Consolidated financial statements

For the year ended 31 December 2012*

These consolidated financial statements have been prepared using the symbols of the International Organization for Standardization (ISO), Geneva, International Standard 4217 and special drawing rights (SDR). The notes to the consolidated financial statements (appendix D) form an integral part of the financial statements.

* As submitted for endorsement to the 108th session of the Executive Board in April 2013 for further submission to the thirty-seventh session of the Governing Council for approval in accordance with regulation XII(6) of the Financial Regulations of IFAD.

Consolidated and IFAD-only balance sheet

As at 31 December 2012 and 2011 (Thousands of United States dollars)

	Consolidated		*IFAD-only*	
Assets	*2012*	*2011*	*2012*	*2011*
Cash on hand and in banks (note 4)	404 282	390 269	246 905	233 725
Investment at amortized cost	788 827	811 641	373 555	383 889
Investment at fair value	1 786 416	1 954 597	1 672 283	1 879 127
Investments (note 4)	2 575 243	2 766 238	2 045 838	2 263 016
Contributors' promissory notes (note 5)	490 918	295 610	331 418	295 610
Contributions receivable (note 5)	843 750	381 837	551 315	192 549
Less: provisions (note 6)	(168 448)	(168 548)	(168 448)	(168 548)
Net contribution and promissory notes receivables	1 166 220	508 899	714 285	319 611
Other receivables (note 7)	22 051	141 936	144 543	275 811
Fixed assets (note 8)	6 403	3 755	6 403	3 755
Loans outstanding (note 9 and appendix H)	4 860 269	4 532 672	4 858 986	4 532 672
Less: accumulated allowance for loan impairment losses (note 9(a))	(14 292)	(23 366)	(14 292)	(23 366)
Less: accumulated allowance for the Heavily Indebted Poor Countries (HIPC) Debt Initiative (note 11(b) and appendix I)	(63 861)	(53 768)	(63 861)	(53 768)
Net loans outstanding	4 782 116	4 455 538	4 780 833	4 455 538
Total assets	**8 956 315**	**8 266 635**	**7 938 807**	**7 551 456**

	Consolidated		*IFAD-only*	
Liabilities and equity	*2012*	*2011*	*2012*	*2011*
Liabilities				
Payables and liabilities (note 12)	175 106	280 991	182 838	287 718
Undisbursed grants (note 14)	316 708	315 016	91 914	93 846
Deferred revenues (note 13)	494 031	208 457	86 131	98 497
Trust fund borrowing (note 15)	383 815	376 273	0	0
Total liabilities	**1 369 660**	**1 180 737**	**360 883**	**480 061**
Equity				
Contributions				
Regular	6 966 330	6 241 199	6 966 330	6 241 199
Special	20 349	20 349	20 349	20 349
Total contributions (appendix G)	**6 986 679**	**6 261 548**	**6 986 679**	**6 261 548**
General Reserve	95 000	95 000	95 000	95 000
Retained earnings	504 976	729 350	496 245	714 847
Total equity	**7 586 655**	**7 085 898**	**7 577 924**	**7 071 395**
Total liabilities and equity	**8 956 315**	**8 266 635**	**7 938 807**	**7 551 456**

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

Consolidated statement of comprehensive income

For the years ended 31 December 2012 and 2011 (Thousands of United States dollars)

