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Investing in rural people

Consolidated audited financial statements of IFAD as at 31 December 2013

**(including the Management assertion, report and an
independent external attestation on the effectiveness
of internal controls over financial reporting)**

Note to Governors

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Governing Council — Thirty-eighth Session
Rome, 16-17 February 2015

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 2013 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 the external auditor’s report thereon, and the attestation on the effectiveness of internal controls over financial reporting of the external auditor.”

Consolidated audited financial statements of IFAD as at 31 December 2013

(including the Management assertion, report and an independent external attestation on the effectiveness of internal controls over financial reporting)

1. At its 111th session in April 2014, the Executive Board reviewed the audited financial statements of IFAD for the 2013 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, were examined in detail by the Audit Committee at its 131th meeting 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) Consolidated net assets increased to about US\$7.6 billion as at 31 December 2013 from US\$7.5 billion as at 31 December 2012.
 - (b) The consolidated cash and investment portfolio, including investment receivables and payables, decreased from US\$3.0 billion as at 31 December 2012 to US\$2.7 billion as at 31 December 2013.
 - (c) Loans outstanding net of accumulated allowances for loan impairment losses and the Debt Initiative for Heavily Indebted Poor Countries increased from US\$4.8 billion as at 31 December 2012 to US\$5.1 billion as at 31 December 2013 (fair value basis).
 - (d) Contributions to regular resources net of provisions increased from US\$7.0 billion as at 31 December 2012 to US\$7.3 billion as at 31 December 2013 (fair value basis).
 - (e) In 2013, costs charged to IFAD’s administrative expenditures amounted to US\$149.6 million (2012: US\$151.1 million) and other costs, principally relating to costs reimbursed by the Italian Government, amounted to US\$17.6 million (2012: US\$17.6 million).
 - (f) Additional data have been provided where considered of interest to the reader, for example, complementary and supplementary contributions from Member States or other sources (appendix D1) and an IFAD-only balance sheet nominal value expressed in United States dollars and special drawing right (SDR) terms (appendix F), which shows movement

in the underlying assets and liabilities, which are either denominated in or pegged to the SDR basket ratios.

- (g) In 2013, IFAD issued the Management assertion report on the operational effectiveness of internal controls over financial reporting, as at 31 December 2013. This followed an independent review and testing by external consultants whose work was based on the framework provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This assertion report provides an additional assurance as to the credibility and reliability of the financial statements.
3. The external auditors expressed an unqualified/favourable opinion on the consolidated financial statements of the Fund as at 31 December 2013. In addition, they issued the first external attestation on the effectiveness of internal controls over financial reporting.

Consolidated financial statements

For the year ended 31 December 2013

- 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
- Appendix C** Consolidated cash flow statement
- Appendix C1** Summary of information on other consolidated entities
- Appendix D** Notes to the consolidated financial statements
- Appendix D1** Statement of complementary and supplementary contributions and unspent funds
- Appendix E** Summary of the Adaptation for Smallholder Agriculture Programme Trust Fund

Management assertion report on the effectiveness of internal controls over financial reporting

Report of the external auditor

External auditor's attestation on the effectiveness of internal controls over financial reporting

- Appendix F** IFAD-only balance sheet at nominal value in United States dollars and retranslated in special drawing rights
- 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 Heavily Indebted Poor Countries Debt Initiative
- 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 2013 and 2012 (Thousands of United States dollars)

<i>Assets</i>	<i>Consolidated</i>		<i>IFAD-only</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Cash on hand and in banks (note 4)	347 061	404 282	186 304	246 905
Investment at amortized cost	782 377	788 827	301 617	373 555
Investment at fair value	1 576 829	1 786 416	1 500 300	1 672 283
Investments (note 4)	2 359 206	2 575 243	1 801 917	2 045 838
Contributors' promissory notes (note 5)	547 751	490 918	377 543	331 418
Contributions receivable (note 5)	895 937	843 750	514 269	551 315
Less: provisions (note 6)	(168 448)	(168 448)	(168 448)	(168 448)
Net contribution and promissory notes receivables	1 275 240	1 166 220	723 364	714 285
Other receivables (note 7)	28 139	22 051	148 304	144 543
Fixed assets (note 8)	11 268	6 403	11 268	6 403
Loans outstanding (note 9 and appendix H)	5 107 421	4 860 269	5 092 759	4 858 986
Less: accumulated allowance for loan impairment losses (note 9(a))	(21 413)	(14 292)	(21 413)	(14 292)
Less: accumulated allowance for the Heavily Indebted Poor Countries (HIPC) Debt Initiative (note 11(b) and appendix I)	(32 722)	(63 861)	(32 722)	(63 861)
Net loans outstanding	5 053 286	4 782 116	5 038 624	4 780 833
Total assets	9 074 200	8 956 315	7 909 781	7 938 807
<i>Liabilities and equity</i>	<i>Consolidated</i>		<i>IFAD-only</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Liabilities				
Payables and liabilities (note 12)	168 728	175 106	177 908	182 838
Undisbursed grants (note 14)	313 140	316 708	81 465	91 914
Deferred revenues (note 13)	593 043	494 031	79 371	86 131
Trust fund borrowing (note 15)	395 571	383 815	0	0
Total liabilities	1 470 482	1 369 660	338 744	360 883
Equity				
Contributions				
Regular	7 295 484	6 966 330	7 295 484	6 966 330
Special	20 349	20 349	20 349	20 349
Total contributions (appendix G)	7 315 833	6 986 679	7 315 833	6 986 679
General Reserve	95 000	95 000	95 000	95 000
Retained earnings	192 885	504 976	160 204	496 245
Total equity	7 603 718	7 586 655	7 571 037	7 577 924
Total liabilities and equity	9 074 200	8 956 315	7 909 781	7 938 807

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

Consolidated statement of comprehensive income

For the years ended 31 December 2013 and 2012 (Thousands of United States dollars)

	2013	2012
Revenues		
Income from loans	48 582	49 267
(Losses)/Income from cash and investments (note 17)	(17 123)	82 404
Income from other sources (note 18)	10 878	9 143
Income from contributions (note 19)	104 358	81 072
Total revenues	146 695	221 886
Operating expenses (note 20)		
Staff salaries and benefits (note 21)	(104 250)	(97 621)
Office and general expenses	(32 754)	(34 574)
Consultants and other non-staff costs	(37 788)	(37 832)
Cooperating institutions	(2 502)	(2 624)
Direct bank and investment costs (note 24)	(3 095)	(3 594)
Subtotal operating expenses	(180 389)	(176 245)
Loan interest expenditures	(2 034)	(7 139)
Reversal of allowance for loan impairment losses (note 9(a))	(5 352)	30 394
Debt Initiative for HIPC income/(expenses) (note 26)	29 026	(28 457)
Grant expenses (note 22)	(108 870)	(111 349)
DSF expenses (note 23)	(142 665)	(118 416)
Depreciation (note 8)	(1 656)	(1 578)
Total expenses	(411 940)	(412 790)
(Deficit) before fair value adjustments	(265 245)	(190 904)
Adjustment for changes in fair value (note 25)	(70 951)	(15 558)
(Deficit) revenue over expenses	(336 196)	(206 462)
Other comprehensive (loss):		
Gains/(Losses) from currency exchange movements (note 16)	17 334	(3 108)
Change in provision for After-Service Medical Coverage Scheme (ASMCS) benefits (note 21)	6 771	(14 804)
Total other comprehensive income/(loss)	24 105	(17 912)
Total comprehensive (loss)	(312 091)	(224 374)

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

IFAD-only statement of comprehensive income

For the years ended 31 December 2013 and 2012 (Thousands of United States dollars)

	2013	2012
Revenues		
Income from loans	48 513	49 267
(Losses)/Income from cash and investments (note 17)	(20 480)	75 936
Income from other sources	16 230	11 556
Income from contributions (note 19)	3 982	1 866
Total revenues	48 245	138 625
Operating expenses (note 20)		
Staff salaries and benefits (note 21)	(100 988)	(94 181)
Office and general expenses	(31 472)	(33 783)
Consultants and other non-staff costs	(32 985)	(32 995)
Cooperating institutions	(2 314)	(1 941)
Direct bank and investment costs	(2 889)	(3 442)
Subtotal operating expenses	(170 648)	(166 342)
Allowance for loan impairment losses (note 9(a))	(5 352)	30 394
Debt Initiative for HIPC income /(expenses) (note 26)	29 026	(28 457)
Grant expenses (note 22)	(40 959)	(43 571)
DSF expenses (note 23)	(142 665)	(118 416)
Depreciation (note 8)	(1 656)	(1 578)
Total expenses	(332 254)	(327 970)
(Deficit) revenue over expenses before fair value adjustments	(284 009)	(189 345)
Adjustment for changes in fair value (note 25)	(66 505)	(12 049)
(Deficit) revenue over expenses	(350 514)	(201 394)
Other comprehensive (loss):		
Gain/(Losses) from currency exchange movements	7 702	(2 404)
Change in provision for After-Service Medical Coverage Scheme (ASMCS) benefits (note 21)	6 771	(14 804)
Total other comprehensive income/(loss)	14 473	(17 208)
Total comprehensive (loss)	(336 041)	(218 602)

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

Consolidated statement of changes in retained earnings

For the years ended 31 December 2013 and 2012 (Thousands of United States dollars)

	<i>Total retained earnings</i>
Retained earnings as at 31 December 2011	729 350
(Deficit) revenue over expenses	(206 462)
Total other comprehensive (loss)	(17 912)
Retained earnings as at 31 December 2012	504 976
(Deficit) revenue over expenses	(336 196)
Total other comprehensive income	24 105
Retained earnings as at 31 December 2013	192 885

IFAD-only statement of changes in retained earnings

For the years ended 31 December 2013 and 2012 (Thousands of United States dollars)

	<i>Total retained earnings</i>
Retained earnings as at 31 December 2011	714 847
(Deficit) revenue over expenses	(201 394)
Total other comprehensive (loss)	(17 208)
Retained earnings as at 31 December 2012	496 245
(Deficit) revenue over expenses	(350 514)
Total other comprehensive income	14 473
Retained earnings as at 31 December 2013	160 204

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

Consolidated cash flow statement

For the years ended 31 December 2013 and 2012 (Thousands of United States dollars)

	2013	2012
Cash flows from operating activities		
Interest received from loans	46 668	46 878
Receipts for non-replenishment contributions	107 159	119 887
Miscellaneous (payments)/receipts	13 058	20 029
Payments for operating expenses and other payments	(184 120)	(159 037)
Grant disbursements (IFAD)	(45 281)	(46 408)
Grant disbursements (supplementary funds)	(64 227)	(81 586)
DSF disbursements	(142 665)	(118 416)
Transfer to from restricted cash	(4 618)	438
Net cash flows generated from operating activities	(274 026)	(218 215)
Cash flows from investing activities		
Loan disbursements	(499 723)	(535 866)
Loan principal repayments	214 457	221 967
Transfers from/(to) investments at amortized costs	12 330	(2 589)
Receipts from investments	(36 560)	53 265
Net cash used in investing activities	(309 496)	(263 223)
Cash flows from financing activities		
Receipts for replenishment contributions	310 123	320 458
Payments for trust fund borrowing	(8 007)	(5 740)
Net cash used in financing activities	302 116	314 718
Effects of exchange rate movements on cash and cash equivalents	(2 283)	(2 581)
Net (decrease) in unrestricted cash and cash equivalents	(283 689)	(169 301)
Unrestricted cash and cash equivalents at beginning of year	2 172 755	2 342 056
Unrestricted cash and cash equivalents at end of year	1 889 066	2 172 755
COMPOSED OF:		
Unrestricted cash	342 385	404 218
Unrestricted investments excluding held-to-maturity and payables control accounts	1 546 681	1 768 537
Cash and cash equivalents at end of year	1 889 066	2 172 755

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

Summary of information on other consolidated entities

As at 31 December 2013 (Millions of United States dollars)

	<i>HIPC</i>	<i>Haiti Debt Relief</i>	<i>After-Service Medical Coverage Scheme Trust Fund</i>	<i>Spanish Food Security Cofinancing Facility Trust Fund</i>	<i>Adaptation for Smallholder Agriculture Programme Trust Fund</i>	<i>Supplementary Funds</i>
Balance sheet						
Total assets	11.2	37.3	69.7	414.7	328.9	422.9
Total liabilities	10.5	36.8	68.9	397.2	327.4	422.9
Retained earnings	0.7	0.5	0.8	17.5	1.5	0
Statement of comprehensive income						
Total revenue	0.0	0.0	0.1	21.0	2.4	79.5
Total operating expenses	0.0	0.0	(0.1)	(2.6)	(2.1)	(79.8)
Net revenue less operating expenses	0.0	0.0	0.0	18.4	0.3	(0.3)
Net cash flow						
	6.8	0.1	2.9	(0.5)	(44.9)	(9.7)

As at 31 December 2012 (Millions of United States dollars)

	<i>HIPC</i>	<i>Haiti Debt Relief</i>	<i>After-Service Medical Coverage Scheme Trust Fund</i>	<i>Spanish Food Security Cofinancing Facility Trust Fund</i>	<i>Adaptation for Smallholder Agriculture Programme Trust Fund</i>	<i>Supplementary Funds</i>
Balance sheet						
Total assets	4.3	39.1	66.8	406.7	313.7	309.4
Total liabilities	6.4	39.1	67.8	404.8	313.9	311.0
Retained earnings	(2.1)	0.0	(1.0)	2.0	(0.1)	(1.7)
Statement of comprehensive income						
Total revenue	0.0	0.0	0.0	5.9	0.0	79.3
Total operating expenses	0.0	0.0	0.0	(8.2)	0.0	(82.6)
Net revenue less operating expenses	0.0	0.0	0.0	(2.3)	0.0	(3.3)
Net cash flow						
	(21.6)	4.8	1.1	6.7	50.9	(12.7)

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). Information is provided separately in the financial statements for entities where this is deemed of interest to the readers of the financial statements.

