

Document: GC 42/L.4  
Agenda: 6  
Date: 21 December 2018  
Distribution: Public  
Original: English

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Investing in rural people

## Consolidated Financial Statements of IFAD as at 31 December 2017

(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-second Session  
Rome, 14-15 February 2019

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For: Approval

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### Notes:

The Consolidated Financial Statements have been prepared using the symbols of the International Organization for Standardization (ISO).

The notes to the Consolidated Financial Statements, contained in appendix D, form an integral part of the statements.

## 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
FVTP	fair value through profit and loss
FGWB	IFAD Fund for Gaza and the West Bank
FAO	Food and Agriculture Organization of the United Nations
GAFFSP	Global Agriculture and Food Security Program
GEF	Global Environment Facility
IAS	International Accounting Standards (superseded by IFRS)
ILC	International Land Coalition
IFRS	International Financial Reporting Standards
HIPC	Heavily Indebted Poor Countries 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
UNJSPF	United Nations Joint Staff Pension Fund
WFP	World Food Programme

## 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 2017 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 Financial Statements of IFAD as at 31 December 2017

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

1. At its 123<sup>rd</sup> session in April 2018, the Executive Board reviewed the audited financial statements of IFAD for the 2017 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 148<sup>th</sup> 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 2017. 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 2017. In addition, they issued the external attestation on the effectiveness of internal controls over financial reporting.

## Consolidated and IFAD-only balance sheet

As at 31 December 2017 and 2016  
(Thousands of United States dollars)

Assets	Note*/ appendix	Consolidated		IFAD-only	
		2017	2016	2017	2016
<b>Cash on hand and in banks</b>	4	<b>401 882</b>	<b>260 394</b>	<b>127 705</b>	<b>94 373</b>
<b>Investments</b>					
Investment at amortized cost		307 332	374 733	172 918	185 663
Investment at fair value		1 251 506	1 173 252	1 052 021	1 054 510
<b>Subtotal investments</b>	4	<b>1 558 838</b>	<b>1 547 985</b>	<b>1 224 939</b>	<b>1 240 173</b>
<b>Contributions and promissory notes receivables</b>					
Contributors' promissory notes	5	236 410	472 105	211 626	305 993
Contributions receivable	5	574 183	777 812	298 977	463 248
Less: qualified contribution receivables	5	(34 703)	(65 248)	(34 703)	(65 248)
Less: accumulated allowance for contribution's impairment loss	6	(121 630)	(121 630)	(121 630)	(121 630)
<b>Net contributions and promissory notes receivables</b>		<b>654 260</b>	<b>1 063 039</b>	<b>354 270</b>	<b>582 364</b>
<b>Other receivables</b>	7	<b>16 227</b>	<b>20 815</b>	<b>151 243</b>	<b>139 753</b>
<b>Fixed and intangible assets</b>	8	<b>14 001</b>	<b>12 905</b>	<b>14 001</b>	<b>12 905</b>
<b>Loans outstanding</b>					
Loans outstanding	9(c)/I	6 055 143	5 318 283	5 859 709	5 194 440
Less: accumulated allowance for loan impairment losses	9(a)	(10 184)	(5 014)	(10 184)	(5 014)
Less: accumulated allowance for the Heavily Indebted Poor Countries (HIPC) Initiative	11(b)/J	(10 250)	(12 075)	(10 250)	(12 075)
<b>Net loans outstanding</b>		<b>6 034 709</b>	<b>5 301 194</b>	<b>5 839 275</b>	<b>5 177 351</b>
<b>Total assets</b>		<b>8 679 917</b>	<b>8 206 332</b>	<b>7 711 433</b>	<b>7 246 918</b>
Liabilities and equity	Note*/ appendix	2017	2016	2017	2016
<b>Liabilities</b>					
Payables and liabilities	12	208 310	191 269	206 598	186 417
Undisbursed grants	14	531 256	527 854	89 658	78 054
Deferred revenues	13	262 279	299 037	86 901	86 355
Borrowing liabilities	15	804 157	549 360	480 324	263 690
<b>Total liabilities</b>		<b>1 806 002</b>	<b>1 567 520</b>	<b>863 481</b>	<b>614 516</b>
<b>Equity</b>					
Contributions		-	-	-	-
Regular		8 185 188	8 028 663	8 185 188	8 028 663
Special		20 349	20 349	20 349	20 349
<b>Total contributions</b>	H	<b>8 205 537</b>	<b>8 049 012</b>	<b>8 205 537</b>	<b>8 049 012</b>
<b>Retained earnings</b>					
General Reserve		95 000	95 000	95 000	95 000
Accumulated Deficit		(1 426 622)	(1 505 200)	(1 452 585)	(1 511 611)
<b>Total retained earnings</b>		<b>(1 331 622)</b>	<b>(1 410 200)</b>	<b>(1 357 585)</b>	<b>(1 416 611)</b>
<b>Total equity</b>		<b>6 873 915</b>	<b>6 638 812</b>	<b>6 847 952</b>	<b>6 632 401</b>
<b>Total liabilities and equity</b>		<b>8 679 917</b>	<b>8 206 332</b>	<b>7 711 433</b>	<b>7 246 918</b>

\* For notes to the financial statements, please see appendix D.

## Consolidated statement of comprehensive income

For the years ended 31 December 2017 and 2016  
(Thousands of United States dollars)

	Note	2017	2016
<b>Revenue</b>			
Income from loans		58 820	52 661
Income/(losses) from cash and investments	17	36 361	48 815
Income from other sources	18	9 977	10 761
Income from contributions	19	158 602	184 523
<b>Total revenue</b>		<b>263 760</b>	<b>296 760</b>
<b>Operating expenses</b>			
Staff salaries and benefits	21	(92 569)	(83 825)
Office and general expenses		(41 353)	(34 657)
Consultants and other non-staff costs		(48 891)	(44 166)
Direct bank and investment costs	24	(1 963)	(2 616)
<b>Subtotal operating expenses</b>		<b>(184 776)</b>	<b>(165 264)</b>
<b>Other expenses</b>			
Loan interest expenditures		(696)	(1 051)
(Allowance)/Reversal for loan impairment losses	9(a)	(6 161)	(25 868)
HIPC Initiative (expenses)/income	26	(4 309)	(4 173)
Grant expenses	22	(177 216)	(223 187)
Debt Sustainability Framework (DSF) expenses	23	(127 766)	(123 892)
Depreciation	8	(2 945)	(2 585)
<b>Subtotal other expenses</b>		<b>(319 093)</b>	<b>(380 756)</b>
<b>Total expenses</b>		<b>(503 869)</b>	<b>(546 020)</b>
<b>Deficit before fair value and foreign exchange adjustments</b>		<b>(240 109)</b>	<b>(249 260)</b>
Adjustment for changes in fair value	25	(11 672)	(4 324)
(Losses)/gains from currency exchange movements IFAD	16	338 793	(169 541)
<b>Net profit or (loss)</b>		<b>87 012</b>	<b>(423 125)</b>
<b>Other comprehensive income/(loss)</b>			
(Losses)/gains from currency exchange movements and retranslation of consolidated entities	16	6 316	6 489
Change in provision for After-Service Medical Coverage Scheme (ASMCS) benefits	21	(15 083)	(22 173)
<b>Subtotal other comprehensive (loss)/income</b>		<b>(8 767)</b>	<b>(15 684)</b>
<b>Total comprehensive (loss)/income</b>		<b>78 245</b>	<b>(438 809)</b>

## IFAD-only statement of comprehensive income

For the years ended 31 December 2017 and 2016  
(Thousands of United States dollars)

	Note	2017	2016
<b>Revenue</b>			
Income from loans		57 451	51 843
Income/(losses) from cash and investments	17	33 326	46 002
Income from other sources		15 532	14 714
Income from contributions	19	29 615	5 659
<b>Total revenue</b>		<b>135 924</b>	<b>118 218</b>
<b>Operating expenses</b>			
	20		
Staff salaries and benefits	21	(89 303)	(80 531)
Office and general expenses		(39 752)	(33 130)
Consultants and other non-staff costs		(41 977)	(40 110)
Direct bank and investment costs		(1 614)	(2 415)
<b>Subtotal operating expenses</b>		<b>(172 646)</b>	<b>(156 186)</b>
<b>Other expenses</b>			
Loan interest expenditures		(696)	(874)
(Allowance)/reversal for loan impairment losses	9(a)	(6 161)	(25 868)
HIPC Initiative (expenses)/income	26	(4 309)	(4 173)
Grant expenses	22	(64 779)	(55 020)
DSF expenses	23	(127 766)	(123 892)
Depreciation	8	(2 945)	(2 584)
<b>Subtotal other expenses</b>		<b>(206 656)</b>	<b>(212 411)</b>
<b>Total expenses</b>		<b>(379 302)</b>	<b>(368 597)</b>
<b>(Deficit) before fair value and foreign exchange adjustments</b>		<b>(243 378)</b>	<b>(250 379)</b>
Adjustment for changes in fair value		(21 639)	(5 328)
(Losses)/gains from currency exchange movements IFAD	16	338 793	(169 541)
<b>Net profit or (loss)</b>		<b>73 776</b>	<b>(425 248)</b>
<b>Other comprehensive income/(loss)</b>			
Change in provision for ASMCS benefits	21	(15 083)	(22 173)
<b>Subtotal other comprehensive (loss)/income</b>		<b>(15 083)</b>	<b>(22 173)</b>
<b>Total comprehensive (loss)/income</b>		<b>58 693</b>	<b>(447 421)</b>

## Consolidated statement of changes in retained earnings

For the years ended 31 December 2017 and 2016  
(Thousands of United States dollars)

	<i>Accumulated deficit</i>	<i>General Reserve</i>	<i>Total retained earnings</i>
<b>2015</b>			
<b>Accumulated deficit as at 31 December 2015</b>	<b>(1 066 955)</b>	<b>95 000</b>	<b>(971 955)</b>
<b>2016</b>			
Net profit or (loss)	(423 125)		(423 125)
Total other comprehensive income/(loss)	(15 684)		(15 684)
DSF compensation	564		564
<b>Accumulated deficit as at 31 December 2016</b>	<b>(1 505 200)</b>	<b>95 000</b>	<b>(1 410 200)</b>
<b>2017</b>			
Net profit or (loss)	87 012		87 012
Total other comprehensive income/(loss)	(8 767)		(8 767)
DSF compensation	333		333
<b>Accumulated deficit as at 31 December 2017</b>	<b>(1 426 622)</b>	<b>95 000</b>	<b>(1 331 622)</b>

## IFAD-only statement of changes in retained earnings

For the years ended 31 December 2017 and 2016  
(Thousands of United States dollars)

	<i>Accumulated deficit</i>	<i>General Reserve</i>	<i>Total retained earnings</i>
<b>2015</b>			
<b>Accumulated deficit as at 31 December 2015</b>	<b>(1 064 754)</b>	<b>95 000</b>	<b>(969 754)</b>
<b>2016</b>			
Net profit or (loss)	(425 248)		(425 248)
Total other comprehensive income/(loss)	(22 173)		(22 173)
DSF compensation	564		564
<b>Accumulated deficit as at 31 December 2016</b>	<b>(1 511 611)</b>	<b>95 000</b>	<b>(1 416 611)</b>
<b>2017</b>			
Net profit or (loss)	73 776		73 776
Total other comprehensive income/(loss)	(15 083)		(15 083)
DSF compensation	333		333
<b>Accumulated deficit as at 31 December 2017</b>	<b>(1 452 585)</b>	<b>95 000</b>	<b>(1 357 585)</b>



## Consolidated cash flow statement

For the years ended 31 December 2017 and 2016  
(Thousands of United States dollars)

	2017	2016
<b>Cash flows from operating activities</b>		
Interest received from loans IFAD	55 494	51 117
Interest received from loans other funds	1 385	837
Receipts for non-replenishment contributions	314 200	132 341
Payments for operating expenses and other payments	(165 282)	(162 842)
Grant disbursements (IFAD)	(45 408)	(39 270)
Grant disbursements (supplementary funds)	(131 097)	(90 477)
DSF disbursements	(127 766)	(123 892)
<b>Net cash flows used in operating activities</b>	<b>(98 475)</b>	<b>(232 186)</b>
<b>Cash flows from investing activities</b>		
Loan disbursements IFAD	(631 380)	(539 409)
Loan disbursements other funds	(59 210)	(50 355)
Loan principal repayments IFAD	260 385	248 121
Loan principal repayments other funds	4 513	3 411
Transfers from/(to) investments at amortized costs	61 582	82 141
Receipts from investments	35 148	39 520
<b>Net cash flows used in investing activities</b>	<b>(328 962)</b>	<b>(216 571)</b>
<b>Cash flows from financing activities</b>		
Receipts for replenishment contributions	377 991	242 685
Receipts of borrowed funds	174 095	106 827
Payments for trust fund borrowing	(1 943)	(17 074)
<b>Net cash flows from financing activities</b>	<b>550 143</b>	<b>332 438</b>
<b>Effects of exchange rate movements on cash and cash equivalents</b>	<b>97 161</b>	<b>(40 787)</b>
<b>Net increase/(decrease) in unrestricted cash and cash equivalents</b>	<b>219 868</b>	<b>(157 106)</b>
Unrestricted cash and cash equivalents at beginning of year	1 432 940	1 590 046
<b>Unrestricted cash and cash equivalents at end of year</b>	<b>1 652 809</b>	<b>1 432 940</b>
<b>Composed of:</b>		
Unrestricted cash	401 782	260 292
Unrestricted investments excluding held-to-maturity and payables control accounts	1 251 026	1 172 648
<b>Unrestricted cash and cash equivalents at end of year</b>	<b>1 652 809</b>	<b>1 432 940</b>

## Summaries of cash flow information on other consolidated entities

### As at 31 December 2017

(Millions of United States dollars)

	<i>HIPC</i>	<i>Haiti Debt Relief Initiative</i>	<i>ASMCS Trust Fund</i>	<i>Spanish Food Security Cofinancing Facility Trust Fund</i>	<i>Adaptation for Smallholder Agriculture Programme Trust Fund</i>	<i>Supplementary funds</i>
<b>Balance sheet</b>						
Total assets	7.0	24.3	79.1	331.6	258.6	405.3
Total liabilities	(14.0)	(26.3)	(83.3)	(324.1)	(250.8)	(399.3)
Retained earnings	7.0	2.0	4.2	(7.5)	(7.8)	(6.1)
<b>Statement of comprehensive income</b>						
Total revenue	-	-	0.2	2.4	52.9	76.2
Total operating expenses	-	-	(0.2)	(3.9)	(43.4)	(72.4)
Net revenue less operating expenses	-	-	-	(1.5)	9.5	3.8
<b>Net cash flow</b>	<b>4.3</b>	<b>20.8</b>	<b>13.8</b>	<b>(1.3)</b>	<b>150.0</b>	<b>1.5</b>

### As at 31 December 2016

(Millions of United States dollars)

	<i>HIPC</i>	<i>Haiti Debt Relief Initiative</i>	<i>ASMCS Trust Fund</i>	<i>Spanish Food Security Cofinancing Facility Trust Fund</i>	<i>Adaptation for Smallholder Agriculture Programme Trust Fund</i>	<i>Supplementary funds</i>
<b>Balance sheet</b>						
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
<b>Statement of comprehensive income</b>						
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
<b>Net cash flow</b>	<b>(0.4)</b>	<b>0.4</b>	<b>-</b>	<b>(4.7)</b>	<b>4.5</b>	<b>5.5</b>

# 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.

As an international financial institution (IFI), IFAD enjoys a de facto preferred creditor status (PCS). PCS is not a legal status; rather it is embodied in practice, and is granted by the governments of IFAD's 176 Member States. The PCR concept receives consistent universal recognition from entities such as bank regulators, the Bank for International Settlements and rating agencies.