	2012	*2011*
Revenues		
Income from loans	49 267	54 964
Income from cash and investments (note 17)	82 404	110 838
Income from other sources (note 18)	9 143	13 535
Income from contributions (note 19)	81 072	133 541
Total revenues	**221 886**	**312 878**
Operating expenses (note 20)		
Staff salaries and benefits (note 21)	(97 621)	(94 561)
Office and general expenses	(34 574)	(38 311)
Consultants and other non-staff costs	(37 832)	(40 035)
Cooperating institutions	(2 624)	(3 173)
Direct bank and investment costs (note 24)	(3 594)	(3 715)
Subtotal operating expenses	**(176 245)**	**(179 795)**
Loan interest expenditures	(7 139)	(6 060)
Reversal of allowance for loan impairment losses (note 9(a))	30 394	12 060
Debt Initiative for HIPC income/(expenses) (note 26)	(28 457)	56 445
Grant expenses (note 22)	(111 349)	(178 826)
DSF expenses (note 23)	(118 416)	(76 331)
Depreciation (note 8)	(1 578)	(910)
Total expenses	**(412 790)**	**(373 417)**
(Deficit) before fair value adjustments	**(190 904)**	**(60 539)**
Adjustment for changes in fair value (note 25)	(15 558)	(35 666)
(Deficit) revenue over expenses	**(206 462)**	**(96 205)**
Other comprehensive (loss):		
Losses from currency exchange movements (note 16)	(3 108)	(69 150)
Change in provision for After-Service Medical Coverage Scheme (ASMCS) benefits (note 21)	(14 804)	7 955
Total other comprehensive (loss)	**(17 912)**	**(61 195)**
Total comprehensive (loss)	**(224 374)**	**(157 400)**

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

IFAD-only statement of comprehensive income

For the years ended 31 December 2012 and 2011 (Thousands of United States dollars)

	2012	*2011*
Revenues		
Income from loans	49 267	54 964
Income from cash and investments (note 17)	75 936	97 979
Income from other sources	11 556	15 283
Income from contributions (note 19)	1 866	1 216
Total revenues	**138 625**	**169 442**
Operating expenses (note 20)		
Staff salaries and benefits (note 21)	(94 181)	(90 691)
Office and general expenses	(33 783)	(35 746)
Consultants and other non-staff costs	(32 995)	(36 282)
Cooperating institutions	(1 941)	(2 070)
Direct bank and investment costs	(3 442)	(3 616)
Subtotal operating expenses	**(166 342)**	**(168 405)**
Reversal of allowance for loan impairment losses (note 9(a))	30 394	12 060
Debt Initiative for HIPC income /(expenses) (note 26)	(28 457)	56 445
Grant expenses (note 22)	(43 571)	(59 017)
DSF expenses (note 23)	(118 416)	(76 331)
Depreciation (note 8)	(1 578)	(910)
Total expenses	**(327 970)**	**(236 158)**
(Deficit) revenue over expenses before fair value adjustments	**(189 345)**	**(66 716)**
Adjustment for changes in fair value (note 25)	(12 049)	(33 726)
(Deficit) revenue over expenses	**(201 394)**	**(100 442)**
Other comprehensive (loss):		
Losses from currency exchange movements	(2 404)	(64 516)
Change in provision for After-Service Medical Coverage Scheme (ASMCS) benefits (note 21)	(14 804)	7 955
Total other comprehensive (loss)	**(17 208)**	**(56 561)**
Total comprehensive (loss)	**(218 602)**	**(157 003)**

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

Consolidated statement of changes in retained earnings

For the years ended 31 December 2012 and 2011 (Thousands of United States dollars)

	Total retained earnings
Retained earnings as at 31 December 2010	**886 750**
(Deficit) revenue over expenses	(96 205)
Total other comprehensive (loss)	(61 195)
Retained earnings as at 31 December 2011	**729 350**
(Deficit) revenue over expenses	(206 462)
Total other comprehensive (loss)	(17 912)
Retained earnings as at 31 December 2012	**504 976**

IFAD-only statement of changes in retained earnings

For the years ended 31 December 2012 and 2011 (Thousands of United States dollars)

	Total retained earnings
Retained earnings as at 31 December 2010	**871 850**
(Deficit) revenue over expenses	(100 442)
Total other comprehensive (loss)	(56 561)
Retained earnings as at 31 December 2011	**714 847**
(Deficit) revenue over expenses	**(201 394)**
Total other comprehensive (loss)	**(17 208)**
Retained earnings as at 31 December 2012	**496 245**

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

Consolidated cash flow statement

For the years ended 31 December 2012 and 2011 (Thousands of United States dollars)

