



IFAD10 financial framework

June 2014

Summary



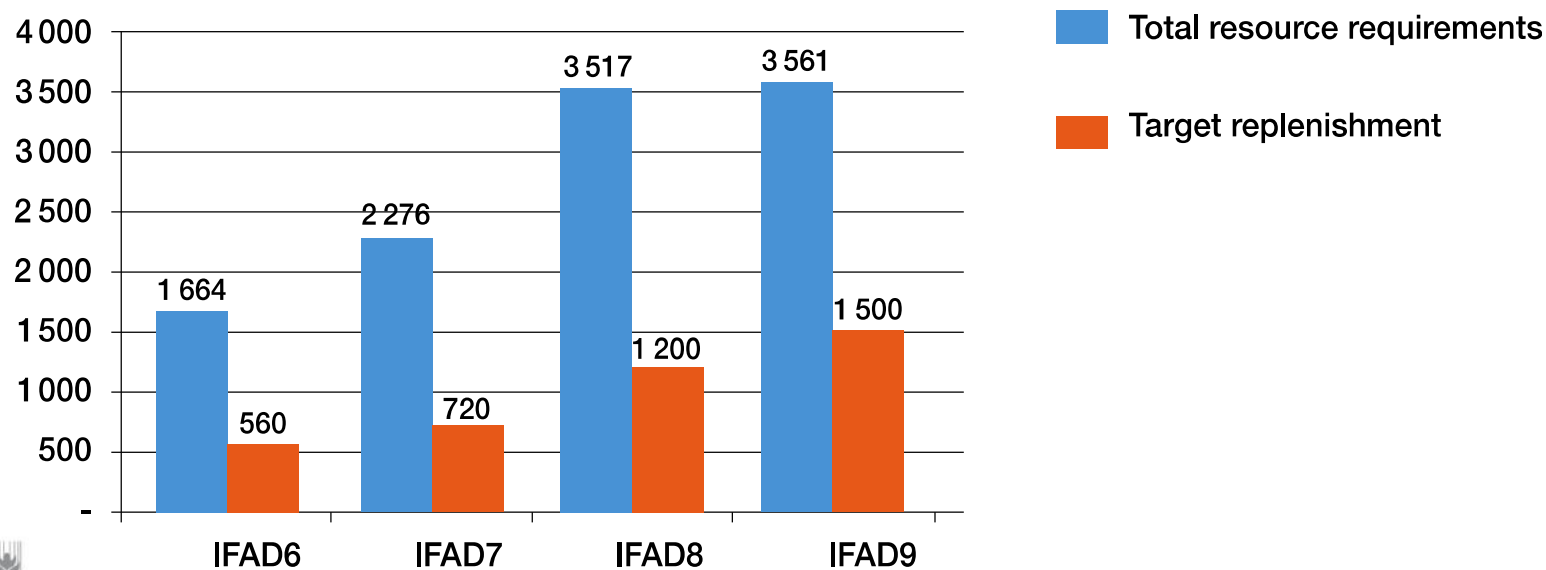
- IFAD's funding structure
- Introduction of the sustainable cash flow (SCF) approach for determining Programme of Loans and Grants (PoLG)
 - Reasons
 - Rationale of SCF and meaning
- Status of IFAD9
- Scenarios for IFAD10

Funding needs and sources, past replenishments



- IFAD's PoLG increased dramatically from IFAD6 to IFAD8 and stabilized in IFAD9
- The total resource requirements were funded, on average, 35% through external contributions and 65% through internal resources and future net flows

