
Minutes of the 179th meeting of the Audit Committee

Document: EB 2025/146/R.28

Agenda: 11(b)

Date: 8 December 2025

Distribution: Public

Original: English

FOR: INFORMATION

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Minutes of the 179th meeting of the Audit Committee

1. The deliberations of the 179th meeting of the Audit Committee, held on 24 November 2025 in hybrid modality, are reflected in the present minutes. The minutes have been approved by the Committee and are shared with the Executive Board for information.
2. The meeting was attended by Committee members representing Algeria, Brazil, China, France, Italy, United Kingdom, United States and the Bolivarian Republic of Venezuela, and observers representing Canada and Switzerland. The meeting was also attended by the Vice-President of IFAD; the Chief Legal and Governance Officer; the Associate Vice-President and Chief Financial Officer, Financial Operations Department; the Director and Chief Risk Officer, Office of Enterprise Risk Management; the Associate Vice-President, Department for Country Operations; the Director and Controller, Financial Controller's Division; the Director, Office of Audit and Oversight; the Director, Planning, Organizational Development and Budget Division; the Director and Treasurer, Treasury Services Division; the Director, Procurement and Financial Management Division; the Director, Independent Office of Evaluation of IFAD (IOE); the Secretary of IFAD, Office of the Secretary; the Chief of Ethics, Ethics Office (ETH) and a number of other IFAD staff members.

Agenda item 2 – Adoption of the agenda (AC 2025/179/R.1) – for approval

3. The agenda was adopted, with no changes.

Agenda item 3 – Office of Audit and Oversight

(a) Update on investigation and anticorruption activities – for information

4. Members thanked the Office of Audit and Oversight (AUO) for the detailed update on case trends and statistics, key investigations and actions taken as of 31 October 2025. Some queries were raised regarding investigation timelines, targets, and indicators applied for internal cases versus external cases. Members also expressed interest in gaining insight into the types of internal cases being managed to better understand potential organizational weaknesses and patterns where risks have materialized into issues, while fully respecting the need for confidentiality.
5. Members welcomed the proactive approach towards implementing preventative measures in high-risk countries and requested further details on such measures, and on how countries or situations were selected, and how a risk-based framework with escalating levels of rigour would be applied.
6. AUO thanked members for their positive comments. In responding to the queries, AUO clarified that IFAD applied clear key performance indicators (KPIs) for investigations: six months for high-priority cases and 12 months for standard cases. External cases with high materiality were treated as high priority, though complex corruption cases could exceed six months due to the more sophisticated investigative work required. Internal cases generally met the six-month target, especially sexual harassment cases, although delays could occur when due process required, including providing staff members with sufficient time to respond to AUO's request, and in some cases, waiting for them to be medically fit to cooperate with the investigations. While sharing information on internal case studies could require a closed session to ensure confidentiality and due consideration of legal risks and implications, AUO confirmed its willingness to do so under the right conditions.
7. On preventative measures, AUO described the ongoing collaboration with partners such as the World Bank and the Green Climate Fund to conduct joint awareness sessions, unannounced inspections and capacity-building activities in high-risk areas. AUO was also pursuing memorandums of understanding with national oversight bodies that have shown strong interest in collaboration. These initiatives were still being operationalized, and updates would be provided to the Committee

as they progressed. It was further highlighted that IFAD benchmarked its KPIs against other United Nations agencies and international financial institutions and performed well. AUO added that it was also engaging in broader efforts to participate in capacity-building initiatives and introduce proactive investigations, following trends across the United Nations system.

8. Overall, members welcomed AUO's responses, which reflected a shared focus on balancing operational transparency, risk-informed oversight and confidentiality while strengthening preventative and investigative measures across IFAD's operations.

Outcome and follow-up: The update was noted.

