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Enabling poor rural people
to overcome poverty

Resources available for commitment

Executive Board — Ninety-seventh Session
Rome, 14-15 September 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 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 June 2009.
2. Details of Member States' contributions specifically excluded from committable resources as at 30 June 2009 are also provided in attachment II.
3. Attachment III provides details of loans and grants approved by the Board at its ninety-sixth session in April 2009.
4. Attachment IV provides details of loans and grants proposed to the current session of the Board in a total amount of US\$ 225.8 million. Based on the exchange rate in force as at 30 June 2009, such loans and grants amount to SDR 146.0 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 2008. It also provides a further analysis of estimated net flows from 1 January to 31 August 2009; the estimated net inflows during this period are US\$287.4 million. Inasmuch as the loans and grants proposed for approval at the current session of the Board total approximately US\$225.8 million (attachment IV), and loans and grants totalling US\$213.9 million, together with an ACA of US\$76.5 million, have already been approved this year, there is a resource shortfall of US\$75.8 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 31 August 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\$75.8 million due to estimated net inflows for the eight months to 31 August 2009 amounting to US\$287.4 million and the loans and grants presented for approval amounting to US\$225.8 million, as well as loans and grants already approved of US\$213.9 million and ACA already approved of US\$76.5 million approves the use of an additional US\$75.8 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-seventh session in September

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 30 June 2009

(Thousands of United States dollars)

Assets in freely convertible currencies		
Cash and investments	2 893 689	
Promissory notes – Member States	267 062 ^a	
Other receivables	<u>459 228^b</u>	<u>3 619 979</u>
Less:		
Payables and liabilities		(894 853) ^c
Programme Development Financing Facility (PDFF) carry forward		(1 130)
General Reserve		(95 000)
Undisbursed effective loans	(2 266 012)	
Approved loans signed but not yet effective	(330 608)	
Undisbursed grants	<u>(196 181)</u>	<u>(2 792 801)</u>
Drawdowns on promissory notes that have not been paid (see Attachment II)		<u>(80 862)</u>
Resources available for commitment		<u>(244 667)</u>
Less:		
Loans not yet signed		(282 077)
Grants approved not yet effective		<u>(172 351)</u>
Net resources available for commitment before ACA carry-forward and 2009 net flows		<u>(699 095)</u>

^a Promissory notes of US\$267,062,000 are gross of provisions for those amounts drawn down and not paid of US\$80,862,000; and include US\$30,000,000 of complementary contributions. The net amount of promissory notes included as resources available for commitment is US\$186,200,000.

^b Other receivables include US\$420,910,000 relating to receivables for investments sold and cash collateral reinvestments.

^c Payables and liabilities include US\$832,253,000 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 2009		742 378
Net flows to 30 June 2009 (Attachment V)	257 230	
Loan and grant commitments as at 30 June 2009	<u>(213 947)</u>	
	43 285	(43 285)
ACA carried forward at 30 June 2009		<u>699 095</u>

Resources available for commitment under the Regular Programme as at 30 June 2009

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 Third Replenishment**Promissory notes that have not been paid**

Democratic People's Republic of Korea	600	
Libyan Arab Jamahiriya	6 087	
Mauritania	<u>1</u>	6 688

Total specifically excluded**80 862**

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

<i>Country/recipient</i>	<i>Programme/project title</i>	<i>SDR</i>
Loans		
Benin	Rural Economic Growth Support Project	6 000 000
Burkina Faso	Rural Business Development Services Programme	5 400 000
China	Sichuan Post-Earthquake Agricultural Rehabilitation Project	19 400 000
Dominican Republic	Development Project for Rural Poor Economic Organizations of the Border Region	9 450 000
Ethiopia	Community-based Integrated Natural Resources Management Project	4 400 000
India	Convergence of Agricultural Interventions in Maharashtra's Distressed Districts Programme	26 820 000
Mali	Rural Finance Programme	17 100 000
Total		88 570 000
Debt Sustainability Framework (DSF) grants		
Afghanistan	Rural Microfinance and Livestock Support Programme	16 000 000
Benin	Rural Economic Growth Support Project	6 000 000
Burkina Faso	Rural Business Development Services Programme	5 400 000
Burundi	Agricultural Intensification and Value-Enhancing Support Project	9 300 000
Ethiopia	Community-based Integrated Natural Resources Management Project	4 400 000
Total		41 100 000
Grants		
China	Sichuan Post-Earthquake Agricultural Rehabilitation Project	1 000 000
India	Convergence of Agricultural Interventions in Maharashtra's Distressed Districts Programme	670 000
Confederation of Family Farmer Producer Organizations of MERCOSUR (COPROFAM)	Strengthening Rural Organizations for Policy Dialogue in South America	278 803
Economic Community of West African States (ECOWAS)	The Rural HUB: Supporting Rural Development and Food Security in Western and Central Africa	1 005 300
Food and Agriculture Organization of the United Nations (FAO)/ International Network for Family Poultry Development (INFPD)	Smallholder Poultry Development Programme	402 120
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	1 005 300
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	1 005 300
International Development Research Centre (IDRC)	Knowledge Access for Rural Interconnected People – Phase II (KariaNet II)	1 005 300
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)	1 005 300
International Rice Research Institute (IRRI), Bangladesh	Support to Agricultural Research for Climate Change Adaptation in Bangladesh	469 140
Total		7 846 563
Grand total		137 516 563