IFAD6, 7, 8 and 9: Financing requirements and sources

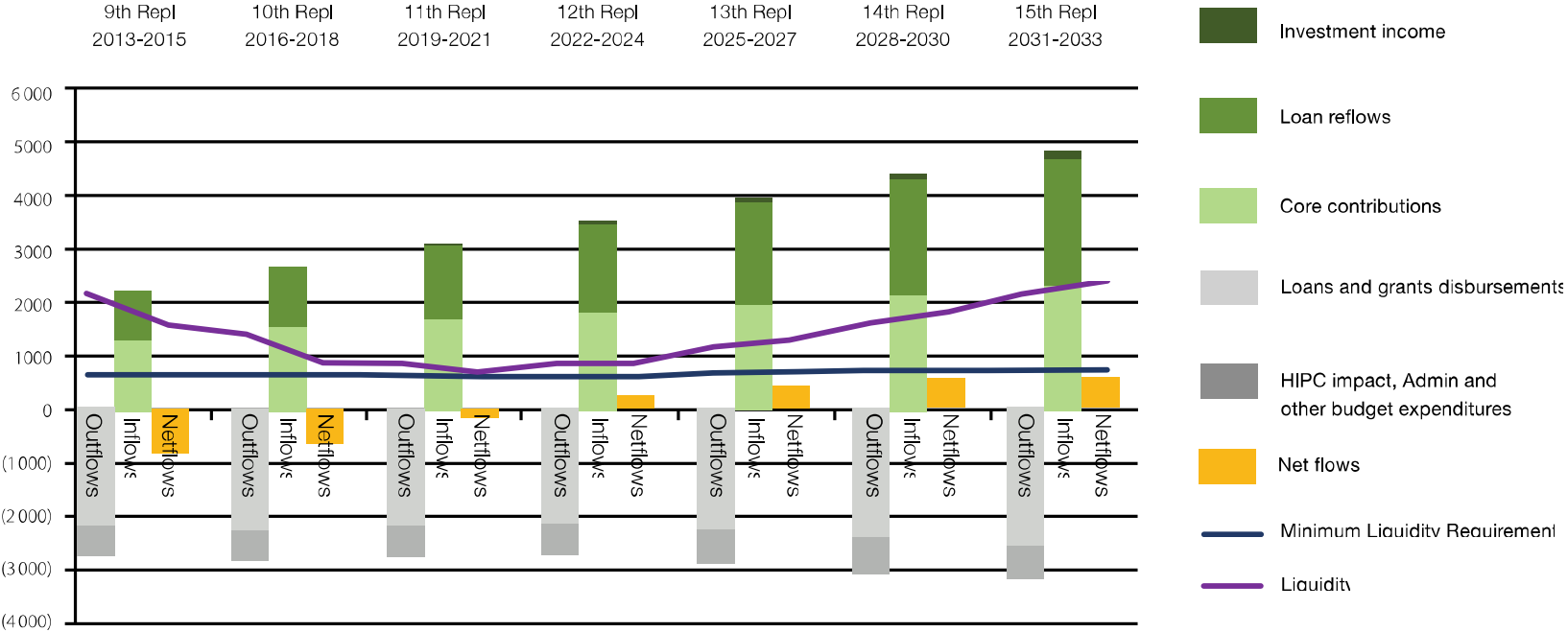


Sustainable cash flow approach for PoLG determination



- 9th Replenishment: introduction of **SCF approach for determining the PoLG** to consider IFAD's long-term financial sustainability
- **IFAD's financial sustainability:** Ability to maintain a constant real level of future PoLG for an assumed constant real level of core contributions, while always maintaining the liquidity at or above the minimum liquidity requirement
- With the above safety constraint, **IFAD maximizes the PoLG for a given level of core contributions**

