

Document: GC 41/L.4
Agenda: 7
Date: 20 December 2017
Distribution: Public
Original: English



Investing in rural people

Consolidated financial statements of IFAD as at 31 December 2016

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

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Governing Council — Forty-first Session
Rome, 13-14 February 2018

For: Approval

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Acronyms and abbreviations

APO	associate professional officer
ASMCS	After-Service Medical Coverage Scheme
ASAP	Adaptation for Smallholder Agriculture Programme
BFFS.JP	Belgian Fund for Food Security Joint Programme
DSF	Debt Sustainability Framework
FVTPL	fair value through profit and loss
FGWB	IFAD Fund for Gaza and the West Bank
FAO	Food and Agriculture Organization of the United Nations
GAfsp	Global Agriculture and Food Security Program
GEF	Global Environment Facility
IAS	International Accounting Standard (superseded by IFRS)
ILC	International Land Coalition
IFRS	International Financial Reporting Standards
HIPC	Heavily Indebted Poor Countries Debt Initiative
MLR	minimum liquidity requirement
OPEC	Organization of the Petroleum Exporting Countries
Spanish Trust Fund	Spanish Food Security Cofinancing Facility Trust Fund
SPA	Special Programme for Africa
SDR	special drawing right
S&P	Standard & Poor's 500
UNJSPF	United Nations Joint Staff Pension Fund
UNCDF	United Nations Capital Development Fund

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 2016 and the results of its operations for the year ended on that date, as contained in appendices A to L 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 2016

(including the Management assertion, and report of the external auditor and the external auditor's attestation on the effectiveness of internal controls over financial reporting)

1. At its 120th session in April 2017, the Executive Board reviewed the audited financial statements of IFAD for the 2016 fiscal year (appendices A to L inclusive), and the report of the external auditor thereon, both contained in this document.
2. 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 143rd 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.
3. IFAD issued the Management assertion report on the operational effectiveness of internal controls over financial reporting, as at 31 December 2016. 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.
4. The external auditors expressed an unqualified/favourable opinion on the consolidated financial statements of the Fund as at 31 December 2016. In addition, they issued the external attestation on the effectiveness of internal controls over financial reporting.

Consolidated statement of comprehensive income

For the years ended 31 December 2016 and 2015
(Thousands of United States dollars)

	Note	2016	2015
Revenue			
Income from loans		52 661	57 937
Income/(losses) from cash and investments	17	48 815	2 689
Income from other sources	18	10 761	7 951
Income from contributions	19	184 523	184 779
Total revenue		296 760	253 356
Operating expenses			
	20		
Staff salaries and benefits	21	(83 825)	(88 156)
Office and general expenses		(34 657)	(36 393)
Consultants and other non-staff costs		(44 166)	(40 056)
Direct bank and investment costs	24	(2 616)	(2 653)
Subtotal operating expenses		(165 264)	(167 258)
Other expenses			
Loan interest expenditures		(1 051)	(2 749)
(Allowance)/Reversal for loan impairment losses	9(a)	(25 868)	20 130
Debt Initiative for HIPC (expenses)/income	26	(4 173)	(7 893)
Grant expenses	22	(223 187)	(213 794)
Debt Sustainability Framework (DSF) expenses	23	(123 892)	(125 586)
Depreciation	8	(2 585)	(1 815)
Subtotal other expenses		(380 756)	(331 706)
Total expenses		(546 020)	(498 965)
(Deficit) before fair value and foreign exchange adjustments		(249 260)	(245 609)
Adjustment for changes in fair value	25	(4 324)	(31 102)
(Losses)/gains from currency exchange movements IFAD	16	(169 541)	(274 680)
Net profit or (loss)		(423 125)	(551 391)
Other comprehensive income/(loss):			
(Losses)/gains from currency exchange movements and retranslation of consolidated entities	16	6 489	(15 218)
Change in provision for After-Service Medical Coverage Scheme (ASMCS) benefits	21	(22 173)	21 188
Total other comprehensive (loss)/income		(15 684)	5 970
Total comprehensive (loss)/income		(438 809)	(545 421)

IFAD-only statement of comprehensive income

For the years ended 31 December 2016 and 2015
(Thousands of United States dollars)

	Note	2016	2015
Revenue			
Income from loans		51 843	57 373
Income /(losses) from cash and investments	17	46 002	852
Income from other sources		14 714	9 724
Income from contributions	19	5 659	2 661
Total revenue		118 218	70 610
Operating expenses			
	20		
Staff salaries and benefits	21	(80 531)	(85 167)
Office and general expenses		(33 130)	(34 608)
Consultants and other non-staff costs		(40 110)	(35 404)
Direct bank and investment costs		(2 415)	(2 449)
Subtotal operating expenses		(156 186)	(157 628)
Other expenses			
Loan interest expenditures		(874)	(1 717)
(Allowance)/Reversal for loan impairment losses	9(a)	(25 868)	20 130
Debt Initiative for HIPC (expenses)/income	26	(4 173)	(7 893)
Grant expenses	22	(55 020)	(44 840)
DSF expenses	23	(123 892)	(125 586)
Depreciation	8	(2 584)	(1 815)
Subtotal other expenses		(212 411)	(161 720)
Total expenses		(368 597)	(319 349)
(Deficit) before fair value and foreign exchange adjustments		(250 379)	(248 737)
Adjustment for changes in fair value		(5 328)	(29 526)
(Losses)/gains from currency exchange movements IFAD	16	(169 541)	(274 680)
Net profit or (loss)		(425 248)	(552 943)
Other comprehensive income/(loss):			
Change in provision for ASMCS benefits	21	(22 173)	21 188
Total other comprehensive (loss)/income		(22 173)	21 188
Total comprehensive (loss)/income		(447 421)	(531 755)

Consolidated statement of changes in retained earnings

For the years ended 31 December 2016 and 2015
(Thousands of United States dollars)

	<i>Total retained earnings</i>
Retained earnings as at 31 December 2014	(523 147)
2015	
Net profit or (loss)	(551 391)
Total other comprehensive income	5 970
DSF compensation	1 612
Retained earnings as at 31 December 2015	(1 066 954)
2016	
Net profit or (loss)	(423 125)
Total other comprehensive (loss)	(15 684)
DSF compensation	564
Retained earnings as at 31 December 2016	(1 505 200)

IFAD-only statement of changes in retained earnings

For the years ended 31 December 2016 and 2015
(Thousands of United States dollars)

	<i>Total retained earnings</i>
Retained earnings as at 31 December 2014	(534 611)
2015	
Net profit or (loss)	(552 943)
Total other comprehensive income	21 188
DSF compensation	1 612
Retained earnings as at 31 December 2015	(1 064 754)
2016	
Net profit or (loss)	(425 248)
Total other comprehensive loss	(22 173)
DSF compensation	564
Retained earnings as at 31 December 2016	(1 511 611)

Consolidated cash flow statement

For the years ended 31 December 2016 and 2015
(Thousands of United States dollars)

	2016	2015
Cash flows from operating activities		
Interest received from loans IFAD	51 117	47 783
Interest received from loans other funds	837	481
Receipts for non-replenishment contributions	132 341	101 489
Payments for operating expenses and other payments	(162 842)	(187 799)
Grant disbursements (IFAD)	(39 270)	(48 204)
Grant disbursements (supplementary funds)	(90 477)	(78 835)
DSF disbursements	(123 892)	(125 586)
Transfer to restricted cash	-	3 934
Net cash flows used in operating activities	(232 186)	(286 737)
Cash flows from investing activities		
Loan disbursements IFAD	(539 409)	(486 701)
Loan disbursements other funds	(50 355)	(50 346)
Loan principal repayments IFAD	248 121	226 652
Loan principal repayments other funds	3 411	1 293
Transfers from/(to) investments at amortized costs	82 141	236 754
Receipts from investments	39 520	8 975
Net cash flows used in investing activities	(216 571)	(63 373)
Cash flows from financing activities		
Receipts for replenishment contributions	242 685	287 024
Receipts of borrowed funds	106 827	168 764
Payments for trust fund borrowing	(17 074)	(3 668)
Net cash flows from financing activities	332 438	452 120
Effects of exchange rate movements on cash and cash equivalents	(40 787)	(109 285)
Net (decrease) in unrestricted cash and cash equivalents	(157 106)	(7 275)
Unrestricted cash and cash equivalents at beginning of year	1 590 046	1 597 321
Unrestricted cash and cash equivalents at end of year	1 432 940	1 590 046
Composed of:		
Unrestricted cash	260 292	325 480
Unrestricted investments excluding held-to-maturity and payables control accounts	1 172 648	1 264 566
Cash and cash equivalents at end of year	1 432 940	1 590 046

Summaries of cash flow information on other consolidated entities

As at 31 December 2016

(Millions of United States dollars)

	HIPC	Haiti Debt Relief Initiative	ASMCS Trust Fund	Spanish Food Security Cofinancing Facility Trust Fund	Adaptation for Smallholder Agriculture Programme Trust Fund	Supplementary funds
Balance sheet						
Total assets	2.6	26.0	69.2	293.4	251.1	442.1
Total liabilities	17.5	27.4	78.9	285.6	245.4	439.8
Retained earnings	(14.8)	(1.4)	(9.7)	7.8	5.6	2.3
Statement of comprehensive income						
Total revenue	-	-	0.2	1.6	60.5	118.4
Total operating expenses	-	-	0.2	2.3	58.9	117.5
Net revenue less operating expenses	-	-	-	(0.6)	(1.6)	0.9
Net cash flow	(0.4)	0.4	-	(4.7)	4.5	5.5

As at 31 December 2015

(Millions of United States dollars)

	HIPC	Haiti Debt Relief Initiative	ASMCS Trust Fund	Spanish Food Security Cofinancing Facility Trust Fund	Adaptation for Smallholder Agriculture Programme Trust Fund	Supplementary funds
Balance sheet						
Total assets	3.0	28.7	63.4	319.9	295.9	448.7
Total liabilities	15.1	30.1	71.8	311.2	296.7	452.5
Retained earnings	(12.1)	(1.4)	(8.4)	8.7	(0.8)	(3.8)
Statement of comprehensive income						
Total revenue	-	-	0.2	1.8	81.1	100.9
Total operating expenses	-	-	0.2	4.9	79.9	100.4
Net revenue less operating expenses	-	-	-	(3.1)	1.2	0.5
Net cash flow	(1.5)	2.5	(3.9)	(3.8)	75.8	14.9

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, intergovernmental organizations, non-governmental organizations and the private sector, including cofinancing. Financing from non-replenishment sources in the form of supplementary funds and human resources forms an integral part of IFAD's operational activities.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The consolidated financial statements of the Fund are prepared in accordance with International Financial Reporting Standards (IFRS) and on a going concern basis. 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.

(b) Area of consolidation

Financing in the form of supplementary funds and other non-core funding sources 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;
- Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund); and
- 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 to govern the related financial and operating policies; IFAD is exposed, or has rights, to the results/effects from its involvement with these and has the ability to affect those results/effects through its power over the components. 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 power to govern the related financial and operating policies. As such, they are not consolidated, as they are not substantially controlled. As at 31 December 2016 the only entity hosted by IFAD is the International Land Coalition (ILC) (formerly called the Popular Coalition to Eradicate Hunger and Poverty).

(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 net profit or loss of the period in which they arise.

The results and financial position of the entities/funds consolidated that have a functional currency different from the presentation currency are translated into the presentation currency and are reported under other comprehensive income/loss as follows:

- Assets and liabilities expenditures are translated at the closing rate and revenue and expenditures are translated at the yearly average rate; and
- 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 (FVTPL). The classification depends on the contractual cash flow characteristics (contractual terms give rise on unspecified 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 or not 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)

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, except for qualified instruments of contribution, which are subject to national appropriation measures and which will be proportionally reduced upon fulfilment 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 IFRS 9.

Allowance for contribution's impairment losses

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

If there is evidence that an identified loan or receivable asset is impaired, a specific provision for impairment is recognized. Impairment is quantified as the difference between the carrying amount and the collectable amount. The criteria used to determine whether there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal and interest;

- Cash flow difficulties experienced by the borrower;
- Breach in contracts or conditions; and
- Initiation of bankruptcy proceeding.

In such cases, provisions will be set up:

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

(ii) General Reserve

The General Reserve may only be used for the purposes authorized by the Governing Council and was established in recognition of the need to cover the Fund's potential over-commitment risk as a result of exchange rate fluctuations, possible delinquencies in 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 formal review was conducted in 2016. The Audit Committee agreed to conduct the next formal review in 2017.

(iii) Retained earnings

Retained earnings represent the cumulative excess of revenue over expenses net of the effects of changes in foreign exchange rates.

(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 enters into force on the date when both the Fund and the borrower have signed it, unless the financing agreement states that it is subject to ratification, in which case, the financing agreement will enter into force on the date the Fund receives an instrument of ratification. All IFAD loans are approved and loan repayments and interest are payable in the currency specified in the loan agreement. 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 0.75 per cent per annum and have a maturity period of 40 years, including a grace period of 10 years;
- (b) loans on hardened terms shall be free of interest but bear a service charge of 0.75 per cent per annum and have a maturity period of 20 years, including a grace period of 10 years;
- (c) loans on blend terms

shall be free of interest but bear a service charge of 0.75 per cent per annum plus a spread and have a maturity period of 20 years, including a grace period of 10 years (these are applicable from 2013 onwards); (d) loans on intermediate terms shall have a rate of interest per annum equivalent to 50 per cent of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of 20 years, including a grace period of 5 years; (e) loans on ordinary terms shall have a rate of interest per annum equivalent to 100 per cent of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of 15 to 18 years, including a grace period of 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

Similarly to the criteria set for the allowance for impairment losses for contributions receivable, if there is evidence of a strong deterioration of credit worthiness of IFAD's borrowers, an allowance is set up so that an identified loan or receivable asset is impaired, and a specific provision for impairment is recognized. Impairment is quantified as the difference between the carrying amount and the collectable amount. Moreover, delays in receiving loan payments result in present value losses to the Fund, as it does not charge fees or additional interest on 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 allowance shall be made on loan instalments overdue for more than 24 months. An allowance is also made for loan instalments on the same loan overdue for 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 to determine whether the given period has elapsed is the balance sheet date. Considering the positive historical loan reflow trends for which losses have not been recorded so far, 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 FVTPL 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. For securities at fair value through profit and loss, 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 E.

