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Enabling poor rural people
to overcome poverty

Consolidated financial statements of IFAD as at 31 December 2010

Note to Governors

Focal points:

Technical questions:

Ruth Farrant
Director and Controller
Controller's and Financial Services Division
Tel.: +39 06 5459 2281
e-mail: e-mail: r.farrant@ifad.org

Dispatch of documentation:

Kelly Feenan
Head, Governing Bodies Office
Tel.: +39 06 5459 2058
e-mail: gb_office@ifad.org

Governing Council — 35th Session
Rome, 22-23 February 2012

For: Approval

Recommendation for approval

The Governing Council is invited to approve the following decision:

“The Governing Council considered and approved the financial statements showing the financial position of IFAD at 31 December 2010 and the results of its operations for the year ended on that date, as contained in appendices A to K inclusive of the current document and report of the external auditor thereon.”

Audited financial statements of IFAD as at 31 December 2010

1. At its 102nd session in May 2011, the Executive Board reviewed the audited financial statements of IFAD for the 2010 fiscal year (appendices A to K inclusive), and the report of the external auditor thereon, both contained in this document. These statements, prepared in accordance with International Financial Reporting Standards as recommended by the International Accounting Standards Board, have been examined in detail by the Audit Committee and by the Executive Board. The Executive Board now submits them to the present session of the Governing Council with a recommendation for their approval, in accordance with regulation XII(6) of the Financial Regulations of IFAD.
2. The financial statements reflect the following key points:
 - (a) The 2010 financial statements include consolidated data for IFAD and other sets of accounts that have a direct link to IFAD's core activities and are an integral part of the Fund's operational activities. As per appendix D note 2(b), the area of consolidation does not include the following entities: International Land Coalition, the Global Mechanism of the United Nations Convention to Combat Desertification and the High-Level Task Force.
 - (b) Additional data have been provided where considered of interest to the readers, for example, complementary and supplementary contributions from Member States or other sources (appendix D1) and an IFAD-only balance sheet expressed in special drawing right (SDR) terms (appendix E), which shows the movement in the underlying assets and liabilities, which are either denominated in or pegged to the SDR basket ratios.
 - (c) In 2010, with retroactive effect to prior periods, IFAD adopted a new accounting policy for Debt Sustainability Framework (DSF) project funding. DSF expenditure is now recognized in the statement of comprehensive income in the period for which conditions for the release of project funding to the recipients are met. Previously, DSF projects funding were treated similarly to grants and DSF expenditure was recognized in the statement of comprehensive income upon effectiveness or entry into force, with a corresponding liability towards the recipients. The revised accounting policy allows more appropriate recognition of DSF expenditure over the implementation period of underlying projects.
 - (d) Consolidated net assets increased from US\$6.9 billion in 2009 to US\$7.1 billion in 2010 (fair value basis). This increase is attributable to a combination of several factors, mainly: positive movements due to the application of the new DSF accounting policy (appendix D, note 2 (a)), the deficit of expenditures over revenue in 2010 (US\$80.3 million) and the negative effect of exchange rate movements during the year (US\$43.3 million). The foreign exchange movements relate principally to loans outstanding – but also to the investment portfolio and other assets (which are broadly linked to the ratios of the SDR currency basket) – and are the result of movements of the United States dollar against the SDR.

- (e) The consolidated cash and investment portfolio, including investment receivables and payables, increased from US\$2,843.9 million as at 31 December 2009 to US\$3,155.8 million as at 31 December 2010.
 - (f) Loans outstanding net of accumulated allowances for loan impairment losses and the Debt Initiative for Heavily Indebted Poor Countries increased from US\$3,889.3 million as at 31 December 2009 to US\$4,152.3 million as at 31 December 2010 (fair value basis).
 - (g) Contributions to regular resources net of provisions increased from US\$5,843.9 million as at 31 December 2009 to US\$6,157.9 million as at 31 December 2010 (fair value basis).
 - (h) Income from interest and service charges on loans amounted to US\$50.7 million in 2010, compared with US\$56.9 million in 2009. The Fund has excluded interest and service charges on loans with arrears in excess of 180 days, which amounted to US\$1.9 million in 2010, slightly lower than in 2009 (US\$2.3 million).
 - (i) Gross income from cash and investments totalled US\$85.4 million in 2010, compared with US\$116.5 million in 2009 on a consolidated basis. Direct charges against investment income amounted to US\$4.4 million in 2010 in line with the 2009 balance.
 - (j) In 2010, costs charged to IFAD's regular budgets amounted to US\$131.5 million (2009: US\$126.5 million), Action Plan US\$1.1 million (2009: US\$1.3 million) and other sources, principally relating to costs reimbursed by the Italian Government, of US\$14.2 million (2009: US\$14.5 million).
 - (k) The adjustment for changes in fair value of US\$28.3 million positive in 2010 (2009: US\$46.2 million negative) relates to the movement required by IAS 39 (revised 2003).
 - (l) In 2010, there was a net positive movement in the allowance for loan impairment losses of US\$2.2 million (2009: US\$37.1 million positive), resulting in a balance of US\$95.5 million in nominal terms (2009: US\$98.4 million).
 - (m) IFAD has been participating in the Debt Initiative for Heavily Indebted Poor Countries (HIPC) since 1997. In 2010, there was a net negative movement in the allowance for HIPCs (prior to currency effects) of US\$25.1 million (2009: US\$7.4 million negative). As shown in appendix I, the total cumulative cost of debt relief approved by the Executive Board was US\$510.7 million in nominal terms as at 31 December 2010, and the debt relief provided to date was US\$232.5 million (principal) plus US\$82.6 million (interest).
 - (n) In 2010, there was a positive accounting impact of US\$4.7 million (2009: US\$10.8 million negative) for the After-Service Medical Coverage Scheme based on the latest actuarial valuation, which was performed as at 31 December 2010. This charge is split among various operating expense items.
3. The financial statements for 2010 were reviewed at the 118th meeting of the Audit Committee, held on 3 May 2011. The Chair of the Committee presented a formal report at the Executive Board's 102nd session in May 2011. The Executive Board recommended the adoption of these statements by the Governing Council.
 4. The external auditor's opinion concludes that "the consolidated financial statements present fairly, in all material respects, the financial position of the International Fund for Agricultural Development as at 31 December 2010, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards."

Consolidated financial statements

For the year ended 31 December 2010

- Appendix A** Consolidated and IFAD-only balance sheet
- Appendix B** Consolidated and IFAD-only statement of comprehensive income
- Appendix B1** Consolidated and IFAD-only statement of changes in retained earnings
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- Appendix D** Notes to the consolidated financial statements
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Report of the external auditor

Supplemental information

- Appendix E** IFAD-only balance sheet at nominal value in United States dollars and retranslated in special drawing rights
- Appendix F** Statement of IFAD-only resources available for commitment
- Appendix G** Statement of contributions
- Appendix H** Statement of loans
- Appendix H1** IFAD-only statement of grants
- Appendix H2** IFAD-only Debt Sustainability Framework
- Appendix I** Summary of the Debt Initiative for Heavily Indebted Poor Countries
- Appendix J** Summary of the Haiti debt relief initiative
- Appendix K** IFAD-only statement of operating expenses

These consolidated financial statements have been prepared using the symbols of the International Organization for Standardization (ISO), Geneva, International Standard 4217 and special drawing rights (SDR). The notes to the consolidated financial statements (appendix D) form an integral part of the financial statements.

Consolidated and IFAD-only balance sheet

As at 31 December 2010 and 2009 (expressed in thousands of United States dollars)

Assets	Consolidated			IFAD-only		
	2010	2009 restated ¹	1 Jan 2009 restated ¹	2010	2009 restated ¹	1 Jan 2009 restated ¹
Cash on hand and in banks (note 4)	716 363	421 354	491 548	219 788	285 778	263 681
Investments (note 4)	2 508 252	2 488 006	2 427 658	2 371 260	2 375 687	2 358 008
Assets held as collateral for securities lent (note 4)	0	215 780	455 953	0	215 780	455 953
Contributors' promissory notes (note 5)	438 775	400 491	283 980	422 250	379 710	264 441
Contributions receivable (note 5)	478 509	484 943	281 061	328 468	377 557	207 747
Less: provisions (note 6)	(168 448)	(168 448)	(168 485)	(168 448)	(168 448)	(168 485)
Net contribution and promissory notes receivables	748 836	716 986	396 556	582 270	588 819	303 703
Other receivables (note 7)	103 096	67 881	104 894	231 777	160 669	253 391
Fixed assets (note 8)	3 458	1 802	996	3 458	1 802	996
Loans outstanding (note 9 and appendix H)	4 257 358	4 006 668	3 777 607	4 257 358	4 006 668	3 777 607
Less: accumulated allowance for loan impairment losses (note 9(a))	(24 099)	(27 311)	(62 822)	(24 099)	(27 311)	(62 822)
Less: accumulated allowance for the Debt Initiative for Heavily Indebted Poor Countries (HIPC) (note 11(b) and appendix I)	(80 937)	(90 091)	(117 985)	(80 937)	(90 091)	(117 985)
Net loans outstanding	4 152 322	3 889 266	3 596 800	4 152 322	3 889 266	3 596 800
Total assets	8 232 327	7 801 075	7 474 405	7 560 875	7 517 801	7 232 532

Liabilities and equity	Consolidated			IFAD-only		
	2010	2009 restated ¹	1 Jan 2009 restated ¹	2010	2009 restated ¹	1 Jan 2009 restated ¹
Liabilities						
Payables and liabilities (note 12)	268 594	221 632	326 626	279 374	242 786	342 010
Cash collateral liabilities (note 12)	0	217 872	474 229	0	217 872	474 229
Undisbursed grants (note 14)	263 729	213 780	127 033	78 462	64 338	70 752
Deferred revenues (note 13)	177 342	209 047	269 445	78 303	76 647	77 840
Trust fund borrowing (note 15)	383 026	0	0	0	0	0
Total liabilities	1 092 691	862 331	1 197 333	436 139	601 643	964 831
Equity						
Contributions						
Regular	6 137 537	5 823 593	5 281 367	6 137 537	5 823 593	5 281 368
Special	20 349	20 349	20 349	20 349	20 349	20 348
Total contributions (appendix G)	6 157 886	5 843 942	5 301 716	6 157 886	5 843 942	5 301 716
General Reserve	95 000	95 000	95 000	95 000	95 000	95 000
Retained earnings	886 750	999 802	880 356	871 850	977 216	870 985
Total equity	7 139 636	6 938 744	6 277 072	7 124 736	6 916 158	6 267 701
Total liabilities and equity	8 232 327	7 801 075	7 474 405	7 560 875	7 517 801	7 232 532

The accompanying notes in appendix D form an integral part of these financial statements.

¹ 2009 balances are restated because of the change in accounting policy used for DSF projects. See note 2(a)(i).

Consolidated statement of comprehensive income

For the years ended 31 December 2010 and 2009 (expressed in thousands of United States dollars)

	2010	2009 <i>restated</i> ¹
Revenues		
Income from loans	50 668	56 957
Income from cash and investments (note 17)	85 448	116 493
Income from other sources (note 18)	10 035	9 841
Income from contributions (note 19)	142 873	225 878
Total revenues	289 024	409 169
Operating expenses (note 20)		
Staff salaries and benefits (note 21)	(80 820)	(87 078)
Office and general expenses	(34 343)	(30 394)
Consultants and other non-staff costs	(39 410)	(30 549)
Cooperating institutions	(3 151)	(4 877)
Loan interest expenditures	(13)	0
Direct bank and investment costs (note 24)	(4 355)	(4 269)
Subtotal operating expenses	(162 092)	(157 167)
Reversal of allowance for loan impairment losses (note 9(a))	2 187	37 096
Debt Initiative for HIPC (expenses)/income	(25 127)	(7 420)
Grant expenses (note 22) ¹	(172 583)	(227 750)
DSF expenses (note 23) ¹	(39 378)	(13 997)
Depreciation (note 8)	(615)	(365)
Total expenses	(397 608)	(369 603)
(Deficit)/Excess revenue over expenses before fair value adjustments	(108 584)	39 566
Adjustment for changes in fair value (note 25)	28 274	(46 244)
(Deficit)/Excess revenue over expenses	(80 310)	(6 678)
Other comprehensive income/(loss):		
(Losses)/gains from currency exchange movements (note 16)	(43 342)	132 379
Change in provision for After-Service Medical Coverage Scheme (ASMCS) benefits (note 21)	10 600	(6 255)
Total other comprehensive income/(loss)	(32 742)	126 124
Total comprehensive income/(loss)	(113 052)	119 446

The accompanying notes in appendix D form an integral part of these financial statements.

¹ 2009 balances are restated because of the change in accounting policy used for DSF projects. See note 2(a)(i).

IFAD-only statement of comprehensive income

For the years ended 31 December 2010 and 2009 (expressed in thousands of United States dollars)

	2010	2009 <i>restated</i> ¹
Revenues		
Income from loans	50 667	56 957
Income from cash and investments (note 17)	84 271	114 999
Income from other sources (note 18)	14 412	14 066
Income from contributions (note 19)	24	30 000
Total revenues	149 374	216 022
Operating expenses (note 20)		
Staff salaries and benefits (note 21)	(77 880)	(83 961)
Office and general expenses	(32 404)	(28 991)
Consultants and other non-staff costs	(34 496)	(25 106)
Cooperating institutions	(2 377)	(4 819)
Direct bank and investment costs	(4 288)	(4 212)
Subtotal operating expenses	(151 445)	(147 089)
Reversal of allowance for loan impairment losses (note 9(a))	2 187	37 096
Debt Initiative for HIPC (expenses)/income	(25 127)	(7 371)
Grant expenses (note 22) ¹	(43 337)	(46 700)
DSF expenses (note 23) ¹	(39 378)	(13 997)
Depreciation (note 8)	(615)	(365)
Total expenses	(257 715)	(178 426)
(Deficit)/Excess revenue over expenses before fair value adjustments	(108 341)	37 596
Adjustment for changes in fair value (note 25)	27 103	(50 937)
(Deficit)/Excess revenue over expenses	(81 238)	(13 341)
Other comprehensive income/(loss):		
(Losses)/gains from currency exchange movements	(34 728)	125 827
Change in provision for After-Service Medical Coverage Scheme (ASMCS) benefits (note 21)	10 600	(6 255)
Total other comprehensive income/(loss)	(24 128)	119 572
Total comprehensive income/(loss)	(105 366)	106 231

The accompanying notes in appendix D form an integral part of these financial statements.

¹ 2009 balances are restated because of the change in accounting policy used for DSF projects. See note 2(a)(i).

Consolidated statement of changes in retained earnings

For the years ended 31 December 2010 and 2009 (expressed in thousands of United States dollars)

	<i>Total retained earnings</i>
Opening balance as at 1 January 2009 restated¹	880 356
(Deficit)/Excess revenue over expenses restated	(6 678)
Total other comprehensive income/(loss) restated	126 124
Retained earnings as at 31 December 2009 restated¹	999 802
(Deficit)/Excess revenue over expenses	(80 310)
Total other comprehensive income/(loss)	(32 742)
Retained earnings as at 31 December 2010	886 750

IFAD-only statement of changes in retained earnings

For the years ended 31 December 2010 and 2009 (expressed in thousands of United States dollars)

	<i>Total retained earnings</i>
Opening balance as at 1 January 2009 restated¹	870 985
(Deficit)/Excess revenue over expenses restated	(13 341)
Total other comprehensive income/(loss) restated	119 572
Retained earnings as at 31 December 2009 restated¹	977 216
(Deficit)/Excess revenue over expenses	(81 238)
Total other comprehensive income/(loss)	(24 128)
Retained earnings as at 31 December 2010	871 850

The accompanying notes in appendix D form an integral part of these financial statements.

¹ 2009 balances are restated because of the change in accounting policy used for DSF projects. See note 2(a)(i).

Consolidated cash-flow statement

For the years ended 31 December 2010 and 2009 (expressed in thousands of United States dollars)

	2010	2009
Cash flows from operating activities		
Interest received from loans	54 938	56 768
Receipts for non-replenishment contributions	71 886	107 275
Miscellaneous (payments)/receipts	(27 072)	24 034
Payments for operating expenses and other payments	(156 996)	(151 160)
Grant disbursements (IFAD)	(39 873)	(39 308)
Grant disbursements (supplementary funds)	(92 175)	(89 766)
DSF project disbursements	(39 378)	(13 997)
Transfer to restricted cash	(451)	0
Net cash flows generated from operating activities	(229 121)	(106 154)
Cash flows from investing activities		
Loan disbursements	(457 577)	(428 522)
Loan principal repayments	219 708	201 093
Receipts from/(payments for) investments	74 880	2 544
Net cash used in investing activities	(162 989)	(224 885)
Cash flows from financing activities		
Receipts for replenishment contributions	320 493	287 110
Receipts for trust fund borrowing	383 013	0
Net cash used in financing activities	703 506	287 110
Effects of exchange rate movements on cash and cash equivalents	8 892	38 901
Net increase/(decrease) in unrestricted cash and cash equivalents	320 288	(5 028)
Unrestricted cash and cash equivalents at beginning of year	2 504 972	2 510 000
Unrestricted cash and cash equivalents at end of year	2 825 260	2 504 972
COMPOSED OF:		
Unrestricted cash	715 856	421 297
Unrestricted investments excluding held-to-maturity and cash collateral investments	2 109 404	2 083 675
Cash and cash equivalents at end of year	2 825 260	2 504 972

The accompanying notes in appendix D form an integral part of these financial statements.

Notes to the consolidated financial statements

NOTE 1

BRIEF DESCRIPTION OF THE FUND AND THE NATURE OF OPERATIONS

The International Fund for Agricultural Development (herein after IFAD or the Fund) is a specialized agency of the United Nations. IFAD formally came into existence on 30 November 1977, on which date the agreement for its establishment entered into force, and has its headquarters in Rome, Italy. The Fund and its operations are governed by the Agreement Establishing the International Fund for Agricultural Development.

Membership in the Fund is open to any state member of the United Nations or any of its specialized agencies, or of the International Atomic Energy Agency (IAEA). The Fund's resources come from Member contributions, special contributions from non-Member States and other sources, and funds derived or to be derived from operations.