**(b) Workplan for IFAD's Office of Audit and Oversight for 2026
(AC 2025/179/R.2) – for review**

9. Members commended AUO for the comprehensive paper and well-structured workplan, noting its strong analytical foundation and alignment with IFAD's strategic objectives.
10. Questions were raised as to whether resourcing and capacity were sufficient to deliver the ambitious plan, and how the staffing level and planned delivery compared with peer organizations. Members also enquired whether the new risk and control self-assessments were considered when designing the workplan and requested updates on their progress. They also expressed interest in upcoming audits on cybersecurity, consultant management, non-sovereign operations and private sector engagement, and business continuity. Further details were also requested on the capacity-building work with national institutions, given the limited investigative resources.
11. One member highlighted that risks could arise as a result of the transition from junior audit officers' contracts to a co-sourcing/outsourcing model, and voiced concern about retention of institutional knowledge, coordination, and cost-effectiveness.
12. Members also requested clarification on the distinction between the forthcoming corporate review of IFAD's policy and procedural framework and AUO's planned review of the same topic, asking how scopes, objectives, governance and timelines would be coordinated to avoid duplication. They also recommended refining the response plan for resource gaps by specifying triggers, processes and timeframes. Members acknowledged the disciplined budget proposal, including the negative real increase, and emphasized the importance of prioritization.
13. AUO thanked members for their support and underscored the importance of collaboration among divisions, including AUO and IOE, and second-line functions such as enterprise risk management and legal services, to ensure coordination and avoid duplication and gaps in the provision of assurances.
14. Regarding staffing and resources, the 2026 audit plan foresaw five core audit staff members delivering 15 audits, which compared favourably with peer organizations. Many audits were complex, requiring detailed risk analysis and scoping. Time sheets would be introduced to monitor effort and improve efficiency. With regard to investigation activities, the use of time sheets would ensure appropriate allocation of resources between core investigative work (approximately 80 per cent of staff time) and preventative or capacity-building activities (about 20 per cent). Co-sourcing and outsourcing were intended to supplement internal expertise as needed, with scoping still under review.
15. AUO confirmed that cybersecurity and business continuity remained high-priority areas and that AUO's review of IFAD's policy/procedural framework would focus specifically on the delegation of authority and its appropriateness for a decentralized organization, complementing broader corporate-level reviews

Outcome and follow-up: The document was considered reviewed, and the Committee endorsed its submission to the Executive Board at its forthcoming session for confirmation through the batch procedure.

Agenda item 4 – Project procurement and financial management: Annual progress report, including review of the conceptual framework on financial reporting and external audit of IFAD-financed projects (AC 2025/179/R.3) – for review

16. The Committee welcomed the first annual report of the new Procurement and Financial Management Division (PFM), and particularly the progress made in integrating both functions. Members requested that key points be highlighted and sought clarification on how project risk profiles aligned with IFAD's risk appetite. Management explained that inherent risk had increased due to IFAD's work in higher-risk contexts without fully established mitigation measures. Residual risk had slightly decreased for financial management and had increased for procurement. Financial management risk remained above the 20 per cent threshold, while procurement risk had improved significantly. Project-specific action plans were being implemented in coordination with the Office of Enterprise Risk Management (RMO).
17. Members also raised concerns about the 11 qualified audit opinions and recurring issues such as weak internal controls and inadequate procurement systems. Management clarified that while the same projects did not receive a qualified opinion each year, challenges persisted in countries with limited institutional capacity, whereas improvements were noted in others. Capacity-building, strengthened risk registers, and the integration of lessons learned – such as recommending international technical assistance and simpler project designs – were being implemented to address these issues.
18. Members encouraged alignment between supervision findings and internal audit findings. Management confirmed the stronger collaboration with AUO, supported by upcoming IT enhancements, including AI-enabled risk identification and more robust prior and post reviews.
19. Management reported that the recalibration exercise had been successful, and that next steps would focus on refining the organizational structure, addressing procurement resourcing gaps, and determining where integration was appropriate. The risk control self-assessment had resulted in an increase in identified risks from 3 to 26, with major risks linked to supplementary fund oversight and procurement staffing. Joint capacity-building workshops run by PFM and project management units, along with the next phase of the BuildProc programme, would further strengthen internal controls and implementation.

Outcome and follow-up: The document was considered reviewed and its submission to the forthcoming Executive Board for information endorsed.