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 for the approved amount and as a liability for undisbursed amounts at fair value in accordance with IFRS 9. Following the approval by the Executive Board of the revisions to the General Conditions for Agricultural Development Financing (April 2009), grants become disbursementable 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 service charge is not meant to be compensated. In line with the accounting policy on Contributions-Equity DSF Principal, the compensation contribution will be recorded in full as equity and as receivable when a Member deposits an instrument of contribution, except for qualified instruments of contribution, which are subject to national appropriation measures that will be proportionally reduced upon fulfilment 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 IFRS 9. Principal compensation will be negotiated during future replenishment consultations (see note 28(b), 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

Financial liability is accounted for at amortized costs.

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

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

Repayments of the loan by the Spanish Trust Fund to Spain will be aligned to the loan repayments received from borrowing countries over 45 years, with a five-year grace period.

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.

Borrowing under the framework agreement with KfW Development Bank

At its 112th session, the Executive Board approved a framework agreement with KfW Development Bank for the granting of individual loans to IFAD. Subsequently, the KfW loan for EUR 400 million was negotiated under the framework agreement and signed on 24 November 2014 by the President of IFAD. The first individual loan agreement (ILA) was signed for EUR 100 million, the second for EUR 200 million and the third was signed on 9 December 2016 for EUR 100 million. All projects supported by this borrowing facility are on the basis of loans on ordinary terms and in euros.

Repayment of the KfW loans is scheduled in 20 years with a five-year grace period. This financing agreement has been accounted for in IFAD's balance sheet.

(m) Employee schemes

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.

After-Service Medical Coverage Scheme

IFAD participates in a multi-employer After-Service Medical Coverage Scheme 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 International Accounting Standard (IAS) 19R, 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 net profit or loss, while re-measurements on assets and liabilities are recognized as the net position in other comprehensive income.

(n) Accruals for long service entitlements

Employee entitlements to annual leave and long-service entitlements are recognized when they accrue to employees. An accrual 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 Italy and IFAD regarding the Fund's provisional 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) Tangible and 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 (four to ten 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:

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 requiring inputs that are both unobservable and significant to the overall fair value measurement.

(b) Critical judgement in applying accounting policies

Fair value accounting

Fair value accounting is required in order for IFAD to comply with IFRS. 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)

Table 1
As at 31 December

	US\$ thousands	
	2016	2015
Unrestricted cash	260 292	325 480
Cash subject to restriction	102	102
Subtotal cash	260 394	325 582
Unrestricted investments at fair value	1 172 882	1 266 765
Investments at amortized cost	374 733	466 665
Investments subject to restriction	370	368
Subtotal investments	1 547 985	1 733 798
Total cash and investments	1 808 379	2 059 380

The composition of the portfolio by entity was as follows:

Table 2
As at 31 December

Entity	US\$ thousands	
	2016	2015
IFAD	1 334 547	1 525 161
ASMCS Trust Fund	63 101	63 036
HIPC Trust Fund	2 647	3 007
Supplementary Funds	128 625	123 121
Spanish Trust Fund	169 610	237 068
Haiti Debt Relief Initiative (appendix K)	26 037	28 693
ASAP	83 812	79 294
Total cash and investments	1 808 379	2 059 380

(a) 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.

IFAD has two escrow accounts that had a combined balance of US\$55,605 as at 31 December 2016.

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

At 31 December 2016, cash and investments, including payables and receivables, at market value amounted to US\$1,802.2 million (2015 – US\$2,047.6 million) and comprised the following instruments:

Table 3

	US\$ thousands	
	2016	2015
Cash	260 394	325 582
Fixed-income instruments	1 519 809	1 600 451
Unrealized (loss)/gain on forward contracts	(5 256)	4 280
Time deposits and other obligations of banks	27 388	120 095
Unrealized (loss)/gain on futures	6 044	8 972
Total cash and investments	1 808 379	2 059 380
Receivables for investments sold and taxes receivable	15	360
Payables for investments purchased	(6 160)	(12 103)
Total investment portfolio	1 802 234	2 047 637

Fixed-income investments and cash include US\$381.8 million at amortized cost as at 31 December 2016 (2015 – US\$478.3 million). The fair value of amortized cost investments as at 31 December 2016 was US\$383.3 million (2015 – US\$476.3 million).

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

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

Table 4

Currency	2016	2015
Chinese renminbi	27 825	-
Euro	791 705	874 920
Japanese yen	53 516	81 914
Pound sterling	120 749	167 259
United States dollar	808 705	923 544
Total cash and investment portfolio	1 802 234	2 047 637

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

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

Table 5

	US\$ thousands	
	2016	2015
Due in one year or less	528 633	622 178
Due after one year through five years	887 417	770 001
Due from five to ten years	301 299	506 275
Due after ten years	84 885	149 183
Total cash and investment portfolio	1 802 234	2 047 637

The average life to maturity of the fixed-income investments included in the consolidated investment portfolio at 31 December 2016 was 43 months (2015 – 55 months).

(e) 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.

(f) Market risk

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

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

The actual weights and amounts of each asset class within the overall portfolio, together with the asset allocation weights as at 31 December 2016 and 2015 are shown in tables 6 and 7. Disclosures relate to IFAD-only accounts, for the net asset value.

Table 6
2016

Asset class	Actual allocation		Investment policy
	%	US\$ millions	%
Cash	6.8	91.3	-
Time deposit	1.5	20.6	-
Global government bonds/agencies	38.0	504.7	50.0
Global credit bonds	32.5	431.9	25.0
Global inflation-linked	11.0	146.4	10.0
Emerging market debt bonds	10.0	133.5	15.0
Total	100.0	1 328.4	100.0

Table 7
2015

Asset class	Actual allocation		Investment policy
	%	US\$ millions	%
Short-term liquidity	3.7	56.0	6.3
Global strategic portfolio	14.0	212.6	15.3
Asset liability portfolio	10.0	151.8	10.0
Global government bonds	24.1	364.4	32.4
Global diversified fixed-income (currently global credit bonds)	16.3	246.9	9.0
Global inflation-linked	17.4	263.2	18.0
Emerging market debt bonds	14.5	218.8	9.0
Total	100.0	1 513.7	100.0

Asset classes are managed according to investment guidelines that address a variety of market risks through restrictions on eligibility of instruments and other limitations:

1. Benchmarks and limits on deviations from benchmarks in terms of tacking error limits.
2. Credit floors (refer to note 4(g), Credit risk).
3. CVaR limitation, which measures the potential average probable loss under extreme conditions,

providing an indication of how much value a portfolio could lose over a forward-looking period.

4. Duration, which measures the sensitivity of the market price of a fixed-income investment to a change in interest rates.

The benchmark indices used for the respective portfolios are shown in table 8.

Table 8
Benchmark indices by portfolio

Portfolio	Benchmark index
Operational cash	Same as the portfolio return
Global strategic portfolio	Equally-weighted extended sector benchmark (internally calculated on a quarterly basis)
Global liquidity portfolio	Zero
Chinese renminbi portfolio	Zero
Asset liability portfolio	Liability repayment rate of return
Global government bonds	Barclays Global Government Bond Index (1 year maturity)
Global credit 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 credit bonds asset class;
- Two years above the benchmark for the global inflation-linked bonds asset class; and
- Two years above the benchmark for the emerging market debt asset class.

The global liquidity, global strategic portfolio, Chinese renminbi and asset liability portfolio are internally managed and no duration limit is prescribed; however, the portfolios have a maximum maturity limit for the eligible investments. The effective duration of IFAD's investment portfolio at 31 December 2016 and 2015 and respective benchmarks are shown in table 9.

Table 9
Average duration of portfolios and benchmarks in years (IFAD-only)

As at 31 December 2016 and 2015

Portfolio	Portfolio		Benchmark	
	2016	2015	2016	2015
Operational cash	-	-	-	-
Global strategic portfolio	1.9	2.1	n.a.	n.a.
Global liquidity portfolio	0.1	-	n.a.	-
Chinese renminbi portfolio	0.1	-	n.a.	-
Asset liability portfolio	1.6	4.3	n.a.	n.a.
Global government bonds	0.6	0.8	1.0	1.0
Global credit bonds	4.5	4.2	4.8	4.6
Global inflation-linked bonds	5.9	6.3	5.3	5.3
Emerging market debt bonds	6.0	6.6	6.6	6.5
Total average	2.8	3.5	3.0	2.9

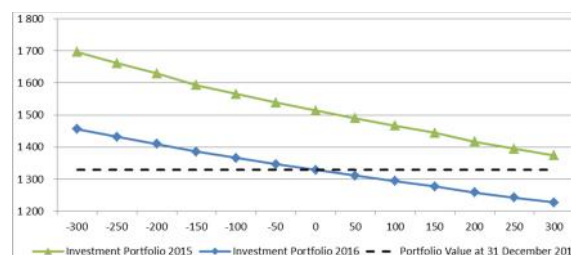
The sensitivity analysis of IFAD's overall investment portfolio in table 10 shows how a parallel shift in the yield curve (-300 to +300 basis points) would affect the value of the investment portfolio as at 31 December 2016 and 31 December 2015.

Table 10
Sensitivity analysis on investment portfolio (IFAD-only)

Basis point shift in yield curve	2016		2015	
	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	128	1 456	183	1 697
-250	104	1 432	148	1 662
-200	81	1 410	116	1 630
-150	57	1 386	79	1 593
-100	37	1 366	52	1 566
-50	18	1 347	25	1 539
0			-	1 514
50	(18)	1 311	(24)	1 490
100	(35)	1 293	(47)	1 467
150	(51)	1 277	(69)	1 445
200	(70)	1 258	(97)	1 417
250	(86)	1 242	(119)	1 395
300	(102)	1 227	(140)	1 374

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 2016, if the general level of interest rates on the global markets had been 300 basis points higher (as a parallel shift in the yield curves) the overall portfolio value would have been lower by US\$102 million as a result of the capital losses on the marked-to-market portion of the portfolio. If the general level of interest rates on the global markets had been 300 basis points lower (as a parallel shift in the yield curves) the overall portfolio value would have been higher by US\$128 million as a result of the capital gains on the marked-to-market portion of the portfolio.

Table 11 shows the tracking error limits defined by the Investment Policy Statement (IPS). 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 11
Tracking error ranges by portfolio

Portfolio	Tracking error maximum (percentage per annum)
Global strategic portfolio	n.a.
Asset liability portfolio	n.a.
Global liquidity portfolio	1.5
Chinese renminbi portfolio	1.5
Global government bonds	1.5
Global credit bonds	3.0
Global inflation-linked bonds	2.5
Emerging market debt bonds	4.0

The investment portfolio's total tracking error at 31 December 2016 was 0.15 per cent (2015 – 0.57 per cent). Neither the global strategic portfolio nor the asset liability portfolio have been allocated a tracking error limit.

(g) Credit risk

The Investment Policy Statement and IFAD 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 IFAD Investment Guidelines are shown in table 12.

Table 12
Minimum credit rating floor per Investment Policy
 Statement as at 31 December 2016

<i>Eligible asset classes</i>	<i>Credit rating floors for Standard & Poor's 500 (S&P), Moody's and Fitch</i>
Money market	Counterparty must have a minimum short-term credit rating of A-1 (S&P), F1 (Fitch) or P-1 (Moody's)
Fixed income, both nominal and inflation-linked	Investment grade
Government and government agencies fixed-income securities at national or subnational levels	Investment grade
Supranationals	Investment grade
Asset-backed securities (only agency issued or guaranteed)	AAA
Corporate bonds	Investment grade
Developed market equity	Investment grade
Currency forwards ^a	Counterparty must have a minimum short-term credit rating of A-1 (S&P), F1 (Fitch) or P-1 (Moody's)
Exchange-traded futures and options ^{a,b}	
Interest rate swaps ^a	
Cross currency swaps	
Asset swaps	
Credit default swaps ^a	

^a Derivatives used exclusively for hedging purposes.

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

At 31 December 2016, the average credit ratings by portfolio were in line with the minimum allowable ratings under the Investment Policy Statement and IFAD Investment Guidelines (table 13).

Table 13
Average credit ratings by portfolio (IFAD-only)
 As at 31 December 2016 and 2015

<i>Portfolio</i>	<i>Average credit rating^a</i>	
	<i>2016</i>	<i>2015</i>
Operational cash	P-1	P-1
Global strategic portfolio	Aa2	Aa2
Asset liability portfolio ^b	A2	Aa3
Chinese renminbi portfolio ^c	Time deposit	-
Global government bonds	Aa1	Aaa
Global credit bonds	A1	A2
Global inflation-linked	Aaa	Aaa
Emerging market debt bonds	A3	A3

^a The average credit rating is calculated based on market values at 31 December 2016 and 2015 except for the global strategic portfolio, whose credit rating is calculated on an amortized cost basis. The credit ratings used are based on the best credit ratings available from either S&P, Moody's or Fitch.

^b Approximately 20 per cent of the asset liability portfolio is in operational cash with an IFAD-approved commercial bank having a credit rating equivalent to P3 or BBB as reported by Fitch.

^c The time deposit counterparty in the Chinese renminbi portfolio is the Bank for International Settlements (BIS).

(h) Currency risk

The majority of IFAD's commitments relate to undisbursed loans and grants denominated in special drawing rights (SDR). IFAD's investment portfolio is therefore used to minimize IFAD's overall currency risk deriving from those commitments. 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 2016 is shown in table 14. The Chinese renminbi was included in the SDR basket as of October 2016.

Table 14
Alignment of assets to SDR basket (IFAD-only)
 As at 31 December 2016

<i>Currency group</i>	<i>Net asset amount (%)</i>	<i>SDR weights</i>	<i>Difference</i>
United States dollar	44.91	43.34	1.57
Chinese renminbi	1.83	10.89	(9.06)
Euro	26.75	30.32	(3.57)
Japanese yen	9.95	7.58	2.37
Pound sterling	16.55	7.86	8.68
Total	100.0	100.0	0.0

At 31 December 2016, had the United States dollar depreciated (or 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 15.

