



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
**Governing Council – Twenty-Eighth Session**  
Rome, 16-17 February 2005

**FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2004**

1. The following tables highlight a number of key financial figures for IFAD. The figures have been extracted from the draft 2004 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 2005 and presented for consideration by the Eighty-Fourth Session of the Executive Board in April 2005.
2. The following figures pertain to IFAD only.

## I. INCOME AND ADMINISTRATIVE EXPENDITURES

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

	2004 Actual (USD '000)	2003 Actual (USD '000)	2004 Change (USD '000)	2004 Change as a Percentage of Previous Year
Income from loan interest and service charges	48 027	47 100	927	2.0%
Income from cash and investments <sup>a</sup>	115 239	113 477	1 762	1.6%
<b>Revenues from the above items</b>	<b>163 266</b>	<b>160 577</b>	<b>2 689</b>	<b>1.7%</b>
Staff salaries and benefits <sup>b</sup>	(41 551)	(34 547)	(7 004)	20.3%
Office and general expenses	(9 254)	(9 648)	394	-4.1%
Consultants and other non-staff costs	(6 197)	(4 872)	(1 325)	27.2%
<b>Administrative budgets<sup>c</sup></b>	<b>(57 002)</b>	<b>(49 067)</b>	<b>(7 935)</b>	<b>16.2%</b>
Direct bank and investment costs <sup>d</sup>	(6 576)	(5 515)	(1 061)	19.2%
Strategic Change Programme <sup>e</sup>	(4 434)	(6 181)	1 747	-28.3%
PDFF expenses, including cooperating institutions <sup>f</sup>	(27 254)	(25 041)	(2 213)	8.8%
Provision for After-Service Medical Coverage Scheme <sup>g</sup>	12 300	(4 300)	16 600	-386.0%

<sup>a</sup> The average net rate of return on IFAD cash and investments was 4.5% in 2004 compared with 4.9% in 2003.

<sup>b</sup> Staff salaries and benefits increased in 2004 due principally to underlying inflationary price increases and staff promotions, negative exchange rate movements and one-time costs. The euro strengthened against the United States dollar by an average 9.1% between 2003 and 2004.

<sup>c</sup> The administrative budgets refer to both IFAD and the Office of Evaluation and include one-time costs (some USD 2.3 million in 2004 compared with some USD 1.8 million in 2003), the carry-forward of unused 2003 administrative budget allocations (some USD 1.0 million in 2004 only) and external evaluation (USD 0.8 million in 2004 only).

<sup>d</sup> Direct bank and investment costs increased in 2004 due to an increase in the underlying portfolio value and also performance related fees.

<sup>e</sup> Costs for the Strategic Change Programme are part of a multi-year budget.

<sup>f</sup> The Programme Development Financing Facility (PDFF) finances multi-year expenditures required for the design, implementation and supervision of IFAD's projects and programmes.

<sup>g</sup> In 2003 the provision for the After-Service Medical Coverage Scheme reflected the base annual charge between 1999 and 2003 to make good the initial actuarial liability over a five-year period. An actuarial valuation to determine IFAD's deemed liability as at 31 December 2003 revealed an accounting gain of USD 12.3 million, which was released to income in 2004 in accordance with the relevant accounting standard.

## II. BALANCE SHEET ITEMS

4. The following table provides information on selected assets and selected liabilities and contributions of the Fund as at 31 December 2004 and 2003.

	<b>2004 Actual (USD '000)</b>	<b>2003 Actual (USD '000)</b>
<b>Selected assets</b>		
Net cash and investment portfolio <sup>a</sup>	2 559 975	2 356 921
Promissory notes, net of provisions <sup>b</sup>	269 653	184 285
Contributions receivables, net of provisions	258 429	278 764
Net loans outstanding <sup>c</sup>	3 799 036	3 528 205
<b>Selected liabilities and contributions</b>		
Provision for after-service medical benefits <sup>d</sup>	(15 865)	(27 350)
Undisbursed grants	(35 973)	(35 407)
Members' contributions, net of provisions <sup>b</sup>	(4 668 477)	(4 394 128)
General Reserve	(95 000)	(95 000)

<sup>a</sup> The increase in the net cash and investment portfolio is due to the positive returns earned on the portfolio as well as exchange rate gains.

<sup>b</sup> The increase in Members' contributions reflects principally the deposit of instruments of contribution and payments (including promissory notes) for the Sixth Replenishment made by donors following effectiveness at the end of 2003.

<sup>c</sup> The increase in net loans outstanding relates principally to loans disbursed during the year net of loan repayments in addition to positive exchange rate movements and negative loan provision movements.

<sup>d</sup> This relates to funding for the After-Service Medical Coverage Scheme actuarial deficit, which decreased from 2003 due to the accounting gain of USD 12.3 million referred to in Section I above. It also includes the current service costs relating to such coverage.

## III. OPERATIONAL STATISTICS

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

	<b>2004 Actual (USD '000)</b>	<b>2003 Actual (USD '000)</b>
<b>Resource flows to developing countries</b>		
Loan disbursements	(313 660)	(288 352)
Grant disbursements	(17 877)	(15 984)
<b>Total disbursed</b>	<b>(331 537)</b>	<b>(304 336)</b>
Loan principal repayments <sup>a</sup>	171 682	140 135
Interest and service charges received	48 166	45 154
<b>Total receipts</b>	<b>219 848</b>	<b>185 289</b>
<b>Net resource outflows</b>	<b>(111 689)</b>	<b>(119 047)</b>

<sup>a</sup> Includes payments relating to the Heavily Indebted Poor Countries Debt Initiative.