Membership in the Fund is open to any member state 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, based on the current financial situation and cash-flow forecast. Information is provided separately in the Financial Statements for entities where this is deemed of interest to readers.

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 Financial Statements are disclosed in note 3.

- (i) New and amended IFRS mandatorily effective for the current reporting period.

During 2017, some amendments to international standards became effective for the current reporting period that have either no, or negligible, impact on the financial statements, namely:

Amendments to International Accounting Standard 12 (IAS 12): Recognition of Deferred Tax Assets for Unrealized Losses (not applicable to IFAD);

Amendment to the IFRS for small and medium-sized enterprises (SMEs) (not applicable to IFAD);

Amendments to IFRS 12: Disclosure of Interests in Other Entities; and

IFRS 9: Financial Instruments. The section on classification and measurement had already been adopted by IFAD.

- (ii) IFRS not yet mandatorily effective

<i>Pronouncement</i>	<i>Nature of change</i>	<i>Potential impact</i>
Amendment to IFRS 2: Share-based Payment	Changes to the share-based payment transaction from cash settled to equity settled	Not applicable to IFAD
	Effective from 1 January 2018	
Amendments to IFRS 4: Insurance Contracts	Guidance for insurers in applying IFRS 9 and IFRS 4.	Not applicable to IFAD
	Effective from 1 January 2018	
IFRS 9: Financial Instruments	Hedge accounting  Impairment methodology	The Fund has commenced implementation of the impairment methodology section of IFRS 9. The impacts foreseen are in line with industry practices. The section on hedge accounting is not yet applicable.
	Effective from 1 January 2018	
Amendments to IFRS 10: Consolidated Financial Statements; and to IAS 28: Investments in Associates and Joint Ventures	Provides guidance for accounting for loss of control of a subsidiary.	Not applicable to IFAD
	Effective from 1 January 2018	
IFRS 15: Revenues from Contracts with Customers	Establishes principles for reporting about nature, timing and uncertainty of revenues and cash flows from contracts with customers.	IFAD has assessed the impact of the adoption of this accounting standard and it is deemed to have no material impact.
	Effective from 1 January 2018	

IFRS 16: Leases	Provides principles for the recognition, measurement, presentation and disclosure of leases for both parties of a contract (lessee and lessor). Effective from 1 January 2019	IFAD has yet to assess the impact of the adoption of this standard.
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"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.

## (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) 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 2017 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 (i.e.

## (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 FVTPL in accordance with IFRS 9.

Allowance for impairment losses on contributions  
The Fund has established a policy on provisions against overdue Member States' contributions, while still maintaining its preferred creditor status, 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.

During 2017, Management conducted a review of the adequacy of the General Reserve, which was examined by the Audit Committee at its 145<sup>th</sup> meeting and by the Executive Board at its 121<sup>st</sup> session. Recommendations, applicable from fiscal year 2018, were finally approved by the Governing Council at its 41<sup>st</sup> session. The review included a comparative study of other IFIs. The intrinsic value of the reserve as a mechanism to ensure a sound financial framework and enhance flexible risk mitigation measures, in light of the evolution of the IFAD business model and the increasing borrowing activities, was recognized.

As a result of the review, regulation XIII(a) of the Financial Regulations of IFAD was updated as follows: "Annual transfers from the accumulated surplus to the General Reserve shall be determined by the Executive Board after taking into account the Fund's financial position in the context of the review /approval of yearly audited financial statements of the Fund".

#### (iii) Retained earnings

Retained earnings represent the cumulative excess of revenue over expenses inclusive 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 the negotiated financing agreement, unless the negotiated financing agreement states that it is subject to ratification. In such case, the loan shall enter into force on the date that 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) Initiative

IFAD participates in the International Monetary Fund/World Bank original and enhanced HIPC 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 HIPC 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 Initiative, and as a charge to the HIPC 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 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 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 contribution receivables, while still maintaining IFAD's preferred creditor status, 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 disburseable 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 disburseable when a recipient has the right to incur eligible expenditure.

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

### (K) Debt Sustainability Framework (DSF)

Under the DSF, countries eligible for highly concessional lending receive financial assistance on a grant rather than a loan basis. Principal amounts forgone by IFAD are expected to be compensated on a pay-as-you-go basis (according to the underlying loan amortization schedule) by the Member States, while the service charge is not meant to be compensated. In line with the accounting policy on Contributions-Equity DSF Principal compensation, contributions 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 liabilities are accounted for at amortized cost. IFAD has signed several borrowing agreements with sovereign institutions at variable rate debt. Maturity can vary from 20 years to 40 years. IFAD may not prepay loans outstanding without incurring penalties. Interest rates are variable (linked to EURIBOR plus a spread). Borrowing activities are now subject to the Sovereign Borrowing Framework as approved by the Executive Board in April 2015 (EB 2015/114/R.17/Rev.1). Borrowed funds are deployed in accordance with IFAD's policies and procedures (but are not deployed to DSF countries).

### (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 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 IFAD and the Italian Republic Regarding the Provisional Headquarters of IFAD. 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	
	2017	2016
Unrestricted cash	401 782	260 292
Cash subject to restriction	100	102
<b>Subtotal cash</b>	<b>401 882</b>	<b>260 394</b>
Unrestricted investments at fair value	1 251 156	1 172 882
Investments at amortized cost	307 332	374 733
Investments subject to restriction	350	370
<b>Subtotal investments</b>	<b>1 558 838</b>	<b>1 547 985</b>
<b>Total cash and investments</b>	<b>1 960 720</b>	<b>1 808 379</b>

The composition of the portfolio by entity was as follows:

Table 2  
As at 31 December

Entity	US\$ thousands	
	2017	2016
IFAD	1 352 645	1 334 547
ASMCS Trust Fund	76 788	63 101
HIPC Trust Fund	6 976	2 647
Supplementary Funds	130 041	128 625
Spanish Trust Fund	136 191	169 610
Haiti Debt Relief Initiative	24 302	26 037
ASAP	233 777	83 812
<b>Total cash and investments</b>	<b>1 960 720</b>	<b>1 808 379</b>

**(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.

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

At 31 December 2017, cash and investments, including payables for investment purchased and receivables amounted to US\$1,951.6 million (2016 – US\$1,802.2 million) and comprised the following instruments:



Table 3

	US\$ thousands	
	2017	2016
Cash	401 882	260 394
Fixed-income instruments	1 491 500	1 519 809
Unrealized (loss)/gain on forward contracts	(951)	(5 256)
Time deposits and other obligations of banks	65 360	27 388
Unrealized (loss)/gain on futures	2 929	6 044
<b>Total cash and investments</b>	<b>1 960 720</b>	<b>1 808 379</b>
Receivables for investments sold and taxes receivable	-	15
Payables for investments purchased	(9 082)	(6 160)
<b>Total investment portfolio</b>	<b>1 951 638</b>	<b>1 802 234</b>

Fixed-income investments and cash include US\$310.1 million at amortized cost as at 31 December 2017 (2016 – US\$ 381.8 million). The fair value of amortized cost investments as at 31 December 2017 was US\$309.9 million (2016 – US\$383.3 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	US\$ thousands	
	2017	2016
Chinese renminbi	83 899	27 825
Euro	862 648	791 705
Japanese yen	17 451	53 516
Pound sterling	(48 539)*	120 749
United States dollar	1 036 179	808 705
<b>Total cash and investment portfolio</b>	<b>1 951 638</b>	<b>1 802 234</b>

\* This balance pertains to outstanding currency forwards contract.

### (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	
	2017	2016
Due in one year or less	775 567	528 633
Due after one year through five years	868 342	887 417
Due from five to ten years	244 023	301 299
Due after ten years	63 706	84 885
<b>Total cash and investment portfolio</b>	<b>1 951 638</b>	<b>1 802 234</b>

The average life to maturity of the fixed-income investments included in the consolidated investment portfolio at 31 December 2017 was 35 months (2016 – 43 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 investments are diversified into several portfolios in the fixed-income universe driven by IFAD's investment policy. Occasionally IFAD Management has taken short-term tactical measures to protect the overall portfolio from adverse market conditions.

The actual weights and amounts of each asset class within the overall portfolio, together with the asset allocation weights as at 31 December 2017 and 2016 are shown in tables 6 and 7. Disclosures relate to IFAD-only accounts, for the net asset value.

Table 6  
2017

Asset class	Actual allocation %	Maximum allocation %	
		US\$ millions	%
Cash	9.2	123.4	n.a
Time deposit	4.3	58.2	n.a
Global government bonds/agencies	34.9	471.0	100.0
Global credit bonds	36.3	490.0	25.0
Global inflation-linked	7.3	97.5	10.0
Emerging market debt bonds	8.0	108.0	15.0
<b>Total</b>	<b>100.0</b>	<b>1 348.1</b>	<b>-</b>

Table 7  
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
<b>Total</b>	<b>100.0</b>	<b>1 328.4</b>	<b>100.0</b>

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 tracking 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	Bloomberg Barclays Global Government Bond Index (1 year maturity)
Global credit bonds	Bloomberg Barclays Global Fixed-Income Index (A- or above)
Global inflation-linked bonds	Bloomberg Barclays Capital World Government Inflation-Linked Index (1-10 years maturity)
Emerging market debt bonds	Bloomberg Barclays Emerging Market Debt Investment Grade Index (BBB- or above)
WB RAMP*	ICE BofAML** 0-1 Year US Treasury Index (AAA)
Hedging Portfolio	No Benchmark

\* World Bank's Reserves Advisory Management Programme portfolio.

\*\* Intercontinental Exchange Bank of America Merrill Lynch.

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, Chinese renminbi and asset liability portfolios 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 2017 and 2016 and respective benchmarks are shown in table 9.

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

As at 31 December 2017 and 2016

Portfolio	Portfolio		Benchmark	
	2017	2016	2017	2016
Operational cash	-	-	-	-
Global strategic portfolio	2.1	1.9	n.a.	n.a.
Global liquidity portfolio	0.2	0.1	n.a.	n.a.
Chinese renminbi portfolio	0.1	0.1	n.a.	n.a.
Asset liability portfolio	1.3	1.6	n.a.	n.a.
Global government bonds	0.3	0.6	1.1	1.0
Global credit bonds	4.3	4.5	4.8	4.8
Global inflation-linked	5.3	5.9	5.3	5.3
Emerging market debt bonds	7.1	6.0	6.9	6.6
Hedging portfolio	n.a.	n.a.	n.a.	n.a.
WB RAMP portfolio	0.5	n.a.	0.5	n.a.
<b>Total average</b>	<b>2.2</b>	<b>2.8</b>	<b>2.3</b>	<b>3.0</b>

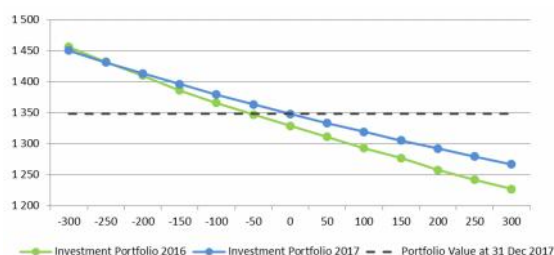
The sensitivity analysis of IFAD's overall investment portfolio in table 10 shows how a parallel shift in the yield curve (-300 to +300 basis points) would affect the value of the investment portfolio as at 31 December 2017 and 31 December 2016.

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

Basis point shift in yield curve	2017		2016	
	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	102	1 450	128	1 456
-250	83	1 431	104	1 432
-200	65	1 413	81	1 410
-150	48	1 396	57	1 386
-100	31	1 379	37	1 366
-50	15	1 363	18	1 347
<b>0</b>	<b>0</b>	<b>1 348</b>	<b>0</b>	<b>1 328</b>
50	(15)	1 333	(18)	1 311
100	(29)	1 319	(35)	1 293
150	(43)	1 306	(51)	1 277
200	(56)	1 292	(70)	1 258
250	(69)	1 280	(86)	1 242
300	(81)	1 267	(102)	1 227

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

Graph 1  
**Sensitivity analysis on investment portfolio value (IFAD-only)**  
(Millions of United States dollars)



At 31 December 2017, 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\$81 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\$102 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
Hedging portfolio	n.a.
WB RAMP portfolio	n.a.

The investment portfolio's total tracking error at 31 December 2017 was 0.11 per cent (2016, 0.15 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 guidelines for investment portfolios 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 IPS and guidelines for investment portfolios are shown in table 12.

Table 12  
**Minimum credit rating floor as per Investment Policy Statement**

As at 31 December 2017

Eligible asset classes	Credit rating floors for Standard & Poor's (S&P), Moody's and Fitch
<b>Money market</b>	Investment grade
<b>Fixed income – both nominal and inflation-linked</b>	
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
Covered bonds	Investment grade
Corporate bonds	Investment grade
Callable bonds	Investment grade
<b>Developed market equity</b>	Investment grade
<b>Derivatives – for hedging purposes only</b>	
Currency forwards	
Exchange-traded futures and options	Counterparty must have a minimum short-term credit rating of A-1 (S&P) or F1 (Fitch) or P-1 (Moody's)
Interest rate swaps	
Cross currency swaps	
Asset swaps	
Credit default swaps	

\* Futures and options are allowed if traded on regulated exchanges.

At 31 December 2017, the average credit ratings by portfolio were in line with the minimum allowable ratings under the IPS and guidelines for investment portfolios (table 13).

Table 13  
**Average credit ratings by portfolio (IFAD-only)**  
As at 31 December 2017 and 2016

Portfolio	Average credit rating <sup>a</sup>	
	2017	2016
Operational cash	P-2	P-1
Global strategic portfolio	Aa3	Aa2
Asset liability portfolio <sup>b</sup>	A3	A2
Chinese renminbi <sup>c</sup>	Time deposit	Time deposit
Global government bonds	Aa1	Aa1
Global credit bonds	A3	A1
Global inflation-linked	Aa1	Aaa
Emerging market debt bonds	A3	A3

<sup>a</sup> The average credit rating is calculated based on market values at 31 December 2017 and 2016 except for the global strategic portfolio whereby the credit rating is calculated on an amortized cost basis. The credit ratings used are based on the best credit ratings available from either Standard and Poor's, Moody's or Fitch.

<sup>b</sup> Approximately 14 per cent of the asset liability portfolio is in operational cash with an IFAD approved commercial bank that has a credit rating equivalent to P3 or BBB as reported by Fitch.

<sup>c</sup> 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 2017 is shown in table 1.