The objective of the Fund is to mobilize additional resources to be made available on concessional terms primarily for financing projects specifically designed to improve food production systems, the nutritional level of the poorest populations in developing countries and the conditions of their lives. IFAD mobilizes resources and knowledge through a dynamic coalition of the rural poor, governments, financial and development institutions, non-governmental organizations and the private sector, including cofinancing. Financing from non-replenishment sources in the form of supplementary funds and human resources forms an integral part of IFAD's operational activities.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The consolidated financial statements of the Fund are prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention, with the exception of certain financial assets and liabilities which are measured at fair value and amortized cost using the effective interest method. Information is provided separately in the financial statements for entities where this is deemed of interest to the readers of the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

(i) Changes in accounting policies and disclosures adopted.

The following changes occurred during 2010:

(a) In 2010, IFAD changed its accounting policy for Debt Sustainability Framework (DSF) projects such that DSF financing is recognized as expenditure in the statement of comprehensive income in the period in which conditions for the release of project funding to the recipients are met. Previously, DSF project financing was fully recognized as expenditure in the statement of comprehensive income upon project effectiveness or their entry into force, with a corresponding liability towards recipients. In accordance with IAS 8, this change has been applied retroactively and prior period balances have been restated as if the new accounting policy had always been applied. Because DSF projects are implemented over an extended time horizon (on average seven years) and financing is subject to various conditions being met as each project progresses, the new accounting policy provides a more representative picture of the effect of the DSF on reported results in a financial year as well as on IFAD's financial position.

The impact of this change is shown below:

Millions of United States dollars						
	31 Dec 2009 previously reported	31 Dec 2009 after restatement	Differential	1 Jan 2009 previously reported	1 Jan 2009 after restatement	Differential
IFAD-only balance sheet						
Undisbursed grants	(253.5)	(64.3)	189.2	(138.6)	(70.7)	67.9
Retained earnings	(788.0)	(977.2)	(189.2)	(803.1)	(871.0)	(67.9)
Consolidated balance sheet						
Undisbursed grants	(403.0)	(213.8)	189.2	(194.9)	(127.0)	67.9
Retained earnings	(810.6)	(999.8)	(189.2)	(812.5)	(880.4)	(67.9)

Millions of United States dollars			
	31 Dec 2009 previously reported	31 Dec 2009 after restatement	Differential
IFAD-only statement comprehensive income			
Grants expenses	(205.4)	(46.7)	158.7
DSF expenses	0	(14.0)	(14.0)
Fair value adjustment	(23.4)	(50.9)	(27.5)
Net foreign exchange movement		121.7	125.8
Total comprehensive income/(loss)	(15.0)	106.2	121.2
Consolidated statement comprehensive income			
Grants expenses	(386.5)	(227.8)	158.7
DSF expenses		(14.0)	(14.0)
Fair value adjustment	(18.7)	(46.2)	(27.5)
Net foreign exchange movement		128.2	132.4
Total comprehensive income/(loss)	(1.8)	119.4	121.2

(b) During 2010 the area of consolidation changed to include the two initiatives below:

- At its ninety-ninth session, the Executive Board approved the establishment of administrative accounts to mobilize resources and provide debt relief to Haiti on a pay-as-you-go basis. This measure was taken as a consequence of the devastating earthquake that occurred in January 2010.
- At its 100th session in September 2010, the Executive Board approved the establishment of the Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund), and authorized the Trust Fund to enter into a borrowing agreement with Spain. The agreement was signed in December 2010. The Spanish Trust Fund is maintained as a separate entity, which is consolidated with the IFAD financial statements.

(b) Area of consolidation

Financing in the form of supplementary funds and human resources forms an integral part of IFAD's operational activities. As such the Fund prepares consolidated accounts, which include the transactions and balances for the following entities:

- Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA)
- IFAD Fund for Gaza and the West Bank (FGWB)
- Other supplementary funds, including technical assistance grants, cofinancing, associate professional officers (APOs) and programmatic and thematic supplementary funds; the Belgian Fund for Food Security Joint Programme (BFFS.JP); and the Global Environment Facility (GEF)

- IFAD's Trust Fund for the Debt Initiative for Heavily Indebted Poor Countries (HIPC)
- IFAD's After-Service Medical Coverage Scheme (ASMCS) Trust Fund
- Administrative account for Haiti debt relief initiative (Haiti debt relief initiative)
- Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund)

These entities have a direct link to IFAD's core activities and are substantially controlled by IFAD. Accordingly, they are consolidated in IFAD's financial statements for reasons of completeness and clarity. All transactions and balances among these entities have been eliminated. Additional financial data for funds are drawn up as and when requested to meet specific donor requirements.

The BFFS.JP programme of work – unlike that of other entities housed at IFAD – is prepared by IFAD and agreed with the Government of Belgium at an annual meeting of the steering committee. BFFS.JP is complementary to IFAD and forms part of its core activities.

Entities housed at IFAD. These entities do not form part of the core activities of the Fund and, as such, are not consolidated. These entities are the International Land Coalition (ILC) (formerly called the Popular Coalition to Eradicate Hunger and Poverty), High Level Task Force (HLTF) on the Global Food Security Crisis and the Global Mechanism of the United Nations Convention to Combat Desertification.

(c) Translation and conversion of currencies

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollars, which is IFAD's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or at the applicable exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

The results and financial position of the entities/funds that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities and revenue and expenditures are translated at the closing rate.
- All resulting exchange differences are recognized as a separate component of equity.

(d) Measurement of financial assets and liabilities

(d) Equity

This comprises the following three elements:

(i) contributions (equity); (ii) General Reserve; and (iii) retained earnings.

(i) Contributions (equity)

(a) Background to contributions

The contributions to the Fund by each Member when due are payable in freely convertible currencies, except in the case of Category III Members up to the end of the Third Replenishment period which were permitted to pay contributions in their own currency whether or not it was freely convertible. Each contribution is to be made in cash or, to the extent that any part of the contribution is not needed immediately by the Fund in its operations, it may be paid in the form of non-negotiable, irrevocable, non-interest-bearing promissory notes or obligations payable on demand.

A contribution to IFAD replenishment resources is recorded in full as equity and as receivable when the

Member deposits its instrument of contribution. Amounts receivable from Member States as contributions, and other receivables including promissory notes have been recorded within the balance sheet at their fair value in accordance with IAS39, at level 2.

(b) Provisions

The policy on provisions against overdue Member States' contributions is as follows:

(i) Whenever a payment of an instalment against an instrument of contribution or a payment of a drawdown against a promissory note becomes overdue by 24 months, a provision will be made equal to the value of all overdue contribution payments or the value of all unpaid drawdowns on the promissory note(s) outstanding.

(ii) Whenever a payment of an instalment against an instrument of contribution or a payment of a drawdown against a promissory note becomes overdue by 48 months or more, a provision will be made against the total value of the unpaid contributions of the Member or the total value of the promissory note(s) of that Member related to the particular funding period (i.e. a replenishment period).

(iii) The end of the financial year is currently used for determining the 24- and 48-month periods.

(ii) General Reserve

The General Reserve may only be used for the purposes authorized by the Governing Council and was established in recognition of the need to cover the Fund's potential overcommitment risk as a result of exchange rate fluctuations and possible delinquencies in receipt of loan service payments or in the recovery of amounts due to the Fund from the investment of its liquid assets. It is also intended to cover the risk of overcommitment as a result of a decrease in the value of assets caused by fluctuations in the market value of investments.

The General Reserve is subject to a review every three years in order to assess its adequacy.

(iii) Retained earnings

Retained earnings represent the excess of revenue over expenses net of the effects of changes in foreign exchange rates. For operational purposes, reference should be made to the statement of IFAD-only resources available for commitment (appendix F).

(e) Loans

(i) Background to loans

IFAD loans are made only to developing states that are Members of the Fund or to intergovernmental organizations in which such Members participate. In the latter case, the Fund may require governmental or other guarantees. A loan becomes effective or enters into force when conditions precedent to effectiveness or entry into force have been fulfilled. Upon signature, disbursement may commence.

All IFAD loans are approved and loan repayments and interest are payable in the currency specified in the loan agreement in amounts equivalent to the SDR due, based on International Monetary Fund rates on the due dates. Loans approved are disbursed to borrowers in accordance with the provisions of the loan agreement.

Currently the lending terms of the Fund are as follows:

(a) special loans on highly concessional terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75 per cent) per annum and have a maturity period of forty (40) years, including a grace period of ten (10) years; (b) loans on hardened terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75 per cent) per annum and have a maturity period of twenty (20) years, including a grace period of ten (10) years; (c) loans on intermediate terms shall have a rate of interest per annum equivalent to fifty per cent (50 per cent) of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of twenty (20) years, including a grace period of five (5) years; (d) loans on ordinary terms shall have a rate of interest per

annum equivalent to one hundred per cent (100 per cent) of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of fifteen (15) to eighteen (18) years, including a grace period of three (3) years; and (e) no commitment charge shall be levied on any loan.

(ii) Loans to non-Member States

At its twenty-first session in February 1998, the Governing Council adopted resolution 107/XXI approving the establishment of a fund for the specific purpose of lending to Gaza and the West Bank (FGWB). The application of article 7, section 1 (b), of the Agreement Establishing IFAD was waived for this purpose. Financial assistance, including loans, is transferred to the FGWB by decision of the Executive Board and the repayment thereof, if applicable, is made directly to IFAD's regular resources.

(iii) Debt Initiative for Heavily Indebted Poor Countries (HIPC)

IFAD participates in the International Monetary Fund/World Bank original and enhanced Debt Initiative for Heavily Indebted Poor Countries as an element of IFAD's broader policy framework for managing operational partnerships with countries that face the risk of having arrears with IFAD in the future because of their debt-service burden. Accordingly, IFAD provides debt relief by forgiving a portion of an eligible country's debt-service obligations as they become due.

In 1998, IFAD established a Trust Fund for the Debt Initiative. This fund receives resources from IFAD and from other sources, specifically dedicated as compensation to the loan-fund account(s) for agreed reductions in loan repayments under the Initiative. Amounts of debt service forgiven are expected to be reimbursed by the Trust Fund on a pay-as-you-go basis (i.e. relief is when debt service obligations become due) to the extent that resources are available in the fund.

The Executive Board approves each country's debt relief in net present value terms. The estimated nominal equivalent of the principal components of the debt relief is recorded under accumulated allowance for the HIPC Debt Initiative, and as a charge to the HIPC Debt Initiative expenses in the statement of comprehensive income. The assumptions underlying these estimates are subject to periodic revision. Significant judgement has been used in the computation of the estimated value of allowances for the HIPC Debt Initiative.

The charge is offset and the accumulated allowance reduced by income received from external donors to the extent that such resources are available. The accumulated allowance for the HIPC Debt Initiative is reduced when debt relief is provided by the Trust Fund.

In November 2006, IFAD was granted access to the core resources of the World Bank HIPC Trust Fund, in order to assist in financing the outstanding debt relief once countries reach completion point. Financing is provided based on net present value calculation of their future debt relief flows.

(iv) Measurement of loans

In accordance with IAS39, loans are initially recognized at fair value on day one (full disbursement of the loan to the borrower) and subsequently measured at amortized cost using the effective interest method. The fair value is calculated by applying discount rates to the estimated future cash flows on a loan-by-loan basis in the currency in which the loans are denominated, at the time of loan closure (i.e. when the loan is fully disbursed) using a model. The discount rates are calculated with reference to the estimated forward interest curve for the year of closure based on the underlying currency of each loan. The discount factor applied is not adjusted for country credit risk because of the very low probability of default experienced by IFAD on its loan portfolio. However, the outstanding loans are reviewed for impairment on a loan-by-loan basis and a provision established where there is objective evidence that the loans are impaired. This fair value evaluation technique falls within level 2.

(v) Accumulated allowance for impairment losses

Delays in receiving loan payments result in present value losses to the Fund since it does not charge fees or additional interest on any overdue interest or loan charges. An allowance is established for such losses based on the difference between the assets' carrying value and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate (i.e. the effective interest rate calculated at initial recognition). In cases where it is not possible to estimate with any reasonable certainty the expected cash flows of a loan (as in all cases for which an allowance has been established to date), an alternative approach is followed that adopts a method similar to the benchmark used for the provisioning of Member States' contributions. This means that an allowance shall be made on loan instalments overdue by more than 24 months for all cases where a settlement plan is not being actively followed. An allowance is also made for loan instalments on the same loan overdue by less than 24 months. Once this trigger period has been reached, all amounts overdue at that time are considered to be in provision status, even in the event that part of the total outstanding debt is subsequently repaid. In cases where more than 48 months have elapsed, an allowance is made for all outstanding principal amounts of the loan concerned. The point in time from which it is necessary to determine whether or not the given period has elapsed is the balance sheet date. The Fund has not written off any of its loans.

(vi) Non-accrual status

Income on loans is recognized following the accrual basis of accounting. For loans with overdue amounts in excess of 180 days, interest and service charges are recognized as income only when actually received. Follow-up action is being taken with the respective governments to obtain settlement of these obligations.

(f) Investments

The Fund's investment portfolio contains investments that are held for trading, and certain selected securities that the Fund intends to hold until maturity. The Fund carries those investments that are held for trading at fair value, and those investments that are held-to-maturity at amortized cost. Fair value is represented by the quoted market value at the balance sheet date (fair value at level 1). Both realized and unrealized security gains and losses are included in income from investments as they arise. Both realized and unrealized exchange gains and losses are included in the account for movements in foreign exchange rates as they arise. All purchases and sales of investments are recognized on the trade date. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The majority of derivatives are used as hedging instruments (although they do not qualify for hedging accounting) and therefore changes in the fair value of these derivative instruments are recognized immediately in the statement of comprehensive income.

The Fund enters into securities lending transactions with the global custodian acting as its agent to lend securities from the investment portfolio. In such transactions, IFAD receives collateral in the form of securities and cash in accordance with normal market practice. The transactions are conducted under standard agreements employed by financial market participants and are undertaken with counterparties in accordance with the agreement with the global custodian. Securities lent are not derecognized from the balance sheet unless the risks and rewards of ownership are also transferred. Similarly, IFAD does not recognize securities received as in-kind collateral unless the risks and rewards of ownership of such securities are transferred to IFAD. Cash collateral received is invested in the money market and in other liquid financial instruments that are classified as held-for-trading investments in the balance sheet. IFAD is required to pay a fee, the "rebate" fee, to the provider of the cash collateral. IFAD has a contractual obligation to cover any losses on the reinvested cash collateral. The obligation to return the cash collateral received is treated as a liability.

Realized and unrealized income or losses from securities lending activities are recorded as income or expenses on an accrual basis.

Since December 2010, the Fund no longer engages in securities lending. Assets held in the Custom Collateral Account were sold and all collateral had been returned to borrowers by December 2010.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held at call with banks. They also include investments that are readily convertible at the balance sheet date. Net investment payables and investments held-to-maturity are excluded from readily convertible investments for cash flow purposes.

(h) Contributions (non-equity)

Contributions to non-replenishment resources are recorded as revenues in the period in which the related expenses occur. For project cofinancing activities, contributions received are recorded as revenues in the period in which the related grant becomes effective. Contributions relating to programmatic grants, APOs, BFFS.JP and other supplementary funds are recorded in the balance sheet as deferred revenues and are reduced by the amount of project-related expenses in the statement of comprehensive income. Where specified in the donor agreements, contributions received (including management fees) and interest earned thereon, for which no direct expenses have yet been incurred, are deferred until future periods to be matched against the related costs. This is consistent with the accounting principle adopted with regard to IFAD's combined supplementary funds and serves to present the underlying nature of these balances more clearly. A list of such contributions can be found in appendix D1.

Individual donors provided human resources (in the form of APOs) to assist IFAD in its activities. The contributions received from donors are recorded as revenues and the related costs are included in staff costs.

(i) Grants

The Agreement Establishing IFAD empowers the Fund to make grants to its Member States, or to intergovernmental organizations in which its Members participate, on such terms as the Fund deems appropriate.

Grants are recorded as expenses on effectiveness of the approved amount and as a liability for undisbursed amounts at fair value in accordance with IAS39 (fair value at level 2). Following the approval by the Executive Board of the revisions to the General Conditions for Agricultural Development Financing (April 2009), grants become effective on entry into force when a recipient has the right to incur eligible expenditures.

Cancellations of undisbursed balances are recognized as an offset to the expense in the period in which they occur.

(j) Debt Sustainability Framework (DSF)

Under the DSF, countries eligible for highly concessional lending receive financial assistance on a grant rather than a loan basis. Principal amounts forgone by IFAD are expected to be compensated on a pay-as-you-go mechanism (according to the underlying loan amortization schedule) by the Member State, while the interest is relinquished. Principal compensation will be negotiated during future replenishment consultations. DSF financing is subject to IFAD's General Conditions for Agricultural Development Financing. DSF projects are implemented over an extended time horizon and its financing is recognized as expenditure in the statement of comprehensive income in the period in which conditions for the release of funds to the recipient are met.

(k) Borrowing under Spanish Food Security Cofinancing Facility Trust Fund

The Spanish Trust Fund was established in 2010. On 31 December 2010, it received EUR 285.5 million (US\$383.0 million) from Spain on a loan basis. This liability is accounted at fair value, level 2. The funds will be used to

provide loans to IFAD borrowers in accordance with IFAD procedures (with the exception of DSF countries).

Repayments by the Trust Fund will be aligned to the loan repayments received from borrowing countries over 45 years, with a five-year grace period. The interest rate to be paid to Spain will be a variable 12-month Euribor rate. The interest will be paid to Spain by 15 January each year and it is accounted on an accrual basis.

The liquidity available in the Spanish Trust Fund will be invested according to an investment policy that ensures that disbursement needs are met while generating adequate risk-adjusted return.

The excess investment income will be kept in a reserve account that will allow IFAD to manage risks.

In the event that it is determined that the Spanish Trust Fund lacks sufficient resources to meet its payment obligations, Spain will provide additional funds.

(l) Employee schemes

(i) Pension obligations

IFAD participates in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, defined benefit plan. The financial obligation of the organization to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly, together with any share of any actuarial deficiency payments under article 26 of the regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. At the time of this report, the United Nations General Assembly has not invoked this provision.

The actuarial method adopted for the UNJSPF is the Open Group Aggregate method. The cost of providing pensions is charged to the statement of comprehensive income so as to spread the regular cost over the service lives of employees, in accordance with the advice of the actuaries, who carry out a full valuation of the period plan every two years. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. IFAD, like other participating organizations, is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has not recorded any assets in its accounts in this regard, nor included related information such as the return on plan assets.

