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Enabling poor rural people  
to overcome poverty

## **Consolidated financial statements of IFAD as at 31 December 2011**

**Including a Management assertion report on the  
effectiveness of internal controls over financial reporting**

### **Note to Executive Board representatives**

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Executive Board — 105<sup>th</sup> Session  
Rome, 3-4 April 2012

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**For: Approval**

## Recommendation for approval

The Executive Board is invited to approve the following decision:

“In accordance with regulation XII(6) of the Financial Regulations of IFAD, the Executive Board considered the consolidated financial statements of IFAD as at 31 December 2011 and the report of the external auditor thereon and agreed to submit them to the Governing Council at its thirty-sixth session in February 2013 for approval.”

## Consolidated financial statements of IFAD as at 31 December 2011

1. The Executive Board is invited to consider the attached consolidated financial statements of IFAD (appendices A to K), and the report of the external auditor, for submission to the Governing Council for approval.
2. In accordance with article 6, section 11, of the Agreement Establishing IFAD, the consolidated financial statements will form part of IFAD’s 2011 Annual Report. As in previous years, a note will be inserted to the effect that the statements have been submitted by the Executive Board to the Governing Council with a recommendation for their approval.
3. The consolidated financial statements for 2011 are scheduled for a detailed review at the meeting of the Audit Committee to be held in March 2012. The Chairperson of the Audit Committee will make a formal report to the 105<sup>th</sup> session of the Executive Board on the Committee’s conclusions with respect to these statements.

### A. Management commentary

4. This section provides an explanation of the financial statements in the context of the current strategic and operational direction and initiatives of the Fund and the external financial environment. It is intended to assist the reader in interpreting the financial statements and gaining a full understanding of the Fund’s financial situation.

#### The external financial environment

5. Overall, bank and market reference rates in special drawing rights (SDR) currencies were on average slightly higher in 2011 than in 2010. Most government bond and corporate yields were decreasing in 2011 which impacted the investment income positively for the period. The related impact was felt on income as well as on the balance sheet valuation of long-term assets and liabilities, which are stated at fair value or net present value (NPV).
  - The sovereign credit crisis that affected primarily certain European countries in 2011 had only an indirect impact on IFAD, through the trend in rising yields on certain government bonds. IFAD’s direct exposure to downgraded securities was minimal, and the value of the portfolio was generally shielded by the high quality of the holdings. The investment income for the year of US\$110.8 million represents a rate of return of 3.45 per cent, which is higher than the 3.26 per cent return achieved in 2010. IFAD investments are predominantly held in government bonds, which are valued at market prices, and the decreasing yields led to higher market values.

- Loan interest income was also slightly higher since the IFAD reference interest rate (the basis for interest charged on loans on ordinary and intermediate lending terms) is a weighted average of the SDR currencies' short-term rates, which were higher in 2011 than in 2010. Table 1 below charts the interest earned against prevailing interest rates.

Table 1

	2011			2010		
	<i>Highly concessional</i>	<i>Intermediate</i>	<i>Ordinary</i>	<i>Highly concessional</i>	<i>Intermediate</i>	<i>Ordinary</i>
Interest rate first semester	0.75%	0.53%	1.065	0.75%	0.46%	0.92%
Interest rate second semester	0.75%	0.65%	1.30%	0.75%	0.55%	1.1%
Interest income	US\$55.0 million			US\$50.7 million		

- The fair value (NPV) of long-term assets and liabilities relates mainly to outstanding loans (92.8 per cent of which are on highly concessional terms), undisbursed grants and contributions receivable. The discount rate applied is based on market rates, and was slightly lower on average in 2011. Consequently, the write-down (fair value adjustment) of the nominal value of loans and other assets such as contributions receivable was higher than in 2010, leading to a net negative movement in NPV for the year (note 25).
  - The decrease in After-Service Medical Coverage Scheme liabilities from US\$56.2 million to US\$51.8 million is almost entirely attributable to the adoption of new assumptions for medical claims as the result of a common study among the Rome-based United Nations agencies (note 21).
6. The IFAD reporting currency, the United States dollar, appreciated against the SDR currencies during 2011 with a slight weakening towards the end of the year. This affected the result for the year in two ways: (i) higher reported expenditure for expense items incurred mainly in euros, such as staff costs (the bulk of which are linked to the euro); and (ii) overall exchange losses through the retranslation of asset and liability balances from SDR currencies to the United States dollar at year-end (IFAD has a positive net asset position in non-United States dollar assets, since the main asset categories – outstanding loans and the investment portfolio – are either denominated in or aligned to the SDR currency mix). The overall effect was a negative US\$64.5 million – IFAD-only.

#### **IFAD operational activities**

7. With the approval of the Eighth Replenishment resolution by the Governing Council, IFAD was given the resources and the mandate to accelerate global investment in smallholder development. As a result of the 50 per cent increase in the level of new loan and grant commitments during the period 2010 to 2012, IFAD's activities grew significantly by volume in 2011. IFAD approved loans and grants for a record high of US\$987.2 million, a 15 per cent increase over 2010. The impact of the increasing volume of operational activities is reflected in the items shown in table 2, which are directly linked to figures extracted from the financial statements.

Table 2  
**Loan and grant flows and balances**  
(Millions of United States dollars)

	2011	2010
Approved loans	720.8	645.5
Loans outstanding	5 804.8	5 536.1
Undisbursed grants	93.8	78.5
Loan disbursements	549.7	457.6
DSF disbursements	76.3	39.4
Grant disbursements	42.2	39.9
Loan principal repayments	287.0	219.7

8. The increase in the programme of work directly supervised by IFAD has continued to have an impact on overall costs, leading to a modest increase over the prior period in consultancy fees, as well as the cost of establishing and maintaining IFAD country offices.
9. Country office administration is managed through service agreements, mainly with the United Nations Development Programme (UNDP), the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP). The cost of the increased staffing in country offices was contained as local remuneration conditions generally apply, and these are significantly lower than at IFAD headquarters.

#### **IFAD financing activities**

10. The approval of the Eighth Replenishment resolution in February 2009 and its entry into effect the same year led to the vast majority of instruments of contribution being deposited in 2009. This is reflected in the significant increase in equity contributions between 2009 and 2010 (US\$334 million) and the comparatively smaller increase between 2010 and 2011 (US\$104 million).
11. Ninth Replenishment consultations were conducted in 2011 and a target of US\$1.5 billion was established at the December 2011 session. Ninth Replenishment contributions already received amount to US\$5.65 million, as reported in appendix G.
12. Contributions from non-replenishment sources were slightly higher in 2011 in terms of cash received. Contributions received include US\$27.6 million received from Member States for the Haiti Debt Relief Initiative. This amount is included in the deferred revenue figure of US\$98.5 million as the debt relief will be applied in future periods.

#### **Financial situation of the Fund – IFAD-only**

13. As at 31 December 2011, the liquidity position of the Fund remained very strong, with sufficient liquid assets to cover projected disbursement needs for more than two years. The level of the General Reserve, which is set up to cover the risk of over commitment of resources, was assessed by the Audit Committee and the Executive Board in 2010 and found to be adequate at US\$95.0 million.
14. The long-term financial viability of the Fund is monitored closely through an asset liability model and evaluated by IFAD's Member States during replenishment consultations.

**B. Specific annotations for the financial statements' captions  
Consolidated and IFAD-only balance sheet (appendix A)**

15. The following observations are made:
- (a) The consolidated cash and investment portfolio, including investment receivables and payables, decreased from US\$3,155.8 million as at 31 December 2010 to US\$3,114.8 million as at 31 December 2011 (see note 4).
  - (b) Loans outstanding net of accumulated allowances for loan impairment losses and the Heavily Indebted Poor Countries Debt Initiative (HIPC) increased from US\$4,152.3 million as at 31 December 2010 to US\$4,455.5 million as at 31 December 2011 (fair value basis).
  - (c) Contributions to regular resources net of provisions increased from US\$6,157.9 million as at 31 December 2010 to US\$6,261.5 million as at 31 December 2011 (fair value basis).

**Consolidated and IFAD-only statement of comprehensive income  
(appendix B) and IFAD-only statement of operating expenses  
(appendix K)**

16. The following observations are made:
- (a) Income from interest and service charges on loans amounted to US\$55.0 million in 2011, compared with US\$50.7 million in 2010. Excluding interest and service charges on loans with arrears in excess of 180 days, the amount in 2011 was US\$1.6 million (2010: US\$1.9 million) (note 9).
  - (b) Gross income from cash and investments totalled US\$110.8 million in 2011, compared with US\$85.4 million in 2010 on a consolidated basis. Direct charges against investment income amounted to US\$3.7 million in 2011, compared with US\$4.4 million in 2010 on a consolidated basis (see note 24).
  - (c) A separate analysis of the principal sources of funding of IFAD-only costs is found in appendix K.
  - (d) IFAD has been participating in HIPC since 1997. As shown in appendix I, the total cumulative cost of debt relief approved by the Executive Board was US\$574.1 million in nominal terms as at 31 December 2011, and the debt relief provided to that date amounted to US\$282.7 million in terms of principal and US\$97.6 million in interest.
  - (e) Operating results for the year 2011 show an overall deficit or total comprehensive loss of US\$157.0 million. This is after taking into account unrealized losses on currency exchange movements amounting to US\$64.5 million. This is an accounting book loss that relates mainly to the revaluation of SDR-denominated loan balances in IFAD's reporting currency, the United States dollar, at the balance sheet date, and by no means represents actual financial or cash loss or depletion of IFAD's operating resources. Another accounting book adjustment affecting operating results is the fair value adjustment to IFAD's loan portfolio amounting to US\$33.7 million, which was needed to comply with international financial reporting standards. The year under review also saw an overall rise in both operating and other expenditure, mainly in the areas of staff costs, DSF and grants expenses, together with a modest increase in total revenues.

## **Consolidated financial statements**

For the year ended 31 December 2011

<b>Appendix A</b>	Consolidated and IFAD-only balance sheet
<b>Appendix B</b>	Consolidated and IFAD-only statement of comprehensive income
<b>Appendix B1</b>	Consolidated and IFAD-only statement of changes in retained earnings
<b>Appendix C</b>	Consolidated cash-flow statement
<b>Appendix D</b>	Notes to the consolidated financial statements
<b>Appendix D1</b>	Statement of complementary and supplementary contributions and unspent funds
<b>Appendix E</b>	Statement of IFAD-only resources available for commitment

### **Report of the external auditor**

#### **Management assertion report on the effectiveness of internal controls over financial reporting**

<b>Appendix F</b>	IFAD-only balance sheet at nominal value in United States dollars and retranslated in special drawing rights
<b>Appendix G</b>	Statement of contributions
<b>Appendix H</b>	Statement of loans
<b>Appendix H1</b>	IFAD-only statement of grants
<b>Appendix H2</b>	IFAD-only Debt Sustainability Framework
<b>Appendix I</b>	Summary of the Heavily Indebted Poor Countries Debt Initiative
<b>Appendix J</b>	Summary of the Haiti Debt Relief Initiative
<b>Appendix K</b>	IFAD-only statement of operating expenses

These consolidated 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 D) form an integral part of the financial statements.

**Consolidated and IFAD-only balance sheet**

As at 31 December 2011 and 2010 (Thousands of United States dollars)

<i>Assets</i>	<i>Consolidated</i>		<i>IFAD-only</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
Cash on hand and in banks (note 4)	390 269	716 363	233 725	219 788
Investments (note 4)	2 766 238	2 508 252	2 263 016	2 371 260
Contributors' promissory notes (note 5)	295 610	438 775	295 610	422 250
Contributions receivable (note 5)	381 837	478 509	192 549	328 468
Less: provisions (note 6)	(168 548)	(168 448)	(168 548)	(168 448)
Net contribution and promissory notes receivables	508 899	748 836	319 611	582 270
Other receivables (note 7)	141 936	103 096	275 811	231 777
Fixed assets (note 8)	3 755	3 458	3 755	3 458
Loans outstanding (note 9 and appendix H)	4 532 672	4 257 358	4 532 672	4 257 358
Less: accumulated allowance for loan impairment losses (note 9(a))	(23 366)	(24 099)	(23 366)	(24 099)
Less: accumulated allowance for the Heavily Indebted Poor Countries (HIPC) Debt Initiative (note 11(b) and appendix I)	(53 768)	(80 937)	(53 768)	(80 937)
Net loans outstanding	4 455 538	4 152 322	4 455 538	4 152 322
<b>Total assets</b>	<b>8 266 635</b>	<b>8 232 327</b>	<b>7 551 456</b>	<b>7 560 875</b>
<i>Liabilities and equity</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
<b>Liabilities</b>				
Payables and liabilities (note 12)	280 991	268 594	287 718	279 374
Undisbursed grants (note 14)	315 016	263 729	93 846	78 462
Deferred revenues (note 13)	208 457	177 342	98 497	78 303
Trust fund borrowing (note 15)	376 273	383 026	0	0
<b>Total liabilities</b>	<b>1 180 737</b>	<b>1 092 691</b>	<b>480 061</b>	<b>436 139</b>
<b>Equity</b>				
Contributions				
Regular	6 241 199	6 137 537	6 241 199	6 137 537
Special	20 349	20 349	20 349	20 349
<b>Total contributions (appendix G)</b>	<b>6 261 548</b>	<b>6 157 886</b>	<b>6 261 548</b>	<b>6 157 886</b>
General Reserve	95 000	95 000	95 000	95 000
Retained earnings	729 350	886 750	714 847	871 850
<b>Total equity</b>	<b>7 085 898</b>	<b>7 139 636</b>	<b>7 071 395</b>	<b>7 124 736</b>
<b>Total liabilities and equity</b>	<b>8 266 635</b>	<b>8 232 327</b>	<b>7 551 456</b>	<b>7 560 875</b>

The accompanying notes in appendix D form an integral part of these financial statements.

**Consolidated statement of comprehensive income**

For the years ended 31 December 2011 and 2010 (Thousands of United States dollars)

	2011	2010
<b>Revenues</b>		
Income from loans	54 964	50 668
Income from cash and investments (note 17)	110 838	85 448
Income from other sources (note 18)	13 535	10 035
Income from contributions (note 19)	133 541	142 873
<b>Total revenues</b>	<b>312 878</b>	<b>289 024</b>
<b>Operating expenses (note 20)</b>		
Staff salaries and benefits (note 21)	(94 561)	(80 820)
Office and general expenses	(38 311)	(34 343)
Consultants and other non-staff costs	(40 035)	(39 410)
Cooperating institutions	(3 173)	(3 151)
Direct bank and investment costs (note 24)	(3 715)	(4 355)
<b>Subtotal operating expenses</b>	<b>(179 795)</b>	<b>(162 092)</b>
Loan interest expenditures	(6 060)	(13)
Reversal of allowance for loan impairment losses (note 9(a))	12 060	2 187
Debt Initiative for HIPC income/(expenses) (note 26)	56 445	(25 127)
Grant expenses (note 22)	(178 826)	(172 583)
DSF expenses (note 23)	(76 331)	(39 378)
Depreciation (note 8)	(910)	(615)
<b>Total expenses</b>	<b>(373 417)</b>	<b>(397 608)</b>
<b>(Deficit)/Excess revenue over expenses before fair value adjustments</b>	<b>(60 539)</b>	<b>(108 584)</b>
Adjustment for changes in fair value (note 25)	(35 666)	28 274
<b>(Deficit)/Excess revenue over expenses</b>	<b>(96 205)</b>	<b>(80 310)</b>
<b>Other comprehensive income/(loss):</b>		
Losses from currency exchange movements (note 16)	(69 150)	(43 342)
Change in provision for After-Service Medical Coverage Scheme (ASMCS) benefits (note 21)	7 955	10 600
<b>Total other comprehensive income/(loss)</b>	<b>(61 195)</b>	<b>(32 742)</b>
<b>Total comprehensive income/(loss)</b>	<b>(157 400)</b>	<b>(113 052)</b>

The accompanying notes in appendix D form an integral part of these financial statements.



**IFAD-only statement of comprehensive income**

For the years ended 31 December 2011 and 2010 Thousands of United States dollars)

	2011	2010
<b>Revenues</b>		
Income from loans	54 964	50 667
Income from cash and investments (note 17)	97 979	84 271
Income from other sources (note 18)	15 283	14 412
Income from contributions (note 19)	1 216	24
<b>Total revenues</b>	<b>169 442</b>	<b>149 374</b>
<b>Operating expenses (note 20)</b>		
Staff salaries and benefits (note 21)	(90 691)	(77 880)
Office and general expenses	(35 746)	(32 404)
Consultants and other non-staff costs	(36 282)	(34 496)
Cooperating institutions	(2 070)	(2 377)
Direct bank and investment costs	(3 616)	(4 288)
<b>Subtotal operating expenses</b>	<b>(168 405)</b>	<b>(151 445)</b>
Reversal of allowance for loan impairment losses (note 9(a))	12 060	2 187
Debt Initiative for HIPC income /(expenses) (note 26)	56 445	(25 127)
Grant expenses (note 22)	(59 017)	(43 337)
DSF expenses (note 23)	(76 331)	(39 378)
Depreciation (note 8)	(910)	(615)
<b>Total expenses</b>	<b>(236 158)</b>	<b>(257 715)</b>
<b>(Deficit)/Excess revenue over expenses before fair value adjustments</b>	<b>(66 716)</b>	<b>(108 341)</b>
Adjustment for changes in fair value (note 25)	(33 726)	27 103
<b>(Deficit)/Excess revenue over expenses</b>	<b>(100 442)</b>	<b>(81 238)</b>
<b>Other comprehensive income/(loss):</b>		
Losses from currency exchange movements	(64 516)	(34 728)
Change in provision for After-Service Medical Coverage Scheme (ASMCS) benefits (note 21)	7 955	10 600
<b>Total other comprehensive income/(loss)</b>	<b>(56 561)</b>	<b>(24 128)</b>
<b>Total comprehensive income/(loss)</b>	<b>(157 003)</b>	<b>(105 366)</b>

The accompanying notes in appendix D form an integral part of these financial statements.

**Consolidated statement of changes in retained earnings**

For the years ended 31 December 2011 and 2010 (Thousands of United States dollars)

	<i>Total retained earnings</i>
<b>Retained earnings as at 31 December 2009</b>	<b>999 802</b>
(Deficit)/Excess revenue over expenses	(80 310)
Total other comprehensive income/(loss)	(32 742)
<b>Retained earnings as at 31 December 2010</b>	<b>886 750</b>
(Deficit)/Excess revenue over expenses	(96 205)
Total other comprehensive income/(loss)	(61 195)
<b>Retained earnings as at 31 December 2011</b>	<b>729 350</b>

**IFAD-only statement of changes in retained earnings**

For the years ended 31 December 2011 and 2010 (Thousands of United States dollars)

	<i>Total retained earnings</i>
<b>Retained earnings as at 31 December 2009</b>	<b>977 216</b>
(Deficit)/Excess revenue over expenses	(81 238)
Total other comprehensive income/(loss)	(24 128)
<b>Retained earnings as at 31 December 2010</b>	<b>871 850</b>
(Deficit)/Excess revenue over expenses	(100 442)
Total other comprehensive income/(loss)	(56 561)
<b>Retained earnings as at 31 December 2011</b>	<b>714 847</b>

The accompanying notes in appendix D form an integral part of these financial statements.