Agenda item 5 – Enterprise risk management

(a) Capital Adequacy Report – June 2025 (AC 2025/179/R.4) – for review

20. Members welcomed the report and noted that while the point-in-time assessment of capital adequacy was useful, the report would have benefited from a forward-looking projection of capital adequacy ratios over IFAD's planning horizon (e.g. at 3, 5 and 10 years). Such projections would help reassure the Committee that none of the key limits or ratios were expected to be breached. Members also suggested that the report include IFAD's assessment of its performance against key credit rating agency metrics such as Fitch's capitalization indicators, since these influenced IFAD's external credit rating and should be monitored alongside internal metrics.
21. Management responded that the proposed revisions to the Capital Adequacy Policy were intended to address members' request for a forward-looking view of IFAD's

capital position. While long-term projections were difficult under the current framework given uncertainties around future replenishments and capital usage, Management agreed on the importance of forward-looking analysis. As part of the policy revision, the introduction of “managerial zones” was being proposed, which would provide a 10-year outlook under various assumptions and serve as an early-warning system for potential breaches of key internal and external (credit rating agency) capital indicators. These zones would allow sufficient time to design and implement corrective measures if risks emerged.

22. In response to a question on the potential loss of IFAD’s preferred creditor status, which was identified as the most significant risk as part of the stress-testing exercises, Management explained that the key trigger for losing this status would be clear evidence that a borrower was prioritizing payments to other creditors ahead of IFAD. For this reason, IFAD closely monitored debtor behaviour during periods of financial distress to ensure that repayment disciplines were followed.
23. Management confirmed that since the publication of the report, the non-performing loan ratio had increased to around 4 per cent, with an additional capital consumption of approximately US\$32 million. This was the result of a country defaulting on payments and falling into the Stage 3 expected credit loss category. Said country was in arrears with several multilateral development banks, including the African Development Bank and the Islamic Development Bank, and was not prioritizing any institution over IFAD. Ongoing discussions with relevant authorities were expected to lead to loan repayments, and Management was hopeful for an early and positive resolution .

Outcome and follow-up: The document was considered reviewed and is submitted to the Executive Board for online review.

(b) Update on the operationalization of the IFAD Asset and Liability Management Framework (AC 2025/179/R.5) – for review

24. Management provided an update on the implementation and operationalization of the Asset and Liability Management (ALM) Framework. The Committee was informed that the framework aimed to ensure appropriate matching of assets and liabilities in terms of interest rates, currencies and maturities, while maintaining adequate liquidity and hedging any remaining mismatches.
25. Management reported that ALM practices continued to evolve in response to the diversification of IFAD’s funding base and increasing leverage, supporting both financial safety and capital optimization, in line with the ongoing G20 reform. Management stressed the importance of RMO’s compliance function, which was supplemented by the Financial Risk Management Committee, together providing a comprehensive oversight of ALM execution, complementing the role of Treasury while maintaining independent risk monitoring.
26. IFAD’s liquidity position was reported as strong, significantly exceeding minimum policy requirements and was recognized positively by credit rating agencies. However, Management highlighted several areas requiring ongoing monitoring, including the coverage of outstanding debt by available liquidity, the management of large undisbursed balances, the concentration of bullet repayments on issued bonds, and maturity mismatches arising from the shorter-term nature of IFAD debt instruments and the longer-term nature of IFAD’s loan portfolio. These potential mismatches and maturity gaps had been duly analysed by the Treasury Services Division and were reported in the 2023 ALM report.
27. Management highlighted that the diversification of IFAD’s funding sources was considered as a strength by credit rating agencies.
28. Management also noted that interest rate risk was limited due to the short duration of the investment portfolio, the conservative discount rates applied to the concessional portfolio that already compensated for potential adverse interest

movement, and a general stability in the interest rate environment. Currency risk was reported as well managed, supported by assets being denominated in special drawing rights and the capital buffer of US\$108 million, with residual risks mitigated through currency or interest rate swaps.

