

Document:	GC 31/L.5
Agenda:	9
Date:	19 December 2007
Distribution:	Public
Original:	English

**E**



Enabling poor rural people  
to overcome poverty

## **Audited financial statements of IFAD as at 31 December 2006**

Governing Council — Thirty-first Session  
Rome, 13-14 February 2008

---

For: **Approval**

## **Note to Governors**

This document is submitted for approval by the Governing Council.

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

**Carlo M. Borghini**

Controller

telephone: +39 06 5459 2791

e-mail: [c.borghini@ifad.org](mailto:c.borghini@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](mailto:d.mcgrenra@ifad.org)

## **Recommendation for approval**

The Governing Council is invited to adopt the following decision:

“The Governing Council considered and approved the financial statements showing the financial position of IFAD as at 31 December 2006 and the results of its operations for the year ended on that date, as contained in Appendices A to H inclusive of the current document and the report of the external auditor thereon.”



## **Audited financial statements of IFAD as at 31 December 2006**

1. At its ninetieth session in April 2007, the Executive Board reviewed the audited financial statements of IFAD for 2006, appendices A to H inclusive, and the report of the external auditor thereon, both contained in this document. These statements, which were prepared in accordance with accounting principles recommended by the International Accounting Standards Board (IASB), have been examined in detail by the Audit Committee. The Executive Board now submits them to the present session of the Governing Council with a recommendation for their approval, in accordance with regulation XII(6) of the Financial Regulations of IFAD.
2. The financial statements reflect the following key points:
  - (a) The 2006 financial statements include consolidated data for IFAD and entities that have a direct link to IFAD's core activities and are an integral part of the Fund's operational activities, namely supplementary funds (including the Belgian Survival Fund Joint Programme) and IFAD's two trust funds (the Debt Initiative for Heavily Indebted Poor Countries and the After-Service Medical Coverage Scheme).
  - (b) In accordance with international financial reporting standards, IFAD applied fair value accounting for its loans portfolio and certain contributions receivables, undisbursed grants and deferred revenues. Management continues to report these assets and liabilities at nominal value for operational purposes as this is considered to be more relevant for most users of IFAD's accounts.
  - (c) Additional data have been provided where considered to be of interest to the readers, for example, complementary and supplementary contributions from Member States (Appendix E and E1) and an IFAD-only balance sheet expressed in special drawing rights (SDR) terms (Appendix A1), which shows the movement in the underlying assets and liabilities, which are either denominated in or pegged to the SDR basket ratios.
  - (d) Consolidated net assets increased slightly from US\$5.3 billion to US\$5.8 billion (fair value basis) due mainly to the net positive effect of exchange rate movements in the year of some US\$249.9 million (2005: negative effect of US\$405.2 million). The foreign exchange movements relate principally to loans outstanding – but also to the investment portfolio and other assets (which are broadly linked to the ratios of the SDR valuation basket) and are due to the weakening of the dollar against the SDR by some 5 per cent based on year-end rates.
  - (e) The consolidated cash and investment portfolio, including investment receivables and payables, increased slightly from US\$2,477.0 million as at 31 December 2005 to US\$2,504.6 million as at 31 December 2006.
  - (f) Loans outstanding net of accumulated allowances for loan impairment losses and the Debt Initiative for Heavily Indebted Poor Countries increased from US\$2,608.8 million as at 31 December 2005 to US\$2,971.7 million as at 31 December 2006 (fair value basis).
  - (g) Contributions to regular resources net of provisions increased from US\$4,618.1 million as at 31 December 2005 to US\$4,957.9 million as at 31 December 2006 (fair value basis).

- (h) Income from interest and service charges on loans amounted to US\$47.1 million in 2006, compared with US\$45.3 million in 2005. The Fund has excluded interest and service charges on loans with arrears in excess of 180 days. That amount in 2006 was US\$3.0 million, unchanged from 2005.
  - (i) Gross income from cash and investments totalled US\$66.4 million in 2006, compared with US\$74.7 million in 2005 on a consolidated basis. Direct charges against investment income amounted to US\$4.1 million in 2006, compared with US\$3.5 million in 2005 on a consolidated basis.
  - (j) In 2006, costs charged to IFAD's administrative budgets amounted to US\$68.2 million (2005: US\$63.6 million), with Programme Development Financing Facility costs amounting to US\$34.5 million (2005: US\$29.0 million), Action Plan US\$1.3 million (2005: US\$0) and other sources, principally relating to costs reimbursed by the Italian Government, of US\$13.9 million (2005: US\$12.7 million).
  - (k) The adjustment for changes in fair value of US\$5.3 million (negative) in 2006 (2005 – US\$71.5 million positive) relates to the movement required by IAS 39 (revised 2003).
  - (l) In 2006, there was a net negative movement in the allowance for loan impairment losses of US\$20.5 million (2005 – US\$35.9 million negative), resulting in a balance of US\$169.2 million in nominal terms (2005: US\$140.6 million).
  - (m) IFAD has been participating in the Debt Initiative for Heavily Indebted Poor Countries since 1997. In 2006, there was an accounting charge (prior to currency effects) of US\$37.5 million (2005: US\$72.6 million). As shown in Appendix G, the total cumulative cost of debt relief approved by the Executive Board was US\$406.0 million in nominal terms as at 31 December 2006, and the debt relief provided to date was some US\$93.1 million (principal) plus US\$33.5 million (interest).
  - (n) In 2006, there was an accounting charge of US\$5.0 million (2005 – US\$12.9 million) for the After-Service Medical Coverage Scheme based on the latest actuarial valuation, which was performed as at 31 December 2006. This charge is split between various operating expense items.
3. The financial statements for 2006 were reviewed in detail at the ninety-sixth meeting of the Audit Committee, held on 30 March 2007. The Chair of the Committee made a formal report at the Executive Board's ninetieth session, in April 2007. In the light of the Audit Committee's report, the Executive Board recommended the adoption of these statements by the Governing Council.
  4. The external auditor's opinion concludes that "the financial statements give a true and fair view of the consolidated financial position of the International Fund for Agricultural Development at 31 December 2006 and the results of its operations and its cash flows for the year ended in accordance with International Financial Reporting Standards".

# **International Fund for Agricultural Development**

## **Consolidated Financial Statements for the years ended 31 December 2006 and 2005**

<b>Appendix A</b>	<b>Consolidated and IFAD-only balance sheet</b>
<b>Appendix A1</b>	<b>IFAD-only balance sheet at nominal value in United States dollars and retranslated in SDR</b>
<b>Appendix B</b>	<b>Consolidated and IFAD-only statement of revenues and expenses</b>
<b>Appendix B1</b>	<b>IFAD-only statement of operating expenses</b>
<b>Appendix B2</b>	<b>Consolidated and IFAD-only statement of total recognized gains and losses</b>
<b>Appendix C</b>	<b>Consolidated cash-flow statement</b>
<b>Appendix D</b>	<b>Statement of IFAD-only resources available for commitment</b>
<b>Appendix E</b>	<b>Statement of contributions</b>
<b>Appendix E1</b>	<b>Statement of unspent complementary and supplementary contributions</b>
<b>Appendix F</b>	<b>Statement of loans</b>
<b>Appendix F1</b>	<b>Statement of grants</b>
<b>Appendix G</b>	<b>Summary of the Debt Initiative for Heavily Indebted Poor Countries</b>
<b>Appendix H</b>	<b>Notes to the consolidated financial statements</b>
	<b>Report of the external auditor</b>

These financial statements have been prepared using the symbols of the International Organization for Standardization (ISO), Geneva, International Standard 4217 and special drawing rights (SDR). The notes to the consolidated financial statements (Appendix H) form an integral part of the financial statements.

**Consolidated and IFAD-only balance sheet<sup>1</sup>**

As at 31 December 2006 and 2005 (expressed in thousands of United States dollars)

<b>Assets</b>	<b>Consolidated</b>		<b>IFAD-only</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Cash on hand and in banks (note 5)	197 177	249 831	156 720	235 211
Investments (note 5)	2 364 673	2 384 770	2 258 424	2 269 975
Contributors' promissory notes (note 6)	337 804	307 596	313 226	286 204
Contributions receivable (note 6)	366 658	230 430	319 892	204 656
Less: provisions (note 7)	(169 360)	(169 359)	(169 360)	(169 359)
	535 102	368 667	463 758	321 501
Other receivables (note 8)	44 712	107 464	128 490	189 920
Loans outstanding (note 9 and Appendix F)	3 210 750	2 830 282	3 210 750	2 830 282
Less: accumulated allowance for loan impairment losses (note 9(a))	(55 608)	(51 280)	(55 608)	(51 280)
Less: accumulated allowance for the Heavily Indebted Poor Countries (HIPC) Debt Initiative (note 10(b))	(183 404)	(170 233)	(183 404)	(170 233)
Net loans outstanding	2 971 738	2 608 769	2 971 738	2 608 769
<b>Total assets</b>	<b>6 113 402</b>	<b>5 719 501</b>	<b>5 979 130</b>	<b>5 625 376</b>

<b>Liabilities and equity</b>	<b>Consolidated</b>		<b>IFAD-only</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Payables and liabilities (note 11)	168 980	319 838	169 215	325 957
Undisbursed grants	73 430	71 065	49 367	42 210
Deferred revenues (note 12)	103 320	65 981	5 223	3 140
Total liabilities	345 730	456 884	223 805	371 307
<b>Equity</b>				
Contributions				
Regular	4 937 561	4 597 776	4 937 561	4 597 776
Special	20 348	20 348	20 348	20 348
Total contributions (Appendix E)	4 957 909	4 618 124	4 957 909	4 618 124
General reserve	95 000	95 000	95 000	95 000
Fully committed retained earnings	714 763	549 493	702 416	540 945
Total equity	5 767 672	5 262 617	5 755 325	5 254 069
<b>Total liabilities and equity</b>	<b>6 113 402</b>	<b>5 719 501</b>	<b>5 979 130</b>	<b>5 625 376</b>

<sup>1</sup> This balance sheet includes transactions for the following entities:

- IFAD
  - Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA)
  - Other supplementary funds, including cofinancing, associate professional officers (APOs) and programmatic supplementary funds; the Belgian Survival Fund Joint Programme (BSF-JP); the Global Environment Facility (GEF)
  - IFAD's Trust Fund for the Heavily Indebted Poor Countries (HIPC) Debt Initiative
  - IFAD's After Service Medical Coverage Scheme (ASMCS) Trust Fund
- See note 2(b) for further information.



## IFAD-only balance sheet at nominal value in United States dollars and retranslated in SDR<sup>1</sup>

As at 31 December 2006 and 2005

<b>Assets</b>	<b>Thousands of U.S. dollars</b>		<b>Thousands of special drawing rights</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Cash on hand and in banks (note 5)	156 720	235 211	104 210	164 906
Investments (note 5)	2 258 424	2 269 975	1 501 739	1 591 479
Contributors' promissory notes (note 6)	331 291	298 614	220 292	209 358
Contributions receivable (note 6)	347 022	213 520	230 752	149 699
Less: provisions (note 7)	(169 360)	(169 359)	(112 616)	(118 738)
	508 953	342 775	338 428	240 319
Other receivables (note 8)	128 490	189 920	85 440	133 153
Loans outstanding (note 9 and Appendix F)	4 466 220	4 003 639	2 969 813	2 806 952
Less: accumulated allowance for loan impairment losses (note 9(a))	(169 162)	(140 634)	(112 484)	(98 598)
Less: accumulated allowance for the HIPC Debt Initiative (note 10(b))	(279 393)	(264 527)	(185 783)	(185 460)
Net loans outstanding	4 017 665	3 598 478	2 671 546	2 522 894
<b>Total assets</b>	<b>7 070 252</b>	<b>6 636 359</b>	<b>4 701 363</b>	<b>4 652 751</b>
<b>Liabilities and equity</b>	<b>Thousands of U.S. dollars</b>		<b>Thousands of special drawing rights</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Payables and liabilities (note 11)	169 215	325 957	112 519	228 528
Undisbursed grants	54 216	48 386	36 051	33 923
Deferred revenues (note 12)	5 223	3 140	3 473	2 202
Total liabilities	228 654	377 483	152 043	264 653
<b>Equity (Note 13)</b>				
Contributions				
Regular	4 982 756	4 619 049	4 194 336	4 199 748
Special	20 348	20 348	15 219	15 219
Total contributions (Appendix E)	5 003 104	4 639 397	4 209 555	3 977 491
General reserve	95 000	95 000	63 170	66 605
Fully committed retained earnings	1 743 494	1 524 479	276 595	344 002
Total equity	6 841 598	6 258 876	4 549 320	4 388 098
<b>Total liabilities and equity</b>	<b>7 070 252</b>	<b>6 636 359</b>	<b>4 701 363</b>	<b>4 652 751</b>

<sup>1</sup> Presented for information purposes only, as stated in notes 2(c) and 4(b).

## Consolidated and IFAD-only statement of revenues and expenses

For the years ended 31 December 2006 and 2005 (expressed in thousands of United States dollars)

	<i>Consolidated<sup>1</sup></i>		<i>IFAD-only</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
<b>Revenues</b>				
Income from loans (note 9)	47 081	45 321	47 081	45 321
Income from cash and investments (note 15)	66 379	74 653	61 975	71 693
Income from other sources (note 16)	9 643	9 792	12 710	13 539
Contributions income (note 17)	26 327	20 708	8 595	2 931
<b>Total revenues</b>	<b>149 430</b>	<b>150 474</b>	<b>130 361</b>	<b>133 484</b>
<b>Operating expenses (note 18)</b>				
Staff salaries and benefits (note 18)	(63 133)	(56 223)	(59 419)	(51 861)
Office and general expenses	(28 291)	(23 091)	(25 627)	(21 819)
Consultants and other non-staff costs	(29 384)	(24 724)	(25 460)	(21 939)
Cooperating institutions	(8 133)	(10 339)	(7 949)	(10 064)
Direct bank and investment costs (note 20)	(3 626)	(3 107)	(3 559)	(3 060)
<b>Subtotal</b>	<b>(132 569)</b>	<b>(117 484)</b>	<b>(122 014)</b>	<b>(108 743)</b>
Adjustment for changes in fair value (note 21)	(5 281)	71 521	(4 786)	74 040
Allowance for loan impairment losses (note 9(a))	(20 488)	(35 872)	(20 488)	(35 872)
Debt Initiative for HIPC expenses (note 10)	(37 454)	(72 592)	(37 454)	(72 592)
Grant expenses (note 22)	(36 010)	(42 367)	(29 660)	(34 721)
Provision for after-service medical scheme (note 19(c))	(1 908)	(9 257)	(1 908)	(9 257)
<b>Total operating expenses</b>	<b>(233 708)</b>	<b>(206 051)</b>	<b>(216 310)</b>	<b>(187 145)</b>
<b>Total revenues less operating expenses</b>	<b>(84 278)</b>	<b>(55 577)</b>	<b>(85 949)</b>	<b>(53 661)</b>
Total foreign exchange rate movements (Appendix B2)	249 548	(404 015)	247 420	(397 675)
<b>Transfer to retained earnings</b>	<b>165 270</b>	<b>(459 592)</b>	<b>161 471</b>	<b>(451 336)</b>

Appendix B1

## IFAD-only statement of operating expenses

An analysis of IFAD operating expenses by principal sources of funding

For the years ended 31 December 2006 and 2005 (expressed in thousands of United States dollars)

	<i>Administrative budgets<sup>2</sup></i>	<i>Programme Development Financing Facility (PDFF)</i>	<i>Action Plan</i>	<i>Direct charges<sup>3</sup></i>	<i>Other sources<sup>4</sup></i>	<i>Total</i>
Staff salaries and benefits	(52 399)	(3 871)	(377)	(85)	(2 687)	(59 419)
Office and general expenses	(9 992)	(5 180)	(166)	(324)	(9 965)	(25 627)
Consultants and other non-staff costs	(7 721)	(15 557)	(789)	(100)	(1 293)	(25 460)
Cooperating institutions	1 957	(9 906)				(7 949)
Direct bank and investment costs				(3 559)		(3 559)
<b>Total 2006</b>	<b>(68 155)</b>	<b>(34 514)</b>	<b>(1 332)</b>	<b>(4 068)</b>	<b>(13 945)</b>	<b>(122 014)</b>
Total 2005	(63 606)	(29 004)	-	(3 463)	(12 670)	(108 743)

<sup>1</sup> This includes transactions for the following entities:

- IFAD
- SPA
- Other supplementary funds, including cofinancing, APOs and programmatic supplementary funds; the BSF.JP; the GEF
- IFAD's Trust Fund for the HIPC Debt Initiative
- IFAD's ASMCS Trust Fund

See Note 2(b) for further information.

<sup>2</sup> These refer to IFAD and its Office of Evaluation and include one-time costs and carry forward.

<sup>3</sup> Direct charges against investment income.

<sup>4</sup> Includes Italian Government reimbursable expenditures, field presence and positions funded from service charges.