Table 14  
Alignment of assets to SDR basket (IFAD-only)  
As at 31 December 2017

<i>Currency group</i>	<i>Net asset amount (%)</i>	<i>SDR weights</i>	<i>Difference</i>
United States dollar	39.12	40.91	(1.79)
Chinese renminbi	38.39	32.57	5.82
Euro	12.36	10.97	1.39
Japanese yen	8.42	7.40	1.02
Pound sterling	1.71	8.15	(6.44)
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>-</b>

At 31 December 2017, 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 2017

<i>Currency group</i>	<i>Difference towards SDR weights</i>	
	<i>-10% of US\$ (%)</i>	<i>+10% of US\$ (%)</i>
United States dollar	(2.3)	2.5
Chinese renminbi	0.5	(0.5)
Euro	1.4	(1.6)
Japanese yen	0.3	(0.3)
Pound sterling	0.1	(0.1)
<b>Total</b>	<b>0</b>	<b>0</b>

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 2017 resources available for commitment under the sustainable cash flow approach, calculates a MLR of US\$533.6 million that is comfortably covered by IFAD's investment portfolio balance of US\$1,348.1 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 at least once during each replenishment cycle. 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>	
	<i>2017</i>	<i>2016</i>
<b>Promissory notes to be encashed</b>		
Replenishment contributions	213 430	308 812
ASAP	24 959	169 931
<b>Total</b>	<b>238 389</b>	<b>478 743</b>
Fair value adjustment	(1 979)	(6 638)
<b>Promissory notes to be encashed</b>	<b>236 410</b>	<b>472 105</b>
<b>Contributions receivable</b>		
Replenishment contributions	308 721	475 127
Supplementary contributions	282 887	319 855
ASAP	-	1 150
<b>Total</b>	<b>591 608</b>	<b>796 132</b>
Fair value adjustment	(17 425)	(18 320)
<b>Contributions receivables</b>	<b>574 183</b>	<b>777 812</b>
<b>Qualified instruments of contribution</b>	<b>(34 703)</b>	<b>(65 248)</b>
<b>Total promissory notes and contributions receivables</b>	<b>775 890</b>	<b>1 184 669</b>

(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 2017

Donor	US\$ thousands	
	Replenishment	Amount
United States <sup>a</sup>	IFAD7	1 754
United States <sup>a</sup>	IFAD8	560
Brazil <sup>b</sup>	IFAD9	5 567
Japan <sup>b</sup>	IFAD10	39 174
United States <sup>a</sup>	IFAD10	24 000

<sup>a</sup> Cases for which Members and IFAD have agreed to encashment schedules subject to ratification.

<sup>b</sup> 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 4.

(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 2017, contributions receivables and promissory notes still subject to national appropriation measures amounted to US\$ 34.7 million (US\$65.2 million as at 31 December 2016).

## 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	
	2017	2016
Balance at beginning of the year	121 630	168 446
Net (decrease)/increase in allowance	-	(46 816)
<b>Balance at year-end</b>	<b>121 630</b>	<b>121 630</b>
<b>Analysed as follows:</b>		
Promissory notes of contributors (see 6(a))	36 045	36 045
Amounts receivable from contributors (see 6(b))	85 585	85 585
<b>Total</b>	<b>121 630</b>	<b>121 630</b>

(a) Allowances against promissory notes

As at 31 December 2017, 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	
	2017	2016
<b>Initial contributions</b>		
Iran (Islamic Republic of)	29 358	29 358
<b>Subtotal</b>	<b>29 358</b>	<b>29 358</b>
<b>IFAD3</b>		
Democratic People's Republic of Korea	600	600
Libya	6 087	6 087
<b>Subtotal</b>	<b>6 687</b>	<b>6 687</b>
<b>Total</b>	<b>36 045</b>	<b>36 045</b>

(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	
	2017	2016
<b>Initial contributions</b>		
Comoros	8	8
Iran (Islamic Republic of)	83 167	83 167
<b>Subtotal</b>	<b>83 175</b>	<b>83 175</b>
<b>IFAD3</b>		
Iran (Islamic Republic of)	2 400	2 400
Sao Tome and Principe	10	10
<b>Subtotal</b>	<b>2 410</b>	<b>2 410</b>
<b>Total</b>	<b>85 585</b>	<b>85 585</b>

**NOTE 7****OTHER RECEIVABLES**

	<i>US\$ thousands</i>	
	2017	2016
Receivables for investments sold	-	15
Other receivables	16 227	20 800
<b>Total</b>	<b>16 227</b>	<b>20 815</b>

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

**NOTE 8****FIXED AND INTANGIBLE ASSETS**

	<i>US\$ thousands</i>			
	1 Jan 2017	Increase/ (decrease)	Revalued/ Adjustment*	31 Dec 2017
<b>Cost</b>				
Computer hardware	3 633	474	-	4107
Computer software	18 442	2 835	-	21 277
Vehicles	435	366	-	801
Furniture and fittings	489	-	44	533
Leasehold improvement	1 237	366	-	1 603
<b>Total cost</b>	<b>24 236</b>	<b>4 041</b>	<b>44</b>	<b>28 321</b>
<b>Depreciation</b>				
Computer hardware	(2 959)	(415)	-	(3374)
Computer software	(6 949)	(2 363)	-	(9 312)
Vehicles	(131)	(120)	-	(251)
Furniture and fittings	(348)	(17)	(44)	(409)
Leasehold improvement	(944)	(30)	-	(974)
<b>Total depreciation</b>	<b>(11 331)</b>	<b>(2945)</b>	<b>(44)</b>	<b>(14 320)</b>
<b>Net fixed and intangible assets</b>	<b>12 905</b>	<b>1 096</b>	<b>-</b>	<b>14 001</b>

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

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

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

	<i>US\$ thousands</i>	
	2017	2016
<b>Balance at beginning of year</b>	<b>59 559</b>	<b>35 518</b>
Net increase in allowance	6 161	25 868
Revaluation	3 663	(1 827)
<b>Balance at end of year at nominal value</b>	<b>69 383</b>	<b>59 559</b>
Fair value adjustment	(59 199)	(54 545)
<b>Total</b>	<b>10 184</b>	<b>5 014</b>

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:

	<i>Amounts in SDR</i>	
	2017	2016
Democratic People's Republic of Korea (the)	25 276	24 637
Somalia	17 299	17 299
Yemen	6 115	2 355
<b>Total</b>	<b>48 690</b>	<b>44 291</b>
<b>US\$ equivalent</b>	<b>69 383</b>	<b>59 559</b>
Fair value adjustment	(59 199)	(54 545)
<b>Total</b>	<b>10 184</b>	<b>5 014</b>

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 2017 would have been higher by US\$ 760,669 (2016 – US\$876,710).

**(c) Further analysis of loan balances**

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

	<i>US\$ thousands</i>	
	2017	2016
IFAD	7 140 349	6 377 221
Spanish Trust Fund	209 504	133 208
<b>Total</b>	<b>7 349 853</b>	<b>6 510 429</b>
Fair value adjustment	(1 294 710)	(1 192 146)
<b>Total</b>	<b>6 055 143</b>	<b>5 318 283</b>

A more-detailed breakdown follows in table 4:

Table 4

	<i>Thousands of United States dollars</i>	
	2017	2016
<b>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)</b>		
Approved loans	13 536 686	11 828 772
Undisbursed balance	(3 878 946)	(3 323 099)
Repayments	(2 710 651)	(2 316 600)
Interest/principal receivable	16 273	13 297
<b>Loans outstanding at nominal value</b>	<b>6 963 362</b>	<b>6 202 370</b>
Fair value adjustment	(1 226 474)	(1 127 486)
<b>Loans outstanding</b>	<b>5 736 888</b>	<b>5 074 884</b>
<b>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)</b>		
Approved loans	321 992	303 850
Repayments	(145 496)	(129 487)
Interest/principal receivable	491	488
<b>Loans outstanding</b>	<b>176 987</b>	<b>174 851</b>
Fair value adjustment	(54 166)	(55 295)
<b>Loans outstanding</b>	<b>122 821</b>	<b>119 556</b>
<b>Total approved loans, less cancellations, less full repayments and the adjustment for movements in terms of US\$</b>		
Approved loans	13 858 678	12 132 622
Undisbursed balance	(3 878 946)	(3 323 099)
Repayments	(2 856 147)	(2 446 087)
Interest/principal receivable	16 764	13 785
<b>Loans outstanding at nominal value</b>	<b>7 140 349</b>	<b>6 377 221</b>
Fair value adjustment	(1 280 640)	(1 182 781)
<b>Loans outstanding</b>	<b>5 859 709</b>	<b>5 194 440</b>
* The balance includes euro-denominated loans financed from the debt-financing facility.		
<b>Spanish Trust Fund-approved loans, less cancellations, less full repayments and adjustment for movements in value of total EUR loans in terms of US\$</b>		
Approved loans	350 869	308 194
Undisbursed balance	(131 829)	(170 689)
Repayments	(9 908)	(4 519)
Interest/principal receivable	372	222
<b>Loans outstanding at nominal value</b>	<b>209 504</b>	<b>133 208</b>
Fair value adjustment	(14 070)	(9 365)
<b>Loans outstanding</b>	<b>195 434</b>	<b>123 843</b>

The fair value of the outstanding-loan portfolio at year-end amounts to US\$6,544.2 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 Initiative. Loans with amounts overdue more than 180 days are placed in non-accrual status.

#### (e) Market risk

IFAD's loan portfolio is well diversified. Loans are provided to Member States according to the performance-based allocation system (PBAS). Appendix

I provides a summary of the portfolio's geographical distribution, an analysis of the portfolio by lending terms and details about the maturity structure.

#### (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

2017	<i>US\$ millions</i>			
	<i>Cash and bank deposits</i>	<i>Investments at FVTPL</i>	<i>Investments at amortized cost</i>	<i>Loans at amortized cost</i>
<b>Level 1</b>				
Cash and bank balances	402	-	-	-
Investment at FVTPL	-	922	-	-
Investments at amortized costs	-	-	211	-
<b>Level 2</b>				
Investments at FVTPL	-	329	-	-
Investment at amortized cost	-	-	96	-
Loans outstanding	-	-	-	6 035
<b>Total</b>	<b>402</b>	<b>1 252</b>	<b>307</b>	<b>6 035</b>

Table 2

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

Contributions, borrowing liabilities, undisbursed grants and deferred revenues are classified at fair value level 2.

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

IFAD provided funding for the HIPC Initiative in the amount of US\$204,670,000 during the period 1998-2017. Details of funding from external donors on a cumulative basis are found in appendix E.

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 2017 Consolidated Financial Statements, the estimate of IFAD's share of the overall debt relief for these countries, principal and interest, was US\$131,997,000 (2016 US\$135,211,000 for Eritrea, Somalia and the Sudan). Investment income amounted to US\$8,153,914 (2016 – US\$8,040,000) from the HIPC Trust Fund balances.

**(b) Accumulated allowance for the HIPC Initiative**

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

Table 1

	US\$ thousands	
	2017	2016
<b>Balance at beginning of year</b>	<b>17 685</b>	<b>27 624</b>
New approvals	-	-
Change in provision	(3 815)	(5 207)
Exchange rate movements	985	(4 732)
<b>Balance at end of year</b>	<b>14 855</b>	<b>17 685</b>
Fair value adjustment	(4 605)	(5 610)
<b>Total</b>	<b>10 250</b>	<b>12 075</b>

**NOTE 12****PAYABLES AND LIABILITIES**

	US\$ thousands	
	2017	2016
Payable for investments purchased	9 082	6 160
ASMCS liability	127 669	106 484
Other payables and accrued liabilities	71 559	78 625
<b>Total</b>	<b>208 310</b>	<b>191 269</b>

Of the total above, an estimated US\$153.5 million (2016 – US\$129.5 million) 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.

	US\$ thousands	
	2017	2016
<b>Total</b>	<b>288 340</b>	<b>309 523</b>
Fair value adjustment	(26 061)	(10 486)
<b>Deferred revenue</b>	<b>262 279</b>	<b>299 037</b>

**NOTE 14****UNDISBURSED GRANTS**

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

	US\$ thousands	
	2017	2016
IFAD	98 049	80 521
Supplementary funds	273 764	293 412
ASAP	189 236	164 496
<b>Balance at year-end</b>	<b>561 049</b>	<b>539 429</b>
Fair value adjustment	(29 793)	(10 818)
<b>Undisbursed grants</b>	<b>531 256</b>	<b>527 854</b>

**NOTE 15****BORROWING LIABILITIES**

The balance represents the funds received for borrowing activities plus interest accrued, this balance also represent the fair value of borrowing liabilities.

	US\$ thousands	
	2017	2016
IFAD	480 324	263 690
Spanish Trust Fund	323 833	285 670
<b>Total borrowing liabilities</b>	<b>804 157</b>	<b>549 360</b>

The maturity structure of IFAD's borrowing liabilities was as follow:

	US\$ thousands	
	2017	2016
IFAD		
0-1 years	-	-
1-2 years	3 874	-
2-3 years	19 369	6 806
3-4 years	30 989	15 311
4-10 years	185 931	102 073
More than 10 years	240 161	139 500
<b>Total</b>	<b>480 324</b>	<b>263 690</b>



**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

Year	United States dollars
2017	1.42501
2016	1.34472
2015	1.38370

The balance of foreign exchange movement is shown below:

Table 2

	US\$ thousands	
	2017	2016
IFAD	338 793	(169 541)
Other entities	6 316	6 489
<b>Total movements in the year</b>	<b>345 109</b>	<b>(163 052)</b>

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

Table 3

	US\$ thousands	
	2017	2016
<b>Opening balance 1 Jan</b>	<b>(8 781)</b>	<b>154 271</b>
<b>Exchange movements for the year on:</b>		
Cash and investments	41 302	(33 218)
Net receivables/payables	(22 228)	42 812
Loans and grants outstanding	306 286	(140 820)
Promissory notes and Members' receivables	39 914	(42 005)
Member States' contributions	(20 165)	10 182
<b>Total movements in the year</b>	<b>345 109</b>	<b>(163 052)</b>
<b>Closing balance 31 December</b>	<b>336 328</b>	<b>(8 781)</b>

**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 2017, funds under external management amounted to US\$0.7 billion (2016 – US\$0.8 billion), representing 36 per cent of the Fund's total cash and investments (2016 – 59 per cent).

**(b) Derivative instruments**

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

**(i) Futures**

Table 1

	31 December	
	2017	2016
<b>Number of contracts open:</b>		
Buy	334	402
Sell	(395)	(986)
Net unrealized market gains of open contracts (US\$ thousands)	61	(38)
Maturity range of open contracts (days)	67 to 262	67 to 627

**(ii) Forwards**

The unrealized market value loss on forward contracts at 31 December 2017 amounted to US\$2.6 million (2016 – gain of US\$2.2 million).

The maturities of forward contracts at 31 December 2017 ranged from 5 to 74 days (31 December 2016 – 6 to 75 days).

**(c) Income from cash and investments (consolidated)**

Gross income from cash and investments for the year ended 31 December 2017 amounted to US\$36.4 million (2016 – gross income of US\$48.8million).

Table 2  
**2017**

	US\$ thousands		
	Fair value	Amortized cost	Total
Interest from banks and fixed-income Investments	21 982	4 562	<b>26 544</b>
Net expenses from futures/options and swaps	(953)	-	<b>(953)</b>
Realized capital gain/(loss) from fixed-income securities	1 837	163	<b>2 000</b>
Unrealized gain/(loss) from fixed-income securities	4 963	3 807	<b>8 770</b>
<b>Total</b>	<b>27 829</b>	<b>8 532</b>	<b>36 361</b>

Table 3  
**2016**

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

For amortized cost investments, realized capital gains/(losses) relate sales of securities, whereas the unrealized gains/(losses) pertain to the amortization of such securities.