29. Management informed members that the proposed amendments to the Integrated Borrowing Framework (as per agenda item 6(c)) would address the challenges described.
30. Committee members welcomed the progress made in implementing the ALM Framework and acknowledged the increasing sophistication of risk management practices. Members raised questions regarding the management of matching gaps between loans and short-term debt maturities, and the approach to future upcoming bullet repayments. Committee members commented on the concentration of counterparties in derivative transactions and requested clarification on the way interest rate risk was managed at portfolio level.
31. Management clarified that the first bullet repayments for private placements were expected to commence in 2029 and that funding maturities were being deliberately spread to avoid lumping the maturity of the bonds in the same year. The existing pre-funding mechanism would be extended to manage refinancing risk. Management reiterated how the only mandate of the investment portfolio was capital preservation, liquidity and returns and that this required investments to have very minimal market risk by focusing on short-term investments. Management also confirmed that collateralization of derivatives would support counterparty diversification and reduce exposure concentrations.

Outcome and follow-up: The document was considered reviewed and is submitted to the Executive Board for online review.

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

32. Management provided an update on the ongoing implementation of the Enterprise Risk Management (ERM) Framework, emphasizing its continuous and evolving nature.
33. The Committee was informed about progresses made in strengthening risk governance, including the full establishment and effective use of internal risk committees. It was also noted that emerging non-sovereign operations had been supported through the development of credit risk assessment tools. The phased roll-out of risk control self-assessments was ongoing across departments.
34. The Committee was also informed about upcoming initiatives such as the identification of an appropriate reference risk maturity model and the development of a standardized new product approval process to ensure alignment with IFAD's risk capacity. Engagement with credit rating agencies and contributions to policy frameworks such as the Capital Adequacy Policy were noted as ongoing areas of focus.
35. In addition, Management highlighted efforts to strengthen evidence-based risk management, including root-cause analysis of risk appetite breaches, integration of climate and geopolitical risk considerations, and the development of a consistent stress-testing framework.
36. Members welcomed the update and commended the increased use of structured tools such as risk control self-assessments. Members emphasized the importance of embedding a strong risk culture across the organization and requested continued reporting on staff engagement and risk awareness.

Outcome and follow-up: The update on the implementation of the ERM Framework was noted and its importance for adapting to evolving risks was recognized by the Committee.

(d) Corporate Risk Dashboard – for information

37. Management presented the Corporate Risk Dashboard, which reported on IFAD's risk profile as of the third quarter of 2025 measured against key risk indicators. Management highlighted that risk appetite thresholds had been exceeded in the areas of misconduct, vacancy rate, work outside working hours, level of pledges towards the Thirteenth Replenishment of IFAD's Resources (IFAD13), breaches in project financial management performance and project disbursement levels.
38. Management provided details about the underlying drivers of the key breaches. In particular it was noted that project performance was related to the engagement in fragile contexts and that project approvals had recently increased relative to disbursements. Corrective measures were outlined, focusing on strengthening implementation capacity, oversight and resource allocation.
39. Committee members welcomed the improved clarity, structure and presentation of the dashboard, noting that it enhanced understanding and usability for decision-making. Members also noted that among the strategic key risk indicators, lower levels of pledges were persistently recorded in comparison to replenishment targets, suggesting that consideration could be given to establishing an appropriate balance between realism and ambition in setting replenishment targets.
40. Management emphasized that sustained breaches should trigger corrective action and noted the importance of maintaining ambitious targets and taking pledged contributions at face value.

Outcome and follow-up: The Committee welcomed the enhanced dashboard and the transparent presentation of risk information.

Agenda item 6 – IFAD's Capital Optimization Initiative [R]

(a) Chapeau paper on capital optimization (AC 2025/179/R.6)

41. Management acknowledged that both IFAD and Member States had benefited extensively from continuous and open dialogue through seminars and bilateral meetings over the past 18 months on the capital optimization workstream, enabling Management to hear Member States' questions, concerns and priorities. Management highlighted how capital optimization provided a clear financial strategy that balanced the maximization of development impact while ensuring long-term sustainability. Management underscored that this strategy provided tools to determine the programmes of loans and grants cycle-over-cycle, giving Member States the ability to decide to act countercyclically in moments of global economic stress. Management thanked Member States for the time and effort dedicated to the capital optimization workstream from the outset.
42. The Committee members appreciated IFAD's efforts to put the issue of capital optimization and monitoring into perspective.