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.

During 2012, the Fund adopted IAS 19 (revised) (employee benefit), IFRS 10 (consolidated financial statements), IFRS 9 (financial instruments) and IFRS 12 (disclosure of interest in other entities).

During 2013 IFRS 13 (fair value measurement) became mandatory; the application of this standard has negligible impact on the accounts.

(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 Heavily Indebted Poor Countries (HIPC) Debt Initiative

- 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)
- Adaptation for Smallholder Agriculture Programme (ASAP) Trust Fund

These entities have a direct link to IFAD's core activities and are substantially controlled by IFAD. In line with the underlying agreements and recommendations establishing those entities, IFAD has the power of governing the related financial and operating policies. Accordingly, they are consolidated in IFAD's financial statements. 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. All entities included in the consolidation area have a fiscal period corresponding to the solar year.

Entities housed at IFAD. These entities do not form part of the core activities of the Fund and IFAD does not have the power of governing the related financial and operating policies. As such, they are not consolidated as they are not substantially controlled. These entities are the International Land Coalition (ILC) (formerly called the Popular Coalition to Eradicate Hunger and Poverty), the High-Level Task Force (HLTF) on the Global Food Security Crisis. Until 30 September 2013, the Global Mechanism of the United Nations Convention to Combat Desertification, was hosted by the Fund.

(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. 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 other comprehensive income

(d) Measurement of financial assets and liabilities

Financial assets and liabilities are measured and classified in the following categories: amortized cost or at fair value through profit and loss. The classification depends on the contractual cash flow characteristics (contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding) and on the business model for their management (the intention to hold these financial assets and liabilities until their maturity). Financial assets and liabilities are accounted for at amortized cost only when the Fund's business model is to hold the assets/liabilities until maturity and collect the arising contractual cash flows (just principal and interest). All other financial assets and liabilities are accounted for at fair value through profit and loss.

(e) 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, 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 a Member deposits an instrument of contribution. Certain contributions are subject to national appropriation measures, therefore those receivables are considered due upon release of those conditions. Amounts receivable from Member States as contributions, and other receivables including promissory notes, have been initially recognized in the balance sheet at their fair value through profit and loss in accordance with IFRS9.

(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 months 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 over-commitment risk as a result of exchange rate fluctuations and possible delinquencies in the 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 over-commitment 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 at least every three years in order to assess its adequacy. The last such review was conducted in 2012.

(iii) Retained earnings

Retained earnings represent cumulative 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 E).

(f) 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 blend terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75 per cent) per annum plus a spread and have a maturity period of twenty (20) years, including a grace period of ten (10) years (these are applicable from 2013 onwards); (d) 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; (e) 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 (f) 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) Heavily Indebted Poor Countries (HIPC) Debt Initiative

IFAD participates in the International Monetary Fund/World Bank original and enhanced HIPC Debt Initiative 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 the 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

Loans are initially recognized at fair value on day one (based on disbursement to the borrower) and subsequently measured at amortized cost using the effective interest method. The fair value is calculated using an enhanced fair value tool 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. 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.

(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 on a specific basis 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. 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. Considering the positive historical loan reflow trends, the Fund has not established a collective impairment provision on loans not subject to specific impairment.

(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.

(g) Investments

The Fund's investments are classified at fair value through profit and loss or at amortized cost. Investments are classified at amortized cost when they belong to a portfolio managed by the Fund based on a business model to hold those securities until their maturity, by collecting solely maturing interest and principal in line with the contractual characteristics. If the above conditions are not met, the Fund carries investments at fair value through profit and loss. Fair value is determined in accordance with the hierarchy set in note 3. 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 re-measured at their fair value. The majority of derivatives are used as hedging instruments (although they do not qualify for hedge accounting) and therefore changes in the fair value of these derivative instruments are recognized immediately in the statement of comprehensive income.

(h) 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.

(i) 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 recorded as revenue 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.

(j) Grants

The Agreement Establishing IFAD empowers the Fund to provide 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 disbursement date of the approved amount and as a liability for undisbursed amounts at fair value in accordance with IFRS9. Following the approval by the Executive Board of the revisions to the General Conditions for Agricultural Development Financing (April 2009), grants become disburseable when a recipient has the right to incur eligible expenditure.

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

(k) 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 basis (according to the underlying loan amortization schedule) by the Member States, while the interest is relinquished. Principal compensation will be negotiated during future replenishment consultations (see note 28 (b) on contingent assets). DSF financing is subject to IFAD's General Conditions for Agricultural Development Financing. DSF financing is implemented over an extended time horizon and 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.

(l) Borrowing under the Spanish Food Security Cofinancing Facility Trust Fund

The Spanish Trust Fund was established in 2010, after receiving funds on a loan basis. This liability is accounted for at amortized cost. The funds will be used to provide loans to IFAD borrowers in accordance with IFAD procedures (with the exception of DSF countries).

Repayments of the loan by the Trust Fund to Spain 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 is accounted for 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.

(m) 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 Fund 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.

(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. Service costs are recognized as operating expenditure. The net balance between interest costs and expected return on plan assets is recognized in profit and loss, while re-measurements on assets and liabilities are recognized as the net position in other comprehensive income. Due to the revisions to IAS19, the expected rate of return for accounting is set equal to the accounting discount rate.

(n) **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.

(o) **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.

(p) **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).

(q) **Fixed assets – Intangible assets**

Fixed assets

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

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

Intangible assets

Software development costs are capitalized as intangible assets where future economic benefits are expected to flow to the organization. Depreciation is calculated on a straight-line basis over the estimated useful life of the software (two to seven years). Leasehold improvements are capitalized as assets. Depreciation is calculated on a straight-line basis over their estimated useful life (not exceeding rental period of IFAD headquarters).

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. For the details about the models applied for fair value calculation of loans, reference should be made to note 2.

The fair value of financial instruments that are not traded in an active market is determined by considering quoted prices for similar assets in active markets, quoted prices for identical assets in non-active markets or valuation techniques.

Financial assets and liabilities measured at fair value on the balance sheet are categorized 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.

(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

Analysis of balances (consolidated)

	<i>Thousands of United States dollars</i>	
	2013	2012
Unrestricted cash	342 385	404 219
Cash subject to restriction	4 676	63
Subtotal cash	347 061	404 282
Unrestricted investments at fair value	1 576 462	1 786 019
Investments at amortized cost	782 377	788 827
Investments subject to restriction	367	397
Subtotal investments	2 359 206	2 575 243
Total cash and investments	2 706 267	2 979 525

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

	<i>Thousands of United States dollars</i>	
	2013	2012
IFAD	1 988 220	2 292 743
ASMCS Trust Fund	69 702	66 840
HIPC Trust Fund	11 150	4 348
Supplementary Funds	115 563	125 476
Spanish Trust Fund	399 989	400 191
Haiti Debt Relief Initiative (appendix J)	37 269	39 071
ASAP	84 374	50 856
Total cash and investments	2 706 267	2 979 525

(i) Cash and investments subject to restriction

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.

During the year, IFAD opened an escrow account, which had a balance of US\$4.6 million as at 31 December 2013. This restricted cash has been set aside under an escrow agreement with the bank only to be utilized for purposes of meeting obligations relating to the hosting of the Global Mechanism to cover potential damages resulting from litigation cases, payments related to disputed invoices with other United Nation agencies and a contingency provision for unforeseen obligations. These funds are to be reimbursed to the Global Mechanism in the event that such liabilities do not crystallize.

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

At 31 December 2013, cash and investments, including payables and receivables, at market value amounted to US\$2,700,431,000 excluding restricted and non-convertible currencies (2012 – US\$2,956,419,000), and comprised the following instruments:

	<i>Thousands of United States dollars</i>	
	2013	2012
Cash	347 061	404 281
Fixed-income instruments	1 764 693	2 049 882
Unrealized (loss)/gain on forward contracts	(2 251)	(8 746)
Time deposits and other obligations of banks	583 494	527 649
Unrealized (loss)/gain on futures	13 270	6 458
Total cash and investments	2 706 268	2 979 525
Receivables for investments sold	3 197	1 385
Payables for investments purchased	(9 033)	(24 491)
Total investment portfolio	2 700 431	2 956 419

Fixed-income investments and cash include US\$824,659,000 at amortized cost as at 31 December 2013 (2012 – US\$805,398,000). The fair value of global strategic portfolio investments as at 31 December 2013 was US\$830,724,000 (2012 – US\$817,413,000).

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

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

	2013	2012
Euro	1 202 095	1 286 939
Japanese yen	135 263	191 320
Pound sterling	246 065	299 856
United States dollar	1 117 008	1 178 304
Total cash and investment portfolio	2 700 431	2 956 419

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

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

	<i>Thousands of United States dollars</i>	
	2013	2012
Due in one year or less	1 197 610	1 127 769
Due after one year through five years	878 903	1 166 800
Due from five to ten years	454 270	449 274
Due after ten years	169 648	218 576
Total cash and investment portfolio	2 700 431	2 956 419

The average life to maturity of the fixed-income investments included in the consolidated investment portfolio at 31 December 2013 was 42 months (2012 – 47 months).

(a) 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 investments at amortized cost are managed internally; investments at fair value are managed through eight mandates to external managers as at 31 December 2013.

Market risk on other entities included in the consolidated financial statements is not considered significant.

The weights and amounts of each asset class within the overall portfolio, together with the investment policy weights as at 31 December 2013 and 2012, are shown in table 1. Disclosures relate to IFAD-only accounts, for the Net Asset Value.

Table 1

Asset class	Portfolio		Investment policy
	2013	Millions of US dollars	%
Short-term liquidity	8.2	162.9	7.0
Global strategic portfolio	15.3	303.1	17.0
Global government bonds	34.3	678.2	36.0
Global diversified fixed-income	12.7	251.7	10.0
Global inflation-linked	18.9	373.7	20.0
Emerging market debt	10.5	208.2	10.0
Total	100.0	1 977.8	100.0

Asset class	Portfolio		Investment policy
	2012	Millions of US dollars	%
Short-term liquidity	8.6	194.8	7.0
Global strategic portfolio	16.5	373.6	17.0
Global government bonds	33.6	762.8	36.0
Global diversified fixed-income	14.0	318.7	13.0
Global inflation-linked	20.2	459.4	20.0
Emerging market debt	7.1	160.3	7.0
Total	100.0	2 269.6	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 tracking error limits
2. Credit floors (please refer to "(ii) 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	Same as the portfolio return
Global strategic portfolio	Equally-weighted extended sector benchmark (internally calculated on a quarterly basis)
Global government bonds	Barclays Global Government Bond Index (1 year maturity but formerly 1-3 years maturity)
Global diversified fixed-income bonds	Barclays Global Fixed-Income Index (A- or above)
Global inflation-linked bonds	Barclays Capital World Government Inflation-Linked Index (1-10 years maturity)
Emerging market debt bonds	Barclays Emerging Market Debt Investment Grade Index (BBB- or above)

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 is set at:

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

The average duration of IFAD's investment portfolio at 31 December 2013 and 2012 and respective benchmarks are shown in table 3.

Table 3
Average duration of portfolios and benchmarks in years (IFAD-only)

As at 31 December 2013 and 2012

Portfolio	Portfolio		Benchmark	
	2013	2012	2013	2012
Short-term liquidity	-	-	-	-
Global strategic portfolio	1.1	1.4	1.1	1.4
Global government bonds	0.9	1.7	1.0	1.9
Global diversified fixed-interest	4.4	4.1	4.3	4.2
Global inflation-linked	5.4	6.2	5.1	5.4
Emerging market debt	6.5	7.6	6.3	6.8
Total average	2.6	2.9	2.4	2.8

The sensitivity analysis of IFAD's overall investment portfolio in table 4 shows how a parallel shift in the yield curve (-300 to +300 basis points) would affect the value of the investment portfolio as at 31 December 2013 and 31 December 2012.

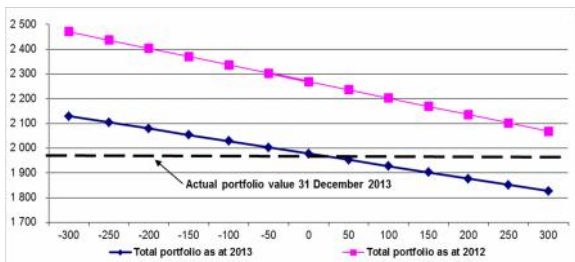
Table 4
Sensitivity analysis on investment portfolio (IFAD-only)

Basis point shift in yield curve	2013		2012	
	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	152	2 130	201	2 471
-250	126	2 104	168	2 438
-200	101	2 079	134	2 404
-150	76	2 054	101	2 371
-100	51	2 029	67	2 337
-50	25	2 003	34	2 304
0	-	1 978	-	2 270
50	(25)	1 953	(34)	2 236
100	(51)	1 927	(67)	2 203
150	(76)	1 902	(101)	2 169
200	(101)	1 877	(134)	2 136
250	(126)	1 852	(168)	2 102
300	(152)	1 826	(201)	2 069

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 2013, if the general level of interest rates on the SDR markets had been higher/(lower) by 300 basis points (as a parallel shift in the yield curves), the overall portfolio value would have been lower/(higher) by US\$152 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 Policy Statement. Tracking error represents the annualized standard deviation of the excess return versus the benchmark, and is a measure of the active positions taken in managing a portfolio with respect to the benchmark.

Table 5
Tracking error ranges by portfolio

Portfolio	Tracking error maximum (percentage per annum)
Global government bonds	1.5
Global diversified fixed income bonds	3.0
Global inflation-linked bonds	2.5
Emerging market debt	4.0

The investment portfolio's total tracking error at 31 December 2013 was 0.29 per cent (2012 - 0.21 per cent).

