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Enabling poor rural people  
to overcome poverty

## **Revision to the minutes of the 108<sup>th</sup> session of the Executive Board**

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

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Executive Board — 109<sup>th</sup> Session  
Rome, 17-19 September 2013

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**For: Approval**

## Recommendation for approval

The Executive Board is invited to approve amendments to the draft minutes of its 108<sup>th</sup> session, as shown in the present document, and to adopt the revised minutes.

## Revision to the minutes of the 108<sup>th</sup> session of the Executive Board

For ease of reference, insertions are shown in bold.

1. Further to a request from the representative of China, a new paragraph has been inserted before the current paragraph 42 of the draft minutes of the 108<sup>th</sup> session of the Executive Board (document EB/108), as shown below.

**“42. The representative of China noted that retained earnings decreased from US\$887 million in 2010 to US\$505 million in 2012. He expressed concern that if this trend continued, retained earnings would be used up within two years, which would ultimately undermine the core resources of IFAD. He recommended that this issue be further considered by the Board.”**
2. In order to fully reflect Management’s response to these remarks, it is proposed that the following text be added to the new paragraph 42.

**“In response, Management clarified that DSF grants are charged to expenditure in the year conditions for disbursement are met and contribute a significant amount to overall expenditure levels and reported loss. This is the correct accounting treatment used because no legal instrument to reimburse the principal portion of DSF grants exists to warrant being treated as a receivable. Accounting losses do indeed equal to cash flow in the long term. However, Management believed that the Fund was not faced with the risk of cessation of operations due to reported accounting losses. The cash flow projections made were reliable and indicated long-term financial sustainability.”**