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Enabling poor rural people
to overcome poverty

Financial highlights of the year ended 31 December 2010

Note to Governors

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For: **Information**

Financial highlights for the year ended 31 December 2010

1. The key financial figures presented below have been extracted from the draft IFAD financial statements for the year ended 31 December 2010, 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 2010 will be reviewed by the Audit Committee in April 2011 and presented for endorsement by the Executive Board at its 102nd session, in May 2011.

I. Balance sheet items

4. Table 1 provides information on selected assets, selected liabilities and equity of IFAD as at 31 December 2010 and 2009.

Table 1

Selected assets, selected liabilities and equity as at 31 December 2010 and 2009

(Millions of United States dollars)

	<i>2010</i>	<i>2009</i>
Selected assets		
Cash and investments	2 591.0	2 661.5
Promissory notes, net of provisions	347.6	307.1
Contributions receivable, net of provisions	248.0	302.8
Net loans outstanding	5 316.2	5 101.4
Selected liabilities and equity		
Undisbursed grants ^a	520.0	305.8
Members' contributions, net of provisions	6 171.3	5 865.0
General Reserve	95.0	95.0

^a The significant increase in the undisbursed grants balance is due to inclusion in this category of Debt Sustainability Framework (DSF) grants, which are normally much larger in value than other IFAD grants. It should be noted that the accounting treatment of DSF projects may be revised. The accounting policy for the DSF is being reassessed jointly with the external auditors with a view to adopting International Financial Reporting Standards (IFRS)-aligned treatment that better responds to the distinct nature of this subset of IFAD grants. Consequently these figures are still subject to change.

II. Revenue and expenses

5. Table 2 provides information on selected revenue and expense categories for the years ended 31 December 2010 and 2009.

Table 2
Selected revenue and expense categories, 2010 and 2009

(Millions of United States dollars)

	2010	2009	Change	
			Amount	As percentage of previous year
Income from loan interest and service charges ^a	50.7	57.0	(6.3)	(11.1)
Income from cash and investments ^b	84.3	115.0	(30.7)	(26.7)
Direct bank and investment costs	4.3	4.2	0.1	2.4
Grant expenses ^c	292.4	205.4	87.0	42.4
Staff salaries and benefits ^d	77.9	84.0	(6.1)	(7.3)
Office and general expenses ^e	23.6	19.8	3.8	19.2
Consultants and other non-staff costs ^f	36.9	29.9	7.0	23.4

^a The interest rate on IFAD ordinary loans was 4.27 per cent in 2009 and approximately 1 per cent during 2010.

^b The annual net rate of return on IFAD cash and investments was 4.4 per cent in 2009 and it is estimated at 3.3 per cent in 2010.

^c The significant growth is due to the increased number of DSF grants becoming effective in 2010.

^d The decrease in staff salaries is mainly due to the impact of exchange rate movements.

^e The increase in office and general expenses is mainly due to the establishment of country presence offices.

^f The increase in consultants' and other non-staff costs is mainly related to the increasing expenditure incurred in implementing and supervising a larger programme of work using the direct supervision approach, which is mostly handled by consultants.

III. Operational statistics

6. Table 3 shows key loan and grant cash flows for the years ended 31 December 2010 and 2009.

Table 3
Key loan and grant cash flows, 2010 and 2009

(Millions of United States dollars)

	2010	2009
Loan disbursements	457.6	428.5
Grant disbursements	79.3	53.3
Total loan and grant disbursements	536.9	481.8
Loan principal repayments	274.8	201.0