(ii) Credit risk

The Investment Policy Statement and Investment Guidelines set credit rating floors for the eligibility of securities and counterparties. The eligibility of banks and bond issues is determined on the basis of ratings by major credit rating agencies. The minimum allowable credit ratings for portfolios within IFAD's overall investment portfolio under the Investment Policy Statement and Investment Guidelines are shown in table 6.

Table 6
Minimum credit ratings as per Investment Policy Statement and 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
Global Strategic Portfolio	Moody's Aa3 or S&P AA- (exception: government 100% owned Aa2/AA and corporate bonds Aaa/AAA)	A-1/P-1	A-1/P-1/F1	n/a
Global government bonds ^c	Moody's Aa3 or S&P AA-	A-1/P-1	A-1/P-1/F1	n/a
Global diversified fixed income bonds ^c	Moody's A3 or S&P A- (exception: Government MBS Aaa/AAA by two of the three)	A-1/P-1	A-1/P-1/F1	AA-/Aa3
Global inflation-indexed bonds ^c	Moody's Aa3 or S&P AA-	A-1/P-1	A-1/P-1/F1	n/a
Emerging market debt	Moody's Baa3 or S&P BBB-	A-1/P-1	A-1/P-1/F1	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 2013, the average credit ratings by portfolio were in line with the minimum allowable ratings under the Investment Policy Statement and Investment Guidelines (table 7).

Table 7
Average credit ratings by portfolio (IFAD-only)
As at 31 December 2013 and 2012

Portfolio	Credit rating [*]	
	2013	2012
Short-term liquidity	P-2	P-1
Global strategic portfolio	Aa1	Aa1
Global government bonds	Aaa	Aaa
Global diversified fixed-interest	A1	Aa1
Global inflation-linked	Aaa	Aaa
Emerging market debt	Baa2	Aa3

* The average credit rating is calculated based on market values at 31 December 2013 and 2012 except for the global strategic portfolio average (amortised cost) rating, which is calculated on amortized cost. As per IFAD's current Investment Policy Statement and Investment Guidelines, the credit ratings used are based on the best credit ratings available from either Standard and Poor's (S&P) or Moody's or Fitch ratings, unless specified otherwise such as the internally managed portfolios whereby all three credit agencies must be above the minimum credit quality floor.

(iii) 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.

In the case of misalignments that are considered persistent and significant, IFAD 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 2013 is shown in table 8.

Table 8
Alignment of assets to SDR basket (IFAD-only)
As at 31 December 2013

Currency group	Net asset		SDR weights	Difference
	amount (%)			
United States dollar	41.5	42.9	(1.4)	
Euro	37.7	37.8	(0.1)	
Japanese yen	8.0	7.5	0.5	
Pound sterling	12.8	11.8	1.0	
Total	100.0	100.0	0.0	

At 31 December 2013, 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 2013

Currency group	Difference towards SDR weights	
	-10% of	+10% of
	US\$ (%)	US\$ (%)
United States dollar	(2.6)	2.3
Euro	1.7	(1.6)
Japanese yen	0.4	(0.3)
Pound sterling	0.5	(0.5)
Total	-	-

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

(iv) 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 liquidity risk is addressed through the minimum liquidity requirement (MLR). IFAD's liquidity policy, together with the revised Ninth Replenishment period (2013-2015) MLR, states that highly liquid assets in IFAD's investment portfolio should remain above 60 per cent of the projected annual gross disbursement level (outflows), including potential additional requirements due to liquidity shocks.

IFAD's latest financial model assumptions, incorporating the 2013 resources available for commitment under the sustainable cash flow approach, calculates a MLR of US\$595.0 million that is comfortably covered by IFAD's investment portfolio balance of US\$1,977.8 million.

(v) 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 depending 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	
	2013	2012
Promissory notes to be encashed		
Replenishment contributions	380 849	335 581
ASAP	174 442	162 550
Total	555 291	498 131
Fair value adjustment	(7 540)	(7 213)
Promissory notes to be encashed		
Contributions receivable		
Replenishment contributions	518 870	557 616
Supplementary contributions	311 957	185 772
Spanish Trust Fund	0	5 274
ASAP	83 325	103 578
Total	914 152	852 240
Fair value adjustment	(18 215)	(8 490)
Contributions receivable		
	895 937	843 750

(a) Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh and Eight 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 2013

Donor	Thousands of United States dollars	
	Replenishment	Amount
United States ^a	Sixth	459
United States ^a	Seventh	3 224
Brazil ^a	Eight	8 910
Japan ^a	Eight	15 164
Saudi Arabia ^b	Eight	5 000
Indonesia ^b	Eight	30
United States ^a	Eight	18 000

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

^b Contributions encashed in subsequent fiscal year.

(c) Ninth Replenishment

Details of contributions and payments made for the Ninth Replenishment are shown in appendix G. The Ninth Replenishment became effective on 30 November 2012.

(d) Special Programme for Africa (SPA)

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

(e) 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:

	<i>Thousands of United States dollars</i>	
	2013	2012
Balance at beginning of the year	168 448	168 548
Total movements	0	(100)
Balance at end of year	168 448	168 448
Analysed as follows:		
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 2013, IFAD replenishment contributions deposited in the form of promissory notes up to and including the Eighth Replenishment have been fully drawn down. The comparable figure is 65 per cent for the Ninth Replenishment (31 December 2012 – 30 per cent for the Ninth Replenishment).

As at 31 December 2013 and 2012, 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:

	<i>Thousands of United States dollars</i>	
	2013	2012
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
Libya	6 087	6 087
	6 687	6 687
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:

	<i>Thousands of United States dollars</i>	
	2013	2012
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**

	<i>Thousands of United States dollars</i>	
	2013	2012
Receivables for investments sold	3 197	1 385
Other receivables	24 942	20 666
Total	28 139	22 051

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**

	<i>Thousands of United States dollars</i>			
	1 Jan 2013	Increase/ (decrease)	Revaluation ^a	31 Dec 2013
Cost				
Computer hardware	1 795	525		2 320
Computer software	6 959	5 649		12 608
Vehicles		149		149
Furniture and fittings	392	27	18	436
Leasehold improvement	767	169		937
Total cost	9 913	6 519	18	16 450
Depreciation				
Computer hardware	(1 569)	(276)		(1 845)
Computer software	(1 190)	(1 046)		(2 235)
Vehicles	0	(2)		(2)
Furniture and fittings	(352)	(42)	(16)	(410)
Leasehold improvement	(399)	(290)		(689)
Total depreciation	(3 510)	(1 656)	(16)	(5 182)
Net fixed and intangible assets	6 403	4 863	2	11 268

^a Due to foreign exchange movements on an item of fixed assets held in a euro denominated unit.

NOTE 9**LOANS****(a) Accumulated allowance for impairment losses**

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

	<i>Thousands of United States dollars</i>	
	2013	2012
Balance at beginning of year	52 702	83 060
Net increase/(decrease) in allowance	5 352	(30 394)
Revaluation	271	36
Balance at end of year at nominal value	58 325	52 702
Fair value adjustment	(36 912)	(38 410)
Total	21 413	14 292

All loans included within the accumulated allowance are 100 per cent impaired with the exception of the provision set against Democratic People's Republic of Korea which are impaired for the instalments overdue.

In accordance with its policy, the Fund has established provisions against loans outstanding as at 31 December as follows:

	2013	2012
<i>Amounts in SDR</i>		
Democratic People's Republic of Korea	3 957	395
Somalia	17 299	17 299
Zimbabwe	16 570	16 570
Total	37 826	34 264
US\$ equivalent	58 325	52 702
Fair value adjustment	(36 912)	(38 410)
Total	21 413	14 292

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

(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 2013 would have been higher by US\$1,305,051 (2012 – US\$1,193,000).

(c) Further analysis of loan balances

The composition of the loans outstanding balance by entity at 31 December was as follows:

	<i>Thousands of United States dollars</i>	
	2013	2012
IFAD	6 413 934	6 119 027
Spanish Trust Fund	19 030	1 477
Total	6 432 964	6 120 504
Fair value adjustment	(1 325 543)	(1 260 235)
Total	5 107 421	4 860 269

	<i>Thousands of United States dollars</i>	
	2013	2012
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)		
Approved loans	11 658 275	10 602 653
Less: Undisbursed balance of effective loans	(3 142 751)	(2 612 664)
Repayments	(2 357 224)	(2 129 646)
Interest/principal	25 295	21 732
Loans outstanding at nominal value	6 183 595	5 882 075
Fair value adjustment	(1 237 140)	(1 171 247)
Loans outstanding	4 946 455	4 710 828
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)		
Approved loans	348 404	342 603
Less: Undisbursed balance of effective loans		0
Repayments	(119 382)	(106 386)
Interest/principal receivable	1 317	735
Loans outstanding	230 339	236 952
Fair value adjustment	(84 035)	(88 794)
Loans outstanding	146 304	148 158
Total approved loans less cancellations, less full repayments and the adjustment for movements in value of SDR loans in terms of US\$		
Approved loans	12 006 679	10 945 256
Undisbursed balance of effective loans	(3 142 751)	(2 612 664)
Repayments	(2 476 606)	(2 236 032)
Interest/principal receivable	26 612	22 467
Loans outstanding at nominal value	6 413 934	6 119 027
Fair value adjustment	(1 321 175)	(1 260 041)
Loans outstanding	5 092 759	4 858 986

(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 92.5 per cent (31 December 2012 – 92.8 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 table below provides information about the Fund's assets and liabilities classification, accounting policies for financial instruments have been applied to the line items below:

<i>Thousands of United States dollars</i>			
	<i>Cash and bank deposits</i>	<i>Assets at fair value through profit and loss</i>	<i>Amortized cost</i>
2013			
Net loans outstanding			5 053 286
Other receivables		3 197	
Investment at amortized cost			782 377
LEVEL 1		1 187 943	
Investments at fair value through profit and loss			
LEVEL 2		388 886	
Investments at fair value through profit and loss			
Cash and equivalents	347 061		
Total	347 061	1 580 026	5 835 663

<i>Thousands of United States dollars</i>			
	<i>Cash and bank deposits</i>	<i>Assets at fair value through profit and loss</i>	<i>Amortized cost</i>
2012			
Net loans outstanding			4 782 116
Other receivables		1 385	
Amortized cost investments			805 398
Investments at fair value through profit and loss		1 067 671	
LEVEL 1		702 174	
Investments at fair value through profit and loss			
LEVEL 2			
Cash and equivalents	404 281		
Total	404 281	1 771 230	5 587 514

NOTE 11**HEAVILY INDEBTED POOR COUNTRIES (HIPC) DEBT INITIATIVE****(a) Impact of the HIPC Debt Initiative**

IFAD provided funding for the HIPC Debt Initiative in the amount of US\$154,670,000 during the period 1998-2013. 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 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 2014-2015. At the time of preparation of the 2013 consolidated financial statements, the estimate of IFAD's share of the overall debt relief for these countries, principal and interest, was US\$182,385,000 (2012 – US\$114,139,000 for Eritrea, Somalia and the Sudan).

Gross investment income amounted to US\$12,700 (2012 – US\$7,987) 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>2013</i>	<i>Movement</i>	<i>2012</i>
IFAD contributions 1998-2013	154 670	20 000	134 670
Total contributions from external sources (appendix D1)	282 417	16 219	266 198
Net cumulative investment income	8 000	13	7 987
Shortfall between debt relief approved and funds available	35 207	(84 719)	119 926
Cumulative net exchange rate movements	37 982	(2 772)	40 754
Total (appendix I)	518 276	(51 259)	569 535

(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>2013</i>	<i>2012</i>
Balance at beginning of year	87 271	77 066
New approvals	0	18 744
Change in provision	(39 779)	(8 458)
Exchange rate movements	(381)	(81)
Balance at end of year	47 111	87 271
Fair value adjustment	(14 389)	(23 410)
Total	32 722	63 861

NOTE 12**PAYABLES AND LIABILITIES**

<i>Thousands of United States dollars</i>		
	<i>2013</i>	<i>2012</i>
Payable for investments purchased and impairment	9 033	24 491
ASMCS liability	70 620	71 537
Other payables and accrued liabilities	89 075	79 078
Total	168 728	175 106

Of the total above, an estimated US\$95,740,000 (2012 – US\$96,963,000) is payable in more than one year from the balance sheet date.

NOTE 13**DEFERRED REVENUE**

Deferred revenue represents contributions received for which 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>	
	2013	2012
Total	622 430	498 818
Fair value adjustment	(29 387)	(4 788)
Deferred revenue	593 043	494 031

NOTE 14**UNDISBURSED GRANTS**

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

	<i>Thousands of United States dollars</i>	
	2013	2012
IFAD	82 814	91 044
Supplementary funds	233 325	226 735
Balance at end of year	316 139	317 779
Fair value adjustment	(2 999)	(1 071)
Undisbursed grants	313 140	316 708

NOTE 15**TRUST FUND BORROWING**

The amount lent by Spain for the establishment of the Spanish Food Security Cofinancing Facility Trust Fund is approximately EUR 300.0 million. This is a long-term liability of 45 years with a five-year grace period. The balance as at 31 December 2013 of US\$395.6 million (US\$383.8 million – 31 December 2012) represents the funds received from the Spanish Government plus the interest accrued.

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:

<i>Year</i>	<i>United States dollars</i>
2013	1.54190
2012	1.53811
2011	1.53882

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

	<i>Thousands of United States dollars</i>	
	2013	2012
Opening balance at 1 January	873 419	876 527
Exchange movements for the year on:		
Cash and investments	(379)	3 372
Net receivables/payables	(3 264)	(9 262)
Loans and grants outstanding	16 153	(1 848)
Promissory notes and Members' receivables	(6 598)	2 012
Member States' contributions	11 422	2 618
Total movements in the year	17 334	(3 108)
Closing balance at 31 December	890 753	873 419

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

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

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 2013, funds under external management amounted to US\$1,511,844,000 (2012 – US\$1,701,263,000), representing 76 per cent of the Fund's total cash and investments (2012 – 75 per cent).

