IFAD
Investing in rural people

Executive Board
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Resources available for commitment

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Update on the Sustainable Level of IFAD12 PoLG (EB 2021/133/R.13); Resources Available for Commitment (EB 2021/134/R.17/Rev.1); Updated status of IFAD12 resources and commitment capacity (EB 2022/136/R.10/Rev.1)

Action: The Executive Board is invited to approve the following:

Based on the projected long-term sustainable cash flow position, estimated at US$1.647 billion by the end of 2022, and on programmed borrowing, the Executive Board, in regard to article 7, section 2(b) of the Agreement Establishing IFAD, notes the current and estimated future net cash position of the Fund, generated by projecting cash outflows (resulting from financial obligations) against current and projected future cash inflows, including the proposed funding plan and future capital position. On this basis, the Board authorizes the President to conclude agreements for loans and grants in the estimated amount of US$1.555 billion, to be approved by the Board in 2023.

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Resources available for commitment

I. Executive summary

1. To ensure IFAD's financial sustainability, it is critical to analyse carefully the organization's financing and commitment capacities to deliver on the expected programme of loans and grants (PoLG), meet any contractual payment obligations and maintain liquidity ratios in line with internal policies and rating agencies' requirements.

2. In the current context of global volatility, where social, financial and economic environments have been disrupted, the resilience of IFAD's financial sustainability will be carefully monitored in the months to come. Management will closely monitor the implications of these unusual circumstances for IFAD's ability to deal with adversity, withstand shocks and continuously adapt to new disruptions.

3. Close attention will be paid to the potential impact on: (i) the Fund's financing capacity (i.e. its capacity to disburse loans and grants); (ii) the Fund's commitment capacity (i.e. its capacity to programme the planned PoLG); and (iii) the Fund's financial resources, including any potential gaps in core resources and any potential increase in borrowing.

II. Background

4. The Twelfth Replenishment of IFAD's Resources (IFAD12) became effective on 18 August 2021, in accordance with paragraph 16 of resolution 219/XLIV. The resolution provides, in paragraph 18 relating to availability for commitment, that "As of the effective date of the replenishment, all additional contributions paid to the resources of the Fund shall be considered available for operational commitment under article 7.2(b) of the Agreement and other relevant policies of the Fund".

5. In 2020, Management presented to the Executive Board the 2020 Update to the Methodology for Determination of IFAD's Resources Available for Commitment.[1]

6. The updated resources available for commitment (RAC) methodology draws a clearer distinction between financing capacity and commitment capacity and also identifies borrowing as an important resource to support growing IFAD operations and disbursement needs, while maintaining adequate liquidity and capital levels.

7. IFAD's financing capacity is defined as its capacity to honour outstanding obligations over the next 12-month period through the stock of its available financial resources.

8. IFAD's commitment capacity is defined as its capacity to approve new loans and grants for disbursements over a multi-year period. In addition to prudent resource projections, including planned and new borrowing and future contributions, it is supported by an assessment of capital availability for the planning period.

III. Resources available for commitment

9. The IFAD12 Consultation concluded with a replenishment target of US$1.55 billion and a PoLG of up to US$3.8 billion.

10. In September 2021, the maximum sustainable IFAD12 PoLG was set by the Executive Board at its 133rd session at a level of up to US$3.5 billion,[2] with a

[1] EB 2020/130/R.35. The previous RAC methodology focused primarily on the Fund's commitment capacity to support new operations based on a single approach, including available resources and projections of future cash flows, such that liquidity would not fall below a minimum requirement over a horizon of 40 years.
[2] EB 2021/133/R.13.

replenishment level of US$1.3 billion, and supported by total new borrowing of US$1.1 billion and concessional partner loans (CPLs) in the amount of US$93 million.

11. As of 14 September 2022, donor pledges amounted to US$1.277 billion, or US$1.254 billion, excluding the grant elements of CPLs, as illustrated in annex I.

12. Any gap in core resources will impact the Fund's commitment capacity to support PoLG and its financing capacity to honour committed disbursement obligations in IFAD12.

13. While the IFAD12 replenishment target remains at US$1.55 billion, Management is pursuing additional pledges from other member states with the aim of reaching US$1.3 billion.

