$ IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Eighty-seventh Session
Rome, 19-20 April 2006

REPORT AND RECOMMENDATION OF THE PRESIDENT
ON
PROPOSED ADDITIONAL LOANS FOR THE POST-TSUNAMI PROGRAMMES
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I submit the following report and recommendation on proposed additional loans for the four post-tsunami programmes in an aggregate amount of SDR 24.45 million (equivalent to approximately USD 35.1 million) on highly concessional terms to cover financing gaps in the programmes.

PART I – BACKGROUND AND RATIONALE

1. At its eighty-fourth session in April 2005, the Executive Board approved the following loans to countries affected by the tsunami that swept across the Indian Ocean on 26 December 2004:

   (a) Republic of India: Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu, for SDR 9.95 million (equivalent to approximately USD 15 million), document EB 2005/84/R.16/Rev.1;

   (b) Republic of Maldives: Post-Tsunami Agricultural and Fisheries Rehabilitation Programme, for SDR 1.40 million (equivalent to approximately USD 2.05 million), document EB 2005/84/R.19/Rev.1;

   (c) Democratic Socialist Republic of Sri Lanka: Post-Tsunami Coastal Rehabilitation and Resource Management Programme, for SDR 9.4 million (equivalent to approximately USD 14.2 million), document EB 2005/84/R.20/Rev.1; and

   (d) Democratic Socialist Republic of Sri Lanka: Post-Tsunami Livelihoods Support and Partnership Programme, for SDR 1.56 million (equivalent to approximately USD 2.35 million), document EB 2005/84/R.21/Rev.1.

2. At the time of approval, the Board noted that further amounts would be mobilized or covered under the programme of work and budget of IFAD for 2006.

3. Subsequent to the Board’s approval of the loans, contacts with various potential cofinancing partners were established. The majority indicated that they either were fully committed or preferred to focus on emergency projects with short implementation periods, or on specific aspects such as education, health, housing, infrastructure, water management and early warning systems. In addition, most donor countries preferred to operate on a bilateral basis or through the trust funds established by the Asian Development Bank and the World Bank. Among those contacted, France and the Organization of the Petroleum Exporting Countries Fund for International Development indicated their willingness to cofinance the IFAD programmes, provided that the beneficiary countries approached them directly and accepted their concessional terms and conditions, which were, however, less favourable than the ones offered by IFAD. In the end, no cofinancing could be mobilized.

4. Substantive progress has been made in bringing all the post-tsunami programmes to effectiveness, and the scope of the programmes and total resource requirements have been validated and confirmed by the respective governments and stakeholders.

5. Revised loan and financing summaries can be found in Annexes I to IV. Other details are as set forth in documents EB 2005/84/R.16/Rev.2, EB 2005/84/R.19/Rev.2, EB 2005/84/R.20/Rev.2 and EB 2005/84/R.21/Rev.2.
PART II – LEGAL INSTRUMENTS AND AUTHORITY

6. Loan agreements between IFAD and respectively the Republic of India, the Republic of Maldives and the Democratic Socialist Republic of Sri Lanka will constitute the legal instruments for extending the proposed loans to the borrowers.

7. The Republic of India, the Republic of Maldives and the Democratic Socialist Republic of Sri Lanka are empowered under their respective laws to borrow from IFAD.

8. I am satisfied that the proposed loans will comply with the Agreement Establishing IFAD.

PART III – RECOMMENDATIONS

9. I recommend that the Executive Board approve the proposed loans in terms of the following resolutions:

RESOLVED: that the Fund, in order to finance, in part, the Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu, shall make a loan to the Republic of India in various currencies in an amount equivalent to ten million four hundred thousand special drawing rights (SDR 10 400 000) to mature on or prior to 15 April 2046 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Post-Tsunami Agricultural and Fisheries Rehabilitation Programme, shall make a loan to the Republic of Maldives in various currencies in an amount equivalent to one million four hundred and fifty thousand special drawing rights (SDR 1 450 000) to mature on or prior to 15 April 2046 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Post-Tsunami Coastal Rehabilitation and Resource Management Programme, shall make a loan to the Democratic Socialist Republic of Sri Lanka in various currencies in an amount equivalent to ten million nine hundred and fifty thousand special drawing rights (SDR 10 950 000) to mature on or prior to 15 April 2046 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the Post-Tsunami Livelihoods Support and Partnership Programme, shall make a loan to the Democratic Socialist Republic of Sri Lanka in various currencies in an amount equivalent to one million six hundred and fifty thousand special drawing rights (SDR 1 650 000) to mature on or prior to 15 April 2046 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Lennart Båge
President
REPUBLIC OF INDIA

