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Enabling poor rural people
to overcome poverty

Financial highlights of the year ended 31 December 2008

Governing Council — Thirty-second 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 for the year ended 31 December 2008

1. The key financial figures presented below have been extracted from the draft IFAD financial statements for the year ended 31 December 2008, which are still subject to audit by the IFAD external auditor PricewaterhouseCoopers.
2. The figures presented in this report are stated at nominal value and pertain to IFAD-only activities, i.e. do not include financial flows pertaining to activities funded by supplementary funds and trust funds. These financial flows are included in the IFAD consolidated financial statements, which cover all activities controlled by IFAD.
3. The audited consolidated and IFAD-only financial statements for the year ended 31 December 2008 will be reviewed by the Audit Committee in April 2009 and presented for endorsement by the Executive Board at its ninety-sixth session, in April 2009.

I. Balance sheet items

4. Table 1 provides information on selected assets, selected liabilities and equity of IFAD as at 31 December 2008 and 2007.

Table 1

Selected assets, selected liabilities and equity as at 31 December 2008 and 2007

(Millions of United States dollars)

	2008	2007
Selected assets		
Cash and investments ^a	2 606.7	2 670.9
Promissory notes, net of provisions	195.8	259.9
Contributions receivables, net of provisions	124.0	268.2
Net loans outstanding	4 727.5	4 589.6
Selected liabilities and equity		
Undisbursed grants ^b	149.2	76.8
Members' contributions, net of provisions	5 317.9	5 316.7
General Reserve	95.0	95.0

^a This balance does not include assets held as collateral for securities lending operations. The accounting treatment of these transactions is still under review.

^b The significant increase in the undisbursed grants balance is due to inclusion in this category for the first time of DSF grants, which are normally much larger in value than other IFAD grants..

II. Revenues and administrative expenses

5. Table 2 provides information on selected revenue and expense categories for the years ended 31 December 2008 and 2007.

Table 2
Selected revenue and expense categories, 2008 and 2007

(Millions of United States dollars)

	2008	2007	Change	
			Amount	As percentage of previous year
Income from loan interest and service charges	54.3	53.4	0.9	1.7%
Income from cash and investments ^a	134.5	146.4	(11.9)	(8.1%)
Direct bank and investment costs	4.6	3.9	0.8	20.1%
Staff salaries and benefits	62.3	61.4	0.9	1.5%
Office and general expenses	13.1	11.7	1.4	11.7%
Consultants and other non-staff costs	7.2	7.8	(0.6)	(8.2%)
Action Plan ^b	2.4	3.2	(0.8)	(25.5%)
PDFF expenses, including cooperating institutions ^c	35.5	35.4	0.1	0.3%

^a The investment income for both years represents a significantly higher investment rate of return for the year as compared to the target rate of 3.5 per cent. The figures include the net result of securities lending activities, the accounting treatment of which is still under review.

^b Costs of Action Plan activities financed through supplementary funding sources are excluded.

^c The Programme Development Financing Facility (PDFF) balance is in line with that of the prior year. Costs pertaining to IFAD's increased direct supervision activities have been offset by a decrease in the cost of services by cooperating institutions.

III. Operational statistics

6. Table 3 shows key loan and grant cash flows for the years ended 31 December 2008 and 2007.

Table 3
Key loan and grant cash flows, 2008 and 2007

(Millions of United States dollars)

	2008	2007
Loan disbursements	433.8	399.1
Grant disbursements	39.0	37.6
Total loan and grant disbursements	472.8	436.7
Loan principal repayments ^a	186.5	175.1
Interest and service charges received	56.0	51.5

^a Includes payments relating to the HIPC Debt Initiative amounting to US\$38.5 million in 2008, compared with US\$32.9 million in 2007.