A. Financing capacity

14. Calculations to assess IFAD's financing capacity take into account the encashment of donor contributions and the Debt Sustainability Framework (DSF)-related contributions, and proceeds from debt drawdowns, in addition to existing liquidity, to cover committed obligations for the ensuing 12 months.[3]

15. IFAD's stock of resources at the beginning of 2023 will be sufficient to cover committed obligations for the next 12 months, even without the use of borrowing or contributions not supported by instruments of contribution (IOCs) (see the financing capacity table in annex II). Any reduction in the amount of planned resources or shift in the expected timing of their encashment, however, could engender the need for remedial actions to ensure compliance with the minimum liquidity requirement, including a possible revision of the PoLG and disbursement capacity.

16. As required by policy,[4] the first reassessment of available resources against commitments for IFAD12 was performed eight months into the replenishment cycle and was reviewed by the Executive Board at its 136th session.[5]

B. Commitment capacity

17. The assessment and monitoring of commitment capacity serve as the key control for the determinants of IFAD's capacity to approve the PoLG in the medium to long term. This includes the availability of planned and future borrowing, future contributions, available capital and other net resource flows, all projected on the basis of prudent assumptions.

18. With the current level of existing and projected resources, the IFAD12 PoLG will remain at a level of up to US$3.5 billion. Management will monitor the evolution of liquidity levels in the future to ensure compliance with IFAD's Liquidity Policy.

19. As the main actions available to Management to restore liquidity buffers, the Liquidity Policy considers controlling disbursements, raising borrowing and reducing PoLG. The current shortfall in contributions to reach US$1.3 billion may require a reduction in the projected level of disbursements for 2024 if not offset with additional pledges.

20. When monitoring IFAD's commitment capacity, a key variable for the evolution of available capital is the size and trend in the undisbursed balance, which represent

[3] Committed payment obligations are those stemming from contractual obligations with borrowers (disbursements for existing loans and grants), lenders (debt service for existing Sovereign Borrowing Framework loans, private placements and CPLs) and administrative expenses (payment of salaries and other staff expenses, and payments for the delivery of goods and services).
[4] 2020 Update to the Methodology for Determination of IFAD's Resources Available for Commitment, EB 2020/130/R.35, p. 1, para. 6.
[5] Updated status of IFAD12 resources and commitment capacity, EB 2022/136/R.10.

the level of operational commitments to be honoured by the Fund once projects are approved by the Executive Board.

21. IFAD's undisbursed balance is composed of cumulative, approved but not yet disbursed loans and grants. For IFAD12, a PoLG of up to US$3.5 billion is higher than the planned disbursements during that cycle. Consequently, the undisbursed balance is projected to grow in IFAD12 and reach US$6.9 billion in 2030. Over the same period, the ratio of the undisbursed balance over the outstanding balance is projected to remain flat in the area of 65 per cent.

22. In addition, the proposed PoLG of up to US$1.555 billion for 2023, US$388 million higher than last year's RAC projection of US$1.167 billion, will accelerate the overall increase in the undisbursed balance for IFAD12 in 2023.

23. In addition to financing capacity, deployable capital is a key metric to determine growth in IFAD's balance sheet, including borrowing. Deployable capital remains above zero, gradually falling from 31 to 26 per cent during IFAD12 to 24 to 19 per cent in IFAD14. This occurs partly as a consequence of growth in leverage, leading to growing assets, and the undisbursed balance of loans, regular grants and DSF grants, included in the calculation of the deployable capital.

24. The debt-to-equity ratio is the ratio of the total outstanding balance of debt to the initial capital available, a measure of IFAD's equity.[6] The ratio is projected to increase to 41 per cent in IFAD13 and to 45 per cent in IFAD14, in line with IFAD's strategy of gradually and carefully increasing borrowing, requiring a revision of the current 35 per cent limit in IFAD12. In order to allow borrowing to grow prudently as planned, Management will submit the updated Integrated Borrowing Framework to the Executive Board in mid-2023; this update will include a proposed higher limit for the debt-to-equity ratio.