### Consolidated statement of total recognized gains and losses

For the years ended 31 December 2006 and 2005 (expressed in thousands of United States dollars)

	<i>Retained earnings from operations</i>	<i>Foreign exchange effects</i>	<i>Total retained earnings</i>
<b>Opening balance as at 1 January 2005</b>	<b>69 615</b>	<b>939 470</b>	<b>1 009 085</b>
Total revenues less operating expenses before the effect of foreign exchange rate movements	(55 577)	-	(55 577)
Net operating exchange gains	1 205	-	1 205
Net foreign exchange rate movements (note 14)	-	(405 220)	(405 220)
Total foreign exchange movements	1 205	(405 220)	(404 015)
<b>Retained earnings as at 31 December 2005</b>	<b>15 243</b>	<b>534 250</b>	<b>549 493</b>
Total revenues less operating expenses before the effect of foreign exchange rate movements	(84 278)	-	(84 278)
Net operating exchange losses	(392)	-	(392)
Net foreign exchange rate movements (note 14)	-	249 940	249 940
Total foreign exchange movements	(392)	249 940	249 548
<b>Retained earnings as at 31 December 2006</b>	<b>(69 427)</b>	<b>784 190</b>	<b>714 763</b>

### IFAD-only statement of total recognized gains and losses

For the years ended 31 December 2006 and 2005 (expressed in thousands of United States dollars)

	<i>Retained earnings from operations</i>	<i>Foreign exchange effects</i>	<i>Total retained earnings<sup>1</sup></i>
<b>Opening balance as at 1 January 2005</b>	<b>64 067</b>	<b>928 214</b>	<b>992 281</b>
Total revenues less operating expenses before the effect of foreign exchange rate movements	(53 661)	-	(53 661)
Net operating exchange gains	171	-	171
Net foreign exchange rate movements	-	(397 846)	(397 846)
Total foreign exchange movements	171	(397 846)	(397 675)
<b>Retained earnings as at 31 December 2005</b>	<b>10 577</b>	<b>530 368</b>	<b>540 945</b>
Total revenues less operating expenses before the effect of foreign exchange rate movements	(85 949)	-	(85 949)
Net operating exchange losses	(366)	-	(366)
Net foreign exchange rate movements	-	247 786	247 786
Total foreign exchange movements	(366)	247 786	247 420
<b>Retained earnings as at 31 December 2006</b>	<b>(75 738)</b>	<b>778 154</b>	<b>702 416</b>

<sup>1</sup> Fully committed. See note 2(d)(iii).

## Consolidated cash-flow statement

For the years ended 31 December 2006 and 2005 (expressed in thousands of United States dollars)

	2006	2005
<b>Cash flows from investing activities</b>		
Loan disbursements	(387 525)	(343 469)
Loan principal repayments	148 513	157 225
Payments of HIPC debt relief – principal	(25 515)	(19 459)
Net sale of equities	-	281 671
Net purchase of held-to-maturity (HTM) investments	-	(370 175)
<b>Net cash flows invested in development activities</b>	<b>(264 527)</b>	<b>(294 207)</b>
<b>Cash flows from financing activities</b>		
Payments for replenishment contributions	197 599	156 226
<b>Net cash flows provided by financing activities</b>	<b>197 599</b>	<b>156 226</b>
<b>Cash flows from operating activities</b>		
Interest received from loans	44 556	45 619
Payments of HIPC debt relief – interest	(9 040)	(7 834)
Income received from HTM investments	14 446	10 158
Dividend income from equities	-	1 074
(Payments for)/receipts from non equities	(47 014)	54 955
Receipts for non-replenishment contributions	30 380	71 530
Miscellaneous payments	20 582	6 439
Payments for operating expenses and other payments	(128 949)	(133 884)
Grant disbursements (IFAD)	(24 148)	(22 186)
Grant disbursements (non IFAD)	(11 534)	(20 473)
<b>Net cash flows (used)/provided by operating activities</b>	<b>(110 721)</b>	<b>5 398</b>
<b>Effects of exchange rate movements on cash and investments, excluding equities and HTM investments</b>	<b>82 287</b>	<b>(206 964)</b>
<b>Net decrease in unrestricted cash and cash equivalents</b>	<b>(95 362)</b>	<b>(339 547)</b>
Unrestricted cash and cash equivalents at beginning of year	2 242 997	2 582 544
<b>Unrestricted cash and cash equivalents at end of year</b>	<b>2 147 635</b>	<b>2 242 997</b>
<b>COMPOSED OF:</b>		
Unrestricted cash	197 098	249 762
Unrestricted investments excluding HTM investments	1 950 537	1 993 235
<b>Cash and cash equivalents at end of period</b>	<b>2 147 635</b>	<b>2 242 997</b>
<b>Reconciliation of net income to net cash used by operating activities:</b>		
Excess of revenues over operating expenses before net foreign exchange rate movements	(84 278)	(55 577)
<b>Adjustments to reconcile net income to net cash provided by operations:</b>		
- fair value adjustment	5 281	(71 521)
- decrease/(increase) in accrued income on loans and investments	66 411	(47 715)
- decrease/(increase) in other receivables	(25 675)	28 960
- (decrease)/increase in other payables	(123 206)	37 123
- gain on equities	-	(4 506)
- grants approved but not yet disbursed	328	(292)
- exchange (gain)/loss on operations	(392)	1 205
- non-cash expenses relating to the HIPC Debt Initiative	28 414	72 592
- after-service medical provision	1 908	9 257
- loan impairment provision movement	20 488	35 872
<b>Net cash flows (used)/provided by operating activities</b>	<b>(110 721)</b>	<b>5 398</b>

**Statement of IFAD-only resources available for commitment<sup>1</sup>**

For the years ended 31 December 2006 and 2005 (expressed in thousands of United States dollars)

		<b>2006</b>	<b>2005</b>
<b>Assets in freely-convertible currencies</b>	Cash	156 639	235 141
	Investments	2 257 790	2 269 319
	Promissory notes	329 892	297 215
	Other receivables	128 490	189 920
		<b>2 872 811</b>	<b>2 991 595</b>
<b>Less</b>	Payables and liabilities	<b>169 180</b>	<b>325 957</b>
	Programme Development Financing Facility (PDFF) carry forward	<b>3 879</b>	<b>5 676</b>
	General Reserve	<b>95 000</b>	<b>95 000</b>
	Undisbursed effective loans	2 090 759	1 939 333
	Approved loans signed but not yet effective	302 504	308 958
	Undisbursed grants	54 216	48 386
		<b>2 447 479</b>	<b>2 296 677</b>
	Provision for promissory notes	80 898	80 898
<b>Resources available for commitment</b>		<b>2 796 435</b>	<b>2 804 208</b>
		<b>76 376</b>	<b>187 387</b>
<b>Less</b>	Loans not yet signed	484 698	449 722
	Grants not yet signed	44 994	33 687
<b>Net resources pre-advance commitment authority (ACA) (note 2(o))</b>		<b>(453 316)</b>	<b>(296 022)</b>
<b>ACA carried forward at 1 January</b>		296 022	136 853
<b>ACA approved at Executive Board sessions during the year</b>		181 600	186 600
		<b>477 622</b>	<b>323 453</b>
<b>Less</b>	ACA covered in year	<b>(24 306)</b>	<b>(27 431)</b>
<b>ACA carried forward</b>		<b>453 316</b>	<b>296 022</b>
<b>Net resources available for commitment</b>		<b>-</b>	<b>-</b>

<sup>1</sup> Presented for information purposes only, as stated in note 2(o).

## Statement of contributions

(Expressed in thousands of United States dollars)

Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative		Other complementary contributions	
						GEF	Complementary contributions	Other contributions	Complementary contributions		
Albania											
Replenishment 0-5	20	20									20
Replenishment 6	10	10									10
Replenishment 7	10	10									10
Total	40	40									40
Algeria											
Replenishment 0-5	50 330	50 330									50 330
Replenishment 6	1 000	1 000									1 000
Total	51 330	51 330									51 330
Angola											
Replenishment 0-5	160	160									160
Replenishment 6	100	100									100
Other						7					7
Total	260	260				7					267
Argentina <sup>1</sup>											
Replenishment 0-5	6 400	7 900									7 900
Total	6 400	7 900									7 900
Armenia											
Replenishment 6	11	11									11
Total	11	11									11
Australia <sup>1</sup>											
Replenishment 0-5	37 202	37 202									37 202
SPA Phase I	389	389									389
Other			2 721			84					2 805
Total	37 591	37 591	2 721			84					40 396
Austria											
Replenishment 0-5	33 141	33 141									33 141
Replenishment 6	9 667	9 667									9 667
Replenishment 7		11 600									11 600
Other								755			755
Total	42 808	54 408						755			55 163
Azerbaijan											
Replenishment 0-5	5	5									5
Replenishment 6	95	95									95
Total	100	100									100
Bangladesh											
Replenishment 0-5	3 156	3 156									3 156
Replenishment 6	600	600									600
Replenishment 7	600	600									600
Total	4 356	4 356									4 356

Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Other complementary contributions	Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds		Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative			
					GEF	Complementary contributions	Other contributions	Complementary contributions	Other contributions			
<b>Barbados</b>												
Replenishment 0-5	10	10										10
Total	10	10										10
<b>Belgium</b>												
Replenishment 0-5	61 348	61 348										61 348
Replenishment 6	12 193	12 193										12 193
SPA Phase I	34 975	34 975										34 975
SPA Phase II	12 263	12 263										12 263
Other			5 059	610	1 480		57 904	63 836			2 713	131 602
Total	120 779	120 779	5 059	610	1 480		57 904	63 836			2 713	252 381
<b>Belize</b>												
Replenishment 0-5	205	205										205
Total	205	205										205
<b>Benin</b>												
Replenishment 0-5	100	100										100
Replenishment 6	97	97										97
Total	197	197										197
<b>Bhutan</b>												
Replenishment 0-5	78	78										78
Replenishment 6	27	27										27
Replenishment 7	30	30										30
Total	135	135										135
<b>Bolivia</b>												
Replenishment 0-5	900	900										900
Replenishment 6	300	300										300
Total	1 200	1 200										1 200
<b>Bosnia and Herzegovina</b>												
Replenishment 7	75	75										75
Total	75	75										75
<b>Botswana</b>												
Replenishment 0-5	235	235										235
Replenishment 6	100	100										100
Replenishment 7	25	25										25
Total	360	360										360
<b>Brazil<sup>1</sup></b>												
Replenishment 0-5	36 104	36 104										36 104
Replenishment 6	7 916	7 916										7 916
Replenishment 7		7 916										7 916
Total	44 020	51 936										51 936
<b>Burkina Faso</b>												
Replenishment 0-5	99	99										99
Replenishment 6	60	60										60
Replenishment 7	100	100										100
Total	259	259										259

Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Other complementary contributions	Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative				
						Complementary contributions	Other contributions	Complementary contributions	Other contributions			
Burundi												
Replenishment 0-5	70	70										70
Total	70	70										70
Cambodia												
Replenishment 0-5	210	210										210
Replenishment 6	210	210										210
Total	420	420										420
Cameroon												
Replenishment 0-5	555	555										555
Replenishment 6	300	300										300
Replenishment 7	794	794										794
Total	1 649	1 649										1 649
Canada												
Replenishment 0-5	134 796	134 796										134 796
Replenishment 6	35 032	35 032										35 032
Other					1 471						1 511	2 982
Total	169 828	169 828			1 471						1 511	172 810
Cape Verde												
Replenishment 0-5	26	26										26
Total	26	26										26
Central African Republic												
Replenishment 0-5	11	11										11
Total	11	11										11
Chile												
Replenishment 0-5	605	605										605
Replenishment 6	95	95										95
Replenishment 7	100	100										100
Total	800	800										800
China												
Replenishment 0-5	30 339	30 339										30 339
Replenishment 6	10 500	10 500										10 500
Replenishment 7		16 000										16 000
Other					30							30
Total	40 839	56 839			30							56 869
Colombia												
Replenishment 0-5	370	370										370
Replenishment 6	100	100										100
Replenishment 7	170	170										170
Other					25							25
Total	640	640			25							665
Comoros <sup>2</sup>												
Replenishment 0-5	23	33										33
Total	23	33										33



Member States	Regular contributions			Supplementary and complementary contributions <sup>3</sup>							Other complementary contributions	Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative				
						GEF	Complementary contributions	Other contributions	Complementary contributions	Other contributions		
Congo												
Replenishment 0-5	151	151										151
Replenishment 6	200	200										200
Total	351	351										351
Cook Islands												
Replenishment 0-5	5	5										5
Total	5	5										5
Côte d'Ivoire												
Replenishment 0-5	1 559	1 559										1 559
Total	1 559	1 559										1 559
Cuba												
Replenishment 0-5	9	9										9
Total	9	9										9
Cyprus												
Replenishment 0-5	137	137										137
Replenishment 6	25	25										25
Total	162	162										162
Democratic People's Republic of Korea <sup>2</sup>												
Replenishment 0-5	797	797										797
Total	797	797										797
Democratic Republic of the Congo												
Replenishment 0-5	1 030	1 030										1 030
Replenishment 6	150	150										150
Total	1 180	1 180										1 180
Denmark												
Replenishment 0-5	85 472	85 472										85 472
Replenishment 6	27 878	27 878										27 878
Replenishment 7												10 614
SPA Phase I	18 673	18 673										18 673
Other			2 467	3 155	3 980							9 602
Total	132 023	142 637	2 467	3 155	3 980							152 239
Djibouti												
Replenishment 0-5	6	6										6
SPA Phase I	1	1										1
Total	7	7										7
Dominica												
Replenishment 0-5	55	55										55
Total	55	55										55
Dominican Republic												
Replenishment 0-5	84	84										84
Total	84	84										84

Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Other complementary contributions	Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative				
						GEF	Complementary contributions	Other contributions	Complementary contributions	Other contributions		
Ecuador												
Replenishment 0-5	791	791										791
Total	791	791										791
Egypt												
Replenishment 0-5	11 409	11 409										11 409
Replenishment 6	3 000	3 000										3 000
Total	14 409	14 409										14 409
El Salvador												
Replenishment 0-5	100	100										100
Total	100	100										100
Eritrea												
Replenishment 0-5	10	10										10
Replenishment 6	10	10										10
Total	20	20										20
Ethiopia												
Replenishment 0-5	161	161										161
Replenishment 6	30	30										30
Total	191	191										191
European Union												
SPA Phase I	17 619	17 619										17 619
Other			814		1 846					10 512		13 172
Total	17 619	17 619	814		1 846					10 512		30 791
Fiji												
Replenishment 0-5	194	194										194
Total	194	194										194
Finland												
Replenishment 0-5	25 701	25 701										25 701
Replenishment 6	5 825	5 825										5 825
SPA Phase I	12 205	12 205										12 205
Other			2 397	1 661	3 509					5 193		12 760
Total	43 731	43 731	2 397	1 661	3 509					5 193		56 491
France <sup>1</sup>												
Replenishment 0-5	172 462	172 462										172 462
Replenishment 6	31 648	31 648										31 648
Replenishment 7		31 648										31 648
SPA Phase I	37 690	37 690										37 690
SPA Phase II	4 008	4 008										4 008
Other			1 032	795	3 845							5 672
Total	245 808	277 456	1 032	795	3 845							283 128
Gabon <sup>2</sup>												
Replenishment 0-5	2 430	2 801										2 801
Replenishment 6	187	200										200
Total	2 617	3 001										3 001

Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Other complementary contributions	Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative				
						GEF	Complementary contributions	Other contributions	Complementary contributions	Other contributions		
Gambia (The)												
Replenishment 0-5	30	30										30
Replenishment 6	15	15										15
Total	45	45										45
Germany <sup>1</sup>												
Replenishment 0-5	255 873	255 873										255 873
Replenishment 6	40 000	40 000										40 000
Replenishment 7		40 000										40 000
SPA Phase I	17 361	17 361										17 361
Other			46	3 996	5 345						6 989	16 376
Total	313 234	353 234	46	3 996	5 345						6 989	369 610
Ghana												
Replenishment 0-5	967	967										967
Total	967	967										967
Greece												
Replenishment 0-5	2 350	2 350										2 350
Replenishment 6	600	600										600
SPA Phase I	37	37										37
SPA Phase II	40	40										40
Total	3 027	3 027										3 027
Grenada												
Replenishment 0-5	50	50										50
Replenishment 6	25	25										25
Total	75	75										75
Guatemala												
Replenishment 0-5	693	693										693
Replenishment 6	77	100										100
Replenishment 7		250										250
Total	770	1 043										1 043
Guinea												
Replenishment 0-5	190	190										190
Replenishment 6	70	70										70
Replenishment 7	70	70										70
SPA Phase I	25	25										25
Total	355	355										355
Guinea-Bissau												
Replenishment 0-5	30	30										30
Total	30	30										30
Guyana												
Replenishment 0-5	480	480										480
Replenishment 6	155	155										155
Total	635	635										635

Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Other complementary contributions	Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative				
						Complementary contributions	Other contributions	Complementary contributions	Other contributions			
Haiti												
Replenishment 0-5	107	107										107
Total	107	107										107
Honduras												
Replenishment 0-5	749	749										749
Replenishment 6	52	52										52
Total	801	801										801
Iceland												
Replenishment 0-5	5	5										5
Special contributions	10	10										10
Other											250	250
Total	15	15									250	265
India												
Replenishment 0-5	47 812	47 812										47 812
Replenishment 6	15 000	15 000										15 000
Replenishment 7	5 000	17 000										17 000
Total	67 812	79 812										79 812
Indonesia												
Replenishment 0-5	36 959	36 959										36 959
Replenishment 6	5 000	5 000										5 000
Replenishment 7		5 000										5 000
Other											50	50
Total	41 959	46 959									50	47 009
Iran (Islamic Republic of) <sup>2</sup>												
Replenishment 0-5	43 183	128 750										128 750
Total	43 183	128 750										128 750
Iraq <sup>2</sup>												
Replenishment 0-5	51 099	53 099										53 099
Total	51 099	53 099										53 099
Ireland												
Replenishment 0-5	5 007	5 007										5 007
Replenishment 6	1 404	1 404										1 404
Replenishment 7		7 912										7 912
SPA Phase I	418	418										418
SPA Phase II	289	289										289
Other			6 307				1 030					7 337
Total	7 118	15 030	6 307				1 030					22 367
Israel												
Replenishment 0-5	300	300										300
Total	300	300										300

Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Other complementary contributions	Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative				
						Complementary contributions	Other Contributions	Complementary contributions	Other contributions			
Italy												
Replenishment 0-5	168 361	168 361										168 361
Replenishment 6	17 815	17 815										17 815
SPA Phase I	33 254	33 254										33 254
SPA Phase II	6 785	6 785										6 785
Other			16 629	4 154	25 480				4 602			50 865
Total	226 215	226 215	16 629	4 154	25 480				4 602			277 080
Jamaica												
Replenishment 0-5	326	326										326
Total	326	326										326
Japan												
Replenishment 0-5	292 531	292 531										292 531
Replenishment 6	31 724	31 724										31 724
Replenishment 7	15 256	30 513										30 513
SPA Phase I	21 474	21 474										21 474
Other			1 876	2 073	3 967							7 916
Total	360 985	376 242	1 876	2 073	3 967							384 158
Jordan												
Replenishment 0-5	655	655										655
Replenishment 6	85	85										85
Other					15							15
Total	740	740			15							755
Kenya <sup>2</sup>												
Replenishment 0-5	3 903	4 408										4 408
Total	3 903	4 408										4 408
Kiribati												
Replenishment 6	5	5										5
Total	5	5										5
Kuwait												
Replenishment 0-5	148 041	148 041										148 041
Replenishment 6	5 000	5 000										5 000
SPA Phase II	15 000	15 000										15 000
Total	168 041	168 041										168 041
Lao People's Democratic Republic												
Replenishment 0-5	103	103										103
Replenishment 6	51	51										51
Total	154	154										154
Lebanon												
Replenishment 0-5	115	115										115
Replenishment 7		80										80
Total	115	195										195

Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Other complementary contributions	Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative				
						Complementary contributions	Other contributions	Complementary contributions	Other contributions			
Lesotho												
Replenishment 0-5	239	239										239
Replenishment 6	50	50										50
Replenishment 7	100	100										100
Total	389	389										389
Liberia												
Replenishment 0-5	39	39										39
Total	39	39										39
Libyan Arab Jamahiriya <sup>2</sup>												
Replenishment 0-5	52 000	52 000										52 000
Total	52 000	52 000										52 000
Luxembourg												
Replenishment 0-5	1 876	1 876										1 876
Replenishment 6	630	630										630
SPA Phase I	266	266										266
Other			750		163				1 053			1 966
Total	2 772	2 772	750		163				1 053			4 738
Madagascar												
Replenishment 0-5	188	188										188
Replenishment 6	91	91										91
Replenishment 7	97	97										97
Total	376	376										376
Malawi												
Replenishment 0-5	73	73										73
Total	73	73										73
Malaysia												
Replenishment 0-5	750	750										750
Replenishment 6	250	250										250
Other					28							28
Total	1 000	1 000			28							1 028
Maldives												
Replenishment 0-5	51	51										51
Total	51	51										51
Mali												
Replenishment 0-5	52	52										52
Replenishment 6	11	11										11
Total	63	63										63
Malta												
Replenishment 0-5	55	55										55
Total	55	55										55

Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Other complementary contributions	Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative				
						Complementary contributions	Other contributions	Complementary contributions	Other contributions			
Mauritania <sup>2</sup>												
Replenishment 0-5	50	50										50
SPA Phase I		25										25
Total	50	75										75
Mauritius												
Replenishment 0-5	250	250										250
Replenishment 6	20	20										20
Total	270	270										270
Mexico												
Replenishment 0-5	27 131	27 131										27 131
Replenishment 6	3 000	3 000										3 000
Replenishment 7		3 000										3 000
Total	30 131	33 131										33 131
Morocco												
Replenishment 0-5	5 944	5 944										5 944
Replenishment 6	300	300										300
Other					50							50
Total	6 244	6 244			50							6 294
Mozambique												
Replenishment 0-5	240	240										240
Replenishment 6	80	80										80
Total	320	320										320
Myanmar												
Replenishment 0-5	250	250										250
Total	250	250										250
Namibia												
Replenishment 0-5	320	320										320
Replenishment 6	20	20										20
Replenishment 7	20	20										20
Total	360	360										360
Nepal												
Replenishment 0-5	110	110										110
Replenishment 6	50	50										50
Total	160	160										160
Netherlands												
Replenishment 0-5	171 748	171 748										171 748
Replenishment 6	50 639	50 639										50 639
Replenishment 7	42 197	42 197										42 197
SPA Phase I	16 174	16 174										16 174
SPA Phase II	9 533	9 533										9 533
Other			67 089	4 701	10 047				14 024			95 861
Total	290 291	290 291	67 089	4 701	10 047				14 024			386 152

Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Other complementary contributions	Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative				
						Complementary contributions	Other contributions	Complementary contributions	Other contributions			
<b>New Zealand</b>												
Replenishment 0-5	7 991	7 991										7 991
SPA Phase I	252	252										252
Total	8 243	8 243										8 243
<b>Nicaragua</b>												
Replenishment 0-5	89	89										89
Replenishment 6	10	10										10
Replenishment 7	10	20										20
Total	109	119										119
<b>Niger</b>												
Replenishment 0-5	175	175										175
SPA Phase I	18	18										18
Total	193	193										193
<b>Nigeria</b>												
Replenishment 0-5	96 459	96 459										96 459
Replenishment 6	224	224										224
SPA Phase II	250	250										250
Other						50						50
Total	96 933	96 933				50						96 983
<b>Norway</b>												
Replenishment 0-5	114 256	114 256										114 256
Replenishment 6	30 494	30 494										30 494
Replenishment 7		33 644										33 644
SPA Phase I	19 759	19 759										19 759
Other			19 120	1 387		4 908					5 912	31 327
Total	164 509	198 153	19 120	1 387		4 908					5 912	229 480
<b>Oman</b>												
Replenishment 0-5	150	150										150
Replenishment 6	50	50										50
Total	200	200										200
<b>Pakistan</b>												
Replenishment 0-5	8 934	8 934										8 934
Replenishment 6	2 000	2 000										2 000
Replenishment 7		4 000										4 000
Other							25					25
Total	10 934	14 934					25					14 959
<b>Panama</b>												
Replenishment 0-5	133	133										133
Replenishment 6	33	33										33
Replenishment 7	8	8										8
Total	174	174										174
<b>Papua New Guinea</b>												
Replenishment 0-5	170	170										170
Total	170	170										170



Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative		Other complementary contributions	
						GEF	Complementary contributions	Other contributions	Complementary contributions		
Paraguay											
Replenishment 0-5	605	605									605
Other					15						15
Total	605	605			15						620
Peru											
Replenishment 0-5	560	560									560
Replenishment 6	200	200									200
Total	760	760									760
Philippines (the)											
Replenishment 0-5	1 778	1 778									1 778
Replenishment 7	24	24									24
Total	1 802	1 802									1 802
Portugal											
Replenishment 0-5	2 167	2 167									2 167
Replenishment 6	922	922									922
Other			142		738						880
Total	3 089	3 089	142		738						3 969
Qatar											
Replenishment 0-5	28 980	28 980									28 980
Replenishment 6	1 000	1 000									1 000
Replenishment 7	4 000	10 000									10 000
Total	33 980	39 980									39 980
Republic of Korea											
Replenishment 0-5	7 739	7 739									7 739
Replenishment 6	2 500	2 500									2 500
Replenishment 7		3 000									3 000
Other				2 545							2 545
Total	10 239	13 239		2 545							15 784
Republic of Moldova											
Replenishment 6	6	6									6
Replenishment 7	6	6									6
Total	12	12									12
Romania											
Replenishment 0-5	50	50									50
Replenishment 6	100	100									100
Total	150	150									150
Rwanda											
Replenishment 0-5	160	160									160
Replenishment 6	4	4									4
Total	164	164									164
Saint Kitts and Nevis											
Replenishment 0-5	20	20									20
Total	20	20									20

Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	GEF	Belgian Survival Fund Complementary contributions	Other contributions	Heavily Indebted Poor Countries Debt Initiative Complementary contributions	Other complementary contributions	
Saint Lucia											
Replenishment 0-5	22	22									22
Total	22	22									22
Samoa											
Replenishment 0-5	50	50									50
Total	50	50									50
Sao Tome and Principe <sup>2</sup>											
Replenishment 0-5		10									10
Total		10									10
Saudi Arabia											
Replenishment 0-5	369 778	369 778									369 778
Replenishment 6	10 000	10 000									10 000
Replenishment 7	10 000	10 000									10 000
Total	389 778	389 778									389 778
Senegal											
Replenishment 0-5	203	203									203
Replenishment 6	68	68									68
Other					15						15
Total	271	271			15						286
Seychelles											
Replenishment 0-5	20	20									20
Total	20	20									20
Sierra Leone											
Replenishment 0-5	37	37									37
Total	37	37									37
Solomon Islands											
Replenishment 0-5	10	10									10
Total	10	10									10
Somalia											
Replenishment 0-5	10	10									10
Total	10	10									10
South Africa											
Replenishment 0-5	500	500									500
Other					10						10
Total	500	500			10						510
Spain											
Replenishment 0-5	9 643	9 643									9 643
Replenishment 6	3 057	3 057									3 057
SPA Phase I	1 000	1 000									1 000
Other					2 639						2 639
Total	13 700	13 700			2 639						16 339

Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Other complementary contributions	Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative				
						GEF	Complementary contributions	Other contributions	Complementary contributions	Other contributions		
<b>Sri Lanka</b>												
Replenishment 0-5	5 883	5 883										5 883
Replenishment 6	667	667										667
Total	6 550	6 550										6 550
<b>Sudan</b>												
Replenishment 0-5	688	688										688
Replenishment 6	201	201										201
Total	889	889										889
<b>Suriname</b>												
Other			2 019									2 019
Total			2 019									2 019
<b>Swaziland</b>												
Replenishment 0-5	178	178										178
Replenishment 6	60	60										60
Total	238	238										238
<b>Sweden</b>												
Replenishment 0-5	125 100	125 100										125 100
Replenishment 6	39 444	39 444										39 444
Replenishment 7	36 738	36 738										36 738
SPA Phase I	19 055	19 055										19 055
SPA Phase II	4 196	4 196										4 196
Other			9 379	2 282		2 059				17 000		30 720
Total	224 533	224 533	9 379	2 282		2 059				17 000		255 253
<b>Switzerland<sup>1</sup></b>												
Replenishment 0-5	77 364	77 364										77 364
Replenishment 6	17 208	17 208										17 208
SPA Phase I	17 049	17 049										17 049
Other			8 388	343		8 005				3 276		20 012
Total	111 621	111 621	8 388	343		8 005				3 276		131 633
<b>Syrian Arab Republic</b>												
Replenishment 0-5	667	667										667
Replenishment 6	300	300										300
Replenishment 7	350	350										350
Total	1 317	1 317										1 317
<b>Thailand</b>												
Replenishment 0-5	600	600										600
Replenishment 6	150	150										150
Total	750	750										750
<b>Togo</b>												
Replenishment 0-5	35	35										35
Total	35	35										35
<b>Tonga</b>												
Replenishment 0-5	55	55										55
Total	55	55										55

Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Other complementary contributions	Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative				
						GEF	Complementary contributions	Other contributions	Complementary contributions	Other contributions		
Tunisia												
Replenishment 0-5	1 978	1 978										1 978
Replenishment 6	600	600										600
Replenishment 7		600										600
Total	2 578	3 178										3 178
Turkey												
Replenishment 0-5	15 036	15 036										15 036
Replenishment 6	300	300										300
Replenishment 7	100	900										900
Other												47
Total	15 436	16 236										16 283
Uganda												
Replenishment 0-5	200	200										200
Replenishment 6	45	45										45
Total	245	245										245
United Arab Emirates												
Replenishment 0-5	50 180	50 180										50 180
Replenishment 6	1 000	1 000										1 000
Total	51 180	51 180										51 180
United Kingdom of Great Britain and Northern Ireland <sup>1</sup>												
Replenishment 0-5	120 849	140 090										140 090
Replenishment 6	10 106	38 099										38 099
SPA Phase I	11 150	11 150										11 150
Other			15 606								8 154	27 078
Total	142 105	189 339	15 606				3 318				8 154	216 417
United Republic of Tanzania												
Replenishment 0-5	214	214										214
Replenishment 6	50	50										50
Total	264	264										264
United States of America												
Replenishment 0-5	602 674	602 674										602 674
Replenishment 6	44 541	45 000										45 000
SPA Phase I	10 000	10 000										10 000
SPA Phase II	10 000	10 000										10 000
Other				322		85						407
Total	667 215	667 674		322		85						668 081
Uruguay												
Replenishment 0-5	225	225										225
Total	225	225										225

Member States	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Other complementary contributions	Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	Belgian Survival Fund		Heavily Indebted Poor Countries Debt Initiative				
						GEF	Complementary contributions	Other contributions	Complementary contributions	Other contributions		
Venezuela (Bolivarian Republic of)												
Replenishment 0-5	169 089	169 089										169 089
Replenishment 6	5 600	5 600										5 600
Total	174 689	174 689										174 689
Viet Nam												
Replenishment 0-5	603	603										603
Replenishment 6	500	500										500
Total	1 103	1 103										1 103
Yemen												
Replenishment 0-5	1 400	1 400										1 400
Replenishment 6	384	384										384
Total	1 784	1 784										1 784
Yugoslavia												
Replenishment 0-5	108	108										108
Total	108	108										108
Zambia												
Replenishment 0-5	307	307										307
Total	307	307										307
Zimbabwe												
Replenishment 0-5	2 103	2 103										2 103
Total	2 103	2 103										2 103
<b>Total Member States</b>	<b>4 805 105</b>	<b>5 152 126</b>	<b>162 596</b>	<b>28 024</b>	<b>84 366</b>	<b>-</b>	<b>57 904</b>	<b>63 836</b>	<b>19 679</b>	<b>51 845</b>	<b>9 665</b>	<b>5 630 041</b>
<b>Non-Member States and other sources</b>												
African Development Bank			2 800									2 800
Arab Bank			899									899
Arab Fund for Economic and Social Development			2 998									2 998
Arab Gulf Programme for United Nations Development Organizations			299									299
Congressional Hunger Center Food and Agriculture Organization of the United Nations			14									14
Liechtenstein National Agricultural Cooperative Federation			35			5						5
												35

	Regular contributions				Supplementary and complementary contributions <sup>3</sup>						Other complementary contributions	Total (excluding total payments)
	Total payments*	Instruments deposited	Cofinancing	APOs	Other supplementary funds	GEF	Belgian Survival Fund Complementary contributions	Other contributions	Heavily Indebted Poor Countries Debt Initiative Complementary contributions	Other contributions		
<b>Non-Member States and other sources</b>												
Office of the United Nations High Commissioner for Refugees			1 976									1 976
OPEC Fund for International Development												
Special contributions	20 000	20 000										20 000
Other			50									50
Other	338	338			712							1 050
Service charges surplus			50									50
United Nations Office for the Coordination of Humanitarian Affairs			1 000									1 000
United Nations Fund for International Partnerships			81									81
World Bank			802		755	20 346						21 903
<b>Total non-Member States and other sources</b>	<b>20 338</b>	<b>20 338</b>	<b>11 004</b>	<b>-</b>	<b>1 673</b>	<b>20 346</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53 361</b>
<b>Total 2006</b>	<b>4 825 443</b>	<b>5 172 464</b>	<b>173 600</b>	<b>28 024</b>	<b>86 039</b>	<b>20 346</b>	<b>57 904</b>	<b>63 836</b>	<b>19 679</b>	<b>51 845</b>	<b>9 665</b>	<b>5 683 402</b>
Total 2005	4 595 237	4 808 756	165 803	25 973	80 023	2 716	56 002	63 836	18 084	44 845	7 741	5 273 779

Note: GEF = Global Environment Facility.

OPEC = Organization of the Petroleum Exporting Countries.

SPA = Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification.

\* Payments includes cash and promissory notes. Amounts are expressed in thousands of United States dollars; therefore, payments from Afghanistan (US\$93) and Tajikistan (US\$200) do not appear in Appendix E.

<sup>1</sup> See Appendix H, note 6(a).

<sup>2</sup> See Appendix H, notes 7(a) and (b).

<sup>3</sup> Includes interest earned according to each underlying agreement.