(b) Derivative instruments

The Fund's Investment Guidelines authorize the use of the following types of derivative instruments, primarily to ensure alignment to the SDR basket:

(i) Futures

	<i>31 December</i>	
	2013	2012
Number of contracts open:		
Buy	361	554
Sell	(1 162)	(1 198)
Net unrealized market gains of open contracts (US\$ '000)	2 365	10
Maturity range of open contracts (days)	65 to 90	66 to 88

The underlying instruments of future contracts open at 31 December 2013 were time deposits and currencies.

(ii) Forwards

The unrealized market value loss on forward contracts at 31 December 2013 amounted to a loss of US\$3,297,000 (2012 – gain of US\$8,786,000). The maturities of forward contracts at 31 December 2013 ranged from 7 to 58 days (31 December 2012 – 7 to 38 days).

The underlying instruments of forward contracts open at 31 December 2013 were currencies.

(c) Income from cash and investments (consolidated)

Gross income from cash and investments for the year ended 31 December 2013 amounted to negative US\$17,124,000 (2012 – gross income of US\$82,404,000). This figure reflects direct charges against investment income of US\$3,095,000 (2012 – US\$3,594,000), which are included in expenses

	<i>Thousands of United States dollars</i>		
	<i>Fair value</i>	<i>Amortized cost</i>	<i>Total</i>
Interest from banks and fixed-income Investments	37 637	12 027	49 664
Net income from futures/options and swaps	6 121		6 121
Realized capital (loss)/gain from fixed-income securities	(16 289)	(1 674)*	(17 963)
Unrealized gain/(loss) from fixed-income securities	(54 945)		(54 945)
Total	(27 476)	10 353	(17 123)

* Amortization of amortized cost securities

	<i>Thousands of United States dollars</i>		
	2012		
	<i>Fair value</i>	<i>Amortized cost</i>	<i>Total</i>
Interest from banks and fixed-income Investments	44 009	18 913	62 922
Net income from futures/options and swaps	(3 062)		(3 062)
Realized capital (loss)/gain from fixed-income securities	21 956	(216) [*]	21 739
Unrealized gain/(loss) from fixed-income securities	804	-	805
Total	63 707	18 697	82 404

* Amortization of amortized cost securities and sales that triggered realized gains/(losses).

For amortized cost investments, realized capital gains/(losses) relate to amortization and sales of securities.

The above figures are broken down by income for the consolidated entities, as follows:

	<i>Thousands of United States dollars</i>	
	2013	2012
IFAD	(20 480)	75 936
ASMCS Trust Fund	877	397
HIPC Trust Fund	13	16
Spanish Trust Fund	2 163	5 931
Haiti Debt Relief Initiative	347	422
ASAP	294	25
Supplementary funds	116	779
Less: income deferred/reclassified	(453)	(1 102)
Total	(17 123)	82 404

The annual rate of return on IFAD cash and investments in 2013 was negative 1.11 per cent net of expenses (2012 – positive 2.66 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. A breakdown is provided below:

<i>Consolidated</i>	<i>Thousands of United States dollars</i>	
	2013	2012
Host Government income	9 173	8 815
Income from other sources	1 705	328
Total	10 878	9 143

NOTE 19

INCOME FROM CONTRIBUTIONS

	<i>Thousands of United States dollars</i>	
	2013	2012
IFAD	3 982	1 866
Spanish Trust Fund	18 776	0
ASAP	2 097	
Supplementary funds	79 503	79 206
Total	104 358	81 072

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 L. The breakdown of the consolidated figures is set out below:

	<i>Thousands of United States dollars</i>	
	2013	2012
IFAD	170 648	166 342
Other entities	9 741	9 903
Total	180 389	176 245

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 ASMCS administered by FAO.

The number of full-time equivalent employees of the Fund and other consolidated entities in 2013 eligible for participation in the IFAD retirement plan was as follows (breakdown by principal budget source):

	<i>General</i>		<i>Total</i>
	<i>Professional</i>	<i>Service</i>	
IFAD	274	188	462
administrative budget			
APO/SPO ^a	16		16
Others	7	6	13
Programmatic funds	2	1	3
Total 2013	299	195	494
Total 2012^b	292	202	494

^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 2011. This valuation revealed an actuarial deficit, amounting to 1.87 per cent of pensionable remuneration. Despite the actuarial deficit from the 2011 valuation, it was assessed that the UNJSPF is adequately funded. Therefore the United Nations General Assembly did not invoke the 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 2013 amounted to US\$10,437,043 (2012 – US\$10,249,229).

(d) After-Service Medical Coverage Scheme

The latest actuarial valuation for the ASMCS was carried out as at 31 December 2013. The methodology used was the projected unit-credit-cost method with service prorates. The principal actuarial assumptions used were as follows: discount rate, 4.3 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 EUR:US\$1.379. The results determined IFAD's liability as at 31 December 2013 to be US\$70,620,000. The 2013 and 2012 financial statements include a provision and related assets as follows as at 31 December:

	<i>Thousands of United States dollars</i>	
	2013	2012
Past service liability	(70 620)	(71 537)
Plan assets	69 643	66 807
Surplus /(Deficit)	(977)	(4 730)
Yearly movements		
Opening Balance	(4 730)	13 930
Surplus /(Deficit)		
Interest cost	(2 845)	(2 735)
Current service charge	(3 009)	(2 158)
Actuarial gains /(losses)	6 771	(14 804)
Interest earned on balances	871	363
Exchange rate movement	1 965	674
Closing balance	(977)	(4 730)
Surplus /(Deficit)		
Past service liability		
Total provision at 1 January	(71 537)	(51 840)
Interest cost	(2 845)	(2 735)
Current service charge	(3 009)	(2 158)
Actuarial gains /(losses)	6 771	(14 804)
Provision at 31 December	(70 620)	(71 537)
Plan assets		
Total assets at 1 January	66 807	65 770
Interest earned on balances	871	363
Exchange rate movement	1 965	674
Total assets at 31 December	69 643	66 807

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 2013, such costs included under staff salaries and benefits in the financial statements amounted to US\$4,785,000 (2012 – US\$4,713,000).

Based on the 2013 actuarial valuation, the level of assets necessary to cover ASMCS liabilities is US\$62.5 million, in net present value terms. As reported above, at 31 December 2013 the assets already held in the trust fund are US\$69.6 million; consequently this is more than sufficient to cover the 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 2013 is shown below:

<i>Impact on</i>	<i>Liability</i>	<i>Service cost</i>
Medical inflation:		
5.0 per cent instead of 4.0 per cent	16.9	1.0
3.0 per cent instead of 4.0 per cent	(13.7)	(0.8)

NOTE 22

GRANT EXPENSES

The breakdown of the consolidated figures is set out below:

	<i>Thousands of United States dollars</i>	
	2013	2012
IFAD grants	40 959	43 571
Supplementary funds	67 911	67 778
Total	108 870	111 349

NOTE 23

DSF EXPENSES

The DSF figure is set out below. For further details, see appendix H2.

	<i>Thousands of United States dollars</i>	
<i>IFAD-only</i>	2013	2012
DSF expenses	142 665	118 416
Total	142 665	118 416

As at the end of December 2013, DSF financing disburseable but not yet disbursed amounted to US\$621.4 million (US\$657.3 million in 2012). At the same date, DSF projects approved not yet effective amounted to US\$207.4 million (US\$168.7 million in 2012) for a global amount of US\$828.8 million (US\$826.0 million in 2012).

NOTE 24

DIRECT BANK AND INVESTMENT COSTS

	<i>Thousands of United States dollars</i>	
	2013	2012
Investment management fees	2 589	3 094
Other charges	506	500
Total	3 095	3 594

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>	
	2013	2012
Loans outstanding	(62 224)	11 301
Accumulated allowance for loan impairment losses	(1 593)	(21 255)
Accumulated allowance for HIPC Debt Initiative	(9 078)	123
Net loans outstanding	(72 895)	(9 831)
Contributors' promissory notes	(3 376)	1 360
Contributions receivable	(6 674)	(2 027)
Contributions	(2 558)	313
Undisbursed grants	1 944	(5 727)
Deferred revenues	12 608	354
Total	(70 951)	(15 558)

NOTE 26**DEBT RELIEF INCOME**

This balance represents the debt relief provided during the year to HIPC eligible countries for both principal and interest. The amount represents a reduction in the overall provision for debt relief under HIPC from prior year.

NOTE 27**HOUSED ENTITY DISCLOSURE**

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

	<i>Thousands of United States dollars</i>	
	2013	2012
ILC	1 487	535
Global Mechanism*	0	618
HLTF	305	145
Total	1 792	1 298

*This entity was no longer hosted by IFAD as at 31 December 2013.

NOTE 28**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 three countries. See note 11 for further details of the potential cost of loan principal and interest relating to these countries, as well as future interest not accrued on debt relief already approved as shown in appendix I.

As indicated in note 23, IFAD has a contingent liability for DSF financing effective but not yet disbursed for US\$828.8 million. Disbursements will occur when the conditions for the release of funds are met.

(b) Contingent assets

The Debt Sustainability Framework (DSF) for grants, approved in 2007, aims for the full recovery of principal repayments foregone through a pay-as-you-go compensation mechanism by member states. Consequently, IFAD has gone through a review of the mechanism via which this policy would be implemented with its Governing Bodies. This has led to the endorsement by the Executive Board in 2013 of the underlying principles thereof. This, in effect, provides a concrete basis on which member states will be expected to contribute towards the DSF principal reflows foregone in addition to regular contributions. The receipt of funds which have been provided as DSF grants is therefore considered probable and hence is disclosed as a contingent asset. The next step will be the endorsement by member states in the Replenishment Consultation process in 2014 which will be

followed by approval by the Governing Council in 2015. The nominal amount of the amount so disbursed as at 31 December 2013 amounted to US\$399.1 million.

NOTE 29**POST BALANCE SHEET EVENTS**

Management is not aware of any events after the balance sheet date that provide evidence of conditions that existed at the balance sheet date or indicative of conditions that arose after the reporting period that warrant adjusting the financial statements or require disclosure.

NOTE 30**DATE OF AUTHORIZATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements are issued by Management for review by the Audit Committee in March 2014 and endorsement by the Executive Board in April 2014. The 2013 consolidated financial statements will be submitted to the Governing Council for formal approval at its next session in February 2015. The 2012 consolidated financial statements were approved by the Governing Council at its thirty-seventh session in February 2014.

Statement of unspent complementary and supplementary contributions

Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2013^a
(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	-	-	96	-	96
Angola	-	-	7	-	7
Australia ^b	2 721	-	84	-	2 805
Austria	755	-	-	-	755
Bangladesh	-	-	55	-	55
Belgium	10 214	2 368	593	-	13 175
Belgium for BFFS.JP	-	-	192 313	-	192 313
Canada	1 605	-	8 358	-	9 963
China	-	-	385	-	385
Colombia	-	-	25	-	25
Denmark	13 624	4 448	3 946	-	22 018
Estonia	-	-	62	-	62
Finland	2 843	4 480	13 653	-	20 977
France	1 032	1 137	3 741	-	5 910
Germany	46	6 414	6 049	-	12 509
Ghana	-	-	96	-	96
Greece	-	-	96	-	96
India	-	-	1 000	-	1 000
Indonesia	-	-	50	-	50
Ireland	6 602	-	912	-	7 514
Italy	29 581	5 648	24 854	-	60 083
Japan	1 692	2 026	4 131	-	7 849
Jordan	-	-	154	-	154
Kuwait	-	-	138	-	138
Lebanon	-	-	100	-	100
Luxembourg	1 612	-	1 902	-	3 514
Malaysia	-	-	28	-	28
Mauritania	-	-	92	-	92
Morocco	-	-	50	-	50
Netherlands	104 514	6 093	12 121	-	122 728
Nigeria	-	-	50	-	50
Norway	20 682	2 530	6 113	-	29 325
Pakistan	-	-	25	-	25
Paraguay	-	-	15	-	15
Portugal	142	-	738	-	880
Qatar	-	-	138	-	138
Republic of Korea	-	4 732	930	-	5 662
Saudi Arabia	-	-	138	-	138
Senegal	-	-	109	-	109
Sierra Leone	-	-	88	-	88
South Africa	-	-	10	-	10
Spain	11 673	-	6 362	-	18 035
Suriname	2 000	-	-	-	2 000
Sweden	9 114	2 773	15 609	-	27 493
Switzerland	8 498	343	15 750	-	24 591
Turkey	-	-	47	-	47
United Kingdom	19 257	-	16 725	-	35 982
United States	-	322	86	-	408
Total Member States	248 207	43 315	338 024	-	629 545

^a Non-US\$ contributions have been translated at the year-end exchange rate.

^b Australia's withdrawal from IFAD membership became effective 31 July 2007.

Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2013^a
(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	-	1 096	-	3 896
Agence Française de Développement	-	-	814	-	814
Arab Bank	-	-	25	-	25
Arab Gulf Programme for United Nations Development Organizations	299	-	-	-	299
Bill & Melinda Gates Foundation	-	-	1 014	-	1 014
Cassava Programme	-	-	69	-	69
Chief Executives Board for Coordination (CEB) Secretariat, Geneva	-	-	998	-	998
Congressional Hunger Center	-	-	183	-	183
Coopernic	-	-	4 133	-	4 133
European Commission	814	-	499 158	-	499 972
Food and Agriculture Organization of the United Nations	4	-	168	-	172
Global Agriculture and Food Security Program	70 000	-	4 915	-	74 915
Least Developed Countries Fund	-	-	19 973	-	19 973
Liechtenstein	-	-	5	-	5
National Agricultural Cooperative Federation	35	-	-	-	35
Office of the United Nations High Commissioner for Refugees	2 983	-	-	-	2 983
OFID	2 312	-	-	-	2 312
Other	252	-	2 020	-	2 272
PARM	-	-	3 093	-	3 093
Service Charges Surplus	50	-	96	-	146
Special Climate Change Fund (SCCF) ^b	-	-	31	-	31
Support to farmers' organizations in Africa programme (SFOAP) main phase	-	-	30 315	-	30 315
Technical Assistance Facility	-	-	14 249	-	14 249
United Nations Capital Development Fund	382	-	180	-	562
United Nations Development Programme	467	-	33	-	500
United Nations Fund for International Partnerships	78	-	145	-	223
UNO	3 016	-	-	-	3 016
World Bank	1 358	-	529	93 644	95 531
Total non-Member States and other sources	84 850	-	583 242	93 644	761 736
Total 2013	333 057	43 315	921 266	93 644	1 391 281
Total 2012	309 045	41 134	773 466	93 679	1 217 324

^a Non-United States dollars contributions have been translated at the year-end exchange rate.