25. Based on updated assumptions, the funding plan in annex III and the expected levels of available capital in annex VI, a PoLG of up to US$1.555 billion in 2023 is deemed financially sustainable.

IV. Funding plan

26. Under the new RAC methodology, the funding plan is submitted to the Executive Board for approval as part of the resources available for commitment. The funding plan aims to show transparently the existing, planned and new borrowing necessary to fund the PoLG, including the maximum yearly amount planned for the subsequent year and the type of borrowing that Management envisages entering into.[7]

27. Under the new RAC methodology, the borrowing amount is reassessed on a yearly basis in line with updated actual financial flows. Last year's RAC reported a total borrowing need of US$1.185 billion[8] to sustain a PoLG of up to US$3.5 billion. Updated projections show a slight US$15 million increase in total borrowing, due to the minimum tranche size of the European Investment Bank loan expected to be drawn down in 2024, (see annex III for more details on the IFAD12 funding plan).

28. Under volatile market conditions, borrowing needs will be reassessed and adjusted in the 2023 RAC document.

29. As of October 2022, IFAD had been successful in securing US$675 million, or 56 per cent of the overall borrowing for IFAD12. An additional US$250 million is expected in the fourth quarter 2022.

30. Challenges due to the high market volatility stemming from global political uncertainty and increases in global interest rates may affect full implementation of

[6] EB 2020/131(R)/R.21/Rev.1.
[7] EB 2020/131(R)/R.19.
[8] The amount was rounded up from US$1.182 billion to US$1.185 billion.

the funding plan for 2022. In particular, we expect the private placements with long maturities segment targeted by IFAD to be impacted, as investors may be reluctant to lock in capital for long periods and prefer short-dated liquid bonds.

31. If market conditions are not favourable to source the full US$250 million in 2022, the remaining balance will be borrowed in 2023, in addition to the currently planned US$100 million.

V. Conclusions

32. The stock of resources projected at the beginning of 2023, excluding new, planned and existing debt for 2023 and pledges without IOCs, would cover the upcoming committed obligations for the following 12 months.

33. Based on the level of pledges received as of 14 September 2022 (US$1.254 billion, excluding the grant element of CPLs), the IFAD12 sustainable replenishment baseline calculation ensures coverage of the grant and DSF envelope of US$550 million.

34. If future contributions, loan reflows, borrowings and deployable capital deviate from planned levels, IFAD financing and commitment capacities will be affected and the PoLG may need to be adjusted to minimize over-programming.

35. Continuing foreign exchange volatility may negatively impact core resources, mainly through losses occurring when non-United States dollar contributions (not matched by the currency of the Fund's payment obligations) are converted to United States dollars when they are paid in by donors.

36. In line with IFAD’s strategy to gradually and prudently increase borrowing, the debt-to-equity ratio is projected to increase to 41 per cent in IFAD13 and 45 per cent in IFAD14. In mid-2023 Management will submit a proposed upward revision of the current 35 per cent limit in the updated Integrated Borrowing Framework to the Executive Board.

37. As stated in the 2021 RAC, updated projections confirm that the balance of undisbursed loans and grants is expected to grow steadily in the future to US$6.9 billion in 2030, while it should remain flat as a percentage of outstanding balance.

38. The growing stock of undisbursed loans and regular and DSF grants and increasing leverage will reduce deployable capital in the future.

39. Management proposes that the Executive Board authorize the President to conclude agreements for loans and grants in the estimated amount of US$1.555 billion, to be approved by the Board in 2023.

Sustainable IFAD12 PoLG

Table 1
RAC 2021 vs. RAC 2022
(Millions of United States dollars)

	RAC 2022	RAC 2021
Replenishment contributions (cash)	**1 254**	**1 277**
Total borrowing	**1 200**	**1 183**
Borrowing (net of concessional partner loans [CPL])[9]	*1108*	*1 090*
CPLs[10]	*92*	*93*
Total grants	**550**	**550**
Regular grants	75	75
Debt Sustainability Framework (DSF) grants	425	425
Reserve	50	50
PoLG	**3 500**	**3 500**
Leverage ratio IFAD12 (debt/equity)	33%	29%
Deployable capital (end of IFAD12)	31%-26%	24-28%

[9] The difference is due to the substitution of private placements planned in 2024 with the first tranche of the European Investment Bank sovereign borrowing.
[10] The difference is due to the foreign exchange impact on the euro CPL from Finland when converted to United States dollars.