POST-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu

LOAN SUMMARY

INITIATING INSTITUTION: IFAD

BORROWER: Republic of India

EXECUTING AGENCY: Tamil Nadu Welfare Society for Self-Help Groups

TOTAL PROGRAMME COST: USD 68.59 million

AMOUNT OF IFAD LOAN APPROVED IN APRIL 2005: SDR 9.95 million (equivalent to approximately USD 15 million)

AMOUNT OF IFAD LOAN SUBMITTED FOR APPROVAL IN APRIL 2006: SDR 10.40 million (equivalent to approximately USD 15 million)

TERMS OF IFAD LOAN: 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum

COFINANCIERS: Scheduled commercial banks, insurance companies

AMOUNT OF COFINANCING: USD 24.92 million

TERMS OF COFINANCING: To be determined

CONTRIBUTION OF STATE GOVERNMENT: USD 3.41 million

CONTRIBUTION OF BENEFICIARIES: USD 10.35 million

APPRAISING INSTITUTION: IFAD

COOPERATING INSTITUTION: United Nations Office for Project Services
### TABLE 1: SUMMARY OF PROGRAMME COSTS
(USD '000)

<table>
<thead>
<tr>
<th>Component</th>
<th>Local</th>
<th>Foreign</th>
<th>Total</th>
<th>% of Foreign Exchange</th>
<th>% of Base Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal areas resource management</td>
<td>9 223</td>
<td>90</td>
<td>9 313</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>Rural finance and risk-transfer instruments</td>
<td>35 754</td>
<td>122</td>
<td>35 876</td>
<td>-</td>
<td>56</td>
</tr>
<tr>
<td>Employment generation and skills training</td>
<td>14 749</td>
<td>494</td>
<td>15 243</td>
<td>3</td>
<td>24</td>
</tr>
<tr>
<td>Community-based sea-safety and disaster management</td>
<td>402</td>
<td>11</td>
<td>414</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Programme management</td>
<td>3 357</td>
<td>72</td>
<td>3 429</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total base costs</strong></td>
<td>63 486</td>
<td>790</td>
<td>64 276</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Physical contingencies</td>
<td>2 138</td>
<td>77</td>
<td>2 215</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Price contingencies</td>
<td>2 033</td>
<td>67</td>
<td>2 100</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total programme costs</strong></td>
<td>67 657</td>
<td>934</td>
<td>68 591</td>
<td>1</td>
<td>107</td>
</tr>
</tbody>
</table>

*Discrepancies in totals are due to rounding.