Outcome and follow-up: The chapeau paper was reviewed by the Committee.

(b) Revised Capital Adequacy Policy (AC 2025/179/R.7)

43. Members welcomed the revised Capital Adequacy Policy, recognizing the collaborative process with Management that had shaped this latest version. Members supported the removal of the leverage ratio limit, noting that this shift from a rigid leverage-based metric to a more risk-based, forward-looking framework grounded on deployable capital metrics provided greater flexibility for IFAD's operations.
44. Members highlighted that despite the removal of the limit, the available capital ratio remained substantial, at 36 to 37 per cent, and stressed that its use would require careful judgement and disciplined decision-making. They also noted that the policy's challenges, particularly the preservation zone now defined only by a

zero per cent threshold, would require both Management and governing bodies to exercise discretion rather than rely on fixed numerical limits. The clear governance framework, with the Executive Board and Audit Committee actively monitoring capital ratios and approving corrective actions where needed, was welcomed.

45. Members also appreciated the detailed documentation, including the chapeau paper and marked-up revisions, and encouraged continued regular reporting to track capital developments, particularly regarding non-sovereign operations.
46. In response to requests for clarification, Management explained that the introduction of managerial zones would enhance insights into the capital implications of policy decisions, enabling a clearer understanding of trade-offs and ensuring that each decision was linked to projected capital use. On non-sovereign operations, Management reiterated that while no rigid exposure limit was imposed, each proposal would be carefully assessed for capital absorption and overall value.
47. Management acknowledged that the new framework introduced complexity but argued that it was more meaningful, shifting from hard limits to a risk-informed, forward-looking system that balanced the risks of over- and under-capitalization. Flexibility, including the potential for increased leverage, would be exercised gradually and prudently, in alignment with discussions with rating agencies. Management confirmed that debt-to-equity ratios would continue to be monitored and would serve as indicators rather than hard constraints, allowing early detection of risk and proactive corrective action.

Outcome and follow-up: The Committee reviewed the document and endorsed its submission to the forthcoming Executive Board session for approval.

(c) Revised Integrated Borrowing Framework (AC 2025/179/R.8)

48. Management introduced the proposed revision of IFAD's Integrated Borrowing Framework, noting the objective of aligning it with the Capital Optimization Initiative and improving liquidity management. Management presented the proposal noting the four key pillars. The first of these concerned eligible lenders and proposed the introduction of short-term liquidity providers to enhance flexibility and responsiveness. The second pillar addressed borrowing tools and proposed the introduction of liquidity management instruments, such as commercial paper, to increase financial flexibility in managing liquidity. The third pillar focused on the use of borrowed funds, with the aim of streamlining the allocation of such funds to support IFAD's programmes and projects more comprehensively, while eliminating redundant concepts related to financial sustainability. The fourth pillar addressed borrowing governance and proposed the removal of the maximum borrowing threshold in order to align the framework with the ongoing capital adequacy review. Management indicated that the proposed revisions were intended to achieve more efficient liquidity management, ensure consistency with the Capital Adequacy Policy, and reflect discussions held with Member States. The revisions were presented as reinforcing coherence across IFAD's financial policies and supporting the adoption of evolving best practices.
49. Committee members welcomed the document and noted that a marked-up version of the document showing the revisions would be appreciated. Clarifications were also requested regarding the scope of potential short-term liquidity providers and the removal of the financial sustainability or cost pass-through clause contained in the previous framework. It was noted that the absence of such a clause could raise concerns regarding potential cross-subsidization or borrowing at costs exceeding returns from the use of funds, with possible implications for capital ratios. The importance of transparency and reporting, including through ALM reporting, was emphasized as a means of monitoring the relationship between funding costs and the use of funds.
50. Management explained that the proposed changes reflected a shift towards a more forward-looking and anticipatory framework, consistent with the evolution of the

Capital Adequacy Policy. Noting that funds cannot be traced on a dollar-for-dollar basis, financial sustainability would be monitored through strong governance, enhanced analytical capacity, and reporting on net interest income. Management indicated that further granularity could be provided to ensure transparency and to demonstrate that cost of debt was fully covered by loan income. It was noted that any adverse impact would be reflected in deployable capital projections, allowing early identification and corrective action.