**Consolidated cash-flow statement**

For the years ended 31 December 2011 and 2010 (Thousands of United States dollars)

	2011	2010
<b>Cash flows from operating activities</b>		
Interest received from loans	52 600	54 938
Receipts for non-replenishment contributions	163 193	71 886
Miscellaneous (payments)/receipts	25 465	(27 072)
Payments for operating expenses and other payments	(174 963)	(156 996)
Grant disbursements (IFAD)	(42 244)	(39 873)
Grant disbursements (supplementary funds)	(88 759)	(92 175)
DSF project disbursements	(76 331)	(39 378)
Transfer to restricted cash	(1)	(451)
<b>Net cash flows generated from operating activities</b>	<b>(141 040)</b>	<b>(229 121)</b>
<b>Cash flows from investing activities</b>		
Loan disbursements	(549 682)	(457 577)
Loan principal repayments	234 996	219 708
New HTM investments	(424 329)	0
Receipts from /(payments for) investments	57 509	74 880
<b>Net cash used in investing activities</b>	<b>(681 506)</b>	<b>(162 989)</b>
<b>Cash flows from financing activities</b>		
Receipts for replenishment contributions	356 319	320 493
Receipts for trust fund borrowing	(13)	383 013
<b>Net cash used in financing activities</b>	<b>356 306</b>	<b>703 506</b>
<b>Effects of exchange rate movements on cash and cash equivalents</b>	<b>(16 964)</b>	<b>8 892</b>
<b>Net (decrease)/increase in unrestricted cash and cash equivalents</b>	<b>(483 204)</b>	<b>320 288</b>
Unrestricted cash and cash equivalents at beginning of year	2 825 260	2 504 972
<b>Unrestricted cash and cash equivalents at end of year</b>	<b>2 342 056</b>	<b>2 825 260</b>
<b>COMPOSED OF:</b>		
Unrestricted cash	389 764	715 856
Unrestricted investments excluding held-to-maturity and payables control accounts	1 952 292	2 109 404
<b>Cash and cash equivalents at end of year</b>	<b>2 342 056</b>	<b>2 825 260</b>

The accompanying notes in appendix D form an integral part of these financial statements.

**Notes to the consolidated financial statements****NOTE 1****BRIEF DESCRIPTION OF THE FUND AND THE NATURE OF OPERATIONS**

The International Fund for Agricultural Development (herein after 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 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 certain financial assets and liabilities which are measured at fair value and amortized cost using the effective interest method. Information is provided separately in the financial statements for entities where this is deemed of interest to the readers of the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise 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 3.

**(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)
- IFAD Fund for Gaza and the West Bank (FGWB)
- Other supplementary funds, including technical assistance grants, cofinancing, associate professional officers (APOs) and programmatic and thematic supplementary funds; the Belgian Fund for Food Security Joint Programme (BFFS.JP); and 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
- Administrative account for Haiti Debt Relief Initiative (Haiti Debt Relief Initiative)
- Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund)

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 among these entities have been eliminated. Additional financial data for funds are drawn up as and when requested to meet specific donor requirements.

The BFFS.JP programme of work – unlike that of other entities housed at IFAD – is prepared by IFAD and agreed with the Government of Belgium at an annual meeting of the steering committee. BFFS.JP is complementary to IFAD and forms part of its core activities.

**Entities housed at IFAD.** These entities do not form part of the core activities of the Fund and, as such, are not consolidated. These entities are the International Land Coalition (ILC) (formerly called the Popular Coalition to Eradicate Hunger and Poverty), the High Level Task Force (HLTF) on the Global Food Security Crisis and the Global Mechanism of the United Nations Convention to Combat Desertification.

**(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. 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 recognized in the statement of comprehensive income.

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 and revenue and expenditures are translated at the closing rate.
- All resulting exchange differences are recognized as a separate component of equity.

**(d) Measurement of financial assets and liabilities****• Equity**

This comprises the following three elements: **(i) contributions (equity); (ii) General Reserve; and (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, which 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, 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 in the balance sheet at their fair value in accordance with IAS39, at level 2 (see note 3).

(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 authorized by the Governing Council and was established in recognition of the need to cover the Fund's potential overcommitment risk as a result of exchange rate fluctuations and possible delinquencies in the 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 overcommitment as a result of a decrease in the value of assets caused by fluctuations in the market value of investments.

The General Reserve is subject to a review every three years in order to assess its adequacy.

(iii) Retained earnings

Retained earnings represent the excess of revenue over expenses net of the effects of changes in foreign exchange rates. For operational purposes, reference should be made to the statement of IFAD-only resources available for commitment (appendix F).

(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 or enters into force when conditions precedent to effectiveness or entry into force have been fulfilled. Upon signature, disbursement may commence.

All IFAD loans are approved and 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.

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 hardened 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 twenty (20) years, including a grace period of ten (10) years; (c) 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; (d) loans on ordinary terms shall have a rate of interest per annum equivalent to one hundred per cent (100 per cent) 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; and (e) 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 Gaza 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) Heavily Indebted Poor Countries (HIPC) Debt Initiative

IFAD participates in the International Monetary Fund/World Bank original and enhanced HIPC Debt Initiative as an element of IFAD's broader policy framework for managing operational partnerships with countries that face the risk of having arrears with IFAD 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. Amounts of debt service forgiven are expected to be reimbursed by the Trust Fund on a pay-as-you-go basis (i.e. relief is when debt service obligations become due) to the extent that resources are available in the fund.

The Executive Board approves each country's debt relief in net present value terms. The estimated nominal equivalent of the principal components of the debt relief is recorded under the accumulated allowance for the HIPC Debt Initiative, and as a charge to the HIPC Debt Initiative expenses in the statement of comprehensive income. The assumptions underlying these estimates are subject to periodic revision. Significant judgement has been used in the computation of the estimated value of allowances for the HIPC Debt Initiative.

The charge is offset and the accumulated allowance reduced by income received from external donors to the extent that such resources are available. The accumulated allowance for the HIPC Debt Initiative is reduced when debt relief is provided by the Trust Fund.

In November 2006, IFAD was granted access to the core resources of the World Bank HIPC Trust Fund, in order to assist in financing the outstanding debt relief once countries reach completion point. Financing is provided based on net present value calculation of their future debt relief flows.

(iv) Measurement of loans

In accordance with IAS39, loans are initially recognized at fair value on day one (full disbursement of the loan to the borrower) and subsequently measured at amortized cost using the effective interest method. The fair value is 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, at the time of loan closure (i.e. when the loan is fully disbursed) using a model. The discount rates are calculated with reference to the estimated forward interest curve for the year of closure based on the underlying currency of each loan. The discount factor applied is not adjusted for country credit risk because of the very low probability of default experienced by IFAD on its loan portfolio. 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. This fair value evaluation technique falls within level 2 (see note 3).

(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 followed that adopts a method similar to the benchmark used for the provisioning of Member States' contributions. This means that an allowance shall be made on loan instalments overdue by more than 24 months. 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 recognized 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 at amortized cost. Fair value is represented by the quoted market value at the balance sheet date (fair value at level 1, see note 3). 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. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The majority of derivatives are used as hedging instruments (although they do not qualify for hedging accounting) and therefore changes in the fair value of these derivative instruments are recognized immediately in the statement of comprehensive income.

**(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.

**(h) Contributions (non-equity)**

Contributions to non-replenishment resources are recorded as revenues in the period in which the related expenses occur. For project cofinancing activities, contributions received are recorded as revenues in the period in which the related grant becomes effective. Contributions relating to programmatic grants, APOs, BFFS.JP and other supplementary funds are recorded in the balance sheet as deferred revenues and are recorded as revenue by the amount of project-related expenses in the statement of comprehensive income. Where specified in the donor agreements, contributions received (including management fees) and interest earned thereon, for which no direct expenses 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 D1.

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

**(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 expenses on effectiveness of the approved amount and as a liability for undisbursed amounts at fair value in accordance with IAS39 (fair value at level 2, see note 3). Following the approval by the Executive Board of the revisions to the General Conditions for Agricultural Development Financing (April 2009), grants become effective on entry into force when a recipient has the right to incur eligible expenditures.

Cancellations of undisbursed balances are recognized as an offset to the expense in the period in which they occur.

**(j) Debt Sustainability Framework (DSF)**

Under the DSF, countries eligible for highly concessional lending receive financial assistance on a grant rather than a loan basis. Principal amounts forgone by IFAD are expected to be compensated on a pay-as-you-go basis (according to the underlying loan amortization schedule) by the Member State, while the interest is relinquished. Principal compensation will be negotiated during future replenishment consultations. DSF financing is subject to IFAD's General Conditions for Agricultural Development Financing. DSF projects are implemented over an extended time horizon and its financing is recognized as expenditure in the statement of comprehensive income in the period in which conditions for the release of funds to the recipient are met.

**(k) Borrowing under Spanish Food Security Cofinancing Facility Trust Fund**

The Spanish Trust Fund was established in 2010. On 31 December 2010, it received EUR 285.5 million (US\$383.0 million) from Spain on a loan basis. This liability is accounted at fair value, level 2 (see note 3). The funds will be used to provide loans to IFAD borrowers in accordance with IFAD procedures (with the exception of DSF countries).

Repayments by the Trust Fund will be aligned to the loan repayments received from borrowing countries over 45 years, with a five-year grace period. The interest rate to be paid to Spain will be a variable 12-month Euribor rate. The interest will be paid to Spain by 15 January each year and is accounted on an accrual basis.

The liquidity available in the Spanish Trust Fund will be invested according to an investment policy that ensures that disbursement needs are met while generating adequate risk-adjusted return.

The excess investment income will be kept in a reserve account that will allow IFAD to manage risks.

In the event that it is determined that the Spanish Trust Fund lacks sufficient resources to meet its payment obligations, Spain will provide additional funds.

**(l) Employee schemes**

**(i) Pension obligations**

IFAD participates 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 Fund 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 statement of comprehensive income 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 organizations to actuarial risks associated with the current and former employees of other organizations, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. IFAD, like other participating organizations, is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has neither 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 the Food and Agriculture Organization of the United Nations (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. Since 2006, an independent valuation is performed on an annual basis.

In accordance with IAS19, IFAD has set up a trust fund into which it transfers the funding necessary to cover the actuarial liability.

**(m) 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.

**(n) 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.

**(o) Revenue recognition**

Service charge income and income from other sources are recognized as revenue in the period in which the related expenses are incurred (goods delivered or services provided).

**(p) Fixed assets – Intangible assets**

Major purchases of property, furniture and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of each item purchased as set out below:

- Permanent equipment fixtures and fittings 10 years
- Furniture 5 years
- Office equipment 4 years

Software development costs are capitalized as intangible assets if future economic benefits will flow to the organization. Depreciation is calculated on a straight-line basis over the estimated useful life of the software (two to five years). Leasehold improvements are capitalized as intangible assets. Depreciation is calculated on a straight-line basis over their estimated useful life (rental period of IFAD headquarters).

**(q) IFAD's 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 receipts 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.

(iii) 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 the financial reporting requirements of IAS39.

(iv) The Executive Board is authorized 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 2011, as in the past, because regular resources were not sufficient to meet loan and grant commitments.

A loan or a grant is considered to be committed when approved by the relevant authority. In particular, loans and large grants must be approved by the Executive Board. The Executive Board reviews a statement of resources available for commitment at every session to ensure that resources are available to finance the loans and grants presented for approval at the session or expected to be approved through the lapse-of-time procedure prior to the subsequent Board session.

**NOTE 3**

**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 amortized costs of loans, undisbursed grants, deferred revenues, promissory notes and contributions receivable.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

Financial assets and liabilities recorded at fair value on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1: Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Financial assets and liabilities whose values are based on quoted prices for similar assets or liabilities, or pricing models for which all significant inputs are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Financial assets or liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

(ii) HIPC Debt Initiative

Significant judgement has been used in the computation of estimated losses for the HIPC Debt Initiative and overdue loan repayments. Principal assumptions underlying the computations include the exchange rate between the SDR and the United States dollar, timing of eligibility of debt relief and the level of disbursements.

**(b) Critical judgement in applying accounting policies**

(i) Fair value accounting

Fair value accounting is required in order for IFAD to comply with International Financial Reporting Standards. Reconciliations between measurement at fair value and amortized cost using the effective interest method and nominal values have been provided with respect to loans, receivables, undisbursed grants and deferred revenues.



**NOTE 4****CASH AND INVESTMENT BALANCES****Analysis of balances (consolidated)**

<i>Thousands of United States dollars</i>		
	2011	2010
Unrestricted cash	389 764	715 856
Cash subject to restriction	505	507
<b>Subtotal cash</b>	<b>390 269</b>	<b>716 363</b>
Unrestricted investments MTM	1 954 168	2 110 139
HTM investments	811 641	397 662
Investments subject to restriction	429	451
<b>Subtotal investments</b>	<b>2 766 238</b>	<b>2 508 252</b>
<b>Total cash and investments</b>	<b>3 156 507</b>	<b>3 224 615</b>

The composition of the portfolio by entity at 31 December was as follows:

<i>Thousands of United States dollars</i>		
	2011	2010
IFAD	2 496 741	2 591 048
ASMCS Trust Fund	65 771	57 796
HIPC Trust Fund	25 935	9 292
BFFS.JP	18 995	5 791
Supplementary Funds	119 164	146 655
Spanish Trust Fund	388 622	383 012
Haiti Debt Relief Initiative(appendix J)	41 279	31 021
<b>Total cash and investments</b>	<b>3 156 507</b>	<b>3 224 615</b>

**(i) Cash and investments subject to restriction**

Cash and investments held by the Fund at 31 December 2011 in currencies not freely convertible amounted to US\$54,000 (2010 – US\$57,000) and US\$430,000 (2010 – US\$451,000) 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.

In 2010 IFAD opened an escrow account, which had a balance of US\$451,440 as at 31 December 2011. (2010 - US\$450,588).

**(ii) Composition of the investment portfolio by instrument (consolidated)**

At 31 December 2011, cash and investments, including payables and receivables, at market value amounted to US\$3,114,799,000 excluding restricted and non-convertible currencies (2010 – US\$3,155,809,000), and comprised the following instruments:

<i>Thousands of United States dollars</i>		
	2011	2010
Cash	389 764	715 856
Fixed-income instruments	2 561 399	2 323 253
Unrealized (loss)/gain on forward contracts	(503)	13 069
Time deposits and other obligations of banks	205 443	171 705
Unrealized (loss)/gain on futures	(3 955)	(226)
Options	2	-
<b>Total cash and investments</b>	<b>3 152 150</b>	<b>3 223 657</b>
Receivables for investments sold	120 479	71 019
Payables for investments purchased	(157 830)	(138 867)
<b>Total investment portfolio</b>	<b>3 114 799</b>	<b>3 155 809</b>

Fixed-income investments and cash include US\$811,641,000 in held-to-maturity investments as at 31 December 2011 (2010 – US\$397,662,000).

The yearly movement of the held-to-maturity portfolio includes a decrease of US\$3,423,000 equivalent, related to the impairment of one security. Having identified the evidence necessary for impairment, at year-end IFAD Management has recorded the security at market value and

has recognized the related losses against income from cash and investments (see note 17).

**(iii) Composition of the investment portfolio by currency (consolidated)**

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

<i>Thousands of United States dollars</i>		
	2011	2010
Euro	1 301 498	1 319 953
Japanese yen	244 308	392 977
Pound sterling	318 635	237 269
United States dollar	1 250 358	1 205 610
<b>Total cash and investment portfolio</b>	<b>3 114 799</b>	<b>3 155 809</b>

**(iv) Composition of the investment portfolio by maturity (consolidated)**

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

<i>Thousands of United States dollars</i>		
	2011	2010
Due in one year or less	955 009	1 087 772
Due after one year through five years	1 637 861	1 653 319
Due from five to ten years	278 509	205 454
Due after ten years	243 420	209 264
<b>Total cash and investment portfolio</b>	<b>3 114 799</b>	<b>3 155 809</b>

The average life to maturity of the fixed-income investments included in the consolidated investment portfolio at 31 December 2011 was 47 months (2010 – 41 months).

**(a) Financial risk management**

IFAD's investment activities are exposed to a variety of financial risks: market risk, credit risk, currency risk, custodial risk and liquidity risk, as well as capital risk as a going concern which, however, is limited to the investment portfolio.

**(i) Market risk**

IFAD's investment portfolio is allocated to several asset classes in the fixed income universe in line with IFAD's investment policy. Occasionally IFAD Management has taken short-term tactical measures to protect the overall portfolio from adverse market conditions.

Cash and held-to-maturity investments are managed internally; marked-to-market investments are managed through eight mandates to external managers as at 31 December 2011.

The weights and amounts of each asset class within the overall portfolio, together with the investment policy weights as at 31 December 2011 and 2010, are shown in table 1. Disclosures relate to IFAD-only accounts.

Table 1  
**Asset class and investment policy weights (IFAD-only)**  
 As at 31 December 2011 and 2010

Asset class	Portfolio		Investment policy	
	2011	%	Millions of US dollars	%
Short-term liquidity	8.1		199.9	5.5
Held-to-maturity Government bonds	15.6		383.9	15.6
Diversified fixed-income	38.7		950.5	43.5
Inflation-linked	16.9		413.9	15.4
	20.7		507.3	20.0
<b>Total</b>	<b>100.0</b>		<b>2 455.5</b>	<b>100.0</b>

Asset class	Portfolio		Investment policy	
	2010	%	Millions of US dollars	%
Short-term liquidity	7.2		182.6	5.5
Held-to-maturity Government bonds	15.8		397.7	15.8
Diversified fixed-income	40.2		1 013.7	43.5
Inflation-linked	17.6		444.2	15.2
	19.2		484.6	20.0
<b>Total</b>	<b>100.0</b>		<b>2 522.8</b>	<b>100.0</b>

Each asset class is managed according to its own investment guidelines. The guidelines address a variety of market risks through restrictions on eligibility of instruments and on managers' activity by setting:

1. Pre-assigned benchmarks and limits on deviations from benchmarks in terms of tracking error limits
  2. Credit floors (please refer to (h) credit risk).
- The benchmark indices used for the respective portfolios are shown in table 2.

