
Minutes of the 177th meeting of the Audit Committee

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Minutes of the 177th meeting of the Audit Committee

1. The 177th meeting of the Audit Committee was held on 19 June 2025 in hybrid modality.
2. The meeting was attended by Committee members representing Algeria, Angola, Brazil, China, Germany, Italy, United Kingdom, United States and Bolivarian Republic of Venezuela, and observers representing Canada and France. The meeting was also attended by the General Counsel; the Associate Vice-President and Chief Financial Officer, Financial Operations Department; the Director and Chief Risk Officer, Office of Enterprise Risk Management (RMO); the Director and Controller, Financial Controller's Division; the Director, Office of Audit and Oversight (AUO); the Secretary of IFAD; and a number of other IFAD staff members.

Agenda item 2 – Adoption of the agenda (AC 2025/177/R.1/Rev.1) – for approval

3. The agenda was adopted with no changes.

Agenda item 3 – External auditor's report on internal control and accounting procedures (AC 2025/177/R.2) – for review

4. The external auditor provided an overview of the report on internal control and accounting procedures. They noted the progress made during fiscal year 2024 in addressing recommendations from previous years. However, some areas for improvement were identified, as outlined below:
 - Automation in accounting and financial reporting to further improve technological solutions and eliminate manual intervention and controls to the greatest extent possible; and
 - Internal controls over environmental, social and governance (ESG) principles would become an important requirement under the International Financial Reporting Standards; it was recommended that controls be developed also to cover key performance indicators (KPIs) related to ESG with the ultimate aim of producing a financial reporting disclosure framework or tracking such KPIs in the IFAD Annual Report.
5. Management expressed its commitment to the implementation of sustainability standards. Management also expressed the commitment to enhance IT solutions and core systems.
6. Committee members welcomed the report and requested clarifications from Management and the external auditor about the use and support of artificial intelligence and the resource burden for sustainability reporting.
7. The external auditor stated that they do not rely on artificial intelligence to verify compliance with auditing standards in regulated environments. Management clarified that automating certain repetitive manual tasks could generate some efficiencies, and indicated that sustainability reporting has been conducted by leveraging documentation already available in the institution.
8. **Outcome and follow-up.** The report was noted.

Agenda item 4 – External auditor's audit strategy memorandum for the year ending 31 December 2025 (AC 2025/177/R.3) – for review

9. The external auditor provided an overview of the audit strategy for the year ending 31 December 2025, the audit opinion on the consolidated financial statements of IFAD, as well as IFAD-only financial statements, and the attestation report over Management's report on the effectiveness of internal controls. It was noted that the strategy did not cover assurance over sustainability reporting. It was highlighted that the audit strategy was based on a top-down methodology

according to the auditor's understanding of the entity environment, risks and controls. The audit work on controls integrated substantive testing. The external auditor explained the concept of audit materiality and the reasons for its value. The only significant presumptive risk pertained to Management override of controls, which were aligned with industry requirements. The risk of fraud and revenue recognition was noted and rebutted. The reporting timetable would be aligned with that adopted for the 2024 audit. The external auditor would rely on the support of IT technical specialists and actuarial specialists.

10. Committee members welcomed the overview of the audit strategy. They requested clarifications regarding its consistency with strategies from prior years, the review of internal audit reports, and the workload involved in conducting assurance work on sustainability reporting.
11. The external auditor clarified that they use a standard methodology for risk assessment, as well as for defining audit procedures and controls. They also emphasized the collaborative relationship with IFAD's internal auditors and noted that they will report back to the Audit Committee on sustainability reporting.
12. Management informed the Committee that the external auditor's fees for fiscal year 2025 had been adjusted to EUR 174,000 to reflect the increase in the cost of living and that this amount did not cover any additional work required to audit ESG reporting.
13. **Outcome and follow-up.** The agenda item was noted.

Agenda item 5 – Proposed dates for meetings of the Audit Committee in 2026 (AC 2025/177/R.4) – for approval

14. **Outcome and follow-up.** The dates indicated in the document were approved, with no changes.

