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Enabling the rural poor  
to overcome poverty

## **Financial highlights of the year ended 31 December 2006**

Governing Council — Thirtieth Session  
Rome, 14-15 February 2007

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For: **Information**

## **Note to Governors**

This document is submitted for the information of the Governing Council.

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## Financial highlights of the year ended 31 December 2006

1. The key financial figures presented below have been extracted from the draft 2006 consolidated financial statements, which are subject to audit by the external auditor. The draft consolidated financial statements will be reviewed by the Audit Committee in March 2007 and presented for endorsement by the Executive Board at its ninetieth session in April 2007.
2. The figures presented here pertain to IFAD only and are all stated at nominal value.

### I. Balance sheet items

3. Table 1 provides information on selected assets and selected liabilities and equity of IFAD as at 31 December 2006 and 2005.

Table 1  
**Selected assets and selected liabilities and equity  
 as at 31 December 2006 and 2005**

(Millions of United States dollars)

	2006	2005
<b>Selected assets</b>		
Cash and investments	2 415.1	2 347.0
Promissory notes, net of provisions <sup>a</sup>	250.4	217.7
Contributions receivables, net of provisions <sup>a</sup>	258.6	125.1
Net loans outstanding <sup>b</sup>	4 017.7	3 598.5
<b>Selected liabilities and equity</b>		
Provision for After-Service Medical Coverage Scheme <sup>c</sup>	(32.9)	(27.9)
Undisbursed grants	(54.2)	(48.4)
Members' contributions, net of provisions <sup>a</sup>	(5 003.1)	(4 639.4)
General Reserve	(95.0)	(95.0)

<sup>a</sup> The increase in promissory notes and contributions receivables is due principally to new instruments deposited and payments relating to the Seventh Replenishment and residual promissory notes deposited for Sixth Replenishment contributions.

<sup>b</sup> The increase in net loans outstanding relates principally to annual disbursements and positive exchange rate movements, partially offset by repayments and a slight increase in the loan provisions.

<sup>c</sup> The figures for the After-Service Medical Coverage Scheme reflect IFAD's liability as determined by an independent actuary at 31 December 2006 (draft results) and 2005.

## II. Revenues and administrative expenditures

4. Table 2 provides information on selected revenue and expenditure categories for the years ended 31 December 2006 and 2005.

Table 2

### Selected revenue and expenditure categories, 2006 and 2005

(Millions of United States dollars)

	2006	2005	Change	
			Amount	As percentage of previous year
Income from loan interest and service charges	47.1	45.3	1.8	4.0%
Income from cash and investments <sup>a</sup>	62.0	71.7	(9.7)	(13.5%)
Staff salaries and benefits <sup>b, c, d</sup>	(52.4)	(46.6)	5.8	12.4%
Office and general expenses <sup>d</sup>	(10.0)	(9.9)	0.1	1.0%
Consultants and other non-staff costs <sup>d</sup>	(7.7)	(7.1)	0.6	8.5%
Direct bank and investment costs <sup>e</sup>	(4.1)	(3.5)	0.6	17.1%
Action Plan <sup>f</sup>	(1.3)	-	1.3	-
PDFF expenses, including cooperating institutions <sup>g</sup>	(34.5)	(29.0)	5.5	19.0%
Provision for After-Service Medical Coverage Scheme (past service costs) <sup>c</sup>	(1.9)	(9.3)	(7.4)	(79.6%)

<sup>a</sup> The net rate of return on cash and investments was 2.45 per cent in 2006, compared with 2.95 per cent in 2005.

<sup>b</sup> Staff salaries and benefits increased in 2006 due principally to underlying inflationary prices, including the 12.2 per cent special retroactive adjustment of the General Service salary scale effective from November 2005.

<sup>c</sup> The 2005 figure has been restated to ensure consistency with the current year.

<sup>d</sup> These costs – which relate to the administrative budgets – include both IFAD and the Office of Evaluation and comprise one-time costs, the carry-forward of unused administrative budget allocations and the current costs for the After-Service Medical Coverage Scheme of US\$2.7 million in 2006 (of which some US\$0.9 million was specifically provided for in the approved administrative budget, compared with US\$0.8 million in 2005).

<sup>e</sup> Direct bank and investment costs in 2006 appeared to be higher than in 2005 because the 2005 costs were offset by the one-off receipt of US\$1.5 million of tax on investments.

<sup>f</sup> Costs for the Action Plan are part of a multi-year budget and exclude costs charged to supplementary funding sources.

<sup>g</sup> The Programme Development Financing Facility (PDFF) finances multi-year expenditures required for the design, implementation and supervision of IFAD's projects and programmes. The current year costs include use of the carry-forward from prior years.

## III. Operational statistics

5. Table 3 shows key loan and grant cash flows for the years ended 31 December 2006 and 2005.

Table 3

### Key loan and grant cash flows, 2006 and 2005

(Millions of United States dollars)

	2006	2005
Loan disbursements	(387.5)	(343.5)
Grant disbursements	(24.1)	(22.2)
Total loan and grant disbursements	(411.6)	(365.7)
Loan principal repayments <sup>a</sup>	148.5	157.5
Interest and service charges received	44.4	45.3

<sup>a</sup> Includes payments relating to the Debt Initiative for Heavily Indebted Poor Countries amounting to US\$25.5 million in 2006, compared with US\$19.7 million in 2005.

