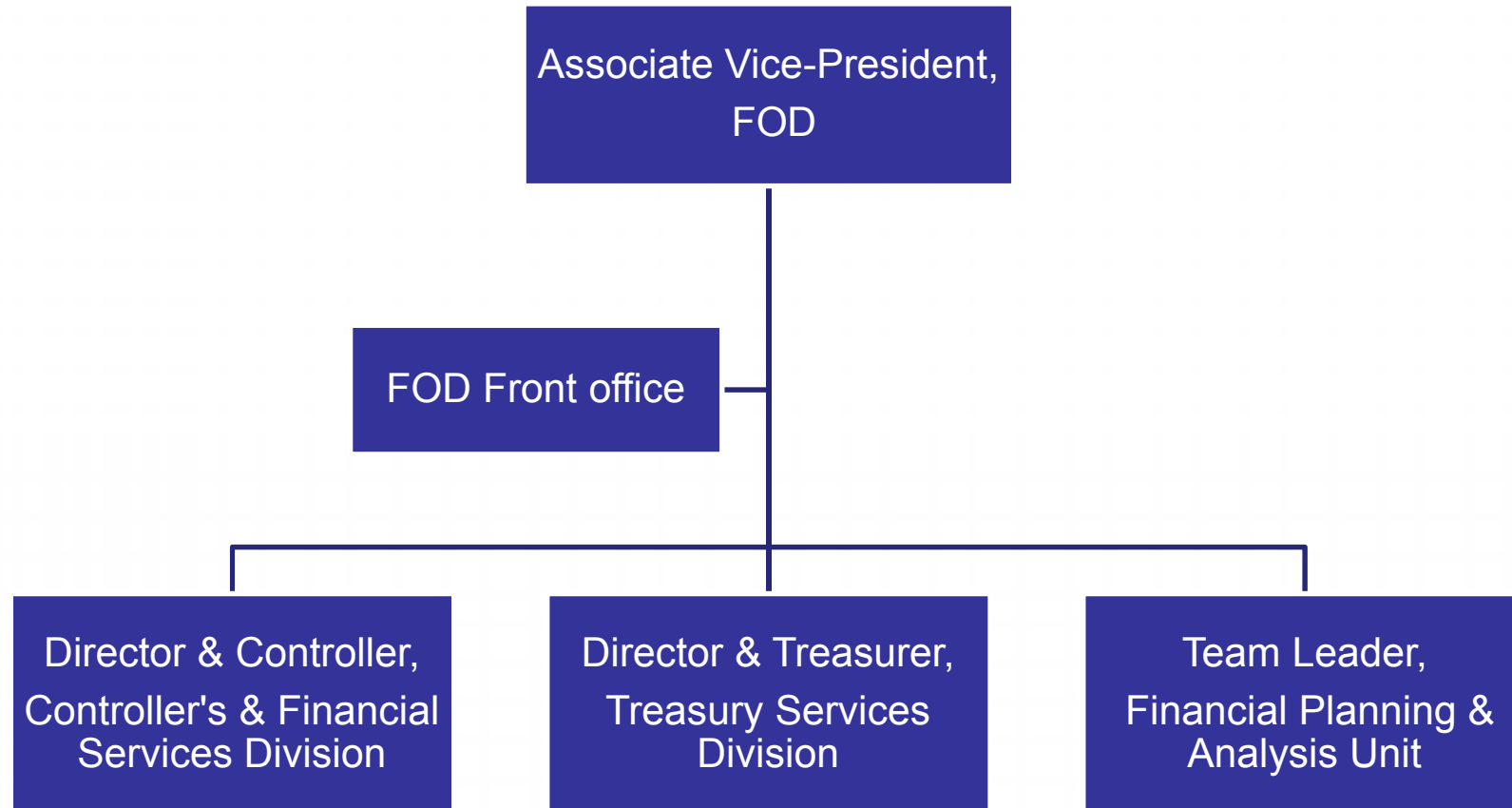




Financial Operations Department IFAD's Corporate Induction Seminar

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FOD Organigramme



FOD Responsibilities

- Custodian of IFAD's assets and governance
 - Safeguards the resources used and available for operations and manages cash flows through prudent processes and management; appropriate international standards 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 2013)

in millions

Assets

• Cash and investments	\$	2,706
• Loans outstanding	\$	5,053
• Other (mainly contributions receivable)	\$	<u>1,315</u>
Total	\$	9,074