Agenda item 6 – Enterprise risk management

(a) Capital Adequacy Report – December 2024 (AC 2025/177/R.5) – for review

15. Members appreciated the update provided by Management on IFAD's capital position as of December 2024 when the initial capital available (ICA) stood at US\$7.7915 billion, an increase of US\$31.5 million from the previous quarter, reflecting continued stability supported by contributions covering losses and operational costs since 2021.
16. The Committee positively acknowledged IFAD's resilience to stress tests, which indicated that IFAD was well positioned to withstand potential risks and shocks embedded in the hypothetical scenarios individually taken. The deployable capital ratio was noted at 38.6 per cent, which was well above the zero per cent limit, signalling a strong capital position. It was mentioned that the capital adequacy framework would undergo a review as part of IFAD's longer-term financial strategy.
17. Attention was drawn to the current non-performing loan (NPL) ratio, which remained below 3 per cent but had temporarily risen to 3.7 per cent. In this context the Committee noted that the rating agencies considered a 5 per cent NPL ratio as a critical limit. A question was posed regarding IFAD's exposure in two or three countries where a significant share of loans could potentially push the NPL ratio over the 5 per cent threshold. The concern was whether this could be a risk in the near future and how IFAD planned to manage such potential exposure.
18. Management emphasized that this area was monitored constantly, with a focus on countries with deteriorating debt situations, and that the broader trend of rising debt distress – particularly across West Africa where most of the closely monitored countries are located – was well known. It was important to note that a cumulative default by several key countries – whether in that region or elsewhere – would lead

to a significant increase in IFAD's NPL ratio, and therefore developments were monitored closely.

19. A further query was raised about the impact of foreign exchange movements on the ICA, specifically regarding fluctuations in the special drawing rights (SDR) basket. In particular, the question was whether the SDR basket, which was supposed to act as a buffer against currency fluctuations, was actually the cause of the recent volatility. Clarification was also sought on how foreign exchange movements were being managed and whether the SDR basket was fulfilling its intended role in buffering these fluctuations, as this was perceived to be a potential risk if not properly managed.
20. It was clarified that unrealized foreign exchange losses had increased significantly, reaching US\$209.9 million at the end of 2024 compared to US\$132.7 million earlier in the year. This was primarily attributed to the depreciation of SDR against the United States dollar. The Committee sought clarification on the strategies IFAD was considering to mitigate its exposure to currency risks, including discussions regarding adjustments in the composition of assets and liabilities to reduce volatility resulting from exchange rate movements.
21. Management further clarified that around 80 per cent of IFAD's outstanding loan portfolio was denominated in SDR. Given that financial reporting was in United States dollars, exchange rate fluctuations created unrealized translation gains or losses. Recent figures included a US\$42 million gain in December 2023, US\$210 million unrealized loss in December 2024, followed by US\$130 million unrealized gain as of March 2025. These amounts were unrealized and expected to balance out over time. The currency risk was actively managed by the Treasury Services Division and RMO, with asset allocations ensuring appropriate currency availability to meet disbursement needs.
22. In responding to queries raised by members, Management confirmed that IFAD was currently well capitalized. and clarified that the relevant figure on the initial capital availability was composed of all retained earnings and losses.
23. Finally, in response to a question about the future trajectory of deployable capital, Management confirmed that the current slight downward trend was both expected and consistent with IFAD's business model. This trend reflected the concessional nature of operations and engagement in high-risk environments. As IFAD continued to make new commitments under these conditions, it was expected that deployable capital would show a modest decline over time.
24. Management added that IFAD continued to closely monitor creditworthiness across its portfolio, in particular for countries where it had significant exposure, which had shown signs of credit deterioration. However, effective collaboration with country teams and local authorities had so far prevented prolonged arrears or defaults. A simultaneous default by several countries could push the NPL ratio above the 5 per cent threshold, though this risk was being carefully managed.
25. **Outcome and follow-up.** The document was considered reviewed and would be submitted to the Executive Board for online review.

(b) Update on Enterprise Risk Management Framework operationalization – for information

26. Members welcomed Management's update on the ongoing operationalization of the Enterprise Risk Management Framework, highlighting key developments and future directions.
27. The Committee noted that IFAD was actively engaging in benchmarking exercises with peer United Nations organizations and international financial institutions to position its risk management objectives within a formal risk maturity model. This initiative, encouraged by recommendations from the European Union, would help

IFAD clearly define its target risk maturity level and establish mechanisms to monitor progress towards that goal.