Table 2  
**Benchmark indices by portfolio**

Portfolio	Benchmark index
Short-term liquidity	Not applicable
Government bonds	JP Morgan Global Government Bond Index (1-3 years), customized to the four component currencies of the SDR valuation basket
Diversified fixed-income	Barclays U.S. Aggregate Index (Aa+ or above) and Barclays U.S. Aggregate Index (Aa+ or above) excluding ABS and CMBS
Inflation-linked	Barclays Capital World Government Inflation-Linked Index (1-10 years)
Held-to-maturity	Equally-weighted extended sector benchmark (internally calculated on a quarterly basis)

Note: ABS - asset-backed securities; CMBS – commercial mortgage-backed securities

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 is set at:

- One year above the benchmark for the global government bonds asset class.
- Two years above the benchmark for the diversified fixed-interest asset class.
- Two years above the benchmark for the inflation-linked bonds asset class.

The average duration of IFAD's investment portfolio at 31 December 2011 and 2010 and respective benchmarks are shown in table 3.

Table 3  
**Average duration of portfolios and benchmarks in years (IFAD-only)**  
 As at 31 December 2011 and 2010

Portfolio	Portfolio		Benchmark	
	2011	2010	2011	2010
Short-term liquidity	-	-	-	-
Government bonds	1.8	1.7	2.0	1.8
Diversified fixed-interest	4.6	4.4	4.4	4.6
Inflation-linked	6.0	2.9	5.1	5.0
Held-to-maturity	2.3	2.3	2.3	2.3
<b>Total average</b>	<b>2.6</b>	<b>3.1</b>	<b>2.5</b>	<b>3.7</b>

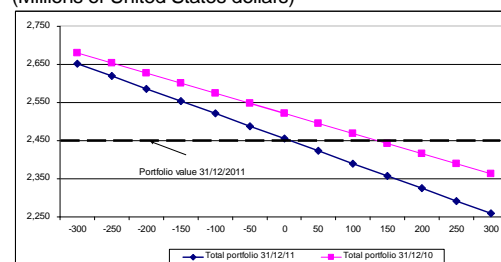
The sensitivity analysis of IFAD's overall investment portfolio in table 4 shows how a parallel shift in the yield curve (-300 to +300 basis points) would affect the value of the investment portfolio as at 31 December 2011.

Table 4  
**Sensitivity analysis on investment portfolio (IFAD-only)**

Basis point shift in yield curve	2011		2010	
	Change in value of externally managed portfolio (US\$ million)	Total portfolio (US\$ million)	Change in value of externally managed portfolio (US\$ million)	Total portfolio (US\$ million)
-300	196	2 652	159	2 681
-250	164	2 619	132	2 654
-200	131	2 586	106	2 628
-150	98	2 554	79	2 602
-100	65	2 521	53	2 575
-50	33	2 488	26	2 549
<b>0</b>	<b>-</b>	<b>2 456</b>	<b>-</b>	<b>2 522</b>
50	(33)	2 423	(26)	2 496
100	(65)	2 390	(53)	2 469
150	(98)	2 357	(79)	2 443
200	(131)	2 325	(106)	2 417
250	(164)	2 292	(132)	2 390
300	(196)	2 259	(159)	2 364

The graph below shows the negative relationship between yields and fixed income portfolio value.

**Sensitivity analysis on investment portfolio value (IFAD-only)**  
 (Millions of United States dollars)



At 31 December 2011, if the general level of interest rates on the SDR markets had been higher/(lower) by 300 basis points (as a parallel shift in the yield curves), the overall portfolio value would have been lower/(higher) by US\$196 million as a result of the capital losses (gains) on the marked-to-market portion of the portfolio.

Table 5 shows the tracking error limits defined by the Investment Guidelines. Tracking error represents the annualized standard deviation of the excess return versus the benchmark, and is a measure of the active positions taken in managing a portfolio with respect to the benchmark.

Table 5  
Tracking error ranges by portfolio

Portfolio	Tracking error (percentage per annum)
Government bonds	0.75-1.00
Diversified fixed income	0.75-1.00
Inflation-linked	2.00

The investment portfolio's tracking error at 31 December 2011, based on a three-year history, was 0.38 per cent.

(ii) Credit risk

The Investment Guidelines set credit floors for the eligibility of securities and counterparties. The eligibility of banks and bond issues is determined on the basis of ratings by major credit rating agencies. The minimum allowable credit ratings for portfolios within IFAD's overall investment portfolio under the Investment Guidelines, are shown in table 6.

Table 6  
Minimum credit ratings per Investment Guidelines

Portfolio	Securities	Time deposits and CDs <sup>a</sup>	Spot and forwards <sup>b</sup>	IRS <sup>b</sup>
Short-term liquidity	n/a	A-1/P-1	n/a	n/a
Global government bonds <sup>c</sup>	Moody's Aa3 or S&P AA-	A-1/P-1	A-1/P-1	n/a
Diversified fixed income bonds <sup>c</sup>	Moody's Aa3 or S&P AA- or Fitch AA (exception: MBS and ABS AAA/Aaa by two of the three agencies)	A-1/P-1	A-1/P-1	AA-/Aa3
Inflation-indexed bonds <sup>c</sup>	Moody's Aa3 or S&P AA-	A-1/P-1	A-1/P-1	n/a
Held-to-maturity (HTM)	Moody's Aa3 or S&P AA- (exception: corporate bonds AAA/Aaa)	A-1/P-1	n/a	n/a

<sup>a</sup> Minimum credit rating (Moody's P-1 or S&P A-1) refers to the bank.

<sup>b</sup> Minimum credit rating refers to the counterparty.

<sup>c</sup> Futures and options are allowed if traded on regulated exchanges.

Note: IRS=interest rate swaps; MBS=mortgage-backed securities.

At 31 December 2011, the average credit ratings by portfolio were in line with the minimum allowable ratings under the Investment Guidelines (table 7).

Table 7  
Average credit ratings by portfolio (IFAD-only)  
As at 31 December 2011 and 2010

Portfolio	Credit rating <sup>a</sup>	
	2011	2010
Short-term liquidity	P-1	P-1
Government bonds	Aaa	Aaa
Diversified fixed-interest	Aaa	Aa1
Inflation-linked	Aaa	Aaa
Held-to-maturity	Aa1	Aaa

<sup>a</sup> The average credit rating is calculated based on market values at 31 December 2011 and 2010 except for the held-to-maturity portfolio average rating, which is calculated on amortized cost. As per IFAD's current Investment Guidelines, the credit ratings used are based on the best credit ratings available from either Standard and Poor's (S&P) or Moody's. The diversified fixed-income bonds portfolio also applies Fitch ratings.

(iii) Held-to-maturity investments

	Thousands of United States dollars equivalent			
	US\$	Pound Euro	sterling	All currencies
Corporate bonds	51 382	85 343	7 939	144 664
Government agencies	71 680	45 885	8 163	125 728
Government bonds	10 156	33 618	-	43 774
Government guaranteed	-	20 366	-	20 366
Supranational	31 173	18 184	-	49 357
<b>Total 2011</b>	<b>164 391</b>	<b>203 396</b>	<b>16 102</b>	<b>383 889</b>
<b>Total 2010</b>	<b>205 835</b>	<b>175 749</b>	<b>16 078</b>	<b>397 662</b>

The fair value of held-to-maturity investments as at 31 December 2011 was US\$390,952,000 (2010 – US\$407,098,000).

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

Period due	Thousands of United States dollars	
	2011	2010
Less than one year	75 833	72 555
1-2 years	72 642	76 362
2-3 years	76 142	74 560
3-4 years	80 891	81 285
4-5 years	68 153	82 110
5-6 years	10 228	10 790
<b>Total</b>	<b>383 889</b>	<b>397 662</b>

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

(iv) Currency risk

IFAD's investment portfolio is used to minimize IFAD's overall currency risk. The majority of IFAD's commitments relate to undisbursed loans and grants denominated in SDR. Consequently, the overall assets of the Fund are maintained, to the extent possible, in the currencies and 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.

The monitoring of the status of alignment to the SDR valuation basket is usually performed on a quarterly basis.

In the case of misalignments that are considered persistent and significant, Management undertakes a realignment procedure by changing the currency ratios in IFAD's investment portfolio so as to realign the total assets to the desired SDR weights.

The degree of currency alignment of IFAD's overall assets subject to SDR alignment at 31 December 2011 is shown in table 8.

Table 8

**Alignment of assets to SDR basket (IFAD-only)**

As at 31 December 2011

<i>Currency group</i>	<i>Net asset amount (%)</i>	<i>SDR weights</i>	<i>Difference</i>
United States dollar	41.3	42.9	(1.6)
Euro	35.4	35.7	(0.3)
Japanese yen	11.0	10.3	0.7
Pound sterling	12.3	11.1	1.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>

At 31 December 2011, had the United States dollar depreciated (appreciated) by 10 per cent over the three other currencies in the SDR basket, the composition of IFAD's assets subject to SDR alignment would have been as shown in table 9.

Table 9

**Sensitivity of assets aligned to SDR basket (IFAD-only)**

As at 31 December 2011

<i>Currency group</i>	<i>Difference towards SDR weights</i>	
	<i>-10% of US\$ (%)</i>	<i>+10% of US\$ (%)</i>
United States dollar	-0.9	4.0
Euro	1.9	-1.2
Japanese yen	-0.3	-1.2
Pound sterling	-0.7	-1.6
<b>Total</b>	<b>-</b>	<b>-</b>

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 SDRs and United States dollars.

**(v) Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents to meet loan and grant disbursements as well as other administrative outflows as they arise. IFAD's Treasury maintains flexibility in funding by calculating estimated availability of funds from all relevant sources and monitors the liquidity situation based on various time lines. IFAD developed a liquidity policy, which was approved by the Executive Board in December 2006, to provide further safeguards in this area. The liquidity policy requires a minimum level of highly liquid assets in IFAD's investment portfolio equal to 60 per cent of the total annual gross disbursements (cash outflows) and potential additional requirements due to liquidity shocks during the Eighth Replenishment period (2010 to 2012). The current balance of highly liquid assets comfortably covers the minimum liquidity requirements.

**(vi) Capital risk**

The overall resource policy is reviewed by Management on a regular basis. A joint review with the principal stakeholders is also carried out at least once during each replenishment process. IFAD closely monitors its resource position on a regular basis in order to safeguard its ability to continue as a going concern. Consequently, it adjusts the amount of new commitments of loans and grants to be made during each calendar year depending on the resources available. Longer term resource forecasting is carried out within the analysis performed through IFAD's financial model.

**NOTE 5****CONTRIBUTORS' PROMISSORY NOTES AND RECEIVABLES**

	<i>Thousands of United States dollars</i>	
	<i>2011</i>	<i>2010</i>
<b>Promissory notes to be encashed</b>		
Replenishment contributions	304 185	428 451
BFFS contributions	0	16 774
<b>Total</b>	<b>304 185</b>	<b>445 225</b>
Fair value adjustment	(8 575)	(6 451)
<b>Promissory notes to be encashed at fair value</b>	<b>295 610</b>	<b>438 774</b>
<b>Contributions receivable</b>		
Replenishment contributions	194 127	335 630
BFFS contributions	9 352	18 449
Supplementary contributions	173 137	117 404
Spanish Trust Fund	11 684	19 452
<b>Total</b>	<b>388 300</b>	<b>490 935</b>
Fair value adjustment	(6 463)	(12 426)
<b>Contributions receivable at fair value</b>	<b>381 837</b>	<b>478 509</b>

**(a) Initial, First, Second, Third, Fourth, Fifth, Sixth and Seventh Replenishment contributions**

These contributions have been fully paid except as detailed in note 6 and in the table below:

**Contributions not paid/encashed**

As at 31 December 2011

<i>Donor</i>	<i>Thousands of United States dollars</i>	
	<i>Replenishment</i>	<i>Amount</i>
United States <sup>a</sup>	Sixth	459
Brazil <sup>a</sup>	Seventh	2 797
France <sup>a</sup>	Seventh	10 395
United States <sup>a</sup>	Seventh	15 429

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

**(b) Eighth Replenishment**

Details of contributions and payments made for the Eighth Replenishment are shown in appendix G. The Eighth Replenishment became effective on 1 December 2009.

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

Details of contributions to the SPA under the first and second phases are shown in appendix G.

**(d) Credit risk**

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

**NOTE 6****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 IFAD's policy, the Fund has established provisions at 31 December as follows:

	<i>Thousands of United States dollars</i>	
	<i>2011</i>	<i>2010</i>
Balance at beginning of the year	168 448	168 448
Total movements	100	0
<b>Balance at end of year</b>	<b>168 548</b>	<b>168 448</b>
Analyzed as follows:		
Promissory notes of contributors (a)	80 861	80 861
Amounts receivable from contributors (b)	87 687	87 587
<b>Total</b>	<b>168 548</b>	<b>168 448</b>

**(a) Provisions against promissory notes**

As at 31 December 2011, IFAD replenishment contributions deposited in the form of promissory notes up to and including the Seventh Replenishment have been fully drawn down. The comparable figure is 65 per cent for the Eighth Replenishment. (31 December 2010 – 35 per cent for the Eighth Replenishment).

As at 31 December 2011 and 2010, all first and second phase SPA contributions have been fully drawn down.

In accordance with the policy, the Fund has established provisions against promissory notes as at 31 December:

	<i>Thousands of United States dollars</i>	
	2011	2010
<b>IFAD</b>		
<b>Initial contributions</b>		
Iran (Islamic Republic of)	29 358	29 358
Iraq	13 717	13 717
	<u>43 075</u>	<u>43 075</u>
<b>First Replenishment</b>		
Iraq	31 099	31 099
	<u>31 099</u>	<u>31 099</u>
<b>Third Replenishment</b>		
Democratic People's Republic of Korea	600	600
Libyan Arab Jamahiriya	6 087	6 087
	<u>6 687</u>	<u>6 687</u>
<b>Total IFAD</b>	<b>80 861</b>	<b>80 861</b>
<b>Grand total</b>	<b>80 861</b>	<b>80 861</b>

**(b) Provisions against amounts receivable from contributors**

In accordance with its policy, the Fund has established provisions against some of these amounts:

	<i>Thousands of United States dollars</i>	
	2011	2010
<b>Initial contributions</b>		
Comoros	10	10
Iran (Islamic Republic of)	83 167	83 167
	<u>83 177</u>	<u>83 177</u>
<b>Second Replenishment</b>		
Iraq	2 000	2 000
	<u>2 000</u>	<u>2 000</u>
<b>Third Replenishment</b>		
Iran (Islamic Republic of)	2 400	2 400
Sao Tome and Principe	10	10
	<u>2 410</u>	<u>2 410</u>
<b>Seventh Replenishment</b>		
Bolivia (Plurinational State of)	100	0
	<u>100</u>	<u>0</u>
<b>Total</b>	<b>87 687</b>	<b>87 587</b>

**NOTE 7****OTHER RECEIVABLES**

	<i>Thousands of United States dollars</i>	
	2011	2010
Receivables for investments sold	120 479	71 019
Other receivables	21 457	32 077
<b>Total</b>	<b>141 936</b>	<b>103 096</b>

The amounts above are all expected to be received within one year of the balance sheet date. The balance of other receivables includes reimbursements from the host country for expenditures incurred during the year.

**NOTE 8****FIXED AND INTANGIBLE ASSETS**

	<i>Thousands of United States dollars</i>			
	1 Jan 2011	Increase/ (decrease)	Revaluation	31 Dec 2011
<b>Cost</b>				
Computer hardware	1 792	48		1840
Computer software	2 024	751 <sup>a</sup>		2 775
Furniture and fittings	401		(16) <sup>b</sup>	384
Leasehold improvement	267	414		681
<b>Total cost</b>	<b>4 484</b>	<b>1 212</b>	<b>(16)</b>	<b>5 681</b>
<b>Depreciation</b>				
Computer hardware	(665)	(347)		(1 012)
Computer software	(149)	(343)		(492)
Furniture and fittings	(195)	(78)	10 <sup>b</sup>	(263)
Leasehold improvement	(17)	(142)		(159)
<b>Total depreciation</b>	<b>(1 026)</b>	<b>(910)</b>	<b>10</b>	<b>(1 926)</b>
<b>Net fixed and intangible assets</b>	<b>3 458</b>	<b>296</b>	<b>(6)</b>	<b>3 755</b>

<sup>a</sup> This movement relates to the net of total software acquisition costs incurred during the year of US\$2,239,000 and the reclassification of US\$1,487,000 for LGS research costs. These costs have been reclassified to the statement of comprehensive income as they no longer relate to the current project following a shift in contractual arrangements.

<sup>b</sup> Due to foreign exchange movements on an item of fixed assets held in a euro denominated unit.

**NOTE 9****LOANS****(a) Accumulated allowance for impairment losses**

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

	<i>Thousands of United States dollars</i>	
	2011	2010
Balance at beginning of year	95 494	98 424
Net (decrease) in allowance	(12 060)	(2 187)
Revaluation	(374)	(743)
<b>Balance at end of year at nominal value</b>	<b>83 060</b>	<b>95 494</b>
Fair value adjustment	(59 694)	(71 395)
<b>Total</b>	<b>23 366</b>	<b>24 099</b>

All loans included within the accumulated allowance are 100 per cent impaired.

**(b) Non-accrual status**

Had income from loans with overdue amounts in non-accrual status been recognized as income, income from loans as reported in the statement of comprehensive income for the year 2011 would have been higher by US\$1,566,000 (2010 – US\$1,879,000). The Member States concerned are shown below:

**(i) Borrowers in non-accrual status – IFAD**  
As at 31 December 2011

	Thousands of United States dollars		
	Principal outstanding	Principal overdue	Income not accrued in 2011
Cuba Democratic People republic of Korea	12 880	12 880	526
Somalia	37 004	2 704	206
Zimbabwe	26 619	15 658	271
	25 500	14 890	563
<b>Total</b>	<b>102 871</b>	<b>46 073</b>	<b>1 566</b>

Details of loans approved and disbursed and of loan repayments appear in appendix H.