(ii) After-Service Medical Coverage Scheme

IFAD participates in a multi-employer After-Service Medical Coverage Scheme (ASMCS) administered by the Food and Agriculture Organization of the United Nations (FAO) for staff receiving a United Nations pension and eligible former staff on a shared-cost basis. The ASMCS operates on a pay-as-you-go basis, meeting annual costs out of annual budgets and staff contributions. Since 2006, an independent valuation is performed on an annual basis.

In accordance with IAS19, IFAD has set up a trust fund into which it transfers the funding necessary to cover the actuarial liability.

(m) Provisions

Provisions are established when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Employee entitlements to annual leave and long-service entitlements are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service

separation entitlements as a result of services rendered by employees up to the balance sheet date.

(n) Taxation

IFAD is a specialized agency of the United Nations and as such enjoys privileged tax-exemption status under the Convention on Privileges and Immunities of Specialized United Nations Agencies of 1947 and the Agreement between the Italian Republic and IFAD on IFAD's permanent headquarters. Taxation levied where this exemption has not yet been obtained is deducted directly from the related investment income.

(o) Revenue recognition

Service charge income and income from other sources are recognized as revenue in the period in which the related expenses are incurred (goods delivered or services provided).

(p) Fixed assets – Intangible assets

Major purchases of property, furniture and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of each item purchased as set out below:

- Permanent equipment fixtures and fittings 10 years
- Furniture 5 years
- Office equipment 4 years

Software development costs are capitalized as intangible assets if future economic benefits will flow to the organization. Depreciation is calculated on a straight-line basis over the estimated useful life of the software (two to five years). Leasehold improvements are capitalized as intangible assets. Depreciation is calculated on a straight-line basis over their estimated useful life (rental period of IFAD headquarters).

(q) IFAD's resources available for commitment

Resources available for commitment are those resources in freely convertible currencies defined in article 4, section 1, of the Agreement Establishing IFAD, which have been contributed by Member States and others or have been derived, or are to be derived, from operations or loan repayments by borrowers, to the extent that these resources have not already been committed for loans and grants or appropriated to the General Reserve.

The policy for determining resources available for commitment is as follows:

- (i) Only actual receipts in the form of cash or promissory notes will be included in committable resources. The value of instruments of contribution against which payment in the form of cash or promissory notes has not yet been made will be excluded from committable resources.
- (ii) Provisions have been established for overdue promissory notes.
- (iii) Promissory notes and commitments for loans (undisbursed effective loans, approved loans signed but not yet effective and loans not yet signed) and undisbursed grants are recorded at nominal value within the statement of resources available for commitment as this is an operational report for management purposes only and therefore is not subject to the financial reporting requirements of IAS 39.
- (iv) The Executive Board has authority to employ advance commitment authority (ACA) prudently and cautiously to compensate, year by year, for fluctuations in the resources available for commitment and to act as a reserve resource. ACA was used in 2010, as in the past, because regular resources were not sufficient to meet loan and grant commitments.

A loan or a grant is considered to be committed when approved by the relevant authority. In particular, loans and large grants must be approved by the Executive Board. The Executive Board reviews a statement of resources available for commitment at every session to ensure that resources are available to finance the loans and grants presented for approval at the session or expected to be approved through

the lapse-of-time procedure prior to the subsequent Board session.

NOTE 3

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

- (i) Fair value and amortized costs of loans, undisbursed grants, deferred revenues, promissory notes and contributions receivable.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

Financial assets and liabilities recorded at fair value on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1: Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Financial assets and liabilities whose values are based on quoted prices for similar assets or liabilities, or pricing models for which all significant inputs are observable, either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Financial assets or liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

- (ii) HIPC Debt Initiative

Significant judgements have been used in the computation of estimated losses for the HIPC Debt Initiative and overdue loan repayments. Principal assumptions underlying the computations include the exchange rate between the SDR and the United States dollar, timing of eligibility of debt relief and the level of disbursements.

(b) Critical judgement in applying accounting policies

- (i) Fair value accounting

Fair value accounting is required in order for IFAD to comply with International Financial Reporting Standards. Reconciliations between measurement at fair value and amortized cost using the effective interest method and nominal values have been provided with respect to loans, receivables, undisbursed grants and deferred revenues.

NOTE 4

CASH AND INVESTMENT BALANCES

(a) Analysis of balances (consolidated)

	Thousands of United States dollars	
	2010	2009
Unrestricted cash	715 856	421 297
Cash subject to restriction	507	57
Subtotal cash	716 363	421 354
Unrestricted investments	2 507 801	2 487 548
Investments subject to restriction	451	458
Subtotal investments excluding cash collateral assets	2 508 252	2 488 006
Assets held as collateral for securities lent	-	215 780
Subtotal investments	-	2 703 786
Total cash and investments	3 224 615	3 125 140

The composition of the portfolio by entity at 31 December was as follows:

	Thousands of United States dollars	
	2010	2009
IFAD	2 591 048	2 661 466
ASMCS Trust Fund	57 796	60 014
HIPC Trust Fund	9 292	38 489
BFFS, JP	5 791	11 259
Supplementary funds	146 655	138 132
Spanish Trust Fund	383 012	0
Haiti debt relief initiative (Appendix J)	31 021	0
Subtotal	3 224 615	2 909 360
Assets held as collateral for securities lent	-	215 780
Total cash and investments	3 224 615	3 125 140

(i) Cash and investments subject to restriction

Cash and investments held by the Fund at 31 December 2010 in currencies not freely convertible amounted to US\$57,000 (2009 – US\$57,000) and US\$451,000 (2009 – US\$458,000) respectively.

In accordance with the Agreement Establishing IFAD, the amounts paid into the Fund by the then Category III Member States in their respective currencies on account of their initial or additional contributions are subject to restriction in usage.

In 2010 IFAD opened an escrow account, which had a balance of US\$450,588 as at 31 December 2010.

(ii) Composition of the investment portfolio by instrument (consolidated)

At 31 December 2010, cash and investments, including payables and receivables, at market value amounted to US\$3,155,809,000 excluding restricted and non-convertible currencies (2009 – US\$2,843,974,000), and comprised the following instruments:

	Thousands of United States dollars	
	2010	2009
Cash	715 856	421 297
Fixed-income instruments	2 323 253	2 350 258
Unrealized market value (loss)/gain on forward contracts	13 069	(8 753)
Time deposits and other obligations of banks	171 705	143 470
Futures	(226)	2 615
Options	-	(42)
Assets held as collateral for securities lent	-	215 780
Total cash and investments	3 223 657	3 124 625
Receivables for investments sold	71 019	37 685
Payables for investments purchased	(138 867)	(100 464)
Cash collateral liabilities	-	(217 872)
Total investment portfolio	3 155 809	2 843 974

Fixed-income investments include US\$397,662,000 in held-to-maturity investments as at 31 December 2010 (2009 – US\$402,809,000).

(iii) Composition of the investment portfolio by currency (consolidated)

The currency composition of cash and investments at 31 December was as follows:

	Thousands of United States dollars	
	2010	2009
Euro	1 319 953	955 038
Japanese yen	392 977	355 143
Pound sterling	237 269	257 430
United States dollar	1 205 610	1 278 455
Total	3 155 809	2 846 066
Assets held as collateral for securities lent	-	215 780
Cash collateral liabilities	-	(217 872)
Total cash and investment portfolio	3 155 809	2 843 974

(iv) Composition of the investment portfolio by maturity (consolidated)

The composition of cash and investments by maturity at 31 December was as follows:

	Thousands of United States dollars	
	2010	2009
Due in one year or less	1 087 772	638 027
Due after one year through five years	1 653 319	1 736 209
Due from five to ten years	205 454	204 159
Due after ten years	209 264	267 671
Total	3 155 809	2 846 066
Assets held as collateral for securities lent	-	215 780
Cash collateral liabilities	-	(217 872)
Total cash and investment portfolio	3 155 809	2 843 974

The average life to maturity of the fixed-income investments included in the consolidated investment portfolio at 31 December 2010 was 41 months (2009 – 52 months).

(b) Financial risk management

IFAD's investment activities are exposed to a variety of financial risks: market risk, credit risk, currency risk, custodial risk and liquidity risk, as well as capital risk as a going concern which, however, is limited to the investment portfolio.

(i) Market risk

IFAD's investment portfolio is allocated to several asset classes in the fixed income universe in line with IFAD's investment policy. Occasionally IFAD Management has taken short-term tactical measures to protect the overall portfolio from adverse market conditions.

Cash and held-to-maturity investments are managed internally; marked-to-market investments are managed through 10 mandates to external managers.

The weights and amounts of each asset class within the overall portfolio, together with the investment policy weights as at 31 December 2010 and 2009 are shown in table 1. Disclosures relate to IFAD-only.

Table 1
Asset class and investment policy weights (IFAD-only)
As at 31 December 2010 and 2009

Asset class	Portfolio		Investment policy	
	2010	%	Millions of US dollars	%
Short-term liquidity	7.2		182.6	5.5
Held-to-maturity Government bonds	15.8		397.7	15.8
Diversified fixed-interest	40.2		1 013.7	43.5
Inflation-linked	17.6		444.2	15.2
	19.2		484.6	20.0
Total	100.0		2 522.8	100.0

Asset class	Portfolio		Investment policy	
	2009	%	Millions of US dollars	%
Short-term liquidity	7.1		184.2	5.5
Held-to-maturity Government bonds	15.5		402.8	15.5
Diversified fixed-interest	42.7		1 110.8	43.6
Inflation-linked	18.0		467.0	15.4
	16.7		433.9	20.0
Total	100.0		2 598.7	100.0

Each asset class is managed according to its own investment guidelines. The guidelines address a variety of market risks through restrictions on eligibility of instruments and on managers' activity by setting:

1. Pre-assigned benchmarks and limits on deviations from benchmarks in terms of duration
2. Tracking error limits
3. Credit floors (please refer to (h) credit risk).

The benchmark indices used for the respective portfolios are shown in table 2.

Table 2
Benchmark indices by portfolio

Portfolio	Benchmark index
Short-term liquidity	Not applicable
Government bonds	JP Morgan Global Government Bond Index (1-3 years), customized to the four component currencies of the SDR valuation basket
Diversified fixed-interest	Barclays U.S. Aggregate Index (Aa+ or above) and Barclays U.S. Aggregate Index (Aa+ or above) excluding ABS and CMBS
Inflation-linked	Barclays Capital World Government Inflation-Linked Index (1-10 years)
Held-to-maturity	Equally-weighted extended sector benchmark (internally calculated on a quarterly basis)

Note: ABS - asset-backed securities; CMBS - commercial mortgage-backed securities

The upper limit for the duration is set at:

- One year above the benchmark for the global government bonds asset class.
- Two years above the benchmark for the diversified fixed-interest asset class.
- Two years above the benchmark for the inflation-linked bonds asset class.

Exposure to market risk is adjusted by modifying the duration of the portfolio, depending on the outlook for

changes in securities market prices. The upper limit for the duration of the fixed-income portion of the portfolio is set at 0-2 years above the benchmarks of respective fixed-income portfolios. The Fund no longer invests in equities.

The average duration of IFAD's investment portfolio at 31 December 2010 and 2009 and respective benchmarks are shown in table 3.

Table 3
Average duration of portfolios and benchmarks in years (IFAD-only)
As at 31 December 2010 and 2009

Portfolio	Portfolio		Benchmark	
	2010	2009	2010	2009
Short-term liquidity	-	-		n/a
Government bonds	1.9	2.0	1.8	1.8
Diversified fixed-interest	4.4	4.2	4.6	4.2
Inflation-linked	2.9	4.0	5.0	4.2
Held-to-maturity	2.3	2.3	2.3	2.3
Total average	3.1	2.6	3.7	2.6

The sensitivity analysis of IFAD's overall investment portfolio in table 4 shows a parallel shift in the yield curve (-300 to +300 basis points) would affect the value of the investment portfolio as at 31 December 2010.

Table 4
Sensitivity analysis on investment portfolio (IFAD-only)

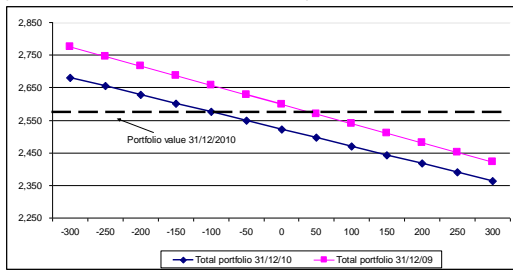
Basis point shift in yield curve	2010		2009	
	Change in value of externally managed portfolio (US\$ million)	Total portfolio (US\$ million)	Change in value of externally managed portfolio (US\$ million)	Total portfolio (US\$ million)
-300	159	2 681	177	2 755
-250	132	2 654	147	2 746
-200	106	2 628	118	2 717
-150	79	2 602	88	2 687
-100	53	2 575	59	2 658
-50	26	2 549	29	2 628
0	-	2 522	-	2 599
50	(26)	2 496	(29)	2 569
100	(53)	2 469	(59)	2 540
150	(79)	2 443	(88)	2 510
200	(106)	2 417	(118)	2 481
250	(132)	2 390	(147)	2 451
300	(159)	2 364	(177)	2 422

The above sensitivity analysis does not include cash collateral investments. Due to the current low interest rate level, the shown significant basis point shifts are illustrative.

The graph below shows the negative relationship between yields and fixed income portfolio value.

Sensitivity analysis on investment portfolio value (IFAD-only)

(Millions of United States dollars)



At 31 December 2010, if the general level of interest rates on the SDR currency markets had been higher/(lower) by 100 basispoints (this is a parallel shift of the yield curves), the overall portfolio investment income would have been lower/(higher) by US\$159 million as a result of the capital losses (gains) on the marked-to-market portion of the portfolio.

Table 5 shows the tracking error limits defined by the investment guidelines. Tracking error represents the annualized standard deviation of the return versus the benchmark, and it is a measure of the active risk taken by a manager in managing a portfolio.

Table 5

Tracking error ranges by portfolio

Portfolio	Tracking error (percentage per annum)
Government bonds	0.75-1.00
Diversified fixed-interest	0.75-1.00
Inflation-linked	2.00
Held-to-maturity	Not applicable

The investment portfolio's tracking error at 31 December 2010, based on a three-year history, was 0.39 per cent.

(ii) Credit risk

The investment guidelines set credit floors for the eligibility of securities and counterparties. The eligibility of banks and bond issues is determined on the basis of ratings made by major credit-rating agencies. The minimum credit ratings for the portfolios of IFAD's overall investment portfolio, as allowed by the investment guidelines are shown in table 6.

Table 6

Minimum credit ratings per investment guidelines

Portfolio	Securities	Time deposits and CDs ^a	Spot and forwards ^b	IRS ^b
Short-term liquidity	n/a	A-1/P-1	n/a	n/a
Government bonds ^c	Moody's Aa3 or S&P AA- or Fitch AA-	A-1/P-1	A-1/P-1	n/a
Diversified fixed-interest ^c	Moody's Aa3 or S&P AA- or Fitch AA- (exception: MBS and ABS AAA/Aaa by two of the three agencies)	A-1/P-1	A-1/P-1	AA-/Aa3
Inflation-linked ^c	Moody's Aa3 or S&P AA-	A-1/P-1	A-1/P-1	n/a
Held-to-maturity (HTM)	Moody's Aa3 or S&P AA- (exception: corporate bonds AAA/Aaa)	A-1/P-1	n/a	n/a

^a Minimum credit rating (Moody's P-1 or S&P A-1) refers to the bank.

^b Minimum credit rating refers to the counterparty.

^c Futures and options are allowed if traded on regulated exchanges.

Note: IRS=interest rate swaps; MBS=mortgage-backed securities.

At 31 December 2010, the average credit ratings by portfolio were in line with the minimum ratings allowed by investment guidelines (table 7).

Table 7

Average credit ratings by portfolio (IFAD-only)

As at 31 December 2010 and 2009

Portfolio	Credit rating ^a	
	2010	2009
Short-term liquidity	P1	P1
Government bonds	Aaa	Aaa
Diversified fixed-interest	Aa1	Aa1
Inflation-linked	Aaa	Aaa
Held-to-maturity	Aaa	Aaa

^a The average credit rating is calculated based on market values at 31 December 2010 and 2009 except for the held-to-maturity portfolio average rating, which is calculated on face values. Moody's credit ratings have been applied.

(iii) Held-to-maturity investments

	Thousands of United States dollars equivalent			
	US\$	Pound	Euro	All sterling currencies
Corporate bonds	61 430	73 861	7 915	143 206
Government agencies	102 889	47 335	8 163	158 387
Government bonds	10 136	34 854	-	44 990
Asset Backed Supranational	31 380	10 790	8 909	10 790
				40 289
Total 2010	205 835	175 749	16 078	397 662
Total 2009	195 337	191 032	16 440	402 809

The fair value of held-to-maturity investments as at 31 December 2010 was US\$407,098,000 (2009 – US\$418,592,000).

The maturity structure of held-to-maturity investments as at 31 December is as follows:

Period due	Thousands of United States dollars	
	2010	2009
Less than one year	72 555	88 632
1-2 years	76 362	73 399
2-3 years	74 560	77 951
3-4 years	81 285	78 852
4-5 years	82 110	74 349
5-6 years	10 790	9 626
Total	397 662	402 809

All investments due in less than one year have a maturity of more than three months from the date of purchase.

(iv) Securities lending

After having analysed the risk/return profile of the Securities Lending activity and in consultation with its financial advisor IFAD decided to terminate its activity in the Securities Lending. The complete exit from the programme occurred in November when IFAD's securities lending agent sold the remaining assets in IFAD's Custom Collateral Account.

(v) Currency risk

IFAD's investment portfolio is used to minimize IFAD's overall currency risk. The majority of IFAD's commitments relate to undisbursed loans and grants denominated in SDR. Consequently, the overall assets of the Fund are maintained, to the extent possible, in the currencies and ratios of the SDR valuation basket. Similarly, the General Reserve and commitments for grants denominated in United States dollars are matched by assets denominated in United States dollars.

The monitoring of the status of alignment to the SDR valuation basket is usually performed on a monthly basis.

In the case of misalignments that are considered persisting and significant, Management undertakes a realignment procedure by changing the currency ratios in IFAD's investment portfolio so as to realign the total assets to the desired SDR weights.

The degree of currency alignment of IFAD's overall assets subject to SDR alignment at 31 December 2010 is shown in table 8.

