
Amendments to the Financial Regulations of IFAD

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Agenda: 10

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Useful references: Streamlining of governing body documentation
([EB 2023/139/R.18/Rev.1](#))

Action: In accordance with the recommendation of the Executive Board at its 139th session in September 2023, the Governing Council is invited to consider and adopt the draft resolution contained in the attachment to this document.

Technical questions:

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I. Background

1. In an effort to increase efficiencies and streamline processes, Management put forth a number of proposals to streamline governing body documentation for the Executive Board's consideration and approval at its 139th session, as contained in document EB 2023/139/R.18/Rev.1.
2. One of the proposals related to streamlining the approval of the annual consolidated financial statements of IFAD. Currently, the financial statements are reviewed by the Audit Committee at its first session of the year, followed by submission to the first session of the year of the Executive Board for endorsement to submit to the Governing Council for approval in February of the following year. This means that the final approved consolidated financial statements are only available one year and two months following the closure of the financial year being reported upon.
3. IFAD's business model and financial architecture have evolved over time. IFAD now has a AA+ credit rating and, in November 2023, listed its sustainable bonds on the London Stock Exchange. This evolution requires an updating of IFAD's procedures to ensure timely approval of its financial statements, in line with the needs of external stakeholders such as lenders and credit rating agencies. As such, Management proposed and the Executive Board endorsed that the Governing Council be requested to delegate authority to the Executive Board to approve the financial statements, which would be shared at the subsequent Governing Council session for information. This proposal would require an amendment to the Financial Regulations of IFAD, specifically Financial Regulation XII, paragraph 6. The required amendment is presented in the attached draft resolution.

II. Recommendation

4. The Governing Council is invited to consider and adopt the attached draft resolution amending the Financial Regulations of IFAD to delegate authority to the Executive Board to approve the consolidated financial statements of IFAD.

Draft resolution .../XLVII

Amendments to the Financial Regulations of IFAD

The Governing Council of IFAD,

Having considered the recommendation made by the Executive Board at its 139th session, as contained in document GC 47/L.7, Amendments to the Financial Regulations of IFAD;

Acting under Article 6, Section 2(f) of the Agreement Establishing IFAD;

Hereby decides:

1. To amend Financial Regulation XII, paragraph 6, to read as follows (added text is underlined and deleted text is shown in strikethrough):
 6. The Executive Board shall consider for approval at its first session of the year ~~submit to the Governing Council, for approval at its annual session,~~ the report(s) of the external auditor and the audited financial statement of the Fund, including the general balance sheet and a statement of profit and loss, and submit them to the Governing Council, for information, at its annual session.

This resolution and the amendment contained herein shall enter into force and effect as of the date of its adoption by the Governing Council.