**(c) Further analysis of loan balances**

	Thousands of United States dollars	
	2011	2010
<b>IFAD approved loans less cancellations less full repayments and the adjustment for movement in value of total SDR loans in terms of US\$ (appendix H)</b>		
<b>2011 – US\$10 604 801</b>		
<b>2010 – US\$10 071 087</b>		
Effective loans	9 946 325	9 454 621
Less: Undisbursed balance of effective loans	(2 441 662)	(2 387 715)
Repayments	(1 964 009)	(1 805 732)
Interest/principal receivable	19 399	18 416
<b>Loans outstanding at nominal value</b>	<b>5 560 053</b>	<b>5 279 590</b>
Fair value adjustment	(1 168 676)	(1 168 031)
<b>Loans outstanding at fair value</b>	<b>4 391 377</b>	<b>4 111 559</b>
<b>SPA approved loans less cancellations, less full repayments and the adjustment for movements in value of total SDR loans in terms of US\$ (appendix H)</b>		
<b>2011 – US\$342 715</b>		
<b>2010 – US\$344 450</b>		
Effective loans	342 715	344 450
Less: Undisbursed balance of effective loans	0	0
Repayments	(98 487)	(88 549)
Interest/principal receivable	510	562
<b>Loans outstanding at nominal value</b>	<b>244 738</b>	<b>256 463</b>
Fair value adjustment	(103 443)	(110 664)
<b>Loans outstanding at fair value</b>	<b>141 295</b>	<b>145 799</b>
<b>Total approved loans less cancellations, less full repayments and the adjustment for movements in value of SDR loans in terms of US\$</b>		
<b>2011 – US\$10 875 828</b>		
<b>2010 – US\$10 415 536</b>		
Effective loans	10 289 040	9 799 071
Undisbursed balance of effective loans	(2 441 662)	(2 387 715)
Repayments	(2 062 496)	(1 894 281)
Interest/principal receivable	19 909	18 978
<b>Loans outstanding at nominal value</b>	<b>5 804 791</b>	<b>5 536 053</b>
Fair value adjustment	(1 272 119)	(1 278 695)
<b>Loans outstanding at fair value</b>	<b>4 532 672</b>	<b>4 257 358</b>

**(d) Credit risk**

Because of the nature of its borrowers and guarantors, the Fund expects that each of its sovereign guaranteed loans

will ultimately be repaid. Collectability risk is covered by both the accumulated allowance for loan impairment losses and the accumulated allowance for the HIPC Debt Initiative. Loans with amounts overdue more than 180 days are placed in non-accrual status.

**(e) Market risk**

The interest rate risk associated with IFAD's loan portfolio is believed to be minimal, as 92.8 per cent (31 December 2010 – 92.7 per cent) of the current outstanding portfolio relates to borrowers on highly concessional terms, hence not subject to variation on an annual basis. An analysis of the portfolio by type of lending term is presented in appendix H, sections 4 and 9.

**(f) Fair value estimation**

Other than initial recognition and determination, the assumptions used in determining fair value are not sensitive to changes in discount rates. The associated impact of the exchange rate movement between SDR and United States dollars is closely monitored.

**NOTE 10****FINANCIAL INSTRUMENTS BY CATEGORY**

The accounting policies for financial instruments have been applied to the line items below:

	Thousands of United States dollars			
	2011	Loans and receivables	Assets at fair value through profit and loss	Held-to-maturity
<b>2011</b>				
Net loans outstanding			4 455 537	
Other receivables	141 936			
Held-to-maturity investments				811 641
Other financial assets at fair value through profit and loss			2 467 253	
Cash and equivalents			390 269	
<b>Total</b>	<b>141 936</b>	<b>7 313 059</b>	<b>811 641</b>	
<b>Thousands of United States dollars</b>				
2010	Loans and receivables	Assets at fair value through profit and loss	Held-to-maturity	
Net loans outstanding			4 152 322	
Other receivables	103 096			
Held-to-maturity investments				397 662
Other financial assets at fair value through profit and loss			2 862 884	
Cash and equivalents			716 363	
<b>Total</b>	<b>103 096</b>	<b>7 731 569</b>	<b>397 662</b>	

**NOTE 11****HEAVILY INDEBTED POOR COUNTRIES (HIPC) Debt Initiative****(a) Impact of the HIPC Debt Initiative**

IFAD provided funding for the HIPC Debt Initiative in the amount of US\$124,670,000 during the period 1998-2010. Details of funding from external donors on a cumulative basis are found in appendix D1.

For a summary of debt relief reimbursed since the start of the Initiative and expected in the future, please refer to appendix I. Debt relief approved by the Executive Board to date excludes all amounts relating to the enhanced Debt Initiative for Eritrea, Somalia and The Sudan. Authorization for IFAD's share of this debt relief is expected to be given by the Executive Board in 2012-2013. At the time of preparation of the 2011 consolidated financial statements, the estimate of IFAD's share of the overall debt relief for these countries, principal and interest, was US\$148,520,139 (2010 – US\$149,726,852 for the Comoros, Eritrea, Somalia and The Sudan).

Gross investment income amounted to US\$21,737 (2010 – US\$17,418) from the HIPC Trust Fund balances.

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

	<i>Thousands of United States dollars</i>		
	<i>2011</i>	<i>Movement</i>	<i>2010</i>
IFAD contributions 1998-2010	124 670	0	124 670
Total contributions from external sources (appendix D1)	266 198	72 457	193 741
Net cumulative investment income	7 971	22	7 949
Short fall between debt relief approved and funds available	104 067	(38 930)	142 997
Cumulative net exchange rate movements	40 835	(514)	41 349
<b>Total (appendix I)</b>	<b>543 741</b>	<b>33 035</b>	<b>510 706</b>

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

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

	<i>Thousands of United States dollars</i>	
	<i>2011</i>	<i>2010</i>
Balance at beginning of year	124 357	147 174
New approvals	0	2 519
Change in provision	(47 805)	(23 748)
Exchange rate movements	514	(1 588)
Balance at end of year	77 066	124 357
Fair value adjustment	(23 298)	(43 420)
<b>Fair value equivalent</b>	<b>53 768</b>	<b>80 937</b>

**NOTE 12****PAYABLES AND LIABILITIES**

	<i>Thousands of United States dollars</i>	
	<i>2011</i>	<i>2010</i>
Payable for investments purchased and impairment	161 253	138 867
ASMCS liability	51 840	56 172
Other payables and accrued liabilities	67 898	73 556
<b>Total</b>	<b>280 991</b>	<b>268 595</b>

Of the total above, an estimated US\$76,862,000 (2010 – US\$79,784,000) is payable in more than one year from the balance sheet date.

**NOTE 13****DEFERRED REVENUE**

Deferred revenue represents contributions received for which revenue recognition has been deferred to future periods to match the related costs. Deferred income includes amounts relating to service charges received for which the related costs have not yet been incurred.

	<i>Thousands of United States dollars</i>	
	<i>2011</i>	<i>2010</i>
Deferred revenues	212 890	182 403
Fair value adjustment	(4 433)	(5 060)
<b>Fair value equivalent</b>	<b>208 457</b>	<b>177 343</b>

**NOTE 14****UNDISBURSED GRANTS**

The balance of effective grants not yet disbursed to grant recipients is as follows:

	<i>Thousands of United States dollars</i>	
	<i>2011</i>	<i>2010</i>
IFAD	95 698	80 390
Supplementary funds	211 744	174 536
BFFS	14 695	17 995
Balance at end of year	322 137	272 921
Fair value adjustment	(7 121)	(9 192)
<b>Undisbursed grants</b>	<b>315 016</b>	<b>263 729</b>

**NOTE 15****TRUST FUND BORROWING**

The amount lent by Spain for the establishment of the Spanish Food Security Cofinancing Facility Trust Fund is approximately US\$383.0 million (EUR 285.5 million). This is a long-term liability of 45 years with a five-year grace period. The balance as at 31 December 2011 of US\$376.3 million represents the funds received from the Spanish Government plus the interest accrued.

**NOTE 16****NET FOREIGN EXCHANGE GAINS/LOSSES**

The following rates of 1 unit of SDR in terms of United States dollars as at 31 December were used:

<i>Year</i>	<i>United States dollars</i>
2011	1.53882
2010	1.55027
2009	1.56372

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

	Thousands of United States dollars	
	2011	2010
Opening balance at 1 January	945 677	989 019
Exchange movements for the year on:		
Cash and investments	(25 924)	(5 069)
Net receivables/payables	(2 305)	(2 773)
Loans and grants outstanding	(40 474)	(31 236)
Promissory notes and Members' receivables	3 794	2 658
Member States' contributions	(4 241)	(6 922)
<b>Total movements in the year</b>	<b>(69 150)</b>	<b>(43 342)</b>
<b>Closing balance at 31 December</b>	<b>876 527</b>	<b>945 677</b>

The movement in this account excludes the gain/loss related directly to operations, which is included in total foreign exchange rate movements.

#### NOTE 17

#### INCOME FROM CASH AND INVESTMENTS

##### (a) Investment management (IFAD only)

Since 1994, a major part of IFAD's investment portfolio has been entrusted to external investment managers under investment guidelines provided by the Fund. At 31 December 2011, funds under external management amounted to US\$1,818,010,000 (2010 – US\$1,888,430,000), representing 74 per cent of the Fund's total cash and investments (2010 – 75 per cent).

##### (b) Derivative instruments

The Fund's Investment Guidelines authorize the use of the following types of derivative instruments, primarily to ensure alignment to the SDR basket:

##### (i) Futures

Future contracts open at year end were as follows:

	31 December	
	2011	2010
Number of contracts open:		
Buy	1 303	638
Sell	(163)	(184)
Net unrealized market gains of open contracts (US\$ '000)	1 730	172
Maturity range of open contracts (days)	39 to 716	67 to 444

The underlying instruments of future contracts open at 31 December 2011 were time deposits and currencies.

##### (ii) 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	
	2011	2010
Number of contracts open:		
Buy	52	0
Sell	0	0
Market value of open contracts (US\$ thousand)	2	n.a.
Net unrealized market gains/(losses) of open contracts (US\$ thousand)	(27)	n.a.
Maturity range of open options (days)	27	n.a.

##### (iii) Covered forwards

The unrealized market value loss on forward contracts at 31 December 2011 amounted to US\$500,000 (2010 – gain of US\$13,069,000). The maturities of forward contracts at 31 December 2011 ranged from 4 to 72 days (31 December 2010 – 4 to 80 days).

The underlying instruments of forward contracts open at 31 December 2011 were currencies. Exchange movements for the

##### (c) Income from cash and investments (consolidated)

Gross income from cash and investments for the year ended 31 December 2011 amounted to US\$110,838,000 (2010 – gross income of US\$85,448,000). This figure reflects direct charges against investment income of US\$3,715,000 (2010 – US\$4,355,000), which are included in expenses.

	Thousands of United States dollars		
	2011		Total
	MTM <sup>a</sup>	HTM <sup>a</sup>	
Interest from fixed-income Investments	52 522	28 547	81 069
Net income from futures/options and swaps	4 173		4 173
Realized capital (loss)/gain from fixed-income securities	11 897	329	12 226
Unrealized gain/(loss) from fixed-income securities	15 825	(3 423)	12 402
Interest income from banks and non-convertible currencies		968	968
<b>Total</b>	<b>85 385</b>	<b>25 453</b>	<b>110 838</b>

<sup>a</sup> MTM=marked to market; HTM=held-to-maturity

	Thousands of United States dollars		
	2010		Total
	MTM <sup>a</sup>	HTM <sup>a</sup>	
Interest from fixed-income investments	55 523	16 497	72 020
Net income from futures/options and swaps	(2 932)	-	(2 932)
Realized capital (loss)/gain from fixed-income securities	29 502	(740) <sup>b</sup>	28 762
Unrealized gain/(loss) from fixed-income securities	(13 882)	-	(13 882)
Net income on assets held as cash collateral on securities lent	869	-	869
Income from securities lending	184	36	220
Interest income from banks and non-convertible currencies		391	391
<b>Total</b>	<b>69 655</b>	<b>15 793</b>	<b>85 448</b>

<sup>a</sup> MTM=marked to market; HTM=held-to-maturity

<sup>b</sup> Amortization of HTM securities

For held-to-maturity investments, realized capital gains/(losses) relate to amortization and impairment. Unrealized losses relate to impairment of one security.

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

	Thousands of United States dollars	
	2011	2010
IFAD	97 979	84 271
ASMCS Trust Fund	767	393
HIPC Trust Fund	22	17
BFFS.JP	130	233
Spanish Trust Fund	11 983	-
Haiti Debt Relief Initiative	275	-
Other supplementary funds	804	1 034



Less: income deferred/reclassified	(1 122)	(500)
<b>Total</b>	<b>110 838</b>	<b>85 448</b>

The annual rate of return on consolidated cash and investments in 2011 was 3.45 per cent net of expenses (2010 – 2.7 per cent net of expenses). The annual rate of return on IFAD cash and investments in 2011 was 3.82 per cent net of expenses (2010 – 3.26 per cent net of expenses).

**NOTE 18****INCOME FROM OTHER SOURCES**

This income relates principally to reimbursement from the host Government for specific operating expenses. It also includes service charges received from entities housed at IFAD as compensation for providing administrative services. A breakdown is provided below:

Consolidated	Thousands of United States dollars	
	2011	2010
Host Government income	9 305	8 799
Income from other sources	4 230	1 236
<b>Total</b>	<b>13 535</b>	<b>10 035</b>

IFAD-only	Thousands of United States dollars	
	2011	2010
Service charges	5 107	5 166
Host Government income	9 305	8 799
Income from other sources	871	447
<b>Total</b>	<b>15 283</b>	<b>14 412</b>

**NOTE 19****INCOME FROM CONTRIBUTIONS**

	Thousands of United States dollars	
	2011	2010
IFAD	1 216	24
Supplementary funds	127 067	133 451
BFFS.JP	5 258	9 398
<b>Total</b>	<b>133 541</b>	<b>142 873</b>

From 2007, contributions to the HIPC Debt Initiative have been offset against the HIPC Debt Initiative expenses.

**NOTE 20****OPERATING EXPENSES**

An analysis of IFAD-only operating expenses by principal funding source is shown in appendix K. The breakdown of the consolidated figures is set out below:

	Thousands of United States dollars	
	2011	2010
IFAD	168 405	151 445
Other entities	11 390	10 647
<b>Total</b>	<b>179 795</b>	<b>162 092</b>

The costs incurred are classified in the accounts in accordance with the underlying nature of the expense.

**NOTE 21****STAFF NUMBERS, RETIREMENT PLAN AND MEDICAL SCHEMES****(a) Staff numbers**

Employees that are on IFAD's payroll are part of the retirement and medical plans 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 full-time equivalent employees of the Fund and other consolidated entities in 2011 eligible for

participation in the IFAD retirement plan was as follows (breakdown by principal budget source):

	General		Total
	Professional	Service	
IFAD administrative budget	237	193	430
IFAD other sources	23	15	38
BFFS.JP	2	1	3
APO/SPO <sup>a</sup>	22		22
Programmatic funds	4	1	5
<b>Total 2011</b>	<b>288</b>	<b>210</b>	<b>498</b>
<b>Total 2010<sup>b</sup></b>	<b>253</b>	<b>218</b>	<b>471</b>

<sup>a</sup> Associate professional officer/special programme officer

<sup>b</sup> Restated to reflect the full-time-equivalent for pension.

**(b) Non-staff**

As in previous years, in order to meet its operational needs, IFAD engaged the services of consultants, conference personnel and other temporary staff, who are also covered by an insurance plan.

**(c) Retirement plan**

The latest actuarial valuation for the UNJSPF was prepared as at 31 December 2009. This valuation revealed an actuarial deficit, amounting to 0.38 per cent of pensionable remuneration. Despite the actuarial deficit from the 2009 valuation, it was assessed that the UNJSPF is adequately funded. Therefore the United Nations General Assembly did not invoke the provision of article 26, requiring participating agencies to provide additional payments. IFAD makes contributions on behalf of its staff and would be liable for its share of the unfunded liability, if any (current contributions are paid as 7.9 per cent of pensionable remuneration by the employee and 15.8 per cent by IFAD). Total retirement plan contributions made for staff in 2011 amounted to US\$10,005,958 (2010 – US\$9,898,000).

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

The latest actuarial valuation for the ASMCS was carried out as at 31 December 2011. The methodology used was the projected unit-credit-cost method with service prorates. The principal actuarial assumptions used were as follows: discount rate, 5.3 per cent; return on invested assets, 4.0 per cent; expected salary increase, 3.0 per cent; medical cost increase, 5.0 per cent; inflation, 2.5 per cent; and exchange rate euro:US\$1.292. The results determined IFAD's liability as at 31 December 2011 to be US\$51,840,000. The 2011 and 2010 financial statements include a provision and related assets as follows as at 31 December:

	Thousands of United States dollars	
	2011	2010
<b>Past service liability</b>		
Total provision at 1 January	(56 172)	(60 919)
Interest cost	(2 985)	(2 762)
Current service charge	(2 190)	(3 091)
Reclassification/current service charge from non-IFAD entities	1 552	0
Actuarial gains/(losses)	7 955	10 600
<b>Provision at 31 December</b>	<b>(51 840)</b>	<b>(56 172)</b>
<b>Plan assets</b>		
Total assets at 1 January	66 822	60 014
Interest earned on balances	767	392
Contributions	0	9 027
Exchange rate movement	(1 819)	(2 611)
<b>Total assets at 31 December</b>	<b>65 770</b>	<b>66 822</b>

ASMCS assets are currently invested in cash and time deposits in accordance with IFAD's investments policy.

IFAD provides for the full annual current service costs of this medical coverage, including its eligible retirees. In 2011, such costs included under staff salaries and benefits in the financial statements amounted to US\$4,262,000 (2010 – US\$5,853,000).

Based on the 2011 results and the recent actuarial evaluation, the assets already held in the trust fund are sufficient to cover the current level of liabilities.

**(e) Actuarial valuation risk of the ASMCS**

A sensitivity analysis of the principal assumptions of the liability and service cost contained within the group data as at 31 December 2011 is shown below:

<i>Impact on</i>	<i>Liability</i>	<i>Service cost</i>
Medical inflation:		
6.0 per cent instead of 5.0 per cent	13.1	0.8
4.0 per cent instead of 5.0 per cent	(10.5)	(0.7)

**NOTE 22**

**GRANT EXPENSES**

The breakdown of the consolidated figures is set out below:

	<i>Thousands of United States dollars</i>	
	<i>2011</i>	<i>2010</i>
IFAD grants	59 017	43 337
BFFS.JP	4 460	8 649
Supplementary funds	115 349	120 597
<b>Total</b>	<b>178 826</b>	<b>172 583</b>

**NOTE 23**

**DSF EXPENSES**

The DSF consolidated figure is set out below. For further details see appendix H2.

<i>IFAD-only</i>	<i>Thousands of United States dollars</i>	
	<i>2011</i>	<i>2010</i>
DSF expenses	76 331	39 378
<b>Total</b>	<b>76 331</b>	<b>39 378</b>

As at the end of December 2011, DSF projects effective but not yet disbursed amounted to US\$467.6 million (US\$ 439.7 million in 2010). At the same date, DSF projects approved not yet effective amounted to US\$165.9 million (US\$130.9 million in 2010) for a global amount of US\$633.5 million (US\$570.6 million in 2010).