<b>Summary of contributions</b>	<i>Thousands of U.S. dollars</i>	
	<b>2006</b>	<b>2005</b>
Initial Contributions	1 017 313	1 017 312
First Replenishment	1 016 372	1 016 372
Second Replenishment	566 560	566 560
Third Replenishment	553 495	553 495
Fourth Replenishment	361 394	361 394
Fifth Replenishment	440 641	434 322
Sixth Replenishment	519 898	487 251
Seventh Replenishment	325 211	470
<b>Total IFAD</b>	<b>4 800 884</b>	<b>4 437 176</b>
SPA Phase I	288 868	288 868
SPA Phase II	62 364	62 364
<b>Total SPA</b>	<b>351 232</b>	<b>351 232</b>
Special contributions <sup>1</sup>	20 348	20 348
<b>Total replenishment contributions</b>	<b>5 172 464</b>	<b>4 808 756</b>
Statement of complementary contributions		
Belgian Survival Fund	57 904	56 002
HIPC Debt Initiative	19 679	18 084
Other complementary contributions	9 665	7 741
<b>Total complementary contributions</b>	<b>87 248</b>	<b>81 827</b>
HIPC contributions not made in the context of replenishment resources	51 845	44 845
Belgian Survival Fund contributions not made in the context of replenishment resources	63 836	63 836
<b>Statement of supplementary contributions<sup>2</sup></b>		
Cofinancing funds	173 600	165 803
Associate professional officer funds	28 024	25 973
Other supplementary funds	86 039	80 023
Global Environment Facility	20 346	2 716
<b>Total supplementary contributions</b>	<b>423 690</b>	<b>383 196</b>
<b>Total contributions</b>	<b>5 683 402</b>	<b>5 273 779</b>
Total contributions include the following:		
<b>Total replenishment contributions (as above)</b>	<b>5 172 464</b>	<b>4 808 756</b>
Less provisions	(169 360)	(169 359)
<b>Total net replenishment contributions</b>	<b>5 003 104</b>	<b>4 639 397</b>
Less fair value adjustment	(45 195)	(21 273)
<b>Total replenishment contributions at fair value</b>	<b>4 957 909</b>	<b>4 618 124</b>

<sup>1</sup> Including Iceland's special contribution prior to membership.

<sup>2</sup> Includes interest earned according to each underlying agreement.

## Statement of unspent complementary and supplementary contributions

Amounts expressed in thousands of United States dollars unless otherwise stated

Statement of movement in contributions	Cofinancing funds	APO funds	Other supplementary funds	GEF	Total
<b>Unspent funds as at 1 January 2006</b>	9 144	1 403	30 484	2 052	43 083
Contributions received from donors	1 580	2 051	6 389	17 630	27 650
Returned to donors	-	-	(6)	(141)	(147)
Interest added to funds	77	13	749	333	1 172
Expenditures	(2 947)	(1 745)	(6 569)	(1 825)	(13 086)
<b>Unspent funds as at 31 December 2006</b>	<b>7 854</b>	<b>1 722</b>	<b>31 047</b>	<b>18 049</b>	<b>58 672</b>

Cofinancing funds	Unspent balance as at 31 December	
Donor	2006	2005
<b>Member States</b>		
Ireland	2 115	2 609
Italy	2 267	2 921
Japan	304	380
Netherlands	154	1
Norway	791	469
Suriname	2	2
Sweden	260	343
Switzerland	321	832
United Kingdom of Great Britain and Northern Ireland	619	619
<b>Non-Member States</b>		
Arab Bank	976	899
Arab Fund for Economic and Social Development	1	1
United Nations Fund for International Partnerships	4	28
World Bank	40	40
<b>Total</b>	<b>7 854</b>	<b>9 144</b>

Associate professional officer funds	Unspent balance as at 31 December		Cumulative number of APOs	
	2006	2005	2006	2005
Belgium	89	105	4	4
Denmark	210	115	20	19
Finland	208	293	10	10
France	122		4	3
Germany	254	160	27	26
Italy	371	373	20	19
Japan	47	(29)	11	11
Netherlands	73	100	29	29
Norway	83	206	9	8
Republic of Korea	57	(40)	8	8
Sweden	208	120	13	12
Switzerland			3	3
United States of America			3	3
<b>Total</b>	<b>1 722</b>	<b>1 403</b>	<b>161</b>	<b>155</b>

A total of 20 APOs worked at IFAD during 2006 (2005 – 24). These were financed by Belgium (1), Denmark (2), Finland (2), France (1), Germany (3), Italy (4), Japan (2), Republic of Korea (1), Netherlands (1), Norway (1) and Sweden (2).



<b>Other supplementary funds</b> <i>Donor</i>	<i>Unspent balance as at 31 December</i>	
	<b>2006</b>	<b>2005</b>
Belgium	19	20
Canada	899	1 015
Congressional Hunger Center	4	18
Denmark	223	223
European Union	1 703	
Finland	722	697
France	429	619
Germany	1 184	2 144
Ireland	445	293
Italy	11 594	13 870
Japan	339	524
Luxembourg	42	71
Malaysia	13	13
Netherlands	282	314
Norway	811	1 216
Portugal	219	271
Spain	2 631	
Sweden	560	993
Switzerland	2 706	2 728
United Kingdom of Great Britain and Northern Ireland	5 786	5 410
World Bank	409	19
Other	27	26
<b>Total</b>	<b>31 047</b>	<b>30 484</b>

<b>Global Environment Facility</b>					
<i>Recipient country</i>	<i>Cumulative contributions received as at 31 December</i>	<i>Unspent at 1 January 2006</i>	<i>Received from donors</i>	<i>Expenditures</i>	<i>Unspent at 31 December 2006</i>
Asian regional	340	136	-	(102)	34
Brazil <sup>1</sup>	5 988	245	5 943	(9)	5 942
China	350	-	350	(251)	99
Ethiopia	350	350	-	(217)	133
Global support for UNCCD	637	-	637	(612)	25
Jordan	350	350	-	(185)	165
Kenya <sup>2</sup>	4700	-	4 700	-	4 700
Mali <sup>1</sup>	6 326	11	6 000	-	6 011
Morocco	350	350	-	(112)	238
Sri Lanka	350	197	-	(112)	85
Tunisia	350	350	-	(243)	107
Unallocated <sup>3</sup>	255	-	-	-	255
<b>Total</b>	<b>20 346</b>	<b>1 989</b>	<b>17 630</b>	<b>(1 825)</b>	<b>17 794</b>
Interest added to funds	396	63	192	-	255
<b>Total</b>	<b>20 742</b>	<b>2 052</b>	<b>17 822</b>	<b>(1 825)</b>	<b>18 049</b>

Note: UNCCD = United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought, Particularly in Africa.

<sup>1</sup> Brazil (US\$5,843,000) and Mali (US\$6,000,000) – grants approved but not effective.

<sup>2</sup> Kenya – grant under negotiation.

<sup>3</sup> Unallocated – reduction of the Brazil project – available for future projects.

**Statement of loans<sup>1</sup>**

As at 31 December 2006 and 2005

**1. IFAD: Statement of outstanding loans**

<i>Borrower or guarantor</i>				<i>Effective loans</i>		<i>Outstanding loans</i>
	<i>Approved loans less cancellations</i>	<i>Loans not yet effective</i>	<i>Undisbursed portion</i>	<i>Disbursed portion</i>	<i>Repayments</i>	
<b>US\$ loans<sup>1</sup> (expressed in thousands)</b>						
Bangladesh	30 000	-	-	30 000	13 500	16 500
Cape Verde	2 003	-	-	2 003	901	1 102
Haiti	3 500	-	-	3 500	1 619	1 881
Nepal	11 538	-	-	11 538	5 203	6 336
Sri Lanka	12 000	-	-	12 000	5 700	6 300
United Republic of Tanzania	9 488	-	-	9 488	4 414	5 074
<b>Subtotal<sup>1</sup></b>	<b>68 530</b>	<b>-</b>	<b>-</b>	<b>68 530</b>	<b>31 337</b>	<b>37 193</b>
Exchange adjustment on US\$ loans	3 417			3 417	3 153	264
<b>Subtotal US\$ loans<sup>1</sup></b>	<b>71 947</b>			<b>71 947</b>	<b>34 490</b>	<b>37 457</b>
<b>SDR loans<sup>1</sup> (expressed in thousands)</b>						
Albania	29 227	5 500	270	23 457	1 009	22 448
Algeria	12 919		70	12 849	11 423	1 426
Angola	12 000		945	11 055	223	10 832
Argentina	58 800	26 450	12 019	20 331	15 518	4 813
Armenia	37 749		4 642	33 107	270	32 837
Azerbaijan	21 809		9 121	12 689		12 689
Bangladesh <sup>2</sup>	244 572		52 548	192 024	36 017	156 007
Belize	1 750		733	1 017	471	546
Benin	72 753	6 950	8 440	57 363	9 894	47 469
Bhutan	27 284		8 566	18 718	2 958	15 760
Bolivia	53 309		8 160	40 349	11 690	28 659
Bosnia and Herzegovina	32 757	8 800	2 800	21 157	73	21 085
Brazil	80 450	15 450	30 407	34 593	19 815	14 778
Burkina Faso	69 121	9 350	18 872	40 899	5 060	35 840
Burundi <sup>2</sup>	41 689		13 862	27 828	6 881	20 946
Cambodia	28 149		8 417	19 731	52	19 680
Cameroon	38 879		20 229	18 650	3 468	15 181
Cape Verde	10 890		3 724	7 166	886	6 279
Central African Republic	23 044			23 044	1 758	21 286
Chad	26 150		22 677	3 473		3 473
China	351 232	16 700	67 860	266 672	42 392	224 280
Colombia	24 450	13 450	957	10 043	5 500	4 543
Comoros	4 182			4 182	683	3 499
Congo	13 950		12 479	1 471		1 471
Costa Rica	5 722			5 722	4 249	1 473
Côte d'Ivoire	25 276		14 906	10 371	1 146	9 225
Cuba	10 581			10 581	2 273	8 308
Democratic People's Republic of Korea	50 496		1 695	48 801	3 832	44 969
Democratic Republic of the Congo	39 693	10 950	9 663	19 079	1 635	17 444
Djibouti	4 462		2 520	1 942	579	1 363
Dominica	2 946		44	2 902	1 120	1 782
Dominican Republic	18 458		779	17 680	8 547	9 133
Ecuador	32 226	9 900		22 326	11 148	11 177
Egypt	134 705	10 050	25 368	99 287	27 875	71 412
El Salvador	63 764	9 950	11 740	42 075	15 388	26 686
Equatorial Guinea	5 794			5 794	888	4 905
Eritrea	24 950	8 300	4 868	11 782	570	11 212
Ethiopia	131 357		37 238	94 119	14 220	79 899
Gabon	4 793			4 793	4 551	241
Gambia (The)	29 377	4 150	4 909	20 318	3 255	17 063
Georgia	16 468		9 498	6 970		6 970
Ghana	91 023		30 057	60 966	7 378	53 588
Grenada	3 250		2 500	750	108	641
Guatemala	64 926	11 350	30 295	23 281	11 728	11 553
Guinea-Bissau	5 117			5 117	732	4 385
Guinea	74 549		27 184	47 365	5 421	41 943
Guyana	12 144		1 974	10 170	4 844	5 326
Haiti	60 852	8 800	22 281	29 771	7 415	22 355
Honduras	66 281		12 833	53 448	6 859	46 589
India	406 778	68 500	69 936	268 342	68 498	199 844
Indonesia <sup>2</sup>	109 678	14 300	12 282	83 097	34 050	49 047

<i>Borrower or guarantor</i>	<i>Approved loans less cancellations</i>	<i>Loans not yet effective</i>	<i>Undisbursed portion</i>	<i>Effective loans</i>		<i>Outstanding loans</i>
				<i>Disbursed portion</i>	<i>Repayments</i>	
<b>SDR loans<sup>1</sup> (expressed in thousands)</b>						
Jamaica	2 253			2 253	2 182	71
Jordan	32 255		11 093	21 162	8 454	12 708
Kenya	62 161		35 084	27 077	4 880	22 197
Kyrgyzstan	7 469		643	6 827	78	6 748
Lao People's Democratic Republic	49 573	2 000	12 940	34 632	3 757	30 875
Lebanon	14 533			14 533	8 795	5 738
Lesotho	21 340		5 533	15 807	2 768	13 038
Liberia	10 180			10 180		10 180
Madagascar <sup>2</sup>	77 017		20 050	56 967	8 585	48 382
Malawi <sup>2</sup>	64 891		13 737	51 154	11 149	40 005
Maldives	8 544		2 580	5 963	1 104	4 859
Mali	78 365	7 700	14 275	56 390	8 902	47 487
Mauritania	41 467		19 166	22 301	4 535	17 766
Mauritius	8 200		2 966	5 234	1 093	4 141
Mexico	53 300		36 536	16 764	8 064	8 700
Mongolia	13 705		5 974	7 731	42	7 689
Morocco	64 609	11 250	19 184	34 175	18 654	15 520
Mozambique <sup>2</sup>	95 150	13 850	20 017	61 282	7 717	53 565
Namibia	4 200			4 200	1 960	2 240
Nepal	72 562		20 670	51 892	13 274	38 618
Nicaragua	36 282		16 694	19 588	887	18 702
Niger	47 301	10 350	13 470	23 481	3 636	19 845
Nigeria	91 111	18 500	38 020	34 591	7 592	26 998
Pakistan <sup>2</sup>	238 342		63 499	174 843	70 150	104 693
Panama	38 755		21 774	16 981	11 178	5 802
Papua New Guinea	5 688			5 688	4 146	1 542
Paraguay	19 808	7 850		11 958	9 202	2 756
Peru	45 900		12 546	33 353	14 421	18 933
Philippines (the)	61 536		22 283	39 253	9 693	29 560
Republic of Moldova	25 200		17 057	8 143		8 143
Romania	12 400		877	11 523	2 480	9 043
Rwanda <sup>2</sup>	84 816		28 235	56 580	7 612	48 968
Saint Lucia	1 242			1 242	553	689
Saint Vincent and the Grenadines	1 484			1 484	970	514
Samoa	1 908			1 908	435	1 473
Sao Tome and Principe	13 761		6 447	7 314	1 112	6 202
Senegal	62 903	4 100	15 577	43 226	3 164	40 062
Seychelles	824			824	743	81
Sierra Leone	26 500		5 849	20 651	4 632	16 019
Solomon Islands	2 519			2 519	301	2 218
Somalia	17 710			17 710	411	17 299
Sri Lanka	112 505	27 850	26 635	58 019	12 534	45 486
Sudan <sup>2</sup>	129 500	16 800	32 664	80 035	18 058	61 977
Swaziland	16 353		8 343	8 010	2 890	5 120
Syrian Arab Republic	56 545		30 433	26 112	19 208	6 903
The former Yugoslav Republic of Macedonia	11 758		753	11 005	94	10 911
Togo	17 565			17 565	1 521	16 044
Tonga	4 837			4 837	887	3 950
Tunisia	43 949	10 900	12 793	20 256	8 524	11 732
Turkey	47 993	16 300	13 804	17 889	14 465	3 424
Uganda <sup>2</sup>	122 870	18 550	35 427	68 893	13 084	55 809
United Republic of Tanzania	126 408	44 250	10 568	71 590	4 254	67 336
Uruguay	18 880		6 596	12 284	7 924	4 361
Venezuela (Bolivarian Republic of)	28 400		22 759	5 641	4 752	889
Viet Nam	94 050	17 550	22 138	54 362	1 335	53 027
Yemen <sup>2</sup>	127 186	15 700	14 736	96 750	23 016	73 734
Zambia	79 004	16 250	4 351	58 402	8 328	50 075
Zimbabwe	32 176			32 176	15 605	16 571
<b>Total</b>	<b>5 500 523</b>	<b>523 450</b>	<b>1 385 148</b>	<b>3 591 925</b>	<b>850 146</b>	<b>2 741 779</b>
Fund for Gaza and the West Bank <sup>3</sup>	5 800	-	4 060	1 740	-	1 740
<b>US\$ equivalent</b>	<b>8 280 807</b>	<b>787 202</b>	<b>2 089 191</b>	<b>5 404 414</b>	<b>1 183 673</b>	<b>4 220 741</b>
Exchange adjustment on SDR loan repayments	(94 838)	-	-	(94 838)	-	(94 838)
Subtotal SDR loans						
31 December 2006 US\$	8 185 969	787 202	2 089 191	5 309 576	1 183 673	4 125 903
<b>Total loans</b>						
<b>31 December 2006 US\$ at nominal value</b>	<b>8 257 916</b>	<b>787 202</b>	<b>2 089 191</b>	<b>5 381 523</b>	<b>1 218 163</b>	<b>4 163 360</b>
<b>Fair value adjustment</b>						<b>(1 141 766)</b>
<b>31 December 2006 US\$ at fair value</b>						<b>3 021 594</b>
31 December 2005 US\$ at nominal value	7 544 030	758 679	1 936 173	4 849 178	1 134 643	3 714 535
Fair value adjustment						(1 061 863)
31 December 2005 US\$ at fair value						2 652 672

2. **IFAD: Summary of loans approved at nominal value<sup>1</sup>**  
As at 31 December 2006 and 2005

