

Document:	<u>EB 2010/99/R.13</u>
Agenda:	<u>9</u>
Date:	<u>24 March 2010</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

E



Enabling poor rural people
to overcome poverty

Resources available for commitment

Executive Board — Ninety-ninth Session
Rome, 21-22 April

For: **Approval**

Note to Executive Board members

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, representatives are invited to contact the following focal point with any technical questions about this document before the session:

Bambis Constantinides

Director, Financial Services Division

telephone: +39 06 5459 2054

e-mail: c.constantinides@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra

Governing Bodies Officer

telephone: +39 06 5459 2374

e-mail: d.mcgrenra@ifad.org

Recommendation for approval

The Executive Board is invited to approve the recommendation on the use of advance commitment authority, as contained in paragraph 5.

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 2009.
2. Attachment III provides details of loans and grants proposed to the current session of the Board as well as a list of projects proposed for approval through the lapse-of-time procedure in the period May to September 2010, for a total amount of US\$316.3 million. Based on the exchange rate in force as at 31 December 2009, such loans and grants amount to SDR 202.2 million. These figures will be updated in an addendum to this document to be tabled at the session.
3. Attachment IV shows commitments made using advance commitment authority (ACA) from 2001 to 2009. It also provides a further analysis of net flows from 1 January to 31 March 2010 currently estimated at US\$139.9 million. In as much as the loans and grants proposed for approval at the current session of the Board and to be approved through the lapse-of-time procedure in the period May to September 2010 total approximately US\$316.3 million (attachment IV), there is a resource shortfall of US\$176.4 million for which use of ACA will be needed.

Advance commitment authority and its ceiling

4. 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 Eighth Replenishment period are set out in resolution 154/XXXII/Rev.1. The ceiling for ACA used during the Seventh Replenishment period was based on five years of reflows, while during the Eighth Replenishment period, it is based on seven 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

5. Based on the estimated resource position as at 31 March 2010, 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\$176.4 million due to estimated net inflows for the three months to 31 March 2010 amounting to US\$139.9 million and the loans and grants commitments amounting to US\$316.3 million¹ approves the use of an additional US\$176.4 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-ninth session in April 2010 and for those to be approved through the lapse-of-time procedures during the period May to September 2010.

¹ The amount of US\$316.3 million includes both loans and grants presented for approval at this session of the Executive Board as well as projects that will be approved through the lapse-of-time procedure in the period May to September 2010.

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 2009
(Thousands of United States dollars)

Assets in freely convertible currencies		
Cash and investments	2 875 518	
Promissory notes – Member States ^a	386 512	
Other receivables	<u>67 211</u>	<u>3 329 241</u>
Less:		
Payables and liabilities		(461 345)
Programme Development Financing Facility (PDFF) carry forward		(7 150)
General Reserve		(95 000)
Undisbursed effective loans	(2 405 277)	
Approved loans signed but not yet effective	(161 268)	
Undisbursed grants	<u>(305 795)</u>	<u>(2 872 340)</u>
Drawdowns on promissory notes that have not been paid (see Attachment II) ^a		<u>(80 861)</u>
Resources available for commitment		<u>(187 455)</u>
Less:		
Loans not yet signed		(405 911)
Grants approved not yet effective		<u>(195 732)</u>
Net resources available for commitment before ACA carry-forward and 2009 net flows		<u>(789 098)</u>
Summary of resource flows in the period		
ACA brought forward at 1 January 2009		742 378
Net flows to 31 December 2009 (Attachment IV)	676 135	
Loan and grant commitments as at 31 December 2009	<u>(722 855)</u>	
ACA used	(46 720)	
ACA carried forward at 31 December 2009		<u>789 098</u>

^a Promissory notes of US\$386,512,000 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\$305,652,000.

