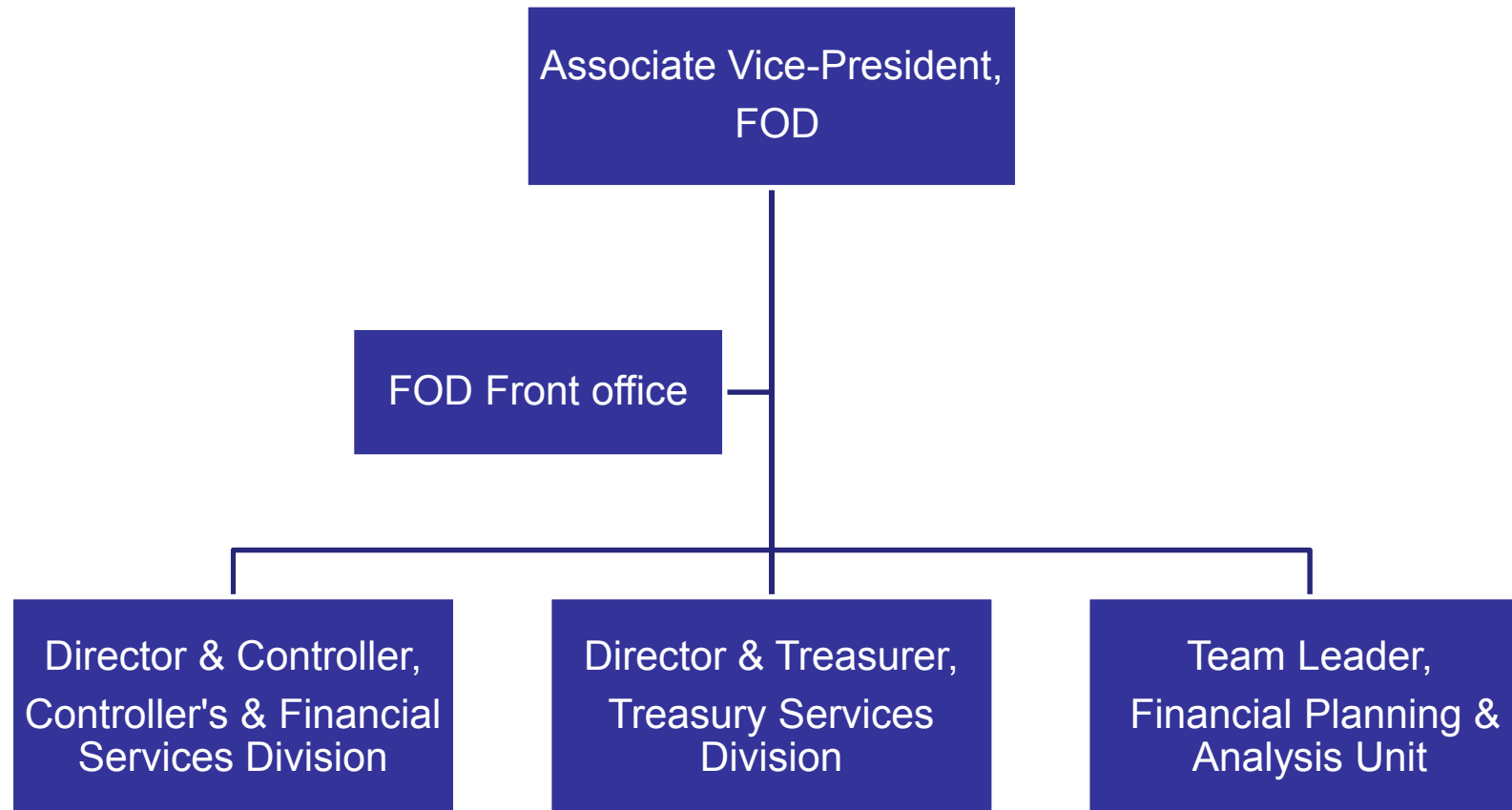




Financial Operations Department
IFAD's Corporate Induction Seminar
16 September 2013

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Associate Vice-President, FOD