Table 15
Sensitivity of assets aligned to SDR basket (IFAD-only)
 As at 31 December 2016

<i>Currency group</i>	<i>Difference towards SDR weights</i>	
	<i>-10% of US\$ (%)</i>	<i>+10% of US\$ (%)</i>
United States dollar	(2.6)	2.4
Chinese renminbi	0.5	(0.5)
Euro	1.4	(1.3)
Japanese yen	0.3	(0.3)
Pound sterling	0.4	(0.3)
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.

(i) 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 MLR for the Tenth Replenishment of IFAD's Resources (IFAD10) period (2016-2018), 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 2016 resources available for commitment under the sustainable cash flow approach, calculates a MLR of US\$582.5 million that is comfortably covered by IFAD's investment portfolio balance of US\$1,328.3 million.

(j) 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 during regular governing bodies meetings, as well as 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

Table 1

	<i>US\$ thousands</i>	
	2016	2015
Promissory notes to be encashed		
Replenishment contributions	308 812	213 119
ASAP	169 931	202 696
Total	478 743	415 815
Fair value adjustment	(6 638)	(13 565)
Promissory notes to be encashed	472 105	402 250
Contributions receivable		
Replenishment contributions	475 127	624 561
Supplementary contributions	319 855	331 044
ASAP	1 150	25 112
Total	796 132	980 717
Fair value adjustment	(18 320)	(10 933)
Contributions receivable	777 812	969 784
Qualified instruments of contribution	(65 248)	(5 912)
Total promissory notes and contributions receivable	1 184 669	1 366 120

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

These contributions have been fully paid except as detailed in note 6 and in table 2 below:

Table 2
Contributions not paid/encashed
As at 31 December 2016

<i>Donor</i>	<i>US\$ thousands</i>	
	<i>Replenishment</i>	<i>Amount</i>
United States ^a	Seventh	1 754
United States ^a	Eighth	560
Brazil ^b	Ninth	16 700
Ghana	Ninth	140
Japan ^b	Ninth	12 710
United States ^a	Ninth	18 000

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

^b Case for which Members and IFAD have agreed to special encashment schedules.

(b) Tenth Replenishment

Details of contributions and payments made for IFAD9 and IFAD10 are shown in appendix H. IFAD10 became effective on 2 December 2015.

(c) Special Programme for Africa (SPA)

Details of contributions to the SPA under the first and second phases are shown in appendix H, table 3.

(d) Credit risk

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

(e) Qualified instruments of contribution and promissory notes

At the end of December 2016, contributions receivable and promissory notes still subject to national appropriation measures amounted to US\$65.2 million (US\$5.9 million as at 31 December 2015).

NOTE 6**ALLOWANCES FOR CONTRIBUTIONS IMPAIRMENT**

The fair value of the allowance is equivalent to the nominal value, given that the underlying receivables/promissory notes are already due at the balance sheet date. In accordance with its policy, IFAD has established allowances at 31 December as follows:

Table 1

	US\$ thousands	
	2016	2015
Balance at beginning of the year	168 446	168 448
Net (decrease)/increase in allowance	(46 816)	-
Revaluation	-	(2)
Balance at year-end	121 630	168 446
Analysed as follows:		
Promissory notes of contributors (a)	36 045	80 861
Amounts receivable from contributors (b)	85 585	87 585
Total	121 630	168 446

(a) Allowances against promissory notes

As at 31 December 2016, IFAD replenishment contributions deposited in the form of promissory notes up to and including IFAD9 have been fully drawn down.

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

Table 2

	US\$ thousands	
	2016	2015
Initial contributions		
Iran (Islamic Republic of)	29 358	29 358
Iraq	-	13 717
	29 358	43 075
First Replenishment		
Iraq	-	31 099
		31 099
Third Replenishment		
Democratic People's Republic of Korea (the)	600	600
Libya	6 087	6 087
	6 687	6 687
Total	36 045	80 861

During 2016 the Board approved the Proposal for Rescheduling the Contribution Dues of the Republic of Iraq.

(b) Allowances against amounts receivable from contributors

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

Table 3

	US\$ thousands	
	2016	2015
Initial contributions		
Comoros	8	8
Iran (Islamic Republic of)	83 167	83 167
	83 175	83 175
Second Replenishment		
Iraq	-	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	85 585	87 585

NOTE 7**OTHER RECEIVABLES**

	US\$ thousands	
	2016	2015
Receivables for investments sold	15	360
Other receivables	20 800	14 447
Total	20 815	14 807

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**

	US\$ thousands			31 Dec 2016
	1 Jan 2016	Increase/ (decrease)	Revalued/ Adjustment*	
Cost				
Computer hardware	3 540	93		3 633
Computer software	14 384	4 058		18 442
Vehicles	349	86		435
Furniture and fittings	419	79	(9)	489
Leasehold improvement	1 090	147		1 237
Total cost	19 782	4 463	(9)	24 236
Depreciation				
Computer hardware	(2 515)	(444)		(2 959)
Computer software	(4 932)	(2 017)		(6 949)
Vehicles	(60)	(71)		(131)
Furniture and fittings	(344)	(13)	9	(348)
Leasehold improvement	(904)	(40)		(944)
Total depreciation	(8 755)	(2 585)	9	(11 331)
Net fixed and intangible assets	11 027	1 878	-	12 905

* 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:

Table 1

	US\$ thousands	
	2016	2015
Balance at beginning of year	35 518	58 156
Net (decrease)/increase in allowance	25 868	(20 130)
Revaluation	(1 827)	(2 508)
Balance at end of year at nominal value	59 559	35 518
Fair value adjustment	(54 545)	(30 961)
Total	5 014	4 557

All loans included within the accumulated allowance are 100 per cent impaired with the exception of the allowance set against Yemen and one loan to the 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:

Table 2

Amounts in SDR	2016	2015
Democratic People's Republic of Korea (the)	24 637	8 370
Somalia	17 299	17 299
Yemen	2 355	-
Total	44 291	25 669
US\$ equivalent	59 559	35 518
Fair value adjustment	(54 545)	(30 961)
Total	5 014	4 557

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

(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 2016 would have been higher by US\$876,710 (2015 – US\$650,159).

(c) Further analysis of loan balances

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

Table 3

	US\$ thousands	
	2016	2015
IFAD	6 377 221	6 270 436
Spanish Trust Fund	133 208	90 875
Total	6 510 429	6 361 311
Fair value adjustment	(1 192 146)	(1 196 156)
Total	5 318 283	5 165 155

A more-detailed breakdown follows in table 4:

Table 4

	Thousands of United States dollars	
	2016	2015
IFAD-approved loans, less cancellations, less full repayments and adjustment for movement in value of total SDR and EUR loans in terms of US\$ (appendix I, table 1)		
Approved loans	11 828 772	11 605 710
Undisbursed balance	(3 323 099)	(3 333 550)
Repayments	(2 316 600)	(2 202 679)
Interest/principal receivable	13 297	13 001
Loans outstanding at nominal value	6 202 370	6 082 482
Fair value adjustment	(1 127 486)	(1 127 016)
Loans outstanding	5 074 884	4 955 466
SPA-approved loans, less cancellations, less full repayments and the adjustment for movements in value of total SDR loans in terms of US\$ (appendix I1)		
Approved loans	303 850	312 658
Repayments	(129 487)	(125 274)
Interest/principal receivable	488	570
Loans outstanding	174 851	187 954
Fair value adjustment	(55 295)	(61 097)
Loans outstanding	119 556	126 857
Total approved loans, less cancellations, less full repayments and the adjustment for movements in terms of US\$		
Approved loans	12 132 622	11 918 367
Undisbursed balance	(3 323 099)	(3 333 550)
Repayments	(2 446 087)	(2 327 953)
Interest/principal receivable	13 785	13 571
Loans outstanding at nominal value	6 377 221	6 270 436
Fair value adjustment	(1 182 781)	(1 188 113)
Loans outstanding	5 194 440	5 082 323

* The balance includes euro-denominated loans financed from the debt-financing facility.

Table 5

Spanish Trust Fund-approved loans, less cancellations, less full repayments and adjustment for movements in value of total EUR loans in terms of US\$		
Approved loans	308 194	314 413
Undisbursed balance	(170 689)	(225 409)
Repayments	(4 519)	(1 293)
Interest/principal receivable	222	164
Loans outstanding at nominal value	133 208	90 875
Fair value adjustment	(9 365)	(8 043)
Loans outstanding	123 843	82 832

The fair value of the outstanding-loan portfolio at year-end amounts to US\$5,851.6 million.

(d) Credit risk

Because of the nature of its borrowers, the Fund expects that each of its sovereign 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 87.5 per cent (31 December 2015 – 90.3 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 I, table 4, and appendix I1, table 4.

(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 is closely monitored.

NOTE 10**FINANCIAL INSTRUMENTS BY CATEGORY**

Tables 1 and 2 provide information about the Fund's assets and liabilities classification, accounting policies for financial instruments have been applied to the line items below:

Table 1
2016

2016	US\$ millions			
	Cash and bank deposits	Investments at FVTPL	Investments at amortized cost	Loans at amortized cost
Level 1				
Cash and bank balances	260			
Investment at FVTPL		963		
Investments at amortized costs			258	
Level 2				
Investments at FVTPL		204		
Investment at amortized cost			117	
Loans outstanding				5 301
Total	260	1 167	375	5 301

Table 2
2015

2015	US\$ millions			
	Cash and bank deposits	Investments at FVTPL	Investments at amortized cost	Loans at amortized cost
Level 1				
Cash and bank balances	326			
Investment at FVTPL		988		
Investments at amortized costs			399	
Level 2				
Investments at FVTPL		268		
Investment at amortized cost			137	
Loans outstanding				5 142
Total	326	1 255	467	5 142

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\$204,670,000 during the period 1998-2016. Details of funding from external donors on a cumulative basis are found in appendix E2.

For a summary of debt relief reimbursed since the start of the Initiative and expected in the future, please refer to appendix J. 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 2017-2019. At the time of preparation of the 2016 consolidated financial statements, the estimate of IFAD's share of the overall debt relief for these countries, principal and interest, was US\$135,211,000 (2015 – US\$145,181,000 for Eritrea, Somalia and the Sudan). Investment income amounted to US\$8,040,000 (2015 – US\$8,008,000) from the HIPC Trust Fund balances.

(b) Accumulated allowance for the HIPC Debt Initiative

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

Table 1

	US\$ thousands	
	2016	2015
Balance at beginning of year	27 624	36 808
New approvals	-	-
Change in provision	(5 207)	(7 685)
Exchange rate movements	(4 732)	(1 499)
Balance at end of year	17 685	27 624
Fair value adjustment	(5 610)	(8 550)
Total	12 075	19 074

NOTE 12**PAYABLES AND LIABILITIES**

	<i>US\$ thousands</i>	
	2016	2015
Payable for investments purchased and impairment	6 160	12 103
ASMCS liability	106 484	80 035
Other payables and accrued liabilities	78 625	70 280
Total	191 269	162 418

Of the total above, an estimated US\$129,533,553 (2015 – US\$103,047,000) 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>US\$ thousands</i>	
	2016	2015
Total	309 523	429 705
Fair value adjustment	(10 486)	(16 596)
Deferred revenue	299 037	413 109

NOTE 14**UNDISBURSED GRANTS**

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

	<i>US\$ thousands</i>	
	2016	2015
IFAD	80 521	68 057
Supplementary funds	293 412	264 218
ASAP	164 496	124 420
Balance at year-end	539 429	456 695
Fair value adjustment	(10 818)	(7 177)
Undisbursed grants	527 854	449 518

NOTE 15**BORROWING LIABILITIES**

The balance represents the funds received for borrowing activities plus interest accrued.

	<i>US\$ thousands</i>	
	2016	2015
IFAD	263 690	162 948
Spanish Trust Fund	285 670	311 153
Total borrowing liabilities	549 360	474 101

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

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

Table 1

<i>Year</i>	<i>United States dollars</i>
2016	1.34472
2015	1.38370
2014	1.44582

The balance of foreign exchange movement is shown below:

Table 2

	<i>US\$ thousands</i>	
	2016	2015
IFAD	(169 541)	(274 680)
Other entities	6 489	(15 218)
Total movements in the year	(163 052)	(289 898)

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

Table 3

	<i>US\$ thousands</i>	
	2016	2015
Opening balance 1 Jan	154 271	444 169
Exchange movements for the year on:		
Cash and investments	(33 218)	(77 284)
Net receivables/payables	42 812	13 806
Loans and grants outstanding	(140 820)	(209 183)
Promissory notes and Members' receivables	(42 005)	(33 609)
Member States' contributions	10 182	16 372
Total movements in the year	(163 052)	(289 898)
Closing balance 31 December	(8 781)	154 271

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 2016, funds under external management amounted to US\$0.8 billion (2015 – US\$1.1 billion), representing 59 per cent of the Fund's total cash and investments (2015 – 72 per cent).

(b) Derivative instruments

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

(i) Futures

Table 1

	31 December	
	2016	2015
Number of contracts open:		
Buy	402	352
Sell	(986)	(1 436)
Net unrealized market gains of open contracts (US\$ thousands)	(38)	884
Maturity range of open contracts (days)	67 to 627	68 to 993

(ii) Forwards

The unrealized market value loss on forward contracts at 31 December 2016 amounted to US\$2.2 million (2015 – gain of US\$3.8 million). The maturities of forward contracts at 31 December 2016 ranged from 6 to 75 days (31 December 2015 : 7 to 77 days).

(c) Income from cash and investments (consolidated)

Gross income from cash and investments for the year ended 31 December 2016 amounted to US\$48.8 million (2015 – gross income of US\$2.7 million).