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

Table 4

	US\$ thousands	
	2017	2016
IFAD	33 326	46 002
ASMCS Trust Fund	1 734	1 923
HIPC Trust Fund	114	33
Spanish Trust Fund	1 059	812
Haiti Debt Relief Initiative	259	262
ASAP	816	719
Supplementary funds	783	320
Less: income deferred/reclassified	(1 731)	(1 256)
<b>Total</b>	<b>36 361</b>	<b>48 815</b>

The annual rate of return on IFAD cash and investments in 2017 was 2.21 per cent net of investment expenses (2016 – 2.91 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:

Consolidated	US\$ thousands	
	2017	2016
Reimbursement from Host Government	7 919	7 704
Income from other sources	2 058	3 057
<b>Total</b>	<b>9 977</b>	<b>10 761</b>

## NOTE 19

### INCOME FROM CONTRIBUTIONS

	US\$ thousands	
	2017	2016
IFAD	29 615	5 659
ASAP	52 821	60 487
Supplementary funds	76 166	118 377
<b>Total</b>	<b>158 602</b>	<b>184 523</b>

From 2007, contributions to the HIPC Initiative have been offset against the HIPC 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	
	2017	2016
IFAD	172 646	156 186
Other entities	12 130	9 078
<b>Total</b>	<b>184 776</b>	<b>165 264</b>

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 2017 was as follows (breakdown by principal budget source):

Table 1

Full-time equivalent	Professional	General Service	Total
IFAD administrative budget	293	193	486
APO/SPO*	13	-	13
Others	19	7	26
Programme funds	8	2	10
<b>Total 2017</b>	<b>333</b>	<b>202</b>	<b>535</b>
<b>Total 2016</b>	<b>330</b>	<b>205</b>	<b>535</b>

\* 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 2017 amounted to US\$11,087,659 (2016 – US\$10,846,355).

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

The latest actuarial valuation for the ASMCS was carried out as at 31 December 2017. The methodology used was the projected unit-credit-cost method with service prorates. The principal actuarial assumptions used were as follows: discount rate 2.3 per cent; return on invested assets 3.5 per cent; expected salary increase 3.5 per cent; initial medical cost increase, 4.6 per cent; inflation 1.9 per cent; and exchange rate, EUR 1:US\$1.19. The results of the valuation determined IFAD's liability as at 31 December 2017 to be US\$127,669, 441. The 2017 and 2016 Financial Statements include a provision and related assets as at 31 December as follows:

Table 2

	<i>US\$ thousands</i>	
	2017	2016
Past service liability	(127 669)	(106 483)
Plan assets	79 081	69 223
<b>Surplus/(deficit)</b>	<b>(48 588)</b>	<b>(37 260)</b>
<b>Yearly movements</b>		
<b>Opening balance</b>		
<b>Surplus/(deficit)</b>	<b>(37 260)</b>	<b>(17 313)</b>
Contribution paid	2 293	6 122
Interest cost	(955)	(570)
Current service charge	(5 148)	(3 705)
Actuarial gains/(losses)	(15 083)	(22 173)
Interest earned on balances	1 542	1 745
Exchange rate movement	6 023	(1 366)
<b>Closing balance</b>		
<b>Surplus/(deficit)</b>	<b>(48 588)</b>	<b>(37 260)</b>
<b>Past service liability</b>		
Total provision at 1 January	(106 483)	(80 035)
Interest cost	(955)	(570)
Current service charge	(5 148)	(3 705)
Actuarial gains/(losses)	(15 083)	(22 173)
<b>Provision at 31 December</b>	<b>(127 669)</b>	<b>(106 483)</b>
<b>Plan assets</b>		
Total assets at 1 January	69 223	62 722
Contribution paid	2 293	6 122
Interest earned on balances	1 542	1 745
Exchange rate movement	6 023	(1 366)
<b>Total assets at 31 December</b>	<b>79 081</b>	<b>69 223</b>

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 2017, such costs included under staff salaries and benefits in the Financial Statements amounted to US\$6,102,214 (2016 – US\$4,275,001).

Based on the 2017 actuarial valuation, the level of assets necessary to cover ASMCS liabilities is US\$79,081,236 in net present value terms (including assets pertaining to ILC). As reported above, at 31 December 2017 the assets already held in the trust fund are US\$79,081,236 million; consequently this is 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 2017 is shown below:

Table 3

<i>Impact on</i>	<i>Liability</i>
Medical inflation:	
4.7 per cent instead of 3.7 per cent	34.7
3.7 per cent instead of 2.7 per cent	(27.4)

## NOTE 22

### GRANT EXPENSES

The breakdown of the consolidated figures is set out below:

	<i>US\$ thousands</i>	
	2017	2016
IFAD grants	64 779	55 020
Supplementary funds	61 890	107 680
ASAP	50 547	60 487
<b>Total</b>	<b>177 216</b>	<b>223 187</b>

## NOTE 23

### DSF EXPENSES

The DSF expenses are set out below:

<i>IFAD-only</i>	<i>US\$ thousands</i>	
	2017	2016
DSF expenses	127 766	123 892
<b>Total</b>	<b>127 766</b>	<b>123 892</b>

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>	
	2017	2016
Investment management fees	1 318	1 696
Other charges	645	920
<b>Total</b>	<b>1 963</b>	<b>2 616</b>

## NOTE 25

### ADJUSTMENT FOR CHANGE IN FAIR VALUE

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

	<i>US\$ thousands</i>	
	2017	2016
Loans outstanding	(102 566)	4 011
Accumulated allowance for loan impairment losses	4 654	23 585
Accumulated allowance for HIPC Initiative	(1 005)	(2 940)
Net loans outstanding	(98 917)	24 656
Contributors' promissory notes	4 659	6 927
Contributions receivable	895	(7 386)
Contributions	(2 969)	6 568
Undisbursed grants	19 218	3 398
Deferred revenues	(1 193)	(6 110)
Foreign exchange movement	66 635	(32 378)
<b>Total</b>	<b>(11 672)</b>	<b>(4 324)</b>

**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>	
	2017	2016
International Land Coalition (ILC)	362	855
<b>Total</b>	<b>362</b>	<b>855</b>

**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\$828.5million (US\$740.0 million in 2016). In particular, at the end of December 2017, DSF financing disburseable but not yet disbursed, because the conditions for the release of funds were not yet met, amounted to US\$586.6 million (US\$561.0 million in 2016) and DSF projects approved but not yet effective amounted to US\$241.9 million (US\$179.0 million in 2015).

**(b) Contingent assets**

At the end of December 2017 the balance of qualified instruments of contribution amounted to US\$34.7 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 during the IFAD10 Consultation in 2014 and finally approved by the Governing Council in 2015. During the IFAD11 Consultation in 2017, it was confirmed that there would be no change to the DSF compensation policy. 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 2017 amounted to US\$933.6 million (US\$805.9 million as at December 2016).

**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 2017. This pertained to transactions with Member States (to which IAS 24, 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, Associate Vice-Presidents and Director, Office of the President and Chief of Staff, 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 the ones indicated below, for key management personnel and other related parties identified as per IAS24 requirements.

	<i>US\$ thousands</i>	
	2017	2016
Salaries and other entitlements	1 922	1 756
Contribution to retirement and medical plans	243	260
<b>Total*</b>	<b>2 165</b>	<b>2 017</b>
<b>Total accruals</b>	<b>494</b>	<b>538</b>

\* The increase in 2017 is primarily due to transition related entitlements

**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 March 2018 and endorsement by the Executive Board in April 2018. The 2017 Consolidated Financial Statements will be submitted to the Governing Council for formal approval at its next session in February 2019. The 2016 Consolidated Financial Statements were approved by the Governing Council at its forty-first session in February 2018.

## Statements of complementary and supplementary contributions

Table 1

### Member States:

### Statement of cumulative supplementary contributions including project co-financing from 1978 to 2017<sup>a</sup> (Thousands of United States dollars)

<i>Member States</i>	<i>Project cofinancing</i>	<i>Associate professional officers (APOs)</i>	<i>Other supplementary funds</i>	<i>Global Environment Facility (GEF)</i>	<i>Total</i>
Algeria	-	-	84	-	84
Angola	-	-	7	-	7
Australia <sup>b</sup>	2 721	-	84	-	2 805
Austria	755	-	-	-	755
Bangladesh	-	-	48	-	48
Belgium	10 214	1 960	166 480	-	178 654
Canada	12 019	-	8 481	-	20 500
China	-	-	339	-	339
Colombia	-	-	25	-	25
Denmark	22 567	4 644	3 956	-	31 167
Estonia	-	-	270	-	270
Finland	2 834	5 071	7 043	-	14 948
France	1 032	1 131	8 909	-	11 072
Germany	46	7 773	22 016	-	29 835
Ghana	-	-	84	-	84
Greece	-	-	84	-	84
Hungary	-	-	100	-	100
India	-	-	1 000	-	1 000
Indonesia	-	-	50	-	50
Ireland	6 602	-	4 514	-	11 116
Italy	31 742	6 865	29 465	-	68 072
Japan	3 692	2 208	4 231	-	10 131
Jordan	-	-	153	-	153
Kuwait	-	-	132	-	132
Lebanon	-	-	94	-	94
Luxemburg	2 086	-	9 234	-	11 320
Malaysia	-	-	28	-	28
Morocco	-	-	50	-	50
Mauritania	-	-	92	-	92
Netherlands	107 188	8 559	12 076	-	127 823
New Zealand	730	-	80	-	810
Nigeria	-	-	50	-	50
Norway	24 463	2 604	6 109	-	33 176
Pakistan	-	-	25	-	25
Paraguay	-	-	15	-	15
Portugal	142	-	714	-	856
Qatar	-	-	120	-	120
Republic of Korea	5 157	5 644	232	-	11 033
Russian Federation	1 425	-	75	-	1 500
Saudi Arabia	3 240	-	180	-	3 420
Senegal	-	-	109	-	109
Sierra Leone	-	-	88	-	88
Spain	12 456	-	5 579	-	18 035
Suriname	2 000	-	-	-	2 000
Sweden	9 114	2 773	20 017	-	31 904
Switzerland	13 248	1 507	18 661	-	33 416
Turkey	-	-	47	-	47
United Kingdom	19 074	-	16 859	-	35 933
United States	-	322	86	-	408
<b>Total</b>	<b>294 547</b>	<b>51 061</b>	<b>348 175</b>	<b>-</b>	<b>693 783</b>

<sup>a</sup> Non-US\$ contributions have been translated at the year-end exchange rate.

<sup>b</sup> 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 2017\***

(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>
Abu Dhabi Fund for Development	-	-	387	-	387
Arab Fund for Economic and Social Development	2 983	-	-	-	2 983
African Development Bank	2 800	-	1 096	-	3 896
Arab Bank	-	-	25	-	25
Arab Gulf Programme for United Nations Development Organisations	299	-	-	-	299
Bill & Melinda Gates Foundation	-	-	1 760	-	1 760
Cassava Programme	-	-	69	-	69
Chief Executives Board for Coordination	-	-	998	-	998
Congressional Hunger Centre	-	-	183	-	183
Coopernic	-	-	3 602	-	3 602
European Commission	814	-	569 808	-	570 622
Food and Agriculture Organization of the United Nations	14	-	2 635	-	2 649
Global Agriculture and Food Security Program (GAFSP)	126 610	-	6 515	-	133 125
Least Developed Countries Fund/ Special Climate Change Fund	-	-	92 910	-	92 910
OPEC Fund for International Development (OFID)	2 698	-	-	-	2 698
United Nations Fund for International Partnership	78	-	145	-	223
United Nations Capital Development Fund	365	-	257	-	622
United Nations Development Programme (UNDP)	467	-	1 127	-	1 594
United Nations Organizations	3 017	-	-	-	3 017
World Bank	1 356	-	527	162 029	163 912
Other supplementary funds	386	-	2 744	-	3 130
<b>Total non-Member States and other sources</b>	<b>141 887</b>	<b>-</b>	<b>684 788</b>	<b>162 029</b>	<b>988 704</b>
<b>Total 2017</b>	<b>436 434</b>	<b>51 059</b>	<b>1 032 965</b>	<b>162 029</b>	<b>1 682 487</b>
Total 2016	420 402	48 810	928 304	138 855	1 536 371

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

## Statement of cumulative complementary contributions from 1978 to 2017

(Thousands of United States dollars)

	<i>Amount</i>
Canada	1 511
Germany	458
India	1 000
Saudi Arabia	30 000
Sweden	13 827
United Kingdom	12 002
	<b>58 798</b>
Cumulative contributions received from Belgium for the Belgian Fund for Food Security Joint Programme (BFFS.JP) in the context of replenishments	80 002
<b>Subtotal</b>	<b>138 800</b>
<b>Contributions made in the context of replenishments to the HIPC Trust Fund</b>	
Italy	4 602
Luxembourg	1 053
Netherlands	14 024
<b>Subtotal</b>	<b>19 679</b>
<b>Contributions made to ASAP in the context of replenishments</b>	<b>307 044</b>
<b>Unrestricted complementary contributions – IFAD10</b>	
Canada	7 981
Germany	15 610
Netherlands	23 299
Russian Federation	3 000
United States	12 000
<b>Subtotal</b>	<b>61 890</b>
<b>Total complementary contributions 2017</b>	<b>527 413</b>
Total complementary contributions 2016	484 484

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

(Thousands of United States dollars)

	<i>Amount</i>
<b>Contributions made in the context of replenishments (see table above)</b>	<b>19 679</b>
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
<b>Subtotal</b>	<b>267 463</b>
<b>Total contributions to IFAD's HIPC Trust Fund 2017</b>	<b>287 142</b>
Total contributions to IFAD's HIPC Trust Fund 2016	287 142



## Contributions received in 2017

<i>Purpose</i>	<i>Currency</i>	<i>Amount (Thousands)</i>	<i>Thousands of US dollars equivalent</i>
<b>For project cofinancing</b>			
Abu Dhabi Fund for Development	US\$	387	387
Canada	CAD	1 400	1 030
Denmark	DKK	18 728	2 965
European Commission	EUR	11 724	14 078
FAO	EUR	373	448
GAFSP	US\$	19 356	19 356
Netherlands	US\$	1 231	1 231
Norway	NOK	32 000	3 794
Russian Federation	US\$	700	700
Switzerland	US\$	5 000	5 000
World Bank	US\$	17 702	17 702
<b>Subtotal</b>			<b>66 691</b>
<b>For associate professional officers</b>			
Germany	US\$	352	352
Italy	US\$	379	379
Japan	US\$	182	182
Republic of Korea	US\$	579	579
Netherlands	US\$	686	686
Switzerland	US\$	316	316
<b>Subtotal</b>			<b>2 494</b>
<b>Other Supplementary fund contributions</b>			
Canada	US\$	347	347
European Commission	EUR	18 498	22 213
FAO	EUR	6	8
	US\$	214	214
Germany	EUR	213	256
Hungary	US\$	100	100
Ireland	EUR	1 000	1 201
Italy	EUR	53	63
Republic of Korea	KRW	1 000 000	921
Luxembourg	EUR	500	600
Netherlands	US\$	6 938	6 938
Sweden	SEK	10 000	1 184
Switzerland	CHF	75	74
	EUR	240	288
Others	US\$	145	145
UNDP	US\$	250	250
United Nations Office for South-South Cooperation	US\$	30	30
<b>Subtotal</b>			<b>34 832</b>
<b>Grand total</b>			<b>104 016</b>