Financing capacity

1. The table below shows IFAD's capacity to honour committed payments in 2023 under two scenarios:

   (i) 2023-A, which includes all projected resources; and

   (ii) 2023-B, which excludes new, planned and existing debt for 2023 and pledges without instruments of contribution (IOCs) (i.e. resources not yet encashed or committed).

Table 1
Available resources for financing capacity
(Millions of United States dollars)

	2023-A	2023-B	Notes
	Including projected resources	Excluding new debt and pledges without IOCs	
Total initial liquidity	**1 647**	**1 647**	Projected stock of available resources at the beginning of 2023
Loan reflows	451	451	Projected principal and interest repayment according to each loan's contractual repayment schedule
Contributions	**380**	**314**	Financial capacity tests the resilience of IFAD resources in a scenario of no proceeds from future pledges or without IOCs and no access to borrowing in 2023
Borrowing[11]	**107**	**-**	
Investment income	26	26	Projected return on securities in IFAD investment portfolio
Loan, grant and DSF disbursements	(920)	(920)	Projected contractual disbursements
Borrowing liability	(86)	(86)	Projected payment of contractual principal and interests on borrowing
Administrative expenses	(176)	(176)	Projected payment of contractual operating expenses[12]
Other	(10)	(10)	Other projected payments that are bound by contract (e.g. IFAD portion of Heavily Indebted Poor Countries [HIPC] debt relief)
Total closing liquidity	**1 419**	**1 246**	Projected stock of available resources at the end of 2023
Liquidity haircut percentage	17%	17%	Haircut applied to marketable securities in IFAD investment portfolio to calculate cash and liquid assets
Stressed initial liquidity	1 367	1 367	Initial cash and liquid assets
Stressed closing liquidity	1 178	1 034	Closing cash and liquid assets
Minimum liquidity requirement (MLR)	1 006	1 006	12 months of disbursements and debt service
MLR ratio initial liquidity	**136%**	**136%**	A result of <100% would indicate that cash and liquid assets would fall below the MLR
MLR ratio closing liquidity	**117%**	**103%**	

2. The projected MLR ratio at the beginning of 2023 is expected to be compliant with the required limit. The stock of resources projected at the beginning of 2023 will cover the upcoming committed obligations for the following 12 months.

[11] See annex III.
[12] Operating expenses are defined in IFAD's statement of comprehensive income as staff salaries and benefits, office and general expenses, consultants and other non-staff costs and direct bank and investment costs.

3. Should scenario B materialize, i.e. should debt and contributions without IOCs fail to be received during 2023, the projected liquidity stock at the end of the year will be projected to remain above the MLR.

Sustainable replenishment baseline approach for IFAD12

4. The sustainable replenishment baseline approach is part of the assessment of the Fund's financing capacity. It prescribes that new commitments for grants and operating expenses must be fully covered by new contributions from Members in any cycle. The table below shows the sustainable level of grants for the approved IFAD12 replenishment scenario.[13]

Table 2
Sustainable replenishment baseline approach for IFAD12
(Millions of United States dollars)

	Updated replenishment
Contributions net of CPL grant elements	**1 254**
Total grants	**(550)**
DSF compensation[14]	**(88)**
Heavily Indebted Poor Countries (HIPC)	**(17)**
Total operating expenses	**(527)**
Baseline replenishment	**Sustainable**

5. As at 14 September 2022, IFAD had received pledges for US$1.254 billion excluding the grant element of CPLs, US$24 million short of the updated US$1.278 level of IFAD12.

6. This result ensures that DSF grants, DSF reserve, and the regular grant programme will be confirmed at their planned levels for the three-year cycle.

7. It is important to note that operating expenses are projected for the entire three-year cycle. This value is heavily reliant on projections that are susceptible to future adjustments in the growth assumption (real and nominal) to reflect developing inflation trends.