Table 2
2016

	US\$ thousands		
	Fair value	Amortized cost	Total
Interest from banks and fixed-income Investments	24 736	5 148	29 884
Net expenses from futures/options and swaps	(6 988)	-	(6 988)
Realized capital gain/(loss) from fixed-income securities	11 815	11	11 826
Unrealized gain/(loss) from fixed-income securities	14 705	(612)	14 093
Total	44 268	4 547	48 815

Table 3
2015

	US\$ thousands		
	Fair value	Amortized cost	Total
Interest from banks and fixed-income Investments	28 753	6 137	34 890
Net expenses from futures/options and swaps	(1 728)	-	(1 728)
Realized capital gain/(loss) from fixed-income securities	(5 868)	(519)	(6 387)
Unrealized gain/(loss) from fixed-income securities	(24 057)	(29)	(24 086)
Total	(2 900)	5 589	2 689

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:

Table 4

	US\$ thousands	
	2016	2015
IFAD	46 002	852
ASMCS Trust Fund	1 923	545
HIPC Trust Fund	33	4
Spanish Trust Fund	812	1 258
Haiti Debt Relief Initiative	262	197
ASAP	719	351
Supplementary funds	320	152
Less: income deferred/reclassified	(1 256)	(670)
Total	48 815	2 689

The annual rate of return on IFAD cash and investments in 2016 was 2.91 per cent net of investment expenses (2015 – negative 0.06 per cent net of investment 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:

	US\$ thousands	
	2016	2015
<i>Consolidated</i>		
Host Government income	7 704	7 923
Income from other sources	3 057	28
Total	10 761	7 951

NOTE 19

INCOME FROM CONTRIBUTIONS

	US\$ thousands	
	2016	2015
IFAD	5 659	2 661
ASAP	60 487	81 148
Supplementary funds	118 377	100 970
Total	184 523	184 779

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:

	US\$ thousands	
	2016	2015
IFAD	156 186	157 628
Other entities	9 078	9 630
Total	165 264	167 258

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 UNJSPF and in the ASMCS administered by FAO.

The number of full-time equivalent employees of the Fund and other consolidated entities in 2016 was as follows (breakdown by principal budget source):

<i>Full-time equivalent</i>	<i>Professional</i>	<i>General Service</i>	<i>Total</i>
IFAD			
administrative budget	288	195	484
APO/SPO*	14		14
Others	20	8	28
Programme funds	8	2	10
Total 2016	330	205	535
Total 2015	317	208	525

* Associate professional officer/special programme officer.

(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 UNJSPF carries out an actuarial valuation every two years; the latest was prepared as at 31 December 2015. This valuation revealed an actuarial surplus, amounting to 0.16 per cent of pensionable remuneration. Thus the UNJSPF was assessed as adequately funded and 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 2016 amounted to US\$10,846,355 (2015 – US\$10,490,112).

(d) After-Service Medical Coverage Scheme (ASMCS)

The latest actuarial valuation for the ASMCS was carried out as at 31 December 2016. The methodology used was the projected unit-credit-cost method with service prorates. The principal actuarial assumptions used were as follows: discount rate, 2.5 per cent; return on invested assets, 3.5 per cent; expected salary increase, 3.0 per cent; initial medical cost increase, 5.0 per cent; inflation, 2.5 per cent; and exchange rate, EUR 1:US\$1.04. The results determined IFAD's liability as at 31 December 2016 to be US\$106,483,000. The 2016 and 2015 financial statements include a provision and related assets as at 31 December as follows:

Table 1

	<i>US\$ thousands</i>	
	<i>2016</i>	<i>2015</i>
Past service liability	(106 483)	(80 035)
Plan assets	69 223	62 722
Surplus /(deficit)	(37 260)	(17 313)
Yearly movements		
Opening balance		
Surplus /(deficit)	(17 313)	(29 081)
Contribution paid	6 122	-
Interest cost	(570)	(820)
Current service charge	(3 705)	(4 468)
Actuarial gains/(losses)	(22 173)	21 188
Interest earned on balances	1 745	435
Exchange rate movement	(1 366)	(4 567)
Closing balance		
Surplus /(deficit)	(37 260)	(17 313)
Past service liability		
Total provision at 1 January	(80 035)	(95 935)
Interest cost	(570)	(820)
Current service charge	(3 705)	(4 468)
Actuarial gains /(losses)	(22 173)	21 188
Provision at 31 December	(106 483)	(80 035)
Plan assets		
Total assets at 1 January	62 722	66 854
Contribution paid	6 122	-
Interest earned on balances	1 745	435
Exchange rate movement	(1 366)	(4 567)
Total assets at 31 December	69 223	62 722

ASMCS assets are invested in accordance with the ASMCS Trust Fund Investment Policy Statement approved by the Governing Council in February 2015.

IFAD provides for the full annual current service costs of this medical coverage, including its eligible retirees. In 2016, such costs included under staff salaries and benefits in the Financial Statements amounted to US\$4,275,001 (2015 – US\$5,289,000).

Based on the 2016 actuarial valuation, the level of assets necessary to cover ASMCS liabilities is US\$69,223,000 in net present value terms (including assets pertaining to ILC). As reported above, at 31 December 2016 the assets already held in the trust fund are US\$69,223,000; 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 2016 is shown below:

Table 2

<i>Impact on</i>	<i>Liability</i>
Medical inflation:	
5.0 per cent instead of 4.0 per cent	28.2
3.0 per cent instead of 4.0 per cent	(22.3)

NOTE 22**GRANT EXPENSES**

The breakdown of the consolidated figures is set out below:

	<i>US\$ thousands</i>	
	2016	2015
IFAD grants	55 020	44 840
Supplementary funds	107 680	89 186
ASAP	60 487	79 768
Total	223 187	213 794

NOTE 23**DSF EXPENSES**

The DSF expenses are set out below:

	<i>US\$ thousands</i>	
	2016	2015
<i>IFAD-only</i>		
DSF expenses	123 892	125 586
Total	123 892	125 586

DSF financing is recognized as expenditures in the period in which conditions for the release of funds to the recipient are met.

NOTE 24**DIRECT BANK AND INVESTMENT COSTS**

	<i>US\$ thousands</i>	
	2016	2015
Investment management fees	1 696	2 048
Other charges	920	605
Total	2 616	2 653

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

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

	<i>US\$ thousands</i>	
	2016	2015
Loans outstanding	4 011	42 638
Accumulated allowance for loan impairment losses	23 585	(22 808)
Accumulated allowance for HIPC Debt Initiative	(2 940)	(2 573)
Net loans outstanding	24 656	17 257
Contributors' promissory notes	6 927	4 738
Contributions receivable	(7 386)	(6 111)
Contributions	6 568	6 026
Undisbursed grants	3 398	1 965
Deferred revenues	(6 110)	(4 192)
Foreign exchange movement	(32 378)	(50 785)
Total	(4 324)	(31 102)

NOTE 26**DEBT RELIEF EXPENSES**

This balance represents the debt relief provided during the year to HIPC eligible countries for both principal and interest. It reflects the overall net effect of new approvals of HIPC debt relief or top ups, the payments made to IFAD by the Trust Fund on behalf of HIPC and the release of the portion of deferred revenues for payments from past years.

NOTE 27**HOUSED ENTITY DISCLOSURE**

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

	<i>US\$ thousands</i>	
	2016	2015
International Land Coalition (ILC)	855	887
Total	855	887

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 J.

IFAD has a contingent liability for DSF financing effective but not yet disbursed for a global amount of US\$740.0 million (US\$780.4 million in 2015). In particular, at the end of December 2016, DSF financing disburseable but not yet disbursed, because the conditions for the release of funds were not yet met, amounted to US\$561.0 million (US\$562.9 million in 2015) and DSF projects approved but not yet effective amounted to US\$179.0 million (US\$217.4 million in 2015).

(b) Contingent assets

At the end of December 2016 the balance of qualified instruments of contribution amounted to US\$65.2 million. These contributions are subject to national appropriation measures, therefore those receivables will be considered due upon fulfilment of those conditions and probable at the reporting date.

The DSF for grants, approved in 2007, aims for the full recovery of principal repayments forgone through a pay-as-you-go compensation mechanism by Member States. Consequently, IFAD has undertaken a review together with its governing bodies of the mechanism through which this policy will be implemented. This led to the endorsement by the Executive Board in 2013 of the underlying principles thereof. The policy was also endorsed by Member States in the Replenishment Consultation process in 2014 and finally approved by the Governing Council in 2015. This, in effect, provides a concrete basis on which Member States will be expected to contribute towards principal reflows forgone as a result of the DSF, in addition to their regular contributions.

In 2016, Member States began to make commitments for payment of DSF obligations. The receipt of the funds that have been provided as DSF grants is therefore considered probable and hence is disclosed as a contingent asset. The nominal amount of the amount so disbursed as at 31 December 2016 amounted to US\$805.9 million (US\$682.1 million as at December 2015).

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 were indicative of conditions that arose after the reporting period that would warrant adjusting the Financial Statements or require disclosure.

NOTE 30

RELATED PARTIES

The Fund has assessed related parties and transactions carried out in 2016. This pertained to transactions with Member States (to which IAS24, paragraph 25, is applicable) key management personnel and other related parties identified under IAS24. Transactions with Member States and related outstanding balances are reported in appendices H and I. Key management personnel are the President, Vice-President and Associate Vice-Presidents, as they have the authority and responsibility for planning, directing and controlling activities of the Fund.

The table below provides details of the remuneration paid to key management personnel over the course of the year, together with balances of various accruals.

Aggregate remuneration paid to key management personnel includes: net salaries; post adjustment; entitlements such as representation allowance and other allowances; assignment and other grants; rental subsidy; personal effect shipment costs; post-employment benefits and other long-term employee benefits; and employer's pension and current health insurance contributions. Key management personnel participate in the UNJSPF.

Independent review of the latest annual financial disclosure statements confirmed that there are no conflicts of interest, nor transactions and outstanding balances, other than the ones indicated below, for key management personnel and other related parties identified in accordance with IAS24 requirements.

	<i>US\$ thousands</i>	
	<i>2016</i>	<i>2015</i>
Salaries and other entitlements	1 756	1 864
Contribution to retirement and medical plans	260	280
Total	2 017	2 144
Total accruals	538	787

NOTE 31

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 April 2017 and endorsement by the Executive Board in April 2017. The 2016 consolidated financial statements will be submitted to the Governing Council for formal approval at its next session in February 2018. The 2015 consolidated financial statements were approved by the Governing Council at its fortieth session in February 2017.

Statements of complementary and supplementary contributions

Table 1

Member States:

Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2016^a

(Thousands of United States dollars)

<i>Member States</i>	<i>Project cofinancing</i>	<i>APOs</i>	<i>Other supplementary funds</i>	<i>Global Environment Facility (GEF)</i>	<i>Total</i>
Algeria	-	-	74	-	74
Angola	-	-	7	-	7
Australia ^b	2 721	-	84	-	2 805
Austria	755	-	-	-	755
Bangladesh	-	-	42	-	42
Belgium	10 214	1 960	146 411	-	158 585
Canada	11 012	-	8 472	-	19 484
China	-	-	302	-	302
Colombia-	-	-	25	-	25
Denmark	21 564	4 888	3 946	-	30 398
Estonia	-	-	190	-	190
Finland	2 834	5 071	6 933	-	14 838
France	1 032	1 131	8 680	-	10 843
Germany	46	7 421	8 139	-	15 606
Ghana	-	-	74	-	74
Greece	-	-	74	-	74
India	-	-	1 000	-	1 000
Indonesia	-	-	50	-	50
Ireland	6 602	-	4 076	-	10 678
Italy	31 503	6 486	29 130	-	67 119
Japan	3 792	2 026	4 131	-	9 949
Jordan	-	-	153	-	153
Kuwait	-	-	116	-	116
Lebanon	-	-	82	-	82
Luxembourg	2 112	-	2 984	-	5 096
Malaysia	-	-	28	-	28
Mauritania	-	-	50	-	50
Morocco	-	-	92	-	92
Netherlands	107 408	7 873	11 856	-	127 137
New Zealand	730	-	80	-	810
Nigeria	-	-	50	-	50
Norway	20 669	2 604	6 116	-	29 389
Pakistan	-	-	25	-	25
Paraguay	-	-	15	-	15
Portugal	142	-	714	-	856
Qatar	-	-	105	-	105
Republic of Korea	5 027	5 064	103	-	10 194
Saudi Arabia	3 300	-	106	-	3 406
Senegal	-	-	109	-	109
Sierra Leone	-	-	88	-	88
Spain	11 958	-	6 076	-	18 034
Suriname	2 000	-	-	-	2 000
Sweden	9 114	2 773	15 901	-	27 788
Switzerland	8 498	1 191	17 682	-	27 371
Turkey	-	-	47	-	47
United Kingdom	19 074	-	16 859	-	35 933
United States	-	322	86	-	408
Total	282 107	48 810	301 363	-	632 280

^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.

Table 2

Non-Member States and other sources:**Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2016***

(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
Arab Fund for Economic and Social Development	2 983		-		2 983
Abu Dhabi Fund for Development	-		501		501
Arab Bank	-		25		25
Arab Gulf Programme for Development	299		-		299
Bill & Melinda Gates Foundation	-		1 760		1 760
Cassava Programme	-		69		69
United Nations System Chief Executives Board for Coordination Secretariat, Geneva	-		998		998
Congressional Hunger Center	-		183		183
Coopernic	-		3 164		3 164
European Commission	814		513 201		514 015
FAO	14		2 138		2 152
Global Agriculture and Food Security Program (GAFSP)	124 000		6 515		130 515
Least Developed Countries Fund/Special Climate Change Fund	-		92 910		92 910
National Agricultural Cooperative Federation	-		-		-
Office of the United Nations High Commissioner for Refugees	-		-		-
OPEC Fund for International Development (OFID)	1 698		-		1 698
Other	386		2 536		2 922
United Nations Capital Development Fund (UNCDF)	382		240		622
United Nations Development Programme	467		933		1 400
United Nations Fund for International Partnerships	78		145		223
UNO	3 017				3 017
World Bank	1 357		527	138 855	140 739
Total non-Member States and other sources	138 295		626 941	138 855	904 091
Total 2016	420 402	48 810	928 304	138 855	1 536 371
Total 2015	390 919	46 928	903 809	104 155	1 445 811

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

Statement of cumulative complementary contributions from 1978 to 2016

(Thousands of United States dollars)

	<i>Amount</i>
Other complementary contributions	
Canada	1 511
Germany	458
India	1 000
Saudi Arabia	30 000
Sweden	13 827
United Kingdom	12 002
	58 798
Cumulative contributions received from Belgium for the Belgian Fund for Food Security Joint Programme (BFFS.JP) in the context of replenishments	80 002
Subtotal	138 800
Contributions made in the context of replenishments to the HIPC Trust Fund	
Italy	4 602
Luxembourg	1 053
Netherlands	14 024
Subtotal	19 679
Contributions made to ASAP in the context of replenishment	289 836
Unrestricted Complementary Contribution Tenth Replenishment	
Canada	7 457
Germany	13 712
Russian Federation	3 000
United States	12 000
Subtotal	36 169
Total complementary contributions 2016	484 484
Total complementary contributions 2015	471 532