## Unspent funds in 2017 and 2016

Table 1

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

<i>Member States</i>	<i>Project financing</i>	<i>APOs</i>	<i>Other supplementary funds</i>	<i>Total</i>
Belgium	-	-	1 935	1 935
Canada	2 145	-	2 776	4 921
China	-	-	138	138
Denmark	2 767	-	140	2 907
Estonia	-	-	129	129
Finland	-	25	1	26
France	-	-	68	68
Germany	-	555	843	1 398
Hungary	-	-	95	95
India	-	-	357	357
Italy	1 397	504	3 044	4 945
Japan	828	71	-	899
Lebanon	-	-	93	93
Luxemburg	101	-	1 193	1 294
Malaysia	-	-	13	13
Netherlands	3 650	510	254	4 414
New Zealand	-	-	40	40
Norway	3 604	15	34	3 653
Republic of Korea	2 364	465	1	2 830
Russian Federation	586	-	-	586
Saudi Arabia	100	-	14	114
Spain	968	-	627	1 595
Sweden	-	-	3 123	3 123
Switzerland	4 750	350	601	5 701
United Kingdom	142	-	235	377
<b>Total Member States</b>	<b>23 402</b>	<b>2 495</b>	<b>15 754</b>	<b>41 651</b>

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>
Abu Dhabi Fund for Development	-	-	84	84
Bill & Melinda Gates Foundation	-	-	91	91
European Commission	-	-	28 540	28 540
FAO	-	-	108	108
GAFSP	23 437	-	2 339	25 776
Least Developed Countries Fund	-	-	14 693	14 693
Support to Farmers' Organizations in Africa Programme	-	-	2 607	2 607
Platform for Agricultural Risk Management (PARM)	-	-	514	514
Technical Assistance Facility	-	-	553	553
UNDP	-	-	156	156
World Bank	6	-	11	17
Other	9	-	268	277
<b>Total non-Member States</b>	<b>23 452</b>	<b>-</b>	<b>49 965</b>	<b>73 416</b>
<b>Grand total</b>	<b>46 854</b>	<b>2 495</b>	<b>65 718</b>	<b>115 067</b>

## Global Environment Facility

(Thousands of United States dollars)

<i>Recipient country</i>	Cumulative contributions received as at 31/12/2017	Unspent as at January 1st 2017	2017 Contributions	2017 expenses	Unspent as at 31/12/2017
Armenia	4 011	10	-	-	10
ASEAN <sup>a</sup> regional	15 648	1	10 826	(2 862)	7 964
Brazil	5 931	-	-	-	-
Burkina Faso	9 355	7 270	-	(6 606)	664
China	4 854	-	(41)	41	-
Comoros	945	-	-	-	-
Ecuador	2 783	-	-	-	-
Eritrea	4 335	-	(142)	141	-
Ethiopia	4 750	-	-	-	-
Gambia (The)	96	-	-	-	-
Global supplement for UNCCD <sup>b</sup>	457	-	-	-	-
Indonesia	5 017	4 768	150	(4 767)	152
Jordan	7 884	15	(2)	2	15
Kenya	12 039	2	-	2	4
Malaysia	200	41	-	(38)	3
Malawi	7 339	20	7 156	(1)	7 176
Mali	4 796	-	-	-	-
Mauritania	4 336	14	(14)	-	-
MENARID <sup>c</sup> monitoring and evaluation	705	-	(0)	-	-
Mexico	5 084	-	(16)	16	-
Morocco	330	-	-	-	-
Niger	12 032	7 681	-	(7 664)	17
Panama	150	-	-	-	-
Peru	7 022	-	(233)	233	-
Sao Tome and Principe	1 875	-	(626)	626	-
Senegal	3 690	3 630	-	-	3 630
Sri Lanka	7 270	-	-	-	-
Sudan	3 750	2	-	-	2
Swaziland	9 205	7 200	-	(7 200)	-
Tunisia	4 330	-	(1 020)	1 020	-
United Republic of Tanzania	7 339	6	7 156	(7 161)	-
Venezuela (Bolivarian Republic of)	3 716	19	(19)	-	-
Viet Nam	755	-	-	-	-
<b>Total</b>	<b>162 029</b>	<b>30 679</b>	<b>23 175</b>	<b>(34 218)</b>	<b>19 637</b>

<sup>a</sup> Association of Southeast Asian Nations.

<sup>b</sup> United Nations Convention to Combat Desertification.

<sup>c</sup> 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 2017)

	<i>Member States</i>	<i>Local currency</i>	<i>Pledges (Thousands of United States dollars)<sup>a</sup></i>	<i>Payment promissory<sup>b</sup> notes</i>	<i>Payment cash<sup>b</sup></i>	<i>Total payments</i>
<b>Complementary contributions</b>						
	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		8 914	
	Sweden	SEK 30 000	4 729		4 471	
	Switzerland	CHF 10 000	11 844		10 949	
	United Kingdom	GBP 147 523	239 176	199 562	-	
	<b>Subtotal</b>		<b>360 638</b>	<b>199 562</b>	<b>107 482</b>	<b>307 044</b>
<b>Supplementary funds</b>						
<b>ASAP</b>						
	Flemish Department for Foreign Affairs	EUR 2 000	2 486		2 380	
	Republic of Korea	US\$3 000	3 000		3 000	
<b>ASAP2</b>						
	Norway	NOK 80 000	9 652		8 834	
	Sweden	SEK 50 000	5 914		5 461	
	<b>Subtotal</b>		<b>21 052</b>	<b>-</b>	<b>19 675</b>	<b>19 675</b>
	<b>Total</b>		<b>381 690</b>	<b>199 562</b>	<b>127 157</b>	<b>326 719</b>

<sup>a</sup> Pledges counter-valued at replenishment exchange rate.

<sup>b</sup> 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 2017</i>	<i>Undisbursed portion of disbursable grants</i>	<i>Grants not yet disbursable as at 31 December 2017</i>
<b>US\$ grants</b>					
Republic of Moldova	5 000	-	-	-	5 000
Iraq	2 000	-	-	-	2 000
<b>Total US\$</b>	<b>7 000</b>	-	-	-	<b>7 000</b>
<b>EUR grants</b>					
Montenegro	1 880	-	-	-	1 880
<b>Total EUR</b>	<b>1 880</b>	-	-	-	<b>1 880</b>
<b>US\$ equivalent</b>	<b>2 258</b>	-	-	-	<b>2 258</b>
<b>SDR grants</b>					
Bangladesh	9 900	9 900	3 102	4 463	-
Benin	3 220	3 220	332	2 888	-
Bhutan	3 580	3 580	324	2 674	-
Bolivia (Plurinational State of)	6 500	6 500	3 240	2 095	-
Burundi	3 510	3 510	226	2 718	-
Cambodia	10 150	10 150	1 693	6 786	-
Cabo Verde	2 900	2 900	337	2 563	-
Chad	3 240	3 240	431	2 475	-
Comoros	740	-	-	-	740
Côte d'Ivoire	4 520	4 520	239	3 867	-
Djibouti	4 000	4 000	439	2 911	-
Ecuador	2 850	-	-	-	2 850
Egypt	3 380	3 380	95	2 868	-
El Salvador	3 560	-	-	-	3 560
Ethiopia	7 870	7 870	809	7 061	-
Gambia (The)	3 570	3 570	423	2 576	-
Ghana	6 500	6 500	23	5 886	-
Kenya	7 100	7 100	298	6 802	-
Kyrgyzstan	6 500	6 500	1 018	4 741	-
Lao People's Democratic Republic	3 550	3 550	225	2 944	-
Lesotho	4 610	4 610	368	4 242	-
Liberia	3 280	3 280	20	3 260	-
Madagascar	4 200	4 200	-	3 617	-
Malawi	5 150	-	-	-	5 150
Mali	6 500	6 500	3 533	309	-
Mauritania	4 300	4 300	431	3 869	-
Morocco	1 295	1 295	7	1 288	-
Mozambique	3 260	3 260	885	1 109	-
Nepal	9 710	9 710	180	8 823	-
Nicaragua	5 310	5 310	1 339	3 048	-
Niger	9 250	9 250	1 993	6 270	-
Nigeria	9 800	9 800	1 339	8 368	-
Paraguay	3 650	-	-	-	3 650
Rwanda	4 510	4 510	501	2 483	-
Sudan	6 880	6 880	785	5 613	-
Tajikistan	3 600	3 600	635	2 965	-
Uganda	6 770	6 770	-	6 060	-
United Republic of Tanzania	7 120	-	-	-	7 120
Viet Nam	7 820	7 820	986	5 154	-
<b>Total SDR</b>	<b>204 155</b>	<b>181 085</b>	<b>26 256</b>	<b>132 796</b>	<b>23 070</b>
<b>US\$ equivalent</b>	<b>290 923</b>	<b>258 048</b>	<b>37 415</b>	<b>189 236</b>	<b>32 875</b>
<b>Total grants in US\$</b>	<b>300 180</b>	<b>258 048</b>	<b>37 415</b>	<b>189 236</b>	<b>42 132</b>

Note: For comparative purposes, as at December 2016 the grants approved (US\$93.3 million) were not yet disbursable.

## Management and external auditor's reports



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 2017**. 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 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 2017, and is not aware of any material control weakness that could affect the reliability of the 2017 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.



Gilbert F. Houngbo  
**President**



Alvaro Lario  
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 2017, 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 consolidated financial position of the Company as at December 31, 2017, and of its consolidated financial performance and its consolidated 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 2017" 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 2017" 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 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.





3

- 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.

A handwritten signature in black ink, appearing to read "Vittorio Fiore".

**Vittorio Fiore**  
Partner

Rome, March 2, 2018



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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, 2017, 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 of December 31, 2017.

### **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 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 judgement, 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 the financial statements in accordance with generally accepted accounting principles and that the 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 of December 31, 2017, 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.

**Vittorio Fiore**  
Partner

Rome, March 2, 2018

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

(As at 31 December 2017 and 2016)

Assets	Note/ appendix	Thousands of US\$		Thousands of SDR	
		2017	2016	2017	2016
<b>Cash on hand and in banks</b>	4	127 705	94 373	89 617	70 181
<b>Investments</b>	4	1 224 939	1 240 173	859 601	922 255
<b>Contribution and promissory notes receivables</b>					
Contributors' promissory notes	5	213 430	308 812	149 774	229 648
Contributions receivable	5	308 771	475 127	216 680	353 328
Less: provisions and qualified instruments of contribution		(156 334)	(186 878)	(109 707)	(138 972)
<b>Net contribution and promissory notes receivables</b>		<b>365 867</b>	<b>597 061</b>	<b>256 747</b>	<b>444 004</b>
<b>Other receivables</b>		<b>151 243</b>	<b>139 752</b>	<b>106 134</b>	<b>103 926</b>
<b>Fixed and intangible assets</b>		<b>14 001</b>	<b>12 905</b>	<b>9 852</b>	<b>9 597</b>
<b>Loans outstanding</b>					
Loans outstanding	9(c )/I	7 140 349	6 377 221	5 010 740	4 742 420
Less: accumulated allowance for loan impairment losses	9(a)	(69 383)	(59 559)	(48 690)	(44 291)
Less: accumulated allowance for the HIPC Initiative	11(b)/J	(14 855)	(17 685)	(10 425)	(13 151)
<b>Net loans outstanding</b>		<b>7 056 111</b>	<b>6 299 977</b>	<b>4 951 626</b>	<b>4 684 998</b>
<b>Total assets</b>		<b>8 939 866</b>	<b>8 384 241</b>	<b>6 273 551</b>	<b>6 234 941</b>

Liabilities and equity	Note/ appendix	Thousands of US\$		Thousands of SDR	
		2017	2016	2017	2016
<b>Liabilities</b>					
Payables and liabilities		206 598	186 417	144 981	136 631
Undisbursed grants	14	98 049	80 521	68 806	59 879
Deferred revenues		86 996	86 583	61 049	64 386
Borrowing liabilities	15	480 324	263 690	337 068	196 093
<b>Total liabilities</b>		<b>871 967</b>	<b>617 211</b>	<b>611 903</b>	<b>456 989</b>
<b>Equity</b>					
Contributions					
Regular		8 196 691	8 043 135	7 530 809	7 436 207
Special		20 349	20 349	15 219	15 219
<b>Total contributions</b>	H	<b>8 217 040</b>	<b>8 063 484</b>	<b>7 546 028</b>	<b>7 451 426</b>
<b>Retained Earnings</b>					
General Reserve		95 000	95 000	66 666	70 647
Accumulated deficit		(244 141)	(391 454)	(1 951 047)	(1 746 121)
<b>Retained earnings</b>		<b>(149 141)</b>	<b>(296 454)</b>	<b>(1 884 381)</b>	<b>(1 675 474)</b>
<b>Total equity</b>		<b>8 067 899</b>	<b>7 767 030</b>	<b>5 611 648</b>	<b>5 775 952</b>
<b>Total liabilities and equity</b>		<b>8 939 866</b>	<b>8 384 241</b>	<b>6 273 551</b>	<b>6 234 941</b>

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)

	2017	2016
<b>Replenishments</b>		
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	978 849	978 411
Tenth Replenishment	882 577	760 072
Eleventh Replenishment	448	-
<b>Total IFAD</b>	<b>8 004 276</b>	<b>7 880 886</b>
<b>Special Programme for Africa (SPA)</b>		
SPA Phase I	288 868	288 868
SPA Phase II	62 364	62 364
<b>Total SPA</b>	<b>351 232</b>	<b>351 232</b>
<b>Special contributions<sup>a</sup></b>	<b>20 349</b>	<b>20 349</b>
<b>Total replenishment contributions</b>	<b>8 375 857</b>	<b>8 252 466</b>
<b>Complementary contributions</b>		
Belgian Survival Fund	80 002	80 002
HIPC Initiative	19 679	19 679
ASAP complementary contributions	307 044	289 836
Unrestricted complementary contributions IFAD10	61 890	36 169
Other complementary contributions	58 798	58 798
<b>Total complementary contributions</b>	<b>527 413</b>	<b>484 484</b>
<b>Other</b>		
HIPC contributions not made in the context of replenishment resources	267 463	267 463
Belgian Survival Fund contributions not made in the context of replenishment resources	63 836	63 836
<b>Supplementary contributions<sup>b</sup></b>		
Project cofinancing	436 434	420 404
Associate professional officer funds	51 059	48 811
Other supplementary funds	1 032 965	928 301
GEF	162 029	138 855
ASAP supplementary funds	19 675	4 181
<b>Total supplementary contributions</b>	<b>1 702 162</b>	<b>1 540 552</b>
<b>Total contributions</b>	<b>10 936 731</b>	<b>10 680 801</b>
<b>Total contributions include the following:</b>		
Total replenishment contributions (as above)	8 375 857	8 252 466
Less provisions	(121 630)	(121 630)
Less qualified instruments of contribution	(34 703)	(65 248)
Less DSF compensation	(2 484)	(2 104)
<b>Total net replenishment contributions</b>	<b>8 217 040</b>	<b>8 063 484</b>
Less fair value adjustment	(11 503)	(14 472)
<b>Total replenishment contributions at fair value</b>	<b>8 205 537</b>	<b>8 049 012</b>

<sup>a</sup> Including Iceland's special contribution prior to membership and US\$20 million from OFID.

<sup>b</sup> Includes interest earned according to each underlying agreement.