8. In addition, the future value of paid-in contributions in United States dollars may be lower than the reported value expressed at IFAD12 replenishment foreign exchange (FX),[15] because of the future need by IFAD to convert contributions in local currencies (e.g. the Canadian dollar, Norwegian krone, Swedish krona) to United States dollars in a context of foreign exchange market volatility.

9. The resources available for commitment (RAC) paper for 2024 presented at the 140th Board session will outline whether with the updated level of IFAD12 operating expenses and contributions, a reduction in grants or the non-DSF core resources distributed through the performance-based allocation system (PBAS) or both would be needed for 2024.

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[13] Update on the Sustainable Level of IFAD12 PoLG, EB 2021/133/R.13, p. 11, table 1.
[14] The outstanding compensation in IFAD12 for DSF grants approved in the past, totalling US$88 million, should, in principle, be paid by donors in addition to the pledged replenishment contributions. The fact that past grants have not been reimbursed with compensation has resulted in the erosion of IFAD's capital (an effect that is accounted as accumulated deficit). As missed payments of past DSF grants cannot be recovered through additional core resources, they will be compensated for in the future by adjusting the size of DSF grants to restore liquidity and capital levels.
[15] Contributions are expressed in United States dollars at the replenishment exchange rates for non-United States dollar currencies, (i.e. the average of month-end rates for the period 1 April to 30 September 2020). Actual values of contributions in United States dollars when paid in could be substantially different, given the current volatility in the foreign exchange market.

Funding plan

1. **Existing/secured borrowing:** borrowing already drawn down or a committed loan or facility on which IFAD has a contractual right to draw down in the future.

CPL Finland: Overall amount: EUR 60 million

- Currency of denomination: euros
- Maturity: 40 years; grace period (principal): 10 years
- Repayment: straight-line amortization
- Interest rate: 0.10 per cent
- Withdrawal schedule: the loan was encashed in full in December 2021

KfW loan: Overall amount: US$454.24 million equivalent

- Currency of denomination: United States dollars
- Maturity: 20 years; grace period (principal): 5 years
- Repayment: straight-line amortization
- Interest rate: variable London Interbank Offer rate (Libor) 6 months[16] + spread
- Withdrawal schedule: US$150 million in December 2021; US$304 million in January 2022
- Front-end fee: 0.35 per cent of nominal amount
- Commitment fee: none

Private Placement (PP) 1: Overall amount US$100 million

- Currency of denomination: United States dollars
- Maturity: 7 years
- Repayment: bullet
- Interest rate: fixed coupon swapped into variable SOFR rate + spread

Private Placement (PP) 2: Overall amount US$50 million

- Currency of denomination: United States dollars
- Maturity: 15 years
- Repayment: bullet
- Interest rate: fixed coupon swapped into variable SOFR rate + spread

CPL India: Overall amount: US$20 million.

- Currency of denomination: United States dollars
- Maturity: 25 years; grace period (principal): 5 years
- Repayment: straight-line amortization
- Interest rate: 1.0 per cent
- Withdrawal schedule: in three tranches in December 2022, 2023 and 2024

[16] The loan agreement foresees a fall-back clause in the case of Libor discontinuation, in line with market standard.

2. **New borrowing:** additional borrowing that is forecasted but not included in the following year's RAC in the absence of certainty about the ability to secure it.

EIB loan: Overall amount: up to EUR 500 million.

- Currency of denomination: euros or United States dollars, depending on IFAD's needs
- Maturity: 20 years; grace period (principal): 5 years
- Repayment: straight-line amortization
- Interest rate: variable 6-month Euro Interbank Offered Rate (Euribor) + spread for drawdowns in euros; Secured Overnight Financing Rate (ON/SOFR) + spread for drawdowns in United States dollars
- Withdrawal schedule: flexible. Current assumption of EUR 150 million in 2024
- Front-end fee: 0.1 per cent of nominal amount
- Commitment fee: waived for 30 months after signing; then, 0.15 per cent per annum on the undrawn amount

Table 1
IFAD funding plan for IFAD12
(Millions of United States dollars)