28. Secondly, a new internal risk committee structure had been introduced and was now fully operational. Since its inception, it had facilitated proactive identification, escalation and resolution of critical risk issues by IFAD staff across the organization, proving to be an effective platform for managing risk concerns in a timely manner. Regarding differing risk assessments across business areas, it was noted that these new risk committees played a critical role in reconciling divergent views through collective discussion and consensus-building, supported by objective data gathered through key risk indicators.
29. Thirdly, RMO was expanding the roll-out of risk control self-assessments across IFAD's various units. This structured process helped units identify and evaluate the risks they faced, as well as the effectiveness of their controls, contributing to the creation of a comprehensive corporate risk register. This data-driven approach was crucial for implementing risk-based resource allocation, focusing efforts where risks were most significant.
30. In addition, ongoing support was being provided to the Private Sector Operations Division to develop its activities with appropriate risk sensitivity. This included revising the risk appetite statement to cover non-sovereign operations, contributing to IFAD's forthcoming investment strategy and developing procedures to mitigate inherent risks.
31. Management also informed the Committee that any efforts to optimize the use of IFAD's capital were being carefully aligned with risk management requirements to protect the organization's capital base and credit rating. All proposals submitted to the Executive Board included safeguards to ensure responsible risk management.
32. Members expressed strong support for RMO in fostering a culture of risk awareness throughout IFAD. They emphasized the importance of focusing on impact and effectiveness rather than solely on the volume of resources deployed. Questions were raised regarding the completion rates of mandatory risk training, measures to address non-compliance, the utilization and effectiveness of incident reporting systems, and the status of the risk control self-assessment roll-out.
33. Management reassured members that risk awareness remained a central goal, that capital optimization sought to maximize development impact rather than merely increase resource volume, and that the risk control self-assessment process was progressing steadily with increasing institutional commitment. Management also explained that action plans were being developed to address weaknesses identified through self-assessments, with RMO tracking their implementation.

(c) Corporate Risk Dashboard – for information

34. Management presented the first quarter 2025 update on the Corporate Risk Dashboard, emphasizing six key highlights. These included the addition of six new key risk indicators related to operational health and safety, talent capacity in decentralized units and security, and enhancing the dashboard's comprehensiveness without compromising usability. The current target for the Thirteenth Replenishment of IFAD's Resources (IFAD13) had been introduced as a benchmark for calculating the pledged receipt rate, which stood at 76.9 per cent, or 87.65 per cent of expected pledges. This underscored the importance of continuously monitoring the programme of loans and grants against available resources and maximizing capital efficiency.
35. A persistent lag between disbursements and approvals was noted, highlighting the need to manage disbursement capacity carefully. A recurring challenge remained in project financial and procurement management, with targeted root cause analyses under way. Interim measures such as focused training, capacity-building,

recruitment support and procurement-risk-informed project design were being implemented. Additionally, the report noted two ongoing misconduct cases, serving as a reminder of the importance of awareness and prevention efforts. Finally, the issue of overtime work among Health and Wellness Unit staff was raised, prompting the provision of alternative support mechanisms.

36. Members expressed appreciation for the report, commended the clarity and usefulness of the dashboard and invited any additional risk considerations or planned enhancements to be shared with the Committee.
37. Members also raised some concerns about certain risk categories consistently exceeding risk tolerance levels for over a year, particularly project procurement and financial management. They urged Management to consider whether risk tolerance levels remained appropriate and called for regular updates on these issues. While acknowledging continuous improvements in the risk monitoring framework and new risk indicators, there were ongoing challenges with financial management risks, and continued efforts were needed to promote staff well-being, especially regarding occupational health and safety. The dashboard was key in providing early warning signals but persistent breaches should be analysed to identify whether these reflected residual effects from the final phase of IFAD12 programme delivery or indicated broader systemic issues.
38. Management emphasized that ongoing root cause analyses were critical to understanding the underlying reasons for sustained breaches, particularly in procurement and financial management. The findings of such analyses would inform any adjustments to risk tolerance. The new risk committee structure facilitated these discussions and supported consensus-building on difficult issues.
39. Management also noted that programme delivery risks needed to be assessed in the context of capacity constraints and resource allocation lessons learned from IFAD12, reinforcing the need for a risk-based approach to prioritize efforts where risks were most significant.
40. The Committee's commitment to using the Corporate Risk Dashboard as a valuable tool for continuous risk monitoring was reaffirmed.

Outcome and follow-up. The updates on both the Enterprise Risk Management Framework operationalization and the Corporate Risk Dashboard were duly noted.