Table 8
Alignment of assets to SDR basket (IFAD-only)
As at 31 December 2010

Currency group	Net asset amount (%)	SDR weights	Difference
United States dollar	40.2	40.8	(0.6)
Euro	36.3	35.5	0.8
Japanese yen	15.4	14.6	0.8
Pound sterling	8.1	9.1	(1.0)
Total	100.0	100.0	0.0

At 31 December 2010, had the United States dollar depreciated (appreciated) by 10 per cent over the three other currencies in the SDR basket, the composition of IFAD's assets subject to SDR alignment would have been as shown in table 9.

Table 9
Sensitivity of assets aligned to SDR basket (IFAD-only)
As at 31 December 2010

Currency group	Difference towards SDR weights	
	-10% of US\$ (%)	+10% of US\$ (%)
United States dollar	-2.3	2.5
Euro	1.3	-1.6
Japanese yen	0.7	-0.5
Pound sterling	0.3	-0.4
Total	-	-

To seek higher returns, the Fund may invest in securities denominated in currencies other than those included in the SDR valuation basket, and enter into covered forward foreign-exchange agreements in order to maintain the matching in currency terms, of commitments denominated in SDRs and United States dollars.

(vi) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents to meet loan and grant disbursements as well as other administrative outflows as they arise. IFAD's Treasury maintains flexibility in funding by calculating estimated availability of funds from all relevant sources and monitors the liquidity situation based on various time lines. IFAD developed a liquidity policy, which was approved by the Executive Board in December 2006, to provide further safeguards in this area. The liquidity policy requires a minimum level of highly liquid assets in IFAD's investment portfolio equal to 60 per cent of the total annual gross disbursements (cash outflows) and potential additional requirements due to liquidity shocks during the Seventh Replenishment period (2007 to 2009). The current balance of highly liquid assets comfortably covers the minimum liquidity requirements. The appropriateness of the liquidity level is under review, taking into account the increasing programme of work and changing liquidity requirements for the Eighth Replenishment period (2010 to 2012).

(vii) Capital risk

The overall resource policy is reviewed by Management on a regular basis. A joint review with the principal stakeholders is also carried out at least once during each replenishment process. IFAD closely monitors its resource position on a regular basis in order to safeguard its ability to continue as a going concern. Consequently, it adjusts the amount of new commitments of loans and grants to be made during each calendar year dependent on the resources available. Longer term resource forecasting is carried out within the analysis performed through IFAD's financial model.

NOTE 5

CONTRIBUTORS' PROMISSORY NOTES AND RECEIVABLES

	Thousands of United States dollars	
	2010	2009
Promissory notes to be encashed		
Replenishment contributions	428 451	387 911
BFFS contributions	16 774	21 228
Total	445 225	409 139
Fair value adjustment	(6 451)	(8 648)
Promissory notes to be encashed at fair value	438 774	400 491
Contributions receivable		
Replenishment contributions	335 630	390 427
BFFS contributions	18 449	28 509
Supplementary contributions	117 404	84 375
Spanish Trust Fund	19 452	0
Total	490 935	503 311
Fair value adjustment	(12 426)	(18 368)
Contributions receivable at fair value	478 509	484 943

(a) Initial, First, Second, Third, Fourth, Fifth, Sixth and Seventh Replenishment contributions

These contributions have been fully paid except as detailed in note 6 and in the table below:

Contributions not paid/encashed
As at 31 December 2010

Donor	Thousands of United States dollars	
	Replenishment	Amount
United States ^a	Sixth	459
Brazil ^a	Seventh	7 916
Bolivia (Plurinational State of)	Seventh	100
France ^a	Seventh	21 465
United States ^a	Seventh	23 143

^a Cases for which Members and IFAD have agreed to special encashment schedules.

(b) Eighth Replenishment

Details of contributions and payments made for the Eighth Replenishment are shown in appendix G. The Eighth Replenishment became effective on 1 December 2009.

(c) Special Programme for Africa (SPA)

Details of contributions to the SPA under the first and second phases are shown in appendix G.

(d) Credit risk

Because of the sovereign status of its donor contributions, the Fund expects that each of its contributions for which a legally binding instrument has been deposited will ultimately be received. Collectability risk is covered by the provisions on contributions.

NOTE 6**PROVISIONS**

The fair value of the provisions is equivalent to the nominal value given that the underlying receivables/promissory notes are already due at the balance sheet date.

In accordance with IFAD's policy, the Fund has established provisions at 31 December as follows:

	Thousands of United States dollars	
	2010	2009
Balance at beginning of the year	168 448	168 485
Total movements	0	(37)
Balance at end of year	168 448	168 448
Analysed as:		
Promissory notes of contributors (a)	80 861	80 861
Amounts receivable from contributors (b)	87 587	87 587
Total	168 448	168 448

(a) Provisions against promissory notes

As at 31 December 2010, IFAD replenishment contributions deposited in the form of promissory notes up to and including the Seventh Replenishment have been fully drawn down and 30 per cent for the Eighth Replenishment. (31 December 2009 – 100 per cent up to the Seventh Replenishment).

As at 31 December 2010 and 2009, all first and second phase SPA contributions have been fully drawn down.

In accordance with the policy, the Fund has established provisions against promissory notes as at 31 December:

	Thousands of United States dollars	
	2010	2009
IFAD		
Initial contributions		
Iran (Islamic Republic of)	29 358	29 358
Iraq	13 717	13 717
	43 075	43 075
First Replenishment		
Iraq	31 099	31 099
	31 099	31 099
Third Replenishment		
Democratic People's Republic of Korea	600	600
Libyan Arab Jamahiriya	6 087	6 087
	6 687	6 687
Total IFAD	80 861	80 861
Grand total	80 861	80 861

(b) Provisions against amounts receivable from contributors

In accordance with its policy, the Fund has established provisions against some of these amounts:

	Thousands of United States dollars	
	2010	2009
Initial contributions		
Comoros	10	10
Iran (Islamic Republic of)	83 167	83 167
	83 177	83 177
Second Replenishment		
Iraq	2 000	2 000
	2 000	2 000
Third Replenishment		
Iran (Islamic Republic of)	2 400	2 400
Sao Tome and Principe	10	10
	2 410	2 410
Total	87 587	87 587

NOTE 7**OTHER RECEIVABLES**

	Thousands of United States dollars	
	2010	2009
Receivables for investments sold	71 019	37 685
Other receivables	32 077	30 196
Total	103 096	67 881

The amounts above are all expected to be received within one year of the balance sheet date. The balance of other receivables includes reimbursements from the host country for expenditures incurred during the year.

NOTE 8

FIXED AND INTANGIBLE ASSETS

	Thousands of United States dollars		
	1 Jan 2010	Movements	31 Dec 2010
Cost			
Computer			
hardware	920	872	1 792
Computer software	659	1 365	2 024
Furniture and fittings	426	(25) ^a	401
Leasehold improvement	208	59	267
Total cost	2 213	2 271	4 484
Depreciation			
Computer			
hardware	(318)	(347)	(665)
Computer software	(22)	(127)	(149)
Furniture and fittings	(71)	(124)	(195)
Leasehold improvement	0	(17)	(17)
Total depreciation	(411)	(615)	(1 026)
Net fixed and intangible assets	1 802	1 656	3 458

^a Due to foreign exchange movements.

NOTE 9

LOANS

(a) Accumulated allowance for impairment losses

An analysis of the accumulated allowance for loan impairment losses is shown below:

	Thousands of United States dollars	
	2010	2009
Balance at beginning of year	98 424	133 103
Net (decrease) in allowance	(2 187)	(37 096)
Revaluation	(743)	2 417
Balance at end of year at nominal value	95 494	98 424
Fair value adjustment	(71 395)	(71 113)
Total	24 099	27 311

All loans included within the accumulated allowance are 100 per cent impaired.

(b) Non-accrual status

Had income from loans with overdue amounts in non-accrual status been recognized as income, income from loans as reported in the statement of comprehensive income for the year, 2010 would have been higher by US\$1,879,000 (2009 – US\$2,294,000). The corresponding figures relating to IFAD were US\$1,848,000 (2009 – US\$2,262,000) and SPA were US\$31,000 (2009 – US\$32,000). The Member States concerned are shown below:

(i) Borrowers in non-accrual status – IFAD
As at 31 December 2010

	Thousands of United States dollars			In arrears since
	Principal outstanding	Principal overdue	Income not accrued in 2010	
Cuba	12 880	12 880	507	Sep 1989
Comoros	970	36	7	Jan 2010
Democratic People's Republic of Korea	37 279	2 724	186	
Democratic Republic of the Congo	22 643	6 970	226	Feb 1993
Guinea-Bissau	6 798	2 463	67	Nov 1995
Somalia	26 817	15 774	264	Jan 1991
Zimbabwe	25 689	15 001	591	Oct 2001
Total	133 076	55 848	1 848	

(ii) Borrowers in non-accrual status – SPA

As at 31 December 2010

	Thousands of United States dollars			In arrears since
	Principal outstanding	Principal overdue	Income not accrued in 2010	
Guinea-Bissau	3 173	1 030	31	Dec 1995
Total	3 173	1 030	31	

Details of loans approved and disbursed and of loan repayments appear in appendix H.

(c) Further analysis of loan balances

	Thousands of United States dollars	
	2010	2009
IFAD approved loans less cancellations less full repayments and the adjustment for movement in value of total SDR loans in terms of US\$ (appendix H)		
2010 – US\$10 071 087		
2009 – US\$9 645 695		
Effective loans	9 454 621	9 078 516
Less: Undisbursed balance of effective loans	(2 387 715)	(2 405 049)
Repayments	(1 805 732)	(1 617 360)
Interest/principal receivable	18 416	23 183
Loans outstanding at nominal value	5 279 590	5 079 290
Fair value adjustment	(1 168 031)	(1 225 698)
Loans outstanding at fair value	4 111 559	3 853 592

SPA approved loans less cancellations, less full repayments and the adjustment for movements in value of total SDR loans in terms of US\$ (appendix H)

2010 – US\$344 450		
2009 – US\$347 105		
Effective loans	344 450	347 105
Less: Undisbursed balance of effective loans	0	(228)
Repayments	(88 549)	(79 972)
Interest/principal receivable	562	782
Loans outstanding at nominal value	256 463	267 687
Fair value adjustment	(110 664)	(114 611)
Loans outstanding at fair value	145 799	153 076
Total approved loans less cancellations, less full repayments and the adjustment for movements in value of SDR loans in terms of US\$		
2010 – US\$10 415 536		
2009 – US\$9 992 800		
Effective loans	9 799 071	9 425 621
Undisbursed balance of effective loans	(2 387 715)	(2 405 277)
Repayments	(1 894 281)	(1 697 332)
Interest/principal receivable	18 978	23 965
Loans outstanding at nominal value	5 536 053	5 346 977
Fair value adjustment	(1 278 695)	(1 340 309)
Loans outstanding at fair value	4 257 358	4 006 668

(d) Credit risk

Because of the nature of its borrowers and guarantors, the Fund expects that each of its sovereign guaranteed loans will ultimately be repaid. Collectability risk is covered by both the accumulated allowance for loan impairment losses and the accumulated allowance for the HIPC Debt Initiative. Loans with amounts overdue more than 180 days are placed in non-accrual status.

(e) Market risk

The interest rate risk associated with IFAD's loan portfolio is believed to be minimal, as 92.7 per cent (31 December 2009 – 92.5 per cent) of the current outstanding portfolio relates to borrowers on highly concessional terms, hence not subject to variation on an annual basis. An analysis of

the portfolio by type of lending term is presented in appendix H, sections 4 and 9.

(f) Fair value estimation

Other than initial recognition and determination, the assumptions used in determining fair value are not sensitive to changes in discount rates. The associated impact of the exchange rate movement between SDR and United States dollars is closely monitored.

NOTE 10

FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

<i>Thousands of United States dollars</i>			
<i>2010</i>	<i>Loans and receivables</i>	<i>Assets at fair value through profit and loss</i>	<i>Held-to-maturity</i>
Net loans outstanding		4 152 322	
Other receivables	103 096		
Held-to-maturity investments			397 662
Other financial assets at fair value through profit and loss		2 862 884	
Cash and equivalents		716 363	
Total	103 096	7 731 569	397 662

<i>Thousands of United States dollars</i>			
<i>2009</i>	<i>Loans and receivables</i>	<i>Assets at fair value through profit and loss</i>	<i>Held-to-maturity</i>
Net loans outstanding		3 889 266	
Other receivables	67 881		
Held-to-maturity investments			402 809
Other financial assets at fair value through profit and loss		3 019 765	
Cash and equivalents		421 354	
Total	67 881	7 330 385	402 809

NOTE 11

DEBT INITIATIVE FOR HEAVILY INDEBTED POOR COUNTRIES (HIPC)

(a) Impact of the HIPC Debt Initiative

IFAD has funded the HIPC Debt Initiative in the amount of US\$124,670,000 during the period 1998-2010. Details of funding from external donors on a cumulative basis are found in appendix D1.

For a summary of debt relief reimbursed since the start of the Initiative and of that expected in the future, please refer to appendix I. Debt relief approved by the Executive Board to date excludes all amounts relating to the enhanced Debt Initiative for Eritrea, Somalia and The Sudan. Authorization for IFAD's share of this debt relief is expected to be given by the Executive Board in 2011-2012. At the time of preparation of the 2010 consolidated financial statements, the estimate of IFAD's share of the overall debt relief for these countries, principal and interest, was US\$149,726,852 (2009 – US\$156,251,000 for the Comoros, Eritrea, Somalia and The Sudan).

Gross investment income amounted to US\$17,418 (2009 – US\$43,510) from the HIPC Trust Fund balances.

The total cumulative cost of debt relief derives from the following sources:

<i>Thousands of United States dollars</i>			
	<i>2010</i>	<i>Movement</i>	<i>2009</i>
IFAD contributions 1998-2010	124 670	30 000	94 670
Total contributions from external sources (appendix D1)	193 741	0	193 741
Net cumulative investment income	7 949	18	7 931
Short fall between debt relief approved and funds available	142 997	(14 645)	157 642
Cumulative net exchange rate movements	41 349	1 588	39 761
Total (appendix I)	510 706	16 961	493 745

(b) Accumulated allowance for the HIPC Debt Initiative

The balances for the two years ended 31 December are summarized below:

<i>Thousands of United States dollars</i>		
	<i>2010</i>	<i>2009</i>
Balance at beginning of year	147 174	160 337
New approvals	2 519	4 644
Change in provision	(23 748)	(20 663)
Exchange rate movements	(1 588)	2 856
Balance at end of year	124 357	147 174
Fair value adjustment	(43 420)	(57 083)
Fair value equivalent	80 937	90 091

NOTE 12

PAYABLES AND LIABILITIES

<i>Thousands of United States dollars</i>		
	<i>2010</i>	<i>2009</i>
Cash collateral liabilities	0	217 872
Payable for investments purchased	138 867	100 464
ASMCS liability	56 172	60 919
Other payables and accrued liabilities	73 556	60 249
Subtotal	268 595	221 632
Total	268 595	439 504

Of the total above, approximately US\$79,784,000 (2009 – US\$157,075,000) is estimated to be payable in more than one year from the balance sheet date.

NOTE 13

DEFERRED REVENUE

Deferred revenue represents contributions received for which the revenue recognition has been deferred to future periods to match the related costs. Deferred income includes amounts relating to service charges received for which the related costs have not yet been incurred.

<i>Thousands of United States dollars</i>		
	<i>2010</i>	<i>2009</i>
Deferred revenues	182 403	214 539
Fair value adjustment	(5 060)	(5 492)
Fair value equivalent	177 343	209 047

NOTE 14**UNDISBURSED GRANTS**

The balance of effective grants not yet disbursed to grant recipients is as follows:

	2010	2009 <i>restated</i>	1 Jan 2009 <i>restated</i>
IFAD	80 390	77 001	69 299
Supplementary funds	174 536	137 379	38 431
BFFS	17 995	18 399	19 488
Balance at end of year	272 921	232 779	127 218
Fair value adjustment	(9 192)	(18 999)	(185)
Undisbursed grants	263 729	213 780	127 033

NOTE 15**TRUST FUND BORROWING**

The amount lent by Spain for the establishment of the Spanish Food Security Cofinancing Facility Trust Fund is US\$383.0 million (EUR 285.5 million). This is a long-term liability of 45 years with a five-year grace period.

NOTE 16**NET FOREIGN EXCHANGE GAINS/LOSSES**

The following rates of 1 unit of SDR in terms of United States dollars as at 31 December were used:

Year	United States dollars
2010	1.55027
2009	1.56372

The movement in the account for foreign exchange rates is explained as follows:

	Thousands of United States dollars	
	2010	2009
Opening balance at 1 January	989 019	860 796
Exchange movements for the year on:		
Cash and investments	(5 069)	44 855
Net receivables/payables	(2 773)	3 600
Loans and grants outstanding	(31 236)	69 985
Promissory notes and Members' receivables	2 658	12 040
Member States' contributions	(6 922)	(2 257)
Total movements in the year	(43 342)	128 223
Closing balance at 31 December	945 677	989 019

The movement in this account excludes the gain/loss related directly to operations, which instead is included in total foreign exchange rate movements.

NOTE 17**INCOME FROM CASH AND INVESTMENTS****(a) Investment management**

Since 1994, a major part of IFAD's investment portfolio has been entrusted to external investment managers under investment guidelines provided by the Fund. At 31 December 2010, funds under external management amounted to US\$1,888,430,000 (2009 – US\$1,955,860,000), representing 75 per cent of the Fund's total cash and investments (2009 – 75 per cent).

(b) Derivative instruments

The Fund's investment guidelines authorize the use of the following types of derivative instruments for hedging purposes (although they are not qualified for hedging accounting), primarily to ensure alignment to the SDR basket:

(i) Futures

Future contracts open at year end were as follows:

	2010	2009
Number of contracts open:		
Buy	638	1 101
Sell	(184)	719
Net unrealized gains of open contracts (US\$ '000)	172	2 550
Maturity range of open contracts (days)	67 to 444	67 to 809

The underlying instruments of future contracts open at 31 December 2010 were government bonds and currencies

(ii) Options

IFAD-only permits the use of investment in exchange-traded options. It does not write option contracts. Relevant data for options at year end were as follows:

	31 December	
	2010	2009
Number of contracts open:		
Buy	0	852
Sell	0	469
Market value of open contracts (US\$ thousand)	n.a.	(34)
Net unrealized gains/(losses) of open contracts (US\$ thousand)	n.a.	(44)
Maturity range of open options (days)	n.a.	22 to 349

No option contracts were open at 31 December 2010.