### TABLE 2: FINANCING PLAN
(USD '000)

<table>
<thead>
<tr>
<th>Component</th>
<th>IFAD Amount</th>
<th>IFAD %</th>
<th>Banks/Insurance Companies Amount</th>
<th>Banks/Insurance Companies %</th>
<th>State Government Amount</th>
<th>State Government %</th>
<th>Beneficiaries Amount</th>
<th>Beneficiaries %</th>
<th>Total Amount</th>
<th>Total %</th>
<th>Foreign Exchange %</th>
<th>Local (Excl. Duties and Taxes) Amount</th>
<th>Local (Excl. Duties and Taxes) %</th>
<th>Duties and Taxes Amount</th>
<th>Duties and Taxes %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal areas resource management</td>
<td>7 664</td>
<td>78.1</td>
<td>-</td>
<td>-</td>
<td>664</td>
<td>6.8</td>
<td>1 486</td>
<td>15.1</td>
<td>9 814</td>
<td>14.3</td>
<td>104</td>
<td>9 570</td>
<td>140</td>
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<td></td>
</tr>
<tr>
<td>Rural finance and risk-transfer instruments</td>
<td>2 312</td>
<td>6.4</td>
<td>24 924</td>
<td>69.0</td>
<td>-</td>
<td>-</td>
<td>8 860</td>
<td>24.5</td>
<td>36 096</td>
<td>52.6</td>
<td>144</td>
<td>35 952</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment generation and skills training</td>
<td>16 287</td>
<td>90.2</td>
<td>-</td>
<td>-</td>
<td>1 778</td>
<td>9.8</td>
<td>-</td>
<td>18 065</td>
<td>26.3</td>
<td>588</td>
<td>358</td>
<td>16 772</td>
<td>704</td>
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<td></td>
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<tr>
<td>Community-based sea-safety and disaster management</td>
<td>485</td>
<td>98.7</td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>1.3</td>
<td>-</td>
<td>491</td>
<td>0.7</td>
<td>13</td>
<td>472</td>
<td>7</td>
<td>7</td>
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<td></td>
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<tr>
<td>Programme management</td>
<td>3 168</td>
<td>76.8</td>
<td>-</td>
<td>-</td>
<td>957</td>
<td>23.2</td>
<td>-</td>
<td>4 125</td>
<td>6.0</td>
<td>84</td>
<td>3 876</td>
<td>164</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total disbursement</strong></td>
<td>29 916</td>
<td>43.6</td>
<td>24 924</td>
<td>36.3</td>
<td>3 405</td>
<td>5.0</td>
<td>10 346</td>
<td>15.1</td>
<td>68 591</td>
<td>100.0</td>
<td>934</td>
<td>66 642</td>
<td>1 015</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Discrepancies in totals are due to rounding.
SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES EXPECTED TO BE INCLUDED IN THE NEGOTIATED SECOND LOAN AGREEMENT

1. **Suspension.** In addition to the events specified in the General Conditions, IFAD:
   
   (a) may suspend, in whole or in part, the right of the Government of the Republic of India (the Government) to request withdrawals from the loan account upon the occurrence of any of the events set forth therein or any of the following events:

   (i) the right of the Government to withdraw the proceeds of Loan No. 662-IN and/or the loan has been suspended, cancelled or terminated, in whole or in part;

   (ii) Loan No. 662-IN has become due and payable prior to the agreed maturity thereof;

   (iii) any event has occurred which, with notice or the passage of time, could result in any of the foregoing.

   (b) will suspend, in whole or in part, the right of the Government to request withdrawals from the loan account if the audit report for the loan has not been satisfactorily completed within 12 months after the financial reporting period set forth in loan agreement No. 662-IN.

2. **Conditions of effectiveness.** The following are specified as conditions precedent to the effectiveness of the loan agreement:

   (a) loan agreement No. 662-IN has been declared effective;

   (b) the Government has withdrawn from Loan No. 662-IN no less than the amount equivalent to 85% of the principal amount of Loan No. 662-IN;

   (c) the loan agreement has been duly signed, and the signature and performance thereof by the Government have been duly authorized and ratified by all necessary administrative and governmental action; and

   (d) a favourable legal opinion, issued by the Solicitor General of the Government and in form and substance acceptable to IFAD, has been delivered by the Government to IFAD.
REPUBLIC OF MALDIVES

POST-Tsunami Agricultural and Fisheries Rehabilitation Programme

FINANCING SUMMARY

INITIATING INSTITUTION: IFAD

RECIPIENT: Republic of Maldives

EXECUTING AGENCY: Ministry of Fisheries, Agriculture and Marine Resources (MFAMR)

TOTAL PROGRAMME COST: USD 4.99 million

AMOUNT OF IFAD FINANCING APPROVED IN APRIL 2005: Loan: SDR 1.40 million (equivalent to approximately USD 2.05 million)

AMOUNT OF IFAD LOAN SUBMITTED FOR APPROVAL IN APRIL 2006: SDR 1.45 million (equivalent to approximately USD 2.05 million)

TERMS OF IFAD LOAN: 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum

COFINANCIERS: Government of Italy (supplementary funds)