		2012	2011
Cash flows from operating activities			
	Interest received from loans	46 878	52 600
	Receipts for non-replenishment contributions	119 887	163 193
	Miscellaneous (payments)/receipts	20 029	25 465
	Payments for operating expenses and other payments	(159 037)	(174 963)
	Grant disbursements (IFAD)	(46 408))	(42 244)
	Grant disbursements (supplementary funds)	(81 586)	(88 759)
	DSF disbursements	(118 416)	(76 331)
	Transfer from restricted cash	438	(1)
	Net cash flows generated from operating activities	**(218 215)**	**(141 040)**
Cash flows from investing activities			
	Loan disbursements	(535 866)	(549 682)
	Loan principal repayments	221 967	234 996
	Transfers to investments at amortized costs	(2 589)	(424 329)
	Receipts from investments	53 265	57 509
	Net cash used in investing activities	**(263 223)**	**(681 506)**
Cash flows from financing activities			
	Receipts for replenishment contributions	320 458	356 319
	Payments for trust fund borrowing	(5 740)	(13)
	Net cash used in financing activities	**314 718**	**356 306**
Effects of exchange rate movements on cash and cash equivalents		**(2 581)**	**(16 964)**
	Net (decrease) in unrestricted cash and cash equivalents	**(169 301)**	**(483 204)**
	Unrestricted cash and cash equivalents at beginning of year	2 342 056	2 825 260
	Unrestricted cash and cash equivalents at end of year	**2 172 755**	**2 342 056**
COMPOSED OF:			
	Unrestricted cash	404 218	389 764
	Unrestricted investments excluding held-to-maturity and payables control accounts	1 768 537	1 952 292
	Cash and cash equivalents at end of year	**2 172 755**	**2 342 056**

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

Summary of information on other consolidated entities

As at 31 December 2012

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

As at 31 December 2011

	HIPC	*Haiti Debt Relief*	*After-Service Medical Coverage Scheme Trust Fund*	*Spanish Food Security Cofinancing Facility Trust Fund*	*Adaptation for Smallholder Agriculture Programme Trust Fund*	*Supplementary Funds*
Balance sheet						
Total assets	25.9	41.3	65.8	400.3	0	316.0
Total liabilities	29.2	41.5	67.3	395.9	0	311.9
Retained earnings	(3.3)	(0.2)	(1.6)	4.4	0	4.0
Statement of comprehensive income						
Total revenue	0.0	0.0	0.0	12.0	0	132.4
Total operating expenses	0.0	0.0	0.0	(6.9)	0	(132.6)
Net revenue less expenses	**0.0**	**0.0**	**0.0**	**5.1**	**0**	**(0.2)**
Net cash flow	**16.6**	**(25.9)**	**7.8**	**(382.5)**	**0**	**(14.3)**

Notes to the consolidated financial statements

NOTE 1

BRIEF DESCRIPTION OF THE FUND AND THE NATURE OF OPERATIONS

The International Fund for Agricultural Development (herein after IFAD or the Fund) is a specialized agency of the United Nations. IFAD formally came into existence on 30 November 1977, on which date the agreement for its establishment entered into force, and has its headquarters in Rome, Italy. The Fund and its operations are governed by the Agreement Establishing the International Fund for Agricultural Development.

Membership in the Fund is open to any state member of the United Nations or any of its specialized agencies, or of the International Atomic Energy Agency (IAEA). The Fund's resources come from Member contributions, special contributions from non-Member States and other sources, and funds derived or to be derived from operations.

The objective of the Fund is to mobilize additional resources to be made available on concessional terms primarily for financing projects specifically designed to improve food production systems, the nutritional level of the poorest populations in developing countries and the conditions of their lives. IFAD mobilizes resources and knowledge through a dynamic coalition of the rural poor, governments, financial and development institutions, non-governmental organizations and the private sector, including cofinancing. Financing from non-replenishment sources in the form of supplementary funds and human resources forms an integral part of IFAD's operational activities.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The consolidated financial statements of the Fund are prepared in accordance with International Financial Reporting Standards (IFRS). Information is provided separately in the financial statements for entities where this is deemed of interest to the readers of the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