Table 2  
**Replenishments through to IFAD10: Statement of Members' contributions<sup>a</sup>**  
 (As at 31 December 2017)

Member State	Replenishments through to IFAD9 (Thousands of US\$ equivalent)	IFAD10					
		Instruments deposited			Payments (Thousands of US\$ equivalent)		
		Currency	Amount (Thousands)	Thousands of US\$ equivalent	Cash	Promissory notes	Total
Afghanistan <sup>a</sup>	-						
Albania	60						
Algeria	72 430	US\$	10 000	10 000	6 667		6 667
Angola	4 260	US\$	1 578	1 578	1 578		1 578
Argentina	19 900	US\$	7 500	7 500	5 000		5 000
Armenia	45	US\$	15	15	15		15
Australia <sup>b</sup>	37 247						
Austria	90 172	EUR	16 000	18 412	12 008	6 404	18 412
Azerbaijan	300						
Bangladesh	5 606	US\$	1 000	1 000	655	345	1 000
Barbados	10						
Belgium	149 694						
Belize	205						
Benin	429						
Bhutan	195	US\$	30	30	20		20
Bolivia (Plurinational State of)	1 500						
Bosnia and Herzegovina	215						
Botswana	740	US\$	45	45	45		45
Brazil <sup>c</sup>	81 996						
Burkina Faso	484	US\$	125	125	86		86
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	57 539	47 563		47 563
Central African Republic	13						
Chad	391						
Chile	860						
China	105 839	US\$	60 000	60 000	40 000		40 000
Colombia	1 040						
Comoros <sup>d</sup>	32						
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	40		40
Democratic People's Republic of Korea	800						
Democratic Republic of the Congo	1 870						
Denmark	152 614						
Djibouti	31	US\$	6	6	6		6
Dominica	51						
Dominican Republic	88	US\$	986	986	986		986
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	325						
Finland	71 895	EUR	13 000	14 399	10 196		10 196

**Replenishments through to IFAD10: Statement of Members' contributions<sup>a</sup> (continued)**  
 (As at 31 December 2017)

Member State	Replenishments through to IFAD9 (Thousands of US\$ equivalent)	IFAD10					
		Instruments deposited			Payments (Thousands of US\$ equivalent)		
		Currency	Amount (Thousands)	Thousands of US\$ equivalent	Cash	Promissory notes	Total
France	329 774	EUR	35 000	39 432	25 503		25 503
Gabon	3 724	XAF	195	114	114		114
Gambia (The)	90	US\$	30	30	30		30
Georgia	-	US\$	30	30	30		30
Germany	461 976	EUR	52 389	60 008	37 990	22 018	60 008
Ghana	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\$	720	720	720		720
Haiti	197						
Honduras	801						
Hungary	100						
Iceland	375						
India	135 497	US\$	37 000	37 000	37 000		37 000
Indonesia	61 959	US\$	6 000	6 000	6 000		6 000
Iran (Islamic Republic of) <sup>d</sup>	128 750						
Iraq	56 099						
Ireland <sup>e</sup>	31 221	EUR	4 036	4 551	4 551		4 551
Israel	451	US\$	20	20	20		20
Italy	418 302	EUR	63 820	68 086	68 086		68 086
Jamaica	326						
Japan <sup>c</sup>	488 092	JPY	5 903 108	52 365	13 063	39 302	52 365
Jordan	1 040						
Kazakhstan	20	US\$	30	30	30		30
Kenya	5 190	US\$	500	500	165		165
Kiribati	19	AUD	10	7	7		7
Kuwait	188 041	US\$	15 000	15 000	9 750	5 250	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 <sup>d</sup>	52 000						
Luxembourg	7 634	EUR	1 800	2 038	1 317		1 317
Madagascar	624	US\$	50	50	50		50
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	3 333		3 333
Micronesia (Federated States of)	-	US\$	1	1	1		1
Mongolia	15	US\$	10	10	10		10
Morocco	7 944	US\$	800	800	400	400	800

**Replenishments through to IFAD10: Statement of Members' contributions<sup>a</sup> (continued)**  
 (As at 31 December 2017)

Member State	Replenishments through to IFAD9 (Thousands of US\$ equivalent)	IFAD10					
		Instruments deposited			Payments (Thousands of US\$ equivalent)		
		Currency	Amount (Thousands)	Thousands of US\$ equivalent	Cash	Promissory notes	Total
Mozambique	570	US\$	85	85	85		85
Myanmar	255	US\$	5	5	5		5
Namibia	360						
Nepal	270	US\$	75	75	75		75
Netherlands	419 656	US\$	75 221	75 221	50 221	25 000	75 221
New Zealand	11 579	NZD	4 500	3 121	2 055		2 055
Nicaragua	319	US\$	150	150	150		150
Niger	275	EUR	91	101	101		101
Nigeria	128 959						
Norway	265 008	NOK	315 000	37 962	24 854		24 854
Oman	350						
Pakistan	30 934	US\$	8 000	8 000	2 667		2 667
Panama	249						
Papua New Guinea	170						
Paraguay	1 356	US\$	200	200	200		200
Peru	1 635	US\$	360	360	360		360
Philippines	2 178	US\$	200	200	200		200
Portugal	4 384						
Qatar	39 980						
Republic of Korea	26 139	US\$	8 000	8 000	4 940		4 940
Republic of Moldova	75	US\$	30	30	30		30
Romania	250						
Russian Federation	6 000	US\$	6 000	6 000	4 000		4 000
Rwanda	271	US\$	50	50	50		50
Saint Kitts and Nevis	20						
Saint Lucia	22						
Samoa	50						
Sao Tome and Principe <sup>d</sup>	10						
Saudi Arabia	432 778	US\$	23 000	23 000	12 000	11 000	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\$	669	669	669		669
Sudan	1 372	EUR	237	237	237		237
Swaziland	293	US\$	20	20	20		20
Sweden	320 597	SEK	270 000	31 879	19 666	22 214	31 879
Switzerland	170 444	CHF	45 086	46 197	30 735		30 575
Syrian Arab Republic	1 817						
Tajikistan	2	US\$	1	1	1		1
Thailand	1 500	US\$	300	300	300		300
Togo	133	US\$	33	33	33		33
Tonga	55						
Tunisia	4 528	US\$	1 000	1 000	561		561
Turkey	18 636	US\$	3 000	3 000	3 000		3 000
Uganda	430						
United Arab Emirates	54 180	US\$	3 000	3 000	1 900		1 900
United Kingdom	353 651	GBP	57 077	76 895	25 420	25 736	51 156
United Republic of Tanzania	564	US\$	121	121	121		121



**Replenishments through to IFAD10: Statement of Members' contributions<sup>a</sup> (continued)**  
(As at 31 December 2017)

<i>Member State</i>	<i>Replenishments through to IFAD9 (Thousands of US\$ equivalent)</i>	<i>IFAD10</i>					
		<i>Instruments deposited</i>			<i>Payments (thousands of US\$ equivalent)</i>		
		<i>Currency</i>	<i>Amount (Thousands)</i>	<i>Thousands of US\$ equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>	<i>Total</i>
United States <sup>c</sup>	881 674	US\$	90 000	90 000	36 000	24 000	60 000
Uruguay	725	US\$	200	200	200		200
Uzbekistan	25	US\$	10	10	10		10
Venezuela (Bolivarian Republic of)	196 258						
Viet Nam	2 703	US\$	600	600	400		400
Yemen	4 348						
Yugoslavia	108						
Zambia	594	US\$	215	215	215		215
Zimbabwe	2 103						
<b>Total contributions 31 December 2017</b>	<b>7 121 251</b>			<b>882 577</b>	<b>556 032</b>	<b>171 668</b>	<b>727 700</b>
<b>For 2016</b>	<b>7 120 813</b>			<b>760 072</b>	<b>222 354</b>	<b>226 725</b>	<b>449 079</b>

<sup>a</sup> 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.

<sup>b</sup> Australia's withdrawal from membership of IFAD became effective on 31 July 2007.

<sup>c</sup> See note 5(a).

<sup>d</sup> See notes 6(a) and (b).

<sup>e</sup> In addition to its pledge to IFAD8 of EUR 6 million, Ireland has made a further contribution of EUR 891,000.

**IFAD11: Statement of Members' contributions<sup>a</sup>**  
(As at 31 December 2017)

<i>Member State</i>	<i>IFAD11</i>					
	<i>Instruments deposited</i>			<i>Payments (Thousands of US\$ equivalent)</i>		
	<i>Currency</i>	<i>Amount (Thousands)</i>	<i>Thousands of US\$ equivalent</i>	<i>Cash</i>	<i>Promissory notes</i>	<i>Total</i>
Angola	US\$	-	-	408	-	408
Eritrea	US\$	-	-	40	-	40
<b>Total contributions 31 December 2017</b>		<b>-</b>	<b>-</b>	<b>448</b>	<b>-</b>	<b>448</b>

Table 3  
**Special Programme for Africa: Statement of contributions**  
 (As at 31 December 2017)

Donor	Currency	First phase		Second phase		Total
		Instruments deposited		Instruments deposited		
		Amount	Thousands of US\$ equivalent	Amount	Thousands of US\$ 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	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
<b>31 December 2017</b>			<b>288 868</b>		<b>62 364</b>	<b>351 232</b>
31 December 2016			288 868		62 364	351 232

Table 4  
**Statement of Members' contributions received in 2017**

(As at 31 December 2017 and 2016  
 (Thousands of United States dollars))

Member State	Instruments deposited <sup>a,b</sup>	Promissory note deposit <sup>b</sup>	Payments	
			Cash	Promissory note encashment
<b>Initial contribution</b>				
Iraq	-	-	2 500	-
<b>Total initial contribution</b>	<b>-</b>	<b>-</b>	<b>2 500</b>	<b>-</b>
<b>IFAD8</b>				
Iraq	-	-	500	-
<b>Total IFAD8</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>-</b>
<b>IFAD9</b>				
Brazil	-	-	-	11 133
Fiji	-	-	25	-
Ghana	-	-	140	-
Japan	-	-	-	13 123
United States	-	-	-	16 481
<b>Total IFAD9</b>	<b>-</b>	<b>-</b>	<b>165</b>	<b>40 737</b>
<b>IFAD10</b>				
Algeria	-	-	3 333	-
Angola	-	-	1 578	-
Argentina	7 500	-	5 000	-
Armenia	-	-	5	-
Austria	-	-	-	6 083
Bangladesh	-	1 000	-	655
Benin	150	-	-	-
Bhutan	-	-	10	-
Botswana	-	-	45	-
Burkina Faso	-	-	46	-
Canada	-	-	9 608	-
China	-	-	20 000	-
Cyprus	-	-	20	-
Dominican Republic	-	-	986	-
Finland	-	-	5 302	-
France	-	-	12 401	-
Gabon	-	-	114	-
Germany	-	21 863	-	20 913
Ghana	500	-	69	-
Greece	-	-	49	-
Guyana	-	-	240	-
India	-	-	12 000	-
Indonesia	-	-	6 000	-
Ireland	-	-	2 405	-
Israel	-	-	15	-
Italy	67 991	-	68 086	-
Japan	-	-	-	13 063
Jordan	-	-	100	-
Kazakhstan	-	-	10	-
Kuwait	-	-	-	9 750
Lesotho	-	-	100	-
Liberia	-	-	-	-
Luxembourg	-	-	641	-
Madagascar	-	-	50	-
Mexico	-	-	1 667	-
Micronesia (Federated States of)	-	-	1	-
Republic of Moldova	-	-	30	-
Mongolia	-	-	10	-
Morocco	800	800	-	400

Mozambique	-	-	85	-
Netherlands	-	-	-	25 000
New Zealand	-	-	1 067	-
Nicaragua	-	-	100	-
Norway	-	-	12 600	-
Pakistan	8 000	-	2 667	-
Peru	-	-	200	-
Philippines	200	-	200	-
Republic of Korea	-	-	2 670	-
Russian Federation	-	-	2 000	-
Saudi Arabia	-	-	-	12 000
Seychelles	-	-	65	-
Sri Lanka	-	-	334	-
Swaziland	20	-	-	-
Sweden	-	-	-	11 071
Switzerland	-	-	15 155	-
Tajikistan	-	-	1	-
United Republic of Tanzania	-	-	13	-
Thailand	-	-	300	-
Tunisia	439	-	288	-
Turkey	-	-	2 000	-
United Arab Emirates	-	-	1 000	-
United Kingdom	-	25 415	-	25 420
United States	-	30 000	-	18 000
Uruguay	-	-	200	-
Uzbekistan	-	-	5	-
Viet Nam	-	-	200	-
Zambia	-	-	214	-
<b>Total IFAD10</b>	<b>85 600</b>	<b>79 078</b>	<b>191 285</b>	<b>142 355</b>
<b>IFAD11</b>				
Angola	-	-	408	-
Eritrea	-	-	40	-
<b>Total IFAD11</b>	<b>-</b>	<b>-</b>	<b>448</b>	
<b>Grand total</b>	<b>85 600</b>	<b>79 078</b>	<b>194 898</b>	<b>183 092</b>

<sup>a</sup> As amounts are expressed in thousands of United States dollars.

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

<sup>c</sup> 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 2017 and 2016)

(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>
<b>US\$ loans</b>					
Angola	33 800	-	33 800	-	-
Argentina	12 300	-	12 300	-	-
Azerbaijan	10 000	-	10 000	-	-
Bangladesh	93 250	30 000	63 250	21 750	8 250
Bolivia	21 000	-	21 000	-	-
Burkina Faso	19 000	-	19 000	-	-
Cabo Verde	2 003	2 003	-	1 452	551
Cambodia	46 300	500	45 800	-	500
Côte d'Ivoire	18 500	-	18 500	-	-
Djibouti	5 770	550	5 220	-	550
Dominican Republic	11 680	-	11 680	-	-
Ecuador	25 660	-	25 660	-	-
El Salvador	13 890	-	13 890	-	-
Grenada	3 990	-	3 990	-	-
Guyana	7 960	-	7 960	-	-
Haiti	3 500	3 500	-	2 581	919
India	151 050	-	151 050	-	-
Indonesia	39 885	-	39 885	-	-
Iraq	15 730	-	15 730	-	-
Jordan	8 400	-	8 400	-	-
Kenya	40 000	-	40 000	-	-
Lebanon	4 900	-	4 900	-	-
Malawi	21 000	-	21 000	-	-
Mexico	35 369	-	35 369	-	-
Nepal	11 538	11 538	-	8 370	3 168
Nicaragua	20 504	2 500	18 004	-	2 500
Pakistan	107 600	-	107 600	-	-
Papua New Guinea	25 500	-	25 500	-	-
Paraguay	10 000	-	10 000	-	-
Philippines	10 333	6 000	4 333	-	6 000
Republic of Moldova	18 200	-	18 200	-	-
Sri Lanka	51 880	14 800	37 080	9 000	5 800
Tajikistan	15 330	-	15 330	-	-
United Republic of Tanzania	9 488	9 488	-	6 998	2 490
Uzbekistan	46 200	-	46 200	-	-
Viet Nam	42 500	-	42 500	-	-
Zambia	6 700	-	6 700	-	-
<b>Subtotal US\$<sup>a</sup></b>	<b>1 020 710</b>	<b>80 879</b>	<b>939 831</b>	<b>50 151</b>	<b>30 728</b>
<b>EUR loans</b>					
Argentina	22 680	-	22 680	-	-
Bosnia and Herzegovina	11 120	900	10 220	-	900
China	73 100	15 363	57 737	-	15 363
Cuba	10 900	-	10 900	-	-
Ecuador	14 250	-	14 250	-	-
Egypt	103 450	5 858	97 592	-	5 858
El Salvador	10 850	-	10 850	-	-
Fiji	3 100	900	2 200	-	900
Indonesia	93 150	2 500	90 650	-	2 500
Mexico	5 870	1 022	4 848	-	1 022
Montenegro	3 880	150	3 730	-	150
Morocco	40 610	-	40 610	-	-
Paraguay	15 800	-	15 800	-	-
Philippines	50 110	12 208	37 902	-	12 208
Swaziland	8 550	1 797	6 753	-	1 797
Tunisia	21 600	2 000	19 600	-	2 000
Turkey	51 100	640	50 460	-	640
Venezuela (Bolivarian Republic of)	6 810	-	6 810	-	-
<b>Subtotal EUR</b>	<b>546 930</b>	<b>43 338</b>	<b>503 592</b>	-	<b>43 338</b>
<b>US\$ equivalent</b>	<b>656 754</b>	<b>52 040</b>	<b>604 713</b>	-	<b>52 040</b>
<b>SDR loans<sup>a</sup></b>					
Albania	34 462	34 462	-	9 934	24 528
Angola	24 400	18 074	6 326	4 367	13 707
Argentina	31 269	29 913	1 356	16 688	13 225
Armenia	60 942	55 761	5 181	9 130	46 631