Liabilities

• Payables and liabilities	\$	169
• Undisbursed grants	\$	313
• Trust Fund Borrowing	\$	396
• Deferred revenues (mainly Sup. Funds Contr.)	\$	<u>593</u>

Shareholders Funds

• Replenishment contributions	\$	7,316
• General reserve	\$	95
• Fully committed retained earnings	\$	<u>193</u>
Total	\$	9,074



Investing in rural people

IFAD Financial Profile (as at 31 December 2013)

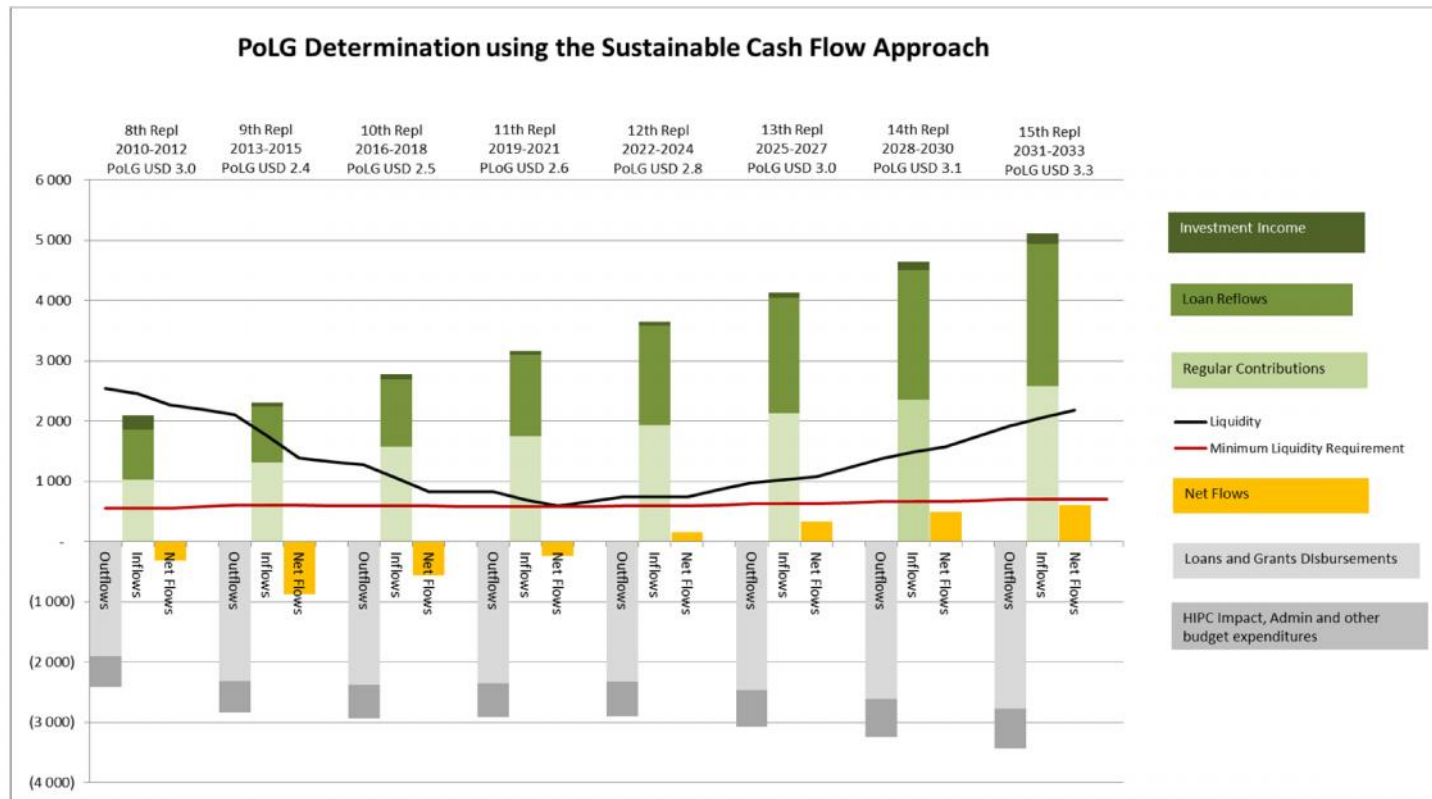
in millions

Revenues	
• Interest on loans	49
• Loss from investments	(17)
• Other	<u>115</u>
Total Revenues	147
Expenses	
• Staff and consultants	(144)
• Office and general expenses	(33)
• Grants (including DSF \$118 mln)	(252)
• HIPC	29
• Others	(12)
Total Expenses	<u>(412)</u>
Total Revenue Less Expenses	(265)
• Exchange rate movements	17
• Fair value Adjustment	(71)
• Provision ASMCS	7
Surplus / (deficit) of revenues over expenses	(312)



Investing in rural people

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 at 31 December 2013)

Number of Loans and Grants		
Active Loans	Active Grants	Active DSF Grants
255	417	94
Loans & Grant Disbursements (1 January – 31 December 13)		