AMOUNT OF COFINANCING: USD 500 000

TERMS OF COFINANCING: Grant

CONTRIBUTION OF RECIPIENT: USD 193 100

APPRAISING INSTITUTION: IFAD

COOPERATING INSTITUTION: United Nations Office for Project Services
<table>
<thead>
<tr>
<th>Component</th>
<th>IFAD Loan</th>
<th>IFAD Grant</th>
<th>Italian Grant</th>
<th>Government</th>
<th>Total Disbursement</th>
<th>Exchange Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery and sustainable development of the fisheries</td>
<td>4,095.0</td>
<td>821.1</td>
<td>-</td>
<td>106.5</td>
<td>3,131.3</td>
<td>-</td>
</tr>
<tr>
<td>Policy support, capacity-building and technical assistance to MFAMR</td>
<td>-</td>
<td>413.2</td>
<td>100.0</td>
<td>-</td>
<td>413.2</td>
<td>-</td>
</tr>
<tr>
<td>Programme coordination, management and implementation</td>
<td>-</td>
<td>413.2</td>
<td>100.0</td>
<td>-</td>
<td>413.2</td>
<td>-</td>
</tr>
<tr>
<td>Total Disbursement</td>
<td>4,095.0</td>
<td>821.1</td>
<td>413.2</td>
<td>106.5</td>
<td>4,788.3</td>
<td>200.0</td>
</tr>
<tr>
<td>IFAD field presence and MFAMR capacity-building</td>
<td>-</td>
<td>-</td>
<td>200.0</td>
<td>-</td>
<td>200.0</td>
<td>-</td>
</tr>
<tr>
<td>Total Programme Costs</td>
<td>4,095.0</td>
<td>821.1</td>
<td>413.2</td>
<td>106.5</td>
<td>4,988.3</td>
<td>496.0</td>
</tr>
</tbody>
</table>

*Discrepancies in totals are due to rounding.*
SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES TO BE INCLUDED IN THE NEGOTIATED SECOND LOAN AGREEMENT

1. **Suspension.** In addition to the events specified in the General Conditions, IFAD:

   (a) may suspend, in whole or in part, the right of the Government of the Republic of Maldives (the Government) to request withdrawals from the loan account upon the occurrence of any of the events set forth therein or any of the following events:

   (i) the right of the Government to withdraw the proceeds of Loan No. 663-MV, Grant No. 783-MV and/or the loan has been suspended, cancelled or terminated, in whole or in part;

   (ii) Loan No. 663-MV has become due and payable prior to the agreed maturity thereof;

   (iii) any event has occurred which, with notice or the passage of time, could result in any of the foregoing.

   (b) will suspend, in whole or in part, the right of the Government to request withdrawals from the loan account if the audit report for the loan has not been satisfactorily completed within 12 months after the financial reporting period set forth in the programme financing agreement (Loan No. 663-MV and Grant No. 783-MV).

2. **Condition precedent to withdrawal.** No withdrawals may be made in respect of expenditures from the loan until the Government has withdrawn from Loan No. 663-MV an amount equivalent to 85% of the principal amount of Loan No. 663-MV.

3. **Conditions of effectiveness.** The following are specified as conditions precedent to the effectiveness of the loan agreement:

   (a) the programme financing agreement (Loan No. 663-MV and Grant No. 783-MV) has been declared effective;

   (b) the loan agreement has been duly signed, and the signature and performance thereof by the Government have been duly authorized and ratified by all necessary administrative and governmental action; and

   (c) a favourable legal opinion, issued by the Attorney General or other legal counsel of the Government acceptable to IFAD and in form and substance acceptable to IFAD, has been delivered by the Government to IFAD.
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

ANNEX III

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

POST-TSONAMI COASTAL REHABILITATION AND RESOURCE MANAGEMENT PROGRAMME

LOAN SUMMARY

INITIATING INSTITUTION: IFAD
BORROWER: Democratic Socialist Republic of Sri Lanka
EXECUTING AGENCY: Ministry of Fisheries and Aquatic Resources

TOTAL PROGRAMME COST: USD 33.5 million

AMOUNT OF IFAD LOAN APPROVED IN APRIL 2005: SDR 9.4 million (equivalent to approximately USD 14.2 million)

AMOUNT OF IFAD LOAN SUBMITTED FOR APPROVAL IN APRIL 2006: SDR 10.95 million (equivalent to approximately USD 15.7 million¹)