Agenda item 7 – Office of Audit and Oversight

(a) Update on investigations undertaken by the Office of Audit and Oversight – for information

41. AUO updated the Committee on investigations undertaken and noted that 20 per cent more cases were completed from 1 January 2025 to 31 May 2025, compared to the same period in the previous year, with a slight decrease in new cases received. The volume of internal and external cases remained stable, though an overall increase was anticipated based on recent years' trends. The main source of allegations continued to be IFAD staff and consultants, with the confidential anticorruption mailbox being the preferred reporting channel.
42. Fraud and corruption cases were predominant, particularly related to project procurement. Notable cases included bribery of project staff, forgery of beneficiary signatures and falsification of documents by bidders. Approximately 57 per cent of allegations implicated government or project officials, highlighting ongoing risks within project environments. To mitigate these risks, the integrity due diligence (IDD) list was being actively utilized.
43. It was noted that the case distribution correlated broadly with IFAD's portfolio size, with an increase in cases from Latin America and the Caribbean reflecting enhanced anticorruption efforts in that region.

44. AUO informed the Committee that it aimed to complete high-priority cases within six months and normal priority cases within 12 months and that complex corruption cases sometimes required longer timelines, but collaboration with other IFAD units ensured that residual risks were managed during investigations. The number of cases closed in 2025 had already surpassed the previous year's record, achieved through process improvements, clear prioritization and efficient procedures.
45. The Committee took note that one external case had resulted in a four-year debarment for a company involved in fraudulent bidding, and that three additional investigation reports had been issued and were pending Sanctions Committee decisions. These included cases of undisclosed conflicts of interest, corruption involving project staff and family members, and fraud through falsified documents and diversion of funds totalling several million dollars. All implicated parties had been placed on the IDD list.
46. AUO maintained frequent confidential communications with IFAD's regional divisions and other units to share information and manage risks. Outreach efforts reached over 250 personnel in 2025 to raise awareness of anticorruption and integrity issues. The IDD list now covered 137 entities across 28 countries to address integrity risks that fell outside sanctioning mechanisms.
47. AUO planned to enhance investigation efficiency by refining intake and review processes, and streamlining documentation. Adequate resourcing remained critical given increasing case complexity and volume. Innovative approaches, such as addressing environmental law violations in support of IFAD13 strategic goals, were also being pursued. Preventive measures, including capacity-building and collaboration with national oversight bodies in high-risk countries, would be introduced to reduce recurrence of fraud and corruption.
48. Members welcomed the update, noting positive trends in increased reporting rates, which likely reflected growing confidence in the system, though underreporting, especially of internal cases, may persist.
49. The Committee expressed appreciation for the inclusion of case studies and analysis, which helped ground the work of AUO in practical examples, and several members showed strong interest in the planned preventive measures, particularly capacity-building efforts and engagement with government counterparts, seeking further details on these initiatives and how IFAD could enhance compliance environments. AUO clarified that preventive efforts included training for project management units and closer collaboration with national anticorruption authorities (e.g. in Ghana and Kenya) to enhance accountability where it belonged – with national governments.
50. AUO further clarified that building the capacity of national agencies was critical, as IFAD's direct influence was limited. Government officials had to recognize accountability, including possible criminal investigation consequences, to deter corruption. Members voiced their support for AUO's focus on preventive measures, including the use of technology and collaboration with national entities.
51. Clarification was requested regarding data on the recovery of misused funds in fraud cases and AUO clarified that the recovery of misused funds was coordinated with financial management colleagues, with amounts often declared ineligible and recovered; however, prevention was paramount to avoid harming beneficiaries who rely on project support. In that context, the importance of robust oversight as well as the real-life impact of fraud was highlighted, referencing a case where beneficiaries did not receive essential seeds and fertilizers.
52. The importance of strong controls, continuous supervision and clear rules – especially in procurement, financial management and beneficiary management – was emphasized as key to preventing irregularities. AUO informed the Committee

that they had begun including root cause analyses in investigation reports as lessons learned, to inform Management and potentially national governments on how to anticipate and prevent misconduct.

53. The internal IDD list helped with risk management, but external collaboration was needed to enforce accountability and enable asset tracing and recovery. AUO also clarified that the increase in reported cases was attributed to growing trust in AUO's faster, more thorough investigations, improved procedures and proactive outreach to project units and new staff.

Outcome and follow-up. The overall update was noted.