<i>Approved loans in thousands of SDR</i>					<i>Value in thousands of U.S. dollars</i>					
		<i>As at</i>	<i>Loans</i>	<i>Loans</i>	<i>As at</i>	<i>Loans</i>	<i>Loans</i>	<i>Exchange</i>	<i>As at</i>	
		<i>1 January 2006</i>	<i>cancelled</i>	<i>fully repaid</i>	<i>31 December 2006</i>	<i>1 January 2006</i>	<i>cancelled</i>	<i>fully repaid</i>	<i>movement SDR/US\$</i>	<i>31 December 2006</i>
1978	US\$	68 530			68 530	68 530				68 530
1979	SDR	201 486			201 486	287 386			15 624	303 010
1980	SDR	187 228			187 228	267 049			14 518	281 567
1981	SDR	188 716			188 716	269 171			14 633	283 805
1982	SDR	103 110			103 110	147 069			7 995	155 064
1983	SDR	143 589			143 589	204 805			11 134	215 940
1984	SDR	131 907			131 907	188 143			10 228	198 371
1985	SDR	72 039		(11 707)	60 332	102 751		(17 606)	5 586	90 732
1986	SDR	59 259		(16 146)	43 113	84 523		(24 282)	4 595	64 836
1987	SDR	87 891			87 891	125 362			6 815	132 177
1988	SDR	80 306			80 306	114 543			6 227	120 770
1989	SDR	108 137			108 137	154 239			8 385	162 624
1990	SDR	106 578			106 578	152 015			8 264	160 280
1991	SDR	137 984		(10 180)	127 804	196 811		(15 309)	10 700	192 202
1992	SDR	151 007			151 007	215 386			11 709	227 095
1993	SDR	169 010	(44)		168 966	241 064	(66)		13 105	254 103
1994	SDR	183 312	(552)		182 760	261 463	(830)		14 214	274 848
1995	SDR	232 479	(49)		232 430	331 592	(74)		18 027	349 545
1996	SDR	245 887	(1 430)		244 457	350 716	(2 151)		19 067	367 632
1997	SDR	279 209	(939)	(3 042)	275 228	398 244	(1 412)	(4 575)	21 651	413 908
1998	SDR	284 658	(459)		284 199	406 016	(690)		22 073	427 399
1999	SDR	315 700			315 700	450 292			24 480	474 772
2000	SDR	312 250			312 250	445 372			24 213	469 584
2001	SDR	306 600	(8 933)		297 667	437 313	(13 434)		23 775	447 653
2002	SDR	271 800	(25 700)		246 100	387 677	(38 650)		21 076	370 103
2003	SDR	285 850	(11 448)		274 402	407 716	(17 216)		22 166	412 666
2004	SDR	292 000	(16 250)		275 750	416 488	(24 438)		22 642	414 692
2005	SDR	324 810			324 810	463 286			25 187	488 473
2006	SDR				350 400					526 957
<b>Total</b>	<b>SDR</b>	<b>5 262 802</b>	<b>(65 804)</b>	<b>(41 075)</b>	<b>5 506 323</b>	<b>7 575 022</b>	<b>(98 961)</b>	<b>(61 772)</b>	<b>408 091</b>	<b>8 349 338</b>
<b>Total</b>	<b>US\$</b>	<b>68 530</b>			<b>68 530</b>					
<b>Exchange adjustment on loans disbursed</b>						<b>(30 992)</b>				<b>(91 422)</b>
<b>Total</b>						<b>7 544 030</b>				<b>8 257 916</b>

3. **IFAD: Maturity structure of outstanding loans by period at nominal value**

As at 31 December 2006 and 2005 (expressed in thousands of United States dollars)

<i>Period due</i>	<i>2006</i>	<i>2005</i>
Less than 1 year	226 755	200 641
1-2 years	161 223	147 093
2-3 years	168 461	150 780
3-4 years	175 555	153 793
4-5 years	173 065	155 705
5-10 years	878 641	790 416
10-15 years	738 343	656 244
16-20 years	655 263	561 984
21-25 years	556 175	483 106
More than 25 years	429 880	414 773
<b>Total</b>	<b>4 163 360</b>	<b>3 714 535</b>

<sup>1</sup> Loans approved in 1978 were denominated in United States dollars and are repayable in the currencies in which withdrawals are made. Since 1979, loans have been denominated in SDRs and, for purposes of presentation in the balance sheet, the accumulated amount of loans denominated in SDRs has been valued at the US\$/SDR rate of 1.50387/1 at 31 December 2006. Since the loans were valued at 31 December 2005 at the then prevailing rate of 1.42633/1, there is an increase in value in terms of United States dollars of US\$408,091,000, attributable to the movement in exchange rates from 31 December 2005 to 31 December 2006 (from 2004 to 2005, there was a decrease in value in terms of United States dollars of US\$621,746,000).

<sup>2</sup> Repayment amounts include participation by the Netherlands and Norway in specific loans to these countries, resulting in partial early repayment and a corresponding increase in committable resources.

<sup>3</sup> See Appendix H, note 2(e)(ii).

**4. IFAD: Maturity structure of outstanding loans by currency at nominal value**

As at 31 December 2006 and 2005 (expressed in thousands of United States dollars)

<i>Currency in which repayment due</i>	<b>2006</b>	<b>2005</b>
United States dollar	3 550 598	3 160 799
Euro	499 807	442 440
Pound sterling	112 955	111 296
<b>Total</b>	<b>4 163 360</b>	<b>3 714 535</b>

**5. IFAD: Maturity structure of outstanding loans by interest rate type at nominal value**

As at 31 December 2006 and 2005 (expressed in thousands of United States dollars)

	<b>2006</b>	<b>2005</b>
Highly concessional terms	3 759 912	3 322 717
Intermediate terms	292 332	300 038
Ordinary terms	111 116	91 780
<b>Total</b>	<b>4 163 360</b>	<b>3 714 535</b>

**6. Special Programme for Africa (SPA): Statement of loans at nominal value**

As at 31 December 2006 and 2005

<i>Borrower or guarantor</i>	<i>Approved loans less cancellations</i>	<i>Undisbursed portion</i>	<i>Disbursed portion</i>	<i>Repayments</i>	<i>Outstanding loans</i>
<b>SDR loans (expressed in thousands)</b>					
Angola	2 767	103	2 665	158	2 506
Burkina Faso	10 546		10 546	1 621	8 925
Burundi	4 494		4 494	357	4 137
Cape Verde	2 183		2 183	369	1 813
Chad	9 617		9 617	1 074	8 543
Comoros	2 289		2 289	33	2 256
Djibouti	114		114	14	100
Ethiopia	6 816		6 816	1 519	5 298
Gambia (The)	2 638		2 638	440	2 199
Ghana	22 321		22 321	3 486	18 835
Guinea-Bissau	2 126		2 126	80	2 047
Guinea	10 762		10 762	2 152	8 609
Kenya	12 387	995	11 392	1 628	9 764
Lesotho	7 481		7 481	1 220	6 261
Madagascar	1 098		1 098	55	1 043
Malawi	5 777		5 777	434	5 343
Mali	10 193		10 193	2 297	7 897
Mauritania	19 020		19 020	3 184	15 836
Mozambique	8 291		8 291	1 969	6 322
Niger	11 119		11 119	2 397	8 722
Senegal	23 234		23 234	3 519	19 715
Sierra Leone	1 505		1 505	38	1 468
Sudan	26 012	(55)	26 067	4 272	21 796
Uganda	8 124		8 124	1 828	6 296
United Republic of Tanzania	6 789		6 789	1 188	5 601
Zambia	8 607		8 607	1 932	6 675
<b>Total</b>	<b>226 313</b>	<b>1 043</b>	<b>225 270</b>	<b>37 263</b>	<b>188 007</b>
<b>US\$ equivalent<sup>1</sup></b>	<b>340 346</b>	<b>1 568</b>	<b>338 778</b>	<b>52 078</b>	<b>286 700</b>
<b>Exchange adjustment on SDR loan repayments</b>	<b>(3 962)</b>		<b>(3 962)</b>		<b>(3 962)</b>
<b>31 December 2006 US\$ at nominal value</b>	<b>336 384</b>	<b>1 568</b>	<b>334 816</b>	<b>52 078</b>	<b>282 738</b>
<b>Fair value adjustment</b>					<b>(113 704)</b>
<b>31 December 2006 US\$ at fair value</b>					<b>169 034</b>
31 December 2005 US\$ at nominal value	321 504	3 160	318 344	43 855	274 489
Fair value adjustment					(111 495)
31 December 2005 US\$ at fair value					162 994

**7. SPA: Summary of loans approved at nominal value<sup>1</sup>**

As at 31 December 2006 and 2005

<i>Approved loans in thousands of SDR</i>					<i>Value in thousands of U.S. dollars</i>			<i>At</i>
		<i>At</i>	<i>Loans</i>	<i>At</i>	<i>At</i>	<i>Loans</i>	<i>Exchange rate</i>	<i>31</i>
		<i>1 January 2006</i>	<i>cancelled</i>	<i>31 December 2006</i>	<i>1 January 2006</i>	<i>cancelled</i>	<i>movement</i>	<i>December</i>
							<i>SDR/US\$</i>	<i>2006</i>
1986	SDR	24 902		24 902	35 518		1 931	37 449
1987	SDR	41 292		41 292	58 896		3 202	62 098
1988	SDR	34 770		34 770	49 593		2 696	52 289
1989	SDR	25 756		25 756	36 737		1 997	38 734
1990	SDR	17 370		17 370	24 775		1 347	26 122
1991	SDR	18 246		18 246	26 025		1 415	27 440
1992	SDR	6 952		6 952	9 916		539	10 455
1993	SDR	34 570		34 570	49 308		2 681	51 989
1994	SDR	16 320		16 320	23 278		1 265	24 543
1995	SDR	6 135		6 135	8 751		476	9 227
<b>Total</b>	<b>SDR</b>	<b>226 313</b>	<b>-</b>	<b>226 313</b>	<b>322 797</b>	<b>-</b>	<b>17 549</b>	<b>340 346</b>

<sup>1</sup> Loans have been denominated in SDR and, for purposes of presentation in the balance sheet, the accumulated amount has been valued at the US\$/SDR rate of 1.50387/1 as at 31 December 2006. Since the loans were valued at 31 December 2005, at the then prevailing rate of 1.42633/1, there has been an increase in value in terms of United States dollars of US\$17,549,000, attributable to the movement in exchange rates from 31 December 2005 to 31 December 2006 (from 2004 to 2005 there was a decrease in value in terms of United States dollars of US\$38,228,000).

**8. SPA: Maturity structure of outstanding loans by period at nominal value**

As at 31 December 2006 and 2005 (expressed in thousands of United States dollars)

<i>Period due</i>	<i>2006</i>	<i>2005</i>
Less than 1 year	10 287	9 476
1-2 years	8 861	8 404
2-3 years	8 861	8 404
3-4 years	8 861	8 404
4-5 years	8 861	8 404
5-10 years	44 306	42 022
10-15 years	44 306	42 022
16-20 years	43 614	41 546
21-25 years	43 357	41 121
More than 25 years	61 422	64 686
<b>Total</b>	<b>282 738</b>	<b>274 489</b>

**9. SPA: Maturity structure of outstanding loans by currency at nominal value**

As at 31 December 2006 and 2005 (expressed in thousands of United States dollars)

<i>Currency in which repayment due</i>	<i>2006</i>	<i>2005</i>
United States dollar	170 698	156 712
Euro	112 040	117 777
<b>Total</b>	<b>282 738</b>	<b>274 489</b>

**10. SPA: Maturity structure of outstanding loans by interest rate type at nominal value**

As at 31 December 2006 and 2005 (expressed in thousands of United States dollars)

	<i>2006</i>	<i>2005</i>
Highly concessional terms	282 738	274 489
Intermediate terms	-	-
Ordinary terms	-	-
<b>Total</b>	<b>282 738</b>	<b>274 489</b>

**Statement of Grants – IFAD-Only**

For the years ended 31 December (expressed in thousands of United States dollars)

	<i>2006 movements</i>					<i>Exchange rate</i>	<i>Undisbursed as at 31 December</i>
	<i>Undisbursed as at 1 January</i>	<i>Effective</i>	<i>Disbursements</i>	<i>Cancellations</i>			
Non-governmental organization/Extended Cooperation Programme grants	782	-	(294)	(108)	-		380
Component grants	3 821	4 686	(809)	-	313		8 011
Research grants	43 783	25 742	(23 046)	(659)	5		45 825
<b>Total 2006</b>	<b>48 386</b>	<b>30 428</b>	<b>(24 149)</b>	<b>(767)</b>	<b>318</b>		<b>54 216</b>
Fair value adjustment							(4 849)
<b>Total 2006 at fair value</b>							<b>49 367</b>
Total 2005	36 048	35 568	(22 186)	(787)	(257)		48 386
Fair value adjustment							(6 176)
<b>Total 2005 at fair value</b>							<b>42 210</b>

### Summary of the Debt Initiative for Heavily Indebted Poor Countries

At 31 December 2006, the cumulative position of the debt relief provided and estimated to be provided, under both the original and enhanced Debt Initiative for Heavily Indebted Poor Countries, is as follows (expressed in thousands of special drawing rights):

	<i>Debt relief provided to 31 December 2006</i>		<i>Debt relief to be provided as approved by the Executive Board</i>		<i>Total</i>		<i>Total</i>
	<i>Principal</i>	<i>Interest</i>	<i>Principal<sup>1</sup></i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	
Benin	3 066	1 166	1 494	486	4 560	1 652	6 212
Bolivia	5 900	1 890			5 900	1 890	7 790
Burundi			16 073	2 705	16 073	2 705	18 778
Burkina Faso	3 447	1 598	3 524	1 095	6 971	2 693	9 664
Cameroon	107	45	2 910	656	3 017	701	3 718
Chad			1 600	432	1 600	432	2 032
Congo				92		92	92
Democratic Republic of the Congo	1 504	245	5 894	2 164	7 398	2 409	9 807
Ethiopia	3 128	1 314	17 842	4 468	20 970	5 782	26 752
Gambia			2 340	641	2 340	641	2 981
Ghana	3 033	1 489	12 516	3 494	15 549	4 983	20 532
Guinea			6 628	1 749	6 628	1 749	8 377
Guinea-Bissau			3 417	966	3 417	966	4 383
Guyana	1 498	279	39	9	1 537	288	1 825
Honduras	696	506	390	252	1 086	758	1 844
Madagascar	1 556	573	6 260	1 518	7 816	2 091	9 907
Malawi			20 087	4 305	20 087	4 305	24 392
Mali	5 428	2 173	796	248	6 224	2 421	8 645
Mauritania	3 352	1 229	5 145	1 357	8 497	2 586	11 083
Mozambique	5 699	2 317	6 200	1 450	11 899	3 767	15 666
Nicaragua	6 887	394	670	209	7 557	603	8 160
Niger	1 523	623	9 501	2 155	11 024	2 778	13 802
Rwanda	1 106	362	16 915	4 429	18 021	4 791	22 812
Sao Tome and Principe			4 631	760	4 631	760	5 391
Senegal	2 012	785	247	84	2 259	869	3 128
Sierra Leone			11 168	2 350	11 168	2 350	13 518
United Republic of Tanzania	4 434	2 152	8 291	2 104	12 725	4 256	16 981
Uganda	8 473	3 644	3 923	1 103	12 396	4 747	17 143
Zambia	2 128	722	17 282	4 250	19 410	4 972	24 382
<b>31 December 2006 SDR</b>	<b>64 977</b>	<b>23 506</b>	<b>185 783</b>	<b>45 531</b>	<b>250 760</b>	<b>69 037</b>	<b>319 797</b>
							Less future interest on debt relief not accrued (45 531)
							Total cumulative cost of debt relief as at 31 December 2006 (thousands of SDR) <b>274 266</b>
<b>31 December 2006 US\$</b>	<b>93 062</b>	<b>33 497</b>	<b>279 393</b>	<b>68 474</b>	<b>372 455</b>	<b>101 970</b>	<b>474 425</b>
							Less future interest on debt relief not accrued (68 474)
							Total cumulative cost of debt relief as at 31 December 2006 405 951
Fair value adjustment							(95 989)
<b>31 December 2006 at fair value</b>							<b>183 404</b>
31 December 2005 SDR	47 596	17 352	185 460	46 388	233 057	63 740	296 797
							Less future interest on debt relief not accrued (46 388)
							Total cumulative cost of debt relief as at 31 December 2005 (thousands of SDR) 250 409
31 December 2005 US\$	67 547	24 457	264 527	66 162	332 075	90 619	422 693
							Less future interest on debt relief not accrued (66 162)
							Total cumulative cost of debt relief as at 31 December 2005 (thousands of U.S. dollars) 356 531
Fair value adjustment							(94 294)
31 December 2005 at fair value							170 233

<sup>1</sup> See Appendix H, note 10(b).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1: Brief Description of the Fund and the Nature of Operations

The International Fund for Agricultural Development (IFAD or the Fund) is a specialized agency of the United Nations. IFAD formally came into existence on 30 November 1977, on which date the agreement for its establishment entered into force, and has its headquarters in Rome, Italy. The Fund and its operations are governed by the Agreement Establishing the International Fund for Agricultural Development.

Membership in the Fund is open to any state member of the United Nations or any of its specialized agencies, or of the International Atomic Energy Agency (IAEA). The Fund's resources come from Member contributions, special contributions from non-Member States and other sources, and funds derived or to be derived from operations.

The objective of the Fund is to mobilize additional resources to be made available on concessional terms primarily for financing projects specifically designed to improve food production systems, the nutritional level of the poorest populations in developing countries and the conditions of their lives. IFAD mobilizes resources and knowledge through a dynamic coalition of the rural poor, governments, financial and development institutions, non-governmental organizations and the private sector, including cofinancing. Financing from non-replenishment sources in the form of supplementary funds and human resources forms an integral part of IFAD's operational activities.

