008/96/R.10</u>
Agenda:	<u>9</u>
Date:	<u>25 March 2009</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

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Enabling poor rural people
to overcome poverty

Resources available for commitment

Executive Board — Ninety-sixth Session
Rome, 29-30 April 2009

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, 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 31 December 2008.
2. Details on Member States' contributions specifically excluded from committable resources as at 31 December 2008 are also 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 US\$199.5 million. Based on the exchange rate in force as at 31 December 2008, such loans and grants amount to some SDR 129.9 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 2008. It also provides a further analysis of estimated net flows from 1 January to 31 March 2009; the estimated net inflows during this period are US\$66.5 million. Inasmuch as the loans and grants proposed for approval at the current session of the Board total approximately US\$199.5 million (attachment III), there is a resource shortfall of US\$133.0 million in respect of which use of ACA will be needed.

Advance commitment authority and its ceiling

5. 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

6. Based on the estimated resource position as at 31 March 2009, 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\$145.0 million due to estimated net inflows for the three months to 31 March 2009 amounting to US\$66.5 million and the loans and grants presented for approval amounting to US\$199.5 million approves the use of an additional US\$133.0million 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-sixth session in April 2009. 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 31 December 2008

(Thousands of United States dollars)

Assets in freely convertible currencies		
Cash and investments	3 077 092	
Promissory notes – Member States	275 328 ^a	
Other receivables	<u>126 632^b</u>	<u>3 479 052</u>
Less:		
Payables and liabilities		(816 387) ^c
Programme Development Financing Facility (PDFF) carry forward		(3 435)
General Reserve		(95 000)
Undisbursed effective loans	(2 266 063)	
Approved loans signed but not yet effective	(249 789)	
Undisbursed grants	<u>(149 239)</u>	(2 665 091)
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(80 898)</u>
Resources available for commitment		<u>(181 759)</u>
Less:		
Loans not yet signed		(400 086)
Grants approved not yet effective		<u>(160 533)</u>
Net resources available for commitment before ACA carry-forward and 2008 net flows		<u>(742 378)</u>

^a Promissory notes of US\$275,328,000 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\$194,430,000.

^b Other receivables include US\$67,388,000 relating to receivables for investments sold.

^c Payables and liabilities include US\$684,794,000 relating to payables for investments purchased, and liabilities to cash collateral borrowers.

Summary of resource flows in the period

ACA carried forward at 1 January 2008		585 352
Net flows to 31 December 2008 (Attachment IV)	466 671	
Loan and grant commitments as at 31 December 2008	<u>(623 697)</u>	
	(157 026)	157 026
ACA carried forward at 31 December 2008		<u>742 378</u>

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

^a As IFAD received the payment from Mauritania in February 2009, Mauritania will be not in exclusion at that time.

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

<i>Country/recipient</i>	<i>Programme/project title</i>	<i>USD</i>	<i>SDR^a</i>
Proposed loans			
Benin	Rural Economic Growth Support Project	8 965 000	5 841 152
Burkina Faso	Rural Business Development Services Programme	8 100 000	5 277 561
China	Sichuan Post-Earthquake Agricultural Rehabilitation Project	28 970 000	18 875 423
Dominican Republic	Development Project for Rural Poor Economic Organizations of the Border Region	13 800 000	8 991 400
Ethiopia	Community-based Integrated Natural Resources Management Project	6 510 000	4 241 595
India	Convergence of Agricultural Interventions in Maharashtra's Distressed Districts Programme	40 390 000	26 316 132
Mali	Rural Finance Programme	25 040 000	16 314 829
Total		131 775 000	85 858 092
Proposed Debt Sustainability Framework (DSF) grants			
Afghanistan	Rural Microfinance and Livestock Support Programme	18 800 000	12 249 153
Benin	Rural Economic Growth Support Project	8 965 000	5 841 152
Burkina Faso	Rural Business Development Services Programme	8 100 000	5 277 561
Burundi	Agricultural Intensification and Value-Enhancing Support Project	13 570 000	8 841 543
Ethiopia	Community-based Integrated Natural Resources Management Project	6 510 000	4 241 595
Total		55 945 000	36 451 004
Proposed grants			
China	Sichuan Post-Earthquake Agricultural Rehabilitation Project	1 500 000	977 326
India	Convergence of Agricultural Interventions in Maharashtra's Distressed Districts Programme	1 020 000	664 582
Confederation of Family Farmer Producer Organizations of MERCOSUR (COPROFAM)	Strengthening Rural Organizations for Policy Dialogue in South America	416 000	271 045
Economic Community of West African States (ECOWAS)	The Rural HUB: Supporting Rural Development and Food Security in Western and Central Africa	1 500 000	977 326
Food and Agriculture Organization of the United Nations (FAO)/ International Network for Family Poultry Development (INFPD)	Smallholder Poultry Development Programme	600 000	390 930
International Center for Agricultural Research in the Dry Areas (ICARDA)	Programme on Improving Livelihoods of Small Farmers and Rural Women through Value-added Processing and Export of Cashmere, Wool and Mohair	1 500 000	977 326
International Centre for Integrated Mountain Development (ICIMOD)	Programme on Livelihoods and Ecosystem Services in the Himalayas: Enhancing Adaptation Capacity and Resilience of the Poor to Climate and Socio-economic Changes	1 500 000	977 326
International Development Research Centre (IDRC)	Knowledge Access for Rural Interconnected People – Phase II (KariaNet II)	1 500 000	977 326
International Rice Research Institute (IRRI)	Programme on Enabling Poor Rice Farmers to Improve Livelihoods and Overcome Poverty in South and South-East Asia through the Consortium for Unfavorable Rice Environments (CURE)	1 500 000	977 326
International Rice Research Institute (IRRI), Bangladesh	Support to Agricultural Research for Climate Change Adaptation in Bangladesh	700 000	456 085
Total		11 736 000	7 646 598
Grand total		199 456 000	129 955 694

^a Using the 31 December 2008 US\$/SDR exchange rate of 1.53480 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>							
	2001	2002	2003	2004	2005	2006	2007	2008
ACA carry-forward at start of year	-	153.7	277.8	331.1	136.8	296.0	453.3	585.3
Net ACA use/(cover)	153.7	124.1	53.3	(194.3)	159.2	157.3	132.0	157.0
ACA carry-forward at end of year	153.7	277.8	331.1	136.8	296.0	453.3	585.3	742.3

	<i>Millions of United States dollars</i>	
	<i>Actual</i>	<i>Estimated</i>
	<i>January to December 2008</i>	<i>January to March 2009</i>
1. Resources available at start of period	0	0
Analysis of flows		
Members' contributions	142.7	32.3
Total loan reflows:	242.7	60.8
Loan and grant cancellations	75.3	10
Net investment income	126.6	0
Net exchange rate movements	16.8	0
Operating expenses, ASMCS, Action Plan, PDFF ^a	(137.4)	(36.6)
2. Total estimated net inflows for the period	466.7	66.5
3. ACA approved by the Executive Board in the year	168.3	0
4. Loan and grant commitments^b	(623.7)	(199.5)
5. ACA to be approved at EB 96^a		133.0
6. ACA covered from flows in the period	(11.3)	0
ACA unused balance (=1+2+3+4+5+6)		
7. ACA brought forward (= prior period)	585.3	742.3
8. ACA carried forward (= 3+5+6+7)	742.3	875.3

^a ASMCS = After-Service Medical Coverage Scheme
 EB 96 = Ninety-sixth session of the Executive Board (April 2009)
 PDFF = Programme Development Financing Facility

^b Loan and grant commitments include loans and grants presented for approval at this Board session of US\$199.5 million.