(iii) Covered forwards

The unrealized market value gain on forward contracts at 31 December 2010 amounted to US\$13,069,000 (2009 – loss of US\$8,753,000). The maturity of forward contracts at 31 December 2010 ranged from 4 to 80 days (31 December 2009 – 7 to 82 days).

The underlying instruments of forward contracts open at 31 December 2010 were currencies.

(c) Income from cash and investments

The gross income from cash and investments for the year ended 31 December 2010 amounted to US\$85,448,000 (2009 – gross income of US\$116,493,000). This figure is gross of direct charges against investment income of US\$4,355,000 (2009 – US\$4,269,000), which are included in expenses.

	<i>Thousands of United States dollars</i>		
	2010		
	MTM ^a	HTM ^a	Total
Interest from fixed-income investments	55 523	16 497	72 020
Net income from futures/options and swaps	(2 932)	-	(2 932)
Realized capital (loss)/gain from fixed-income securities	29 502	(740) ^b	28 762
Unrealized gain/(loss) from fixed-income securities	(13 882)	-	(13 882)
Net income on assets held as cash collateral on securities lent	869	-	869
Income from securities lending	184	36	220
Interest income from banks and non-convertible currencies	391	-	391
Total	69 655	15 793	85 448

^a MTM=marked to market; HTM=held-to-maturity

^b Amortization of HTM securities

	<i>Thousands of United States dollars</i>		
	2009		
	MTM	HTM	Total
Interest from fixed-income investments	64 750	18 004	82 754
Net loss from futures and options	(74)	-	(74)
Realized capital loss from fixed-income securities	38 613	(879)	37 734
Unrealized loss from fixed-income securities	(23 189)	-	(23 189)
Unrealized gain/(loss) on assets held as cash collateral on securities lent	17 007	-	17 007
Income from securities lending	1 073	227	1 300
Interest income from banks and non-convertible currencies	959	2	961
Total	99 139	17 354	116 493

For held-to-maturity investments, realized capital gains/(losses) relate to amortization.

The above figures include income for the consolidated entities, as follows:

	<i>Thousands of United States dollars</i>	
	2010	2009
IFAD	84 271	114 999
ASMCS Trust Fund	393	869
HIPC Trust Fund	17	49
BFFS.JP	233	417
Other supplementary funds	1 034	988
Less: income deferred/reclassified	(500)	(829)
Total	85 448	116 493

The annual rate of return on consolidated cash and investments in 2010 was 2.7 per cent net of expenses (2009 – 4.06 per cent net of expenses). The annual rate of return on IFAD cash and investments in 2010 was 3.26 per cent net of expenses (2009 – 4.45 per cent net of expenses).

NOTE 18

INCOME FROM OTHER SOURCES

This income relates principally to reimbursement from the host Government for specific operating expenses. It also includes service charges received from entities housed at IFAD as compensation for providing administrative services. An analysis is given below:

	<i>Thousands of United States dollars</i>	
	2010	2009
Consolidated		
Host Government income	8 799	8 957
Income from other sources	1 236	884
Total	10 035	9 841

	<i>Thousands of United States dollars</i>	
	2010	2009
IFAD-only		
Service charges	5 166	4 098
Host Government income	8 799	8 957
Income from other sources	447	1 011
Total	14 412	14 066

NOTE 19

INCOME FROM CONTRIBUTIONS

	<i>Thousands of United States dollars</i>	
	2010	2009
IFAD	24	30 000
Supplementary funds	133 451	189 824
BFFS.JP	9 398	6 054
Total	142 873	225 878

From 2007, contributions to the HIPC Debt Initiative have been offset against the HIPC Debt Initiative expenses.

NOTE 20

OPERATING EXPENSES

An analysis of IFAD-only operating expenses by principal funding source is shown in appendix K. The breakdown of the consolidated figures is set out below:

	<i>Thousands of United States dollars</i>	
	2010	2009
IFAD	151 445	147 089
Other entities	10 647	10 078
Total	162 092	157 167

The costs incurred are classified in the accounts in accordance with the underlying nature of the expense.

NOTE 21

STAFF NUMBERS, RETIREMENT PLAN AND MEDICAL SCHEMES

(a) Staff numbers

Employees that are on IFAD's payroll are part of the retirement and medical plans offered by IFAD. These schemes include participation in the United Nations Joint Staff Pension Fund (UNJSPF) and in the After-Service Medical Coverage Scheme (ASMCS) administered by FAO.

The number of full-time equivalent employees of the Fund and other consolidated entities in 2010 eligible for participation in the IFAD retirement plan was as follows (breakdown by principal budget source):

	Professional	General Service	Total
IFAD administrative budget	209	198	407
IFAD other sources	24	18	42
BFFS.JP	2	1	3
APO/SPO ^a	17		17
Programmatic funds	1	1	2
Total 2010	253	218	471
Total 2009^b	249	225	474

^a Associate professional officer/special programme officer

^b Restated to reflect the full-time-equivalent for pension.

(b) Non-staff

As in previous years, in order to meet its operational needs, IFAD engaged the services of consultants, conference personnel and other temporary staff, who are also covered by an insurance plan.

(c) Retirement plan

The latest actuarial valuation for the UNJSPF was prepared as at 31 December 2009. This valuation revealed an actuarial deficit, amounting to 0.38 per cent of pensionable remuneration. Despite the actuarial deficit from the 2009 valuation, it was assessed that the UNJSPF is adequately funded. Therefore the United Nations General Assembly did not invoke provision of article 26, requiring participating agencies to provide additional payments. IFAD makes contributions on behalf of its staff and would be liable for its share of the unfunded liability, if any (current contributions are paid as 7.9 per cent of pensionable remuneration by the employee and 15.8 per cent by IFAD). Total retirement plan contributions made for staff in 2010 amounted to US\$9,898,000 (2009 – US\$9,806,000).

(d) After-Service Medical Coverage Scheme

The latest actuarial valuation for the ASMCS was carried out as at 31 December 2010. The methodology used was the projected unit-credit-cost method with service prorates. The principal actuarial assumptions used were as follows: discount rate, 5.5 per cent; return on invested assets, 4.0 per cent; expected salary increase, 3.0 per cent; medical cost increase, 5.0 per cent; inflation, 2.5 per cent; and exchange rate euro:US\$1.314. The results determined IFAD's liability as at 31 December 2010 to be US\$56,172,000. The 2010 and 2009 financial statements include a provision and related assets constituted as follows as at 31 December:

	Thousands of United States dollars	
	2010	2009
Past service liability		
Total provision at 1 January	(60 919)	(50 113)
Interest cost	(2 762)	(2 359)
Current service charge	(3 091)	(2 759)
Reclassification/current service charge from non-IFAD entities	0	567
Actuarial gains/(losses)	10 600	(6 255)
Provision at 31 December	(56 172)	(60 919)
Plan assets		
Total assets at 1 January	60 014	57 482
Interest earned on balances	392	869
Contributions	9 027	0
Exchange rate movement	(2 611)	1 663
Total assets at 31 December	66 822	60 014

ASMCS assets are currently invested in cash and time deposits in accordance with IFAD's investments policy.

IFAD provides for the full annual current service costs of this medical coverage, including its eligible retirees. In 2010,

such costs included under staff salaries and benefits in the financial statements amounted to US\$5,853,000 (2009 – US\$5,118,000).

Based on the 2010 results and the recent actuarial evaluation, the assets already held in the irrevocable trust fund are sufficient to cover the current level of liabilities.

(e) Actuarial valuation risk of the ASMCS

A sensitivity analysis of the principal assumptions of the liability and service cost contained within the group data as at 31 December 2010 is shown below:

Impact on	Liability (percentage)	Service cost (percentage)
Medical inflation:		
6.0 per cent instead of 5.0 per cent	14.0	0.8
4.0 per cent instead of 5.0 per cent	(11.2)	(0.6)

NOTE 22

GRANT EXPENSES

The breakdown of the consolidated figures is set out below:

	Thousands of United States dollars	
	2010	2009
IFAD grants	43 337	46 700
BFFS.JP	8 649	4 930
Supplementary funds	120 597	176 120
Total	172 583	227 750

NOTE 23

DSF EXPENSES

The breakdown of the consolidated figures is set out below. For further details see appendix H2.

	Thousands of United States dollars	
IFAD-only	2010	2009 restated
DSF expenses	39 378	13 997
Total	39 378	13 997

DSF projects effective but not yet disbursed amounted at the end of December 2010 to US\$439.6 million.

NOTE 24

DIRECT BANK AND INVESTMENT COSTS

	Thousands of United States dollars	
	2010	2009
Investment management fees	(3 682)	(3 624)
Other charges	(678)	(652)
Tax recoverable (paid)/received	5	7
Total	(4 355)	(4 269)

NOTE 25**ADJUSTMENT FOR CHANGE IN FAIR VALUE**

An analysis of the movement in fair value is shown below:

<i>Thousands of United States dollars</i>		
	2010	2009
Loans outstanding	50 181	(72 499)
Accumulated allowance for loan impairment losses	950	(6 485)
Accumulated allowance for HIPC Debt Initiative	(13 292)	13 932
Net loans outstanding	37 839	(65 052)
Contributors' promissory notes	2 197	3 639
Contributions receivable	5 943	(13 049)
Contributions	(7 707)	4 915
Undisbursed grants	(9 566)	46 385
Deferred revenues	(432)	4 495
Total	28 274	(18 667)

NOTE 26**HOUSED ENTITY DISCLOSURE**

Grants include annual funding for entities housed at IFAD, i.e. ILC and the Global Mechanism as follows:

<i>Thousands of United States dollars</i>		
	2010	2009
ILC	-	-
Global Mechanism	-	-
HLTF	-	200
Total	-	200

At 31 December liabilities owed to/(from) IFAD by the housed entities were:

<i>Thousands of United States dollars</i>		
	2010	2009
ILC	531	(266)
Global Mechanism	536	1 374
HLTF	98	37
Total	1 165	1 145

NOTE 27**CONTINGENT LIABILITIES AND ASSETS****(a) Contingent liabilities**

IFAD has contingent liabilities in respect of debt relief announced by the World Bank/International Monetary Fund for nine countries. See note 11 for further details of the potential cost of loan principal and interest relating to these countries, as well as the future interest not accrued on debt relief already approved as shown in appendix I.

As noted in note 23, IFAD has a contingent liability for DSF financing effective but not yet disbursed for US\$ 439.6 million. Disbursements will occur when the conditions for the release of funds are met.

(b) Contingent assets

Following a ruling by the International Labour Organization Administrative Tribunal (ILOAT) regarding a staff member of the Global Mechanism, an entity hosted by IFAD, IFAD has been directed to pay damages and costs to the staff member. Consequently, a provision has been made in IFAD's accounts for this probable liability in the amount of US\$450,000. As the staff member was an employee of the Global Mechanism and her remuneration was funded by the Global Mechanism budget, IFAD is appealing the ILOAT ruling on the grounds that the Global Mechanism should be liable for any damages in this case. Contingent on the positive outcome of such an appeal, this amount will be reimbursed to IFAD by the Global Mechanism; hence the disclosure of this contingent asset.

NOTE 28**DATE OF AUTHORIZATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements are authorized for issue following the recommendation of the Audit Committee in May 2011 and endorsement by the Executive Board in May 2011. The 2010 consolidated financial statements will be submitted to the Governing Council for formal approval at its next session in February 2012. The 2009 consolidated financial statements were approved by the Governing Council at its thirty-fourth session in February 2011.

Statement of complementary and supplementary contributions and unspent funds**Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2010¹**
(Expressed in thousands of United States dollars)

<i>Member States</i>	<i>Project cofinancing</i>	<i>APOs</i>	<i>Other supplementary funds</i>	<i>GEF</i>	<i>Total</i>
Algeria			102		102
Angola			7		7
Australia ²	2 721		84		2 805
Austria	755				755
Bangladesh			58		58
Belgium ³	10 214	1 852	597		12 663
Belgium for BFFS.JP			143 563		143 563
Cameroon			35		35
Canada	1 745		3 353		5 098
China			407		407
Colombia			25		25
Denmark	9 052	3 438	3 946		16 436
Finland	2 744	3 465	5 563		11 772
France	1 032	1 137	3 741		5 910
Germany	46	5 718	6 389		12 153
Ghana			102		102
Greece			102		102
India			1 000		1 000
Indonesia			50		50
Ireland	6 723		784		7 507
Italy	29 358	5 294	24 827		59 479
Japan	1 876	2 026	3 972		7 874
Jordan ⁴			165		165
Kuwait			146		146
Luxembourg	1 412		1 073		2 485
Malaysia			28		28
Mauritania ⁵			100		100
Morocco			50		50
Netherlands	84 681	4 629	11 111		100 421
Nigeria			50		50
Norway	22 440	1 784	6 141		30 365
Pakistan ⁶			125		125
Paraguay			15		15
Portugal	142		738		880
Qatar			146		146
Republic of Korea		3 574			3 574
Saudi Arabia			146		146
Senegal ⁷			135		135
Sierra Leone ⁸			100		100
South Africa			10		10
Spain	5 220		12 814		18 034
Suriname	2 019				2 019
Sweden	9 209	2 608	15 909		27 726
Switzerland	8 384	343	10 712		19 439
Turkey			47		47
United Kingdom	20 826		16 856		37 682
United States		322	86		408
Total Member States	220 599	36 190	275 410		532 200

¹ Non-US\$ contributions have been translated at the year-end exchange rate.² Australia's withdrawal from IFAD membership became effective 31 July 2007.³ The contribution from Belgium includes US\$942,000 provided by the Belgian Fund for Food Security (BFFS) Joint Programme.⁴ US\$150,000 relates to the Special Climate Change Fund (SCCF)⁵ US\$100,000 relates to the Least Developed Countries Fund (LDCF)⁶ US\$125,000 relates to SCCF⁷ US\$120,000 relates to LDCF⁸ US\$100,000 relates to LDCF

Statement of complementary and supplementary contributions and unspent funds**Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2010¹ (cont.)**
(Expressed in thousands of United States dollars)

<i>Non-Member States and other sources</i>	<i>Project cofinancing</i>	<i>APOs</i>	<i>Other supplementary funds</i>	<i>GEF</i>	<i>Total</i>
African Development Bank	2 800		1 053		3 853
Agence Française de Développement			173		173
Arab Bank	1 097		25		1 122
Arab Fund for Economic and Social Development	2 983				2 983
Arab Gulf Programme for United Nations Development Organizations	299				299
Bill & Melinda Gates Foundation			1 015		1 015
Cassava Programme			70		70
Chief Executives Board for Coordination (CEB) Secretariat, Geneva			813		813
Congressional Hunger Center			183		183
Coopernic			4 386		4 386
European Commission	814		293 875		294 689
Food and Agriculture Organization of the United Nations	14		83		97
Global Agriculture and Food Security Program	20 000		3 430		23 430
Least Developed Countries Fund			32		32
Liechtenstein			5		5
National Agricultural Cooperative Federation	35				35
Office of the United Nations High Commissioner for Refugees	2 976				2 976
Organization of the Petroleum Exporting Countries	652				652
Other	251		912		1 163
Service Charges Surplus	50		96		146
Special Climate Change Fund (SCCF) ²			166		166
United Nations Capital Development Fund	464		97		561
United Nations Development Programme	467		33		500
United Nations Fund for International Partnerships	82		145		227
World Bank	1 580		541	72 066	74 187
Total non-Member States and other sources	34 564		307 133	72 066	413 763
Total 2010	255 163	36 190	582 543	72 066	945 962
Total 2009	221 035	33 213	407 051	71 889	733 188

¹ Non-US\$ contributions have been translated at the year-end exchange rate.² The balance includes US\$125,000 related to Mongolia.

Statement of complementary and supplementary contributions and unspent funds**Statement of cumulative complementary and other contributions from 1978 to 2010**

(Expressed in thousands of United States dollars)

	<i>Amount</i>
Canada	1 511
Germany	458
India	1 000
Saudi Arabia	30 000
Sweden	13 826
United Kingdom	11 993
Cumulative contributions received from Belgium for the BFFS.JP in the context of replenishments	76 605
<i>Contributions made in the context of replenishments to the HIPC Trust Fund</i>	
Italy	4 602
Luxembourg	1 053
Netherlands	14 024
	19 679
Total complementary contributions 2010	155 072
Total complementary contributions 2009	153 415

Statement of contributions from Member States and donors to the HIPC Debt Initiative

(Expressed in thousands of United States dollars)

	<i>Amount</i>
<i>Contributions made in the context of replenishments (see previous table)</i>	
	19 679
Belgium	2 713
European Commission	10 512
Finland	5 193
Germany	6 989
Iceland	250
Norway	5 912
Sweden	17 000
Switzerland	3 276
World Bank HIPC Trust Fund	122 217
Total contributions to IFAD's HIPC Trust Fund 2010	193 741
Total contributions to IFAD's HIPC Trust Fund 2009	193 741

Statement of complementary and supplementary contributions and unspent funds**Statement of complementary and supplementary contributions received in 2010****Contributions received for the new building in 2010**

	<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>
Cameroon	EUR	24	32
China	EUR	108	136
Greece	EUR	2	2
Madagascar	EUR	2	2
Qatar	EUR	50	66
Total		186	238

Contributions received for project cofinancing in 2010

	<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>
Belgium	EUR	2 000	2 520
Denmark	DKK	8 000	1 374
Netherlands	US\$		2 573
Total			6 467

Contributions received for associate professional officers in 2010

	<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars</i>
Belgium	US\$		1 094
Denmark	US\$		112
Finland	US\$		698
France	US\$		120
Germany	US\$		272
Germany	EUR	97	126
Norway	US\$		138
Republic of Korea	US\$		343
Sweden	US\$		125
Total			3 028

Supplementary fund contributions received in 2010

	<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>
Coopernic	EUR	1 000	1 376
European Commission	EUR	29 881	39 142
Finland	EUR	500	664
Italy	EUR	300	407
Least Developed Countries Fund	US\$		132
Netherlands	US\$		58
Norway	NOK	1 500	256
Other international financial institution and United Nations contributions	US\$		1 381
Spain	EUR	3 500	5 053
Special Climate Change Fund	US\$		275
Switzerland	CHF	1 360	1 412
Switzerland	EUR	333	463
World Bank (Global Agriculture and Food Security Program)	US\$		3 430
Total			54 049

Statement of complementary and supplementary contributions and unspent funds**Statement of unspent complementary and supplementary contributions**

(Expressed in thousands of United States dollars)

Unspent project cofinancing funds

	<i>Unspent balance as at 31 December</i>	
	<i>2010</i>	<i>2009</i>
Member States		
Belgium	1 502	1 454
Canada	89	1 365
Denmark	1 313	4
Finland	25	61
Ireland	560	1 327
Italy	6 093	3 644
Japan	164	164
Luxembourg	86	69
Netherlands	3 775	3 670
Norway	2 292	2 733
Spain	2 739	269
Sweden		170
Switzerland		
United Kingdom	1 504	2 460
Total Member States	20 142	17 390
Non-Member States		
Arab Bank	1 097	1 086
Organization of the Petroleum Exporting Countries	89	89
Other	251	
United Nations Capital Development Fund	228	25
United Nations Development Programme	114	213
World Bank	268	
Total non-Member States	2 047	1 413
Total	22 189	18 803

Unspent associate professional officer (APO) funds

	<i>Unspent balance as at 31 December</i>		<i>Cumulative number of APOs</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
Belgium	870	9	4	4
Denmark	86	80	21	21
Finland	475	442	15	13
France	113	109	5	5
Germany	497	548	32	31
Italy	52	261	22	22
Japan	47	47	11	11
Netherlands			29	29
Norway	126	4	9	9
Republic of Korea	131	26	9	9
Sweden	122	237	15	14
Switzerland			3	3
United States			3	3
Total	2 519	1 763	178	174

A total of 20 APOs worked at IFAD in 2010 (2009: 17). These were financed by Belgium (3), Denmark(1), Finland(6), France (1), Germany (5), Italy (2), the Republic of Korea (1) and Sweden (1).

