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Enabling poor rural people
to overcome poverty

Financial highlights of the year ended 31 December 2007

Governing Council — Thirty-first Session
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For: **Information**

Note to Governors

This document is submitted for the information of the Governing Council.

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Financial highlights of the year ended 31 December 2007

1. The key financial figures presented below have been extracted from the draft 2007 consolidated financial statements, which are subject to audit by the external auditor. The draft consolidated financial statements will be reviewed by the Audit Committee in April 2008 and presented for endorsement by the Executive Board at its ninety-third session, in April 2008.
2. The figures presented here pertain to IFAD only and are all stated at nominal value.

I. Balance sheet items

3. Table 1 provides information on selected assets, selected liabilities, and equity of IFAD as at 31 December 2007 and 2006.

Table 1

Selected assets, selected liabilities, and equity as at 31 December 2007 and 2006

(Millions of United States dollars)

	2007	2006
Selected assets		
Cash and investments ^a	2 666.9	2 415.1
Promissory notes, net of provisions	259.9	250.4
Contributions receivables, net of provisions	268.2	258.6
Net loans outstanding ^b	4 596.2	4 017.7
Selected liabilities and equity		
Provision for After-Service Medical Coverage Scheme ^c	41.4	32.9
Undisbursed grants	76.8	54.2
Members' contributions, net of provisions ^d	5 316.7	5 003.1
General Reserve	95.0	95.0

^a The increase in cash and investments is mainly the result of the positive returns earned on the portfolio and exchange rate gains.

^b The increase in net loans outstanding relates principally to annual disbursements, a reduction in the accumulated allowance for the Heavily Indebted Poor Countries (HIPC) Debt Initiative due to the contribution from the World Bank HIPC Trust Fund, and positive exchange rate movements; it is partially offset by repayments.

^c The figures for the After-Service Medical Coverage Scheme reflect IFAD's liability as determined by an independent actuary at 31 December 2007 (draft results) and 2006.

^d The increase in Members' contributions is principally the result of new instruments deposited and payments against the Seventh Replenishment and residual promissory notes deposited for Fifth and Sixth Replenishment contributions.

II. Revenues and administrative expenses

4. Table 2 provides information on selected revenue and expense categories for the years ended 31 December 2007 and 2006.

Table 2
Selected revenue and expense categories, 2007 and 2006

(Millions of United States dollars)

	2007	2006	Change	
			Amount	As percentage of previous year
Income from loan interest and service charges ^a	53.4	47.1	6.3	13.4
Income from cash and investments ^b	146.4	62.0	84.4	136.1
Staff salaries and benefits ^{c, d}	61.4	52.4	9.0	17.2
Office and general expenses ^c	11.7	10.0	1.7	17.0
Consultants and other non-staff costs ^c	7.8	7.7	0.1	1.3
Direct bank and investment costs	3.9	4.1	0.2	4.9
Action Plan ^e	3.2	1.3	1.9	146.2
PDFF expenses, including cooperating institutions ^f	35.6	34.5	1.1	3.2
Provision for After-Service Medical Coverage Scheme (past service costs) ^c	5.0	1.9	3.1	163.2

^a The increase in income from loan interest and service charges is a result of payments of interest relating to prior years, an increase in the size of the underlying loan portfolio and positive exchange rates.

^b The net rate of return on cash and investments was 6.10 per cent in 2007, compared with 2.45 per cent in 2006.

^c These costs – which relate to the administrative budgets – include both IFAD and the Office of Evaluation and comprise one-time costs (2006 only), the carry-forward of unused administrative budget allocations and the current costs for the After-Service Medical Coverage Scheme of US\$2.1 million in 2007 (of which some US\$1.0 million was specifically provided for in the approved administrative budget, compared with US\$0.9 million in 2006). The increase is mainly related to the impact of the exchange rate, to the decrease of the attribution period and, finally, to changes in the mortality assumptions.

^d Staff salaries and benefits increased in 2007 principally because of negative exchange rate impact and underlying inflationary prices.

^e Costs for the Action Plan are part of a multi-year budget and exclude costs charged to supplementary funding sources.

^f The Programme Development Financing Facility (PDFF) finances multi-year expenditures required for the design, implementation and supervision of IFAD's projects and programmes, such as staff costs, consultants and cooperating institutions. The current year costs include use of the carry-forward from prior years.

III. Operational statistics

5. Table 3 shows key loan and grant cash flows for the years ended 31 December 2007 and 2006.

Table 3
Key loan and grant cash flows, 2007 and 2006

(Millions of United States dollars)

	2007	2006
Loan disbursements	399.1	387.5
Grant disbursements	37.6	24.1
Total loan and grant disbursements	436.7	411.6
Loan principal repayments ^a	175.1	148.5
Interest and service charges received	51.5	44.6

^a Includes payments relating to the HIPC Debt Initiative amounting to US\$32.9 million in 2007, compared with US\$25.5 million in 2006.