(i) Changes in accounting policies as a result of adopting and applying new and revised International Financial Reporting Standards:

The following changes occurred during 2012:

(a) Effective 1 January 2012, IFAD adopted the following standards:

- *International Financial Reporting Standard (IFRS) 9, "Financial Instruments*". IFRS9 deals with the classification and measurements of financial assets and financial liabilities. The standard currently maintains two measurement and classification criteria; amortized costs and fair value through profit and loss; for both financial assets and financial liabilities. Financial assets are measured and classified at amortized cost, if the following conditions are met: the asset is held until maturity with the objective of collecting contractual cash flows associated with the financial instrument (business model) *and* the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets not meeting the above two conditions are classified and measured at fair value through profit and loss. It should be highlighted that IFRS9 permits disposal, under certain conditions, of instruments classified amortized cost and does not include any tainting rules.
- Financial liabilities continue to be classified at amortized cost or at fair value through profit and loss. The adoption of IFRS9 is not generating any restatement of prior year balances nor current balances but only limited additional disclosures. In particular, in accordance with IFRS9, assets previously designated as held to maturity are now classified and measured at amortized cost, as securities included in that portfolio where already compliant with the requirements for classification in the amortized cost portfolio. Assets previously classified as held for trading or at fair value are now classified at fair value through profit and loss.
- *International Accounting Standard (IAS)19 (Revised) "Employee Benefit".* IAS19 deals with the accounting and disclosure of employee benefits. Changes envisaged by IAS19 revised pertain to improvements to the presentation and disclosure of items arising from defined benefit plans. In particular, service costs are to be disclosed as operating expenditure. The net balance between interest costs and expected investment income on plan assets is recognized as operating expenses, while re-measurements on assets and liabilities are recognized as the net position in other comprehensive income. Due to the revisions to IAS19, the expected rate of return for accounting will effectively be set equal to the accounting discount rate. IAS19 revised has been applied retrospectively; however prior year balances have not been restated because of the immateriality of the changes. The discount rate, used in 2012 has been estimated applying a new model for long durations, due to the current difficult market conditions.
- *International Financial Reporting Standard (IFRS) 10 "Consolidated Financial Statements".* The objective of IFRS10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The consolidation coverage and approach as currently applied in IFAD's consolidated financial statements are already fully compliant with the requirements of IFRS10 and as such there are no new accounting implications.

(b) During 2012 , the consolidation area changed to include the Adaptation for Smallholder Agriculture Programme Trust Fund (ASAP). Under Resolution 166/XXXV on the Ninth Replenishment of IFAD's Resources, approved by the Governing Council in February 2012, it was decided that the Fund would accept complementary contributions to support its Adaptation for Smallholder Agriculture Programme (ASAP). Subsequently, the 105th session of the Executive Board adopted rules and procedures for the management of the ASAP resources through the ASAP Trust Fund. The Belgian Fund for Food Security Joint Programme is consolidated as part of supplementary funds and not as a separate entity due to its discontinuance as a separate entity.

(b) Area of consolidation

Financing in the form of supplementary funds and human resources forms an integral part of IFAD's operational activities. As such the Fund prepares consolidated accounts, which include the transactions and balances for the following entities:

- Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA)
- IFAD Fund for Gaza and the West Bank (FGWB)
- Other supplementary funds, including technical assistance grants, cofinancing, associate professional officers (APOs) and programmatic and thematic supplementary funds; the Belgian Fund for Food Security Joint Programme (BFFS.JP); and the Global Environment Facility (GEF)
- IFAD's Trust Fund for the Heavily Indebted Poor Countries (HIPC) Debt Initiative
- IFAD's After-Service Medical Coverage Scheme (ASMCS) Trust Fund
- Administrative account for Haiti Debt Relief Initiative (Haiti Debt Relief Initiative)
- Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund)
- Adaptation for Smallholder Agriculture Programme (ASAP) Trust Fund, as of 2012.