(b) Input for the Office of Audit and Oversight's vision and strategic objectives, and proposed revisions to the 2025 workplan (AC 2025/177/R.6) – for review

54. The item was considered in two parts, with deliberations first focusing on the AUO vision and strategic objectives, followed by a discussion of the proposed revisions to the 2025 workplan.
55. In line with this approach, AUO presented the updated vision and strategic direction of AUO, emphasizing the importance of repositioning AUO to address IFAD's evolving internal and external challenges. The need for AUO to shift from a predominantly transactional audit focus to a more risk-based, strategic approach that delivered greater value to IFAD's leadership and stakeholders was stressed. This evolution was essential as IFAD increasingly operated in fragile, complex and high-risk environments that required a more proactive and insightful assurance function.
56. Four key considerations shaped the vision:
 - Stakeholder expectations for AUO to proactively focus on key risks, priorities and learning;
 - IFAD's shifting context, including an increased focus on vulnerable populations, fragile states, complex financing and partnerships;
 - Best practices from audit and investigations professions, including new global internal audit standards emphasizing governance; and
 - AUO's role within IFAD's broader assurance framework, recognizing the need to map assurance activities precisely and focus resources deliberately.
57. Given AUO's size and scope, covering all portfolios was considered impractical, underscoring the need for strategic focus and collaboration with other assurance providers. AUO noted that technology would enable the shift in the vision and mission to risk-based assurance from transactional audits and that this would support Management's focus on strategic issues.
58. Due to improved outreach and trust, investigations had seen increased case numbers and further preventive measures were planned to manage resources effectively. Early impacts of the new approach were evident in recent audit reports influencing risk management and supervision improvements within IFAD.
59. AUO further noted that unless the new vision was realized, IFAD risked losing efficient, value-adding assurance over time and that AUO's strategy to achieve the vision was structured around six pillars with specific actions planned for 2025 and beyond, subject to resource availability.
60. Committee members expressed strong support for the revised AUO strategy, praising the clear presentation, thorough analysis and stakeholder engagement that had shaped it. The move towards more risk-focused audits and investigations, with an emphasis on outreach, learning and preventive measures, was welcomed as aligned with IFAD's evolving environment.

61. The increase in reported cases was seen as a positive sign of growing trust in the system, rather than a cause for alarm, though excessive increases should be monitored. Questions were raised about whether AUO had adequate capacity and resources to implement the new vision, and how it planned to manage potential cultural challenges – especially with an increased focus on high-risk findings leading to more critical reports to Management.
62. AUO confirmed that some structural changes had been proposed and were under review by Senior Management and that significant engagement with IFAD's senior leadership, including the President, Vice-President and Associate Vice-Presidents, had already taken place. This early consultation had confirmed broad support for AUO's updated direction; IFAD Management welcomed this shift and was open to more elevated and strategically aligned audit recommendations.
63. One member questioned the wording of the mission statement, suggesting the value lay not in the AUO services themselves but in how AUO applied its expertise to deliver outcomes and not outputs.
64. Concerns were expressed that shifting focus to risk-based assurance should not neglect ongoing compliance and investigation duties, which remained resource-intensive.
65. Queries were raised on how gaps would be identified for capacity-building with national counterparts, the specific objectives pursued, and how resourcing or burden-sharing with governments would be handled. The balance between efficiency and sustainable outcomes was also discussed.
66. Interest was expressed in how skills assessments and talent strategies would interact with IFAD's broader staff rotation policies. AUO clarified that the broader IFAD mobility framework, including rotation policies, was under review. AUO was considering how this would affect its team and how to balance capacity retention and renewal.
67. Clarification was sought on how AUO's risk focus aligned and coordinated with those of RMO and the Independent Office of Evaluation of IFAD to avoid overlap and duplication. AUO explained that it was initiating a risk assurance mapping exercise with a consultant to understand and coordinate assurance activities across IFAD (including evaluation, risk management and project financial management) to identify duplications or gaps and improve collaboration. Determining the adequacy of current resources depended on the outcomes of the assurance mapping, which would clarify assurance gaps and guide resource needs.
68. Despite the challenges, there was confidence that the revised strategy would position AUO well to increase efficiency, deliver value and respond proactively to emerging risks. The need for a risk mitigation plan to address potential delays or resource constraints was noted, alongside a recognition of risks if the vision was not fully realized.
69. AUO explained that it delivered value in two ways: firstly, through its nature of being an independent function and secondly through giving clear recommendations that addressed the root problems and matched IFAD's challenges and risks. At the same time, routine audit tasks – the everyday work – would be handled efficiently with the support of technology.
70. AUO preventive work so far had been opportunistic (e.g. focusing on countries with concentrated cases like West Africa). AUO was exploring partnerships with national authorities, capacity assessments and possible secondments to build local capacity. Approaches would be tailored based on specific capacity gaps and opportunities, including plans to build partnerships with national anticorruption authorities to improve local oversight and prevention.