FOD Organigramme



FOD Responsibilities

- Custodian of IFAD's assets.
 - Safeguards the resources available for operations and manages cash flows through prudent processes and management, appropriate accounting, reporting and relations with external auditors and others.
 - **CFS**
- Safeguards and maximizes IFAD's investments
 - Manages investments within parameters defined by IFAD's Investment Policy Statement, approved by the Executive Board.
 - **TRE / FPA**
- Decision Support
 - Long term IFAD financial projections ensure resources are available for projects
 - Ad hoc financial decision support e.g. Additional Resource Mobilization
 - **FPA**

IFAD Financial Profile (as at 31 December 2012)

in millions

Assets	
• Cash and investments	\$ 2,979
• Loans outstanding	\$ 4,782
• Other (mainly contributions receivable)	<u>\$ 1,195</u>
Total	\$ 8,956

Liabilities	
• Payables and liabilities	\$ 175
• Undisbursed grants	\$ 317
• Trust Fund Borrowing	\$ 383
• Deferred revenues (mainly WB HIPC contributions)	<u>\$ 494</u>

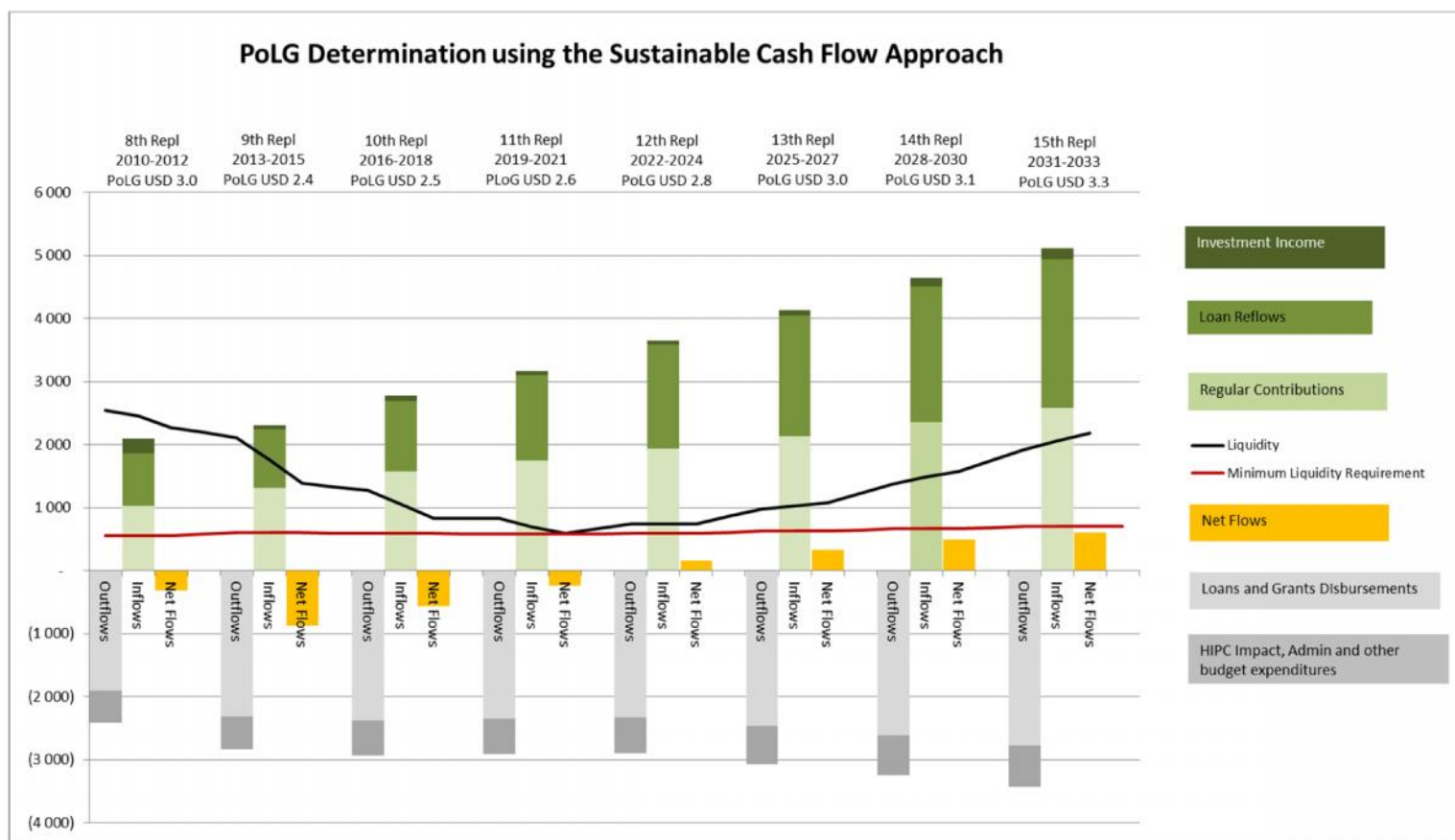
Shareholders Funds	
• Replenishment contributions	\$ 6,987
• General reserve	\$ 95
• Fully committed retained earning	<u>\$ 505</u>
Total	\$ 8,956