These entities have a direct link to IFAD's core activities and are substantially controlled by IFAD. In line with the underlying agreements and recommendations establishing those entities, IFAD has the power of governing the related financial and operating policies. Accordingly, they are consolidated in IFAD's financial statements. All transactions and balances among these entities have been eliminated. Additional financial data for funds are drawn up as and when requested to meet specific donor requirements. All entities included in the consolidation area have a fiscal period corresponding to the solar year.

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

(c) Translation and conversion of currencies

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollars, which is IFAD's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

The results and financial position of the entities/funds that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities and revenue and expenditures are translated at the closing rate.
- All resulting exchange differences are recognized as a separate component of equity.

(d) Measurement of financial assets and liabilities

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

- ***Equity***

This comprises the following three elements: **(i) Contributions (equity); (ii) General Reserve; and (iii) Retained earnings**.

(i) Contributions (equity)

(a) Background to contributions

The contributions to the Fund by each Member when due are payable in freely convertible currencies, except in the case of Category III Members up to the end of the Third Replenishment period, which were permitted to pay contributions in their own currency whether or not it was freely convertible. Each contribution is to be made in cash or, to the extent that any part of the contribution is not needed immediately by the Fund in its operations, may be paid in the form of non-negotiable, irrevocable, non-interest-bearing promissory notes or obligations payable on demand.

A contribution to IFAD replenishment resources is recorded in full as equity and as receivable when a Member deposits an instrument of contribution. Amounts receivable from Member States as contributions, and other receivables including promissory notes, have been initially recognized in the balance sheet at their fair value through profit and loss in accordance with IFRS9.

(b) Provisions

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

(i) Whenever a payment of an instalment against an instrument of contribution or a payment of a drawdown against a promissory note becomes overdue by 24 months, a provision will be made equal to the value of all overdue contribution payments or the value of all unpaid drawdowns on the promissory note(s) outstanding.

(ii) Whenever a payment of an instalment against an instrument of contribution or a payment of a drawdown against a promissory note becomes overdue by 48 months or more, a provision will be made against the total value of the unpaid contributions of the Member or the total value of the promissory note(s) of that Member related to the particular funding period (i.e. a replenishment period).

(iii) The end of the financial year is currently used for determining the 24 and 48 months periods.

(ii) General Reserve

The General Reserve may only be used for the purposes authorized by the Governing Council and was established in recognition of the need to cover the Fund's potential over-commitment risk as a result of exchange rate fluctuations and possible delinquencies in the receipt of loan service payments or in the recovery of amounts due to the Fund from the investment of its liquid assets. It is also intended to cover the risk of over-commitment as a result of a decrease in the value of assets caused by fluctuations in the market value of investments.

The General Reserve is subject to a review at least every three years in order to assess its adequacy. The last such review was conducted in 2012.

(iii) Retained earnings

Retained earnings represent cumulative excess of revenue over expenses net of the effects of changes in foreign exchange rates. For operational purposes, reference should be made to the statement of IFAD-only resources available for commitment (appendix E).

(e) Loans

(i) Background to loans

IFAD loans are made only to developing states that are Members of the Fund or to intergovernmental organizations in which such Members participate. In the latter case, the Fund may require governmental or other guarantees. A loan becomes effective or enters into force when conditions precedent to effectiveness or entry into force have been fulfilled. Upon signature, disbursement may commence.

All IFAD loans are approved and loan repayments and interest are payable in the currency specified in the loan agreement in amounts equivalent to the SDR due, based on International Monetary Fund rates on the due dates. Loans approved are disbursed to borrowers in accordance with the provisions of the loan agreement.

Currently the lending terms of the Fund are as follows:

(a) special loans on highly concessional terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75 per cent) per annum and have a maturity period of forty (40) years, including a grace period of ten (10) years; (b) loans on hardened terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75 per cent) per annum and have a maturity period of twenty (20) years, including a grace period of ten (10) years; (c) loans on blend terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75 per cent) per annum plus a spread and have a maturity period of twenty (20) years, including a grace period of ten (10) years (these are applicable from 2013 onwards); (d) loans on intermediate terms shall have a rate of interest per annum equivalent to fifty per cent (50 per cent) of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of twenty (20) years, including a grace period of five (5) years; (e) loans on ordinary terms shall have a rate of interest per annum equivalent to one hundred per cent (100 per cent) of the variable reference interest rate, as determined annually by the Executive Board, and a maturity period of fifteen (15) to eighteen (18) years, including a grace period of three (3) years; and (f) no commitment charge shall be levied on any loan.