51. With respect to borrowing instruments, Management confirmed that commercial paper was a short-term, low-risk liquidity instrument typically used by entities with temporary excess cash. Potential investors could include institutional and corporate entities, with issuance conducted through dealer banks that would perform appropriate due diligence on investors. Management undertook to provide additional clarification as needed and to make available a marked-up version of the revised document for the Executive Board.
52. Following further clarification, the Committee acknowledged that the revised framework would provide a more diversified and flexible borrowing structure, improving efficiency in matching short-term liquidity needs while placing greater emphasis on transparency and aggregate financial indicators, such as net interest income.

Outcome and follow-up: The Committee concluded that the document had been reviewed and endorsed its submission to the forthcoming session of the Executive Board for approval.

**Agenda item 7 – Asset and Liability Management Report – June 2025
(AC 2025/179/R.9) – for review**

53. Management introduced the Asset and Liability Management Report as at 30 June 2025, providing a comprehensive overview of key ALM metrics. The presentation focused on maintaining a balance between assets and liabilities while embedding safeguards to mitigate liquidity, interest rate and currency risks. Management highlighted that the composition of IFAD's balance sheet as of end June 2025 was consistent with the previous reporting period, namely that loans represented approximately 75 per cent of total assets, with highly and super highly concessional loans accounting for the bulk of the loan portfolio. The liquidity portfolio accounted for 18 per cent of total assets. On the liabilities side, equity and concessional partner loans financed 74 per cent of the balance sheet, while sovereign borrowing and private placements represented 23 per cent, with the remainder classified as "other liabilities".
54. Liquidity risk metrics were reported to be strong and well within policy limits. The minimum liquidity requirement ratio stood at 163 per cent, significantly above the 100 per cent threshold. The IFAD-calculated 12-month Standard & Poor's liquidity ratio was 1.97, confirming IFAD's capacity to meet projected cash outflows without the need for additional funding.
55. The repayment profile of outstanding debt indicated upcoming refinancing needs linked to the concentration of bullet maturities on private placements beginning in 2029. Management noted that this would require careful planning to manage medium-term refinancing risk.
56. Interest rate risk was described as being primarily driven by IFAD's long-dated fixed-rate concessional loan portfolio funded by equity. Currency risk continued to be managed through a forward-looking cash flow alignment approach. Most loans were denominated in special drawing rights (SDRs), while liabilities were primarily in euros and United States dollars. Positive currency gaps remained within acceptable limits, and no single exposure had exceeded the 10 per cent policy threshold during the reporting period.

57. The Committee acknowledged the strength of the reported liquidity indicators, in particular the minimum liquidity requirement ratio, and requested clarification on whether this level was expected to be maintained over time. Committee members commended Management for the quality of the ALM report and emphasized the importance of continued close monitoring of the medium-term refinancing profile, particularly in years with a higher concentration of private placement maturities. Some members noted the importance of maintaining an active dialogue with rating agencies in order to ensure transparency and reinforce confidence in IFAD's financial management. Clarifications were requested on how the funding cost pass-through mechanism was influencing the relationship between loan pricing and the cost of debt.
58. Suggestions were made to further reduce operational risks through optimization of the debt structure, appropriate use of hedging instruments, and strengthened monitoring and analysis of SDR basket currencies.
59. Management explained that liquidity buffers were designed to cover upcoming liquidity needs, particularly loan disbursements and debt repayments. While the liquidity ratio was robust, internal discussions continued on the appropriate level of buffers. It was noted that liquidity ratios fluctuated throughout the year, with disbursements typically accelerating towards year-end, resulting in different ratios at end-December compared to mid-year reporting.
60. Management confirmed that refinancing risk remained a key focus area. The current framework included an annual funding plan with the ability to pre-fund part of the following year's needs. Management indicated that the pre-funding horizon could be extended to two years, allowing for increased pre-funding volumes and greater flexibility in accessing markets.
61. Management clarified that the funding cost pass-through mechanism had been in place for approximately one year and that the full cost of funding, including hedging costs, was passed through to ordinary loans.
62. Management further clarified that although debt was issued in various currencies, all debt-funded exposures were fully hedged and swapped into either euros or United States dollars in line with ALM needs. This approach eliminated foreign exchange risk on the debt-funded portion of the balance sheet. SDR-denominated loans were primarily concessional loans funded by equity, which had the capacity to absorb associated risks. Interest rate risk on debt-funded lending was closely managed, and funding costs were fully passed through to the relevant loan products.