**NOTE 24**

**DIRECT BANK AND INVESTMENT COSTS**

	<i>Thousands of United States dollars</i>	
	<i>2011</i>	<i>2010</i>
Investment management fees	3 369	3 682
Other charges	346	678
Tax recoverable (paid)/ received	0	(5)
<b>Total</b>	<b>3 715</b>	<b>4 355</b>

**NOTE 25**

**ADJUSTMENT FOR CHANGE IN FAIR VALUE**

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

	<i>Thousands of United States dollars</i>	
	<i>2011</i>	<i>2010</i>
Loans outstanding	(2 794)	50 181
Accumulated allowance for loan impairment losses	(11 173)	950
Accumulated allowance for HIPC Debt Initiative	(19 683)	(13 292)
Net loans outstanding	(33 650)	37 839
Contributors' promissory notes	2 124	2 197
Contributions receivable	(5 944)	5 943
Contributions	3 212	(7 707)
Undisbursed grants	(2 035)	(9 566)
Deferred revenues	627	(432)
<b>Total</b>	<b>(35 666)</b>	<b>28 274</b>

**NOTE 26**

**DEBT RELIEF INCOME**

This balance represents the debt relief provided during the year to HIPC eligible countries for both principal and interest leading to a reduction in the provisions.

**NOTE 27**

**HOUSED ENTITY DISCLOSURE**

Grants include annual funding for entities housed at IFAD, i.e. ILC and the Global Mechanism, as follows:

	<i>Thousands of United States dollars</i>	
	<i>2011</i>	<i>2010</i>
ILC	1 000	-
Global Mechanism	-	-
HLTF	400	-
<b>Total</b>	<b>1 400</b>	<b>-</b>

At 31 December liabilities owed to/(from) IFAD by the housed entities were:

	<i>Thousands of United States dollars</i>	
	<i>2011</i>	<i>2010</i>
ILC	393	531
Global Mechanism	(1 399)	536
HLTF	33	98
<b>Total</b>	<b>973</b>	<b>1 165</b>

**NOTE 28**

**CONTINGENT LIABILITIES AND ASSETS**

**(a) Contingent liabilities**

IFAD has contingent liabilities in respect of debt relief announced by the World Bank/International Monetary Fund for nine countries. See note 11 for further details of the potential cost of loan principal and interest relating to these countries, as well as future interest not accrued on debt relief already approved as shown in appendix I.

As indicated in note 23, IFAD has a contingent liability for DSF financing effective but not yet disbursed for US\$ 633.5 million. Disbursements will occur when the conditions for the release of funds are met.

**NOTE 29**

**DATE OF AUTHORIZATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements are authorized for issue following the recommendation of the Audit Committee in March 2012 and endorsement by the Executive Board in April 2012. The 2011 consolidated financial statements will be submitted to the Governing Council for formal approval at its next session in February 2013. The 2010 consolidated financial statements were approved by the Governing Council at its thirty-fifth session in February 2012.

**Statement of complementary and supplementary contributions and unspent funds****Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2011<sup>1</sup>**  
(Expressed in thousands of United States dollars)

<i>Member States</i>	<i>Project cofinancing</i>	<i>APOs</i>	<i>Other supplementary funds</i>	<i>GEF</i>	<i>Total</i>
Algeria			91		91
Angola			7		7
Australia <sup>2</sup>	2 721		84		2 805
Austria	755				755
Bangladesh			52		52
Belgium <sup>3</sup>	10 214	1 873	590		12 677
Belgium for BFFS.JP			181 230		181 230
Canada	1 745		3 355		5 100
China			365		365
Colombia			25		25
Denmark	13 474	3 730	3 946		21 150
Finland	2 744	3 839	12 702		19 285
France	1 032	1 137	3 741		5 910
Germany	46	6 032	5 727		11 805
Ghana			91		91
Greece			91		91
India			1 000		1 000
Indonesia			50		50
Ireland	6 723		789		7 512
Italy	29 492	5 529	24 343		59 364
Japan	1 876	2 026	3 972		7 874
Jordan <sup>4</sup>			165		165
Kuwait			130		130
Luxembourg	1 662		823		2 485
Malaysia			28		28
Mauritania <sup>5</sup>			100		100
Morocco			50		50
Netherlands	84 766	4 919	11 235		100 920
Nigeria			50		50
Norway	22 540	2 237	6 047		30 824
Pakistan			25		25
Paraguay			15		15
Portugal	142		738		880
Qatar			130		130
Republic of Korea		3 728			3 728
Saudi Arabia			130		130
Senegal <sup>6</sup>			135		135
Sierra Leone <sup>7</sup>			100		100
South Africa			10		10
Spain	11 668		6 367		18 035
Suriname	2 019				2 019
Sweden	9 209	2 766	15 909		27 884
Switzerland	8 384	343	11 454		20 181
Turkey			47		47
United Kingdom	19 261		16 726		35 987
United States		322	86		408
<b>Total Member States</b>	<b>230 473</b>	<b>38 481</b>	<b>312 751</b>		<b>581 705</b>

<sup>1</sup> Non-US\$ contributions have been translated at the year-end exchange rate.<sup>2</sup> Australia's withdrawal from IFAD membership became effective 31 July 2007.<sup>3</sup> The contribution from Belgium includes US\$942,000 provided by the Belgian Fund for Food Security (BFFS) Joint Programme.<sup>4</sup> US\$150,000 relates to the Special Climate Change Fund (SCCF)<sup>5</sup> US\$100,000 relates to the Least Developed Countries Fund (LDCF)<sup>6</sup> US\$120,000 relates to LDCF<sup>7</sup> US\$100,000 relates to LDCF

**Statement of complementary and supplementary contributions and unspent funds****Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2011<sup>1</sup> (cont.)**  
(Expressed in thousands of United States dollars)

<i>Non-Member States and other sources</i>	<i>Project cofinancing</i>	<i>APOs</i>	<i>Other supplementary funds</i>	<i>GEF</i>	<i>Total</i>
African Development Bank	2 800		1 096		<b>3 896</b>
Agence Française de Développement			173		<b>173</b>
Arab Bank	1 106		25		<b>1 131</b>
Arab Fund for Economic and Social Development	2 983				<b>2 983</b>
Arab Gulf Programme for United Nations Development Organizations	299				<b>299</b>
Bill & Melinda Gates Foundation			1 015		<b>1 015</b>
Cassava Programme			71		<b>71</b>
Chief Executives Board for Coordination (CEB) Secretariat, Geneva			904		<b>904</b>
Congressional Hunger Center			183		<b>183</b>
Coopernic			3 894		<b>3 894</b>
European Commission	814		310 558		<b>311 372</b>
Food and Agriculture Organization of the United Nations	14		83		<b>97</b>
Global Agriculture and Food Security Program	70 000		3 430		<b>73 430</b>
Least Developed Countries Fund			32		<b>32</b>
Liechtenstein			5		<b>5</b>
National Agricultural Cooperative Federation	35				<b>35</b>
Office of the United Nations High Commissioner for Refugees	2 976				<b>2 976</b>
Organization of the Petroleum Exporting Countries	652				<b>652</b>
Other	251		1 050		<b>1 301</b>
Service Charges Surplus	50		96		<b>146</b>
Special Climate Change Fund (SCCF) <sup>2</sup>			156		<b>156</b>
Technical Assistance Facility			13 158		<b>13 158</b>
United Nations Capital Development Fund	464		97		<b>561</b>
United Nations Development Programme	467		33		<b>500</b>
United Nations Fund for International Partnerships	82		145		<b>227</b>
World Bank	1 580		543	82 530	<b>84 653</b>
<b>Total non-Member States and other sources</b>	<b>84 573</b>		<b>336 747</b>	<b>82 530</b>	<b>503 850</b>
<b>Total 2011</b>	<b>315 046</b>	<b>38 481</b>	<b>649 498</b>	<b>82 530</b>	<b>1 085 555</b>
Total 2010	<b>255 163</b>	<b>36 190</b>	<b>582 543</b>	<b>72 066</b>	<b>945 962</b>

<sup>1</sup> Non-US\$ contributions have been translated at the year-end exchange rate.<sup>2</sup> The balance includes US\$125,000 related to Mongolia.

## Statement of complementary and supplementary contributions and unspent funds

### Statement of cumulative complementary and other contributions from 1978 to 2011

(Expressed in thousands of United States dollars)

	<i>Amount</i>
Canada	1 511
Germany	458
India	1 000
Saudi Arabia	30 000
Sweden	13 827
United Kingdom	12 002
Cumulative contributions received from Belgium for the BFFS.JP in the context of replenishments	80 002
<i>Contributions made in the context of replenishments to the HIPC Trust Fund</i>	
Italy	4 602
Luxembourg	1 053
Netherlands	14 024
	<b>19 679</b>
<b>Total complementary contributions 2011</b>	<b>158 479</b>
Total complementary contributions 2010	155 072

### Statement of contributions from Member States and donors to the HIPC Debt Initiative

(Expressed in thousands of United States dollars)

	<i>Amount</i>
<i>Contributions made in the context of replenishments (see previous table)</i>	
	19 679
Belgium	2 713
European Commission	10 512
Finland	5 193
Germany	6 989
Iceland	250
Norway	5 912
Sweden	17 000
Switzerland	3 276
World Bank HIPC Trust Fund	194 674
<b>Total contributions to IFAD's HIPC Trust Fund 2011</b>	<b>266 198</b>
Total contributions to IFAD's HIPC Trust Fund 2010	193 741

**Statement of complementary and supplementary contributions and unspent funds****Statement of complementary and supplementary contributions received in 2011****Contributions received for project cofinancing in 2011**

	<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>
Denmark	DKK	14 486	2 649
Netherlands	US\$		2 086
Netherlands	EUR	600	856
<b>Total</b>			<b>5 591</b>

**Contributions received for associate professional officers in 2011**

	<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars</i>
Belgium	EUR	16	21
Denmark	US\$		303
Finland	US\$		374
Germany	US\$		427
Italy	US\$		235
Netherlands	US\$		291
Norway	US\$		453
Republic of Korea	US\$		154
Sweden	US\$		158
<b>Total</b>			<b>2 416</b>

**Supplementary fund contributions received in 2011**

	<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>
CEB Secretariat	US\$		91
Coopernic	EUR	700	1 015
European Commission	EUR	33 095	43 562
Italy	US\$		528
Least Developed Countries Fund	US\$		6 759
Netherlands	US\$		75
Other international financial institution and United Nations contributions	US\$		1 737
Special Climate Change Fund	US\$		3 980
Switzerland	CHF	920	1 013
Technical Assistance Facility	EUR	72	94
World Bank (Global Agriculture and Food Security Program)	US\$		25 000
<b>Total</b>			<b>83 854</b>

## Statement of complementary and supplementary contributions and unspent funds

### Statement of unspent complementary and supplementary contributions

(Expressed in thousands of United States dollars)

#### Unspent project cofinancing funds

	<i>Unspent balance as at 31 December</i>	
	<i>2011</i>	<i>2010</i>
<b>Member States</b>		
Belgium	64	1 502
Canada	89	89
Denmark	2 833	1 313
Finland	10	25
Ireland	560	560
Italy	5 132	6 093
Japan	164	164
Luxembourg	279	86
Netherlands	3 408	3 775
Norway	1 868	2 292
Spain	6 201	2 739
United Kingdom	876	1 504
<b>Total Member States</b>	<b>21 484</b>	<b>20 142</b>
<b>Non-Member States</b>		
Arab Bank	1 106	1 097
Global Agriculture and Food Security Programme(GAFSP) Trust Fund	15 395	
Organization of the Petroleum Exporting Countries	89	89
Other	26	251
United Nations Capital Development Fund	105	228
United Nations Development Programme	23	114
World Bank	199	268
<b>Total non-Member States</b>	<b>16 943</b>	<b>2 047</b>
<b>Total</b>	<b>38 427</b>	<b>22 189</b>

#### Unspent associate professional officer (APO) funds

	<i>Unspent balance as at 31 December</i>		<i>Cumulative number of APOs</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
Belgium	493	870	4	4
Denmark	211	86	22	21
Finland	208	475	15	15
France	2	113	5	5
Germany	329	497	33	32
Italy	111	52	23	22
Japan	-	47	11	11
Netherlands	64	-	31	29
Norway	252	126	11	9
Republic of Korea	(9)	131	10	9
Sweden	148	122	15	15
Switzerland	-	-	3	3
United States	-	-	3	3
<b>Total</b>	<b>1 809</b>	<b>2 519</b>	<b>186</b>	<b>178</b>

A total of 23 APOs worked at IFAD in 2011 (2010: 20). These were financed by Belgium (3), Denmark (2), Finland (5), Germany (4), Italy (2), the Republic of Korea (2), the Netherlands (2), Norway (2) and Sweden (1).

**Statement of complementary and supplementary contributions and unspent funds****Statement of unspent complementary and supplementary contributions (cont.)**

(Expressed in thousands of United States dollars)

**Other unspent complementary and supplementary funds**

	<i>Unspent balance as at 31 December</i>	
	<i>2011</i>	<i>2010</i>
<b>Member States</b>		
Belgium	19	19
Cameroon		35
Canada	367	502
China	156	175
Denmark	130	130
Finland	648	1 045
France		
Germany	458	518
India	1 000	1 000
Ireland	52	47
Italy	3 148	4 242
Japan	4	4
Jordan	12	89
Luxembourg	497	805
Malaysia	13	13
Mauritania	11	36
Netherlands	96	87
Norway	383	672
Pakistan		100
Portugal	24	24
Qatar		65
Senegal	26	110
Sierra Leone	12	11
Spain	4 336	11 068
Sweden	7 780	9 030
Switzerland	2 805	2 736
United Kingdom	4 331	4 487
United States	1	1
<b>Total Member States</b>	<b>26 309</b>	<b>37 051</b>
<b>Non-Member States</b>		
African Development Bank	302	115
Agence Française de Développement		155
Bill & Melinda Gates Foundation	1	3
Cassava Programme	43	42
CEB Secretariat, Geneva	56	482
CooperNIC	332	464
European Commission	39 670	44 214
Food and Agriculture Organization of the United Nations	17	17
Global Agriculture and Food Security Program	2 547	3 115
Least Developed Countries Fund	12	12
Special Climate Change Fund	101	101
United Nations Capital Development Fund	32	88
World Bank	27	32
Other	181	369
<b>Total non-Member States</b>	<b>43 321</b>	<b>49 209</b>
<b>Total</b>	<b>69 630</b>	<b>86 260</b>



**Statement of complementary and supplementary contributions and unspent funds**  
**Statement of unspent complementary and supplementary contributions (cont.)**  
 (Expressed in thousands of United States dollars)

**Global Environment Facility**

<i>Recipient country</i>	<i>Cumulative contributions received as at 31 December 2011</i>	<i>Unspent at 1 January 2011</i>	<i>Received from donors</i>	<i>Expenses</i>	<i>Unspent at 31 December 2011</i>
ASEAN <sup>1</sup> regional	4 639				
Brazil	5 988	57			57
Burkina Faso	2 016				
China	4 895	4 545		(4 545)	
Comoros	1 000				
Ecuador	2 783	18	2 683	(2 701)	
Eritrea	4 477	30	(23)	(7)	
Ethiopia	4 750				
Gambia (The)	96	4	(4)		
Global supplement for UNCCD <sup>2</sup>	457				
Jordan	7 861	29	986	(76)	939
Kenya	4 700				
Mali <sup>3</sup>	6 326	11			11
Mauritania	4 350				
MENARID <sup>4</sup> monitoring and evaluation	705				
Mexico	5 100	4	5 000	(4)	5 000
Morocco	410	80			80
Niger	4 326	4 200		(4 200)	
Panama	80	45		(45)	
Peru	1 820	11	1 720	(1 721)	10
Sao Tome and Principe	100		100		100
Sri Lanka	7 270				
Sudan	100	100		(90)	10
Swaziland	2 051				
Tunisia	5 350				
Venezuela (Bolivarian Republic of)	100	100		(100)	
Viet Nam	755				
Funds from cofinanciers of GEF activities	25				
<b>Total</b>	<b>82 530</b>	<b>9 234</b>	<b>10 462</b>	<b>(13 489)</b>	<b>6 210</b>

<sup>1</sup> Association of Southeast Asian Nations.

<sup>2</sup> United Nations Convention to Combat Desertification.

<sup>3</sup> US\$326.000 received before the signature of the financial procedure agreement between IFAD and the GEF trustee.

<sup>4</sup> MENARID: Integrated Natural Resources Management in the Middle East and North Africa Region Programme.

**Statement of IFAD-only resources available for commitment**

For the years ended 31 December 2011 and 2010 (Expressed in thousands of United States dollars)

	2011	2010
<b>Assets in freely-convertible currencies</b>		
Cash	231 198	218 397
Investments	2 262 587	2 370 809
Promissory notes	302 786	427 052
Other receivables	141 712	93 961
	<b>2 938 283</b>	<b>3 110 219</b>
<b>Less</b>		
Payables and liabilities	305 816	250 139
General Reserve	95 000	95 000
Undisbursed effective loans	2 441 662	2 387 715
Approved loans signed but not yet effective	93 407	45 500
Undisbursed grants and DSF	563 305	520 037
	<b>3 499 190</b>	<b>3 298 391</b>
Provision for promissory notes	80 861	80 861
	<b>3 521 185</b>	<b>3 379 252</b>
<b>Resources available for commitment</b>	<b>(641 768)</b>	<b>(269 033)</b>
<b>Less</b>		
Loans not yet signed	565 070	570 965
Grants, DSF not yet signed	189 553	96 137
<b>Net resources pre-advance commitment authority (ACA)</b>	<b>(1 396 391)</b>	<b>(936 135)</b>
<b>ACA carried forward at 1 January</b>	936 135	789 098
<b>ACA approved at Executive Board sessions during the year</b>	610 700	299 100
	<b>1 546 835</b>	<b>1 088 198</b>
<b>Less</b>		
ACA covered in year	<b>(150 444)</b>	<b>(152 063)</b>
<b>ACA carried forward at 31 December<sup>2</sup></b>	<b>1 396 391</b>	<b>936 135</b>
<b>Net resources available for commitment</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The ACA carry-forward is well within the ACA ceiling of seven years of future loan reflows (amounting to approximately US\$2.3 billion), as per the Eighth Replenishment definition.



Enabling poor rural people to overcome poverty  
 Cœuvrer pour que les populations rurales pauvres se libèrent de la pauvreté  
 Dar a la población rural pobre la oportunidad de salir de la pobreza  
 تمكين السكان الريفيين الفقراء من التغلب على الفقر

Date: March 1, 2012

## Management's Report regarding the effectiveness of Internal Controls over external Financial Reporting


The Management of the International Fund for Agricultural Development (IFAD) (the "Fund") is responsible for the preparation, fair presentation and overall integrity of its consolidated financial statements. The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB).