Region	Amount paid (\$ thousands)	# of transactions
APR	182,990	381
ESA	184,097	394
LAC	68,074	178
NEN	79,771	251
WCA	130,316	591
Total Loans & DSF Grants	645,248	1,795
Grants Disbursements (exc. DSF)	78,310	337
Total	723,558	2,132

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 2013)

Overall funds \$2.7B (investments and cash):

- IFAD's portfolio: Total \$2B
- Other funds: \$0.7B in various trust funds including supplementary programs

Internally and externally managed funds:

- Internally managed: \$1.1B i.e. 41% of funds
- Externally managed: \$1.6B i.e. 59% of funds

Cash transactions:

- Significant increase in line with POW growth
- Yearly volume of cash operations: \$ 5.2B for IFAD resources and \$1.8B for non-IFAD resources in 2013

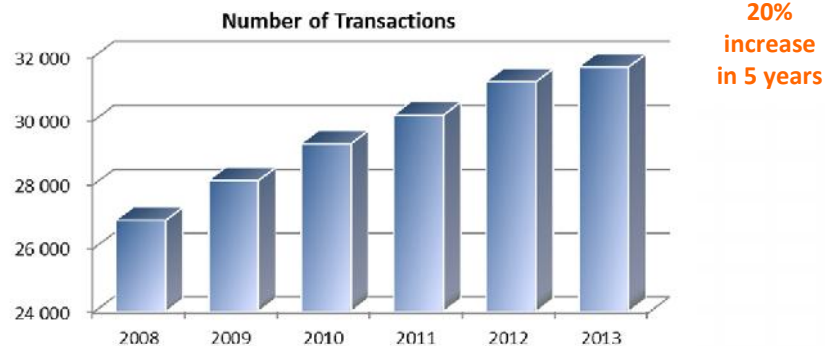
Operational cash and liquidity management: Rapid growth of Treasury's core activities due to increase of PoLG and other funding sources

Operational Cash Management

USD Bln

	Year 2010	Year 2011	Year 2012	Year 2013
Total Cash Flow (USD Bln)	4.5	6.0	7.4	7.0
Of which				
IFAD (USD Bln)	2.9	3.9	5.2	5.2
Other* (USD Bln)	1.6	2.1	2.2	1.8