<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>
Azerbaijan	44 905	42 183	2 722	4 783	37 400
Bangladesh	443 346	390 330	53 016	97 143	293 187
Belize	2 864	2 864	-	1 827	1 037
Benin	100 357	77 259	23 098	28 010	49 249
Bhutan	38 492	33 905	4 827	8 555	25 350
Bolivia (Plurinational State of)	72 570	58 899	13 671	17 292	41 607
Bosnia and Herzegovina	46 396	41 469	4 927	9 535	31 934
Botswana	2 600	809	1 791	347	462
Brazil	142 150	77 838	64 312	34 384	43 454
Burkina Faso	86 079	75 943	10 136	19 639	56 304
Burundi	40 859	40 859	-	16 072	24 787
Cabo Verde	20 191	16 906	3 285	3 800	13 106
Cambodia	62 954	47 312	15 642	5 728	41 584
Cameroon	87 320	56 583	30 737	10 008	46 575
Central African Republic	26 494	26 223	271	11 133	15 090
Chad	18 139	18 138	1	2 677	15 461
China	516 630	491 715	24 915	128 432	363 283
Colombia	32 024	18 232	13 792	5 839	12 393
Comoros	5 292	4 182	1 110	1 986	2 196
Congo	23 092	16 587	6 505	770	15 817
Côte d'Ivoire	27 645	17 847	9 798	5 288	12 559
Cuba	20 838	16 350	4 488	10 191	6 159
Democratic People's Republic of Korea	50 496	50 496	-	10 539	39 957
Democratic Republic of the Congo	50 370	38 270	12 100	13 759	24 511
Djibouti	7 146	5 662	1 484	1 458	4 204
Dominica	1 146	1 146	-	776	370
Dominican Republic	27 262	25 461	1 801	10 697	14 764
Ecuador	37 376	35 036	2 340	13 361	21 675
Egypt	197 593	162 384	35 209	65 452	96 932
El Salvador	68 065	66 736	1 329	31 343	35 393
Equatorial Guinea	5 794	5 794	-	4 898	896
Eritrea	23 892	23 892	-	5 344	18 548
Ethiopia	347 638	257 019	90 619	45 624	211 395
Gabon	3 800	3 582	218	1 773	1 809
Gambia (The)	34 188	29 672	4 516	10 014	19 658
Georgia	30 678	24 942	5 736	4 179	20 763
Ghana	182 126	125 584	56 542	29 070	96 514
Grenada	4 400	3 972	428	2 358	1 614
Guatemala	42 686	32 575	10 111	26 093	6 482
Guinea	64 160	64 160	-	23 733	40 427
Guinea-Bissau	8 487	5 976	2 511	3 210	2 766
Guyana	8 522	8 522	-	2 475	6 047
Haiti	58 463	58 463	-	20 909	37 554
Honduras	89 060	72 864	16 196	20 660	52 204
India	619 516	460 499	159 017	159 213	301 286
Indonesia <sup>b</sup>	160 774	153 528	7 246	28 508	125 020
Jordan	23 763	17 652	6 111	12 048	5 604
Kenya	173 748	111 665	62 083	15 063	96 602
Kyrgyzstan	30 187	13 271	16 916	2 505	10 766
Lao People's Democratic Republic	55 763	48 463	7 300	14 345	34 118
Lebanon	6 429	5 126	1 303	4 349	777
Lesotho	30 606	26 728	3 878	7 574	19 154
Liberia	29 360	15 645	13 715	2 226	13 419
Madagascar <sup>b</sup>	198 855	126 710	72 145	26 867	99 843
Malawi <sup>b</sup>	103 280	77 893	25 387	27 123	50 770
Maldives	10 843	10 776	67	3 031	7 745
Mali	124 630	105 001	19 629	29 680	75 321
Mauritania	49 906	47 626	2 280	13 417	34 209
Mauritius	8 527	8 527	-	7 269	1 258
Mexico	48 084	38 984	9 100	25 834	13 150
Republic of Moldova	55 717	50 222	5 495	3 513	46 709
Mongolia	27 169	20 489	6 680	2 783	17 706
Morocco	77 352	52 445	24 907	34 180	18 265
Mozambique	144 058	129 241	14 817	30 164	99 077
Myanmar	52 550	4 301	48 249	-	4 301
Nepal	132 490	83 501	48 989	31 459	52 042
Nicaragua	49 535	46 946	2 589	9 999	36 947
Niger	90 970	63 295	27 675	11 909	51 386
Nigeria	222 349	120 548	101 801	16 075	104 473
Pakistan	281 706	226 828	54 878	66 012	160 816
Papua New Guinea	23 450	9 871	13 579	-	9 871
Paraguay	16 318	16 252	66	1 395	14 857
Peru	59 271	37 692	21 579	11 539	26 153

<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>
Philippines (the)	85 200	72 068	13 132	14 238	57 830
Romania	12 400	12 400	-	11 573	827
Rwanda <sup>b</sup>	149 657	114 835	34 822	26 053	88 782
Samoa	1 908	1 908	-	959	949
Sao Tome and Principe	13 747	13 747	-	4 632	9 115
Senegal	118 638	97 179	21 459	16 617	80 562
Seychelles	1 980	1 215	765	165	1 050
Sierra Leone	45 737	44 709	1 028	13 790	30 919
Solomon Islands	4 069	4 057	12	1 375	2 682
Somalia	17 710	17 710	-	411	17 299
Sri Lanka	159 948	140 705	19 243	32 395	108 310
Sudan (the)	145 628	143 998	1 630	48 531	95 467
Swaziland	14 428	14 428	-	9 467	4 961
Syrian Arab Republic	40 873	24 333	16 540	14 400	9 933
Tajikistan	6 200	1 140	5 060	-	1 140
The former Yugoslav Republic of Macedonia	11 721	11 721	-	3 570	8 151
Togo	24 583	18 365	6 218	9 095	9 270
Tonga	5 927	4 837	1 090	2 190	2 647
Tunisia	59 137	45 045	14 092	29 502	15 543
Turkey	53 023	49 058	3 965	18 647	30 411
Uganda	250 434	194 715	55 719	41 930	152 785
United Republic of Tanzania	266 408	209 776	56 632	30 144	179 632
Uruguay	12 902	10 998	1 904	9 339	1 659
Uzbekistan	23 190	6 564	16 626	-	6 564
Venezuela (Bolivarian Republic of)	14 586	10 451	4 135	8 845	1 606
Viet Nam	216 900	199 936	16 964	20 439	179 497
Yemen	138 389	138 389	-	48 917	89 472
Zambia	134 999	108 156	26 843	27 887	80 269
Zimbabwe	26 511	26 511	-	11 659	14 852
<b>Subtotal SDR</b>	<b>8 319 697</b>	<b>6 681 530</b>	<b>1 638 167</b>	<b>1 866 133</b>	<b>4 815 397</b>
Fund for Gaza and the West Bank <sup>c</sup>	2 513	2 513	-	873	1 640
<b>Total SDR</b>	<b>8 322 210</b>	<b>6 684 043</b>	<b>1 638 167</b>	<b>1 867 006</b>	<b>4 817 037</b>
US\$ equivalent	<b>11 859 222</b>	<b>9 524 821</b>	<b>2 334 402</b>	<b>2 660 500</b>	<b>6 864 321</b>
<b>Total loans 31 December 2017 US\$ at nominal value</b>	<b>13 536 686</b>	<b>9 657 740</b>	<b>3 878 946</b>	<b>2 710 651</b>	<b>6 947 089</b>
Other receivables					16 273
Fair value adjustment					(1 226 474)
<b>31 December 2017 US\$ at fair value</b>					<b>5 736 888</b>
<b>Total loans 31 December 2016 US\$ at nominal value</b>	<b>11 828 772</b>	<b>8 505 673</b>	<b>3 323 099</b>	<b>2 316 600</b>	<b>6 189 073</b>
Other receivables					13 297
Fair value adjustment					(1 127 486)
<b>December 2016 US\$ at fair value</b>	<b>11 828 772</b>	<b>8 505 676</b>	<b>3 323 099</b>	<b>2 316 600</b>	<b>5 074 884</b>

<sup>a</sup> Loans denominated in United States dollars and are repayable in the currencies in which withdrawals are made. Loans 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 1.42501 at 31 December 2017. Loans denominated in euros has been valued at the US\$/EUR rate of 0.8327781 at 31 December 2017.

<sup>b</sup> 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.

<sup>c</sup> 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 year**  
 (As at 31 December 2017)

Year		Approved loans in thousands of SDR			Value in thousands of US\$					
		As at 1 January 2017	Loans cancelled	Loans fully repaid	As at 31 December 2017	As at 1 January 2017	Loans cancelled	Loans fully repaid	Exchange rate movement SDR/US\$	As at 31 December 2017
1978	US\$	68 530	-	-	68 530	68 530	-	-	-	68 530
2016	US\$	268 934	(17)	-	268 917	268 934	(17)	-	-	268 917
2017	US\$	-	-	-	683 263	-	-	-	-	683 263
1979	SDR	201 485	-	-	201 485	270 940	-	-	16 177	287 118
1980	SDR	176 647	-	-	176 647	237 541	-	-	14 183	251 724
1981	SDR	182 246	-	-	182 246	245 070	-	-	14 632	259 702
1982	SDR	103 109	-	-	103 109	138 653	-	-	8 278	146 931
1983	SDR	132 090	-	-	132 090	177 625	-	-	10 605	188 230
1984	SDR	131 907	-	-	131 907	177 378	-	-	10 591	187 969
1985	SDR	60 332	-	-	60 332	81 130	-	-	4 844	85 974
1986	SDR	23 663	-	-	23 663	31 821	-	-	1 899	33 720
1987	SDR	60 074	-	-	60 074	80 783	-	-	4 823	85 606
1988	SDR	52 100	-	-	52 100	70 060	-	-	4 183	74 243
1989	SDR	86 206	-	-	86 206	115 923	-	-	6 921	122 844
1990	SDR	40 064	-	-	40 064	53 875	-	-	3 217	57 092
1991	SDR	98 025	-	-	98 025	131 817	-	-	7 870	139 687
1992	SDR	79 888	-	-	79 888	107 427	-	-	6 414	113 841
1993	SDR	122 240	-	-	122 240	164 379	-	-	9 814	174 193
1994	SDR	122 598	-	-	122 598	164 860	-	-	9 843	174 703
1995	SDR	149 100	-	-	149 100	200 490	-	-	11 979	212 469
1996	SDR	197 776	-	-	197 776	265 953	-	-	15 880	281 833
1997	SDR	246 936	-	-	246 936	332 060	-	-	19 826	351 886
1998	SDR	266 578	-	-	266 578	358 474	-	-	21 402	379 876
1999	SDR	275 119	-	-	275 119	369 958	-	-	22 089	392 047
2000	SDR	272 919	-	-	272 919	367 000	-	-	21 911	388 912
2001	SDR	248 233	(728)	-	247 505	333 804	(1 037)	-	19 930	352 697
2002	SDR	234 838	(6 599)	-	228 239	315 792	(9 399)	-	18 849	325 242
2003	SDR	223 470	-	-	223 470	300 505	-	-	17 942	318 447
2004	SDR	252 407	(1 482)	-	250 925	339 417	(2 111)	-	20 265	357 571
2005	SDR	308 105	(1 167)	-	306 938	414 315	(1 662)	-	24 737	437 390
2006	SDR	315 223	(2 808)	-	312 415	423 887	(3 999)	-	25 305	445 193
2007	SDR	267 793	(9 910)	-	257 883	360 107	(14 113)	-	21 492	367 486
2008	SDR	265 159	(6 313)	-	258 846	356 565	(8 991)	-	21 283	368 857
2009	SDR	276 441	(1 577)	-	274 864	371 736	(2 246)	-	22 194	391 684
2010	SDR	417 541	(1 063)	-	416 478	561 476	(1 513)	-	33 521	593 484
2011	SDR	455 195	(2 357)	-	452 838	612 109	(3 357)	-	36 546	645 298
2012	SDR	407 341	(3 987)	-	403 354	547 760	(5 679)	-	32 702	574 783
2013	SDR	353 686	(25 282)	-	328 404	475 608	(36 004)	-	28 375	467 979
2014	SDR	337 626	-	-	337 626	454 012	-	-	27 108	481 120
2015	SDR	541 540	-	(20 000)	521 540	728 219	-	-	14 979	743 198
2016	SDR	203 153	-	-	203 153	273 184	-	-	16 311	289 495
2017	SDR	-	-	-	216 630	-	-	-	-	308 700
2014	EUR	84 600	-	-	84 600	89 232	-	-	12 356	101 588
2015	EUR	274 310	-	-	274 310	289 329	-	-	40 063	329 391
2016	EUR	95 790	-	-	95 790	101 034	-	-	13 990	115 025
2017	EUR	-	-	-	92 230	-	-	-	-	110 750
<b>Total US\$</b>		<b>337 464</b>	<b>(17)</b>	<b>-</b>	<b>1 020 710</b>	<b>337 464</b>	<b>(17)</b>	<b>-</b>	<b>-</b>	<b>1 020 710</b>
<b>Total SDR</b>		<b>8 188 853</b>	<b>(63 273)</b>	<b>(20 000)</b>	<b>8 322 210</b>	<b>11 011 713</b>	<b>(90 111)</b>	<b>-</b>	<b>628 920</b>	<b>11 859 222</b>
<b>Total EUR</b>		<b>454 700</b>	<b>-</b>	<b>-</b>	<b>546 930</b>	<b>479 595</b>	<b>-</b>	<b>-</b>	<b>66 409</b>	<b>656 754</b>
<b>Totals</b>		<b>8 981 017</b>	<b>(63 290)</b>	<b>(20 000)</b>	<b>9 889 851</b>	<b>11 828 772</b>	<b>(90 128)</b>	<b>-</b>	<b>695 329</b>	<b>13 536 686</b>



**Table 3**  
**Maturity structure of outstanding loans by period at nominal value**  
 (As at 31 December 2017 and 2016)  
 (Thousands of United States dollars)