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

(Thousands of United States dollars)

	<i>Amount</i>
Contributions made in the context of replenishments (see table above)	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	215 618
Subtotal	267 463
Total contributions to IFAD's HIPC Trust Fund 2016	287 142
Total contributions to IFAD's HIPC Trust Fund 2015	282 417

Contributions received in 2016

	<i>Currency</i>	<i>Amount (thousands)</i>	<i>Thousands of US dollars equivalent</i>
For project cofinancing			
Canada	CAD	4 700	3 555
Denmark	DKK	37 831	6 206
European Commission	EUR	11 800	12 446
Flemish Department of Foreign Affairs	EUR	1 000	1 103
FAO	EUR	374	394
GAFSP	US\$	9 136	9 136
Italy	EUR	3 500	3 692
Japan	US\$	2 100	2 100
Netherlands	US\$	1 417	1 417
Republic of Korea	US\$	1 150	1 150
World Bank	US\$	15 085	15 085
Subtotal			56 284
For associate professional officers			
Finland	US\$	150	150
Germany	US\$	279	279
Italy	US\$	217	217
Netherlands	US\$	773	773
Switzerland	US\$	470	470
Subtotal			1 889
Supplementary fund contributions			
Estonia	EUR	45	47
European Commission	EUR	33 030	34 896
FAO	US\$	173	173
France	EUR	1 000	1 077
Germany	EUR	650	686
Ireland	EUR	1 000	1 055
Luxembourg	EUR	500	527
Netherlands	USD	3 000	3 000
Republic of Korea	KRW	1 000 000	835
Switzerland	EUR	240	253
United Nations Development Programme	US\$	318	318
United Nations Evaluation Programme	US\$	20	20
Subtotal			42 887
Grand total			101 060

Unspent funds in 2016 and 2015

Table 1

Unspent complementary and supplementary funds from Member and non-Member States (Thousands of United States dollars)

<i>Member States</i>	<i>Project cofinancing</i>	<i>APOs</i>	<i>Other supplementary funds</i>	<i>Total</i>
Belgium	-	-	1 797	1 797
Canada	-	3 551	3 426	6 977
China	-	-	121	121
Denmark	244	3 892	130	4 266
Estonia	-	-	111	111
Finland	168	-	1	169
France	-	-	174	174
Germany	317	-	1 295	1 612
India	-	-	613	613
Italy	291	1 314	4 711	6 316
Japan	-	2 000	-	2 000
Lebanon	-	-	82	82
Luxembourg	-	127	709	836
Malaysia	-	-	13	13
Netherlands	472	1 832	34	2 338
New Zealand	-	580	40	620
Norway	15	-	66	81
Republic of Korea	97	1 921	1	2 019
Saudi Arabia	-	450	-	450
Spain	-	383	1 191	1 574
Sweden	-	-	1 998	1 998
Switzerland	420	-	531	951
United Kingdom	-	142	385	527
Total Member States	2 024	16 192	17 429	35 645

Table 2

Other unspent complementary and supplementary funds from non-Member States (Thousands of United States dollars)

<i>Non-Member States</i>	<i>Project cofinancing</i>	<i>APOs</i>	<i>Other supplementary funds</i>	<i>Total</i>
Bill & Melinda Gates Foundation	-	-	130	130
European Commission	-	-	40 682	40 682
FAO	-	-	51	51
GAFSP	-	19 847	2 842	22 689
Least Developed Countries Fund	-	-	11 172	11 172
Other	-	3	309	312
Platform for Agricultural Risk Management (PARM)	-	-	1 828	1 828
Support to Farmers' Organizations in Africa Programme: main phase	-	-	4 202	4 202
Technical Assistance Facility	-	-	496	496
United Nations Capital Development Fund	-	23	4	27
United Nations Development Programme	-	-	325	325
World Bank	-	6	11	17
Total non-Member States		19 879	62 052	81 931
Grand total	2 024	36 071	79 481	117 576

Global Environment Facility

(Thousands of United States dollars)

<i>Recipient country</i>	<i>Cumulative contributions received as at 31 December 2016</i>	<i>Unspent at 1 January 2016</i>	<i>Received from donors</i>	<i>Expenses</i>	<i>Unspent at 31 December 2016</i>
Armenia	4 011	3 948		(3 938)	10
Association of Southeast Asian Nations regional	4 823	61		(60)	1
Brazil	5 931				
Burkina Faso	9 355	11	7 269	(10)	7 270
China	4 895				
Comoros	945		(55)	55	
Ecuador	2 783	(1 720)	1 720		
Eritrea	4 477				
Ethiopia	4 750				
Gambia (the)	96				
Global supplement for United Nations Convention to Combat Desertification	457				
Indonesia	4 867	2	4 767		4 769
Jordan	7 886	15			15
Kenya	12 039	46	7 202	(7 246)	2
Malaysia	200		200	(159)	41
Malawi	183	33		(12)	21
Mali	4 796	1 519	(1 519)		
Mauritania	4 350	14			14
MENARID* monitoring and evaluation	705				
Mexico	5 100				
Morocco	330				
Niger (the)	12 032	57	7 636	(12)	7 681
Panama	150		(1 428)	1 428	
Peru	7 255	7 075	(1 720)	(5 355)	
Sao Tome and Principe	2 501				
Senegal	3 690	25	3 610	(4)	3 631
Sri Lanka	7 270				
Sudan (the)	3 750	2			2
Swaziland	9 205	15	7 016	168	7 199
Tunisia	5 350				
United Republic of Tanzania	183	53		(49)	4
Venezuela (Bolivarian Republic of)	3 735	19			19
Viet Nam	755				
Total	138 855	11 175	34 698	(15 194)	30 679

* US\$326,000 received before the signature of the financial procedure agreement between IFAD and the GEF trustee, the Middle East and North Africa Regional Program for Promoting Integrated Sustainable Land Development (MENARID).

Summaries of the Adaptation for Smallholder Agriculture Programme Trust Fund

Table 1

Summary of complementary contributions and supplementary funds to the Adaptation for Smallholder Agriculture Programme Trust Fund as at 31 December 2016
(Amounts expressed in thousands)

	Member States	Local currency	United States dollar equivalent		
			Pledges ^a	Payment promissory notes ^b	Payment cash ^b
Complementary contributions					
	Belgium	EUR 6 000	8 584		7 855
	Canada	CAD 19 849	20 347		19 879
	Finland	EUR 5 000	7 153		6 833
	Netherlands	EUR 40 000	57 225		48 581
	Norway	NOK 63 000	11 580		8 981
	Sweden	SEK 30 000	4 729		4 471
	Switzerland	CHF 10 000	11 844		10 949
	United Kingdom	GBP 147 523	239 176	182 287	
	Subtotal		360 638	182 287	107 549
Supplementary funds					
	Flemish Department for Foreign Affairs	EUR 2 000	2 486		2 331
	Republic of Korea	US\$ 3 000	3 000		1 850
	Total		366 124	182 287	111 730
					294 017

^a Pledges counter-valued at replenishment exchange rate.

^b Payments counter-valued at exchange rate prevailing at receipt date.

Table 2
Summary of grants under the Adaptation for Smallholder Agriculture Programme Trust Fund
 (Amounts expressed in thousands)

<i>Grant recipient</i>	<i>Approved grants less cancellations</i>	<i>Disbursable</i>	<i>Disbursements 2016</i>	<i>Undisbursed portion of disbursable grants</i>	<i>Grants not yet disbursable as at 31 December 2016</i>
US\$ grants					
Republic of Moldova (the)	5 000	-	-	-	5 000
SDR grants					
Bangladesh	9 900	9 900	-	7 565	-
Benin	3 220	-	-	-	3 220
Bhutan	3 580	3 580	582	2 998	-
Burundi	3 510	3 510	566	2 944	-
Bolivia (Plurinational State of)	6 500	6 500	152	5 335	-
Cambodia	10 150	10 150	-	8 479	-
Cape Verde	2 900	-	-	-	2 900
Chad	3 240	3 240	125	2 905	-
Côte d'Ivoire	4 520	4 520	-	4 106	-
Djibouti	4 000	4 000	291	3 350	-
Ecuador	2 850	-	-	-	2 850
Egypt	3 380	3 380	23	2 963	-
El Salvador	3 560	-	-	-	3 560
Ethiopia	7 870	-	-	-	7 870
Gambia (the)	3 570	3 570	571	2 999	-
Ghana	6 500	6 500	13	5 909	-
Kenya	7 100	-	-	-	7 100
Kyrgyzstan	6 500	6 500	459	5 759	-
Lao People's Democratic Republic	3 550	3 550	382	3 168	-
Lesotho	4 610	-	-	-	4 610
Liberia	3 280	-	-	-	3 280
Madagascar	4 200	4 200	583	3 617	-
Malawi	5 150	-	-	-	5 150
Mali	6 500	6 500	1 289	3 842	-
Mauritania	4 300	-	-	-	4 300
Morocco	1 295	-	-	-	1 295
Mozambique	3 260	3 260	923	1 994	-
Nepal	9 710	9 710	698	9 002	-
Nicaragua	5 310	5 310	377	4 386	-
Niger (the)	9 250	9 250	987	8 263	-
Nigeria	9 800	9 800	91	9 709	-
Paraguay	3 650	-	-	-	3 650
Rwanda	4 510	4 510	850	4 248	-
Sudan (the)	6 880	4 730	481	2 985	2 150
Tajikistan	3 600	3 600	-	3 600	-
Uganda	6 770	6 770	710	6 060	-
United Republic of Tanzania	7 120	-	-	-	7 120
Viet Nam	7 820	7 820	853	6 141	-
Yemen	6 630	-	-	-	6 630
Total SDR	210 045	144 360	11 006	122 327	65 685
US\$ equivalent	282 452	194 124	14 800	164 496	88 328
Total grants in US\$	287 452	194 124	14 800	164 496	93 328

Note: For comparative purposes, as at December 2015 the grants approved (US\$126.9 million) were not yet disbursable.



Investing in rural people

Management Assertion Report on the Effectiveness of Internal Controls Over Financial Reporting


Management of the International Fund for Agricultural Development (hereinafter IFAD or 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 Financial Regulations of IFAD, the President is responsible for establishing and maintaining appropriate internal financial control and audit systems of the Fund which would include 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 Executive Board in exercising supervision over the financial administration and internal oversight of the Fund. Financial administration would include 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 the external auditor and makes a recommendation for such selection to the Executive Board for its approval. The Audit Committee meets with the external and internal auditors to discuss, respectively, the scope and design of the audit, and annual workplan, and any other matter within the Audit Committee's terms of reference 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 accordance with IFRS as of **31 December 2016**. The assessment was based on the criteria for effective internal controls over financial reporting described in the Internal Control -Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). A report was provided to Management by the Office of Internal Audit and Oversight providing reasonable assurance as to the operational effectiveness of these controls. Based on the work performed, Management believes that the Fund maintained an effective system of internal controls over financial reporting as of 31 December 2016, and is not aware of any material control weakness that could affect the reliability of the 2016 financial statements. IFAD's independent external auditor, Deloitte & Touche, S.p.A, 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



Mikio Kashiwagi
Associate Vice President,
CFO and Chief Controller



Advit Nath
Director and Controller



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INDEPENDENT AUDITOR'S REPORT

To the International Fund for Agricultural Development

Opinion

We have audited the consolidated financial statements of International Fund for Agricultural Development (the "Company"), which comprise the consolidated and IFAD-only balance sheets as at 31 December 2016, 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, the summary of the Adaption for Smallholder Agriculture Programme Trust Fund and a summary of significant accounting policies and other explanatory information

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the "Consolidated Financial Statements of IFAD as at 31 December 2016" and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the "High-level review of IFAD's Financial Statements for 2016" but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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Responsibilities of the President and those charged with governance for the Consolidated Financial Statements

The President is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

In preparing the consolidated financial statements, the President is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with **ISAs** will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the President.
- Conclude on the appropriateness of the President's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the consolidated entities or business activities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

DELOITTE & TOUCHE S.p.A.



Enrico Pietrarelli
Partner

Rome, March 2, 2017



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INDEPENDENT AUDITOR'S REPORT ON MANAGEMENT'S ASSESSMENT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

To the International Fund for Agricultural Development

We have undertaken a reasonable assurance engagement of the accompanying management's assessment that the International Fund for Agricultural Development ("IFAD") maintained effective internal controls over financial reporting as of December 31, 2016, as contained in IFAD's Management Assertion Report on the effectiveness of internal controls over financial reporting.

Management's Responsibility

Management of IFAD is responsible for the preparation of its assessment on the effectiveness on internal controls over financial reporting in accordance with the criteria for effective internal controls over financial reporting described in the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organisations of the Treadway Commission (2013 framework). 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 2016.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express an opinion on management's assessment on the effectiveness on internal controls over financial reporting based on the procedures we have performed. We conducted our reasonable assurance engagement in accordance with International Standards on Assurance Engagements - Assurance Engagements other than Audits or Reviews of Historical Information ("ISAE 3000 revised") issued by International Auditing and Assurance Standards Board for reasonable assurance engagements. This standard requires that we plan and perform procedures in order to obtain a reasonable assurance as to whether the management's assessment on the effectiveness on internal controls over financial reporting is free of material misstatement.

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A reasonable assurance engagement involves performing procedures to obtain evidence about management's assessment on the effectiveness on internal controls over financial reporting. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in management's assessment on the effectiveness on internal controls over financial reporting, whether due to fraud or error.

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

Characteristics and Limitations of Internal Controls over Financial Reporting

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 entity 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.

Opinion

In our opinion, management's assertion that IFAD maintained effective internal controls over financial reporting, included within the Consolidated financial statements of IFAD as at 31 December 2016, 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" issued by the Committee of Sponsoring Organisations of the Treadway Commission (2013 framework).

DELOITTE & TOUCHE S.p.A.