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

<i>Country/recipient</i>	<i>Programme/project title</i>	<i>US\$</i>	<i>SDR^a</i>
Proposed loans			
Bangladesh	Participatory Small-scale Water Resources Sector Project	22 000 000	14 226 315
Brazil	Semi-arid Sustainable Development Project in the State of Piauí (Viva o Semi-Árido)	20 000 000	12 933 013
Ecuador	Ibarra-San Lorenzo Development Project	8 630 000	5 580 595
Ethiopia	Pastoral Community Development Project – Phase II	20 000 000	12 933 013
Lebanon	Hilly Areas Sustainable Agricultural Development Project	4 020 718	2 600 000
Madagascar	Project to Support Development in the Menabe and Melaky Regions – supplementary loan	5 170 000	3 343 184
Mauritania	Value Chains Development Programme for Poverty Reduction	6 000 000	3 879 904
Mexico	Community-based Forestry Development Project in Southern States (Campeche, Chiapas and Oaxaca)	5 000 000	3 233 253
Pakistan	Crop Maximization Support Project	18 330 000	11 853 107
Paraguay	Proposed supplementary financing for the Empowerment of Rural Poor Organizations and Harmonization of Investments (<i>Paraguay Rural</i>) Project	3 100 000	2 004 617
Uganda	District Livelihoods Support Programme – supplementary loan	18 000 000	11 639 712
Uganda	Community Agricultural Infrastructure Improvement Programme – supplementary loan	16 900 000	10 928 396
Zambia	Smallholder Agribusiness Promotion Programme	17 170 000	11 102 992
Total		164 320 718	106 258 101
Proposed Debt Sustainability Framework (DSF) grants			
Chad	Pastoral Water and Resource Management Project in Sahelian Areas	19 477 286	12 595 000
Ethiopia	Pastoral Community Development Project – Phase II	20 000 000	12 933 013
Haiti	Small-scale Irrigation Development Project (PPI-2) – supplementary grant	5 660 000	3 660 043
Mauritania	Value Chains Development Programme for Poverty Reduction	6 000 000	3 879 904
Sudan	Revitalizing The Sudan Gum Arabic Production and Marketing Project	3 000 000	1 939 952
Total		54 137 286	35 007 912
Proposed grants			
Asian Institute of Technology (AIT)	Asian Project Management Support Programme	1 400 000	905 311
Biodiversity International	Grant under the global/regional grants window to a Consultative Group on International Agricultural Research (CGIAR)-supported international centre – Biodiversity International for the Programme for Impact Evaluation Approaches for Agricultural Research for Development	1 000 000	646 651
International Bank for Reconstruction and Development (IBRD)	Development Marketplace 2009 : Climate Adaptation (DM2009)	1 100 000	711 316
Lebanon	Hilly Areas Sustainable Agricultural Development Project	618 572	400 000
Uganda	District Livelihoods Support Programme – supplementary grant	2 000 000	1 293 301
Global Mechanism of the UNCCD ^b	Programme for Designing Integrated Financing Strategies for UNCCD Implementation in Selected Countries of Asia and the Pacific, and Latin America and the Caribbean – Second instalment	1 250 000	808 313
Total		7 368 572	4 764 892
Grand total		225 826 576	146 030 905

^a Using the 30 June 2009 US\$/SDR exchange rate of 1.54643 based on the United States dollar amount for loans and associated grants not negotiated to date.

^b UNCCD: United Nations Convention to Combat Desertification.

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>	<i>2008</i>
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>Estimated</i>
	<i>January to June 2009</i>	<i>July to August 2009</i>	<i>January to August 2009</i>
1. Resources available at start of period	0	0	0
Analysis of flows			
Members' contributions	158.3	10	168.3
Total loan reflows:	112.4	43.6	156.0
Loan and grant cancellations	7.4	2.0	9.4
Net investment income	49.3	0	49.3
Net exchange rate movements	(13.4)	0	(13.4)
Operating expenses, ASMCS, Action Plan, PDFF ^a	(56.8)	(25.4)	(82.2)
2. Total estimated net inflows for the period	257.2	30.2	287.4
3. ACA approved by the Executive Board in the year			76.5
4. Loan and grant commitments^b			(439.7)
5. ACA to be approved at EB 97^a			75.8
6. ACA covered from flows in the period			0
ACA unused balance (=1+2+3+4+5+6)			
7. ACA brought forward (= prior period)			742.3
8. ACA carried forward (= 3+5+6+7)			894.6

^a ASMCS = After-Service Medical Coverage Scheme
 EB 97 = Ninety-seventh session of the Executive Board (September 2009)
 PDFF = Programme Development Financing Facility

^b Loan and grant commitments include loans and grants presented for approval at this Board session of US\$225.8 million.