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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Governing Council – Twenty-Seventh Session
Rome, 18-19 February 2004

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2003

1. The following tables highlight a number of key financial figures for IFAD. The figures have been extracted from the draft 2003 consolidated financial statements of IFAD and are subject to audit by PricewaterhouseCoopers (external auditors). The draft financial statements will be reviewed by the Audit Committee in March 2004 and presented for the consideration of the Eighty-First Session of the Executive Board in April 2004.
2. As of 2003, in the context of the Strategic Change Programme (SCP) and discussions with the external auditor and the Audit Committee, IFAD changed its reporting basis to align itself more closely to the spirit of international accounting standards and emerging best practices in financial reporting. The principal changes involve the consolidation of supplementary funds and recognition of revenues and income. This consolidated information should enable readers to better understand the sources of income received by the Fund and the use that it makes of such income in carrying out its global mandate. The overall aim is that the financial statements should be simplified wherever possible in order that they become more user-friendly, while adhering to requirements under international accounting standards.
3. The following figures pertain to IFAD only.

I. INCOME AND ADMINISTRATIVE EXPENDITURES

4. The following table provides information on selected income and expenditure categories, which are compared with the previous year.

	2003 Actual (USD '000)	2002 Actual Restated ¹ (USD '000)	2003 Change (USD '000)	2003 Change as a Percentage of Previous Year
Income from loan interest and service charges	47 100	42 388	4 712	11.1%
Investment income ²	113 477	34 380	79 097	230.1%
Revenues from the above items	160 577	76 768	83 809	109.2%
Staff salaries and benefits	(34 547)	(28 422)	6 125	21.6%
Office and general expenses	(9 648)	(7 524)	2 124	28.2%
Consultants and other non-staff costs	(4 872)	(4 353)	519	11.9%
Administrative budget³	(49 067)	(40 299)	8 768	21.8%
Direct bank and investment costs ²	(5 515)	(7 864)	(2 349)	(29.9)%
Strategic Change Programme ⁴	(6 181)	(2 724)	3 457	126.9%
PDFF expenses, including cooperating institutions ⁵	(25 041)	(23 160)	1 881	8.1%
Provision for After-Service Medical Coverage Scheme ⁶	(4 300)	(7 900)	(3 600)	(45.6)%

¹ For certain items, the previous year's figures have been restated in order to be consistent with the basis of classification of expenses adopted in the current year.

² Previously, direct bank and investment costs were netted directly from investment income but are now presented separately in the interests of greater transparency. The previous year's figure has been restated accordingly, including an adjustment for investment income previously recorded under other funds.

³ Total administrative expenses are higher than in 2002 due to underlying inflationary price increases and negative exchange rate movements. The euro/United States dollar exchange rate moved by 24.4% between 31 December 2003 and the same date in 2002.

⁴ Costs for the Strategic Change Programme reflect the increased progress of the project and are part of a multi-year budget.

⁵ PDFF – Programme Development Financing Facility.

⁶ Provision for the After-Service Medical Coverage Scheme in 2002 included an additional amount of USD 3.6 million to reflect the increased liability in the 2001 actuarial valuation in addition to the USD 4.3 million charged per annum since 1999 to make good the initial actuarial liability. An actuarial valuation to determine IFAD's deemed liability as at 31 December 2003 is currently under way, the results of which will be included in IFAD's 2004 accounts.

II. BALANCE SHEET ITEMS

5. The following table provides information on total assets and selected liabilities and contributions of the Fund as at 31 December 2003 and the same date in 2002.

		2003 Actual (USD '000)	2002 Actual (Restated¹) (USD '000)
Assets			
	Cash and investments ¹	2 555 143	2 360 272
	Promissory notes, net of provisions	184 285	197 890
	Contributions receivables, net of provisions	278 764	100 328
	Receivables for investments sold	31 433	78 047
	Other receivables ^{1,2}	14 996	8 578
	Net loans outstanding	3 528 205	3 061 772
Total assets		6 592 826	5 806 887
Other selected financial balances			
	Payables for investments purchased	(229 654)	(316 726)
	Provision for after-service medical benefits ³	(27 350)	(22 621)
	Undisbursed grants	(35 407)	(32 493)
	Members' contributions, net of provisions ⁴	(4 393 528)	(4 034 692)
	General Reserve	(95 000)	(95 000)

¹ In 2003, certain balances were reclassified between the categories of cash and investments, receivables and payables to more properly reflect the underlying nature of the balances. The previous year's figures have been reclassified accordingly.

² These balances exclude inter-fund receivables, which will be reclassified from net payables on finalization of the financial statements.

³ This relates to funding for the After-Service Medical Coverage Scheme actuarial deficit. It also includes the current service costs relating to such coverage.

⁴ An adjustment has been made in the 2003 accounts with regard to contributions received by IFAD for specific activities (i.e. complementary contributions for the Debt Initiative for the Heavily Indebted Poor Countries (HIPC) and Belgian Survival Fund Joint Programme (BSF.JP) activities. These are now included in the income statements of the HIPC Trust Fund/BSF.JP accounts, respectively, in the year when the expenditures are incurred. The previous year's figures have been restated.

III. OPERATIONAL STATISTICS

6. The table below shows key loan and grant cash flows.

		2003 Actual (USD '000)	2002 Actual (USD '000)
Resource flows to developing countries			
	Loan disbursements	288 352	267 295
	Grant disbursements	15 984	21 793
Total disbursed		304 336	289 088
	Loan principal repayments	140 135	126 823
	Interest and service charges received	45 154	42 282
Total receipts		185 289	169 105
Net resource outflow		119 047	119 983