According to the Agreement Establishing IFAD, the President is responsible for establishing and maintaining adequate internal controls of the Fund including those over external financial reporting. The system of internal controls over financial reporting contains monitoring mechanisms and actions that are meant to detect, prevent and facilitate correction of deficiencies identified that may result in material weaknesses in internal controls. Internal controls over financial reporting are subject to on-going scrutiny and testing by management and the Office of Audit and Oversight and are subject to revisions where considered necessary. Management believes that such controls support the integrity and reliability of financial statements.

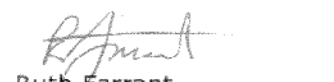
There are inherent limitations to the effectiveness of any system of internal controls, including the possibility of human error and the circumvention or overriding of controls. Accordingly, an effective internal control system can provide only reasonable, as opposed to absolute, assurance with respect to financial statements. Furthermore, the effectiveness of an internal control system can change with circumstances.

The Executive Board of the Fund has established an Audit Committee whose terms of reference is to assist the Board, among other things, in exercising supervision over the financial administration and internal oversight of the Fund including effectiveness of internal controls over financial reporting. The Audit Committee, which is comprised entirely of selected members of the Executive Board, oversees the process for the selection of external auditors and makes a recommendation for such selection to the Executive Board for its approval. The External Auditors and the Internal auditors meet with Audit Committee of the Executive Board to discuss their work plans and approach, which covers review of the adequacy of internal controls over financial reporting and any other matter that may require Audit Committee's attention.

The Fund's Management assessed the effectiveness of internal controls over financial reporting based on the framework provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). On the basis of the work performed, which included an independent review and testing of controls by an external consultant whose report provided Management with added assurance, Management asserts that the Fund maintained an effective system of internal controls over financial reporting as of 31st December 2011, and is not aware of any material control weakness that could affect the reliability of the 2011 financial statements.

  
 Kanayo F. Nwanze  
 President

  
 Iain M. Kellet  
 Chief Financial Officer and  
 Head, FOD

  
 Ruth Farrant  
 Director and Controller



**INDEPENDENT AUDITOR'S REPORT**

**INTERNATIONAL FUND FOR  
AGRICULTURAL DEVELOPMENT**

**CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2011**



## INDEPENDENT AUDITOR'S REPORT

To the International Fund for Agricultural Development

We have audited the accompanying consolidated financial statements of the International Fund for Agricultural Development which comprise the consolidated and IFAD only balance sheet as at 31 December 2011, and the consolidated and IFAD-only statements of comprehensive income and changes in retained earnings and the consolidated cash-flow statement for the year then ended, the statement of complementary and supplementary contributions and unspent funds, the statement of IFAD-only resources available for commitment and a summary of significant accounting policies and other explanatory information.

### *Management's responsibility for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *PricewaterhouseCoopers SpA*

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*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the International Fund for Agricultural Development as at 31 December 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Rome, 2 April 2012

PricewaterhouseCoopers SpA

  
Scott Cunningham  
(Partner)

### IFAD-only balance sheet at nominal value in United States dollars and retranslated in special drawing rights

As at 31 December 2011 and 2010

Assets	Thousands of US dollars		Thousands of special drawing rights	
	2011	2010	2011	2010
Cash on hand and in banks (note 4)	233 725	219 788	151 886	141 774
Investments (note 4)	2 263 016	2 371 260	1 470 621	1 529 582
Contributors' promissory notes (note 5)	304 185	428 451	197 674	276 372
Contributions receivable (note 5)	194 127	335 630	126 154	216 498
Less: provisions (note 6)	(168 548)	(168 448)	(109 530)	(108 657)
Net contribution and promissory notes receivables	329 764	595 633	214 298	384 213
Other receivables (note 7)	275 811	231 776	266 379	149 507
Fixed assets (note 8)	3 755	3 458	2 440	2 230
Loans outstanding (note 9 and appendix H)	5 804 792	5 536 053	3 772 244	3 571 031
Less: accumulated allowance for loan impairment losses (note 9(a))	(83 060)	(95 494)	(53 977)	(61 598)
Less: accumulated allowance for the HIPC Debt Initiative (note 11(b) and appendix I)	(77 066)	(124 357)	(50 081)	(80 217)
Net loans outstanding	5 644 665	5 316 202	3 668 186	3 429 216
<b>Total assets</b>	<b>8 750 736</b>	<b>8 738 117</b>	<b>5 773 810</b>	<b>5 636 522</b>

Liabilities and equity	Thousands of US dollars		Thousands of special drawing rights	
	2011	2010	2011	2010
<b>Liabilities</b>				
Payables and liabilities (note 12)	287 718	279 374	274 117	180 210
Undisbursed grants (appendix H1)	95 698	80 390	62 189	51 855
Deferred revenues (note 13)	98 497	78 303	64 008	50 510
<b>Total liabilities</b>	<b>481 913</b>	<b>438 067</b>	<b>400 314</b>	<b>282 575</b>
<b>Equity</b>				
Contributions				
Regular	6 251 350	6 150 901	5 322 821	5 218 160
Special	20 349	20 348	15 219	15 219
<b>Total contributions (appendix G)</b>	<b>6 271 699</b>	<b>6 171 249</b>	<b>5 338 040</b>	<b>5 233 379</b>
General Reserve	95 000	95 000	61 737	61 279
Retained earnings	1 902 124	2 033 801	(26 281)	59 289
<b>Total equity</b>	<b>8 268 823</b>	<b>8 300 050</b>	<b>5 373 496</b>	<b>5 353 947</b>
<b>Total liabilities and equity</b>	<b>8 750 736</b>	<b>8 738 117</b>	<b>5 773 810</b>	<b>5 636 522</b>

A statement of IFAD's balance sheet is prepared in SDR, given that most 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.

**Statement of contributions**

As at 31 December 2011 and 2010

**Summary of contributions**

	<i>Thousands of United States dollars</i>	
	2011	2010
Initial contributions	1 017 314	1 017 314
First Replenishment	1 016 372	1 016 372
Second Replenishment	566 560	566 560
Third Replenishment	553 776	553 776
Fourth Replenishment	361 396	361 396
Fifth Replenishment	441 371	441 370
Sixth Replenishment	566 991	566 988
Seventh Replenishment	654 647	639 020
Eighth Replenishment	884 586	805 322
Ninth Replenishment	5 654	0
<b>Total IFAD</b>	<b>6 068 667</b>	<b>5 968 118</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>6 440 247</b>	<b>6 339 698</b>
<b>Statement of complementary contributions</b>		
Belgian Survival Fund	80 002	76 605
HIPC Debt Initiative	19 679	19 679
Other complementary contributions	58 798	58 788
<b>Total complementary contributions</b>	<b>158 479</b>	<b>155 072</b>
HIPC contributions not made in the context of replenishment resources	194 674	174 062
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>		
Project cofinancing	315 046	255 163
Associate professional officer funds	38 481	36 190
Other supplementary funds	505 660	442 102
Global Environment Facility	82 530	72 066
<b>Total supplementary contributions</b>	<b>1 200 227</b>	<b>1 043 419</b>
<b>Total contributions</b>	<b>7 798 953</b>	<b>7 538 189</b>
Total contributions include the following:		
<b>Total replenishment contributions (as above)</b>	<b>6 440 247</b>	<b>6 339 698</b>
Less provisions	(168 548)	(168 448)
Total net replenishment contributions	6 271 699	6 171 250
Less fair value adjustment	(10 151)	(13 364)
<b>Total replenishment contributions at fair value</b>	<b>6 261 548</b>	<b>6 157 886</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 contributions**

As at 31 December 2011 and 2010

**Statement of Members' contributions<sup>1</sup>**

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)</i>	<i>Eighth Replenishment</i>					
		<i>Instruments deposited</i>			<i>Payments (thousands of US dollars equivalent)</i>		
		<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>	<i>Total</i>
<b>Member States</b>							
Afghanistan	<b>0</b>						
Albania	<b>40</b>	US\$	10	10	10	0	10
Algeria	<b>52 430</b>	US\$	10 000	10 000	6 500	3 500	10 000
Angola	<b>460</b>	US\$	1 900	1 900	1 900	0	1 900
Argentina	<b>9 900</b>	US\$	2 500	2 500	2 500	0	2 500
Armenia	<b>22</b>	US\$	8	8	8	0	8
Australia <sup>2</sup>	<b>37 247</b>						
Austria	<b>55 494</b>	EUR	11 034	14 610	9 740	4 870	14 610
Azerbaijan	<b>100</b>	US\$	100	100	100	0	100
Bangladesh	<b>4 356</b>	US\$	600	600	390	210	600
Barbados	<b>10</b>						
Belgium	<b>92 754</b>	EUR	21 000	27 862	18 775	0	18 775
Belize	<b>205</b>						
Benin	<b>200</b>	US\$	99	99	99	0	99
Bhutan	<b>135</b>	US\$	30	30	30	0	30
Bolivia (Plurinational State of)	<b>1 500</b>						
Bosnia and Herzegovina	<b>75</b>	US\$	90	90	90	0	90
Botswana	<b>410</b>	US\$	150	150	150	0	150
Brazil <sup>3</sup>	<b>51 936</b>	US\$	13 360	13 360	0	13 360	13 360
Burkina Faso	<b>259</b>	US\$	100	100	100	0	100
Burundi	<b>80</b>	US\$	10	10	10	0	10
Cambodia	<b>630</b>	US\$	210	210	210	0	210
Cameroon	<b>1 649</b>	EUR	610	791	791	0	791
Canada	<b>203 446</b>	CAD	75 000	74 260	74 260	0	74 260
Cape Verde	<b>26</b>						
Central African Republic	<b>11</b>						
Chile	<b>800</b>	US\$	60	60	60	0	60
China	<b>56 839</b>	US\$	22 000	22 000	15 000	0	15 000
Colombia	<b>640</b>	US\$	200	200	200	0	200
Comoros <sup>4</sup>	<b>33</b>						
Congo	<b>751</b>	EUR	46	67	67	0	67
Cook Islands	<b>5</b>						
Côte d'Ivoire	<b>1 559</b>						
Cuba	<b>9</b>						
Cyprus	<b>192</b>	US\$	60	60	40	0	40
Democratic People's Republic of Korea	<b>800</b>						
Democratic Republic of the Congo	<b>1 380</b>	US\$	200	200	200	0	200
Denmark	<b>124 609</b>	DKK	75 000	13 604	9 237	0	9 237
Djibouti	<b>6</b>						
Dominica	<b>51</b>						
Dominican Republic	<b>88</b>						
Ecuador	<b>791</b>	US\$	50	50	50	0	50
Egypt	<b>17 409</b>						
El Salvador	<b>100</b>						
Eritrea	<b>30</b>	US\$	10	10	10	0	10
Ethiopia	<b>221</b>	US\$	30	30	30	0	30
Fiji	<b>204</b>						
Finland	<b>40 268</b>	EUR	12 000	16 231	10 389	0	10 389

**Statement of contributions**

As at 31 December 2011 and 2010

**Statement of Members' contributions<sup>1</sup> (cont.)**

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)</i>	<i>Eighth Replenishment</i>					
		<i>Instruments deposited</i>			<i>Payments (thousands of US dollars equivalent)</i>		
		<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>	<i>Total</i>
France	<b>238 048</b>	EUR	35 000	47 250	31 348	714	32 062
Gabon	<b>3 356</b>	US\$	41	41	41	0	41
		EUR	76	104	104	0	104
Gambia (The)	<b>45</b>						
Germany	<b>335 873</b>	EUR	45 184	59 835	39 305	20 530	59 835
Ghana	<b>1 666</b>	US\$	400	400	200	0	200
Greece	<b>4 196</b>						
Grenada	<b>75</b>						
Guatemala	<b>1 043</b>						
Guinea	<b>330</b>						
Guinea-Bissau	<b>30</b>						
Guyana	<b>635</b>	US\$	483	483	483	0	483
Haiti	<b>107</b>						
Honduras	<b>801</b>						
Iceland	<b>315</b>	US\$	35	35	35	0	35
India	<b>79 812</b>	US\$	25 000	25 000	25 000	0	25 000
Indonesia	<b>46 959</b>	US\$	5 000	5 000	1 500	0	1 500
Iran (Islamic Republic of) <sup>4</sup>	<b>128 750</b>						
Iraq <sup>4</sup>	<b>55 099</b>	US\$	500	500	500	0	500
Ireland <sup>5</sup>	<b>15 968</b>	EUR	4 000	5 224	5 224	0	5 224
Israel	<b>300</b>						
Italy	<b>278 407</b>	EUR	34 154	45 683	45 683	0	45 683
Jamaica	<b>326</b>						
Japan	<b>362 122</b>	JPY	6 375 300	81 627	40 197	41 430	81 627
Jordan	<b>840</b>	US\$	100	100	100	0	100
Kenya	<b>4 618</b>	US\$	81	81	81	0	81
Kiribati	<b>5</b>						
Kuwait	<b>161 041</b>	US\$	12 000	12 000	7 800	4 200	12 000
Lao People's Democratic Republic	<b>154</b>						
Lebanon	<b>195</b>	US\$	100	100	100	0	100
Lesotho	<b>389</b>	US\$	100	100	100	0	100
Liberia	<b>39</b>						
Libyan Arab Jamahiriya <sup>4</sup>	<b>52 000</b>						
Luxembourg	<b>3 460</b>	EUR	1 576	2 077	1 361	716	2 077
Madagascar	<b>377</b>	US\$	198	198	198	0	198
Malawi	<b>73</b>	US\$	50	50	50	0	50
Malaysia	<b>1 125</b>	US\$	50	50	50	0	50
Maldives	<b>51</b>						
Mali	<b>190</b>	US\$	97	97	97	0	97
Malta	<b>55</b>						
Mauritania	<b>50</b>						
Mauritius	<b>270</b>	US\$	5	5	5	0	5
Mexico	<b>33 131</b>						
Mongolia	<b>2</b>	US\$	10	10	10	0	10
Morocco	<b>6 544</b>	US\$	700	700	350	350	700
Mozambique	<b>400</b>	US\$	85	85	55	30	85
Myanmar	<b>250</b>						
Namibia	<b>360</b>						
Nepal	<b>160</b>	US\$	50	50	50	0	50
Netherlands	<b>269 656</b>	US\$	75 000	75 000	50 000	25 000	75 000

**Statement of contributions**

As at 31 December 2011 and 2010

**Statement of Members' contributions<sup>1</sup> (cont.)**

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)</i>	<i>Eighth Replenishment</i>					
		<i>Instruments deposited</i>			<i>Payments (thousands of US dollars equivalent)</i>		
		<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>	<i>Total</i>
New Zealand	<b>7 991</b>						
Nicaragua	<b>119</b>						
Niger	<b>225</b>	US\$	50	50	50	0	50
Nigeria	<b>106 459</b>	US\$	15 000	15 000	15 000	0	15 000
Norway	<b>179 863</b>	NOK	240 135	41 304	27 891	0	27 891
Oman	<b>250</b>	US\$	50	50	50	0	50
Pakistan	<b>14 934</b>	US\$	8 000	8 000	2 667	5 333	8 000
Panama	<b>200</b>	US\$	17	17	17	0	17
Papua New Guinea	<b>170</b>						
Paraguay	<b>705</b>	US\$	501	501	501	0	501
Peru	<b>960</b>	US\$	300	300	300	0	300
Philippines	<b>1 978</b>						
Portugal	<b>4 384</b>						
Qatar	<b>39 980</b>						
Republic of Korea	<b>13 239</b>	US\$	4 000	4 000	4 000	0	4 000
Republic of Moldova	<b>19</b>	US\$	18	18	18	0	18
Romania	<b>250</b>						
Rwanda	<b>171</b>	US\$	50	50	50	0	50
Saint Kitts and Nevis	<b>20</b>						
Saint Lucia	<b>22</b>						
Samoa	<b>50</b>						
Sao Tome and Principe	<b>10</b>						
Saudi Arabia	<b>389 778</b>	US\$	20 000	20 000	5 000	15 000	20 000
Senegal	<b>386</b>						
Seychelles	<b>20</b>						
Sierra Leone	<b>37</b>						
Solomon Islands	<b>10</b>						
Somalia	<b>10</b>						
South Africa	<b>500</b>	US\$	913	913	913	0	913
Spain	<b>47 789</b>	EUR	38 000	53 874	53 874	0	53 874
Sri Lanka	<b>7 885</b>	US\$	1 001	1 001	667	0	667
Sudan	<b>1 139</b>						
Swaziland	<b>273</b>						
Sweden	<b>201 692</b>	SEK	360 000	52 907	35 402	17 505	52 907
Switzerland	<b>115 697</b>	CHF	21 300	23 470	15 770	0	15 770
Syrian Arab Republic	<b>1 317</b>	US\$	500	500	500	0	500
Tajikistan	<b>1</b>	US\$	1	1	1	0	1
Thailand	<b>900</b>	US\$	300	300	300	0	300
Togo	<b>35</b>						
Tonga	<b>55</b>						
Tunisia	<b>3 178</b>	US\$	600	600	414	0	414
Turkey	<b>16 236</b>	US\$	1 200	1 200	1 189	0	1 189
Uganda	<b>290</b>	US\$	90	90	90	0	90
United Arab Emirates	<b>52 180</b>	US\$	1 000	1 000	650	350	1 000
United Kingdom	<b>218 454</b>						
United Republic of Tanzania	<b>324</b>	US\$	120	120	120	0	120
United States <sup>3</sup>	<b>701 674</b>	US\$	90 000	90 000	36 000	23 440	59 440
Uruguay	<b>425</b>	US\$	100	100	100	0	100
Uzbekistan		US\$	5	5	5	0	5
Venezuela (Bolivarian Republic of)	<b>189 689</b>	US\$	6 569	6 569	6 569	0	6 569
Viet Nam	<b>1 603</b>	US\$	500	500	300	0	300

**Statement of contributions**

As at 31 December 2011 and 2010

**Statement of Members' contributions<sup>1</sup> (cont.)**

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)</i>	<i>Eighth Replenishment</i>					
		<i>Instruments deposited</i>			<i>Payments (thousands of US dollars equivalent)</i>		
		<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>	<i>Total</i>
Yemen	<b>2 376</b>	US\$	972	972	972	0	972
Yugoslavia	<b>108</b>						
Zambia	<b>407</b>	US\$	87	87	87	0	87
Zimbabwe	<b>2 103</b>						
<b>Total contributions 31 December 2011</b>	<b>5 178 428</b>			<b>884 586</b>	<b>610 440</b>	<b>176 538</b>	<b>786 978</b>

<sup>1</sup> Payments include cash and promissory notes. Amounts are expressed in thousands of United States dollars, therefore payments received for less than US\$500 are not shown in appendix G. Consequently, contributions from Afghanistan (US\$93) and Tajikistan (US\$400) do not appear above.

<sup>2</sup> Australia's withdrawal from membership of IFAD became effective on 31 July 2007.

<sup>3</sup> See appendix D, note 5(a).