Enrico Pietrarelli
Partner

Rome, March 2, 2017

IFAD-only balance sheet at nominal value in United States dollars (US\$) and retranslated into special drawing rights (SDR)

(As at 31 December 2016 and 2015)

Assets	Note/ appendix	Thousands of US\$		Thousands of SDR	
		2016	2015	2016	2015
Cash on hand and in banks	4	94 373	131 299	70 181	94 890
Investments	4	1 240 173	1 393 862	922 255	1 007 344
Contribution and promissory notes receivables					
Contributors' promissory notes	5	308 812	213 119	229 648	154 021
Contributions receivable	5	475 127	624 561	353 328	451 370
Less: provisions and qualified instruments of contribution		(186 878)	(174 357)	(138 972)	(126 009)
Net contribution and promissory notes receivables		597 061	663 323	444 004	479 382
Other receivables		139 752	151 089	103 926	109 192
Fixed and intangible assets		12 905	11 027	9 597	7 969
Loans outstanding					
Loans outstanding	9(c)/I	6 377 221	6 270 436	4 742 420	4 531 645
Less: accumulated allowance for loan impairment losses	9(a)	(59 559)	(35 517)	(44 291)	(25 669)
Less: accumulated allowance for the HIPC Debt Initiative	11(b)/J	(17 685)	(27 624)	(13 151)	(19 964)
Net loans outstanding		6 299 977	6 207 294	4 684 998	4 486 012
Total assets		8 384 241	8 557 893	6 234 941	6 184 789

Liabilities and equity	Note/ appendix	Thousands of US\$		Thousands of SDR	
		2016	2015	2016	2015
Liabilities					
Payables and liabilities		186 417	171 319	136 631	123 812
Undisbursed grants	14	80 521	68 057	59 879	49 185
Deferred revenues		86 583	73 225	64 386	52 920
Borrowing liabilities	15	263 690	162 948	196 093	117 762
Total liabilities		617 211	475 579	456 989	343 679
Equity					
Contributions					
Regular		8 043 135	7 884 776	7 436 207	7 309 220
Special		20 349	20 349	15 219	15 219
Total contributions	H	8 063 484	7 905 125	7 451 426	7 324 439
General Reserve		95 000	95 000	70 647	68 657
Retained earnings		(391 454)	82 219	(1 746 121)	(1 551 986)
Total equity		7 767 030	8 082 344	5 775 952	5 841 110
Total liabilities and equity		8 384 241	8 557 893	6 234 941	6 184 789

Note: 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.

Statements of contributions

Table 1

Summary of contributions

(Thousands of United States dollars)

	2016	2015
Replenishments		
Initial contributions	1 017 371	1 017 371
First Replenishment	1 016 564	1 016 564
Second Replenishment	567 053	567 053
Third Replenishment	553 881	553 881
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	963 050	963 050
Ninth Replenishment	978 411	976 894
Tenth Replenishment	760 072	590 197
Total IFAD	7 880 886	7 709 493
Special Programme for Africa (SPA)		
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	8 252 466	8 081 074
Complementary contributions		
Belgian Survival Fund	80 002	80 002
HIPC Debt Initiative	19 679	19 679
ASAP complementary contributions	289 836	302 854
Unrestricted complementary contributions Tenth Replenishment	36 169	10 199
Other complementary contributions	58 798	58 798
Total complementary contributions	484 484	471 532
Other		
HIPC contributions not made in the context of replenishment resources	267 463	262 738
Belgian Survival Fund contributions not made in the context of replenishment resources	63 836	63 836
Supplementary contributions^b		
Project cofinancing	420 404	390 919
Associate professional officer funds	48 811	46 928
Other supplementary funds	928 301	903 809
GEF	138 855	104 155
ASAP supplementary funds	4 181	1 976
Total supplementary contributions	1 540 552	1 447 787
Total contributions	10 680 801	10 326 867
Total contributions include the following:		
Total replenishment contributions (as above)	8 252 466	8 081 074
Less provisions	(121 630)	(168 446)
Less qualified instruments of contribution	(65 248)	(5 912)
Less DSF compensation	(2 104)	(1 591)
Total net replenishment contributions	8 063 484	7 905 125
Less fair value adjustment	(14 472)	(7 903)
Total replenishment contributions at fair value	8 049 012	7 897 222

^a Including Iceland's special contribution prior to membership and US\$20 million from OFID.

^b Includes interest earned according to each underlying agreement.

Table 2
Replenishments through to IFAD10: Statement of Members' contributions^a
 (As at 31 December 2016)

<i>Member State</i>	<i>Replenishments through to IFAD9 (thousands of US dollars equivalent)</i>	<i>IFAD10</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>
Afghanistan							
Albania	60						
Algeria	72 430	US\$	10 000	10 000	3 333		3 333
Angola	4 260						
Argentina	19 000						
Armenia	45	US\$	10	10	10		10
Australia ^b	37 247						
Austria	90 172	EUR	16 000	17 173	5 923	11 250	17 173
Azerbaijan	300						
Bangladesh	5 606						
Barbados	10						
Belgium	149 694						
Belize	205						
Benin	429						
Bhutan	195	US\$	30	30	10		10
Bolivia (Plurinational State of)	1 500						
Bosnia and Herzegovina	215						
Botswana	740						
Brazil ^c	81 996						
Burkina Faso	484	US\$	125	125	40		40
Burundi	100	US\$	10	10	10		10
Cabo Verde	46	US\$					
Cambodia	1 050	US\$	315	315	315		315
Cameroon	3 064	US\$					
Canada	350 281	CAD	75 000	56 596	37 954		37 954
Central African Republic	13						
Chad	391						
Chile	860						
China	105 839	US\$	60 000	60 000	20 000		20 000
Colombia	1 040						
Comoros ^d	31						
Congo	818						
Cook Islands	5						
Côte d'Ivoire	1 629	US\$	6	6	6		6
Cuba	9	EUR	44	48	48		48
Cyprus	312	US\$	60	60	20		20
Democratic People's Republic of Korea (the)	800						
Democratic Republic of the Congo	1 870						
Denmark	152 614						
Djibouti	31	US\$	6	6	6		6
Dominica	51						
Dominican Republic	88						
East Timor		US\$	100	100	100		100
Ecuador	1 241						
Egypt	23 409						
El Salvador	100						
Eritrea	70	US\$	30	30	30		30
Estonia	59						
Ethiopia	291	US\$	40	40	40		40
Fiji	300						

<i>Member State</i>	<i>Replenishments through to IFAD9 (thousands of US dollars equivalent)</i>	<i>IFAD10</i>					<i>Total</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>	
Finland	71 895	EUR	13 000	13 858	4 893		4 893
France	329 774	EUR	35 000	37 565	13 095		13 095
Gabon	3 724						
Gambia (the)	90	US\$	30	30	30		30
Georgia		US\$	30	30	30		30
Germany	461 976	EUR	52 389	55 752	17 072	19 340	36 412
Ghana ^c	2 466						
Greece	4 196						
Grenada	75						
Guatemala	1 043	US\$	500	500	125		125
Guinea	490	US\$	85	85	85		85
Guinea-Bissau	30						
Guyana	1 836	US\$	480	480	480		480
Haiti	197						
Honduras	801						
Hungary	100						
Iceland	375						
India	135 497	US\$	37 000	37 000	25 000		25 000
Indonesia	61 959						
Iran (Islamic Republic of) ^d	128 750						
Iraq ^d	56 099						
Ireland	31 221	EUR	2 000	2 147	2 147		2 147
Israel	451	EUR	5	5	5		5
Italy	418 302						
Jamaica	326						
Japan ^c	487 680	JPY	5 903 108	50 612		50 612	50 612
Jordan	1 040						
Kazakhstan	20	US\$	20	20	20		20
Kenya	5 190	US\$	500	500	165		165
Kiribati	19	AUD	10	7	7		7
Kuwait	188 041	US\$	15 000	15 000		15 000	15 000
Lao People's Democratic Republic	357	US\$	61	61	61		61
Lebanon	495						
Lesotho	589						
Liberia	64	US\$	57	57	57		57
Libya ^d	52 000						
Luxembourg	7 634	EUR	1 800	1 941	676		676
Madagascar	624						
Malawi	123						
Malaysia	1 175						
Maldives	51	US\$	50	50	50		50
Mali	379	US\$	127	127	127		127
Malta	55						
Mauritania	135	US\$	49	49	49		49
Mauritius	280	US\$	5	5	5		5
Mexico	38 131	US\$	5 000	5 000	1 667		1 667
Micronesia		US\$	1	1	1		1
Mongolia	15						
Morocco	7 944	US\$	1	1	1		1
Mozambique	570						
Myanmar	255	US\$	5	5	5		5
Namibia	360						
Nepal	270	US\$	75	75	75		75
Netherlands	419 656	US\$	75 221	75 221	25 221	50 000	75 221

<i>Member State</i>	<i>Replenishments through to IFAD9 (thousands of US dollars equivalent)</i>	<i>IFAD10</i>					<i>Total</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>	
New Zealand	11 579	NZD	4 500	3 080	988		988
Nicaragua	319	US\$	50	50	50		50
Niger (the)	275	EUR	91	101	101		101
Nigeria	128 959						
Norway	265 008	NOK	315 000	36 650	12 254		12 254
Oman	350						
Pakistan	30 934						
Panama	249						
Papua New Guinea	170						
Paraguay	1 356	US\$	200	200	200		200
Peru	1 635	US\$	360	360	160		160
Philippines (the)	2 178						
Portugal	4 384						
Qatar	39 980						
Republic of Korea	26 139	US\$	8 000	8 000	2 270		2 270
Republic of Moldova (the)	75						
Romania	250						
Russian Federation	6 000	US\$	6 000	6 000	2 000		2 000
Rwanda	271	US\$	50	50	50		50
Saint Kitts and Nevis	20						
Saint Lucia	22						
Samoa	50						
Sao Tome and Principe	10						
Saudi Arabia	432 778	US\$	23 000	23 000		23 000	23 000
Senegal	754	EUR	34	43	43		43
Seychelles	70						
Sierra Leone	37						
Solomon Islands	10						
Somalia	10						
South Africa	1 913						
Southern Sudan	10						
Spain	101 664						
Sri Lanka	9 887	US\$	335	335	335		335
Sudan (the)	1 372	EUR	237	237	237		237
Swaziland	293						
Sweden	320 597	SEK	270 000	30 593	8 578	22 015	30 593
Switzerland	170 445	CHF	45 086	45 094	15 576		15 576
Syrian Arab Republic	1 817						
Tajikistan ^a	2						
Thailand	1 500						
Togo	133	US\$	33	33	33		33
Tonga	55						
Tunisia	4 528	US\$	273	273	273		273
Turkey	18 636	US\$	1 000	1 000	1 000		1 000
Uganda	430						
United Arab Emirates	54 180	US\$	3 000	3 000	900		900
United Kingdom	353 652	GBP	57 077	70 528		23 508	23 508
United Republic of Tanzania	564	US\$	108	108	108		108
United States ^c	881 674	US\$	90 000	90 000	18 000	12 000	30 000
Uruguay	725						
Uzbekistan	25	US\$	5	5	5		5
Venezuela (Bolivarian Republic of)	196 258						
Viet Nam	2 703	US\$	600	600	200		200
Yemen	4 348						

<i>Member State</i>	<i>IFAD10</i>					
	<i>Replenishments through to IFAD9 (thousands of US dollars equivalent)</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>
Yugoslavia	108					
Zambia	594					
Zimbabwe	2 103					
Total contributions						
31 December 2016	7 120 813			760 072	222 354	226 725 449 079
For 2015	7 119 296			590 197	25 876	47 536 73 412

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

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

^c See note 5(a).

^d See notes 6(a) and (b).

Table 3
Special Programme for Africa: Statement of contributions
 (As at 31 December 2016)

Donor	Currency	First phase		Second phase		Total
		Instruments deposited		Instruments deposited		
		Amount	Thousands of US dollars equivalent	Amount	Thousands of US dollars equivalent	
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\$			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 (the)	EUR	15	18			18
Nigeria	US\$			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 2016			288 868		62 364	351 232
31 December 2015			288 868		62 364	351 232

Table 4
Statement of Members' contributions received in 2016
 (As at 31 December 2016 and 2015)
 (Thousands of United States dollars)

<i>Member State</i>	<i>Instruments deposited^{a,b}</i>	<i>Promissory note deposit^b</i>	<i>Payments</i>	
			<i>Cash</i>	<i>Promissory note encashment</i>
IFAD6				
United States		459		459
Total IFAD6		459		459
IFAD7				
United States		1 471		1 471
Total IFAD7		1 471		1 471
IFAD8				
Brazil				8 743
Total IFAD8				8 743
IFAD9				
Bosnia and Herzegovina			50	
Botswana			45	
Cyprus			40	
Fiji			25	
Indonesia			4 000	
Japan				13 335
United States				18 000
Total IFAD9			4 160	31 335
IFAD10				
Algeria	10 000		3 333	
Armenia			5	
Austria	17 319	18 015		5 926
Bhutan	30		10	
Burkina Faso			40	
Canada			28 448	
China			20 000	
Cyprus			20	
Ethiopia			40	
Eritrea			30	
Finland			4 894	
France			13 102	
Gambia (the)			30	
Germany		19 665	17 077	
Guinea	85		45	
Guyana			240	
India			12 000	
Ireland			2 147	
Israel			5	
Japan		29 382		
Kazakhstan			10	
Kenya			146	
Kiribati			7	
Kuwait		15 000		
Liberia			32	
Luxembourg	2 006		676	
Maldives			35	
Mali			127	
Mauritius			5	
Myanmar			5	
Netherlands		75 000	221	25 000
New Zealand	2 993		988	
Niger (the)			101	
Norway			12 254	
Paraguay			200	

<i>Member State</i>	<i>Instruments deposited^{a,b}</i>	<i>Promissory note deposit^b</i>	<i>Payments</i>	
			<i>Cash</i>	<i>Promissory note encashment</i>
Peru	360		160	
Republic of Korea	8 000		2 270	
Russian Federation			2 000	
Sri Lanka			334	
Sweden	31 585	31 585		8 594
Switzerland			15 580	
Tunisia			273	
Turkey			1 000	
United Arab Emirates			900	
United Kingdom		23 575		
United States	90 000	30 000		18 000
Uzbekistan			5	
Viet Nam			200	
Total IFAD10	162 378	242 222	138 995	57 520
Grand total	162 378	244 151	143 155	99 528

^a As amounts are expressed in thousands of United States dollars, the payment from Tajikistan (US\$150) 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.