Statement of complementary and supplementary contributions and unspent funds**Statement of unspent complementary and supplementary contributions (cont.)**

(Expressed in thousands of United States dollars)

Other unspent complementary and supplementary funds

	<i>Unspent balance as at 31 December</i>	
	2010	2009
Member States		
Belgium	19	19
Cameroon	35	23
Canada	502	809
China	175	215
Denmark	130	130
Finland	1 045	906
France		105
Germany	518	1 155
India	1 000	1 000
Ireland	47	35
Italy	4 242	8 710
Japan	4	123
Jordan	89	
Luxembourg	805	831
Madagascar		57
Malaysia	13	13
Mauritania	36	
Morocco		57
Netherlands	87	128
Norway	672	1 337
Pakistan	100	
Portugal	24	24
Qatar	65	68
Senegal	110	
Sierra Leone	11	
Spain	11 068	11 422
Sweden	9 030	14 058
Switzerland	2 736	737
Turkey		100
United Kingdom	4 487	4 852
United States	1	1
Total Member States	37 051	46 915
Non-Member States		
African Development Bank	115	139
Agence Française de Développement	155	
Bill & Melinda Gates Foundation	3	159
Cassava Programme	42	
CEB Secretariat, Geneva	482	
Coopernic	464	1 192
European Commission	44 214	53 095
Food and Agriculture Organization of the United Nations	17	18
Global Agriculture and Food Security Program	3 115	
Least Developed Countries Fund	12	200
Special Climate Change Fund	101	124
United Nations Capital Development Fund	88	315
United Nations Development Programme		
United Nations Fund for International Partnerships		6
World Bank	32	178
Other	369	126
Total non-Member States	49 209	55 552
Total	86 260	102 467

Statement of complementary and supplementary contributions and unspent funds**Statement of unspent complementary and supplementary contributions (cont.)**

(Expressed in thousands of United States dollars)

Global Environment Facility

<i>Recipient country</i>	<i>Cumulative contributions received as at 31 December 2010</i>	<i>Unspent at 1 January 2010</i>	<i>Received from donors</i>	<i>Expenses</i>	<i>Unspent at 31 December 2010</i>
ASEAN ¹ regional	4 639				
Brazil	5 988	100		(43)	57
Burkina Faso	2 016				
China	4 895	4 545			4 545
Comoros	1 000				
Ecuador	100	82		(64)	18
Eritrea	4 500	4 391		(4 361)	30
Ethiopia	4 750	4 400		(4 400)	
Gambia (The)	100	4			4
Global supplement for UNCCD ²	456	25	(25)		
Jordan	6 875	1	80	(52)	29
Kenya	4 700				
Mali ³	6 326	11			11
Mauritania	4 350	4 190		(4 190)	
MENARID ⁴ monitoring and evaluation	705	667		(667)	
Mexico	100		100	(96)	4
Morocco	410	80	(20)	20	80
Niger	4 326	4 222	(24)	2	4 200
Panama	80	80		(35)	45
Peru	100	100		(89)	11
Sri Lanka	7 270				
Sudan	100		100		100
Swaziland	2 051	1 997	(22)	(1 975)	
Tunisia	5 350	5 000		(5 000)	
Venezuela (Bolivarian Republic of)	100	100			100
Viet Nam	754	654		(654)	
Total	72 041	30 649	189	(21 604)	9 234
Interest added to funds					
Total	72 041	30 649	189	(21 604)	9 234
Funds from cofinanciers of GEF activities	25				
Total	72 066	30 649	189	(21 604)	9 234

¹ Association of Southeast Asian Nations.² United Nations Convention to Combat Desertification.³ US\$326,000 received before the signature of the financial procedure agreement between IFAD and the GEF trustee.⁴ MENARID: Integrated Natural Resources Management in the Middle East and North Africa Region Programme.



INDEPENDENT AUDITOR'S REPORT

To the International Fund for Agricultural Development

We have audited the accompanying consolidated financial statements of the International Fund for Agricultural Development which comprise the consolidated and IFAD-only balance sheet as at 31 December 2010, and the consolidated and IFAD-only statements of comprehensive income and changes in retained earnings and the consolidated cash-flow statement for the year then ended, the statement of complementary and supplementary contributions and unspent funds, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob - Altri Uffici: Bari 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - Bologna Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 - Brescia 25123 Via Borgo Pietro Wuhler 23 Tel. 0303697501 - Firenze 50121 Viale Gramsci 15 Tel. 0552482811 - Genova 16121 Piazza Dante 7 Tel. 01029041 - Napoli 80121 Piazza dei Martiri 58 Tel. 08136181 - Padova 35138 Via Vicenza 4 Tel. 049873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091349737 - Parma 43100 Viale Tanara 20/A Tel. 0521242848 - Roma 00154 Largo Fochetti 29 Tel. 06570251 - Torino 10129 Corso Montevicchio 37 Tel. 011556771 - Trento 38122 Via Grazioli 73 Tel. 0461237004 - Treviso 31100 Viale Fellissent 90 Tel. 0422696911 - Trieste 34125 Via Cesare Battisti 18 Tel. 0403480781 - Udine 33100 Via Poscolle 43 Tel. 043225789 - Verona 37122 Corso Porta Nuova 125 Tel. 0458002561

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the International Fund for Agricultural Development as at 31 December 2010, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Rome, 4 May 2011

PricewaterhouseCoopers SpA


Scott Cunningham
(Partner)

Supplemental information

IFAD-only balance sheet at nominal value in United States dollars and retranslated in special drawing rights

As at 31 December 2010 and 2009

Assets	Thousands of US dollars		Thousands of special drawing rights	
	2010	2009 restated	2010	2009 restated
Cash on hand and in banks (note 4)	219 788	285 778	141 774	182 755
Investments (note 4)	2 371 260	2 375 687	1 529 582	1 519 252
Assets held as collateral for securities lent (note 4)	0	215 780	0	137 992
Contributors' promissory notes (note 5)	428 451	387 911	276 372	248 069
Contributions receivable (note 5)	335 630	390 427	216 498	249 678
Less: provisions (note 6)	(168 448)	(168 448)	(108 657)	(107 723)
Net contribution and promissory notes receivables	595 633	609 890	384 213	390 024
Other receivables (note 7)	231 776	160 669	149 507	102 748
Fixed assets (note 8)	3 458	1 802	2 230	1 153
Loans outstanding (note 9 and appendix H)	5 536 053	5 346 977	3 571 031	3 419 391
Less: accumulated allowance for loan impairment losses (note 9(a))	(95 494)	(98 424)	(61 598)	(62 941)
Less: accumulated allowance for the HIPC Debt Initiative (note 11(b) and appendix I)	(124 357)	(147 174)	(80 217)	(94 118)
Net loans outstanding	5 316 202	5 101 379	3 429 216	3 262 332
Total assets	8 738 117	8 750 985	5 636 522	5 596 256

Liabilities and equity	Thousands of US dollars		Thousands of special drawing rights	
	2010	2009 restated	2010	2009 restated
Liabilities				
Payables and liabilities (note 12)	279 374	242 786	180 210	156 599
Cash collateral liabilities (note 12)	0	217 872	0	137 992
Undisbursed grants (appendix H1)	80 390	77 002	51 855	49 243
Deferred revenues (note 13)	78 303	76 647	50 510	49 016
Total liabilities	438 067	614 307	282 575	392 850
Equity				
Contributions				
Regular	6 150 901	5 844 665	5 218 160	5 054 637
Special	20 348	20 348	15 219	15 219
Total contributions (appendix G)	6 171 249	5 865 013	5 233 379	5 069 856
General Reserve	95 000	95 000	61 279	60 752
Retained earnings	2 033 801	2 176 665	59 289	72 798
Total equity	8 300 050	8 136 678	5 353 947	5 203 406
Total liabilities and equity	8 738 117	8 750 985	5 636 522	5 596 256

A statement of IFAD's balance sheet is prepared in SDR, given that most of its assets are denominated in SDR and/or currencies included in the SDR basket. This statement has been included solely for the purpose of providing additional information for the readers of the accounts and is based on nominal values.

Statement of IFAD-only resources available for commitment

For the years ended 31 December 2010 and 2009 (expressed in thousands of United States dollars)

	2010	2009
Assets in freely-convertible currencies		
Cash	218 397	284 508
Investments	2 370 809	2 591 010
Promissory notes	427 052	386 512
Other receivables ¹	93 961	67 211
	3 110 219	3 329 241
Less		
Payables and liabilities	250 139	461 345
Programme Development Financing Facility (PDFF) carry forward	0	7 150
General Reserve	95 000	95 000
Undisbursed effective loans	2 387 715	2 405 277
Approved loans signed but not yet effective	45 500	161 268
Undisbursed grants and DSF	520 037	305 795
	3 298 391	3 435 835
Provision for promissory notes	80 861	80 861
	3 379 252	3 516 696
Resources available for commitment	(269 033)	(187 455)
Less		
Loans not yet signed	570 965	405 911
Grants not yet signed	96 137	195 732
Net resources pre-advance commitment authority (ACA)	(936 135)	(789 098)
ACA carried forward at 1 January	789 098	742 378
ACA approved at Executive Board sessions during the year	299 100	90 000
	1 088 198	832 378
Less		
ACA covered in year	(152 063)	(43 280)
ACA carried forward at 31 December²	936 135	789 098
Net resources available for commitment	-	-

¹ Other receivables exclude the interfund balance due from IFAD's HIPC and ASMCS trust funds and from the Haiti debt relief initiative.

² The ACA carry-forward is well within the ACA ceiling of seven years of future loan reflows (amounting to approximately US\$2,103 million), as per the Eighth Replenishment definition.

Summary of contributions

	<i>Thousands of United States dollars</i>	
	2010	2009
Initial contributions	1 017 314	1 017 314
First Replenishment	1 016 372	1 016 372
Second Replenishment	566 560	566 560
Third Replenishment	553 776	553 776
Fourth Replenishment	361 396	361 396
Fifth Replenishment	441 370	441 370
Sixth Replenishment	566 988	566 988
Seventh Replenishment	639 020	622 157
Eighth Replenishment	805 322	515 948
Total IFAD	5 968 118	5 661 881
SPA Phase I	288 868	288 868
SPA Phase II	62 364	62 364
Total SPA	351 232	351 232
Special contributions ¹	20 348	20 348
Total replenishment contributions	6 339 698	6 033 461
Statement of complementary contributions		
Belgian Survival Fund	76 605	74 948
HIPC Debt Initiative	19 679	19 679
Other complementary contributions	58 788	58 788
Total complementary contributions	155 072	153 415
HIPC contributions not made in the context of replenishment resources	174 062	174 062
Belgian Survival Fund contributions not made in the context of replenishment resources	63 836	63 836
Statement of supplementary contributions²		
Project cofinancing	255 163	221 035
Associate professional officer funds	36 190	33 213
Other supplementary funds	442 102	407 051
Global Environment Facility	72 066	71 852
Total supplementary contributions	1 043 419	971 049
Total contributions	7 537 609	7 157 925
Total contributions include the following:		
Total replenishment contributions (as above)	6 339 698	6 033 461
Less provisions	(168 448)	(168 448)
Total net replenishment contributions	6 171 250	5 865 013
Less fair value adjustment	(13 364)	(21 071)
Total replenishment contributions at fair value	6 157 886	5 843 942

¹ Including Iceland's special contribution prior to membership.

² Includes interest earned according to each underlying agreement.

Statement of contributions

As at 31 December 2010 and 2009

Statement of Members' contributions¹

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)</i>	<i>Eighth Replenishment</i>					
		<i>Instruments deposited</i>			<i>Payments (thousands of US dollars equivalent)</i>		
		<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>	<i>Total</i>
Member States							
Afghanistan	0						
Albania	40	US\$	10	10	10	0	10
Algeria	52 430	US\$	10 000	10 000	3 000	7 000	10 000
Angola	460	US\$	1 900	1 900	1 900	0	1 900
Argentina	9 900						
Armenia	22	US\$	4	4	4	0	4
Australia ²	37 247						
Austria	55 494	EUR	11 034	14 378	4 460	9 918	14 378
Azerbaijan	100	US\$	100	100	100	0	100
Bangladesh	4 356	US\$	600	600	180	420	600
Barbados	10						
Belgium	92 754	EUR	21 000	28 112	9 330	0	9 330
Belize	205						
Benin	197						
Bhutan	135	US\$	30	30	30	0	30
Bolivia (Plurinational State of)	1 500						
Bosnia and Herzegovina	75	US\$	90	90	90	0	90
Botswana	410	US\$	50	50	50	0	50
Brazil ³	51 936	US\$	13 360	13 360	0	13 360	13 360
Burkina Faso	259	US\$	100	100	0	0	0
Burundi	80						
Cambodia	630	US\$	210	210	210	0	210
Cameroon	1 649	EUR	610	791	791	0	791
Canada	203 446	CAD	75 000	74 288	49 128	12 580	61 708
Cape Verde	26						
Central African Republic	11						
Chile	800	US\$	60	60	60	0	60
China	56 839	US\$	22 000	22 000	8 000	0	8 000
Colombia	640	US\$	200	200	200	0	200
Comoros ⁴	33						
Congo	751						
Cook Islands	5						
Côte d'Ivoire	1 559						
Cuba	9						
Cyprus	192	US\$	60	60	20	0	20
Democratic People's Republic of Korea	800						
Democratic Republic of the Congo	1 380						
Denmark	124 609	DKK	75 000	13 667	4 666	0	4 666
Djibouti	6						
Dominica	51						
Dominican Republic	88						
Ecuador	791	US\$	50	50	50	0	50
Egypt	17 409						
El Salvador	100						
Eritrea	30	US\$	10	10	10	0	10
Ethiopia	221						
Fiji	204						
Finland	40 268	EUR	12 000	16 248	4 174	0	4 174

Statement of contributions

As at 31 December 2010 and 2009

Statement of Members' contributions¹ (cont.)

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)</i>	<i>Eighth Replenishment</i>					
		<i>Instruments deposited</i>			<i>Payments (thousands of US dollars equivalent)</i>		
		<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>	<i>Total</i>
France	238 356	EUR	35 000	46 954	0	15 562	15 562
Gabon	3 356	US\$	41	41	41	0	41
Gambia (The)	45						
Germany	335 873	EUR	45 184	59 620	17 188	21 216	38 404
Ghana	1 666						
Greece	4 196						
Grenada	75						
Guatemala	1 043						
Guinea	330						
Guinea-Bissau	30						
Guyana	635						
Haiti	107						
Honduras	801						
Iceland	315	US\$	10	10	10	0	10
India	79 812	US\$	25 000	25 000	17 000	0	17 000
Indonesia	46 959	US\$	5 000	5 000	1 500	0	1 500
Iran (Islamic Republic of) ⁴	128 750						
Iraq ⁴	55 099						
Ireland ⁵	15 968	EUR	2 000	2 530	2 530	0	2 530
Israel	300						
Italy	262 468						
Jamaica	326						
Japan	362 122	JPY	6 375 300	78 741	19 787	58 954	78 741
Jordan	840	US\$	100	100	100	0	100
Kenya	4 618	US\$	81	81	81	0	81
Kiribati	5						
Kuwait	161 041						
Lao People's Democratic Republic	154						
Lebanon	195						
Lesotho	389	US\$	100	100	100	0	100
Liberia	39						
Libyan Arab Jamahiriya ⁴	52 000						
Luxembourg	3 460	EUR	1 576	2 080	600	1 480	2 080
Madagascar	377	US\$	198	198	198	0	198
Malawi	73	US\$	50	50	50	0	50
Malaysia	1 125	US\$	50	50	50	0	50
Maldives	51						
Mali	190	US\$	97	97	97	0	97
Malta	55						
Mauritania	50						
Mauritius	270	US\$	5	5	5	0	5
Mexico	33 131						
Mongolia	2						
Morocco	6 544						
Mozambique	400	US\$	85	85	0	85	85
Myanmar	250						
Namibia	360						
Nepal	160	US\$	50	50	50	0	50
Netherlands	269 656	US\$	75 000	75 000	25 000	50 000	75 000

Statement of contributions

As at 31 December 2010 and 2009

Statement of Members' contributions¹ (cont.)