Existing/secured borrowing	DEN* currency	Total in DEN currency	Total USD equivalent	*2021*	2022	2023	2024	Total IFAD12
CPL Finland	**EUR**	**60**	**71**	71				71
KfW	**USD**	**454**	**454**					0
Tranche 1				150				150
Tranche 2					304			304
PP1	**USD**	**100**	**100**		100			100
PP2	**USD**	**50**	**50**		50			50
CPL India	**USD**	**20**	**20**					
Tranche 1					7			7
Tranche 2						7		7
Tranche 3							7	7
Subtotal: existing borrowing			**675**	**221**	**461**	**7**	**7**	**696**
New borrowing needs								
PP3	**USD**	**200**	**200**		200			200
PP4	**USD**	**50**	**50**		50			50
PP5	**USD**	**100**	**100**			100		100
Sovereign borrowing	**EUR**	**150**	**154**				154	154
Subtotal: new borrowing			**504**	**-**	**250**	**100**	**154**	**504**
Subtotal: yearly drawdown				**221**	**711**	**107**	**161**	**1200**
Cumulative borrowing IFAD12				**221**	**932**	**1039**	**1200**	**1200**

* DEN = Danish krone.

Variance analysis

1. The 2020 Update to the Methodology for Determination of IFAD's Resources Available for Commitment requires that the RAC document report on any significant deviations from initial projections so as to mitigate the underlying risk of overcommitment should future resources fail to materialize, or to ensure maximization of resource usage should additional unexpected resources materialize.

2. The table below provides a comparison between 2022 projections in last year's RAC table as at 30 September 2021 and projections in this RAC document, updated as of 14 September 2022, with an explanation of the difference for each value.

Table 1
Variance in IFAD12 projections
(Millions of United States dollars)

	Projections 2022		Difference	Variance
	RAC 2021	RAC 2022		
Total initial liquidity	**1 355**	**1 405**	**50**	Early encashment of the IFAD12 CPL from Finland in December 2021
Loan reflows	432	419	(13)	Decrease in principal repayment due to foreign exchange movements partially offset by increasing interest rates on floating rate loans
Contributions	435	408	(27)	Decrease due to foreign exchange movements negatively affecting contributions not denominated in United States dollars
Borrowing	798	711	(87)	US$87 million difference attributed to: • Finland CPL drawn in December 2021 • Second tranche of KFW loan projected at US$320 million in the RAC 2021 funding plan. Actual encashment of US$304.2 million due to FX movements
Investment income	0	(9)	(9)	Decrease due to updated assumption on investment income based on current market conditions
Loan and grant disbursements	(963)	(963)	0	Disbursement target unchanged
Debt service	(43)	(38)	5	Reduction due to FX movements
Administrative expenses	(159)	(167)	(8)	Updated by the Office of Strategic Budgeting
Other	(5)	(3)	2	
FX impact on liquidity portfolio	n/a	(116)	(116)	Decrease due to foreign exchange movements negatively affecting the non-United States dollar-denominated part of the liquidity portfolio against the United States dollar
Total closing liquidity	**1 850**	**1 647**	**(203)**	The reduction is largely explained by the strong appreciation of the United States dollar against the majority of other hard currencies

Foreign exchange rate impact

1. Due to the nature of IFAD's funding and lending, FX volatility naturally has an impact on its operations. IFAD calculates its commitment and financing capacity in United States dollars, while historically, the majority of contributions are denominated and encashed in non-United States dollars. This, of course, is largely offset by IFAD's disbursements in multiple currencies (United States dollars, euros, special drawing rights [SDR]). While commitment and disbursement capacities are largely preserved due to the natural match between inflows and outflows, the reported United States dollar equivalent of disbursement capacity in nominal terms is lower, due to translation effect.

2. Translation exposure is the risk that the value of the Fund's projected resources, disbursements and other inflows or outflows will change as a result of exchange rate movements.

3. The main result of the recent volatility in the foreign exchange market is the appreciation of the United States dollar against the majority of other hard currencies, which has resulted in a decrease in projected cash flows in United States dollar terms.