TERMS OF IFAD LOAN: 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum

CONTRIBUTION OF BORROWER: USD 3.4 million

CONTRIBUTION OF BENEFICIARIES: USD 211 600

APPRASING INSTITUTION: IFAD

COOPERATING INSTITUTION: United Nations Office for Project Services

¹ The supplementary fund grant earmarked for cofinancing the programme up to the amount of USD 1.5 million did not materialize, and the Government of Sri Lanka subsequently requested that the shortfall be included in the additional IFAD loan. Consequently, instead of the additional USD 14.2 million anticipated in the original Report and Recommendation of the President (EB 2005/84/R.20/Rev.1), a new IFAD loan equivalent to USD 15.7 million is being requested, to be mobilized from IFAD’s programme of work and budget for 2006.
### TABLE 1: FINANCING PLAN$^a$

(USD ‘000)

<table>
<thead>
<tr>
<th>Component</th>
<th>Government</th>
<th>IFAD Loan</th>
<th>Beneficiaries</th>
<th>Total</th>
<th>Foreign Exchange</th>
<th>Local (Excl. Taxes)</th>
<th>Duties and Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Community-based coastal resource management</td>
<td>162.0 7.6</td>
<td>1 849.4 87.1</td>
<td>111.8 5.3</td>
<td>2 213.3 6.3</td>
<td>391.5</td>
<td>1 569.7</td>
<td>162.0</td>
</tr>
<tr>
<td>Support to artisanal fisheries development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Post-tsunami recovery</td>
<td>658.8 15.1</td>
<td>3 708.1 84.9</td>
<td>-</td>
<td>4 367.0 13.0</td>
<td>1 517.4</td>
<td>2 190.7</td>
<td>658.8</td>
</tr>
<tr>
<td>– Fisheries development</td>
<td>1 519.9 14.7</td>
<td>8 713.1 84.3</td>
<td>99.8 1.0</td>
<td>10 332.8 30.9</td>
<td>1 085.2</td>
<td>7 727.7</td>
<td>1 519.9</td>
</tr>
<tr>
<td>– Post-harvest handling and marketing of fisheries products</td>
<td>24.3 1.3</td>
<td>1 908.8 98.7</td>
<td>-</td>
<td>1 933.2 5.8</td>
<td>173.6</td>
<td>1 735.3</td>
<td>24.3</td>
</tr>
<tr>
<td>Subtotal</td>
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<td>14 330.1 86.2</td>
<td>99.8 0.6</td>
<td>16 632.9 49.7</td>
<td>2 776.2</td>
<td>11 653.7</td>
<td>2 203.0</td>
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<tr>
<td>Microenterprise and financial service development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Post-tsunami recovery</td>
<td>69.4 4.1</td>
<td>1 637.8 96.0</td>
<td>-</td>
<td>1 707.2 5.1</td>
<td>414.8</td>
<td>1 223.1</td>
<td>69.4</td>
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<tr>
<td>– Microenterprise and financial service development</td>
<td>65.5 1.3</td>
<td>4 907.9 98.7</td>
<td>-</td>
<td>4 973.4 14.9</td>
<td>705.2</td>
<td>4 202.7</td>
<td>65.5</td>
</tr>
<tr>
<td>Subtotal</td>
<td>134.9 2.0</td>
<td>6 545.7 97.9</td>
<td>-</td>
<td>6 680.5 20.0</td>
<td>1 119.9</td>
<td>5 425.7</td>
<td>134.9</td>
</tr>
<tr>
<td>Social and economic infrastructure development</td>
<td>498.6 13.0</td>
<td>3 836.0 87.0</td>
<td>-</td>
<td>3 835.2 11.5</td>
<td>360.9</td>
<td>2 975.7</td>
<td>498.6</td>
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<tr>
<td>Policy support and programme management</td>
<td>397.4 9.4</td>
<td>3 815.4 90.6</td>
<td>-</td>
<td>4 212.7 12.6</td>
<td>693.4</td>
<td>3 121.9</td>
<td>397.4</td>
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<td>Total programme costs</td>
<td>3 395.8 10.1</td>
<td>29 877.1 89.2</td>
<td>211.6 0.6</td>
<td>33 484.6 100.0</td>
<td>5 341.9</td>
<td>24 746.8</td>
<td>3 395.8</td>
</tr>
</tbody>
</table>