^b The balance includes US\$125,000 related to Mongolia.

Statement of cumulative complementary and other contributions from 1978 to 2013

(Thousands of United States dollars)

	<i>Amount</i>
Canada	1 511
Germany	458
India	1 000
Saudi Arabia	30 000
Sweden	13 827
United Kingdom	12 002
Cumulative contributions received from Belgium for the BFFS.JP in the context of replenishments	80 002
	138 800
<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
<i>Contributions made to ASAP in the context of replenishment</i>	
Belgium	7 855
Canada	19 879
Netherlands	26 519
Norway	3 431
Sweden	4 471
Switzerland	8 674
United Kingdom	187 438
Total ASAP	258 267
Total complementary contributions 2013	416 746
Total complementary contributions 2012	368 693

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

(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	210 893
	262 738
Total contributions to IFAD's HIPC Trust Fund 2013	282 417
Total contributions to IFAD's HIPC Trust Fund 2012	266 198

Statement of complementary and supplementary contributions received in 2013**Contributions received for project cofinancing in 2013**

	<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>
Netherlands	US\$		1 542
OFID	US\$		760
Total			2 302

Contributions received for associate professional officers in 2013

	<i>Currency</i>	<i>Thousands of US dollars</i>
Belgium	US\$	34
Denmark	US\$	390
Finland	US\$	304
Germany	US\$	178
Italy	US\$	19
Netherlands	US\$	625
Republic of Korea	US\$	631
Total		2 181

Supplementary fund contributions received in 2013

	<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>
France (AFD)	EUR	1 000	1 378
European Commission	EUR	30 942	42 636
Italy	EUR	1 000	1 300
Estonia	EUR	45	62
Support farmers' organization in Africa programme (SFOAP)	EUR	3 977	5 481
Switzerland	EUR	783	987
Canada	US\$		4 952
Least Developed Countries Fund	US\$		1 465
Republic of Korea	US\$		471
Netherlands	US\$		7 457
Other	US\$		317
Total			66 506
Grand Total			70 989

Unspent project cofinancing funds
(Thousands of United States dollars)

	2013	2012
Member States		
Belgium		15
Canada	2	-
Denmark	1 874	4 474
Finland	10	10
Ireland	0	127
Italy	3 489	4 545
Japan	0	164
Luxembourg	40	230
Netherlands	7 846	2 210
Norway	16	1 668
Spain	3 911	4 782
United Kingdom	142	528
Total Member States	17 330	18 753
Non-Member States		
Arab Bank		
Global Agriculture and Food Security Programme (GAFSP) Trust Fund	2 693	12 044
Organization of the Petroleum Exporting Countries	498	(314)*
Other	26	26
United Nations Capital Development Fund		-
United Nations Fund for International Partnerships	23	23
United Nations Development Programme		23
World Bank	7	7
Total non-Member States	3 248	11 809
Total	20 578	30 563

* Advance against receivables

Unspent associate professional officer (APO) funds
(Thousands of United States Dollars)

	<i>Unspent balance as at 31 December</i>	
	2013	2012
Belgium	424	568
Denmark	357	257
Finland	95	72
France	5	6
Germany	98	173
Italy	3	72
Netherlands	307	230
Norway	(52)	250
Republic of Korea	456	171
Sweden	20	15
Total	1 713	1 815

Other unspent complementary and supplementary funds
(Thousands of United States dollars)

	<i>Unspent balance as at 31 December</i>	
	<i>2013</i>	<i>2012</i>
Member States		
Belgium	37	27
Belgium for BFFS.JP	5 870	
Canada	4 846	336
China	165	176
Denmark	130	130
Estonia	62	
Finland	1 465	1 981
France (AFD)	0	395
Germany	459	459
India	613	1 000
Ireland	175	52
Italy	2 301	2 750
Japan	94	22
Lebanon	99	111
Luxembourg	1 246	1 427
Malaysia	13	13
Netherlands	322	407
Norway	127	186
Portugal	24	24
Republic of Korea	865	437
Spain	3 334	3 721
Sweden	3 845	5 580
Switzerland	1 488	837
United Kingdom	2 138	3 506
United States	1	1
Total Member States	29 719	23 578
Non-Member States		
African Development Bank	376	104
Cassava Programme	0-	3
CEB Secretariat, Geneva	0-	47
Coopernic	0	356
European Commission	32 029	18 418
Food and Agriculture Organization of the United Nations	24	17
Global Agriculture and Food Security Program	3 205	3 734
PARM (*)	2 990	-
Least Developed Countries Fund	15 294	12
Other	1 030	581
Special Climate Change Fund	19	20
Support to farmers' organizations in Africa programme (SFOAP) main phase	2 835	668
Technical Assistance Facility	470	527
United Nations Capital Development Fund	115	115
World Bank	13	13
Total non-Member States	58 400	24 615
Total	88 119	48 193

Global Environment Facility
(Thousands of United States dollars)

<i>Recipient country</i>	<i>Cumulative contributions received as at 31 December 2013</i>	<i>Unspent at 1 January 2013</i>	<i>Received from donors</i>	<i>Expenses</i>	<i>Unspent at 31 December 2013</i>
ASEAN ^a regional	4 639	-	-	-	-
Brazil	5 931	1	-	-	1
Burkina Faso	2 016	-	-	-	-
China	4 895	-	-	-	-
Comoros	1 000	-	-	-	-
Ecuador	2 783	-	-	-	(0)
Eritrea	4 477	-	-	-	0
Ethiopia	4 750	-	-	-	-
Gambia (The)	96	-	-	-	0
Global supplement for UNCCD ^b	457	-	-	-	-
Jordan	7 861	(61)	-	-	(61)
Kenya	4 700	-	-	-	-
Mali ^c	6 315	-	-	-	(0)
Mauritania	4 350	-	-	-	-
MENARID ^d monitoring and evaluation	705	-	-	-	-
Mexico	5 100	-	-	5 000	5 000
Morocco	330	-	-	-	-
Niger	4 326	-	-	-	-
Panama	1 577	1 500	(1)	-	1 499
Peru	1 900	62	(17)	(45)	-
Sao Tome and Principe	2 500	93	(17)	-	76
Sri Lanka	7 270	-	-	-	-
Sudan	3 750	3 657	-	(5)	3 652
Swaziland	2 051	-	-	-	-
Tunisia	5 350	-	-	-	-
Venezuela (Bolivarian Republic of)	3 735	3 635	-	-	3 635
Viet Nam	755	-	-	-	-
Funds from cofinanciers of GEF activities	25	-	-	-	-
Total	93 644	8 888	(35)	4 950	13 803

^a Association of Southeast Asian Nations.

^b United Nations Convention to Combat Desertification.

^c US\$326,000 received before the signature of the financial procedure agreement between IFAD and the GEF trustee.

^d Integrated Natural Resources Management in the Middle East and North Africa Region Programme.

Summary of the Adaption for Smallholder Agriculture Programme Trust Fund
As at 31 December 2013

<i>Member States</i>	<i>Local currency</i>	<i>Pledges (Thousands of United States dollars)^a</i>	<i>Payment Promissory^b Notes</i>	<i>Payment cash^b</i>
Belgium	EUR 6 000	8 584		7 855
Canada	CAD 19 849	20 347		10 879
Netherlands	EUR 40 000	57 225		26 519
Norway	NOK 21 000	3 860		3 431
Sweden	SEK 30 000	4 729		4 471
Switzerland	CHF 10 000	11 844		8 674
United Kingdom	GBP 147 500	239 137	187 438	
Total		345 726	187 438	70 829

^a Pledges counter-valued at replenishment exchange rate.

^b Payments countervalued at exchange rate prevailing at receipt date.

As at December 2013 the grant approved (US\$93.9 million) was still not disbursable.



Enabling poor rural people
to overcome poverty

Management's Report Regarding the Effectiveness of Internal Controls Over Financial Reporting

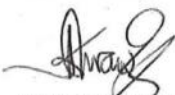
Management of the International Fund for Agricultural Development (IFAD) (the "Fund") is responsible for the preparation, fair presentation and overall integrity of its consolidated financial statements. The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB).

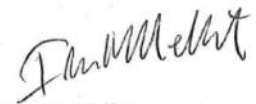
According to the Agreement Establishing IFAD, the President is responsible for establishing and maintaining adequate internal controls of the Fund including those over external financial reporting.

The Executive Board of the Fund established an Audit Committee, whose terms of reference, among other things, is to assist the Board in exercising supervision over the financial administration and internal oversight of the Fund, including the effectiveness of internal controls over financial reporting. The Audit Committee is comprised entirely of selected members of the Executive Board and oversees the process for the selection of external auditors and makes a recommendation for such selection to the Executive Board for its approval. The external and internal auditors meet with the Audit Committee of the Executive Board to discuss their work plans and approach which covers review of the adequacy of internal controls over financial reporting and any other matter that may require the Audit Committee's attention.

The system of internal controls over financial reporting contains monitoring mechanisms and actions that are meant to detect, prevent and facilitate correction of deficiencies identified that may result in material weaknesses in internal controls over financial reporting. There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, an effective internal control system can only provide reasonable, as opposed to absolute assurance with respect to financial statements. Furthermore, the effectiveness of an internal control system can change with circumstances.

The Fund's Management assessed the effectiveness of internal controls over financial reporting for the Financial Statements presented in conformity with International Financial Reporting Standards (IFRS) as of **31st December 2013**. The assessment was based on the criteria for effective internal controls over financial reporting described in the *Internal Controls-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management believes that the Fund maintained an effective system of internal controls over financial reporting as of 31st December 2013, and is not aware of any material control weakness that could affect the reliability of the 2013 financial statements. IFAD's independent audit firm Deloitte and Touche SpA, has audited the financial statements and has issued an attestation report on Management's assertion on the Fund's internal controls over financial reporting.


Kanayo F. Nwanze
President


Iain M. Kellet
Associate Vice President
Financial Operations Dept.


Ruth Farrant
Director and Controller



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INDEPENDENT AUDITOR'S REPORT

To the International Fund for Agricultural Development

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the International Fund for Agricultural Development, which comprise the consolidated and IFAD-only balance sheets as at 31 December 2013, 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.

President's Responsibility for the Financial Statements

The President is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), and for such internal control as the President 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 about 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 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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
Palermo Parma Roma Torino Treviso Verona

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Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu Limited

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 December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

DELOITTE & TOUCHE S.p.A.



Enrico Pietrarelli
Partner

Rome, March 21, 2014



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INDEPENDENT AUDITOR'S REPORT

To the International Fund for Agricultural Development

We have examined management's assessment that the International Fund for Agricultural Development ("IFAD") maintained effective internal controls over financial reporting as of December 31, 2013, based on the criteria for effective internal controls over financial reporting described in the "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. IFAD's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Consolidated financial statements of IFAD as at 31 December 2013. Our responsibility is to express an opinion on management's assertion over the effectiveness of IFAD's internal control over financial reporting based on our examination.

We conducted our examination in accordance with the International Standard on Assurance Engagements (ISAE) 3000. Our examination included obtaining an understanding of internal control over financial reporting, evaluating management's assessment and performing such other procedures as we considered necessary in the circumstances. We believe that our work provides a reasonable basis for our opinion.

An entity's internal control over financial reporting is a process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's board, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of the entity's management; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
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Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu Limited

In our opinion, management's assertion that IFAD maintained effective internal control over financial reporting, included within the Consolidated financial statements of IFAD as at 31 December 2013, is fairly stated, in all material respects, based on the criteria for effective internal controls over financial reporting described in the "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organisations of the Treadway Commission.

DELOITTE & TOUCHE S.p.A.