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)</i>	<i>Eighth Replenishment</i>					
		<i>Instruments deposited</i>			<i>Payments (thousands of US dollars equivalent)</i>		
		<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>	<i>Total</i>
New Zealand	7 991						
Nicaragua	119						
Niger	225	US\$	50	50	50	0	50
Nigeria	106 459	US\$	15 000	15 000	15 000	0	15 000
Norway	179 863	NOK	240 135	41 282	13 739	0	13 739
Oman	250	US\$	50	50	50	0	50
Pakistan	14 934	US\$	8 000	8 000	0	0	0
Panama	200	US\$	8	8	8	0	8
Papua New Guinea	170						
Paraguay	705	US\$	500	500	1	0	1
Peru	960	US\$	200	200	200	0	200
Philippines	1 978						
Portugal	4 384						
Qatar	39 980						
Republic of Korea	13 239	USD	2 000	2 000	2 000	0	2 000
Republic of Moldova	19	US\$	10	10	10	0	10
Romania	250						
Rwanda	171						
Saint Kitts and Nevis	20						
Saint Lucia	22						
Samoa	50						
Sao Tome and Principe	10						
Saudi Arabia	389 778	US\$	20 000	20 000	0	20 000	20 000
Senegal	386						
Seychelles	20						
Sierra Leone	37						
Solomon Islands	10						
Somalia	10						
South Africa	500	US\$	500	500	500	0	500
Spain	47 789	EUR	38 000	53 874	53 874	0	53 874
Sri Lanka	7 885	US\$	1 001	1 001	0	0	0
Sudan	1 139						
Swaziland	273						
Sweden	201 692	SEK	360 000	52 455	16 756	35 699	52 455
Switzerland	115 697	CHF	21 300	22 853	0	7 617	7 617
Syrian Arab Republic	1 317	US\$	500	500	500	0	500
Tajikistan	1	US\$	0	0	0	0	0
Thailand	900	US\$	300	300	300	0	300
Togo	35						
Tonga	55						
Tunisia	3 178	US\$	600	600	203	0	203
Turkey	16 236	US\$	1 200	1 200	700	0	700
Uganda	290	US\$	50	50	50	0	50
United Arab Emirates	52 180	US\$	1 000	1 000	0	1 000	1 000
United Kingdom	218 454						
United Republic of Tanzania	324	US\$	120	120	120	0	120
United States ³	701 674	US\$	90 000	90 000	18 000	12 000	30 000
Uruguay	425	US\$	100	100	100	0	100
Venezuela (Bolivarian Republic of)	189 689						
Viet Nam	1 603	US\$	500	500	100	0	100
Yemen	2 376	US\$	972	972	972	0	972
Yugoslavia	108						

Statement of contributions

As at 31 December 2010 and 2009

Statement of Members' contributions¹ (cont.)

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)</i>		<i>Eighth Replenishment</i>				<i>Total</i>	
	<i>Currency</i>	<i>Amount (thousands)</i>	<i>Instruments deposited</i>		<i>Payments (thousands of US dollars equivalent)</i>			
			<i>Thousands of US dollars equivalent</i>	<i>Thousands of US dollars equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>		
Zambia		407	US\$	87	87	87	0	87
Zimbabwe		2 105						
Total contributions								
31 December 2010		5 162 796		805 322	294 170	266 891		561 061

¹ Payments include cash and promissory notes. Amounts are expressed in thousands of United States dollars, therefore payments received for less than US\$500 are not shown in appendix G. Consequently, contributions from Afghanistan (US\$93) and Tajikistan (US\$400) do not appear above.

² Australia's withdrawal from membership of IFAD became effective on 31 July 2007.

³ See appendix D, note 5(a).

⁴ See appendix D, notes 6(a) and (b).

⁵ In addition to its pledge to the Eighth Replenishment of EUR 6 million, Ireland has made a further contribution of EUR 891,000.

Special Programme for Africa

	<i>Currency</i>	<i>First phase</i>		<i>Second phase</i>		<i>Total</i>
		<i>Instruments deposited</i>		<i>Instruments deposited</i>		
		<i>Amount</i>	<i>Thousands of US dollars equivalent</i>	<i>Amount</i>	<i>Thousands of US dollars equivalent</i>	
Australia	AUD	500	389			389
Belgium	EUR	31 235	34 975	11 155	12 263	47 238
Denmark	DKK	120 000	18 673			18 673
Djibouti	US\$	1	1			1
European Union	EUR	15 000	17 619			17 619
Finland	EUR	9 960	12 205			12 205
France	EUR	32 014	37 690	3 811	4 008	41 698
Germany	EUR	14 827	17 360			17 360
Greece	US\$	37	37	40	40	77
Guinea	US\$	25	25			25
Ireland	EUR	380	418	253	289	707
Italy	EUR	15 493	23 254	5 132	6 785	30 039
Italy	US\$	10 000	10 000			10 000
Japan	JPY	2 553 450	21 474			21 474
Kuwait	US\$		0	15 000	15 000	15 000
Luxembourg	EUR	247	266			266
Mauritania	US\$	25	25			25
Netherlands	EUR	15 882	16 174	8 848	9 533	25 707
New Zealand	NZD	500	252			252
Niger	EUR	15	18			18
Nigeria	US\$		0	250	250	250
Norway	NOK	138 000	19 759			19 759
Spain	US\$	1 000	1 000			1 000
Sweden	SEK	131 700	19 055	25 000	4 196	23 251
Switzerland	CHF	25 000	17 049			17 049
United Kingdom	GBP	7 000	11 150			11 150
United States	US\$	10 000	10 000	10 000	10 000	20 000
31 December 2010			288 868		62 364	351 232
31 December 2009			288 868		62 364	351 232

Statement of contributions

As at 31 December 2010 and 2009

Statement of Members' replenishment contributions received in 2010¹
(Expressed in thousands of United States dollars)

<i>Member States</i>	<i>Instruments deposited^{2,3}</i>	<i>Promissory note deposit³</i>	<i>Payments</i>	
			<i>Cash</i>	<i>Promissory note encashment</i>
Replenishment 6				
Brazil				2 639
Total IFAD6				2 639
Replenishment 7				
Democratic Republic of the Congo			200	
Egypt				2 100
France				9 799
Gabon			59	
Germany				14 000
Guatemala			5	
Iceland			10	
Italy			18 474	
Japan				11 284
Nigeria			289	
Pakistan				1 588
Sri Lanka			333	
Switzerland				13 502
Tunisia			200	
United Kingdom		13 169		12 955
United Republic of Tanzania			3	
United States				7 714
Total IFAD7		13 169	19 573	72 942
Replenishment 8				
Albania			10	
Armenia			4	
Algeria				3 000
Austria		15 590		4 460
Bangladesh	600	600		180
Belgium	27 362		9 330	
Bosnia and Herzegovina			90	
Botswana			50	
Brazil		13 360		
Canada	73 407	60 668		49 128
China			8 000	
Colombia			200	
Cyprus	60		20	
Denmark			4 666	
Finland	17 261		4 174	
France	45 127	14 956		
Gabon			41	
Germany		21 415		17 188
India			8 000	
Indonesia	5 000		1 500	
Iceland			10	
Ireland			2 530	
Japan		37 699		19 787
Kenya			11	
Lesotho			100	
Luxembourg				600

Statement of contributions

As at 31 December 2010 and 2009

Statement of Members' replenishment contributions received in 2010¹ (cont.)

(Expressed in thousands of United States dollars)

<i>Member States</i>	<i>Instruments deposited^{2,3}</i>	<i>Promissory note deposit³</i>	<i>Payments</i>	
			<i>Cash</i>	<i>Promissory note encashment</i>
Mali			97	
Nepal			50	
Nigeria			15 000	
Netherlands				25 000
Norway			13 739	
Panama			8	
Paraguay	500			
Peru	200		200	
Republic of Korea			2 000	
Republic of Moldova			7	
Sweden		49 363		16 756
Switzerland		6 825		
Tajikistan			0	
Thailand			300	
Tunisia			203	
Turkey			500	
Uganda			50	
United Republic of Tanzania			62	
United States	90 000	30 000		18 000
Uruguay			100	
Viet Nam			100	
Zambia			87	
Total IFAD8	259 517	250 476	71 239	154 099
Grand total	259 517	263 645	90 812	229 680

¹ Amounts are expressed in thousands of United States dollars, therefore the payment from Tajikistan (US\$400) for the Eighth Replenishment does not appear.

² Instruments deposited also include equivalent instruments recorded on receipt of cash or promissory note where no instrument of contribution has been received.

³ Instruments deposited and promissory note deposit received in currencies other than United States dollars are translated at the date of receipt.

Statement of loans

1. IFAD: Statement of outstanding loans

As at 31 December 2010 and 2009

Borrower or guarantor	Approved loans less cancellations	Loans not yet effective	Effective loans			Outstanding loans
			Undisbursed portion	Disbursed portion	Repayments	
US\$ loans¹ (expressed in thousands)						
Bangladesh	30 000			30 000	16 500	13 500
Cape Verde	2 003			2 003	1 102	901
Haiti	3 500			3 500	1 969	1 531
Nepal	11 538			11 538	6 354	5 184
Sri Lanka	12 000			12 000	6 900	5 100
United Republic of Tanzania	9 488			9 489	5 337	4 152
Subtotal¹	68 529			68 530	38 162	30 368
Exchange adjustment on US\$ loans	3 157			3 156	3 204	(48)
Subtotal US\$ loans¹	71 686			71 686	41 366	30 320
SDR loans¹ (expressed in thousands)						
Albania	35 080		6 416	28 664	2 945	25 719
Angola	16 981		4 907	12 074	1 630	10 444
Argentina	50 595		28 667	21 928	17 605	4 323
Armenia	54 549	8 900	3 440	42 209	1 945	40 264
Azerbaijan	32 659		10 270	22 389	841	21 548
Bangladesh ²	327 940	30 860	60 107	236 973	54 223	182 750
Belize	3 067		1 816	1 251	781	470
Benin	78 254		12 742	65 512	14 958	50 554
Bhutan	32 630	5 600	1 845	25 185	4 287	20 898
Bolivia (Plurinational State of)	58 079	5 050	5 513	47 516	17 701	29 815
Bosnia and Herzegovina	40 254		9 999	30 255	1 994	28 261
Botswana	2 600	2 600				
Brazil	93 871	28 871	9 869	55 131	34 015	21 116
Burkina Faso	81 458		25 328	56 130	8 150	47 980
Burundi ²	41 689		3 117	38 572	9 132	29 440
Cambodia	32 028		5 504	26 524	664	25 860
Cameroon	53 172		25 307	27 865	4 668	23 197
Cape Verde	13 490		2 833	10 657	1 512	9 145
Central African Republic	23 044			23 044	7 312	15 732
Chad	20 350	5 700	2 642	12 008	137	11 871
China	401 344		76 967	324 377	56 960	267 417
Colombia	23 345		5 617	17 728	7 906	9 822
Comoros	4 182			4 182	1 168	3 014
Congo	13 950		5 920	8 030		8 030
Costa Rica	3 400			3 400	3 060	340
Côte d'Ivoire	18 371		2 896	15 475	2 537	12 938
Cuba	10 581			10 581	2 273	8 308
Democratic People's Republic of Korea	50 496			50 496	7 299	43 197
Democratic Republic of the Congo	39 693		14 331	25 362	4 136	21 226
Djibouti	4 462		854	3 608	772	2 836
Dominica	2 902			2 902	1 698	1 204
Dominican Republic	31 663	9 250	9 450	12 963	7 027	5 936
Ecuador	40 426	8 200	7 175	25 051	17 017	8 034
Egypt	163 335		45 242	118 093	44 890	73 203
El Salvador	84 114	11 150	18 905	54 059	25 338	28 721
Equatorial Guinea	5 794			5 794	1 585	4 209
Eritrea	24 643		4 085	20 558	1 694	18 864
Ethiopia	158 802		42 580	116 222	22 203	94 019
Gabon	3 800		3 000	800		800
Gambia (The)	29 214		3 163	26 051	5 167	20 884
Georgia	21 818		6 460	15 358	576	14 782
Ghana	113 377		32 556	80 821	12 740	68 081
Grenada	4 400	1 930		2 470	975	1 495
Guatemala	86 010	22 950	27 454	35 606	22 769	12 837
Guinea-Bissau	5 117			5 117	732	4 385
Guinea	69 238		12 495	56 743	11 056	45 687
Guyana	8 523		1 461	7 062	929	6 133
Haiti	60 852		10 771	50 081	10 494	39 587
Honduras	74 200	6 650	5 555	61 995	7 300	54 695
India	450 528		144 142	306 386	96 273	210 113
Indonesia ²	138 349		50 005	88 344	34 579	53 765
Jordan	32 248		3 258	28 990	15 699	13 291
Kenya	101 061		50 909	50 152	7 144	43 008
Kyrgyzstan	9 647	2 550		7 097	852	6 245

Statement of loans

1. IFAD: Statement of outstanding loans (cont.)

As at 31 December 2010 and 2009

Borrower or guarantor	Approved loans less cancellations	Loans not yet effective	Effective loans			Outstanding loans
			Undisbursed portion	Disbursed portion	Repayments	
Lao People's Democratic Republic	49 573		4 057	45 516	6 236	39 280
Lebanon	17 133		2 600	14 533	11 751	2 782
Lesotho	24 164		2 701	21 463	4 010	17 453
Liberia	10 180			10 180	8 047	2 133
Madagascar ²	99 769		25 374	74 395	13 911	60 484
Malawi ²	69 673		9 124	60 549	15 832	44 717
Maldives	10 894		4 017	6 877	1 731	5 146
Mali	116 465	21 000	27 289	68 176	15 110	53 066
Mauritania	45 323		8 808	36 515	6 251	30 264
Mauritius	11 650		5 143	6 507	3 280	3 227
Mexico	43 132	3 200	14 088	25 844	19 783	6 061
Mongolia	13 705		564	13 141	376	12 765
Morocco	91 299	14 740	31 826	44 733	30 919	13 814
Mozambique ²	126 390	13 850	35 540	77 000	13 304	63 696
Namibia	4 200			4 200	4 200	
Nepal	77 132		18 384	58 928	18 432	40 496
Nicaragua	41 772	2 550	9 148	30 074	3 069	27 005
Niger	41 639	4 150	7 606	29 883	5 986	23 897
Nigeria	89 520		45 075	44 445	3 890	40 555
Pakistan ²	275 877	26 350	52 956	196 571	68 279	128 292
Panama	39 143		13 812	25 331	22 024	3 307
Papua New Guinea	13 121		9 220	3 901	3 308	593
Paraguay	21 808	2 000	3 937	15 871	10 922	4 949
Peru	60 150		13 422	46 728	26 331	20 397
Philippines	84 196		26 551	57 645	11 968	45 677
Republic of Moldova	45 700	12 400	5 637	27 663	193	27 470
Romania	12 400			12 400	5 787	6 613
Rwanda ²	84 048		5 437	78 611	11 401	67 210
Saint Lucia	1 242			1 242	843	399
Saint Vincent and the Grenadines	1 484			1 484	1 344	140
Samoa	1 908			1 908	625	1 283
Sao Tome and Principe	13 761		3 287	10 474	1 761	8 713
Senegal	71 312		12 969	58 343	5 484	52 859
Sierra Leone	33 550	7 050	3 128	23 372	9 076	14 296
Solomon Islands	2 519			2 519	935	1 584
Somalia	17 710			17 710	411	17 299
Sri Lanka	128 055		48 088	79 967	18 270	61 697
Sudan	129 498		22 803	106 695	24 458	82 237
Swaziland	20 403		8 346	12 057	7 253	4 804
Syrian Arab Republic	78 768	17 400	19 610	41 758	26 761	14 997
The former Yugoslav Republic of Macedonia	11 721			11 721	835	10 886
Togo	17 565			17 565	2 920	14 645
Tonga	4 837			4 837	1 343	3 494
Tunisia	43 840		8 143	35 697	18 781	16 916
Turkey	45 657		23 913	21 744	11 344	10 400
Uganda	198 024	31 800	57 667	108 557	20 389	88 168
United Republic of Tanzania	223 458	59 400	37 469	126 589	9 722	116 867
Uruguay	18 880		1 156	17 724	12 863	4 861
Venezuela (Bolivarian Republic of)	25 254		10 369	14 885	9 521	5 364
Viet Nam	174 760	31 500	53 074	90 186	5 500	84 686
Yemen ²	138 935		19 919	119 016	32 482	86 534
Zambia	90 528		22 366	68 162	13 742	54 420
Zimbabwe	32 176			32 176	15 605	16 571
Total	6 527 576	397 651	1 540 196	4 589 909	1 217 947	3 371 962
Fund for Gaza and the West Bank ²	2 513	0	0	2 513	313	2 200
US\$ equivalent	10 123 664	616 465	2 387 715	7 119 484	1 764 366	5 355 118
Exchange adjustment on SDR loan repayments	(124 264)	0	0	(124 264)	0	(124 264)
Subtotal SDR loans						
31 December 2010 US\$	9 999 400	616 465	2 387 715	6 995 220	1 764 366	5 230 854
Total loans						
31 December 2010 US\$ at nominal value	10 071 086	616 465	2 387 715	7 066 906	1 805 732	5 261 174
Fair value adjustment						(1 168 031)
31 December 2010 US\$ at fair value						4 093 143
31 December 2009 US\$ at nominal value	9 645 695	567 179	2 405 049	6 673 467	1 617 360	5 056 107
Fair value adjustment						(1 225 698)
31 December 2009 US\$ at fair value						3 830 409