### Note 2: Summary of Significant Accounting and Related Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of Preparation

The Consolidated Financial Statements of the Fund are prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention with the exception of loans and certain receivables and liabilities which are measured at fair value and amortised cost using the effective interest method. Certain data have been aggregated in the balance sheet on the grounds of immateriality. Information is provided separately in the financial statements for entities where this is deemed of interest to the readers of the accounts. Some of the prior year's information has been reclassified to conform to the current year's presentation.

The preparation of financial statements in conformity with IFRS requires use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

#### (b) Area of Consolidation

Financing in the form of supplementary funds and human resources forms an integral part of IFAD's operational activities. As such the Fund prepares

consolidated accounts, which include the transactions and balances for the following entities:

- Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA)
- Other supplementary funds, including technical assistance grants, cofinancing, associate professional officers and programmatic and thematic supplementary funds; the Belgian Survival Fund Joint Programme (BSF.JP); and the Global Environment Facility (GEF)
- IFAD's Debt Initiative for HIPC Trust Fund
- IFAD's After-Service Medical Coverage Scheme Trust Fund

The main activities of the BSF.JP relate to improvement of household food security and nutritional status in specific developing country areas, capacity-building and empowerment. The BSF.JP is housed by IFAD, although the programme of work is agreed with the Belgian Government in the context of annual steering committee meetings.

These entities have a direct link to IFAD's core activities and are substantially controlled by IFAD. Accordingly, they are consolidated in IFAD's financial statements for reasons of completeness and clarity. All transactions and balances between these entities have been eliminated. Additional financial data for funds is drawn up as and when requested to meet specific donor requirements.

**Entities housed at IFAD.** Other entities are hosted by IFAD, although they do not form part of the core activities of the Fund and, as such, are not included in IFAD's accounts. These are the International Land Coalition (ILC) (formerly called the Popular Coalition to Eradicate Hunger and Poverty) and the Global Mechanism of the United Nations Convention to Combat Desertification (GM).

#### (c) Translation and Conversion of Currencies

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollars, which is IFAD's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or at the applicable exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Revenues and Expenses.

The results and financial position of the entities/funds that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate
- Income and expenses are translated at average exchange rates
- All resulting exchange differences are recognised as a separate component of equity.

A statement of IFAD's balance sheet is prepared in SDR (Appendix A1), given that a majority of its assets are denominated in SDR and/or currencies included in the SDR basket. This statement has been included solely for the purpose of providing additional information for the readers of the accounts and is based on nominal values as stated in note 4(b)(i).

**(d) Equity**

This comprises the following three elements:

- (i) Contributions (equity)
- (ii) General Reserve
- (iii) Retained earnings

(i) Contributions (equity)

a) Background to Contributions

The contributions to the Fund by each Member when due are payable in freely convertible currencies, except in the case of Category III Members up to the end of the Third Replenishment period who were permitted to pay contributions in their own currency whether or not it was freely convertible. Each contribution is to be made in cash or, to the extent that any part of the contribution is not needed immediately by the Fund in its operations, it may be paid in the form of non-negotiable, irrevocable, non-interest-bearing promissory notes or obligations payable on demand.

A contribution to IFAD replenishment resources is recorded in full as equity and as receivable when the Member deposits its instrument of contribution. Amounts receivable from Member States as contributions, and other receivables including promissory notes have been recorded within the Balance Sheet at their fair value and subsequently measured at amortised cost using the effective interest method in accordance with IAS 39 (revised 2003).

(b) Provisions

The policy on provisions against overdue Member States' contributions is as follows:

(i) Whenever a payment of an instalment against an instrument of contribution or a payment of a drawdown against a promissory note becomes overdue by 24 months, a provision will be made equal to the value of all overdue contribution payments or the value of all unpaid drawdowns on the promissory note(s) outstanding.

(ii) Whenever a payment of an instalment against an instrument of contribution or a payment of a drawdown against a promissory note becomes overdue by 48 months or more, a provision will be made against the total value of the unpaid contributions of the Member or the total value of the promissory note(s) of that Member related to the particular funding period (i.e. a replenishment period).

(iii) The end of the financial year is currently used for determining the 24- and 48-month periods.

(ii) General Reserve

The general reserve may only be used for the purposes authorised by the Governing Council and was established in recognition of the need to cover the Fund's potential over-commitment risk as a result of exchange-rate fluctuations and possible delinquencies in receipt of loan-service payments or in the recovery of amounts due to the Fund from the investment of its liquid assets. It is also intended to cover the risk of over-commitment as a result of a diminution in the value of assets caused by fluctuations in the market value of investments.

(iii) Retained Earnings

Retained earnings represent the excess of revenue over expenses net of the effects of changes in foreign exchange rates. The resulting balance is considered a reserve for accounting purposes only and in the case of IFAD is in fact currently fully

committed for loans and grants. For operational purposes, reference should be made to the Statement of IFAD-Only Resources Available for Commitment (Appendix D).

**(e) Loans**

(i) Background to Loans

IFAD loans are made only to developing states that are Members of the Fund or to intergovernmental organizations in which such Members participate. In the latter case, the Fund may require governmental or other guarantees. A loan becomes effective when IFAD has received a satisfactory legal opinion from the borrower and any other conditions precedent to effectiveness have been fulfilled. Upon signature, disbursement may commence.

In respect of all Fund loans approved after 1 January 1979, loan repayments and interest are payable in the currency specified in the loan agreement in amounts equivalent to the SDR due, based on International Monetary Fund rates on the due dates. Loans approved are disbursed to borrowers in accordance with the provisions of the loan agreement. Loan repayments and related interest payments for loans approved during 1978 are required to be made in the currency in which the respective portion of the loan was advanced or as specified in the loan agreement.

Currently the lending terms of the Fund are as follows:

“(a) Special loans on highly concessional terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75 per cent) per annum and have a maturity period of forty (40) years, including a grace period of ten (10) years; (b) loans on intermediate terms shall have a rate of interest per annum equivalent to fifty per cent (50 per cent) of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of twenty (20) years, including a grace period of five (5) years; (c) loans on ordinary terms shall have a rate of interest per annum equivalent to one hundred per cent (100%) of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of fifteen (15) to eighteen (18) years, including a grace period of three (3) years; (d) no commitment charge shall be levied on any loan.”

(ii) Loans to Non-Member States

At its Twenty-First Session in February 1998, the Governing Council adopted Resolution 107/XXI approving the establishment of a fund for the specific purpose of lending to the Gaza Strip and the West Bank (FGWB). The application of Article 7, Section 1(b), of the Agreement Establishing IFAD was waived for this purpose. Financial assistance, including loans, is transferred to the FGWB by decision of the Executive Board and the repayment thereof, if applicable, is made directly to IFAD's regular resources.

(iii) Debt Initiative for Heavily Indebted Poor Countries (HIPC)

(a) Background to the HIPC Debt Initiative

IFAD participates in the International Monetary Fund/World Bank original and enhanced Debt Initiative for Heavily Indebted Poor Countries as an element of IFAD's broader policy framework for managing operational partnerships with countries that have arrears with IFAD, or that face the risk of having arrears in the future because of their debt-service burden. Accordingly, IFAD provides debt relief

by forgiving a portion of an eligible country's debt-service obligations as they become due.

In 1998, IFAD established a trust fund for the Debt Initiative. This fund receives resources from IFAD and from other sources, specifically dedicated as compensation to the loan-fund account(s) for agreed reductions in loan repayments under the Initiative. (Refer to Appendix G for details). Amounts of debt service forgiven are expected to be reimbursed by the trust fund on a pay-as-you-go basis to the extent that resources are available in the fund.

(b) Impact of the HIPC Debt Initiative

Upon approval of individual debt relief by the Executive Board, the nominal value of the principal component of estimated debt relief costs is recorded as a reduction of disbursed and outstanding loans under accumulated allowance for the Debt Initiative for HIPC, and as a charge to income. This estimate is subject to periodic revision. Significant judgements have been used in the computation of the estimated nominal value of allowances for the Debt Initiative. The accumulated allowance for the Debt Initiative is reduced when debt relief is provided by the trust fund (see subparagraph (c) below).

(c) Accumulated Allowance for the HIPC Debt Initiative

On approval of the Executive Board, a fair value allowance is established for the estimated impairment loss based on the principal component of the debt relief to be provided under the Debt Initiative for HIPC framework. This cost is offset by income receivable from the Debt Initiative for HIPC trust fund to the extent that resources are available. These amounts are net of any debt relief delivered to date.

(iv) Measurement of Loans

Loans are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. The initial fair value and subsequent amortised cost are calculated by applying discount rates to the estimated future cash flows on a loan-by-loan basis in the currency in which the loans are denominated. The discount rates are calculated with reference to the estimated forward interest curve for the year based on the underlying currency of each loan. The discount factor applied is not adjusted for country credit risk as lending is provided directly to country governments and considered to be 'sovereign debt'. However, the outstanding loans are reviewed for impairment on a loan-by-loan basis and a provision established where there is objective evidence that the loans are impaired, in accordance with IAS 39 (revised 2003).

(v) Accumulated Allowance for Impairment Losses

Delays in receiving loan payments result in present value losses to the Fund since it does not charge fees or additional interest on any overdue interest or loan charges. An allowance is established for such losses based on the difference between the assets' carrying value and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate (i.e. the effective interest rate calculated at initial recognition). In cases where it is not possible to estimate with any reasonable certainty the expected cash flows of a loan (as in all cases for which an allowance has been established to date), an alternative approach is allowed that adopts a method similar to the benchmark used for the provisioning of Members States' contributions. This

means that an allowance shall be made on loan instalments overdue by more than 24 months for all cases where a settlement plan is not being actively followed. An allowance is also made for loan instalments on the same loan overdue by less than 24 months. Once this trigger period has been reached, all amounts overdue at that time are considered to be in provision status, even in the event that part of the total outstanding debt is subsequently repaid. In cases where more than 48 months have elapsed, an allowance is made for all outstanding principal amounts of the loan concerned. The point in time from which it is necessary to determine whether or not the given period has elapsed is the balance sheet date. The Fund has not written off any of its loans.

(vi) Non-Accrual Status

Income on loans is recognised following the accrual basis of accounting. For loans with overdue amounts in excess of 180 days, interest and service charges are recognized as income only when actually received. Follow-up action is being taken with the respective governments to obtain settlement of these obligations.

(f) Investments

The Fund's investment portfolio contains investments that are held for trading, and certain selected securities that the Fund intends to hold until maturity. The Fund carries those investments that are held for trading at fair value, and those investments that are held to maturity on the basis of amortised cost. Fair value is represented by the quoted market value at the balance sheet date. Both realized and unrealized security gains and losses are included in income from investments as they arise. Both realized and unrealized exchange gains and losses are included in the account for movements in foreign exchange rates as they arise. All purchases and sales of investments are recognized on the trade date.

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and deposits held at call with banks. They also include investments that are readily convertible at the balance sheet date. Net investment payables and investments held to maturity are excluded from readily convertible investments for cash flow purposes in accordance with the related accounting standard.

(h) Contributions (Non-Equity)

Contributions to non-replenishment resources are recorded as revenues in the period in which the related expenditures occur. For cofinancing activities, contributions received are recorded as revenues in the period in which the related grant is effective. Grants effective are therefore included as expenditures in the Statement of Revenues and Expenses. Contributions relating to programmatic grants, APOs and other supplementary funds are recorded in the balance sheet as deferred revenues and are reduced by the amount of project-related expenses in the Statement of Revenues and Expenses. Where specified in the donor agreements, contributions received and interest earned thereon, for which no direct expenditures have yet been incurred, are deferred until future periods to be matched against the related costs. This is consistent with the accounting principle adopted with regard to IFAD's combined supplementary funds and serves to present the underlying nature of these balances more clearly. A

list of such contributions can be found in Appendix E.

Individual donors provided human resources (in the form of APOs) to assist in IFAD's activities. The contributions received from donors are recorded as revenues and the related costs included in staff costs.

Contributions received for the Debt Initiative for HIPC Trust Fund and BSF.JP are recognized as income in the Statement of Revenues and Expenses and matched against related expenditures.

#### **(i) Grants**

The Agreement Establishing IFAD empowers the Fund to make grants to its Member States, or to intergovernmental organizations in which its Members participate, on such terms as the Fund deems appropriate.

Grants are recorded as expenditures on effectiveness of the approved amount and as a liability for undisbursed amounts at fair value in accordance with IAS 39 (revised 2003).

Grants are recorded as a separate line item of expenditures in the Statement of Revenues and Expenses and as a liability in the balance sheet for undisbursed amounts when the underlying agreement is signed. Cancellations of undisbursed balances are recognized as an offset to the expense in the period in which they occur. These grants are deducted from resources available on approval by the appropriate authority, consistent with prior years.

#### **(j) Employee Schemes**

##### **(i) Pension Obligations**

IFAD is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, defined benefit plan. The financial obligation of the organization to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly, together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. At the time of this report, the United Nations General Assembly has not invoked this provision.

The actuarial method adopted for the UNJSPF is the Open Group Aggregate method. The cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees, in accordance with the advice of the actuaries, who carry out a full valuation of the period plan every two years. The plan exposes participating organisations to actuarial risks associated with the current and former employees of other organisations, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organisations participating in the plan. IFAD, as well as other participating organisations, is not in the position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has not recorded any assets in its accounts in

this regard, nor included related information such as the return on plan assets.

##### **(ii) After-Service Medical Coverage Scheme**

IFAD participates in a multi-employer After-Service Medical Coverage Scheme (ASMCS) administered by FAO for staff receiving a United Nations pension and eligible former staff on a shared-cost basis. The ASMCS operates on a pay-as-you-go basis, meeting annual costs out of annual budgets and staff contributions. Up until 2005, FAO engaged an actuary on a bi-annual basis, to determine the unfunded accrued liability pertaining to the scheme, of which IFAD was allocated its share, based principally on headcount. In 2006, an actuary was engaged by the participating organisations through a joint tender to perform an independent valuation on an annual basis.

In accordance with the relevant accounting standard, IFAD has set up a trust fund into which it transfers the accrued assets. This is necessary in order for these assets to qualify as ASMCS assets and as such to be used to offset IFAD's deemed liability for its former and current staff under this scheme.

#### **(k) Provisions**

Provisions are established when the Fund has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Employee entitlements to annual leave and long-service entitlements are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service separation entitlements as a result of services rendered by employees up to the balance-sheet date.

#### **(l) Taxation**

IFAD is a specialized agency of the United Nations and as such enjoys privileged tax-exemption status under the Convention on Privileges and Immunities of Specialized United Nations Agencies of 1947 and the Agreement between the Italian Republic and IFAD on IFAD's permanent headquarters. Taxation levied where this exemption has not yet been obtained is deducted directly from the related investment income.

#### **(m) Revenue Recognition**

Service charge income and income from other sources are recognized as revenues in the period in which the related expenditures are incurred.

#### **(n) Plant and Equipment**

The cost of office furniture and equipment including software and capital leased assets is charged directly to expense when purchased. The expenditures involved are not material in the context of the total assets of IFAD's consolidated accounts and therefore its presented financial position. In addition, the annual expenditures do not have a significant effect on the reported results of operations. Furthermore, most office furniture and some equipment is reimbursed to IFAD and therefore actually owned by the Host Government. IFAD maintains an inventory system and performs controls to monitor the related assets. The costs relating to other leased assets are charged to expense over the life of the lease.

#### **(o) IFAD Resources Available for Commitment**

Resources available for commitment are those resources in freely convertible currencies defined in Article 4, Section 1, of the Agreement Establishing

IFAD, which have been contributed by Member States and others or have been derived, or are to be derived, from operations or loan repayments by borrowers, to the extent that these resources have not already been committed for loans and grants or appropriated to the General Reserve.

The policy for determining resources available for commitment is as follows:

(i) Only actual payments in the form of cash or promissory notes will be included in committable resources. The value of instruments of contribution against which payment in the form of cash or promissory notes has not yet been made will be excluded from committable resources.

(ii) Provisions have been established for overdue promissory notes as per note 2(d)(i)(b).

(iii) As described in note 4(b), promissory notes and commitments for loans (undisbursed effective loans, approved loans signed but not yet effective and loans not yet signed) and undisbursed grants are recorded at nominal value within the Statement of Resources Available for Commitment as this is an operational report for management purposes only and therefore is not subject to financial reporting requirements of IAS 39 (revised 2003).

(iv) The Executive Board has authority to employ advance commitment authority (ACA) prudently and cautiously to compensate, year by year, for fluctuations in the resources available for commitment and to act as a reserve resource. ACA was used in 2006, as in 2005, as regular resources were not sufficient to meet loan and grant commitments.

A loan or grant is considered to be committed when a formal agreement is signed by the Fund and the respective borrower or grantee. Programme Development Financing Facility (PDFF) costs are considered to be committed when the associated milestone for each type of activity has been reached. The Fund's Executive Board reviews a statement of resources available for commitment at every Executive Board meeting to ensure that resources are available to meet loans and grants presented for approval.

### **Note 3: Financial Risk Management**

IFAD's activities expose it to a variety of financial risks; market risk, credit risk, currency risk, custodial risk and liquidity risk.

Financial risk management is carried out principally through the finance divisions in IFAD under policies approved by senior management and/or the (Audit Committee reporting to the) Executive Board.

#### **(a) Market Risk**

The President may place or invest cash funds not needed immediately for the Fund's operations or administrative expenditures. In investing the resources of the Fund, the President shall be guided by the paramount consideration of security and liquidity. Within these constraints, the President shall seek the highest possible return in a non-speculative manner. The risks associated with IFAD's investment portfolio are addressed through the provision of investment policies, which are implemented through guidelines and include custodial arrangements, minimum credit ratings, benchmarking investment performance and managing of the exposure to market risks by modifying the duration.