Enrico Pietrarelli
Partner

Rome, March 21, 2014

IFAD-only balance sheet at nominal value in United States dollars and retranslated in special drawing rights (as at 31 December 2013 and 2012)

<i>Assets</i>	<i>Thousands of US dollars</i>		<i>Thousands of special drawing rights</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Cash on hand and in banks (note 4)	186 304	246 905	120 828	160 525
Investments (note 4)	1 801 917	2 045 838	1 168 633	1 330 098
Contributors' promissory notes (note 5)	380 849	335 581	247 000	218 178
Contributions receivable (note 5)	518 871	557 616	336 514	362 534
Less: provisions (note 6)	(168 447)	(168 447)	(109 247)	(109 518)
Net contribution and promissory notes receivables	731 273	724 750	474 267	471 194
Other receivables (note 7)	148 304	144 650	96 181	93 973
Fixed assets (note 8)	11 268	6 403	7 308	4 163
Loans outstanding (note 9 and appendix H)	6 413 934	6 119 027	4 159 757	3 978 277
Less: accumulated allowance for loan impairment losses (note 9(a))	(58 325)	(52 702)	(37 826)	(34 264)
Less: accumulated allowance for the HIPC Debt Initiative (note 11(b) and appendix I)	(47 111)	(87 271)	(30 554)	(56 739)
Net loans outstanding	6 308 498	5 979 054	4 091 377	3 887 274
Total assets	9 187 564	9 147 492	5 958 594	5 947 227

<i>Liabilities and equity</i>	<i>Thousands of US dollars</i>		<i>Thousands of special drawing rights</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Liabilities				
Payables and liabilities (note 12)	177 908	182 837	115 382	118 871
Undisbursed grants (appendix H1)	82 814	91 044	53 709	59 192
Deferred revenues (note 13)	79 371	86 131	51 476	55 998
Total liabilities	340 093	360 012	220 567	234 061
Equity				
Contributions				
Regular	7 303 391	6 976 794	6 074 493	5 876 575
Special	20 349	20 349	15 219	15 219
Total contributions (appendix G)	7 323 740	6 997 144	6 089 712	5 891 794
General Reserve	95 000	95 000	61 612	61 762
Retained earnings	1 428 731	1 695 337	(413 297)	(240 390)
Total equity	8 847 471	8 787 481	5 738 027	5 713 166
Total liabilities and equity	9 187 564	9 147 492	5 958 594	5 947 227

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 contributions

As at 31 December 2013 and 2012

Summary of contributions

	<i>Thousands of United States dollars</i>	
	2013	2012
Initial contributions	1 017 373	1 017 373
First Replenishment	1 016 372	1 016 372
Second Replenishment	566 560	566 560
Third Replenishment	553 856	553 856
Fourth Replenishment	361 421	361 421
Fifth Replenishment	441 401	441 401
Sixth Replenishment	567 021	567 021
Seventh Replenishment	654 640	654 640
Eighth Replenishment	962 341	963 701
Ninth Replenishment	979 621	651 666
Total IFAD	7 120 606	6 794 011
SPA Phase I	288 868	288 868
SPA Phase II	62 364	62 364
Total SPA	351 232	351 232
Special contributions ^a	20 349	20 349
Total replenishment contributions	7 492 188	7 165 592
Statement of complementary contributions		
Belgian Survival Fund	80 002	80 002
HIPC Debt Initiative	19 679	19 679
ASAP complementary contributions	258 267	210 214
Other complementary contributions	58 798	58 798
Total complementary contributions	416 746	368 693
HIPC contributions not made in the context of replenishment resources	262 738	246 519
Belgian Survival Fund contributions not made in the context of replenishment resources	63 836	63 836
Statement of supplementary contributions^b		
Project cofinancing	333 057	309 045
Associate professional officer funds	43 315	41 134
Other supplementary funds	921 266	773 466
Global Environment Facility	93 644	93 679
Total supplementary contributions	1 717 856	1 527 324
Total contributions	9 626 789	9 061 964
Total contributions include the following:		
Total replenishment contributions (as above)	7 492 188	7 165 592
Less provisions	(168 448)	(168 448)
Total net replenishment contributions	7 323 740	6 997 144
Less fair value adjustment	(7 907)	(10 465)
Total replenishment contributions at fair value	7 315 833	6 986 679

¹ Including Iceland's special contribution prior to membership and US\$20 million from OFID.² Includes interest earned according to each underlying agreement.

Statement of Members' contributions^a

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh, and Eighth Replenishments (thousands of US dollars equivalent)</i>	<i>Ninth Replenishment</i>					
		<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>	<i>Payments (thousands of US dollars equivalent)</i>		
					<i>Instruments deposited</i>	<i>Cash</i>	<i>Promissory notes</i>
Member States							
Afghanistan	0						
Albania	50						
Algeria	62 430	US\$	10 000	10 000	3 000	0	3 000
Angola	2 360	US\$	1 900	1 900	1 900	0	1 900
Argentina	12 400						
Armenia	35	US\$	5	5	5	0	5
Australia ²	37 247						
Austria	69 995	EUR	16 000	21 631	6 933	14 697	21 631
Azerbaijan	200	US\$	100	100	100	0	100
Bangladesh	4 956	US\$	650	650	195	455	650
Barbados	10						
Belgium	120 625	EUR	24 000	32 634	10 587	0	10 587
Belize	205						
Benin	299						
Bhutan	165						
Bolivia (Plurinational State of)	1 500						
Bosnia and Herzegovina	165						
Botswana	560	US\$	45	45	45	0	45
Brazil ³	65 296	US\$	16 700	16 700	0	16 700	16 700
Burkina Faso	359	US\$	125	125	120	0	120
Burundi	90	US\$	10	10	10	0	10
Cabo Verde	26						
Cambodia	840	US\$	210	210	210	0	210
Cameroon	2 439						
Canada	277 706	CAD	75 000	73 672	50 143	0	50 143
Central African Republic	11	EUR	2	3	3	0	3
Chad	62	EUR	250	329	329	0	329
Chile	860						
China	78 839	US\$	27 000	27 000	10 000	0	10 000
Colombia	840						
Comoros ⁴	33						
Congo	818						
Cook Islands	5						
Côte d'Ivoire	1 559						
Cuba	9						
Cyprus	252	US\$	60	60	0	0	0
Democratic People's Republic of Korea	800						
Democratic Republic of the Congo	1 580	US\$	290	290	290	0	290
Denmark	138 210	DKK	85 000	15 394	5 050	0	5 050
Djibouti	6						
Dominica	51						
Dominican Republic	88						
Ecuador	841	US\$	400	400	200	0	200
Egypt	20 409						
El Salvador	100						
Eritrea	40	US\$	30	30	30	0	30
Estonia	59						
Ethiopia	251	US\$	40	40	0	0	0
Fiji	204	US\$	44	44	44	0	44
Finland	56 538	EUR	12 000	16 364	5 340	0	5 340
Statement of Members' contributions¹ (cont.)							

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh, and Eighth Replenishments (thousands of US dollars equivalent)</i>	<i>Ninth 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	285 024	EUR	35 000	47 988	15 882	0	15 882
Gabon	3 704	US\$	20	20	20	0	20
Gambia (The)	75	US\$	15	15	15	0	15
Germany	394 940	EUR	52 389	70 901	20 369	25 266	45 635
Ghana	2 066	US\$	400	400	120	0	120
Greece	4 196						
Grenada	75						
Guatemala	1 043						
Guinea	410	US\$	80	80	80	0	80
Guinea-Bissau	30						
Guyana	1 118	US\$	360	360	360	0	360
Haiti	107						
Honduras	801						
Hungary	0	US\$	100	100	100	0	100
Iceland	350	US\$	25	25	25	0	25
India	104 812	US\$	30 000	30 000	20 000	0	20 000
Indonesia	51 959	US\$	10 000	10 000	0	0	0
Iran (Islamic Republic of) ^d	128 750						
Iraq ^d	56 099						
Ireland ^e	23 831	EUR	2 000	2 755	2 755	0	2 755
Israel	300	EUR	76	102	102	0	102
Italy	347 462	EUR	58 017	79 397	25 657	0	25 657
Jamaica	326						
Japan	434 494	JPY	5 930 003	56 420	0	56 420	56 420
Jordan	940						
Kazakhstan	0	US\$	10	10	10	0	10
Kenya	4 699						
Kiribati	5						
Kuwait	173 041	US\$	15 000	15 000	9 750	5 250	15 000
Lao People's Democratic Republic	306	US\$	51	51	51	0	51
Lebanon	495						
Lesotho	489	US\$	100	100	100	0	100
Liberia	39						
Libya ^d	52 000						
Luxembourg	5 510	EUR	1 678	2 274	656	0	656
Madagascar	574	US\$	50	50	50	0	50
Malawi	123						
Malaysia	1 175						
Maldives	51						
Mali	286	EUR	71	92	92	0	92
Malta	55						
Mauritania	135						
Mauritius	275	US\$	5	5	5	0	5
Mexico	33 131	US\$	5 000	5 000	3 334	0	3 334
Moldova (Republic of)	45	US\$	30	30	30	0	30
Mongolia	12	US\$	3	3	3	0	3
Morocco	7 244						
Mozambique	485						
Myanmar	250	EUR	4	5	5	0	5
Namibia	360						
Nepal	210	US\$	60	60	60	0	60
Netherlands	344 656	US\$	75 000	75 000	25 000	50 000	75 000
New Zealand	7 991	NZD	1 500	1 158	1 158	0	1 158
Nicaragua	119	US\$	150	150	49	0	49

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh, and Eighth Replenishments (thousands of US dollars equivalent)</i>	<i>Ninth Replenishment</i>					
		<i>Instruments deposited</i>			<i>Payments</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>
Niger	275						
Nigeria	121 459						
Norway	221 787	NOK	270 000	46 240	16 571	0	16 571
Oman	300	US\$	50	50	50	0	50
Pakistan	22 934	US\$	8 000	8 000	0	8 000	8 000
Panama	224	US\$	8	8	8	0	8
Papua New Guinea	170						
Paraguay	1 206	US\$	150	150	0	0	0
Peru	1 260						
Philippines	1 978	US\$	200	200	0	0	0
Portugal	4 384						
Qatar	39 980						
Republic of Korea	19 239	US\$	2 000	2 000	2 000	0	2 000
Romania	250						
Rwanda	221	US\$	50	50	50	0	50
Saint Kitts and Nevis	20						
Saint Lucia	22						
Samoa	50						
Sao Tome and Principe	10						
Saudi Arabia	409 778	US\$	23 000	23 000	6 000	17 000	23 000
Senegal	386						
Seychelles	20	US\$	50	50	50	0	50
Sierra Leone	37						
Solomon Islands	10						
Somalia	10						
South Africa	1 413	US\$	500	500	304	0	304
Spain	101 664						
Sri Lanka	8 886	US\$	1 001	1 001	0	0	0
Sudan	1 139	EUR	175	233	233	0	233
Swaziland	273						
Sweden	255 168	SEK	460 560	71 616	23 810	47 806	71 616
Switzerland	139 448	CHF	28 500	31 653	10 289	0	10 289
Syrian Arab Republic	1 817						
Tajikistan ^a	1	US\$	0	0	0	0	0
Thailand	1 200						
Togo	35	EUR	76	98	98	0	98
Tonga	55						
Tunisia	3 778	US\$	750	750	252	0	252
Turkey	17 436	US\$	1 200	1 200	652	0	652
Uganda	380	US\$	50	50	50	0	50
United Arab Emirates	53 180	US\$	1 000	1 000	300	0	300
United Kingdom	272 907	GBP	51 133	84 689	0	0	0
United Republic of Tanzania	444	US\$	120	120	120	0	120
United States ^c	791 674	US\$	90 000	90 000	18 000	10 481	28 481
Uruguay	525	US\$	200	200	200	0	200
Uzbekistan	10	US\$	5	5	5	0	5
Venezuela (Bolivarian Republic of)	196 258						
Viet Nam	2 103	US\$	600	600	200	0	200

	<i>Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh, and Eighth Replenishments (thousands of US dollars equivalent)</i>	<i>Ninth Replenishment</i>		<i>Payments</i> <i>(thousands of US dollars equivalent)</i>			
		<i>Instruments deposited</i>		<i>Cash</i>	<i>Promissory notes</i>	<i>Total</i>	
		<i>Currency</i>	<i>Amount (thousands)</i>				<i>Thousands of US dollars equivalent</i>
Yemen	3 376	US\$	972	972	972	0	972
Former Yugoslavia	108						
Zambia	494						
Zimbabwe	2 103						
Total contributions							
31 December 2013	6 140 982			979 621	300 585	252 075	552 661
2012	6 141 554			651 666	53 169	132 941	186 111

^a 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.

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

^c See appendix D, note 5(a).

^d See appendix D, notes 6(a) and (b).

^e 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 2013			288 868		62 364	351 232
31 December 2012			288 868		62 364	351 232

Statement of contributions

As at 31 December 2013 and 2012

Statement of Members' replenishment contributions received in 2013^a
(Thousands of United States dollars)

<i>Member States</i>	<i>Instruments deposited^{b,c}</i>	<i>Promissory note deposit^c</i>	<i>Payments</i>	
			<i>Cash</i>	<i>Promissory note encashment</i>
Replenishment 7				
Brazil				2 797
United States of America				4 490
Total IFAD 7				7 287
Replenishment 8				
Bangladesh				210
Brazil				4 450
Egypt		3 000		3 000
Gabon			103	
Ghana			200	
Japan				17 012
Kuwait				4 200
Lebanon			200	
Pakistan				2 667
Saudi Arabia				5 000
United Arab Emirates				350
United States of America				18 000
Yemen			28	
Total IFAD 8		3 000	531	54 889
Replenishment 9				
Algeria	10 000		3 000	
Armenia			5	
Austria		21 661		6 933
Bangladesh				195
Belgium	31 729		10 587	
Botswana			45	
Brazil	16 700	16 700		
Burkina Faso			120	
Canada		12 513		12 513
China			10 000	
Denmark			5 050	
Ecuador			200	
Ethiopia	40			
Fiji			44	
Finland			5 340	
France			15 882	
Gabon			20	
Germany		46 217		20 369
Ghana			120	
Guinea			80	
Guyana			118	
Hungary			100	
India			10 000	
Ireland			2 755	
Israel			51	
Italy	78 883		25 656	
Japan		29 655		
Kazakhstan			10	
Korea, Republic of			2 000	

Statement of contributions

As at 31 December 2013 and 2012

<i>Member States</i>	<i>Instruments deposited</i> ^{2,3}	<i>Promissory note deposit</i> ³	<i>Payments</i>	
			<i>Cash</i>	<i>Promissory note encashment</i>
Kuwait		15 000		9 750
Lesotho			100	
Luxembourg			656	
Mauritius			5	
Mexico			1 667	
Mongolia			3	
Myanmar			5	
Nepal			60	
Netherlands				25 000
New Zealand	1 160		1 158	
Nicaragua			49	
Norway			16 571	
Pakistan		8 000		
Panama			8	
Paraguay	150			
Philippines	200			
Republic of Moldova			30	
Rwanda			50	
Saudi Arabia				6 000
South Africa			304	
Sudan			233	
Sweden		72 538		23 810
Switzerland			10 289	
Tajikistan ^a			0	
Togo			98	
Tunisia			248	
Turkey			452	
Uruguay			200	
United Arab Emirates			300	
United Kingdom	83 047			
United States of America	90 000	28 481		18 000
Uzbekistan			5	
Viet Nam	600		200	
Yemen			972	
Total IFAD 9	312 509	250 765	124 846	122 570
Grand Total	312 509	253 764	125 377	184 746

^a Amounts are expressed in thousands of United States dollars, therefore the payment from Tajikistan (US\$200) for the Ninth Replenishment does not appear.