Statement of loans

2. IFAD: Summary of loans approved at nominal value¹
As at 31 December 2010

		Approved loans in thousands of SDR			Value in thousands of United States dollars					
		As at 1 January 2010	Loans cancelled	Loans fully repaid	As at 31 December 2010	As at 1 January 2010	Loans cancelled	Loans fully repaid	Exchange rate movement SDR/US\$	As at 31 December 2010
1978	US\$	68 530			68 530	68 530			0	68 530
1979	SDR	201 486			201 486	315 068	0	0	(2 711)	312 357
1980	SDR	187 228			187 228	292 773	0	0	(2 520)	290 253
1981	SDR	188 716			188 716	295 100	0	0	(2 540)	292 560
1982	SDR	103 110			103 110	161 235	0	0	(1 387)	159 848
1983	SDR	143 589			143 589	224 534	0	0	(1 933)	222 601
1984	SDR	131 907			131 907	206 266	0	0	(1 775)	204 491
1985	SDR	60 332			60 332	94 343	0	0	(812)	93 531
1986	SDR	23 664			23 664	37 002	0	0	(316)	36 686
1987	SDR	43 793			43 793	68 480	0	0	(589)	67 891
1988	SDR	68 380			68 380	106 927	0	0	(920)	106 007
1989	SDR	103 343			103 343	161 600	0	0	(1 391)	160 209
1990	SDR	91 018		(10 850)	80 168	142 327	0	(16 820)	(1 225)	124 282
1991	SDR	127 804			127 804	199 850	0	0	(1 720)	198 130
1992	SDR	150 231			150 231	234 917	0	0	(2 019)	232 898
1993	SDR	168 976			168 976	264 231	0	0	(2 273)	261 958
1994	SDR	179 425			179 425	280 571	0	0	(2 414)	278 157
1995	SDR	221 732			221 732	346 728	0	0	(2 984)	343 744
1996	SDR	230 440	(3)	(4 671)	225 766	360 344	(5)	(7 241)	(3 100)	349 998
1997	SDR	268 955			268 955	420 570	0	0	(3 618)	416 952
1998	SDR	269 194	(110)		269 084	420 944	(171)	0	(3 621)	417 152
1999	SDR	301 517	(8 635)		292 882	471 489	(13 387)	0	(4 057)	454 045
2000	SDR	299 338	(3 699)		295 639	468 081	(5 734)	0	(4 027)	458 320
2001	SDR	286 001	(3 187)	(602)	282 212	447 228	(4 941)	0	(3 850)	437 504
2002	SDR	245 100	(29)		245 071	383 267	(45)	0	(3 296)	379 926
2003	SDR	267 711	(13 368)	(11)	254 332	418 626	(20 724)	(17)	(3 602)	394 283
2004	SDR	275 750	(15 450)		260 300	431 197	(23 952)	0	(3 711)	403 535
2005	SDR	324 810	(5 500)		319 310	507 913	(8 526)	0	(4 371)	495 016
2006	SDR	350 350	(2 851)		347 499	547 850	(4 420)	0	(4 714)	538 716
2007	SDR	293 230	(26 900)		266 330	458 530	(41 702)	0	(3 945)	412 883
2008	SDR	295 006	(5 850)	0	289 156	461 307	(9 069)	0	(3 969)	448 269
2009	SDR	307 584	(29)		307 555	480 977	(45)	0	(4 140)	476 792
2010	SDR	0			422 295		0	0	0	654 670
Total	SDR	6 209 720	(85 611)	(16 134)	6 530 270	9 710 275	(132 720)	(25 012)	(83 548)	10 123 665
Total	US\$	68 530				68 530				68 530
Exchange adjustment on loans disbursed										
Total										
(121 107)										
10 071 086										

3. IFAD: Maturity structure of outstanding loans by period at nominal value

As at 31 December 2010 and 2009 (expressed in thousands of United States dollars)

Period due	2010	2009
Less than 1 year	268 440	268 054
1-2 years	210 853	203 552
2-3 years	210 587	210 807
3-4 years	213 917	205 945
4-5 years	223 423	207 410
5-10 years	1 144 963	1 098 720
10-15 years	1 022 720	970 961
15-20 years	919 248	854 781
20-25 years	673 999	639 648
More than 25 years	373 023	396 239
Total	5 261 174	5 056 117

¹ Loans approved in 1978 were denominated in United States dollars and are repayable in the currencies in which withdrawals are made. Since 1979, loans have been denominated in SDRs and, for purposes of presentation in the balance sheet, the accumulated amount of loans denominated in SDRs has been valued at the US\$/SDR rate of 1.55027 at 31 December 2010.

² Repayment amounts include participation by the Netherlands and Norway in specific loans to these countries, resulting in partial early repayment and a corresponding increase in committable resources.

³ The amount of the loan to the Fund for Gaza and West Bank is included in the above balance. See appendix D, note 2(e)(ii).

Statement of loans**4. IFAD: Summary of outstanding loans by lending type at nominal value**

As at 31 December 2010 and 2009 (expressed in thousands of United States dollars)

	2010	2009
Highly concessional terms	4 875 987	4 657 355
Intermediate terms	238 374	250 015
Ordinary terms	146 813	148 747
Total	5 261 174	5 056 117

5. Disbursement structure of undisbursed loans at nominal value

Projected as at 31 December 2010 and 2009 (expressed in thousands of United States dollars)

Disbursements in	2010	2009
Less than 1 year	553 796	491 330
1-2 years	523 487	473 673
2-3 years	468 903	432 232
3-4 years	408 497	382 242
4-5 years	333 576	322 754
5-10 years	697 654	816 791
More than 10 years	18 270	53 433
Total	3 004 183	2 972 455

6. Special Programme for Africa: Statement of loans at nominal value

As at 31 December 2010 and 2009

Borrower or guarantor	Approved loans less cancellations	Undisbursed portion	Disbursed portion	Repayments	Outstanding loans
SDR loans (expressed in thousands)					
Angola	2 714	-	2 714	510	2 204
Burkina Faso	10 546	-	10 546	2 834	7 712
Burundi	4 494	-	4 494	860	3 634
Cape Verde	2 183	-	2 183	583	1 600
Chad	9 617	-	9 617	2 220	7 397
Comoros	2 289	-	2 289	439	1 850
Djibouti	114	-	114	33	81
Ethiopia	6 660	-	6 660	2 225	4 435
Gambia (The)	2 639	-	2 639	725	1 914
Ghana	22 321	-	22 321	5 718	16 603
Guinea-Bissau	2 126	-	2 126	80	2 046
Guinea	10 762	-	10 762	3 229	7 533
Kenya	12 241	-	12 241	2 836	9 405
Lesotho	7 481	-	7 481	1 966	5 515
Madagascar	1 098	-	1 098	201	897
Malawi	5 777	-	5 777	1 012	4 765
Mali	10 193	-	10 193	3 314	6 879
Mauritania	19 020	-	19 020	5 263	13 757
Mozambique	8 291	-	8 291	2 798	5 493
Niger	11 119	-	11 119	3 521	7 598
Senegal	23 234	-	23 234	5 911	17 323
Sierra Leone	1 505	-	1 505	301	1 204
Sudan	26 012	-	26 012	7 019	18 993
Uganda	8 124	-	8 124	2 640	5 484
United Republic of Tanzania	6 790	-	6 790	1 867	4 923
Zambia	8 607	-	8 607	2 783	5 824
Total	225 957	0	225 957	60 888	165 069
US\$ equivalent	350 295	0	350 295	88 549	261 746
Exchange adjustment on SDR loan repayments	(5 845)				(5 845)
31 December 2010 US\$ at nominal value	344 450	0	350 295	88 549	255 901
Fair value adjustment					(110 664)
31 December 2010 US\$ at fair value					145 237
31 December 2009 US\$ at nominal value	347 105	228	346 877	79 971	266 906
Fair value adjustment					(114 611)
31 December 2009 US\$ at fair value					152 295

Statement of loans**7. Special Programme for Africa: Summary of loans approved at nominal value**

As at 31 December 2010

		<i>Approved loans in thousands of SDRs</i>			<i>Value in thousands of United States dollars</i>			
		<i>As at 1 January 2010</i>	<i>Loans cancelled</i>	<i>As at 31 December 2010</i>	<i>As at 1 January 2010</i>	<i>Loans cancelled</i>	<i>Exchange rate movement SDR/US\$</i>	<i>As at 31 December 2010</i>
1986	SDR	24 902		24 902	38 940		(335)	38 605
1987	SDR	41 292		41 292	64 569		(555)	64 014
1988	SDR	34 770		34 770	54 371		(468)	53 903
1989	SDR	25 756		25 756	40 275		(346)	39 929
1990	SDR	17 370		17 370	27 162		(234)	26 928
1991	SDR	18 246		18 246	28 532		(246)	28 286
1992	SDR	6 952		6 952	10 871		(94)	10 777
1993	SDR	34 414	(147)	34 268	53 814		(689)	53 125
1994	SDR	16 320		16 320	25 520		(220)	25 300
1995	SDR	6 082		6 082	9 510		(82)	9 428
Total	SDR	226 104	(147)	225 957	353 564		(3 269)	350 295

8. Special Programme for Africa: Maturity structure of outstanding loans by period at nominal value

As at 31 December 2010 and 2009 (expressed in thousands of United States dollars)

<i>Period due</i>	<i>2010</i>	<i>2009</i>
Less than 1 year	10 171	10 108
1-2 years	9 006	9 091
2-3 years	9 006	9 091
3-4 years	9 006	9 091
4-5 years	9 006	9 091
5-10 years	45 030	45 454
10-15 years	45 030	45 454
15-20 years	45 030	45 454
20-25 years	43 815	45 108
More than 25 years	30 801	38 964
Total	255 901	266 906

9. Special Programme for Africa: Summary of outstanding loans by lending type at nominal value

As at 31 December 2010 and 2009 (expressed in thousands of United States dollars)

	<i>2010</i>	<i>2009</i>
Highly concessional terms	255 901	266 906
Intermediate terms	-	-
Ordinary terms	-	-
Total	255 901	266 906

IFAD-only statement of grants

As at 31 December 2010 and 2009 (expressed in thousands of United States dollars)

	<i>Undisbursed as at 1 January 2010</i>	<i>2010 movements</i>			<i>Exchange rate</i>	<i>Undisbursed as at 31 December 2010</i>
		<i>Effective</i>	<i>Disbursements</i>	<i>Cancellations</i>		
Other grants	77 002	44 679	(39 873)	(1 342)	(76)	80 390
Fair value adjustment						(1 928)
Total 2010 at fair value						78 462
Total 2009	149 239	207 425	(53 307)	(2 030)	4 468	305 795
Fair value adjustment						(52 291)
Total 2009 at fair value						253 504

IFAD-only Debt Sustainability Framework

As at 31 December 2010 and 2009 (expressed in thousands of United States dollars)

<i>Borrower or guarantor</i>	<i>Undisbursed as at 1 January 2010</i>	<i>Effective 2010</i>	<i>Disbursements 2010</i>	<i>Exchange difference</i>	<i>Undisbursed as at 31 December 2010</i>
US\$ Debt Sustainability Framework					
Afghanistan	98	0	0	0	98
Cambodia	0	0	0	0	0
Chad	0	494	(444)	0	49
Democratic Republic of the Congo	0	500	0	0	500
Guinea	0	200	(160)	0	40
Haiti	0	500	0	0	500
Lesotho	20	0	0	0	20
Malawi	202	0	(182)	0	20
Nepal	1 110	500	(498)	0	1 112
Niger	70	500	(450)	0	120
Sudan	15	0	(15)	0	0
Yemen	18	179	(162)	0	36
Subtotal US\$ DSF	1 533	2 873	(1 911)	0	2 495
SDR Debt Sustainability Framework					
Afghanistan	25 020	0	(3 378)	(236)	21 406
Benin	0	9 352	(354)	(42)	8 956
Burkina Faso	0	8 296	0	75	8 371
Burundi	24 886	38 549	(3 166)	1 360	61 629
Cambodia	6 281	6 514	(2 200)	(43)	10 552
Chad	0	19 649	(225)	(128)	19 296
Comoros	3 691	0	(1 098)	(55)	2 538
Congo	7 192	0	(969)	(66)	6 157
Côte d'Ivoire	9 851	0	0	(85)	9 766
Democratic Republic of the Congo	0	24 093	0	246	24 339
Djibouti	2 696	0	(340)	(32)	2 324
Eritrea	0	20 630	(1 160)	63	19 533
Ethiopia	19 728	25 619	(4 388)	519	41 478
Gambia (The)	0	7 750	(1 000)	66	6 816
Guinea-Bissau	3 911	0	(643)	(50)	3 218
Guinea	10 320	9 154	(1 045)	(261)	18 168
Guyana	2 545	0	(257)	(23)	2 265
Haiti	0	5 682	(389)	(27)	5 266
Kyrgyzstan	8 738	0	(1 458)	(98)	7 182
Lao People's Democratic Republic	14 323	0	0	(123)	14 200
Lesotho	3 643	0	(766)	(39)	2 838
Liberia	4 926	0	(955)	(94)	3 877
Malawi	7 740	0	(893)	(78)	6 769
Mauritania	0	5 879	0	99	5 978
Nepal	3 174	7 086	(717)	246	9 789
Nicaragua	4 283	0	(222)	(36)	4 025
Niger	8 444	0	(827)	(94)	7 523
Rwanda	18 302	8 802	(5 179)	26	21 951
Sao Tome and Principe	0	3 054	0	31	3 085
Sierra Leone	8 360	0	(2 002)	(105)	6 253
Sudan	16 115	12 438	(272)	137	28 418
Tajikistan	11 253	0	(544)	(98)	10 611
Togo	0	13 240	0	170	13 410
Yemen	1 838	20 410	(3 020)	(63)	19 165
Subtotal SDR DSF	227 260	246 197	(37 467)	1 162	437 152
Total US\$ and SDR DSF	228 793	249 071	(39 378)	1 162	439 647
2009	79 940	158 694	(13 998)	(4 157)	228 793

Summary of the Debt Initiative for Heavily Indebted Poor Countries

As at 31 December 2010, the cumulative position of the debt relief provided and estimated to be provided under both the original and the enhanced Debt Initiative for Heavily Indebted Poor Countries is as follows:

	<i>Debt relief provided to 31 December 2010</i>		<i>Debt relief to be provided as approved by the Executive Board</i>			<i>Total debt relief</i>
	<i>Principal</i>	<i>Interest</i>	<i>To be covered by IFAD</i>		<i>World Bank contribution</i>	
			<i>Principal</i>	<i>Interest</i>		
Completion point countries						
Benin	4 568	1 643	0	0	0	6 211
Bolivia (Plurinational State of)	5 900	1 890	0	0	0	7 790
Burkina Faso	6 769	2 668	0	0	0	9 437
Burundi	1 556	504	14 141	2 727	0	18 928
Cameroon	1 313	402	646	184	1 144	3 689
Central African Republic	5 761	2 043	4 169	969	0	12 942
Congo	0	19	0	80	0	99
Democratic Republic of the Congo	1 070	679	9 556	2 437	0	13 742
Ethiopia	11 795	3 933	2 876	709	7 169	26 482
Gambia (The)	1 523	390	331	74	810	3 128
Ghana	10 400	3 802	1 713	391	4 267	20 573
Guinea-Bissau	0	0	5 491	1 282	0	6 773
Guyana	1 526	299	0	0	0	1 825
Haiti	1 535	473	432	141	0	2 581
Honduras	1 077	767	0	0	0	1 844
Liberia	8 044	6 073	91	28	0	14 236
Madagascar	7 010	1 909	281	63	643	9 906
Malawi	4 952	1 387	5 093	1 038	12 358	24 828
Mali	6 211	2 431	0	0	0	8 642
Mauritania	7 131	2 252	457	112	1 134	11 086
Mozambique	11 616	3 699	68	15	260	15 658
Nicaragua	7 259	943	0	0	0	8 202
Niger	4 960	1 531	1 986	414	4 899	13 790
Rwanda	4 903	2 184	7 912	1 815	5 233	22 047
Sao Tome and Principe	511	152	1 033	179	2 466	4 341
Senegal	2 247	882	0	0	0	3 129
Sierra Leone	4 705	1 333	2 076	347	4 840	13 301
Togo	0	0	1 215	1 580	0	2 795
Uganda	12 449	4 654	0	0	0	17 103
United Republic of Tanzania	10 753	3 792	668	157	1 615	16 985
Zambia	8 384	2 695	3 579	736	8 699	24 093
Decision point countries						
Chad	0	0	2 228	443	0	2 671
Côte d'Ivoire	0	0	1 821	269	0	2 090
Comoros	0	0	2 519	355	0	2 874
Guinea	0	0	9 833	1 695	0	11 528
31 December 2010 SDR	155 928	55 429	80 215	18 240	55 537	365 349
Less future interest on debt relief not accrued (including interest covered by the World Bank contribution)						(27 831)
Total cumulative cost of debt relief as at 31 December 2010 (thousands of SDR)						337 518
31 December 2010 US\$	232 496	82 627	124 357	28 278	86 094	553 852
Total less future interest on debt relief not accrued (including World Bank)						(43 146)
Total cumulative cost of debt relief as at 31 December 2010 (thousands of US\$)						510 706
Fair value adjustment			(43 420)			
31 December 2010 at fair value			80 937			
31 December 2009 SDR	128 429	43 614	94 118	24 559	70 410	361 130
Less future interest on debt relief not accrued						(37 166)
Total cumulative cost of debt relief as at 31 December 2009 (thousands of SDR)						323 964
31 December 2009 US\$	191 286	64 628	147 174	38 405	110 101	551 594
Less future interest on debt relief not accrued						(58 118)
Total cumulative cost of debt relief as at 31 December 2009 (thousands of US\$)						493 476
Fair value adjustment			(57 083)			
31 December 2009 at fair value			90 091			

Summary of the Haiti debt relief Initiative

As at 31 December 2010

<i>Member States</i>	<i>Thousands of US dollars</i>	<i>Thousands of SDR</i>
Austria	685	438
Canada	3 500	2 303
Denmark	513	339
Luxembourg	280	178
Mauritius	5	3
Norway	1 626	1 066
Switzerland	962	637
United States	8 000	5 217
Total contribution received by Member States	15 571	10 181
Interest earned	7	5
Debt relief provided	(24)	(16)
Total administrative account Member States	15 554	10 170
IFAD contribution	15 200	10 088
Interest earned	11	7
Debt relief provided	0	0
Total administrative account IFAD	15 211	10 095
Grand total	30 765	20 265
<i>Exchange rate movement</i>	255	
Haiti debt relief cash and investments	31 020	

IFAD-only statement of operating expenses

An analysis of IFAD operating expenses by principal sources of funding
For the years ended 31 December 2010 and 2009 (expressed in thousands of United States dollars)

	<i>Regular budget</i> ¹	<i>Action Plan</i>	<i>Direct charges</i> ²	<i>Other sources</i> ³	<i>Total</i>
Staff salaries and benefits	73 731	426	0	3 723	77 880
Office and general expenses	22 462	251	439	9 252	32 404
Consultants and other non-staff costs	32 956	370	62	1 109	34 497
Cooperating institutions	2 302	4		70	2 376
Direct bank and investment costs			4 288		4 288
Total 2010	131 451	1 051	4 789	14 154	151 445
Total 2009	126 531	1 300	4 706	14 554	147 089

¹ These refer to IFAD and the IFAD Office of Evaluation and carry forward.

² Direct charges against investment income.

³ Includes Italian Government reimbursable expenses, voluntary separation leave expenditures and positions funded from service charges.