<sup>4</sup> See appendix D, notes 6(a) and (b).

<sup>5</sup> In addition to its pledge to the Eighth Replenishment of EUR 6 million, Ireland has made a further contribution of EUR 891,000.

**Statement of Members' contributions<sup>1</sup> (cont.)**

		<i>Ninth Replenishment</i>				
		<i>Instruments deposited</i>			<i>Payments (thousands of US dollars equivalent)</i>	
		<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>
Democratic Republic of the Congo	US\$	290	290	290	0	290
Mali	EUR	71	92	92	0	92
Mexico	US\$	5 000	5 000	0	0	0
Nicaragua	US\$	150	150	0	0	0
Uganda	US\$	50	50	50	0	50
United Republic of Tanzania	US\$	62	62	62	0	62
Zambia	US\$	10	10	10	0	10
<b>Total contributions 31 December 2011</b>			<b>5 654</b>	<b>504</b>	<b>0</b>	<b>504</b>

**Statement of contributions**

As at 31 December 2011 and 2010

**Special Programme for Africa**

	<i>Currency</i>	<i>First phase</i>		<i>Second phase</i>		<i>Total</i>
		<i>Instruments deposited</i>		<i>Instruments deposited</i>		
		<i>Amount</i>	<i>Thousands of US dollars equivalent</i>	<i>Amount</i>	<i>Thousands of US dollars equivalent</i>	
Australia	AUD	500	389			389
Belgium	EUR	31 235	34 975	11 155	12 263	47 238
Denmark	DKK	120 000	18 673			18 673
Djibouti	US\$	1	1			1
European Union	EUR	15 000	17 619			17 619
Finland	EUR	9 960	12 205			12 205
France	EUR	32 014	37 690	3 811	4 008	41 698
Germany	EUR	14 827	17 360			17 360
Greece	US\$	37	37	40	40	77
Guinea	US\$	25	25			25
Ireland	EUR	380	418	253	289	707
Italy	EUR	15 493	23 254	5 132	6 785	30 039
Italy	US\$	10 000	10 000			10 000
Japan	JPY	2 553 450	21 474			21 474
Kuwait	US\$		0	15 000	15 000	15 000
Luxembourg	EUR	247	266			266
Mauritania	US\$	25	25			25
Netherlands	EUR	15 882	16 174	8 848	9 533	25 707
New Zealand	NZD	500	252			252
Niger	EUR	15	18			18
Nigeria	US\$		0	250	250	250
Norway	NOK	138 000	19 759			19 759
Spain	US\$	1 000	1 000			1 000
Sweden	SEK	131 700	19 055	25 000	4 196	23 251
Switzerland	CHF	25 000	17 049			17 049
United Kingdom	GBP	7 000	11 150			11 150
United States	US\$	10 000	10 000	10 000	10 000	20 000
<b>31 December 2011</b>		<b>3 132 291</b>	<b>288 868</b>		<b>62 364</b>	<b>351 232</b>
31 December 2010			288 868		62 364	351 232

**Statement of contributions**

As at 31 December 2011 and 2010

**Statement of Members' replenishment contributions received in 2011<sup>1</sup>**  
(Expressed in thousands of United States dollars)

<i>Member States</i>	<i>Instruments deposited<sup>2,3</sup></i>	<i>Promissory note deposit<sup>3</sup></i>	<i>Payments</i>	
			<i>Cash</i>	<i>Promissory note encashment</i>
<b>Replenishment 6</b>				
Benin			3	
<b>Total IFAD6</b>			<b>3</b>	
<b>Replenishment 7</b>				
Brazil				5 119
France				10 772
Italy			15 938	
United States of America				7 714
<b>Total IFAD7</b>			<b>15 938</b>	<b>23 605</b>
<b>Replenishment 8</b>				
Algeria				3 500
Argentina			2 500	
Armenia			4	
Austria				5 279
Bangladesh				210
Benin			99	
Belgium			9 444	
Botswana			100	
Burkina Faso			100	
Burundi			10	
Canada		12 952		25 132
China			7 000	
Congo			67	
Cyprus			20	
Democratic Republic of the Congo			200	
Denmark			4 571	
Ethiopia			30	
Finland			6 215	
France		16 551		31 348
Gabon			104	
Ghana	400		200	
Germany		21 052		22 117
Guyana			483	
India			8 000	
Indonesia	5 000		1 500	
Iraq			500	
Iceland			25	
Ireland			2 694	
Italy			45 683	
Japan				20 410
Kuwait		12 000		7 800
Lebanon			100	
Luxembourg				761
Mongolia			10	
Morocco	700	700		350
Mozambique				55
Nepal			50	
Nigeria			15 000	
Netherlands				25 000
Norway			14 152	

**Statement of contributions**

As at 31 December 2011 and 2010

<i>Member States</i>	<i>Instruments deposited</i> <sup>2,3</sup>	<i>Payments</i>		
		<i>Promissory note deposit</i> <sup>3</sup>	<i>Cash</i>	<i>Promissory note encashment</i>
Pakistan		8 000		2 667
Panama			8	
Paraguay			500	
Peru	100		100	
Republic of Korea			2 000	
Republic of Moldova			8	
Rwanda			50	
Saudi Arabia				5 000
South Africa			413	
Sri Lanka			667	
Sweden				18 646
Switzerland		7 214		15 770
Tajikistan			0	
Tunisia			211	
Turkey			489	
Uganda			40	
United Arab Emirates				650
United States		29 440		18 000
Uzbekistan			5	
Venezuela (Bolivarian Republic of)			6 569	
Viet Nam			200	
<b>Total IFAD8</b>	<b>6 200</b>	<b>107 909</b>	<b>130 121</b>	<b>202 695</b>

**Replenishment 9**

Burundi			10	
Democratic Republic of the Congo			290	
Mali			92	
Mexico	5 000			
Nicaragua	150			
Uganda			50	
United Republic of Tanzania			62	
<b>Total</b>	<b>5 150</b>		<b>504</b>	
<b>Grand Total</b>	<b>11 350</b>	<b>107 909</b>	<b>130 625</b>	<b>249 884</b>

<sup>1</sup> Amounts are expressed in thousands of United States dollars, therefore the payment from Tajikistan (US\$400) for the Eighth Replenishment does not appear.

<sup>2</sup> Instruments deposited also include equivalent instruments recorded on receipt of cash or promissory note where no instrument of contribution has been received.

<sup>3</sup> Instruments deposited and promissory note deposits received in currencies other than United States dollars are translated at the date of receipt.

## Statement of loans

## 1. IFAD: Statement of outstanding loans

As at 31 December 2011 and 2010

Borrower or guarantor	Approved loans less cancellations	Loans not yet effective	Effective loans			Outstanding loans
			Undisbursed portion	Disbursed portion	Repayments	
<b>US\$ loans<sup>1</sup> (expressed in thousands)</b>						
Bangladesh	30 000			30 000	17 250	12 750
Cape Verde	2 003			2 003	1 152	851
Haiti	3 500			3 500	2 056	1 444
Nepal	11 538			11 538	6 643	4 896
Sri Lanka	12 000			12 000	7 200	4 800
United Republic of Tanzania	9 488			9 489	5 574	3 914
<b>Subtotal<sup>1</sup></b>	<b>68 530</b>			<b>68 530</b>	<b>39 875</b>	<b>28 655</b>
Exchange adjustment on US\$ loans	3 158			3 158	3 191	(33)
<b>Subtotal US\$ loans<sup>1</sup></b>	<b>71 688</b>			<b>71 688</b>	<b>43 066</b>	<b>28 622</b>
<b>SDR loans<sup>1</sup> (expressed in thousands)</b>						
Albania	35 080		5 333	29 747	3 668	26 079
Angola	16 981		4 907	12 074	2 027	10 048
Argentina	55 545		26 613	28 933	22 826	6 107
Armenia	54 546		8 710	45 839	2 649	43 190
Azerbaijan	44 909		19 376	25 533	1 282	24 251
Bangladesh <sup>2</sup>	362 390	34 450	71 185	256 755	59 253	197 502
Belize	3 068		1 582	1 486	824	662
Benin	78 254		10 629	67 625	16 614	51 011
Bhutan	32 630		5 416	27 214	4 787	22 427
Bolivia (Plurinational State of)	60 980	11 600	8 692	40 688	10 187	30 501
Bosnia and Herzegovina	48 304	8 050	8 218	32 036	2 633	29 403
Botswana	2 600	2 600				
Brazil	93 871	28 871	4 212	60 788	38 432	22 356
Burkina Faso	81 458		22 280	59 178	9 656	49 522
Burundi <sup>2</sup>	41 289		1 993	39 296	9 980	29 316
Cambodia	32 320	850	4 488	26 982	1 228	25 754
Cameroon	53 171		23 968	29 203	5 066	24 137
Cape Verde	13 489		2 064	11 425	1 842	9 583
Central African Republic	26 494		3 387	23 107	7 896	15 211
Chad	20 350		7 852	12 498	550	11 948
China	430 994	29 650	53 993	347 351	64 889	282 462
Colombia	23 344		3 779	19 565	8 488	11 077
Comoros	4 182		4 182	4 182	1 324	2 858
Congo	20 150	6 200	4 719	9 231		9 231
Costa Rica	3 400			3 400	3 287	113
Côte d'Ivoire	18 371		1 643	16 728	3 424	13 304
Cuba	10 581			10 581	2 273	8 308
Democratic People's Republic of Korea	50 496			50 496	8 400	42 096
Democratic Republic of the Congo	39 693		7 530	32 163	9 051	23 112
Djibouti	4 462		389	4 073	815	3 258
Dominica	2 902			2 902	1 842	1 060
Dominican Republic	31 663	9 250	9 450	12 963	7 891	5 072
Ecuador	46 336	10 750	13 209	22 377	13 323	9 054
Egypt	207 475	44 140	41 685	121 650	49 672	71 979
El Salvador	77 801	11 150	15 870	50 781	21 119	29 663
Equatorial Guinea	5 794			5 794	1 729	4 064
Eritrea	24 643		2 949	21 694	1 968	19 726
Ethiopia	190 102	31 300	38 550	120 252	24 426	95 826
Gabon	3 800		2 631	1 169	253	915
Gambia (The)	29 214		2 340	26 874	5 752	21 122
Georgia	21 818		5 281	16 537	923	15 614
Ghana	133 077	19 700	27 595	85 782	14 395	71 387
Grenada	4 399		1 619	2 780	1 117	1 663
Guatemala	80 731	22 950	24 977	32 804	21 632	11 173
Guinea-Bissau	5 117			5 117	2 448	2 669
Guinea	69 238		10 154	59 084	12 555	45 529
Guyana	8 522		1 315	7 207	1 149	6 058
Haiti	60 221		6 745	53 476	11 446	42 030
Honduras	79 701	5 500	11 089	63 112	9 005	54 107
India	507 228	56 700	123 373	327 155	103 927	223 227
Indonesia <sup>2</sup>	156 412		52 956	103 456	24 755	78 701
Jordan	32 248		3 026	29 222	17 258	11 964
Kenya	101 061		41 122	59 939	7 850	52 089
Kyrgyzstan	7 097			7 097	1 088	6 009



## Statement of loans

## 1. IFAD: Statement of outstanding loans (cont.)

As at 31 December 2011 and 2010

Borrower or guarantor	Approved loans less cancellations	Loans not yet effective	Effective loans			Outstanding loans
			Undisbursed portion	Disbursed portion	Repayments	
Lao People's Democratic Republic	49 569		2 716	46 853	6 934	39 918
Lebanon	17 133		2 600	14 533	12 490	2 043
Lesotho	27 314		4 701	22 613	4 426	18 187
Liberia	20 680	10 500		10 180	8 139	2 041
Madagascar <sup>2</sup>	99 770		17 788	81 982	15 569	66 414
Malawi <sup>2</sup>	84 324	14 650	7 011	62 663	17 103	45 560
Maldives	10 893		2 925	7 968	1 887	6 081
Mali	116 465		44 587	71 878	16 922	54 956
Mauritania	49 975	5 600	6 611	37 763	6 827	30 937
Mauritius	10 818		3 450	7 368	3 827	3 541
Mexico	43 132		12 490	30 642	21 799	8 843
Mongolia	20 689		6 278	14 411	459	13 952
Morocco	88 830	4 100	39 531	45 199	27 790	17 410
Mozambique <sup>2</sup>	126 215		45 538	80 677	14 597	66 079
Namibia	4 200			4 200	4 200	
Nepal	77 312		15 179	62 133	19 752	42 381
Nicaragua	45 622	6 400	5 065	34 157	3 868	30 288
Niger	55 939	14 300	7 822	33 817	6 645	27 172
Nigeria	86 911		36 019	50 892	4 809	46 083
Pakistan <sup>2</sup>	276 229	18 550	48 985	208 694	71 862	136 832
Panama	31 587		5 144	26 443	24 051	2 392
Papua New Guinea	13 121		8 952	4 169	3 545	623
Paraguay	21 807		3 045	18 762	11 267	7 495
Peru	60 150		10 921	49 229	29 658	19 571
Philippines	84 196		21 896	62 300	13 386	48 914
Republic of Moldova	45 700		15 634	30 066	387	29 680
Romania	12 400			12 400	6 613	5 787
Rwanda <sup>2</sup>	96 448		13 996	82 452	12 695	69 758
Saint Lucia	1 242			1 242	916	326
Saint Vincent and the Grenadines	1 484			1 484	1 437	47
Samoa	1 908			1 908	684	1 223
Sao Tome and Principe	13 761		2 289	11 472	2 171	9 300
Senegal	91 512		29 849	61 663	6 895	54 769
Sierra Leone	33 550		8 142	25 408	9 637	15 771
Solomon Islands	2 519			2 519	998	1 521
Somalia	17 710			17 710	411	17 299
Sri Lanka	141 850	14 350	36 410	91 090	19 834	71 256
Sudan	129 498		16 786	112 712	25 826	86 887
Swaziland	20 403		6 872	13 531	8 419	5 112
Syrian Arab Republic	78 768		33 877	44 891	27 986	16 905
The former Yugoslav Republic of Macedonia	11 721			11 721	1 226	10 496
Togo	17 565			17 565	5 766	11 799
Tonga	4 837			4 837	1 464	3 373
Tunisia	49 590	5 750	6 079	37 761	21 693	16 068
Turkey	45 657		20 139	25 518	13 126	12 392
Uganda	198 024		78 409	119 615	23 033	96 582
United Republic of Tanzania	223 428		81 637	141 791	11 830	129 961
Uruguay	18 880		383	18 497	13 840	4 657
Venezuela (Bolivarian Republic of)	25 254		9 527	15 727	10 387	5 340
Viet Nam	174 017		67 585	106 432	6 855	99 577
Yemen <sup>2</sup>	138 935		16 762	122 173	35 191	86 982
Zambia	105 979		34 190	71 789	15 580	56 209
Zimbabwe	32 176			32 176	15 605	16 571
<b>Total</b>	<b>6 907 702</b>	<b>427 911</b>	<b>1 586 714</b>	<b>4 893 077</b>	<b>1 313 191</b>	<b>3 579 886</b>
Fund for Gaza and the West Bank <sup>3</sup>	2 513	0	0	2 513	353	2 160
<b>US\$ equivalent</b>	<b>10 633 557</b>	<b>658 477</b>	<b>2 441 662</b>	<b>7 533 418</b>	<b>1 920 943</b>	<b>5 612 475</b>
Exchange adjustment on SDR loan repayments	(100 442)	0	0	(100 442)	0	(100 442)
<b>Subtotal SDR loans 31 December 2011 US\$</b>	<b>10 533 115</b>	<b>658 477</b>	<b>2 441 662</b>	<b>7 432 976</b>	<b>1 920 943</b>	<b>5 512 033</b>
<b>Total loans</b>						
<b>31 December 2011 US\$ at nominal value</b>	<b>10 604 801</b>	<b>658 477</b>	<b>2 441 662</b>	<b>7 504 662</b>	<b>1 964 009</b>	<b>5 540 653</b>
Fair value adjustment						(1 168 676)
<b>31 December 2011 US\$ at fair value</b>	<b>10 604 801</b>					<b>4 371 977</b>
<b>31 December 2010 US\$ at nominal value</b>	<b>10 071 086</b>	<b>616 465</b>	<b>2 387 715</b>	<b>7 119 484</b>	<b>1 805 732</b>	<b>5 261 174</b>
Fair value adjustment						(1 168 031)
<b>31 December 2010 US\$ at fair value</b>						<b>4 093 143</b>

## Statement of loans

2. IFAD: Summary of loans approved at nominal value<sup>1</sup>

As at 31 December 2011

<i>Approved loans in thousands of SDR</i>				<i>Value in thousands of United States dollars</i>						
		<i>As at 1 January 2011</i>	<i>Loans cancelled</i>	<i>Loans fully repaid</i>	<i>As at 31 December 2011</i>	<i>As at 1 January 2011</i>	<i>Loans cancelled</i>	<i>Loans fully repaid</i>	<i>Exchange rate movement SDR/US\$</i>	<i>As at 31 December 2011</i>
1978	US\$	68 530			68 530	68 530			0	68 530
1979	SDR	201 486			201 486	312 357			(2 307)	310 050
1980	SDR	187 228			187 228	290 253			(2 144)	288 110
1981	SDR	188 716			188 716	292 560			(2 161)	290 399
1982	SDR	103 110			103 110	159 848			(1 181)	158 667
1983	SDR	143 589			143 589	222 601			(1 644)	220 957
1984	SDR	131 907			131 907	204 491			(1 510)	202 981
1985	SDR	60 332			60 332	93 531			(691)	92 840
1986	SDR	23 664			23 664	36 686			(271)	36 415
1987	SDR	43 793			43 793	67 891			(501)	67 389
1988	SDR	68 380			68 380	106 007			(783)	105 224
1989	SDR	103 343		(5 279)	98 064	160 209		(8 123)	(1 183)	150 903
1990	SDR	80 168		(40 102)	40 066	124 282		(61 710)	(918)	61 654
1991	SDR	127 804			127 804	198 130			(1 463)	196 667
1992	SDR	150 231			150 231	232 898			(1 720)	231 178
1993	SDR	168 976			168 976	261 958			(1 935)	260 023
1994	SDR	179 425	(176)		179 249	278 157	(271)		(2 055)	275 831
1995	SDR	221 732			221 732	343 744			(2 539)	341 205
1996	SDR	225 766	(1 022)		224 744	349 998	(1 573)		(2 585)	345 840
1997	SDR	268 955	(1 433)		267 522	416 952	(2 205)		(3 080)	411 667
1998	SDR	269 084	(1 635)		267 449	417 152	(2 516)		(3 081)	411 555
1999	SDR	292 882	(3 842)		289 040	454 045	(5 912)		(3 354)	444 780
2000	SDR	295 639	(9 588)		286 051	458 320	(14 754)		(3 385)	440 180
2001	SDR	282 212	(13 937)		268 051	437 504	(21 446)		(3 232)	412 826
2002	SDR	245 071	(381)		244 690	379 926	(586)		(2 806)	376 533
2003	SDR	254 332			254 332	394 283			(2 912)	391 370
2004	SDR	260 300			260 300	403 535			(2 981)	400 554
2005	SDR	319 310			319 310	495 016			(3 656)	491 360
2006	SDR	347 499	(48)		347 451	538 716	(74)		(3 979)	534 663
2007	SDR	266 330			266 330	412 883			(3 050)	409 833
2008	SDR	289 156			289 156	448 269			(3 311)	444 958
2009	SDR	307 555	(2 550)		305 005	476 792	(3 924)		(3 522)	469 347
2010	SDR	422 295			422 295	654 670			(4 836)	649 835
2011					459 940					707 763
<b>Total</b>	<b>SDR</b>	<b>6 530 270</b>	<b>(34 612)</b>	<b>(45 381)</b>	<b>6 910 217</b>	<b>10 123 665</b>	<b>(53 262)</b>	<b>(69 833)</b>	<b>(74 777)</b>	<b>10 633 557</b>
<b>Total</b>	<b>US\$</b>	<b>68 530</b>				<b>68 530</b>				<b>68 530</b>
<b>Exchange adjustment on loans disbursed</b>										<b>(97 286)</b>
<b>Total</b>										<b>10 604 801</b>

## Statement of loans

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

As at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

<i>Period due</i>	<i>2011</i>	<i>2010</i>
Less than 1 year	24 715	268 440
1-2 years	243 160	210 853
2-3 years	216 400	210 587
3-4 years	219 627	213 917
4-5 years	231 512	223 423
5-10 years	1 196 846	1 144 963
10-15 years	1 118 120	1 022 720
15-20 years	991 375	919 248
20-25 years	780 617	673 999
More than 25 years	518 281	373 023
<b>Total</b>	<b>5 540 653</b>	<b>5 261 174</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 1.53882 at 31 December 2011.