Outcome and follow-up: The report was considered as reviewed and is submitted to the forthcoming Executive Board session for information.

**Agenda item 8 – Audit Committee work programme for 2026
(AC 2025/179/R.10) – for approval**

Outcome and follow-up: The Committee reviewed and approved the document, with no additional considerations.

**Agenda item 9 – IFAD's 2026 results-based programme of work, regular and capital budgets, and budget outlook for 2027–2028, and the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2026 and indicative plan for 2027–2028
(AC 2025/179/R.11) – for review**

63. Please refer to the Audit Committee's separate report on this item (EB 2025/146/R.19).

**Agenda item 10 – Resources available for commitment
(AC 2025/179/R.12) – for review**

64. The Committee was informed that the resources available for commitment in 2026, had been assessed with considering given both to maintaining IFAD's financial robustness and to delivering the approved programme of loans and grants.
65. For 2026, Management proposed that the Executive Board authorize the President to conclude agreements for loans and grants amounting to up to US\$1.562 billion, with the flexibility to increase this amount by up to 10 per cent, to a maximum of US\$1.718 billion, should resources allow. The projected disbursement envelope for loans and grants in 2026 was estimated at US\$1.02 billion.
66. To support this programme, the 2027 funding plan was projected to include US\$496 million in new borrowing, comprising both concessional and non-concessional resources. Management noted that, subject to market conditions, there was flexibility to front-load up to US\$70 million from the 2027 funding plan. Deployable capital was projected to remain broadly stable over the medium term, declining slightly from 36 per cent at the end of 2025 to 35 per cent by 2030. Stress-test results indicated that IFAD would be able to meet its obligations under the base case scenario.
67. It was noted that potential delays in contributions, market disruptions and currency volatility could generate variability and affect disbursement capacity, necessitating a revision of the programme of loans and grants during the cycle to maintain compliance with financial ratios.
68. Borrowing was reaffirmed as an essential component of IFAD's resource framework, supporting operations while preserving adequate liquidity and capital levels. Management stated that the sustainable replenishment baseline approach ensured that grants and operating costs were fully covered by new contributions, thereby protecting IFAD's equity base.
69. Committee members welcomed the clarity of the presentation and sought additional details on the projected non-concessional borrowing for 2026. Particular attention was drawn to the need for continued focus on potential contribution shortfalls and persistently high undisbursed balances.
70. Management clarified that borrowing would likely be structured as a combination of instruments, including market-based transactions such as private placements and drawdowns under existing sovereign loan facilities. Management noted the importance of maintaining a market presence on an annual basis while also utilizing available credit facilities. Regarding undisbursed balances, Management indicated that disbursement capacity for 2025 and the preliminary sizing for 2026 were aligned with projected demand from the project pipeline and were expected to be sufficient to meet the anticipated disbursement needs.

Outcome and follow-up: The document was considered reviewed and is submitted to the forthcoming Executive Board session for approval.

