The Consultation is hereby requested to consider, the revised version of paragraph 47 of the report, which pertains to the Advance Commitment Authority.

47. With regard to liquidity risk, during the Seventh Replenishment period, IFAD will maintain the ACA with a maximum use of five years of future reflows. The review carried out under the ALM review highlighted that, compared with other IFIs, IFAD’s level of liquid assets was high in relation to the lending programme and the level of annual loan disbursements. The ALM review therefore suggested an alternative strategy to better utilize IFAD’s liquid assets and, at the same time, increase resources available for commitment under loans and grants to Member States. In line with these findings, IFAD will define the term “committable resources” to include five years of future loan reflows (net of HIPC costs and a 5% discount) and instrument of contribution receivables (excluding qualified instruments subject to necessary appropriations by Member States) to make more resources available for loans and grants while still retaining a very low liquidity risk as compared with other IFIs. In December 2006, in this context, IFAD management will submit for the approval of the Executive Board a liquidity policy that will provide means of monitoring and ensuring that the Fund has adequate liquidity available at all times. IFAD will furthermore continue to gain experience with the ALM which provides a comprehensive framework for monitoring IFAD’s overall financial position.