<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> The amount of the loan to the Fund for Gaza and West Bank is included in the above balance. See appendix D, note 2(e)(ii).

### 4. IFAD: Summary of outstanding loans by lending type at nominal value

As at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

	<i>2011</i>	<i>2010</i>
Highly concessional terms	5 138 513	4 875 987
Hardened terms	2 002	
Intermediate terms	241 844	238 374
Ordinary terms	158 294	146 813
<b>Total</b>	<b>5 540 653</b>	<b>5 261 174</b>

### 5. Disbursement structure of undisbursed loans at nominal value

Projected as at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

<i>Disbursements in</i>	<i>2011</i>	<i>2010</i>
Less than 1 year	623 516	553 796
1-2 years	575 077	523 487
2-3 years	498 512	468 903
3-4 years	420 372	408 497
4-5 years	336 814	333 576
5-10 years	645 848	697 654
More than 10 years	-	18 270
<b>Total</b>	<b>3 100 139</b>	<b>3 004 183</b>

## Statement of loans

### 6. Special Programme for Africa: Statement of loans at nominal value

As at 31 December 2011 and 2010

<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	2 714	-	2 714	596	2 118
Burkina Faso	10 546	-	10 546	3 137	7 409
Burundi	4 494	-	4 494	972	3 522
Cape Verde	2 183	-	2 183	636	1 547
Chad	9 617	-	9 617	2 558	7 059
Comoros	2 289	-	2 289	536	1 753
Djibouti	114	-	114	36	78
Ethiopia	6 660	-	6 660	2 382	4 278
Gambia (The)	2 639	-	2 639	792	1 847
Ghana	22 321	-	22 321	6 275	16 046
Guinea-Bissau	2 126	-	2 126	797	1 329
Guinea	10 762	-	10 762	3 498	7 264
Kenya	12 241	-	12 241	3 134	9 107
Lesotho	7 481	-	7 481	2 153	5 328
Madagascar	1 098	-	1 098	238	860
Malawi	5 777	-	5 777	1 156	4 621
Mali	10 193	-	10 193	3 568	6 625
Mauritania	19 020	-	19 020	5 783	13 237
Mozambique	8 291	-	8 291	2 944	5 347
Niger	11 119	-	11 119	3 892	7 227
Senegal	23 234	-	23 234	6 509	16 724
Sierra Leone	1 505	-	1 505	339	1 167
Sudan	26 012	-	26 012	7 438	18 574
Uganda	8 124	-	8 124	2 843	5 280
United Republic of Tanzania	6 790	-	6 790	2 037	4 753
Zambia	8 607	-	8 607	2 996	5 611
<b>Total</b>	<b>225 957</b>	<b>0</b>	<b>225 957</b>	<b>67 245</b>	<b>158 712</b>
<b>US\$ equivalent</b>	<b>347 707</b>	<b>0</b>	<b>347 707</b>	<b>98 488</b>	<b>249 220</b>
Exchange adjustment on SDR loan repayments	(4 992)		(4 992)		(4 992)
<b>31 December 2011 US\$ at nominal value</b>	<b>342 715</b>	<b>0</b>	<b>342 715</b>	<b>98 487</b>	<b>244 228</b>
Fair value adjustment					(103 444)
<b>31 December 2011 US\$ at fair value</b>					<b>140 784</b>
<b>31 December 2010 US\$ at nominal value</b>	<b>344 450</b>	<b>0</b>	<b>344 450</b>	<b>88 549</b>	<b>255 901</b>
Fair value adjustment					(110 664)
<b>31 December 2010 US\$ at fair value</b>					<b>145 237</b>

### 7. Special Programme for Africa: Summary of loans approved at nominal value

As at 31 December 2011

		<i>Approved loans in thousands of SDRs</i>		<i>Value in thousands of United States dollars</i>				
		<i>As at 1 January 2011</i>	<i>Loans cancelled</i>	<i>As at 31 December 2011</i>	<i>As at 1 January 2011</i>	<i>Loans cancelled</i>	<i>Exchange rate movement SDR/US\$</i>	<i>As at 31 December 2011</i>
1986	SDR	24 902	-	24 902	38 940	-	(285)	38 320
1987	SDR	41 292	-	41 292	64 014	-	(473)	63 541
1988	SDR	34 770	-	34 770	53 903	-	(398)	53 505
1989	SDR	25 756	-	25 756	39 929	-	(295)	39 634
1990	SDR	17 370	-	17 370	26 928	-	(199)	26 729
1991	SDR	18 246	-	18 246	28 286	-	(209)	28 077
1992	SDR	6 952	-	6 952	10 777	-	(80)	10 698
1993	SDR	34 268	-	34 268	53 125	-	(392)	52 732
1994	SDR	16 320	-	16 320	25 300	-	(187)	25 113
1995	SDR	6 081	-	6 081	9 429	-	(71)	9 358
<b>Total</b>	<b>SDR</b>	<b>225 957</b>		<b>225 957</b>	<b>350 295</b>	<b>-</b>	<b>(2 588)</b>	<b>347 707</b>

**Statement of loans****8. Special Programme for Africa: Maturity structure of outstanding loans by period at nominal value**  
As at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

<i>Period due</i>	<i>2011</i>	<i>2010</i>
Less than 1 year	9 160	10 171
1-2 years	8 939	9 006
2-3 years	8 939	9 006
3-4 years	8 939	9 006
4-5 years	8 939	9 006
5-10 years	44 696	45 030
10-15 years	44 696	45 030
15-20 years	44 696	45 030
20-25 years	42 189	43 815
More than 25 years	23 033	30 801
<b>Total</b>	<b>244 228</b>	<b>255 901</b>

**9. Special Programme for Africa: Summary of outstanding loans by lending type at nominal value**  
As at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

	<i>2011</i>	<i>2010</i>
Highly concessional terms	244 228	255 901
Intermediate terms	-	-
Ordinary terms	-	-
<b>Total</b>	<b>244 228</b>	<b>255 901</b>

**IFAD-only statement of grants**

As at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

	<i>Undisbursed as at 1 January 2011</i>	<i>2011 movements</i>			<i>Exchange rate</i>	<i>Undisbursed as at 31 December 2011</i>
		<i>Effective</i>	<i>Disbursements</i>	<i>Cancellations</i>		
Other grants	80 390	61 357	(42 244)	(2 340)	(1 465)	95 698
Fair value adjustment						<b>(1 852)</b>
<b>Total 2011 at fair value</b>						<b>93 846</b>
<b>Total 2010</b>	77 002	44 679	(39 873)	(1 342)	(76)	80 390
Fair value adjustment						<b>(1 928)</b>
<b>Total 2010 at fair value</b>						<b>78 462</b>

**IFAD-only Debt Sustainability Framework**

As at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

<i>Borrower or guarantor</i>	<i>Undisbursed as at 1 January 2011</i>	<i>Effective/ (Cancellations) 2011</i>	<i>Disbursements 2011</i>	<i>Exchange difference</i>	<i>Undisbursed as at 31 December 2011</i>
<b>US\$ Debt Sustainability Framework</b>					
Afghanistan	98	0	0	0	98
Chad	49	0	(32)	0	17
Democratic Republic of the Congo	500	0	(425)	0	75
Guinea	40	0	0	0	40
Haiti	500	0	(500)	0	0
Lao People's Democratic Republic	0	500	(450)	0	50
Lesotho	20	0	(20)	0	0
Malawi	20	0	0	0	20
Nepal	1 111	0	(479)	0	632
Nicaragua	0	500	(222)	0	278
Niger	120	(70)	(50)	0	0
Sudan	0	1 490	(804)	0	686
Yemen	36	0	0	0	36
<b>Subtotal US\$ DSF</b>	<b>2 494</b>	<b>2 420</b>	<b>(2 982)</b>	<b>0</b>	<b>1 932</b>
<b>SDR Debt Sustainability Framework</b>					
Afghanistan	13 807		(2 594)		11 213
Benin	5 777		(124)		5 653
Burkina Faso	5 400		(268)		5 132
Burundi	39 753		(4 898)		34 855
Cambodia	6 807		(1 295)		5 512
Central African Republic	0	3 450	(63)		3 387
Chad	12 447	5 400	(1 147)		16 700
Comoros	1 637		(960)		677
Congo	3 971		(479)		3 492
Côte d'Ivoire	6 300		(525)		5 775
Democratic Republic of the Congo	15 700		(1 206)		14 494
Djibouti	1 499	2 000	(1 029)		2 470
Eritrea	12 600		(2 001)		10 599
Ethiopia	26 756		(3 100)		23 656
Gambia (The)	4 398		(247)		4 151
Guinea-Bissau	2 076		(758)		1 318
Guinea	11 719		(2 647)		9 072
Guyana	1 461		(146)		1 315
Haiti	3 397		(854)		2 543
Kyrgyzstan	4 633		(1 369)		3 264
Lao People's Democratic Republic	9 160	8 850	(1 073)		16 937
Lesotho	1 830	3 150	(569)		4 411
Liberia	2 500		(673)		1 827
Malawi	4 367		(546)		3 821
Mauritania	3 856		(323)		3 533
Nepal	6 314		(1 807)		4 507
Nicaragua	2 597		(698)		1 899
Niger	4 853	4 150	(2 742)		6 261
Rwanda	14 160	12 400	(5 250)		21 310
Sao Tome and Principe	1 990		(376)		1 614
Sierra Leone	4 035	7 050	(3 229)		7 856
Solomon Islands	0	2 550			2 550
Sudan	18 331	8 875	(2 333)		24 873
Tajikistan	6 845	9 300	(316)		15 829
Togo	8 650				8 650
Yemen	12 362		(899)		11 463
<b>Subtotal SDR DSF</b>	<b>281 988</b>	<b>67 175</b>	<b>(46 541)</b>	<b>0</b>	<b>302 622</b>
<b>Sub-total SDR DSF (US\$ equivalent)</b>	<b>437 153</b>	<b>103 370</b>	<b>(73 349)</b>	<b>(1 498)</b>	<b>465 676</b>
<b>Total US\$ and SDR DSF</b>	<b>439 647</b>	<b>105 790</b>	<b>(76 331)</b>	<b>(1 498)</b>	<b>467 608</b>
2010	228 793	249 071	(39 998)	(1 162)	439 647

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

As at 31 December 2011 and 2010 (expressed in thousands of United States dollars)

As at 31 December 2010, the cumulative position of the debt relief provided and estimated to be provided under both the original and the enhanced Heavily Indebted Poor Countries Debt Initiative is as follows:

	<i>Debt relief provided to 31 December 2011</i>		<i>Debt relief to be provided as approved by the Executive Board</i>			<i>Total debt relief</i>
	<i>Principal</i>	<i>Interest</i>	<i>To be covered by IFAD</i>		<i>To be covered by World Bank contribution</i>	
			<i>Principal</i>	<i>Interest</i>		
<b>Completion point countries</b>						
Benin	4 568	1 643	0	0	0	6 211
Bolivia (Plurinational State of)	5 900	1 890	0	0	0	7 790
Burkina Faso	6 769	2 668	0	0	0	9 437
Burundi	2 523	780	4 241	756	10 475	18 775
Cameroon	1 701	481	653	158	698	3 691
Central African Republic	6 336	2 194	1 197	272	2 948	12 947
Congo	0	55	0	15	29	99
Democratic Republic of the Congo	5 994	2 302	3 022	342	6 830	18 490
Ethiopia	14 198	4 596	2 110	461	5 108	26 473
Gambia (The)	2 186	539	103	23	275	3 126
Ghana	12 632	4 332	1 043	234	2 346	20 587
Guinea-Bissau	2 427	863	1 264	150	2 869	7 573
Guyana	1 526	299	0	0	0	1 825
Haiti	1 946	635	0	0	0	2 581
Honduras	1 077	767	0	0	0	1 844
Liberia	8 139	6 092	458	68	1 067	15 824
Madagascar	7 810	2 096	0	0	0	9 906
Malawi	6 380	1 737	4 617	920	11 163	24 817
Mali	6 211	2 431	0	0	0	8 642
Mauritania	8 104	2 491	120	29	341	11 085
Mozambique	12 521	3 905	0	0	0	16 426
Nicaragua	7 259	943	0	0	0	8 202
Niger	5 812	1 732	1 714	348	4 187	13 793
Rwanda	6 200	2 711	7 340	1 637	4 104	21 992
Sao Tome and Principe	659	192	978	166	2 342	4 337
Senegal	2 247	882	0	0	0	3 129
Sierra Leone	5 311	1 456	1 907	283	4 353	13 310
Togo	2 008	759	0	0	0	2 767
Uganda	12 449	4 654	0	0	0	17 103
United Republic of Tanzania	12 349	4 172	132	30	301	16 984
Zambia	10 448	3 158	2 883	581	7 018	24 088
<b>Decision point countries</b>						
Chad	0	0	2 230	431	0	2 661
Côte d'Ivoire	0	0	1 742	287	0	2 029
Comoros	0	0	2 527	349	0	2 876
Guinea	0	0	9 800	1 878	0	11 678
<b>31 December 2011 SDR</b>	<b>183 690</b>	<b>63 455</b>	<b>50 081</b>	<b>9 418</b>	<b>66 454</b>	<b>373 098</b>
<b>Less future interest on debt relief not accrued (including interest covered by the World Bank contribution)</b>						<b>(19 752)</b>
<b>Total cumulative cost of debt relief as at 31 December 2011 (thousands of SDR)</b>						<b>353 346</b>
<hr/>						
<b>31 December 2011 US\$</b>	<b>282 666</b>	<b>97 646</b>	<b>77 066</b>	<b>14 492</b>	<b>102 261</b>	<b>574 131</b>
<b>Total less future interest on debt relief not accrued (including World Bank)</b>						<b>(30 390)</b>
<b>Total cumulative cost of debt relief as at 31 December 2011 (thousands of US\$)</b>						<b>543 741</b>
Fair value adjustment			(23 298)			
<b>31 December 2011 at fair value</b>			<b>53 768</b>			
<hr/>						
31 December 2010 SDR	155 928	55 429	80 215	18 240	55 537	365 349
Less future interest on debt relief not accrued						(27 831)
Total cumulative cost of debt relief as at 31 December 2010 (thousands of SDR)						337 518
31 December 2010 US\$	232 496	82 626	124 358	28 278	86 095	553 852
Less future interest on debt relief not accrued						(43 146)
Total cumulative cost of debt relief as at 31 December 2010 (thousands of US\$)						510 706
Fair value adjustment			(57 083)			
31 December 2009 at fair value			90 091			



### Summary of the Haiti Debt Relief Initiative

As at 31 December 2011

<i>Member States</i>	<i>Thousands of US dollars</i>	<i>Thousands of SDR</i>
Austria	685	438
Belgium	775	509
Canada	3 500	2 303
Denmark	513	339
France	1 700	1 080
Germany	2 308	1 480
Japan	2 788	1 743
Luxembourg	280	178
Mauritius	5	3
Norway	1 626	1 066
Sweden	1 718	1 115
Switzerland	962	637
United Kingdom	2 700	1 717
United States	8 000	5 217
<b>Total contribution received by Member States</b>	<b>27 560</b>	<b>17 825</b>
Interest earned	163	
Debt relief provided	(1 240)	
<b>Total administrative account Member States</b>	<b>26 483</b>	
IFAD contribution	<b>15 200</b>	<b>10 088</b>
Interest earned	125	
Debt relief provided	0	
<b>Total administrative account IFAD</b>	<b>15 325</b>	
<b>Grand total</b>	<b>41 808</b>	
<i>Exchange rate movement</i>	<b>(529)</b>	
<b>Haiti Debt Relief Initiative cash and investments</b>	<b>41 279</b>	

**IFAD-only statement of operating expenses**

An analysis of IFAD operating expenses by principal sources of funding  
For the years ended 31 December 2011 and 2010 (expressed in thousands of United States dollars)

	<i>Regular budget</i> <sup>1</sup>	<i>Direct charges</i> <sup>2</sup>	<i>Other sources</i> <sup>3</sup>	<i>Total</i>
Staff salaries and benefits	85 784	2	4 904	90 690
Office and general expenses	25 309	393	10 043	35 745
Consultants and other non-staff costs	35 039	40	1 202	36 281
Cooperating institutions	2 048		24	2 072
Direct bank and investment costs		3 617		3 617
<b>Total 2011</b>	<b>148 180</b>	<b>4 052</b>	<b>16 173</b>	<b>168 405</b>
<b>Total 2010</b>	<b>131 451</b>	<b>4 789</b>	<b>14 154</b>	<b>151 445</b>

<sup>1</sup> These refer to IFAD and the Independent Office of Evaluation of IFAD and carry forward.

<sup>2</sup> Direct charges against investment income.

<sup>3</sup> Includes Italian Government reimbursable expenses, voluntary separation leave expenditures and positions funded from service charges.