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

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

1. IFAD: Statement of outstanding loans

As at 31 December 2013 and 2012

<i>Borrower or guarantor</i>	<i>Approved loans less cancellations</i>	<i>Effective loans</i>			<i>Outstanding loans</i>
		<i>Disbursed portion</i>	<i>Undisbursed portion</i>	<i>Repayments</i>	
US\$ loans (expressed in thousands)					
Bangladesh	30 000	30 000		18 750	11 250
Cabo Verde	2 003	2 003		1 252	751
Haiti	3 500	3 500		2 231	1 269
Nepal	11 538	11 538		7 219	4 320
Sri Lanka	12 000	12 000		7 800	4 200
United Republic of Tanzania	9 488	9 488		6 049	3 440
Subtotal^a	68 530	68 530		43 301	25 229
SDR loans^a (expressed in thousands)					
Albania	35 080	33 020	2 060	5 116	27 904
Angola	16 981	13 534	3 447	2 807	10 727
Argentina	55 545	46 069	9 477	32 069	14 002
Armenia	54 312	48 328	5 985	4 469	43 859
Azerbaijan	44 907	34 632	10 275	2 162	32 470
Bangladesh	387 536	287 362	100 173	70 678	216 685
Belize	3 067	1869	1198	1183	686
Benin	83 507	71 033	12 475	20 377	50 656
Bhutan	32 630	30 030	2 600	5 787	24 243
Bolivia (Plurinational State of)	60 979	44 592	16 387	12 559	32 033
Bosnia and Herzegovina	48 304	35 836	12 468	4 230	31 606
Botswana	7 267	4 922	2 345	4 667	255
Brazil	143 132	54 357	88 775	32 645	21 712
Burkina Faso	91 133	65 723	25 410	12 305	53 418
Burundi	41 288	40 568	720	11 646	28 922
Cabo Verde	20 750	13 930	6 820	2 503	11 427
Cambodia	43 308	28 570	14 738	2 318	26 252
Cameroon	62 648	45 431	17 217	15 682	29 748
Central African Republic	26 494	24 024	2 470	9 064	14 960
Chad	18 139	14 098	4 040	1 166	12 932
China	519 795	392 971	126 824	80 995	311 976
Colombia	42 625	22 235	20 390	11 149	11 086
Comoros	4 182	4 182	0	1 544	2 638
Congo	22 973	14 012	8 961	2 823	11 189
Costa Rica	3 400	3 400	0	3 400	0
Côte d'Ivoire	17 791	17 791	0	4 585	13 206
Cuba	17 431	10 581	6 850	3 462	7 120
Democratic People's Republic of Korea	50 496	50 496	0	9 781	40 715
Democratic Republic of the Congo	39 693	37 867	1 825	9 988	27 879
Djibouti	7 212	4 390	2 822	924	3 466
Dominica	2 902	2 902	0	2 129	773
Dominican Republic	31 663	14 627	17 036	9 933	4 695
Ecuador	46 337	28 719	17 617	15 072	13 647
Egypt	199 726	112 666	87 060	42 756	69 910
El Salvador	83 983	68 268	15 714	33 370	34 898
Equatorial Guinea	5 794	5 794		2 092	3 701
Eritrea	24 643	23 812	831	2 919	20 892
Ethiopia	245 116	171 829	73 287	30 202	141 628
Gabon	3 800	2 207	1 593	633	1 574
Gambia (The)	29 214	28 860	354	6 922	21 938
Georgia	23 959	18 566	5 393	1 606	16 960
Ghana	133 077	99 272	33 804	18 673	80 600
Grenada	4 400	2 966	1 434	1 331	1 635
Guatemala	42 686	23 637	19 048	16 761	6 877
Guinea-Bissau	5 117	5 117		2 702	2 415
Guinea	68 723	63 795	4 928	15 944	47 852
Guyana	8 523	7 814	708	1 591	6 223
Haiti	60 221	55 403	4 818	14 464	40 939
Honduras	89 240	67 425	21 816	12 890	54 535
India	546 256	365 030	181 226	119 864	245 166
Indonesia ^b	172 282	124 634	47 648	29 580	95 054
Jordan	43 547	41 403	2 145	32 786	8 616
Kenya	121 169	77 110	44 059	10 006	67 104
Kyrgyzstan	20 797	7 424	13 373	1 560	5 863

<i>Borrower or guarantor</i>	<i>Approved loans less cancellations</i>	<i>Effective loans</i>			<i>Outstanding loans</i>
		<i>Disbursed portion</i>	<i>Undisbursed portion</i>	<i>Repayments</i>	
Lao People's Democratic Republic	49 569	48 087	1 481	9 010	39 077
Lebanon	14 192	9 317	4 875	7 912	1 405
Lesotho	27 022	23 535	3 487	5 258	18 277
Liberia	22 340	12 413	9 927	8 325	4 088
Madagascar ^b	131 420	97 707	33 713	18 885	78 822
Malawi ^b	84 057	65 757	18 300	20 359	45 399
Maldives	10 892	9 084	1 808	2 179	6 905
Mali	128 441	81 246	47 195	20 529	60 717
Mauritania	49 975	41 294	8 680	8 589	32 705
Mauritius	10 772	8 527	2 245	5 168	3 359
Mexico	48 232	29 132	19 100	18 301	10 831
Mongolia	20 689	15 690	4 999	991	14 699
Morocco	82 871	51 680	31 192	35 324	16 355
Mozambique	137 065	95 086	41 979	19 565	75 521
Nepal	94 407	68 154	26 253	23 425	44 729
Nicaragua	49 620	38 515	11 106	5 615	32 899
Niger	57 004	45 338	11 667	8 216	37 122
Nigeria	146 468	80 533	65 935	19 748	60 785
Pakistan	255 698	189 962	65 735	49 326	140 636
Panama	16 134	14 229	1 904	13 967	262
Papua New Guinea	13 121	6 385	6 736	3 901	2 484
Paraguay	22 216	15 644	6 572	5 866	9 778
Peru	61 083	44 318	16 764	23 459	20 860
Philippines	96 691	69 432	27 259	15 769	53 662
Republic of Moldova	56 190	42 250	13 940	773	41 477
Romania	12 400	12 400	0	8 267	4 133
Rwanda ^b	109 940	88 753	21 188	16 259	72 494
Saint Lucia	1 242	1 242	0	1 061	181
Samoa	1 908	1 908	0	768	1 139
Sao Tome and Principe	13 761	13 366	394	2 992	10 375
Senegal	113 738	69 351	44 387	9 583	59 769
Seychelles	2 804	824	1 980	824	0
Sierra Leone	45 835	31 491	14 344	10 759	20 732
Solomon Islands	2 519	2 519	0	1 124	1 395
Somalia	17 710	17 710	0	411	17 299
Sri Lanka	141 850	108 417	33 434	22 640	85 776
Sudan	128 666	119 123	9 543	25 826	93 297
Swaziland	20 403	16 510	3 892	9 609	6 901
Syrian Arab Republic	69 858	38 453	31 405	21 961	16 492
The former Yugoslav Republic of Macedonia	11 721	11 721	0	2 007	9 714
Togo	17 565	17 565	0	7 218	10 347
Tonga	4 837	4 837	0	1 706	3 131
Tunisia	56 267	41 092	15 175	27 443	13 649
Turkey	63 612	33 899	29 713	17 093	16 806
Uganda	217 154	152 386	64 768	28 773	123 613
United Republic of Tanzania	223 428	164 667	58 761	16 906	147 761
Uruguay	10 292	10 292	0	6 798	3 494
Uzbekistan	6 190	0	6 190	0	0
Venezuela (Bolivarian Republic of)	28 421	15 309	13 112	11 031	4 278
Viet Nam	203 241	135 112	68 129	10 445	124 667
Yemen	138 740	132 765	5 976	41 139	91 625
Zambia	115 788	83 444	32 344	23 562	59 882
Zimbabwe	32 176	32 176	0	15 605	16 571
Total	7 514 015	5 475 780	2 038 231	1 500 140	3 975 642
Fund for Gaza and the West Bank ^c	2 513	2 513	0	553	1 960
Total SDR	7 516 528	5 478 293	2 038 231	1 500 693	3 977 602
US\$ equivalent	11 589 743	8 446 986	3 142 751	2 313 917	6 133 069
Total loans					
31 December 2013 US\$ at nominal value	11 658 273	8 515 516	3 142 751	2 357 218	6 158 298
Fair value adjustment					(1 237 140)
31 December 2012 US\$ at fair value					4 921 159
31 December 2012 US\$ at nominal value	11 161 032	7 989 989	3 171 044	2 129 646	5 860 343
Fair value adjustment					(1 171 249)
31 December 2012 US\$ at fair value					4 689 094

^a 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 1.5419 at 31 December 2013.

^b 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.

^c 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).

2. IFAD: Summary of loans approved at nominal value
As at 31 December 2013

		<i>Approved loans in thousands of SDR</i>			<i>Value in thousands of United States dollars</i>					
		<i>As at 1 January 2013</i>	<i>Loans cancelled</i>	<i>Loans fully repaid</i>	<i>As at 31 December 2013</i>	<i>As at 1 January 2013</i>	<i>Loans cancelled</i>	<i>Loans fully repaid</i>	<i>Exchange rate movement SDR/US\$</i>	<i>As at 31 December 2013*</i>
1978	US\$	68 530			68 530	68 530			0	68 530
1979	SDR	201 486			201 486	309 905			764	310 669
1980	SDR	187 228			187 228	287 978			710	288 688
1981	SDR	197 694			197 694	304 074			749	304 824
1982	SDR	114 409			114 409	175 973			434	176 407
1983	SDR	155 736			155 736	239 540			590	240 130
1984	SDR	131 907			131 907	202 887			500	203 387
1985	SDR	72 039			72 039	110 804			273	111 077
1986	SDR	23 663			23 663	36 395			90	36 486
1987	SDR	60 074			60 074	92 401			228	92 629
1988	SDR	52 100			52 100	80 136			198	80 334
1989	SDR	98 066			98 066	150 836			372	151 208
1990	SDR	47 203			47 203	72 603			179	72 782
1991	SDR	98 025			98 025	150 774			372	151 145
1992	SDR	122 205		(15 155)	107 050	187 965		(23 368)	463	165 060
1993	SDR	142 861			142 861	219 736			542	220 278
1994	SDR	166 564			166 564	256 194			631	256 825
1995	SDR	214 785			214 785	330 363			814	331 178
1996	SDR	226 735			226 735	348 744			860	349 603
1997	SDR	267 524		(6 688)	260 836	411 481		(10 312)	1 014	402 183
1998	SDR	267 381	(361)		267 020	411 262	(557)		1 014	411 719
1999	SDR	288 133	(46)		288 087	443 180	(71)		1 092	444 202
2000	SDR	278 262	(3 945)		274 317	427 997	(6 082)		1 055	422 970
2001	SDR	265 327	(6 809)		258 518	408 103	(10 499)		1 006	398 610
2002	SDR	241 726	(194)		241 532	371 801	(299)		916	372 418
2003	SDR	255 394	(23 390)	(5 519)	226 485	392 824	(36 065)	(8 510)	968	349 216
2004	SDR	259 652	(236)		259 416	399 374	(365)		984	399 994
2005	SDR	317 213	(595)		316 618	487 908	(917)		1 203	488 194
2006	SDR	339 519	(25)		339 494	522 217	(38)		1 287	523 466
2007	SDR	275 250			275 250	423 365			1 044	424 408
2008	SDR	280 236			280 236	431 034			1 062	432 097
2009	SDR	277 752			277 752	427 228			1 053	428 281
2010	SDR	437 810	(10 850)		426 960	673 400	(16 730)		1 660	658 330
2011	SDR	459 940			459 940	707 438			1 744	709 182
2012		424 630	(12 020)		412 610	653 127	(18 534)		1 610	636 203
2013					353 824					545 563
Total	SDR	7 248 529	(58 471)	(27 362)	7 516 529	11 149 047	(90 157)	(42 190)	27 480	11 589 745
Total	US\$	68 530				68 530				68 530
Total						11 217 579	(90 157)	(42 190)	(27 480)	11 658 275

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

As at 31 December 2013 and 2012 (Thousands of United States dollars)

<i>Period due</i>	<i>2013</i>	<i>2012</i>
Less than 1 year	283 368	275 075
1-2 years	238 264	225 222
2-3 years	250 809	238 822
3-4 years	261 334	245 117
4-5 years	270 477	252 702
5-10 years	1 360 188	1 268 331
10-15 years	1 231 936	1 167 414
15-20 years	1 019 645	1 001 110
20-25 years	763 720	761 847
More than 25 years	478 477	424 711
Total	6 158 217	5 860 351

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

As at 31 December 2013 and 2012 (Thousands of United States dollars)

	<i>2013</i>	<i>2012</i>
Highly concessional terms	5 679 829	5 422 774
Hardened terms	9 794	3 606
Intermediate terms	257 405	248 336
Ordinary terms	211 189	185 635
Total	6 158 217	5 860 351

5. Disbursement structure of undisbursed loans at nominal value

Projected as at 31 December 2013 and 2012 (Thousands of United States dollars)

<i>Disbursements in</i>	<i>2013</i>	<i>2012</i>
Less than 1 year	649 581	623 000
1-2 years	595 369	583 737
2-3 years	507 976	509 704
3-4 years	425 760	421 978
4-5 years	359 493	350 931
5-10 years	604 571	681 694
Total	3 142 751	3 171 044