Statement of loans

Table 1

Statement of outstanding loans

(As at 31 December 2016 and 2015)

(Amounts expressed in thousands)

<i>Borrower or guarantor</i>	<i>Approved loans less cancellations</i>	<i>Disbursed portion</i>	<i>Undisbursed portion</i>	<i>Repayments</i>	<i>Outstanding loans</i>
US\$ loans					
Argentina	12 300	-	12 300	-	-
Bangladesh	30 000	30 000	-	21 000	9000
Cabo Verde	2 003	2 003	-	1 402	601
Cambodia	36 300	-	36 300	-	-
Djibouti	5 770	-	5 770	-	-
Ecuador	25 660	-	25 660	-	-
El Salvador	13 890	-	13 890	-	-
Guyana	7 960	-	7 960	-	-
Haiti	3 500	3 500	-	2 494	1 006
India	75 500	-	75 500	-	-
Nicaragua	20 504	-	20 504	-	-
Nepal	11 538	11 538	-	8 082	3 456
Philippines (the)	10 350	-	10 350	-	-
Republic of Moldova (the)	18 200	-	18 200	-	-
Sri Lanka	12 000	12 000	-	8 700	3 300
United Republic of Tanzania	9 488	9 488	-	6 761	2 728
Viet Nam	42 500	-	42 500	-	-
Subtotal US\$^a	337 464	68 530	268 934	48 439	20 091
EUR loans					
Argentina	22 680	-	22 680	-	-
Bosnia and Herzegovina	11 120	-	11 120	-	-
China	73 100	11 000	62 100	-	11 000
Cuba	10 900	-	10 900	-	-
Ecuador	14 250	-	14 250	-	-
Egypt	50 250	3 462	46 788	-	3 462
El Salvador	10 850	-	10 850	-	-
Fiji	3 100	100	3 000	-	100
Indonesia	93 150	-	93 150	-	-
Morocco	40 610	-	40 610	-	-
Mexico	5 870	-	5 870	-	-
Paraguay	15 800	-	15 800	-	-
Philippines (the)	50 110	7 403	42 707	-	7 403
Swaziland	8 550	-	8 550	-	-
Tunisia	21 600	-	21 600	-	-
Turkey	15 950	-	15 950	-	-
Venezuela (Bolivarian Republic of)	6 810	-	6 810	-	-
Subtotal EUR	454 700	21 965	432 735	-	21 965
US\$ equivalent^a	479 595	23 168	456 427	-	23 168
SDR loans^a					
Albania	34 976	34 526	450	8 640	25 886
Angola	24 400	17 207	7 194	3 977	13 230
Argentina	31 343	29 581	1 762	14 607	14 974
Armenia	61 430	55 136	6 294	7 880	47 256
Azerbaijan	44 905	41 616	3 290	4 056	37 560
Bangladesh	443 346	366 629	76 717	89 805	276 824
Belize	3 067	2 749	318	1 701	1 048
Benin	100 357	75 717	24 640	25 991	49 726
Bhutan	38 496	33 315	5 181	7 747	25 568
Bolivia (Plurinational State of)	72 570	53 677	18 894	15 995	37 682
Bosnia and Herzegovina	48 251	39 537	8 714	8 022	31 515
Botswana	2 600	636	1 964	260	376
Brazil	142 150	58 501	83 648	28 549	29 952
Burkina Faso	88 255	73 898	14 357	17 499	56 399
Burundi	40 859	40 859	-	14 877	25 982
Cabo Verde	20 191	15 821	4 371	3 477	12 344
Cambodia	62 954	43 080	19 874	4 832	38 248
Cameroon	67 260	51 298	15 962	9 095	42 203
Central African Republic	26 494	25 653	842	10 817	14 836
Chad	18 139	17 977	162	2 273	15 704
China	519 795	470 768	49 028	114 154	356 614
Colombia	32 024	16 216	15 807	4 357	11 859
Comoros	4 182	4 182	-	1 875	2307

<i>Borrower or guarantor</i>	<i>Approved loans less cancellations</i>	<i>Disbursed portion</i>	<i>Undisbursed portion</i>	<i>Repayments</i>	<i>Outstanding loans</i>
Congo	23 092	14 593	8 498	580	14 013
Côte d'Ivoire	27 645	17 089	10 555	4 756	12 333
Cuba	20 838	15 308	5 530	7 660	7 648
Democratic People's Republic of Korea (the)	50 496	50 496	-	10 538	39 958
Democratic Republic of the Congo	51 793	38 270	13 522	12 592	25 678
Djibouti	7 146	5 194	1 952	1 325	3 869
Dominica	1 146	1 146	-	747	399
Dominican Republic	27 444	23 538	3 906	9 493	14 045
Ecuador	37 376	32 595	4 781	11 192	21 403
Egypt	197 593	142 522	55 071	59 391	83 131
El Salvador	68 418	64 428	3 990	27 242	37 186
Equatorial Guinea	5 794	5 794	-	4 851	943
Eritrea	23 92	23 892	-	4 414	19 478
Ethiopia	327 188	218 506	108 682	41 484	177 022
Gabon	3 800	3 476	325	1 269	2 207
Gambia (the)	34 239	29 162	5 077	9 232	19 930
Georgia	30 678	23 388	7 290	3 378	20 010
Ghana	154 237	121 708	32 528	26 321	95 387
Grenada	4 400	3 771	628	2 087	1 684
Guatemala	42 686	28 563	14 123	23 712	4 851
Guinea-Bissau	8 487	5 208	3 279	3 083	2 125
Guinea	64 160	64 160	-	21 808	42 352
Guyana	8 522	8 522	-	2 254	6 268
Haiti	60 221	58 236	1 986	19 137	39 099
Honduras	89 239	71 130	18 109	18 718	52 412
India	624 269	432 451	191 818	148 467	283 984
Indonesia ^b	160 774	144 854	15 920	25 280	119 574
Jordan	24 257	17 143	7 114	10 963	6 180
Kenya	173 748	94 424	79 324	12 855	81 569
Kyrgyzstan	30 187	11 157	19 030	2 269	8 888
Lao People's Democratic Republic	55 763	48 463	7 300	12 858	35 605
Lebanon	6 429	4 861	1 568	4 019	842
Lesotho	30 606	25 998	4 608	6 941	19 057
Liberia	29 360	14 199	15 161	2 133	12 066
Madagascar ^b	175 945	118 016	57 929	24 872	93 144
Malawi ^b	103 281	75 596	27 685	25 324	50 272
Maldives	10 843	10 476	367	2 742	7 734
Mali	124 630	99 414	25 216	27 194	72 220
Mauritania	49 971	46 441	3 530	12 210	34 231
Mauritius	8 527	8 527	-	6 791	1 736
Mexico	48 232	37 399	10 833	23 906	13 493
Mongolia	27 169	19 386	7 783	2 335	17 051
Morocco	77 353	46 094	31 258	31 241	14 853
Mozambique	144 058	119 620	24 439	27 310	92 310
Myanmar	32 150	2 455	29 695	-	2 455
Nepal	109 907	80 116	29 791	29 413	50 703
Nicaragua	49 535	44 904	4 631	8 903	36 001
Niger (the)	90 970	59 140	31 830	10 951	48 189
Nigeria	179 949	97 871	82 078	13 604	84 267
Pakistan	303 416	218 576	84 841	60 817	157 759
Panama	-	-	-	-	-
Papua New Guinea	23 450	6 651	16 799	-	6 651
Paraguay	16 318	14 821	1 497	786	14 035
Peru	59 272	35 188	24 083	9 578	25 610
Philippines (the)	85 200	71 248	13952	12 024	59 224
Republic of Moldova (the)	55 998	47 827	8 172	2 676	45 151
Romania	12 400	12 400	-	10 747	1 653
Rwanda ^b	141 248	103 947	37 301	23 534	80 413
Saint Lucia					
Samoa	1 907	1 907	-	911	996
Sao Tome and Principe	13 747	13 747	-	4 090	9 657
Senegal	114 388	88 150	26 238	14 648	73 502
Seychelles	1 980	881	1 099	-	881
Sierra Leone	45 835	43 167	2 668	13 032	30 135
Solomon Islands	4 069	2 519	1 550	1 312	1 207
Somalia	17 710	17 710	-	411	17 299
Sri Lanka	159 948	134 008	25 940	29 057	104 951
Sudan (the)	145 628	142 286	3 342	42 297	99 989
Swaziland	15 005	14 485	519	8 586	5 899
Syrian Arab Republic	56 198	24 697	31 501	12 556	12 141

<i>Borrower or guarantor</i>	<i>Approved loans less cancellations</i>	<i>Disbursed portion</i>	<i>Undisbursed portion</i>	<i>Repayments</i>	<i>Outstanding loans</i>
The former Yugoslav Republic of Macedonia	11 721	11 721	-	3 179	8 542
Tajikistan	6 200	-	6 200	-	-
Togo	24 583	18 269	6 315	8 632	9 637
Tonga	4 837	4 837	-	2 069	2 768
Tunisia	61 318	41 315	20 003	27 666	13 649
Turkey	53 023	40 705	12 318	16 440	24 265
Uganda	250 434	182 223	68 211	38 057	144 166
United Republic of Tanzania	266 408	187 791	78 616	26 131	161 660
Uruguay	12 902	10 677	2 225	8 704	1 973
Uzbekistan	23 190	3 494	19 696	-	3 494
Venezuela (Bolivarian Republic of)	14 586	10 450	4 136	8 052	2 398
Viet Nam	216 901	188 022	28 879	17 440	170 582
Yemen	138 389	138 389	-	48 917	89 472
Zambia	135 133	97 639	37 494	25 027	75 612
Zimbabwe	26 512	26 512	-	8 216	18 296
Subtotal SDR	8 186 341	6 254 538	1 931 803	1 685 923	4 568 615
Fund for Gaza and the West Bank ^c	2 513	2 513	-	793	1 720
Total SDR	8 188 854	6 257 051	1 931 803	1 686 716	4 570 335
US\$ equivalent	11 011 713	8 413 979	2 597 738	2 268 161	6 145 822
Total loans 31 December 2016 US\$ at nominal value	11 828 772	8 505 676	3 323 099	2 316 600	6 189 073
Other receivables					13 297
Fair value adjustment					(1 127 486)
31 December 2016 US\$ at fair value					5 074 884
Total loans 31 December 2015 US\$ at nominal value	11 605 710	8 272 160	3 333 550	2 202 679	6 069 482
Fair value adjustment					(1 127 016)
December 2015 US\$ at fair value					4 942 466

^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 1.34472 at 31 December 2016. During 2016, IFAD entered into a debt-financing facility to borrow funds in euro which are then on-lent in the same currency. The accumulated amount of loans denominated in euros has been valued at the US\$/EUR rate of 0.9480920 at 31 December 2016.

^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 note 2(f)(ii).

Table 2
Summary of loans approved at nominal value by currency and year
 (As at 31 December 2016)

Year		Approved loans expressed in thousands			Value in thousands of US\$					
		As at 1 January 2016	Loans cancelled	Loans fully repaid	As at December 2016	As at 1 January 2016	Loans cancelled	Loans fully repaid	Exchange rate movement SDR/US\$	As at December 2016
1978	US\$	68 530			68 530	68 530				68 530
2016	US\$				268 934					268 934
1979	SDR	201 485			201 485	278 794		(7 854)		270 940
1980	SDR	176 647			176 647	244 427		(6 886)		237 541
1981	SDR	182 246			182 246	252 174		(7 104)		245 070
1982	SDR	103 109			103 109	142 672		(4 019)		138 653
1983	SDR	132 091			132 091	182 774		(5 149)		177 625
1984	SDR	131 907			131 907	182 520		(5 142)		177 378
1985	SDR	60 332			60 332	83 481		(2 352)		81 129
1986	SDR	23 663			23 663	32 743		(922)		31 821
1987	SDR	60 074			60 074	83 125		(2 342)		80 783
1988	SDR	52 100			52 100	72 091		(2 031)		70 060
1989	SDR	86 206			86 206	119 283		(3 360)		115 923
1990	SDR	40 064			40 064	55 437		(1 562)		53 875
1991	SDR	98 025			98 025	135 638		(3 821)		131 817
1992	SDR	79 888			79 888	110 541		(3 114)		107 427
1993	SDR	122 240			122 240	169 144		(4 765)		164 379
1994	SDR	122 598			122 598	169 638		(4 779)		164 859
1995	SDR	174 514		(25 414)	149 100	241 474		(34 341)		200 490
1996	SDR	200 774		(2 998)	197 776	277 811		(4 051)		265 953
1997	SDR	260 836		(13 900)	246 936	360 919		(18 782)		332 060
1998	SDR	266 578			266 578	368 865		(10 391)		358 474
1999	SDR	275 119			275 119	380 682		(10 724)		369 958
2000	SDR	272 919			272 919	377 638		(10 638)		367 000
2001	SDR	249 191	(958)		248 233	344 806	(1 289)		(9 714)	333 803
2002	SDR	234 875	(37)		234 838	324 996	(49)		(9 155)	315 792
2003	SDR	223 593	(123)		223 470	309 385	(165)		(8 716)	300 504
2004	SDR	254 595	(2 188)		252 407	352 283	(2 942)		(9 925)	339 416
2005	SDR	314 666	(6 561)		308 105	435 403	(8 820)		(12 268)	414 315
2006	SDR	321 196	(5 973)		315 223	444 439	(8 030)		(12 523)	423 886
2007	SDR	273 177	(5 384)		267 793	377 995	(7 237)		(10 651)	360 107
2008	SDR	268 024	(2 033)	(832)	265 159	370 865	(2 733)	(1 124)	(10 443)	356 565
2009	SDR	277 731	(1 290)		276 441	384 296	(1 734)		(10 826)	371 736
2010	SDR	419 276	(1 735)		417 541	580 152	(2 332)		(16 344)	561 470
2011	SDR	455 275	(80)		455 195	629 964	(108)		(17 747)	612 109
2012	SDR	408 287	(946)		407 341	564 946	(1 271)		(15 915)	547 760
2013	SDR	353 686			353 686	489 395			(13 787)	475 608
2014	SDR	337 626			337 626	467 173			(13 161)	454 012
2015	SDR	541 540			541 540	749 328			(21 109)	728 219
2016	SDR				203 153					273 184
2014	EUR	84 600			84 600	91 901			(2 669)	89 232
2015	EUR	274 310			274 310	297 983			(8 654)	289 329
2016	EUR				95 790					101 034
Total US\$						68 530				337 464
Total SDR						11 147 296	(36 710)	(58 298)	(313 760)	11 011 713
Total EUR						389 884			(11 323)	479 595
Totals						11 605 711	(36 710)	(58 298)	(325 083)	11 828 772