(ii) Loans to non-Member States

At its twenty-first session in February 1998, the Governing Council adopted resolution 107/XXI approving the establishment of a fund for the specific purpose of lending to Gaza and the West Bank (FGWB). The application of article 7, section 1(b), of the Agreement Establishing IFAD was waived for this purpose. Financial assistance, including loans, is transferred to the FGWB by decision of the Executive Board and the repayment thereof, if applicable, is made directly to IFAD's regular resources.

(iii) Heavily Indebted Poor Countries (HIPC) Debt Initiative

IFAD participates in the International Monetary Fund/World Bank original and enhanced HIPC Debt Initiative as an element of IFAD's broader policy framework for managing operational partnerships with countries that face the risk of having arrears with IFAD in the future because of their debt-service burden. Accordingly, IFAD provides debt relief by forgiving a portion of an eligible country's debt-service obligations as they become due.

In 1998, IFAD established a Trust Fund for the Debt Initiative. This fund receives resources from IFAD and from other sources, specifically dedicated as compensation to the loan-fund account(s) for agreed reductions in loan repayments under the Initiative. Amounts of debt service forgiven are expected to be reimbursed by the Trust Fund on a pay-as-you-go basis (i.e. relief is when debt service obligations become due) to the extent that resources are available in the fund.

The Executive Board approves each country's debt relief in net present value terms. The estimated nominal equivalent of the principal components of the debt relief is recorded under the accumulated allowance for the HIPC Debt Initiative, and as a charge to the HIPC Debt Initiative expenses in the statement of comprehensive income. The assumptions underlying these estimates are subject to periodic revision. Significant judgement has been used in the computation of the estimated value of allowances for the HIPC Debt Initiative.

The charge is offset and the accumulated allowance reduced by income received from external donors to the extent that such resources are available. The accumulated allowance for the HIPC Debt Initiative is reduced when debt relief is provided by the Trust Fund.

In November 2006, IFAD was granted access to the core resources of the World Bank HIPC Trust Fund, in order to assist in financing the outstanding debt relief once countries reach completion point. Financing is provided based on net present value calculation of their future debt relief flows.

(iv) Measurement of loans

Loans are initially recognized at fair value on day one (full disbursement of the loan to the borrower) and subsequently measured at amortized cost using the effective interest method. The fair value is calculated using an enhanced fair value tool by applying discount rates to the estimated future cash flows on a loan-by-loan basis in the currency in which the loans are denominated. The discount factor applied is not adjusted for country credit risk because of the very low probability of default experienced by IFAD on its loan portfolio. However, the outstanding loans are reviewed for impairment on a loan-by-loan basis and a provision established where there is objective evidence that the loans are impaired.

(v) Accumulated allowance for impairment losses

Delays in receiving loan payments result in present value losses to the Fund since it does not charge fees or additional interest on any overdue interest or loan charges. An allowance is established on a specific basis for such losses based on the difference between the assets' carrying value and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate (i.e. the effective interest rate calculated at initial recognition). In cases where it is not possible to estimate with any reasonable certainty the expected cash flows of a loan (as in all cases for which an allowance has been established to date), an alternative approach is followed that adopts a method similar to the benchmark used for the provisioning of Member States' contributions. This means that an allowance shall be made on loan instalments overdue by more than 24 months. An allowance is also made for loan instalments on the same loan overdue by less than 24 months. Once this trigger period has been reached, all amounts overdue at that time are considered to be in provision status, even in the event that part of the total outstanding debt is subsequently repaid. In cases where more than 48 months have elapsed, an allowance is made for all outstanding principal amounts of the loan concerned. The point in time from which it is necessary to determine whether or not the given period has elapsed is the balance sheet date. The Fund has not written off any of its loans. Considering the positive historical loan reflow trends, the Fund has not established a collective impairment provision on loans not subject to specific impairment.