SCF approach for PoLG determination

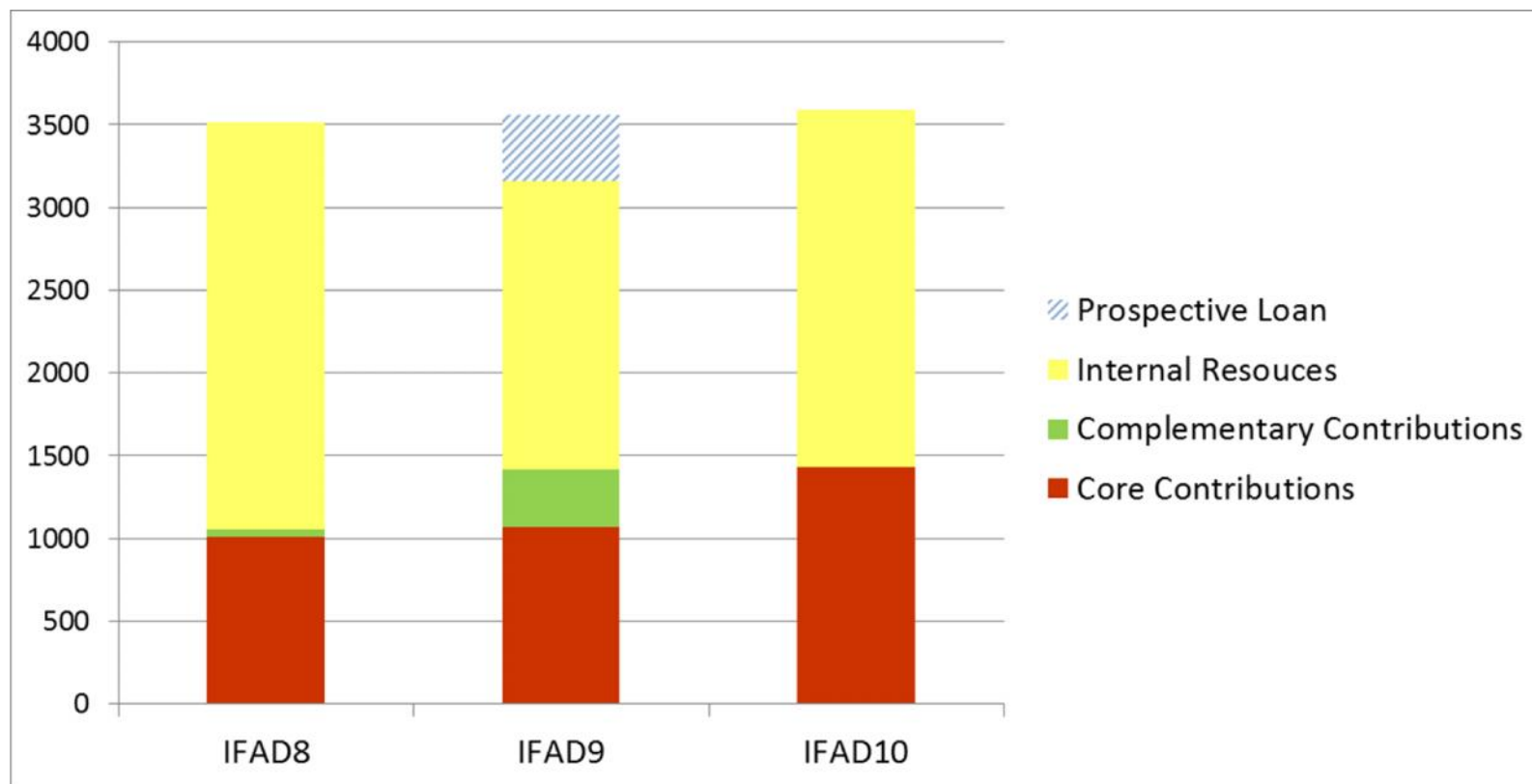


Status of IFAD9



- Need for additional resource mobilization to reach a PoLG of US\$3.0 billion in IFAD9 as communicated during the February Replenishment Consultation Session
- Financial prospects showed improving trend after annual update of financial model and revised assumptions
- Projected need for additional resources decreased from approximately US\$500 million to approximately US\$400 million over IFAD9
- Management proactively addressing the issue with a number of alternative plans

Actual funding sources – IFAD8, IFAD9, and proposed IFAD10 medium scenario



IFAD10 financial framework



Three main scenarios for core contributions

(in US\$ millions)

	Low scenario	Medium scenario	High scenario
Programme of loans and grants	2 800	3 000	3 200
Required core contributions	1 338	1 437	1 534
Number of people taken out of poverty	70 million	80 million	90 million

All scenarios respect the constraint of being cash-flow sustainable and rely on core contributions* only as funding source

* Core contributions = Unrestricted, stable traditional funding sources linked to voting rights

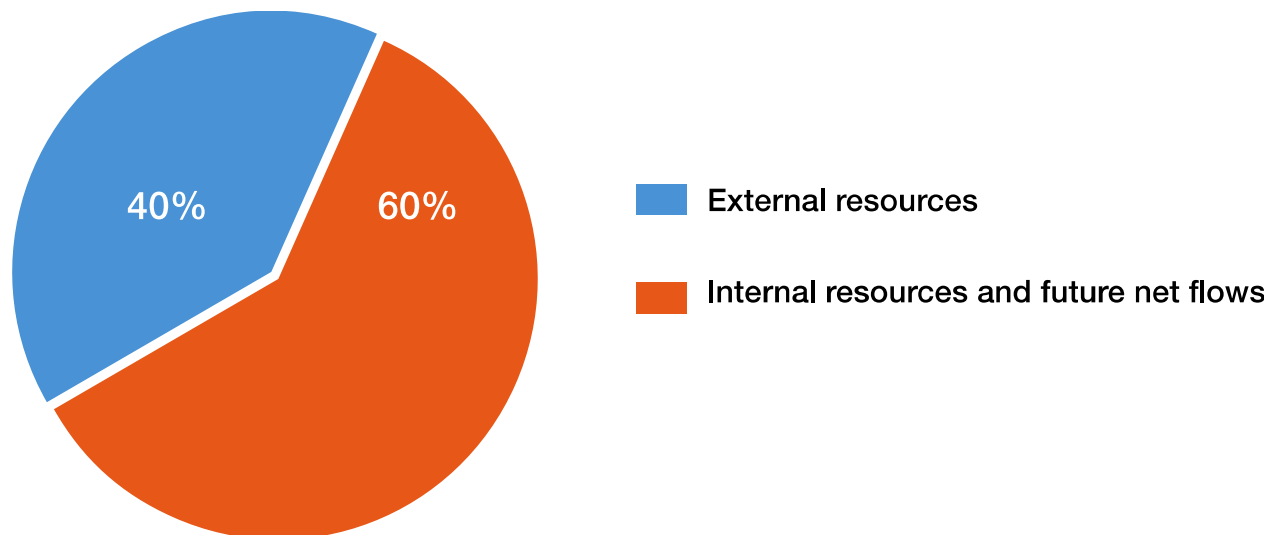
IFAD10 medium scenario funding sources



IFAD10 PoLG medium scenario: US\$3 billion

Total IFAD10 resource requirements: US\$3.6 billion supported by:

- External resources (Core contributions): US\$ 1.4 billion
- Internal resources and future net flows: US\$ 2.2 billion



Thank you

Q/A