$^a$ Discrepancies in totals are due to rounding.
1. **Suspension.** In addition to the events specified in the General Conditions, IFAD:

(a) may suspend, in whole or in part, the right of the Government of the Democratic Socialist Republic of Sri Lanka (the Government) to request withdrawals from the loan account upon the occurrence of any of the events set forth therein or any of the following events:

(i) the right of the Government to withdraw the proceeds of Loan No. 664-LK and/or the loan has been suspended, cancelled or terminated, in whole or in part;

(ii) Loan No. 664-LK has become due and payable prior to the agreed maturity thereof;

(iii) any event has occurred which, with notice or the passage of time, could result in any of the foregoing.

(b) will suspend, in whole or in part, the right of the Government to request withdrawals from the loan account if the audit report for the loan has not been satisfactorily completed within 12 months after the financial reporting period set forth in loan agreement No. 664-LK.

2. **Conditions of effectiveness.** The following are specified as conditions precedent to the effectiveness of the loan agreement:

(a) loan agreement No. 664-LK has been declared effective and the conditions precedent to withdrawal for the individual programme districts have been fulfilled by a programme district;

(b) the loan agreement has been duly signed, and the signature and performance thereof by the Government have been duly authorized and ratified by all necessary administrative and governmental action; and

(c) a favourable legal opinion, issued by the Attorney General or other legal counsel of the Government acceptable to IFAD and in form and substance acceptable to IFAD, has been delivered by the Government to IFAD.
DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

POST-TSUNAMI LIVELIHOODS SUPPORT AND PARTNERSHIP PROGRAMME

LOAN SUMMARY

INITIATING INSTITUTION: IFAD

BORROWER: Democratic Socialist Republic of Sri Lanka

EXECUTING AGENCIES: Ministry of Agriculture, Livestock, Land and Irrigation; Ministry of Fisheries and Aquatic Resources

TOTAL PROGRAMME COST: USD 4.70 million

AMOUNT OF IFAD LOAN APPROVED IN APRIL 2005: SDR 1.56 million (equivalent to approximately USD 2.35 million)

AMOUNT OF IFAD LOAN SUBMITTED FOR APPROVAL IN APRIL 2006: SDR 1.65 million (equivalent to approximately USD 2.35 million)

TERMS OF IFAD LOAN: 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum

CONTRIBUTION OF BORROWER: Taxes and duties

CONTRIBUTION OF BENEFICIARIES: Labour in kind

APPRASING INSTITUTION: IFAD

COOPERATING INSTITUTIONS: International Development Association/United Nations Office for Project Services
SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES TO BE INCLUDED IN THE NEGOTIATED SECOND LOAN AGREEMENT

1. **Suspension.** In addition to the events specified in the General Conditions, IFAD:

   (a) may suspend, in whole or in part, the right of the Government of the Democratic Socialist Republic of Sri Lanka (the Government) to request withdrawals from the loan account upon the occurrence of any of the events set forth therein or any of the following events:

      (i) the right of the Government to withdraw the proceeds of Loan No. 665-LK and/or the loan has been suspended, cancelled or terminated, in whole or in part;

      (ii) Loan No. 665-LK has become due and payable prior to the agreed maturity thereof;

      (iii) any event has occurred which, with notice or the passage of time, could result in any of the foregoing.

   (b) will suspend, in whole or in part, the right of the Government to request withdrawals from the loan account if the audit report for the loan has not been satisfactorily completed within 12 months after the financial reporting period set forth in loan agreement No. 665-LK.

2. **Conditions of effectiveness.** The following are specified as conditions precedent to the effectiveness of the loan agreement:

   (a) the loan agreement has been duly signed, and the signature and performance thereof by the Government have been duly authorized and ratified by all necessary administrative and governmental action; and

   (b) a favourable legal opinion, issued by the Attorney General or other legal counsel of the Government acceptable to IFAD and in form and substance acceptable to IFAD, has been delivered by the Government to IFAD.