Exposure to market risk is adjusted by modifying the duration of the portfolio, depending on the outlook for changes in securities market prices. The upper

limit for the duration of the fixed-income portion of the portfolio is set at 0-2 years above the benchmarks of respective fixed-income portfolios. Options and futures are held for managing market risk rather than for trading purposes. The Fund no longer invests in equities.

The market risk of the investment portfolio is monitored through its standard deviation and Value at Risk (VaR) on a quarterly basis. The VaR is calculated on a three-month horizon with a confidence level of 95 per cent and is compared with the overall benchmark standard deviation and VaR.

#### **(b) Credit Risk**

##### **(i) Investments**

The investment guidelines permit investments in time deposits with selected commercial banks, government and government-guaranteed bonds, corporate bonds, bonds issued by multilateral development banks and exchange-traded derivatives (except for covered forwards) of such securities. The eligibility of banks and bond issues is determined on the basis of ratings made by major credit-rating agencies.

##### **(ii) Loans**

Because of the nature of its borrowers and guarantors, the Fund expects that each of its sovereign guaranteed loans will ultimately be repaid. Collectibility risk is covered by both the accumulated allowance for loan impairment losses and the accumulated allowance for the Debt Initiative for HIPC. Loans with amounts overdue more than 180 days are placed in non-accrual status.

##### **(iii) Contributions Receivable**

Because of the sovereign status of IFAD's donor contributions, the Fund expects that each of its contributions for which a legally binding instrument has been deposited will ultimately be received. Collectibility risk is covered by the provisions on contributions.

#### **(c) Currency Risk**

The majority of the Fund's commitments are expressed in SDR. Consequently the overall assets of the Fund, including the investment portfolio and promissory notes, are maintained in such a way as to ensure that, to the extent possible, commitments for undisbursed loans and grants denominated in SDR are matched by assets denominated in the currencies and in the ratios of the SDR valuation basket. Similarly, the General Reserve and commitments for grants denominated in United States dollars are matched by assets denominated in United States dollars.

To seek higher returns, the Fund may invest in securities denominated in currencies other than those included in the SDR valuation basket, and enter into covered forward foreign-exchange agreements in order to maintain the matching in currency terms of commitments denominated in SDR and United States dollars.

#### **(d) Custodial Risk**

IFAD has entrusted the safekeeping of its investment assets to a major custodian bank. The custodian safeguards the funds, maintains separate accounts for each externally managed investment subportfolio, and settles the investment transactions initiated by external investment managers. IFAD monitors the activities of the custodian closely and performs evaluation of its performance on a regular basis.

**(e) Fair Value Estimation**

The fair value of financial instruments traded in active markets (such as the Investment portfolios, excluding the held-to-maturity instruments), is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market (for example the Fund's loan portfolio and contribution receivables) is determined by using valuation techniques as described in note 2(e)(iv) above.

**Note 4: Critical Accounting Estimates and Judgements****(a) Critical Accounting Estimates and Assumptions**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(i) Fair value and amortised costs of loans, undisbursed grants and deferred revenues

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques as described in note 2(e)(iv).

(ii) HIPC

Significant judgements have been used in the computation of estimated losses for the Debt Initiative for HIPC and overdue loan repayments. Principal assumptions underlying the computations include the exchange rate between SDR and US\$, timing of eligibility of debt relief, and the level of disbursements.

**(b) Critical Judgements in Applying Accounting Policies**

(i) Fair value Accounting

Fair value accounting is required in order for IFAD to comply with International Financial Reporting Standards, however, these standards are not designed to apply specifically to not-for-profit activities such as those undertaken by IFAD. IFAD's management believes that there is no comparable secondary market for the type of loans provided by the Fund nor does IFAD intend to sell its loans. In addition, management believes that the presentation of financial data based on nominal values rather than fair values provides data that are more reliable, relevant and understandable. It also meets many common information needs of the users of its accounts, forms the basis for operational decisions and serves planning purposes. Therefore, a balance sheet including loans, receivables, undisbursed grants and deferred revenues on a nominal value basis has been included as Appendix A1 as deemed relevant for the users of the accounts. Reconciliations between measurement at fair value and amortised cost using the effective interest method and nominal values have been provided with respect to loans, receivables, undisbursed grants and deferred revenues. In addition, all the values included within Appendix D Statement of IFAD-only resources available for commitment, Appendix E Statement of contributions, Appendix F Statement of loans, and Appendix G Summary of the Debt Initiative for

HIPC continue to be shown, including data on a nominal value basis.

(ii) Impairment of Financial Assets

IFAD follows the guidance of IAS 39 to determine when a financial asset is impaired.

**Note 5: Cash and Investment Balances****(a) Analysis of Balances**

	(Thousands of U.S. dollars)	
	2006	2005
Unrestricted cash	197 098	249 762
Cash subject to restriction (note 5(b))	79	69
<b>Total</b>	<b>197 177</b>	<b>249 831</b>
Unrestricted investments	2 364 039	2 384 115
Investments subject to restriction (note 5(b))	634	655
<b>Total</b>	<b>2 364 673</b>	<b>2 384 770</b>

**(b) Cash and Investments Subject to Restriction**

**Currencies not freely convertible:** Cash and investments held by the Fund at 31 December 2006 in currencies not freely convertible amounted to US\$79,000 (2005 – US\$69,000) and US\$634,000 (2005 – US\$655,000), respectively.

In accordance with the Agreement Establishing IFAD, the amounts paid into the Fund by the then Category III Member States in their respective currencies on account of their initial or additional contributions are subject to restriction in usage.

**(c) Composition of the Investment Portfolio by Instrument**

At 31 December 2006, cash and investments at market value amounted to US\$2,504,596,000, excluding restricted and non-convertible currencies (2005 – US\$2,477,006,000), and comprised the following instruments:

	(Thousands of U.S. dollars)	
	2006	2005
Cash	197 098	249 762
Fixed-income instruments	1 776 085	2 173 120
Unrealized market-value (loss)/gain		
on forward contracts	(5 145)	2 303
Time deposits and other obligations of banks	592 515	208 372
Futures	586	306
Options	-	14
<b>Total cash and investments</b>	<b>2 561 137</b>	<b>2 633 877</b>
Receivables for investments sold	22 880	87 983
Payables for investments purchased	(79 429)	(244 854)
<b>Total</b>	<b>2 504 596</b>	<b>2 477 006</b>

Fixed-income investments include US\$413.5 million in held-to-maturity investments as at 31 December 2006 (2005: US\$390.9 million). See note 5(f) for further details.

**(d) Composition of the Investment Portfolio by Currency**

The currency composition of cash and investments at 31 December was as follows:

	(Thousands of U.S. dollars)	
	2006	2005
Euro	801 693	732 032
Japanese yen	263 865	327 251
Pound sterling	236 641	219 315
United States dollar	1 202 397	1 162 038
Others	-	36 370
<b>Total</b>	<b>2 504 596</b>	<b>2 477 006</b>

**(e) Composition of the Investment Portfolio by Maturity**

The composition of cash and investments by maturity at 31 December was as follows:

	(Thousands of U.S. dollars)	
	2006	2005
Due in one year or less	1 094 770	672 958
Due after one year through five years	1 104 639	1 182 698
Due from five to ten years	167 487	169 883
Due after ten years	137 700	451 467
<b>Total</b>	<b>2 504 596</b>	<b>2 477 006</b>

The average life to maturity of the fixed-income investments included in the consolidated investment portfolio at 31 December 2006 was 40 months (2005 – 81 months).

**(f) Held-to-Maturity Investments**

	(Thousands of U.S. dollars)		
	US\$	Euro	All currencies
Cash	426	303	729
Corporate bonds	50 658	69 212	119 870
Government agencies	121 348	41 472	162 820
Government bonds	20 225	58 667	78 892
Supranational	40 069	11 121	51 190
<b>Total 2006</b>	<b>232 726</b>	<b>180 775</b>	<b>413 501</b>
Total 2005	201 462	189 418	390 880

The maturity structure of held-to-maturity investments as at 31 December is as follows:

Period due	(Thousands of U.S. dollars)	
	2006	2005
Less than one year	81 806	88 304
1-2 years	60 806	77 104
2-3 years	91 164	76 181
3-4 years	96 930	76 730
4-5 years	82 795	72 561
	<b>413 501</b>	<b>390 880</b>

All investments due in less than one year have a maturity of more than three months from the date of purchase.

**Note 6: Contributors' Promissory Notes and Receivables**

	(Thousands of U.S. dollars)	
	2006	2005
<b>Promissory notes to be encashed</b>		
Replenishment contributions	331 291	298 614
BSF contributions	27 093	24 236
<b>Total</b>	<b>358 384</b>	<b>322 850</b>
Fair value adjustment	(20 580)	(15 254)
<b>Promissory notes to be encashed at fair value</b>	<b>337 804</b>	<b>307 596</b>
<b>Contributions receivable</b>		
Replenishment contributions	347 022	213 520
BSF contributions	31 299	12 958
Supplementary contributions	20 616	15 377
<b>Total</b>	<b>398 937</b>	<b>241 855</b>
Fair value adjustment	(32 279)	(11 425)
<b>Contributions receivable at fair value</b>	<b>366 658</b>	<b>230 430</b>

**(a) Initial, First, Second, Third, Fourth and Fifth Replenishment Contributions**

These contributions have been fully paid except as detailed in note 7 and in the matrix below:

**Contributions not paid/encashed at 31 December 2006**

Donor	Replenishment	(Thousands of U.S. dollars)
		Amount
Argentina	Fifth	1 500
Australia <sup>1</sup>	Fifth	562
Switzerland <sup>1</sup>	Fifth	599
United Kingdom of Great Britain and Northern Ireland <sup>1,2</sup>	Fifth	19 241

<sup>1</sup> Cases for which Members and IFAD have agreed to special encashment schedules.

<sup>2</sup> Part of this balance relates to a Promissory Note not deposited as at 31 December 2006.

**(b) Sixth Replenishment**

Details of contributions and payments made for the Sixth Replenishment are shown in Appendix E.

**(c) Seventh Replenishment**

Details of contributions and payments made for the Seventh Replenishment are shown in Appendix E. The Seventh Replenishment became effective on 22 December 2006.

**(d) Special Programme for Africa (SPA)**

Details of contributions to the SPA under the First and Second Phases are shown in Appendix E.

**Note 7: Provisions**

The fair value of the provisions is equivalent to the nominal value given that the underlying receivables/promissory notes are already due at the balance sheet date.

In accordance with the policy referred to in note 2(d)(i)(b), the Fund has established provisions as follows:

	(Thousands of U.S. dollars)	
	2006	2005
Balance at beginning of the year	169 359	176 292
Total movements	1	(6 933)
<b>Balance at end of year</b>	<b>169 360</b>	<b>169 359</b>
Analysed as:		
Promissory notes of contributors (a)	80 898	80 898
Amounts receivable from contributors (b)	88 462	88 461
<b>Total</b>	<b>169 360</b>	<b>169 359</b>

#### (a) Provisions against Promissory Notes

As at 31 December 2006, all IFAD replenishment contributions up to and including the Sixth Replenishment, deposited in the form of promissory notes, have been drawn down 100 per cent (31 December 2005 – 100 per cent up to the Fifth Replenishment and 65 per cent of Sixth Replenishment).

As at 31 December 2006 and 2005, all First and Second Phase SPA contributions have been fully drawn down.

In accordance with the policy referred to in note 2 (d)(i)(b), the Fund has established provisions against promissory notes as indicated hereunder.

IFAD	(Thousands of U.S. dollars)	
	2006	2005
<b>(i) Initial Contributions</b>		
Iran (Islamic Republic of)	29 358	29 358
Iraq	13 717	13 717
	43 075	43 075
<b>(ii) First Replenishment</b>		
Iraq	31 099	31 099
	31 099	31 099
<b>(iii) Second Replenishment</b>		
Mauritania	2	2
	2	2
<b>(iv) Third Replenishment</b>		
Democratic People's Republic of Korea	600	600
Libyan Arab Jamahiriya	6 087	6 087
Mauritania	25	25
	6 712	6 712
<b>Total IFAD</b>	<b>80 888</b>	<b>80 888</b>
<b>SPA</b>		
First Phase		
Mauritania	10	10
<b>Total SPA</b>	<b>10</b>	<b>10</b>
<b>Grand Total</b>	<b>80 898</b>	<b>80 898</b>

#### (b) Provisions against Amounts Receivable from Contributors

In accordance with the policy referred to in note 2 (d)(i)(b), the Fund has established provisions against certain of these amounts as indicated hereunder.

	(Thousands of U.S. dollars)	
	2006	2005
<b>(i) Initial Contributions</b>		
Comoros	10	9
Iran (Islamic Republic of)	83 167	83 167
	83 177	83 176
<b>(ii) Second Replenishment</b>		
Gabon	371	371
Iraq	2 000	2 000
	2 371	2 371
<b>(iii) Third Replenishment</b>		
Iran (Islamic Republic of)	2 400	2 400
Sao Tome and Principe	10	10
	2 410	2 410
<b>(iv) Fourth Replenishment</b>		
Kenya	504	504
	504	504
<b>Total</b>	<b>88 462</b>	<b>88 461</b>

#### Note 8: Other Receivables

	(Thousands of U.S. dollars)	
	2006	2005
Receivables for investments sold	22 880	87 983
Miscellaneous	21 832	19 481
<b>Total</b>	<b>44 712</b>	<b>107 464</b>

The amounts above are expected to be received within one year of the balance sheet date.

#### Note 9: Loans

##### (a) Accumulated Allowance for Impairment Losses

An analysis of the accumulated allowance for loan impairment losses is shown below:

	(Thousands of U.S. dollars)	
	2006	2005
Balance at beginning of year	140 634	114 060
Net increase in allowance	20 488	35 872
Revaluation	8 040	(9 298)
<b>Balance at end of year at nominal value</b>	<b>169 162</b>	<b>140 634</b>
Fair value adjustment	(113 554)	(89 354)
	<b>55 608</b>	<b>51 280</b>

##### (b) Non-Accrual Status

For loans with overdue amounts in non-accrual status, had these amounts been recognized as income, income from loans as reported in the Statement of Revenues and Expenses for the year 2006 would have been greater by US\$2,933,000 (2005 – US\$2,935,000). The corresponding figures relating to SPA were US\$77,000 (2005 – US\$58,000). The Member States concerned are shown below:

##### (i) Borrowers in Non-Accrual Status – IFAD

	(Thousands of U.S. dollars)		31 December 2006	
	Principal Outstanding	Principal overdue	Income not accrued in 2006	In arrears since
Central African Republic	32 011	4 839	310	May 2001
Comoros	1 954	101	19	Mar 2005
Cuba	12 495	12 495	490	Sep 1989
Democratic Republic of the Congo	22 314	4 232	253	Feb 1993
Equatorial Guinea	1 962	35	22	Apr 2005
Guinea-Bissau	6 595	1 625	66	Nov 1995
Liberia	15 309	11 543	437	Nov 1995
Seychelles	123	-	-	Jan 2002
Sierra Leone	24 014	3 309	249	Mar 1998
Solomon Islands	3 336	576	33	Apr 2001
Somalia	26 015	12 381	256	Jan 1991
Togo	24 129	3 718	225	Sep 2000
Zimbabwe	24 920	9 659	573	Oct 2001
<b>Total</b>	<b>195 177</b>	<b>64 513</b>	<b>2 933</b>	

##### (ii) Borrowers in Non-Accrual Status – SPA

	(Thousands of U.S. dollars)		31 December 2006	
	Principal outstanding	Principal overdue	Income not accrued in 2006	In arrears since
Guinea-Bissau	3 078	680	30	Dec 1995
Sierra Leone	2 207	141	22	Mar 1998
Comoros	3 392	183	25	Mar 2005
<b>Total</b>	<b>8 677</b>	<b>1 004</b>	<b>77</b>	



The income from loans reported in the Statement of Revenues and Expenses for 2006 includes US\$247,000 (2005 – US\$31,000) in respect of income received relating to prior years.

Details of loans approved and disbursed and of loan repayments appear in Appendix F.

### (c) Further Analysis of Loan Balances

The following balances are all shown at nominal value.