* Supplementary, Trust Funds, Other entities



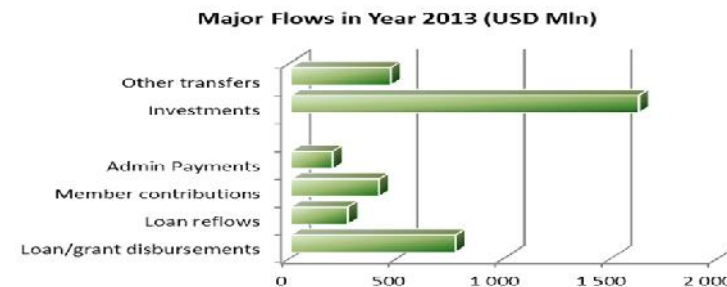
- Total volume of cash transactions steadily increasing (64% over 8th Repl.), stable thereafter
- Stable growth of non-IFAD Funds (including Trust Funds) reflecting alternative funding sources
- Steady increase in number of transactions reflects PoLG increasing level

Operational Liquidity Management

Operational Balances (as at 31Dec2013)



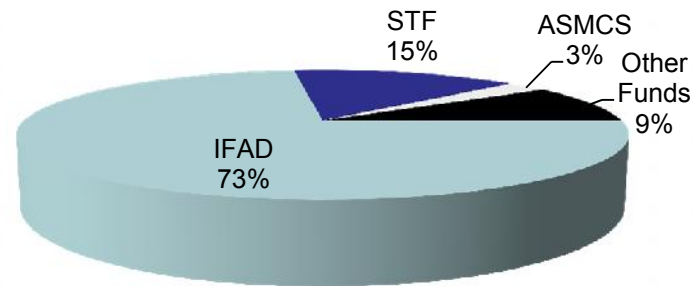
■ IFAD ■ Other Funds



- 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 2013)

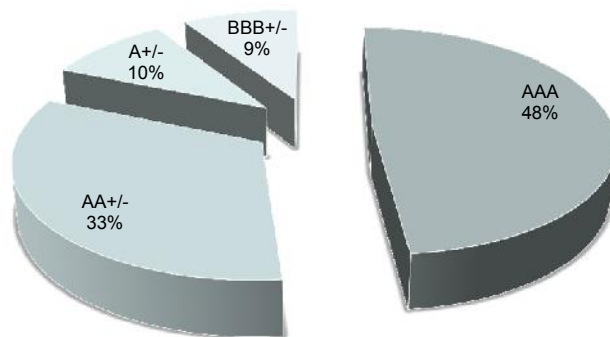
Total investments incl. operational cash



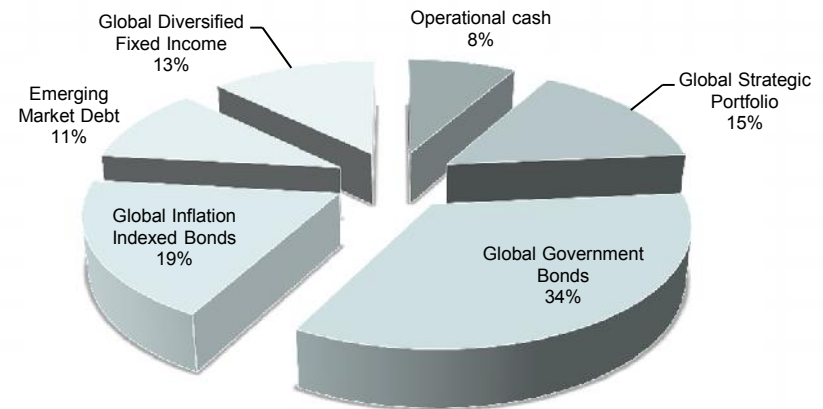
Minimum credit rating requirements:

Global Government Bond	AA-
Global Inflation Indexed Bonds	AA-
Emerging Market Debt	BBB-
Corporate Bonds	A-

Credit quality IFAD only



Asset Allocation



Financial Planning & Analysis Unit

1. Performs risk and compliance monitoring and management of the investment portfolio in line with IFAD's risk monitoring framework.
2. Analyses the long-term financial trends of the Fund through IFAD's Financial Model
3. Provides analytics and reporting to internal and external parties on all investment portfolio related aspects.
4. Monitors currency hedging, recommending appropriate rebalancing measures
5. Formulate and implement, in close collaboration with TRE, financial policies and procedures including investment policy and minimum liquidity requirement

Financial Planning & Analysis Unit

Long term financial projections

- 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 financial scenarios and analysis

Thank you for your attention