IFAD Financial Profile (as at 31 December 2012)

in millions

Revenues	
• Interest on loans	\$ 49
• Income from investments	\$ 82
• Other	\$ 89
Total	\$ 222
Expenses	
• Staff and consultants	\$ (139)
• Office and general expenses	\$ (35)
• Grants (including DSF \$118 mln)	\$ (229)
• HIPC	\$ (28)
• Others	\$ (15)
• Reversal provision loan impairments losses	\$ 30
Total	\$ (428)
• Exchange rate movements	\$ (3)
• Provision ASMCS	\$ (15)
Surplus / (deficit) of revenues over expenses	\$ (224)

Cash Flow Projection



Controller's and Financial Services Division (CFS)

- Ensure all IFAD's financial transactions are properly, completely, and accurately recorded and reported, and are consistent with IFAD's authorities, policies and procedures including adequate internal control systems
- Accurate and timely internal and external financial reporting which reflects and captures all the Fund's transactions and reports, financial results and financial position
- Project Financial management: assessing and managing financial management risks in use of project funds for intended purposes, accurate and timely processing and follow up of loans and grants fund flows, project audit reports, and strengthening of financial management capacities in IFAD's projects and programmes.
- Financial and budgetary management of extra-budgetary funds and hosted entities
- Liaises with the external auditors and the Audit Committee of the Executive Board

Loans and Grant Administration (as of 31 December 2012)

Number of Loans and Grants		
Active Loans	Active Grants	Active DSF Grants
287	566	98
Loans & Grant Disbursements (1 January – 31 December 12)		
Region	Amount paid (\$ thousands)	# of transactions
APR	203,269	556
ESA	190,763	545
LAC	75,829	184
NEN	82,678	248
WCA	144,361	992
Total Loans & DSF Grants	696,900	2,525
Grants Disbursements (exc. DSF)	93,341	310

Treasury Services Division (TRE)

- Safeguard and ensure optimal management of IFAD's resources through investments and cash operations by formulating and implementing policies/strategies in the context of IFAD's Investment Policy Statement (IPS) and Financial Regulations.
- Ensure prompt availability of cash for IFAD operations through prudent liquidity management.
- Oversee the integrity of the Fund's daily investment and cash operations in line with corporate risk management standards and IPS risk limits.
- Manage (internally and externally) the investments and cash of extra budgetary funds, hosted entities and trust funds in line with IPS and specific investment guidelines.
- Continue active engagement in the UN wide initiative for the harmonisation and efficiency enhancement of treasury operations.

Investment and Cash Management of TRE

(as at 31 December 2012)

Overall funds \$3.0B (investments and cash):

- IFAD's portfolio: Total \$2.3B
- Other funds: \$0.7B in various trust funds including supplementary programs

Internally and externally managed funds:

- Internally managed: \$1.2B (\$0.6B for IFAD + \$0.6B for other funds) i.e. 40% of funds
- Externally managed: \$1.8B (\$1.7B for IFAD + \$0.1B for other funds) i.e. 60% of funds

Cash transactions:

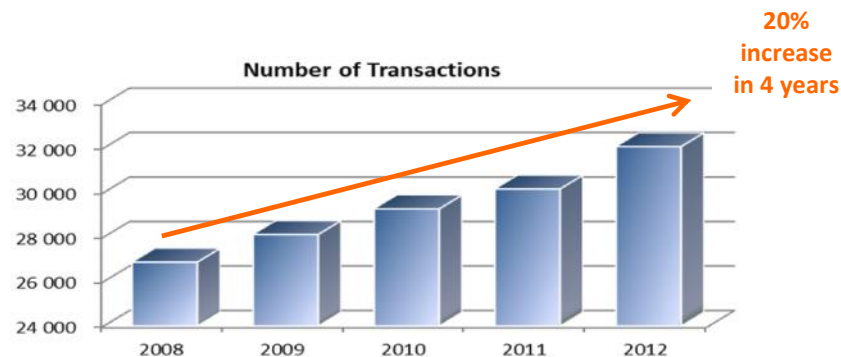
- Significant increase in line with POW growth
- Yearly volume of cash operations: \$ 5.2B for IFAD resources and \$2.2B for non-IFAD resources in 2012

Operational cash and liquidity management : Rapid growth of Treasury's core activities due to increase of PoLG and other funding sources

Operational Cash Management

	USD Bln		
	Year 2010	Year 2011	Year 2012
Total Volume of Cash Transactions	4.5	6.0	7.4
<i>of which</i>			
IFAD	2.9	3.9	5.2
Non-IFAD	1.6	2.1	2.2

* Supplementary, Trust Funds, Other entities



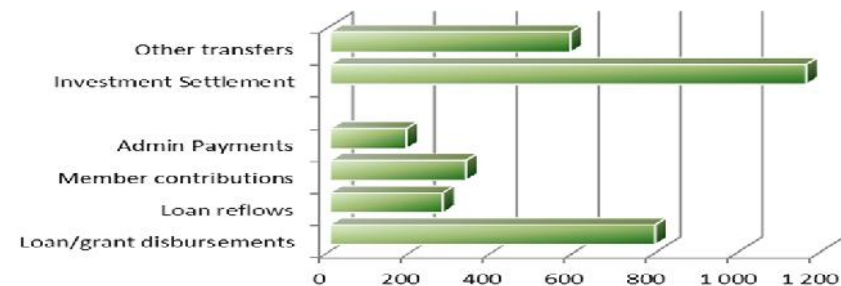
- Total volume of cash transactions steadily increasing (64% over 8th Repl. Period)
- Stable growth of non-IFAD Funds (including Trust Funds) reflecting alternative funding sources
- Number of transactions reflects PoLG increase (record high in 2012, above 32K transactions)

Operational Liquidity Management

Operational Balances (as at 31Dec2012)



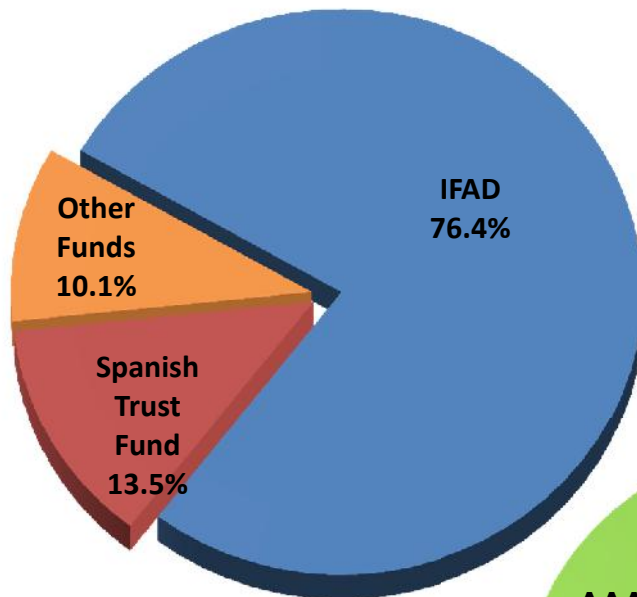
* Policy's Operational Cash allocation equals 7% of total investment portfolio