	(Thousands of U.S. dollars)	
	2006	2005
<b>IFAD approved loans less cancellations and adjustment for movement in value of total SDR loans in terms of US\$ (Appendix F)</b>		
<b>(Thousands of U.S. dollars)</b>		
<b>2006 – US\$8 257 916</b>		
<b>2005 – US\$7 544 030</b>		
Effective loans	7 470 714	6 785 351
Less: Undisbursed balance of		
effective loans	(2 089 191)	(1 936 172)
Repayments	(1 218 163)	(1 134 643)
Interest/principal receivable	19 197	13 827
Loans outstanding at nominal value	4 182 557	3 728 363
Fair value adjustment	(1 141 766)	(1 061 863)
<b>Loans outstanding at fair value</b>	<b>3 040 791</b>	<b>2 666 500</b>
<b>SPA approved loans less cancellations and adjustment for movements in value of total SDR loans in terms of US\$ (Appendix F)</b>		
<b>(Thousands of U.S. dollars)</b>		
<b>2006 – US\$336 384</b>		
<b>2005 – US\$321 504</b>		
Effective loans	336 384	321 504
Less: Undisbursed balance of		
effective loans	(1 568)	(3 160)
Repayments	(52 078)	(43 855)
Interest/principal receivable	925	787
Loans outstanding at nominal value	283 663	275 276
Fair value adjustment	(113 704)	(111 494)
<b>Loans outstanding at fair value</b>	<b>169 959</b>	<b>163 782</b>
<b>Total approved loans less cancellations and adjustment for movements in value of SDR loans in terms of US\$</b>		
<b>(Thousands of U.S. dollars)</b>		
<b>2006 – US\$8 594 300</b>		
<b>2005 – US\$7 865 534</b>		
Effective loans	7 807 098	7 106 855
Undisbursed balance of		
effective loans	(2 090 759)	(1 939 332)
Repayments	(1 270 241)	(1 178 498)
Interest/principal receivable	20 122	14 614
Loans outstanding at nominal value	4 466 220	4 003 639
Fair value adjustment	(1 255 470)	(1 173 357)
<b>Loans outstanding at fair value</b>	<b>3 210 750</b>	<b>2 830 282</b>

### Note 10: Debt Initiative for Heavily Indebted Poor Countries

#### (a) Impact of the Debt Initiative for HIPC

IFAD has funded the Debt Initiative in the amount of US\$69,700,000 during the period 1998-2006. Details of funding from external donors on a cumulative basis are found in Appendix E.

For a summary of debt relief reimbursed since the start of the Debt Initiative and of that expected in the future, please refer to Appendix G. Debt relief approved by the Executive Board to date excludes all amounts relating to the enhanced Debt Initiative for the Central African Republic, Comoros, Côte d'Ivoire, Liberia, Somalia, the Sudan and Togo. Authorization for IFAD's share of this debt relief is expected to be given by the Executive Board in 2007-2009. At the time of preparation of the 2006 financial statements, the estimate of IFAD's share of the overall debt relief for these countries, principal and interest, was US\$200,920,000 (2005 – US\$179,029,000).

Gross investment income amounted to US\$1,085,000 (2005 – US\$1,430,000) from Debt Initiative trust fund balances.

The total cumulative cost of debt relief derives from the following sources:

	(Thousands of U.S. dollars)		
	2006	Movement	2005
IFAD contributions			
1998-2006	69 670	10 000	59 670
Total contributions from external sources (Appendix E)	71 524	8 596	62 928
Cumulative investment income	5 091	1 083	4 008
Short fall between debt relief approved and funds available	228 044	<u>17 775</u>	210 269
Charge to Statement of Revenues and Expenses		37 454	
Cumulative net exchange rate movements	31 622	11 966	19 656
<b>Total (Appendix G)</b>	<b>405 951</b>	<b>49 420</b>	<b>356 531</b>

### (b) Accumulated allowance for the Debt Initiative for HIPC

The balances for the years ended 31 December are summarized below:

	(Thousands of U.S. dollars)	
	2006	2005
Balance at beginning of year	264 527	240 112
Repayments of principal	(25 515)	(19 459)
Change in provision	28 419	64 768
Exchange rate movements	11 962	(20 894)
Balance at end of year	279 393	264 527
Fair value adjustment	(95 989)	(94 294)
<b>Fair value equivalent</b>	<b>183 404</b>	<b>170 233</b>

### Note 11: Payables and Liabilities

	(Thousands of U.S. dollars)	
	2006	2005
Payables for investments purchased	(79 429)	(244 854)
ASMCS liability	(32 922)	(27 919)
Other payables and accrued liabilities	(56 629)	(47 065)
<b>Total</b>	<b>(168 980)</b>	<b>(319 838)</b>

Of the total above, approximately US\$64.8 million (2005 – US\$58.0 million) is estimated to be payable in more than one year from the balance sheet date.

**Note 12: Deferred Revenues**

	(Thousands of U.S. dollars)	
	2006	2005
Deferred contributions	(106 841)	(67 898)
Deferred income	(3 692)	(3 488)
<b>Total</b>	<b>(110 533)</b>	<b>(71 736)</b>
Fair value adjustment	7 213	5 405
<b>Deferred revenues at fair value</b>	<b>(103 320)</b>	<b>(65 981)</b>

Deferred contributions balances represent contributions received for which the revenue recognition has been deferred to future periods to match the related costs in accordance with the accounting policy stated in note 2(h).

Deferred income includes amounts relating to service charges received for which the related costs have not yet been incurred.

**Note 13: Equity**

An analysis of equity as at 31 December is shown below:

IFAD only in nominal value terms

	(Thousands of U.S. dollars)	
	2006	2005
<b>Equity</b>		
Contributions		
Regular	5 152 116	4 788 408
Provisions	(169 360)	(169 359)
Net regular	4 982 756	4 619 049
Special	20 348	20 348
Total net contributions	5 003 104	4 639 397
General Reserve (note 2(d)(ii))	95 000	95 000
Fully committed retained earnings (note 2(d)(iii))	1 743 494	1 524 479
<b>Total equity</b>	<b>6 841 598</b>	<b>6 258 876</b>

**Note 14: Net Foreign Exchange Gains/Losses**

The following rates of 1 unit of SDR in terms of US\$ as at 31 December were used:

Year	US\$
2006	1.50387
2005	1.42633
2004	1.54979

The movement in the account for foreign exchange rates is explained as follows:

	(Thousands of U.S. dollars)	
	2006	2005
Opening balance at 1 January	534 250	939 470
Exchange movements for the year on:		
Cash and investments	81 323	(165 559)
Equities	-	(1 074)
Held-to-maturity investments	21 142	(20 705)
Net receivables/payables	(2 316)	818
Loans and grants outstanding	147 502	(216 684)
Promissory notes and Members' receivables	19 110	(40 641)
Member States' contributions	(16 821)	38 625
<b>Total movements in the year</b>	<b>249 940</b>	<b>(405 220)</b>
<b>Closing balance at 31 December</b>	<b>784 190</b>	<b>534 250</b>

The movement on this account excludes the gain/loss related directly to operations, which instead is included in Total Foreign Exchange Rate Movements.

**Note 15: Income from Cash and Investments****(a) Investment Management**

During the third quarter of 2006, IFAD implemented a number of tactical short-term measures intended to protect the investment portfolio from unfavourable market movements and to lock in positive returns for the remainder of 2006. As part of these measures, US\$449 million of the externally managed diversified fixed-interest and inflation-indexed bond portfolios was liquidated and reinvested in money market instruments.

Since 1994, management of the major part of IFAD's investment portfolio has been entrusted to external investment managers under investment guidelines provided by the Fund. At 31 December 2006, funds under external management amounted to US\$1,393.1 million (2005 – US\$2,042.1 million), representing some 59 per cent (2005 – 82.9 per cent) of total cash and investments.

**(b) Derivative Instruments**

The Fund's investment guidelines authorize the use of the following types of derivative instruments:

**(c) Futures**

Future contracts open at year end were as follows:

	31 December	
	2006	2005
Number of contracts open:		
Buy	564	547
Sell	266	438
Net unrealized gains/(losses) of open contracts (US\$ '000)	595	(544)
Maturity range of open contracts	67 to 442 days	67 to 352 days

The underlying instruments of future contracts open at 31 December 2006 were government bonds and currencies.

**(d) Options**

IFAD only permits the use of investment in exchange-traded options. It does not write option contracts. Relevant data for options at year end were as follows:

	31 December	
	2006	2005
Number of contracts open:		
Buy	627	-
Sell	561	323
Market value of open contracts (US\$ '000)	-	14
Net unrealized losses of open contracts (US\$ '000)	(7)	(141)
Maturity range of open options	78 to 353 days	170 to 261 days

The underlying instruments of option contracts open at 31 December 2006 were money market indices.

**(e) Covered Forwards**

The unrealized market-value loss on forward contracts at 31 December 2006 amounted to US\$5,145,000 (2005 – gain of US\$2,303,000). The maturity of forward contracts at 31 December 2006 ranged from 5 to 79 days (31 December 2005 – 4 to 79 days).

The underlying instruments of forward contracts open at 31 December 2006 were currencies.

**(f) Income from Cash and Investments**

The gross income from cash and investments for the year ended 31 December 2006 amounted to US\$66,379,000 (2005 – gross income of US\$74,653,000). This figure is gross of direct charges against investment income of US\$4,134,000 (2005 – US\$3,513,000), which are included in expenses.

	(Thousands of U.S. dollars)	
	2006	2005
Interest from fixed-income Investments	92 008	82 028
Dividend income from equities	-	755
Net (loss)/income from futures and options	(301)	2 218
Realized capital loss from fixed-income securities	(26 895)	(9 645)
Realized capital gain from equities	-	4 496
Unrealized loss from fixed-income securities	(5 463)	(11 543)
Income from securities lending and commission recapture	640	802
Interest income from banks and non-convertible currencies	6 390	5 542
<b>Total</b>	<b>66 379</b>	<b>74 653</b>

The above figures include income from the HTM portfolio of US\$14.4 million (2005 – US\$10.2 million).

The above figures include income for the consolidated entities, as follows:

	(Thousands of U.S. dollars)	
	2006	2005
IFAD	61 975	71 693
ASMCS Trust Fund	1 106	545
Debt Initiative for HIPC Trust Fund	1 085	1 430
BSF.JP	290	305
Other supplementary funds	3 644	1 755
Less: income deferred/reclassified	(1 721)	(1 075)
<b>Total</b>	<b>66 379</b>	<b>74 653</b>

The annual rate of return on consolidated cash and investments in 2006 was positive 2.7 per cent gross of expenses and positive 2.6 per cent net of expenses (2005 – positive 3.1 per cent gross of expenses, positive 2.9 per cent net of expenses). The annual rate of return on IFAD cash and investments in 2006 was 2.57 per cent positive gross of expenses and 2.46 per cent positive net of expenses (2005 – 3.1 per cent positive gross of expenses, 2.95 per cent positive net of expenses).

**Note 16: Income from Other Sources**

This income relates principally to reimbursement from the Host Government for specific operating expenditures. It also includes service charges received from entities housed at IFAD as compensation for providing administrative services. An analysis is given below:

	(Thousands of U.S. dollars)	
	2006	2005
Service charges	415	332
Host Government income	7 794	8 613
Income from other sources	1 434	847
<b>Total</b>	<b>9 643</b>	<b>9 792</b>

**Note 17: Contributions Income**

	(Thousands of U.S. dollars)	
	2006	2005
Supplementary funds	12 425	13 541
BSF.JP	5 307	4 236
HIPC Debt Initiative	8 595	2 931
<b>Total</b>	<b>26 327</b>	<b>20 708</b>

**Note 18: Operating Expenses**

An analysis of IFAD operating expenses by principal funding source is shown in Appendix B1.

The Programme Development Financing Facility (PDFF) finances the multi-year expenditures required for the design, implementation and supervision of projects and programmes financed by loans and grants from IFAD. When an obligation is incurred for PDFF costs, the related costs are recorded as a separate line item within expenditures in the Statement of Revenues and Expenses and as a liability in the balance sheet for undisbursed accrued amounts. PDFF commitments are recorded as a deduction from resources available for commitment upon effectiveness of the underlying activities, based on specific milestones for each type of activity.

The costs incurred relating to PDFF, and other funding sources including the Action Plan, are classified in the accounts in accordance with the underlying nature of the expense.

**Note 19: Staff Numbers and Retirement and Medical Schemes****(a) Staff Numbers**

Employees that are on IFAD's payroll are part of the retirement and medical systems offered by IFAD. These schemes include participation in the United Nations Joint Staff Pension Fund (UNJSPF) and in the After-Service Medical Coverage Scheme (ASMCS) administered by FAO.

The number of staff on the payroll of the Fund and other consolidated entities by principal budget source as at 31 December was as follows:

	Professional	General service	Total
IFAD admin. budget	174	263	437
IFAD PDFF	17	38	55
IFAD other sources	13	20	33
BSF.JP	1	2	3
APO	16	-	16
Programmatic funds	10	2	12
<b>Total 2006</b>	<b>231</b>	<b>325</b>	<b>556</b>
Total 2005	229	284	513

The above figures exclude 53 staff on temporary contracts at daily rates as at 31 December 2006 (56 staff as at 31 December 2005).

As in previous years, IFAD engaged the services of consultants, conference personnel and other temporary staff to enable it to meet its operational needs.

**(b) Retirement Plan**

The latest actuarial valuation for the UNJSPF was prepared as of 31 December 2005. This valuation revealed an actuarial surplus, amounting to 1.29 per cent of pensionable remuneration. IFAD makes contributions on behalf of its staff (currently payable by the participant and IFAD at 7.9 per cent and 15.8 per cent, respectively, of the staff member's pensionable remuneration) and would be liable for its share of the unfunded liability, if any. Total

retirement plan contributions made for staff in 2006 amounted to US\$7,283,000 (2005 – US\$6,798,000).

**(c) After-Service Medical Coverage Scheme**

The latest actuarial valuation for the ASMCS was carried out as at 31 December 2006. The methodology used was the projected unit-credit-cost method with service prorates. The principal actuarial assumptions used were as follows: discount rate, 4.5 per cent; expected salary increases, 3.0 per cent; medical cost increases, 5.0 per cent; and inflation, 2.5 per cent; exchange rate euro:US\$1.22. The results determined IFAD's liability as at 31 December 2006 to be some US\$32.9 million. The 2006 and 2005 financial statements include a provision and related assets constituted as follows as at 31 December:

	(Millions of U.S. dollars)	
	2006	2005 <sup>1</sup>
<b>Past service liability</b>		
Total provision brought forward	(27.9)	(15.0)
Interest cost	(1.1)	(1.1)
Current service charge	(1.6)	(1.6)
Reclassification/current service charge from non-IFAD entities	(0.4)	-
Reclassification of investment income	-	(0.9)
Actuarial losses	(1.9)	(9.3)
<b>Provision carried forward</b>	<b>(32.9)</b>	<b>(27.9)</b>
<b>Plan assets</b>		
Total assets brought forward	27.9	15.0
Interest earned on balances	1.1	0.5
Contributions	3.0	2.8
Actuarial losses	0.9	9.6
<b>Total assets at 31 December</b>	<b>32.9</b>	<b>27.9</b>

<sup>1</sup> Reclassified to conform to the current year presentation.

IFAD provides for the full annual current service costs of this medical coverage, including its eligible retirees. In 2006, such costs included within staff salaries and benefits in the financial statements amounted to US\$3.0 million (2005 restated –US\$2.9 million).

**Note 20: Direct Bank and Investment Costs**

	(Thousands of U.S. dollars)	
	2006	2005
Investment management fees	(3 098)	(3 890)
Net other charges	(540)	(765)
Tax recoverable received	12	1 548
<b>Total</b>	<b>(3 626)</b>	<b>(3 107)</b>

In 2005, IFAD received reimbursement of taxes withheld on investment income in prior years. For more details see note 23(b).

**Note 21: Adjustment for Change in Fair Value**

An analysis of the movement in fair value is shown below:

	(Thousands of U.S. dollars)	
	2006	2005
Loans outstanding	(19 326)	42 985
Accumulated allowance for loan impairment losses	19 342	17 231
Accumulated allowance for HIPC Debt Initiative	(3 430)	12 110
Net loans outstanding	(3 414)	72 326
Contributors' promissory notes	(4 309)	(1 470)
Contributions receivable	(19 174)	(913)
Contributions	22 572	2 682
Undisbursed grants	(1 867)	(805)
Deferred revenues	911	(299)
<b>Total</b>	<b>(5 281)</b>	<b>71 521</b>

**Note 22: Grants**

Grants include annual funding for entities housed at IFAD, i.e. the International Land Coalition (ILC) and Global Mechanism (GM) as follows:

	(Thousands of U.S. dollars)		
	Cumulative	2006	2005
ILC	8 915	1 700	638
GM	7 550	1 250	-
<b>Total</b>	<b>16 465</b>	<b>2 950</b>	<b>638</b>

**Note 23: Contingencies**

**(a) Contingent Liabilities**

IFAD has contingent liabilities in respect of debt relief announced by the World Bank/International Monetary Fund for eleven countries. See note 10 for further details of the potential cost of loan principal and interest relating to these countries, as well as the future interest not accrued on debt relief already approved as shown in Appendix G.

**(b) Contingent Assets**

In 2005, the Italian Government reimbursed 1.2 million euros (US\$1.5 million equivalent) of taxation deducted on investment income in prior years. These costs were fully provided for in previous years and recorded as a contingent asset as the exact amount of and the year in which the reimbursement was to be made was not certain. This amount has now been reimbursed in full and recorded in direct bank and investment costs (see note 20).

**Note 24: Date of Authorization for Issue of Financial Statements**

The financial statements are authorized for issue following the recommendation of the Audit Committee in March 2007 and endorsement by the Executive Board in April 2007. The 2006 financial statements will be submitted to the Governing Council for formal approval at its next session in February 2008. The 2005 financial statements were approved by the Governing Council at its Thirtieth Session in February 2007.

**DRAFT**

The International Fund for Agricultural Development  
Rome

We have audited the accompanying consolidated Financial Statements (Appendices A through H) of the International Fund for Agricultural Development (the Fund) as at and for the year ended 31 December 2006. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the consolidated financial position of the International Fund for Agricultural Development as at 31 December 2006, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Rome, 28 February 2007

PricewaterhouseCoopers SpA

Oliver Galea  
(Partner)

---