Resources available for commitment under the Regular Programme as at 31 December 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
------	---------------	--------

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

Democratic People's Republic of Korea	600	
Libyan Arab Jamahiriya	6 088	6 688

Total specifically excluded**80 862**

Proposal of loans and grants at the ninety-ninth session of the Executive Board

<i>Country/recipient</i>	<i>Programme/project title</i>	<i>US\$</i>	<i>SDR</i>
Loans			
Bangladesh	Char Development and Settlement Project IV	47 300 000	30 248 350
Bangladesh	Participatory Small-scale Water Resources Sector Project	22 000 000	14 069 000
Cameroon	Commodity Value Chain Support Project	19 200 000	12 278 400
Dominican Republic	Rural Economic Development Project in the Central and Eastern Provinces	14 000 000	8 953 000
Ghana	Rural and Agricultural Finance Programme – Supplementary loan	9 000 000	5 755 500
Guatemala	Sustainable Rural Development Programme in El Quiché	16 500 000	10 551 750
Papua New Guinea	Productive Partnerships in Agriculture Project	14 000 000	8 953 000
Uganda	Vegetable Oil Development Project – Phase 2	52 000 000	33 254 000
Viet Nam	Project for the Economic Empowerment of Ethnic Minorities in Poor Communes of Dak Nong Province	20 000 000	12 790 000
Total		214 000 000	136 853 000
Debt Sustainability Framework (DSF) grants			
Burundi	Value Chain Development Programme	39 590 000	25 317 805
Eritrea	Fisheries Development Project	12 580 000	8 044 910
Guinea	National Programme to Support Agricultural Value Chains Actors	8 700 000	5 563 650
Yemen	Economic Opportunities Programme	12 900 000	8 249 550
Total		73 770 000	47 175 915
Grants			
International Center for Agricultural Research in the Dry Areas	Improving the Livelihoods of Rural Communities in the Dry Areas: Sustainable Crop and Livestock Management	1 000 000	639 500
Guatemala	Sustainable Rural Development Programme in El Quiché	500 000	319 750
Viet Nam	Project for the Economic Empowerment of Ethnic Minorities in Poor Communes of Dak Nong Province	500 000	319 750
Latin American Centre for Rural Development - RIMISP	Knowledge for Change - Policy Processes for Poverty Impact	1 800 000	1 151 100
Total		3 800 000	2 430 100
Project to be approved through the lapse-of-time procedure in the period May-September 2010			
Nigeria	Community-based Agriculture and Rural Development Programme (CBARD) (loan)	13 000 000	8 313 500
Botswana	Agricultural Services Support Project (loan)	5 090 000	3 255 055
Botswana	Agricultural Services Support Project (grant)	600 000	383 700
Grenada	Market Access and Rural Enterprise Development (loan)	3 000 000	1 918 500
Djibouti	Programme of Mobilization of Surface Water and Sustainable Land Management (PROMES) (loan)	3 000 000	1 918 500
Total		24 690 000	15 789 255
Grand total		316 260 000	202 248 270

Analysis of use of advance commitment authority

	<i>Millions of United States dollars</i>								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
ACA carry-forward at start of year	-	153.7	277.8	331.1	136.8	296.0	453.3	585.3	742.3
Net ACA use/(cover)	153.7	124.1	53.3	(194.3)	159.2	157.3	132.0	157.0	46.7
ACA carry-forward at end of year	153.7	277.8	331.1	136.8	296.0	453.3	585.3	742.3	789.0

	<i>Millions of United States dollars</i>	
	<i>Actual January to December 2009</i>	<i>Estimated January to March 2010</i>
1. Resources available at start of period	0	0
Analysis of flows		
Members' contributions	399.0	84.5
Loan reflows	256.9	62.3
Loan and grant cancellations	51.4	15.0
Net investment income	110.1	19.5
Net exchange rate movements	(18.5)	0
Operating expenses	(122.7)	(41.4)
2. Total estimated net inflows for the period	676.2	139.9
3. ACA approved by the Executive Board in the year	90.0	0
4. Loan and grant commitments^b	(722.9)	(316.3)
5. ACA to be approved at EB 99^a	-	176.4
6. ACA covered from flows in the period	(43.3)	0
7. ACA unused balance (=1+2+3+4+5+6)	0	0
8. ACA brought forward (= prior period)	742.3	789.0
9. ACA carried forward (= 3+5+6+8)^c	789.0	965.4

^a EB 99 = Ninety-ninth session of the Executive Board (April 2010)

^b Loan and grant commitments include loans and grants presented for approval at this Board session of US\$316.3 million.

^c The ACA ceiling of seven years of loan reflows amounts to approximately to US\$2.1 billion, as per the Eighth Replenishment definition. The current estimated carried-forward balance corresponds to about 4.5 years of loan reflows.