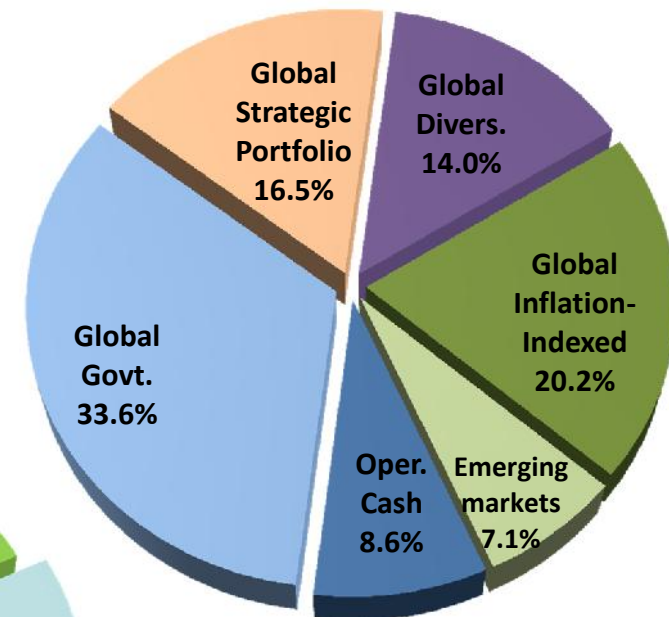
- Operational liquidity management (IFAD and non-IFAD): more than 60 accounts in 4 currencies
- Enhanced risk management tools/measures used to guarantee availability of liquidity at all times
- Investment of undisbursed balances targeted to each underlying activity

Investments Composition (as at 31 December 2012)

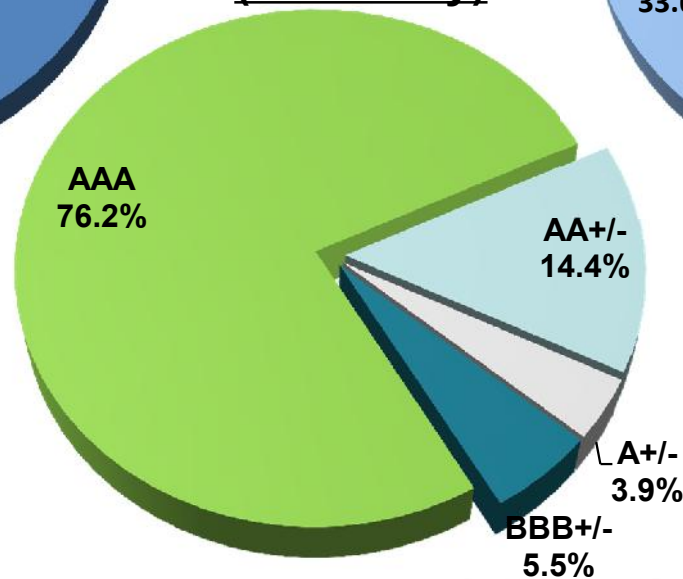
Overall investments and cash



Asset allocation* (IFAD only)



Credit quality (IFAD only)



* Current investment policy weights:

- Operational cash 7%;
- Global government bonds 36%;
- Global strategic portfolio (with liquidity buffer) 17%;
- Global diversified fixed-income 13%;
- Global inflation-indexed bonds 20%;
- Emerging market debt 7%.

Financial Planning & Analysis Unit

Monitor Investment Portfolio

- Formulate and implement, in close collaboration with TRE, financial policies and procedures including investment policy and minimum liquidity requirement
- Monitor and manage investment portfolio risk in line with risk-budget framework as set out in IFAD's Investment Policy Statement (IPS) and Internal Control Framework for Investments
- Investment Portfolio analysis and reporting on IFAD and non-IFAD (hosted entities) investment performance to Executive Board, FALCO, FISCO and Senior Management
- Monitor currency hedging, recommending appropriate rebalancing measures

Financial Planning & Analysis Unit

Long term financial planning

- Analyse and project the long-term financial trends of the Fund (cash flows, resources available for commitment, required resources) through IFAD's Financial Model
- Ad hoc decision support e.g. support additional resource mobilisation activities
- Support replenishment consultations providing appropriate financial scenarios and analysis

Thank you for your attention