Agenda item 11 – Ethics Office

**(a) Workplan for IFAD's Ethics Office for 2026 (AC 2025/179/R.13)
– for review**

71. Members welcomed the 2026 workplan of IFAD's Ethics Office and sought clarification on the scope and limits of expectations regarding personal online conduct, emphasizing the need to balance responsible social media use with respect for individuals' private online activities. ETH clarified that guidance on personal online conduct already existed through the social media etiquette framework, which encouraged responsible engagement while cautioning against posts that could be interpreted as representing IFAD.

72. Members also sought clarification on how integrity safeguards would be adapted for private sector operations, including the potential need for a cooling-off period for staff engaging with relevant private entities. ETH explained that for private sector operations, a tailored conflict-of-interest framework was being developed, emphasizing proactive disclosure and recommending cooling-off periods for staff previously associated with private entities before involvement in related operations.
73. Questions were raised regarding mediation approaches, specifically the potential use of internal versus external mediators, and the benefits and challenges of each. ETH responded that it favoured external mediators to ensure impartiality, global coverage and cost-effectiveness, noting potential trust and conflict-of-interest issues with internal mediators.
74. Finally, in response to a query, ETH responded that if additional resources were available, the office would prioritize enhancing its training programme through more interactive and in-person ethics sessions, complementing mandatory online courses and potentially leveraging technology to increase engagement.

Outcome and follow-up: The Committee reviewed the document and endorsed its submission to the upcoming Board session for confirmation through the batch procedure.

Agenda item 12 – Annual review of IFAD’s Investment Policy Statement (AC 2025/179/R.14 + Add.1 + Add.2) – for review

75. Management presented the annual review of IFAD’s Investment Policy Statement (IPS) together with the yearly review of the Control Framework for IFAD Investments. It was noted that both documents had already been reviewed and endorsed internally by risk management committees.
76. Management explained that the proposed amendments to the IPS aimed at enhancing efficiency and clarity. In particular, the IPS had been streamlined by removing highly technical and operational methodologies better suited for internal operational or investment guidelines, allowing the policy itself to focus more clearly on limits, mandates and responsibilities. Management also noted that changes in the Control Framework for IFAD Investments reflected alignment with IFAD’s updated organizational structure. Management requested the Committee’s endorsement of the proposed amendments to both the IPS and the Control Framework.
77. Members expressed support for the proposed amendments, noting the value of a streamlined principle-based IPS, and commented that this approach would improve oversight by reinforcing the distinction between strategic policy and technical execution.
78. Management confirmed that the proposed changes were part of the evolution of IFAD’s governance framework, reflecting increased institutional maturity and a clearer distribution of responsibilities between the Executive Board and Management. Management also indicated that further refinements to the IPS may be proposed in the future, with advance engagement with the Executive Board to ensure an appropriate balance between policy oversight and operational flexibility.

Outcome and follow-up: The document was considered reviewed and is submitted to the forthcoming Executive Board session for approval through the batch procedure.

Agenda item 13 – Report on the status of contributions to the Thirteenth Replenishment of IFAD’s Resources (AC 2025/179/R.15) – for review

79. Management provided an update on the status of IFAD13 contributions. It was noted that IFAD had received additional pledges and had signed the first climate concessional partner loan with Canada for an overall amount of CAD 263 million, equivalent to approximately US\$187 million. This was a significant and historic

concessional partner loan and would assist IFAD in achieving its financial targets and in contributing to sustainable development efforts. The level of pledges for IFAD13 had reached US\$1.56 billion, equivalent to 83 per cent of the overall target, reflecting an improvement compared to the previous reporting period. Management also reported receipt of additional instruments of contribution, bringing the total value of instruments of contribution to US\$1.25 billion, equivalent to 80 per cent of total pledges. This was considered an indication of continued strong support from Member States. In addition, further encashments of contributions had been received since the date of the report. Payments towards IFAD13 now amounted to US\$568 million, equivalent to 36 per cent of overall pledges.

80. Regular updates on IFAD13 would continue to be provided during upcoming sessions of the Executive Board and the Audit Committee.

Outcome and follow-up: The Committee took note of the update, expressed appreciation for the progress made, and agreed that the report would be submitted to the Executive Board for information.

Agenda item 14 – Other business

81. No items were presented under other business.