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Investing in rural people

## **Summary of amendments to IFAD's Investment Policy Statement**

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

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**For: Approval**

## **I. Introduction**

1. IFAD's Investment Policy Statement (IPS) is reviewed annually by Management.

## **II. Changes to the IPS**

2. The main changes made to the IPS include:
  - (i) The IPS has been linked to the Liquidity Policy and the differences in the objectives of the two documents have been more clearly laid out. It was also clarified that the IPS applies not only to investments, but to all funds held for liquidity purposes.
  - (ii) Some clarification in the language of paragraphs 34 and 35 on credit risk, to include a new requirement for at least two ratings in respect of eligible asset classes to be in line with the relevant minimum rating requirements in the IPS, i.e. the second best eligible rating applies.
  - (iii) Some clarification of the language in paragraphs 37 and 38 related to the minimum rating requirements for trading counterparts.
  - (iv) Renewed section V on asset allocation and tranching of the liquidity portfolio.
3. The changes integrate better the IPS into the overall policy structure and clarify the different objectives. The objectives of tranching, the tranche sizes as well as the instrument division are defined in more detail. The tranche names have been modified to better reflect the objective of each tranche.

## **III. Review and approval**

4. The IPS is being presented to the Audit Committee for review and to the Executive Board for approval.