<i>Period due</i>	<i>2017</i>	<i>2016</i>
Less than 1 year	338 715	292 242
1-2 years	307 468	267 223
2-3 years	329 642	285 772
3-4 years	338 441	294 728
4-5 years	350 516	294 276
5-10 years	1 669 316	1 493 075
10-15 years	1 390 159	1 258 800
15-20 years	1 075 504	968 281
20-25 years	730 639	677 019
More than 25 years	416 689	357 656
<b>Total</b>	<b>6 947 089</b>	<b>6 189 073</b>

**Table 4**  
**Summary of outstanding loans by lending type at nominal value**  
 (As at 31 December 2017 and 2016)  
 (Thousands of United States dollars)

<i>Lending type</i>	<i>2017</i>	<i>2016</i>
Highly concessional terms	6 079 092	5 512 865
Hardened terms	33 298	28 060
Intermediate terms	251 365	225 853
Ordinary terms	530 820	398 669
Blended terms	52 514	23 626
<b>Total</b>	<b>6 947 089</b>	<b>6 189 073</b>

**Table 5**  
**Disbursement structure of undisbursed loans at nominal value**  
 (Projected as at 31 December 2017 and 2016)  
 (Thousands of United States dollars)

<i>Disbursements in:</i>	<i>2017</i>	<i>2016</i>
Less than 1 year	522 956	392 126
1-2 years	561 632	398 772
2-3 years	578 685	382 156
3-4 years	532 282	382 156
4-5 years	476 156	372 187
5-10 years	1 207 235	1 395 702
<b>Total</b>	<b>3 878 946</b>	<b>3 323 099</b>

## Special Programme for Africa

Table 1

### Statement of loans at nominal value

As at 31 December 2017 and 2016

(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>
<b>SDR loans</b>					
Angola	2 714	2 714	-	1 114	1 600
Burkina Faso	10 546	10 546	-	4 956	5 590
Burundi	4 494	4 494	-	1 643	2 851
Cabo Verde	2 183	2 183	-	956	1 227
Chad	9 617	9 617	-	4 195	5 422
Comoros	2 289	2 289	-	993	1 296
Djibouti	114	114	-	51	63
Ethiopia	6 660	6 660	-	3 325	3 325
Gambia (The)	2 638	2 638	-	1 187	1 451
Ghana	22 321	22 321	-	9 571	12 750
Guinea	10 762	10 762	-	5 112	5 650
Guinea-Bissau	2 126	2 126	-	1 116	1 010
Kenya	12 241	12 241	-	4 923	7 318
Lesotho	7 481	7 481	-	3 272	4 209
Madagascar	1 098	1 098	-	458	640
Malawi	5 777	5 777	-	2 023	3 754
Mali	10 193	10 193	-	5 094	5 099
Mauritania	19 020	19 020	-	8 903	10 117
Mozambique	8 291	8 291	-	4 249	4 042
Niger	11 119	11 119	-	5 489	5 630
Senegal	23 234	23 234	-	10 098	13 136
Sierra Leone	1 505	1 505	-	564	941
Sudan	26 012	26 012	-	11 418	14 594
Uganda	8 124	8 124	-	4 062	4 062
United Republic of Tanzania	6 789	6 789	-	3 055	3 734
Zambia	8 607	8 607	-	4 272	4 335
<b>Total</b>	<b>225 955</b>	<b>225 955</b>	<b>-</b>	<b>102 099</b>	<b>123 856</b>
<b>US\$ equivalent</b>	<b>321 988</b>	<b>321 988</b>	<b>-</b>	<b>145 492</b>	<b>176 496</b>
Other receivables					491
Fair value adjustment					(54 166)
<b>31 December 2017 US\$ at fair value</b>					<b>122 821</b>
<b>31 December 2016 US\$ at nominal value</b>					<b>174 851</b>
Other receivables					488
Fair value adjustment					(55 295)
<b>31 December 2016 US\$ at fair value</b>					<b>119 556</b>

Table 2  
**Summary of loans by year approved at nominal value**  
 (As at 31 December 2017)

Year		Approved loans in thousands of SDRs			Value in thousands of US\$			
		As at 1 January 2017	Loans cancelled	As at 31 December 2017	As at 1 January 2017	Loans cancelled	Exchange rate movement SDR/US\$	As at 31 December 2017
1986	SDR	24 902	-	24 902	33 486	-	1 999	35 485
1987	SDR	41 292	-	41 292	55 525	-	3 315	58 840
1988	SDR	34 770	-	34 770	46 756	-	2 792	49 548
1989	SDR	25 756	-	25 756	34 634	-	2 068	36 702
1990	SDR	17 370	-	17 370	23 357	-	1 395	24 752
1991	SDR	18 246	-	18 246	24 536	-	1 465	26 001
1992	SDR	6 952	-	6 952	9 349	-	558	9 907
1993	SDR	34 268	-	34 268	46 081	-	2 751	48 832
1994	SDR	16 320	-	16 320	21 947	-	1 310	23 257
1995	SDR	6 082	-	6 082	8 179	-	489	8 668
<b>Total</b>	<b>SDR</b>	<b>225 958</b>	<b>-</b>	<b>225 958</b>	<b>303 850</b>	<b>-</b>	<b>18 142</b>	<b>321 992</b>

Table 3  
**Maturity structure of outstanding loans by period at nominal value**  
 (As at 31 December 2017 and 2016)  
 (Thousands of United States dollars)

Period due	2017	2016
Less than 1 year	8 354	7 883
1-2 years	8 278	7 812
2-3 years	8 278	7 812
3-4 years	8 278	7 812
4-5 years	8 278	7 812
5-10 years	41 391	39 059
10-15 years	41 391	39 059
15-20 years	36 776	36 867
20-25 years	14 347	17 926
More than 25 years	1 125	2 322
<b>Total</b>	<b>176 496</b>	<b>174 363</b>

Table 4  
**Summary of outstanding loans by lending type at nominal value**  
 (As at 31 December 2017 and 2016)  
 (Thousands of United States dollars)

Lending type	2017	2016
Highly concessional terms	176 496	174 363
<b>Total</b>	<b>176 496</b>	<b>174 363</b>

## Statement of grants

(As at 31 December 2017 and 2016)  
(Thousands of United States dollars)

	<i>Undisbursed as at 1 January 2017</i>	<i>2017 movements</i>			<i>Exchange rate</i>	<i>Undisbursed as at 31 December 2017</i>
		<i>Disbursable</i>	<i>Disbursements</i>	<i>Cancellations</i>		
Grants	80 521	66 883	(45 407)	(5 116)	1 168	98 049
Fair value adjustment	-	-	-	-	-	(8 392)
<b>Total 2017 at fair value</b>	-	-	-	-	-	<b>89 657</b>
Total 2016	68 057	54 910	(39 270)	(2 717)	(459)	80 521
Fair value adjustment	-	-	-	-	-	(2 467)
<b>Total 2016 at fair value</b>	-	-	-	-	-	<b>78 054</b>

## IFAD-only Debt Sustainability Framework (DSF)

(As at 31 December 2017 and 2016)  
(Thousands of United States dollars)

<i>Borrower or guarantor</i>	<i>Undisbursed as at 1 January 2017</i>	<i>Effective/ (cancellations) 2017</i>	<i>Disbursements 2017</i>	<i>Undisbursed as at 31 December 2017</i>
<b>DSF projects denominated in US\$</b>	<b>1 971</b>	<b>385</b>	<b>(713)</b>	<b>1 643</b>
<b>DSF projects denominated in SDR</b>				
Afghanistan	56 901	(257)	(10 373)	46 271
Benin	7 790	-	(350)	7 440
Burkina Faso	42 342	-	(5 789)	36 553
Burundi	44 941	-	(10 400)	34 541
Cambodia	231	-	(221)	10
Central African Republic	841	-	(570)	271
Chad	10 215	(763)	(2 580)	6 872
Comoros	-	-	-	-
Congo	1 342	-	141	1 483
Côte d'Ivoire	17 332	(439)	(4 556)	12 337
Democratic Republic of the Congo	40 552	-	361	40 913
Eritrea	5 847	10 750	(4 330)	12 267
Ethiopia	8 129	(5)	(2 740)	5 384
Gambia (The)	5 823	5 024	(5 251)	5 596
Guinea	14 821	(29)	(2 396)	12 396
Guinea-Bissau	3 279	-	(769)	2 510
Guyana	-	-	-	-
Haiti	7 720	(364)	(3 196)	4 160
Kiribati	1 233	-	(449)	784
Kyrgyzstan	9 455	-	(2 926)	6 529
Lao People's Democratic Republic	4 533	-	(2 235)	2 298
Lesotho	932	3 830	(888)	3 874
Liberia	23	-	13	36
Malawi	8 288	19 350	(2 441)	25 197
Maldives	1 011	-	(271)	740
Mali	9 193	-	(939)	8 254
Mauritania	3 530	10 685	(2 197)	12 018
Nepal	30 741	(3 744)	(4 299)	22 698
Nicaragua	4 631	-	(2 042)	2 589
Niger	13 807	17 250	(3 577)	27 480
Rwanda	5 950	-	(3 168)	2 782
Sao Tome and Principe	1 904	-	(998)	906
Sierra Leone	2 667	(99)	(1 541)	1 027
Solomon Islands	1 159	-	(706)	453
South Sudan	11	(11)	-	-
Sudan	18 477	6 852	(6 406)	18 923
Tajikistan	7 765	-	(2 360)	5 405
Timor-Leste	3	(3)	-	-
Togo	6 950	-	(148)	6 802
Tonga	757	-	(662)	95
Yemen	14 621	-	-	14 621
Zimbabwe	-	18 300	(288)	18 012
<b>Subtotal SDR DSF</b>	<b>415 747</b>	<b>86 327</b>	<b>(91 547)</b>	<b>410 527</b>
Subtotal SDR DSF (US\$ equivalent)	592 444	123 017	(130 455)	585 005
2017 total US\$ and SDR DSF	594 415	123 402	(131 168)	586 648
Exchange difference	-	-	3 402	-
<b>Total 2017 disbursements</b>	<b>-</b>	<b>-</b>	<b>(127 766)</b>	<b>-</b>
2016 total US\$ and SDR DSF	547 159	133 160	(119 785)	561 034

## Summary of the Heavily Indebted Poor Countries Initiative

(As at 31 December 2017)

(Thousands of United States dollars)

Completion point countries	Debt relief provided to 31 December 2017		Debt relief to be provided as approved by the Executive Board			Total debt relief
	Principal	Interest	To be covered by IFAD		World Bank contribution	
			Principal	Interest		
Benin	4 568	1 643	-	-	-	6 211
Bolivia (Plurinational State of)	5 900	1 890	-	-	-	7 790
Burkina Faso	9 278	2 320	-	-	-	11 599
Burundi	6 769	2 668	2 041	314	2 454	14 245
Cameroon	3 074	727	-	-	-	3 801
Comoros	936	176	515	67	749	2 443
Central African Republic	1 321	244	-	-	-	1 565
Chad	9 563	2 935	459	75	367	13 400
Congo	-	99	-	-	-	99
Côte d'Ivoire	1 814	326	-	-	-	2 140
Democratic Republic of the Congo	8 803	2 825	2 080	175	1 682	15 564
Ethiopia	20 569	5 905	-	-	-	26 473
Gambia (The)	2 508	619	-	-	-	3 127
Ghana	15 585	5 003	-	-	-	20 588
Guinea	9 275	1 837	899	151	746	12 908
Guinea-Bissau	3 506	1 072	910	80	530	6 098
Guyana	1 526	299	-	-	-	1 825
Haiti	1 946	635	-	-	-	2 581
Honduras	1 077	767	-	-	-	1 844
Liberia	8 694	6 199	275	32	309	15 510
Madagascar	7 810	2 096	-	-	-	9 906
Malawi	14 875	3 539	1 814	299	2 450	22 977
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	10 851	2 783	55	10	67	13 765
Rwanda	16 786	5 211	-	-	-	21 996
Sao Tome and Principe	1 530	402	698	97	581	3 307
Senegal	2 247	882	-	-	-	3 129
Sierra Leone	8 902	2 085	679	87	546	12 299
United Republic of Tanzania	12 691	4 293	-	-	-	16 984
Togo	2 009	759	-	-	-	2 768
Uganda	12 449	4 654	-	-	-	17 103
Zambia	19 170	4 920	-	-	-	24 090
<b>SDR</b>	<b>260 507</b>	<b>79 693</b>	<b>10 425</b>	<b>1 387</b>	<b>10 481</b>	<b>362 493</b>
Less future interest on debt relief not accrued*						<b>(4 203)</b>
<b>Total SDR debt relief</b>						<b>358 290</b>
<b>Total US\$ equivalent</b>	<b>371 226</b>	<b>113 563</b>	<b>14 855</b>	<b>1 977</b>	<b>14 936</b>	<b>510 566</b>
Fair value adjustment			(4 605)			
<b>31 December 2017 at fair value</b>			<b>10 250</b>			
<b>As at 31 December 2016</b>						
SDR	<b>252 670</b>	<b>78 306</b>	<b>13 153</b>	<b>1 875</b>	<b>13 784</b>	<b>359 788</b>
Less future interest on debt relief not accrued*						<b>(4 315)</b>
<b>Total SDR debt relief</b>						<b>355 473</b>
<b>Total US\$ equivalent</b>	<b>339 773</b>	<b>105 295</b>	<b>17 685</b>	<b>2 523</b>	<b>8 536</b>	<b>478 011</b>
Fair value adjustment			(5 610)			
<b>31 December 2016 at fair value</b>			<b>12 075</b>			

\* Including interest covered by the World Bank contribution.

## Summary of contributions to the Haiti Debt Relief Initiative

(As at 31 December 2017 and 2016)

	<i>Thousands of US\$</i>	<i>Thousands of SDR</i>
<b>2017</b>		
<b>Member State contribution</b>		
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
<b>Subtotal</b>	<b>27 561</b>	<b>17 825</b>
Interest earned	976	
Debt relief provided	(18 461)	
<b>Total administrative account Member States 2017</b>	<b>10 076</b>	
<b>IFAD</b>		
IFAD contribution	<b>15 200</b>	
Interest earned	858	
Debt relief provided	-	
<b>Total administrative account IFAD</b>	<b>16 058</b>	
<b>Grand total</b>	<b>26 134</b>	
Exchange rate movement	(2 733)	
<b>Total HDR cash and investments</b>	<b>23 401</b>	
<b>2016</b>		
<b>Grand total</b>	<b>28 905</b>	
Exchange rate movement	(2 867)	
<b>Total HDR cash and investments</b>	<b>26 038</b>	

## IFAD-only analysis of operating expenses

(For the years ended 31 December 2017 and 2016)

### An analysis of IFAD operating expenses by principal sources of funding

(Thousands of United States dollars)

<i>Expense</i>	<i>Administrative expenses<sup>a</sup></i>	<i>Direct charges<sup>b</sup></i>	<i>Other sources<sup>c</sup></i>	<i>Total</i>
Staff salaries and benefits	82 613	3	6 687	89 303
Office and general expenses	29 067	495	10 190	39 752
Consultants and other non-staff costs	38 160	28	3 789	41 977
Direct bank and investment costs	-	1 614	-	1 614
<b>Total 2017</b>	<b>149 840</b>	<b>2 140</b>	<b>20 666</b>	<b>172 646</b>
Total 2016	140 251	2 947	12 987	156 186

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

<sup>b</sup> Direct charges against investment income.

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