71. In response to queries raised, AUO noted that it contributed to wider IFAD learning projects, such as the Operations Academy by the Office of Development Effectiveness, aimed at strengthening integrity and internal control capacities. Some training efforts would become mandatory for new staff.
72. With regard to the second part of the agenda item, namely the revisions to the AUO 2025 workplan, AUO confirmed that the previously unnamed flexible assignment would now focus on the important exercise of risk assurance mapping to better understand and coordinate assurance activities within IFAD.
73. AUO suggested also replacing the cross-cutting supervision report with a review of IFAD's supervision framework. Based on findings from recent supervision audits (notably the Chad audit), AUO would review IFAD's supervision framework to identify improvements and ensure it was fit for purpose.
74. On operational needs, the planned Nepal supervision and country office audit would be replaced by one for Pakistan, which presented a higher risk and was a better fit for the audit plan. To avoid duplication with the external auditor, AUO proposed removing the internal controls over financial reporting audit and free up time for more value-adding work.
75. The Committee supported the proposed adjustments to the 2025 AUO workplan, in particular the review of IFAD's supervision framework, and requested clarification regarding the removal of Nepal from the audit schedule, asking whether this engagement was merely being postponed to 2026 or whether there was an intention to delay it further. Additionally, a question was raised regarding the timeline for the risk assurance mapping exercise. Specifically, the Committee enquired whether this important work would be completed in time for the next Audit Committee meeting, or whether an interim update would be provided to ensure continued oversight and engagement.
76. AUO confirmed that the adjustment in the 2025 audit workplan, specifically the replacement of Nepal with Pakistan, was made due to resource limitations and a request from IFAD Management to postpone the Nepal audit due to ongoing operational issues in the country. The Pakistan audit, originally scheduled for 2026, had therefore been moved forward. Whether Nepal would be included in the 2026 workplan would depend on its risk profile as assessed through AUO's risk-based planning approach. If Nepal was identified as high risk, it would be prioritized accordingly. The intention was to potentially integrate both the country office and supervision components into a single audit engagement for efficiency.
77. Regarding the risk assurance mapping exercise, AUO noted that preliminary results were expected to be presented at the September meeting of the Audit Committee, depending on the progress of the consultant's work, which had experienced slight initial delays. However, the full findings would be incorporated into the November meeting to inform the development of the 2026 audit workplan.

Outcome and follow-up. The document was considered reviewed and would be submitted to the forthcoming September session of the Executive Board for confirmation.

Agenda item 8 – Asset and Liability Management Report – December 2024 (AC 2025/177/R.7) – for review

78. Management presented the Asset and Liability Management (ALM) Report for the second half of fiscal year 2024. The Committee was informed that IFAD's exposure to ALM-related risks remained low and aligned with the Fund's financial sustainability objectives. Management noted that the composition of the balance sheet remained broadly stable, with loans accounting for 75 per cent of total assets, and liquidity representing 16 per cent. It was also noted that equity and concessional partner loans funded 76 per cent of total assets, while borrowing from

sovereign sources and private placements accounted for 20 per cent of the funding. Management confirmed that all liquidity and capital ratios were within policy limits. Regarding interest rate risk, it was highlighted that IFAD's debt-funded balance sheet showed a slightly higher sensitivity of liabilities to rising interest rates, which was offset by the long duration of the equity-funded portion. On currency risk, Management noted that the Fund maintains a forward-looking currency alignment policy based on projected outflows over a 24-month horizon.

79. Committee members welcomed the document and requested some details about refinancing risks related to borrowings activities.
80. Management clarified that the maturity structure of private placements is closely assessed as part of the funding plan, which also includes considerations for prefunding.
81. **Outcome and follow-up.** The document was reviewed and will be submitted to the Executive Board for information.

Agenda item 9 – Draft provisional agenda for the 178th meeting of the Audit Committee (AC 2025/177/R.8) – for review

82. **Outcome and follow-up.** The document was considered reviewed, with the inclusion of a review of the Capital Adequacy Policy and the postponement of the revised IFAD Policy to Prevent and Respond to Sexual Harassment, Sexual Exploitation and Abuse to a future meeting.

Agenda item 10 – Other business

The following items were considered in a closed session:

- (a) Cross-cutting findings from audits of the supervision of eight country programmes in Brazil, Cambodia, Ethiopia, Ghana, Indonesia, Mauritania, Mexico and Morocco (IAR-25-03);
- (b) Audit of the supervision of the country programme in Chad (IAR-25-04);
- (c) Audit of IFAD's Enterprise Risk Management Framework implementation (IAR-25-05); and
- (d) Update on the capital optimization process and next steps.