Table 3
Maturity structure of outstanding loans by period at nominal value

(As at 31 December 2016 and 2015)
 (Thousands of United States dollars)

<i>Period due</i>	<i>2016</i>	<i>2015</i>
Less than 1 year	292 242	280 639
1-2 years	267 223	259 631
2-3 years	285 772	275 687
3-4 years	294 728	284 527
4-5 years	294 276	281 677
5-10 years	1 493 075	1 437 851
10-15 years	1 258 800	1 229 942
15-20 years	968 281	963 942
20-25 years	677 019	679 358
More than 25 years	357 656	376 228
Total	6 189 073	6 069 481

Table 4
Summary of outstanding loans by lending type at nominal value

(As at 31 December 2016 and 2015)
 (Thousands of United States dollars)

<i>Lending type</i>	<i>2016</i>	<i>2015</i>
Highly concessional terms	5 512 865	5 481 409
Hardened terms	28 060	23 220
Intermediate terms	225 853	217 821
Ordinary terms	398 669	335 203
Blended terms	23 626	11 829
Total	6 189 073	6 069 481

Table 5
Disbursement structure of undisbursed loans at nominal value

(Projected as at 31 December 2016 and 2015)
 (Thousands of United States dollars)

<i>Disbursements in:</i>	<i>2016</i>	<i>2015</i>
Less than 1 year	392 126	507 758
1-2 years	398 772	507 497
2-3 years	382 156	477 287
3-4 years	382 156	423 364
4-5 years	372 187	363 031
5-10 years	1 395 702	1 054 613
Total	3 323 099	3 333 550

Special Programme for Africa

Table 1
Statement of loans at nominal value
 (As at 31 December 2016 and 2015)

<i>Borrower or guarantor</i>	<i>Approved loans less cancellations</i>	<i>Disbursed portion</i>	<i>Undisbursed portion</i>	<i>Repayments</i>	<i>Outstanding loans</i>
SDR loans (expressed in thousands)					
Angola	2 714	2 714	-	1 028	1 686
Burkina Faso	10 546	10 546	-	4 653	5 893
Burundi	4 494	4 494	-	1 531	2 963
Cabo Verde	2 183	2 183	-	903	1 280
Chad	9 617	9 617	-	3 922	5 695
Comoros	2 289	2 289	-	917	1 372
Djibouti	114	114	-	48	66
Ethiopia	6 660	6 660	-	3 168	3 492
Gambia (the)	2 639	2 639	-	1 121	1 518
Ghana	22 321	22 321	-	9 014	13 307
Guinea-Bissau	2 127	2 127	-	1 063	1 064
Guinea	10 762	10 762	-	4 843	5 919
Kenya	12 241	12 241	-	4 625	7 616
Lesotho	7 482	7 482	-	3 086	4 396
Madagascar	1 098	1 098	-	421	677
Malawi	5 777	5 777	-	1 878	3 899
Mali	10 193	10 193	-	4 840	5 353
Mauritania	19 020	19 020	-	8 383	10 637
Mozambique	8 291	8 291	-	4 042	4 249
Niger (the)	11 119	11 119	-	5 208	5 911
Senegal	23 234	23 234	-	9 500	13 734
Sierra Leone	1 505	1 505	-	527	978
Sudan (the)	26 012	26 012	-	10 768	15 244
Uganda	8 124	8 124	-	3 859	4 265
United Republic of Tanzania	6 789	6 789	-	2 886	3 903
Zambia	8 607	8 607	-	4 059	4 548
Total	225 958	225 958	-	96 293	129 665
US\$ equivalent	303 850	303 850	-	129 487	174 363
Other receivables					488
Fair value adjustment					(55 295)
31 December 2016 US\$ at fair value					119 556
31 December 2015 US\$ at nominal value	312 658	312 658	-	125 274	187 384
Fair value adjustment					(61 097)
31 December 2015 US\$ at fair value					126 287

Table 2
Summary of loans by year approved at nominal value
 (As at 31 December 2016)

Year		Approved loans in thousands of SDRs			Value in thousands of US\$			
		As at 1 January 2016	Loans cancelled	As at 31 December 2016	As at 1 January 2016	Loans cancelled	Exchange rate movement SDR/US\$	As at 31 December 2016
1986	SDR	24 902	-	24 902	34 457	-	(971)	33 486
1987	SDR	41 292	-	41 292	57 135	-	(1 610)	55 525
1988	SDR	34 770	-	34 770	48 112	-	(1 355)	46 756
1989	SDR	25 756	-	25 756	35 638	-	(1 004)	34 634
1990	SDR	17 370	-	17 370	24 035	-	(677)	23 357
1991	SDR	18 246	-	18 246	25 247	-	(711)	24 536
1992	SDR	6 952	-	6 952	9 620	-	(271)	9 349
1993	SDR	34 268	-	34 268	47 418	-	(1 336)	46 081
1994	SDR	16 320	-	16 320	22 583	-	(635)	21 947
1995	SDR	6 082	-	6 082	8 415	-	(236)	8 179
Total	SDR	225 958	-	225 958	312 656	-	(8 806)	303 850

Table 3
Maturity structure of outstanding loans by period at nominal value
 (As at 31 December 2016 and 2015)
 (Thousands of United States dollars)

Period due	2016	2015
Less than 1 year	7 883	8 040
1-2 years	7 812	8 038
2-3 years	7 812	8 038
3-4 years	7 812	8 038
4-5 years	7 812	8 038
5-10 years	39 059	40 191
10-15 years	39 059	40 191
15-20 years	36 867	39 107
20-25 years	17 926	23 374
More than 25 years	2 322	4 329
Total	174 363	187 384

Table 4
Summary of outstanding loans by lending type at nominal value
 (As at 31 December 2016 and 2015)
 (Thousands of United States dollars)

Lending type	2016	2015
Highly concessional terms	174 363	187 384
Total	174 363	187 384

Statement of grants

(As at 31 December 2016 and 2015)
(Thousands of United States dollars)

	<i>Undisbursed as at 1 January 2016</i>	<i>2016 movements</i>			<i>Exchange rate</i>	<i>Undisbursed as at 31 December 2016</i>
		<i>Disbursable</i>	<i>Disbursements</i>	<i>Cancellations</i>		
Grants	68 057	54 910	(39 270)	(2 717)	(459)	80 521
Fair value adjustment						(2 467)
Total 2016 at fair value						78 054
Total 2015	74 951	46 402	(48 204)	(4 223)	(869)	68 057
Fair value adjustment						(1 629)
Total 2015 at fair value						66 428

IFAD-only Debt Sustainability Framework

(As at 31 December 2016 and 2015)

(Thousands of United States dollars)

<i>Borrower or guarantor</i>	<i>Undisbursed as at 1 January 2016</i>	<i>Effective/ (cancellations) 2016</i>	<i>Disbursements 2016</i>	<i>Exchange difference</i>	<i>Undisbursed as at 31 December 2016</i>
DSF projects denominated in US\$	1 471		-		1 971
SDR Debt Sustainability Framework					
Afghanistan	30 775	34 441	(8 315)		56 901
Benin	8 682	-	(892)		7 790
Burkina Faso	44 625	-	(2 283)		42 342
Burundi	13 604	40 350	(9 013)		44 941
Cambodia	2 323	-	(2 092)		231
Central African Republic	1 614	-	(773)		841
Chad	11 819	-	(1 604)		10 215
Comoros	127	(127)	-		-
Congo	1 342	-	-		1 342
Côte d'Ivoire	18 942	-	(1 610)		17 332
Democratic Republic of the Congo	44 620	-	(4 068)		40 552
Eritrea	10 580	-	(4 733)		5 847
Ethiopia	13 718	-	(5 589)		8 129
Gambia (the)	8 994	-	(3 171)		5 823
Guinea	16 242	-	(1 421)		14 821
Guinea-Bissau	3 279	-	-		3 279
Guyana	-	-	-		-
Haiti	8 780	-	(1 060)		7 720
Kiribati	1 713	-	(480)		1 233
Kyrgyzstan	11 151	-	(1 696)		9 455
Lao People's Democratic Republic	7 724	(250)	(2 941)		4 533
Lesotho	2 228	(247)	(1 049)		932
Liberia	48	-	(25)		23
Malawi	11 098	-	(2 810)		8 288
Maldives	1 423	-	(412)		1 011
Mali	9 814	-	(621)		9 193
Mauritania	5 047	-	(1 517)		3 530
Nepal	20 015	15 220	(4 494)		30 741
Nicaragua	6 196	(66)	(1 499)		4 631
Niger (the)	17 100	-	(3 293)		13 807
Rwanda	10 316	-	(4 366)		5 950
Sao Tome and Principe	1 310	2 163	(1 569)		1 904
Sierra Leone	6 171	-	(3 504)		2 667
Solomon Islands	-	1 550	(391)		1 159
South Sudan	712	-	(701)		11
Sudan (the)	25 659	(72)	(7 110)		18 477
Tajikistan	4 776	6 062	(3 073)		7 765
Timor-Leste	3	-	-		3
Togo	7 180	-	(230)		6 950
Tonga	1 430	-	(673)		757
Yemen	14 621	-	-		14 621
Subtotal SDR DSF	405 801	99 024	(89 078)		415 747
Subtotal SDR DSF (US\$ equivalent)	545 688	133 160	(119 785)		559 063
2016 total US\$ and SDR DSF	547 159	133 160	(119 785)		561 034
Exchange difference			(4 107)		
Total 2016 disbursements			(123 892)		
2015 total US\$ and SDR DSF	556 893	130 318	(125 586)		562 979

Summary of the Heavily Indebted Poor Countries Debt Initiative

(As at 31 December 2016)

(Thousands of United States dollars)

Completion point countries	Debt relief provided to 31 December 2016		Debt relief to be provided as approved by the Executive Board			Total debt relief
	Principal	Interest	To be covered by IFAD		To be covered by World Bank contribution	
	Principal	Interest	Principal	Interest		
Benin	4 568	1 643				6 211
Bolivia (Plurinational State of)	5 900	1 890				7 790
Burkina Faso	6 769	2 668				9 437
Burundi	7 971	2 086	2 472	390	3 056	15 975
Cameroon	3 074	727				3 801
Comoros	749	144	577	77	859	2 406
Central African Republic	9 260	2 875	222	45	321	12 723
Chad	793	150	634	106	525	2 208
Congo	-	99				99
Côte d'Ivoire	1 814	326				2 140
Democratic Republic of the Congo	8 334	2 752	2 235	199	1 865	15 385
Ethiopia	20 569	5 905				26 474
Gambia (the)	2 508	619				3 127
Ghana	15 585	5 003				20 588
Guinea	7 563	1 530	1 464	252	1 255	12 064
Guinea-Bissau	3 326	1 042	970	90	586	6 014
Guyana	1 526	299				1 825
Haiti	1 946	635				2 581
Honduras	1 077	767				1 844
Liberia	8 602	6 183	306	37	355	15 483
Madagascar	7 810	2 096				9 906
Malawi	13 459	3 273	2 280	388	3 164	22 564
Mali	6 211	2 431				8 642
Mauritania	8 484	2 601				11 085
Mozambique	12 521	3 905				16 426
Nicaragua	7 259	943				8 202
Niger (the)	9 993	2 628	338	61	428	13 448
Rwanda	16 747	5 211	32	6		21 996
Sao Tome and Principe	1 384	371	746	107	639	3 247
Senegal	2 247	882				3 129
Sierra Leone	8 304	1 995	877	117	731	12 024
United Republic of Tanzania	12 691	4 293				16 984
Togo	2 008	759				2 767
Uganda	12 449	4 654				17 103
Zambia	19 169	4 921				24 090
SDR	252 670	78 306	13 153	1 875	13 784	359 788
Less future interest on debt relief not accrued*						(4 315)
Total SDR debt relief						355 473
Total US\$ equivalent	339 773	105 295	17 685	2 523	8 536	478 011
Fair value adjustment			(5 610)			
31 December 2016 at fair value			12 075			
As at 31 December 2015						
SDR	241 734	76 212	19 964	3 158	16 714	357 782
Less future interest on debt relief not accrued*						(7 755)
Total SDR debt relief						350 027
Total US\$ equivalent	334 489	105 454	27 624	4 368	23 127	484 332
Fair value adjustment			(8 550)			
31 December 2015 at fair value			19 074			

* Including interest covered by the World Bank contribution.

Summary of contributions to the Haiti Debt Relief Initiative

(As at 31 December 2016 and 2015)

	<i>Thousands of US\$</i>	<i>Thousands of SDR</i>
2016		
Member State contribution		
Austria	685	438
Belgium	776	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
Subtotal	27 561	17 825
Interest earned	840	
Debt relief provided	(15 450)	
Total administrative account Member States 2016	12 951	
IFAD		
IFAD contribution	15 200	10 088
Interest earned	754	
Debt relief provided	-	
Total administrative account IFAD	15 954	
Grand total	28 905	
Exchange rate movement	(2 867)	
Total HIPC cash and investments	26 038	
2015		
Grand total	31 488	
Exchange rate movement	(2 794)	
Total HIPC cash and investments	28 694	

IFAD-only analysis of operating expenses

(For the years ended 31 December 2016 and 2015)

An analysis of IFAD operating expenses by principal sources of funding

(Thousands of United States dollars)

<i>Expense</i>	<i>Administrative expenses^a</i>	<i>Direct charges^b</i>	<i>Other sources^c</i>	<i>Total</i>
Staff salaries and benefits	79 340	-	1 191	80 531
Office and general expenses	23 851	531	8 748	33 130
Consultants and other non-staff costs	37 060	1	3 050	40 110
Direct bank and investment costs	-	2 415	-	2 415
Total 2016	140 251	2 947	12 987	156 186
Total 2015	144 682	3 179	9 766	157 628

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

^b Direct charges against investment income.

^c Includes Government of Italy's reimbursable expenses, voluntary separation leave expenditures and positions funded from service charges.