6. Special Programme for Africa: Statement of loans at nominal value
As at 31 December 2013 and 2012

<i>Borrower or guarantor</i>	<i>Approved loans less cancellations</i>	<i>Undisbursed portion</i>	<i>Disbursed portion</i>	<i>Repayments</i>	<i>Outstanding loans</i>
SDR loans (expressed in thousands)					
Angola	2 714	-	2 714	769	1 946
Burkina Faso	10 546	-	10 546	3 743	6 803
Burundi	4 494	-	4 494	1 196	3 299
Cabo Verde	2 183	-	2 183	743	1 440
Chad	9 617	-	9 617	3 027	6 590
Comoros	2 289	-	2 289	689	1 600
Djibouti	114	-	114	38	75
Ethiopia	6 660	-	6 660	2 696	3 964
Gambia (The)	2 638	-	2 638	923	1 715
Ghana	22 321	-	22 321	7 340	14 982
Guinea-Bissau	2 126	-	2 126	904	1 223
Guinea	10 762	-	10 762	4 036	6 726
Kenya	12 241	-	12 241	3 730	8 511
Lesotho	7 481	-	7 481	2 526	4 955
Madagascar	1 098	-	1 098	311	787
Malawi	5 777	-	5 777	1 445	4 332
Mali	10 193	-	10 193	4 096	6 097
Mauritania	19 020	-	19 020	6 823	12 197
Mozambique	8 291	-	8 291	3 420	4 871
Niger	11 119	-	11 119	4 365	6 754
Senegal	23 234	-	23 234	7 706	15 528
Sierra Leone	1 505	-	1 505	414	1 091
Sudan	26 012	-	26 012	7 438	18 574
Uganda	8 124	-	8 124	3 249	4 874
United Republic of Tanzania	6 789	-	6 789	2 376	4 413
Zambia	8 607	-	8 607	3 421	5 186
Total	225 958		225 958	77 425	148 533
US\$ equivalent	348 404		348 404	119 382	229 022
Fair value adjustment					(84 035)
31 December 2013 US\$ at fair value					144 987
31 December 2012 US\$ at nominal value	342 604	0	342 604	106 386	236 218
Fair value adjustment					(88 794)
31 December 2012 US\$ at fair value					147 424

7. Special Programme for Africa: Summary of loans approved at nominal value
As at 31 December 2013 (Thousands of United States dollars)

		<i>Approved loans in thousands of SDRs</i>			<i>Value in thousands of United States dollars</i>			
		<i>As at 1 January 2013</i>	<i>Loans cancelled</i>	<i>As at 31 December 2013</i>	<i>As at 1 January 2013</i>	<i>Loans cancelled</i>	<i>Exchange rate movement SDR/US\$</i>	<i>As at 31 December 2013</i>
1986	SDR	24 902	-	24 902	38 302		94	38 396
1987	SDR	41 292	-	41 292	63 512		157	63 669
1988	SDR	34 770	-	34 770	53 480		132	53 612
1989	SDR	25 756	-	25 756	39 615		98	39 713
1990	SDR	17 370	-	17 370	26 717		66	26 783
1991	SDR	18 246	-	18 246	28 064		69	28 135
1992	SDR	6 952	-	6 952	10 693		26	10 719
1993	SDR	34 268	-	34 268	52 708		130	52 838
1994	SDR	16 320	-	16 320	25 102		62	25 164
1995	SDR	6 082	-	6 082	9 354		23	9 377
Total	SDR	225 958		225 958	347 547		857	348 404

8. Special Programme for Africa: Maturity structure of outstanding loans by period at nominal value
 As at 31 December 2013 and 2012 (Thousands of United States dollars)

<i>Period due</i>	<i>2013</i>	<i>2012</i>
Less than 1 year	11 260	10 255
1-2 years	8 957	8 928
2-3 years	8 957	8 928
3-4 years	8 957	8 928
4-5 years	8 957	8 928
5-10 years	44 786	44 641
10-15 years	44 786	44 641
15-20 years	44 786	44 641
20-25 years	36 003	39 664
More than 25 years	11 572	16 480
Total	229 022	236 036

9. Special Programme for Africa: Summary of outstanding loans by lending type at nominal value
 As at 31 December 2013 and 2012 (Thousands of United States dollars)

	<i>2013</i>	<i>2012</i>
Highly concessional terms	229 022	236 036
Intermediate terms		-
Ordinary terms		-
Total	229 022	236 036

IFAD-only statement of grants

As at 31 December 2013 and 2012 (Thousands of United States dollars)

	<i>Undisbursed as at 1 January 2013</i>	<i>2013 movements</i>				<i>Undisbursed as at 31 December 2013</i>
		<i>Disbursable</i>	<i>Disbursements</i>	<i>Cancellations</i>	<i>Exchange rate</i>	
Other grants	91 044	39 861	(45 281)	(2 912)	102	82 814
Fair value adjustment						(1 349)
Total 2013 at fair value						81 465
Total 2012	95 698	48 851	(46 335)	(7 147)	(23)	91 044
Fair value adjustment						871
Total 2012 at fair value						91 915

IFAD-only Debt Sustainability Framework

As at 31 December 2013 and 2012 (Thousands of United States dollars)

<i>Borrower or guarantor</i>	<i>Undisbursed as at 1 January 2013</i>	<i>Effective/ (Cancellations) 2013</i>	<i>Disbursements 2013</i>	<i>Exchange difference</i>	<i>Undisbursed as at 31 December 2013</i>
DSF projects denominated in US\$	1 527	(210)	(606)	-	711
SDR Debt Sustainability Framework					
Afghanistan	6 989	37 650	(5 636)	-	39 003
Benin	5 156	-	(1 431)	-	3 725
Burkina Faso	5 011	-	(267)	-	4 744
Burundi	30 530	4 300	(5 388)	-	29 443
Cambodia	14 402	850	(1 994)	-	13 257
Central African Republic	2 943	-	(473)	-	2 470
Chad	13 547	-	(5 731)	-	7 817
Comoros	1 766	-	(1 200)	-	567
Congo	2 724	-	(218)	-	2 506
Côte d'Ivoire	5 370	14 500	(4 601)	-	15 270
Democratic Republic of the Congo	58 470	-	(2 682)	-	55 788
Djibouti	1 751	-	(984)	-	767
Eritrea	9 543	11 400	(3 064)	-	17 879
Ethiopia	45 649	-	(11 140)	-	34 509
Gambia (The)	3 324	13 150	(3 347)	-	13 127
Guinea-Bissau	1 244	-	(287)	-	957
Guinea	10 886	-	(4 863)	-	6 023
Guyana	1 089	-	(381)	-	708
Haiti	4 728	8 750	(2 737)	-	10 741
Kyrgyzstan	969	6 500	(1 426)	-	6 043
Lao People's Democratic Republic	14 306	-	(3 700)	-	10 606
Lesotho	3 801	-	(313)	-	3 488
Liberia	814	-	(389)	-	425
Malawi	3 376	14 250	(828)	-	16 798
Mauritania	3 177	5 600	(554)	-	8 223
Nepal	5 081	12 850	(1 338)	-	16 593
Nicaragua	6 711	-	(974)	-	5 737
Niger	2 467	-	(2 090)	-	377
Republic of Moldova	-	1 650	(194)	-	1 456
Rwanda	13 067	5 100	(5 866)	-	12 301
Sao Tome and Principe	1 138	-	(100)	-	1 038
Sierra Leone	4 458	-	(2 270)	-	2 188
Solomon Islands	1 013	-	(1 013)	-	-
South Sudan	6 241	-	(1 839)	-	4 402
Sudan	19 665	1 932	(4 776)	-	16 822
Tajikistan	6 525	9 300	(1 048)	-	14 776
Timor-Leste	2 709	-	(840)	-	1 867
Togo	6 228	-	(2 974)	-	3 254
Tonga	2 334	-	(135)	-	2 199
Yemen	13 291	5 720	(4 377)	-	14 635
Subtotal SDR DSF	342 493	153 502	(93 468)	-	402 527
Subtotal SDR DSF (US\$ equivalent)	528 091	236 685	(144 118)	-	620 658
2013 Total US\$ and SDR DSF	529 618	236 475	(144 724)	100	621 469
Exchange difference			2 059		
Total 2013 disbursements			(142 665)		
2012 Total US\$ and SDR DSF	467 608	308 799	(118 877)	(214)	657 314

Summary of the Heavily Indebted Poor Countries Debt Initiative

As at 31 December 2013 and 2012 (Thousands of United States dollars)

As at 31 December 2013, the cumulative position of the debt relief provided and estimated to be provided under both the original and the enhanced Heavily Indebted Poor Countries Debt Initiative is as follows:

	<i>Debt relief provided to 31 December 2013</i>		<i>Debt relief to be provided as approved by the Executive Board</i>			
	<i>Principal</i>	<i>Interest</i>	<i>To be covered by IFAD</i>		<i>To be covered by</i>	<i>Total debt relief</i>
			<i>Principal</i>	<i>Interest</i>	<i>World Bank contribution</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	4 406	1 320	3 665	650	4 907	14 948
Cameroon	2 502	633	156	27	191	3 509
Comoros	190	39	761	112	1 223	2 325
Central African Republic	7 509	2 484	800	174	1 267	12 234
Congo	0	100	0	0	0	100
Côte d'Ivoire	877	158	309	56	552	1 952
Democratic Republic of the Congo	6 928	2 507	2 700	280	2 484	14 899
Ethiopia	20 281	5 846	96	19	155	26 397
Gambia (The)	2 508	619	0	0	0	3 127
Ghana	15 585	5 003	0	0	0	20 588
Guinea	2 427	518	3 159	586	2 986	9 676
Guinea-Bissau	2 785	939	1 148	124	777	5 773
Guyana	1 527	299	0	0	0	1 826
Haiti	1 946	635	0	0	0	2 581
Honduras	1 077	767	0	0	0	1 844
Liberia	8 324	6 131	397	55	509	15 416
Madagascar	7 810	2 096	0	0	0	9 906
Malawi	9 211	2 391	3 682	678	4 953	20 915
Mali	6 211	2 431	0	0	0	8 642
Mauritania	8 484	2 601	0	0	0	11 085
Mozambique	12 521	3 905	0	0	0	16 426
Nicaragua	7 259	943	0	0	0	8 202
Niger	7 419	2 114	1 187	230	1 574	12 524
Rwanda	9 752	3 756	6 365	1 306	387	21 566
Sao Tome and Principe	949	268	1 838	409	832	3 079
Senegal	2 247	882	0	0	0	3 129
Sierra Leone	6 506	1 689	1 471	217	1 369	11 252
United Republic of Tanzania	12 691	4 293	0	0	0	16 984
Togo	2 008	759	0	0	0	2 767
Uganda	12 449	4 654	0	0	0	17 103
Zambia	14 538	4 022	1 530	295	1 677	22 062
Decision point countries						
Chad	0	0	2 239	434	0	2 673
31 December 2013 SDR	216 164	71 003	30 554	5 384	25 843	348 948
Less future interest on debt relief not accrued (including interest covered by the World Bank contribution)						(12 820)
Total cumulative cost of debt relief as at 31 December 2013 (thousands of SDR)						336 128
31 December 2013 US\$	333 303	109 480	47 111	8 302	39 847	518 276
Total less future interest on debt relief not accrued (including World Bank)						
Total cumulative cost of debt relief as at 31 December 2013 (thousands of SDR)						
Fair value adjustment			(14 389)			
31 December 2013 at fair value			32 722			
31 December 2012 SDR	200 263	67 547	56 739	9 849	53 636	388 035
Less future interest on debt relief not accrued						(17 752)
Total cumulative cost of debt relief as at 31 December 2012 (thousands of SDR)						370 283
31 December 2012 US\$	308 027	103 894	87 271	15 149	82 498	596 838
Total less future interest on debt relief not accrued (including World Bank)						(27 303)
Total cumulative cost of debt relief as at 31 December 2012 (thousands of US dollars)						569 535
Fair value adjustment			(23 409)			
31 December 2012 at fair value			63 861			

Summary of the Haiti Debt Relief Initiative

As at 31 December 2013

<i>Member States</i>	<i>Thousands of US dollars</i>	<i>Thousands of SDR</i>
Austria	685	438
Belgium	775	509
Canada	3 500	2 303
Denmark	513	339
France	1 700	1 080
Germany	2 308	1 480
Japan	2 788	1 743
Luxembourg	280	178
Mauritius	5	3
Norway	1 626	1 066
Sweden	1 718	1 115
Switzerland	962	637
United Kingdom	2 700	1 717
United States	8 000	5 217
Total contribution received by Member States	27 560	17 825
Interest earned	604	
Debt relief provided	(7 089)	
Total administrative account Member States	21 075	
IFAD contribution	15 200	10 088
Interest earned	410	
Debt relief provided	0	
Total administrative account IFAD	15 610	
Grand total	36 685	
<i>Exchange rate movement</i>	584	
Haiti Debt Relief Initiative cash and investments	37 269	

IFAD-only statement of operating expenses

An analysis of IFAD operating expenses by principal sources of funding
For the years ended 31 December 2013 and 2012 (Thousands of United States dollars)

	<i>Administrative expenses^a</i>	<i>Direct charges^b</i>	<i>Other sources^c</i>	<i>Total</i>
Staff salaries and benefits	97 354	0	3 634	100 988
Office and general expenses	20 977	359	10 140	31 476
Consultants and other non-staff costs	29 177	282	3 527	32 985
Cooperating institutions	2 059	0	255	2 314
Direct bank and investment costs	0	2 888	0	2 888
Total 2013	149 567	3 529	17 556	170 652
Total 2012	151 126	3 991	11 226	166 341

^a These refer to IFAD regular budget, the Independent Office of Evaluation of IFAD, carry-forward and ASMCS costs.

^b Direct charges against investment income.

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