Table 1
Main foreign exchange rates in IFAD12 – RAC 2021 vs. RAC 2022

	2022			2023			2024		
FX rates	**RAC-22**	**RAC-21**	**Diff.**	**RAC-22**	**RAC-21**	**Diff.**	**RAC-22**	**RAC-21**	**Diff.**
SDR/USD	1.330	1.425	**(7.1%)**	1.305	1.425	**(9.2%)**	1.318	1.425	**(8.1%)**
EUR/USD	1.045	1.186	**(13.5%)**	1.005	1.186	**(18.0%)**	1.027	1.186	**(15.5%)**

Table 2
Foreign exchange rate translation impact on IFAD12 cash flows: RAC 2022 vs. RAC 2021
(Millions of United States dollars)

Item	FX translation impact
Disbursements	(150)
Contributions	(50)
Loan repayments	(70)
Borrowing obligation	(18)
Borrowing drawdown	0
Liquidity portfolio (actual period January 2022 to June 2022)	(116)

Long-term projections of commitment capacity

(Millions of United States dollars)

	IFAD12			IFAD13			IFAD14		
	2022	*2023*	*2024*	*2025*	*2026*	*2027*	*2028*	*2029*	*2030*
Liquidity at beginning of year	1 405	1 647	1 419	1 251	1 432	1 398	1 452	1 740	1 615
Inflows									
Loan reflows	419	451	509	551	604	658	768	877	974
Encashment of contributions[a]	408	380	369	379	369	404	430	412	435
Borrowing	711	107	161	482	300	350	482	300	300
existing	461	7	7						
planned	250	100	154	482	300	350	482	300	300
Investment income	(9)	26	21	19	21	22	23	28	26
Outflows									
Disbursements[b]	(963)	(920)	(948)	(968)	(999)	(1 026)	(1 048)	(1 066)	(1 082)
existing	(957)	(846)	(743)	(658)	(548)	(435)	(315)	(212)	(132)
planned	(6)	(74)	(205)	(310)	(451)	(591)	(733)	(855)	(950)
Borrowing obligations (debt service and fees)	(38)	(86)	(92)	(94)	(141)	(166)	(180)	(488)	(209)
Administrative expenses and other items	(167)	(176)	(185)	(184)	(184)	(184)	(184)	(184)	(184)
Other cash flows	(3)	(10)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
FX translation on liquidity and investment portfolio[d]	(116)								
Net flows	242	(228)	(168)	182	(35)	54	288	(125)	258
Liquidity at year-end	1 647	1 419	1 251	1 432	1 398	1 452	1 740	1 615	1 873
Stressed liquidity percentage	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83
Stressed liquidity beginning of year[c]	**1 166**	**1 367**	**1 178**	**1 038**	**1 189**	**1 160**	**1 205**	**1 444**	**1 340**
MLR	**1 001**	**1 006**	**1 040**	**1 061**	**1 141**	**1 192**	**1 228**	**1 555**	**1 291**
MLR ratio (>100%)	116%	136%	113%	98%	104%	97%	98%	93%	104%
Liquidity ratio (>5%)	15.3%	13.7%	12.1%	12.2%	11.9%	12.4%	13.3%	12.7%	14.8%
Disbursement ratio (>16% from IFAD12)	17.4%	16.7%	15.5%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
Debt/equity ratio (<35%)	29%	30%	31%	36%	38%	41%	45%	43%	44%
DSCR (<50%)	9%	19%	18%	17%	23%	25%	23%	56%	21%
Deployable capital		31%-26%			24%-19%			24%-19%	
Total undisbursed balance	5 496	6 132	6 062	6 260	6 426	6 565	6 679	6 776	6 858
Undisbursed balance /outstanding loans	67%	72%	68%	67%	66%	65%	65%	65%	65%
Total POLG[e]	**1 066**	**1 555**	**878**	**1 167**	**1 167**	**1 167**	**1 167**	**1 167**	**1 167**

[a,b,e] Excluding the Adaptation for Smallholder Agriculture Programme (ASAP).

[c] Effective in 2022, a haircut has been applied to the liquidity and investment portfolio. The resulting stressed liquidity is measured against the MLR.

[d] Due to euro-denominated liquidity and investments reported in United States dollars for the period 1 January to 30 June.

Projected IFAD liquidity

(Millions of United States dollars)