(vi) Non-accrual status

Income on loans is recognized following the accrual basis of accounting. For loans with overdue amounts in excess of 180 days, interest and service charges are recognized as income only when actually received. Follow-up action is being taken with the respective governments to obtain settlement of these obligations.

(f) Investments

The Fund's investments are classified at fair value through profit and loss or at amortized cost. Investments are classified at amortized cost when they belong to a portfolio managed by the Fund based on a business model to hold those securities until their maturity, by collecting solely maturing interest and principal in line with the contractual characteristics. If the above conditions are not met, the Fund carries investments at fair value through profit and loss. Fair value is determined in accordance with the hierarchy set in note 3. Both realized and unrealized security gains and losses are included in income from investments as they arise. Both realized and unrealized exchange gains and losses are included in the account for movements in foreign exchange rates as they arise. All purchases and sales of investments are recognized on the trade date. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The majority of derivatives are used as hedging instruments (although they do not qualify for hedge accounting) and therefore changes in the fair value of these derivative instruments are recognized immediately in the statement of comprehensive income.

(g) 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.

(h) Contributions (non-equity)

Contributions to non-replenishment resources are recorded as revenues in the period in which the related expenses occur. For project cofinancing activities, contributions received are recorded as revenues in the period in which the related grant becomes effective. Contributions relating to programmatic grants, APOs, BFFS.JP and other supplementary funds are recorded in the balance sheet as deferred revenues and are recorded as revenue by the amount of project-related expenses in the statement of comprehensive income. Where specified in the donor agreements, contributions received (including management fees) and interest earned thereon, for which no direct expenses have yet been incurred, are deferred until future periods to be matched against the related costs. This is consistent with the accounting principle adopted with regard to IFAD's combined supplementary funds and serves to present the underlying nature of these balances more clearly. A list of such contributions can be found in appendix D1.

Individual donors provided human resources (in the form of APOs) to assist IFAD in its activities. The contributions received from donors are recorded as revenues and the related costs are included in staff costs.

(i) 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 effectiveness of the approved amount and as a liability for undisbursed amounts at fair value in accordance with IFRS9. Following the approval by the Executive Board of the revisions to the General Conditions for Agricultural Development Financing (April 2009), grants become effective on entry into force 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.

(j) 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 State, while the interest is relinquished. Principal compensation will be negotiated during future replenishment consultations. 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.

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

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

Repayments of the loan by the Trust Fund to Spain will be aligned to the loan repayments received from borrowing countries over 45 years, with a five-year grace period. The interest rate to be paid to Spain will be a variable 12-month Euribor rate. The interest will be paid to Spain by 15 January each year and is accounted for on an accrual basis.

The liquidity available in the Spanish Trust Fund will be invested according to an investment policy that ensures that disbursement needs are met while generating adequate risk-adjusted return.

The excess investment income will be kept in a reserve account that will allow IFAD to manage risks.

In the event that it is determined that the Spanish Trust Fund lacks sufficient resources to meet its payment obligations, Spain will provide additional funds.

(l) Employee schemes

(i) Pension obligations

IFAD participates in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, defined benefit plan. The financial obligation of the Fund to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly, together with any share of any actuarial deficiency payments under article 26 of the regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. At the time of this report, the United Nations General Assembly has not invoked this provision.

The actuarial method adopted for the UNJSPF is the Open Group Aggregate method. The cost of providing pensions is charged to the statement of comprehensive income so as to spread the regular cost over the service lives of employees, in accordance with the advice of the actuaries, who carry out a full valuation of the period plan every two years. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. IFAD, like other participating organizations, is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes.

(ii) After-Service Medical Coverage Scheme

IFAD participates in a multi-employer After-Service Medical Coverage Scheme (ASMCS) administered by the Food and Agriculture Organization of the United Nations (FAO) for staff receiving a United Nations pension and eligible former staff on a shared-cost basis. The ASMCS operates on a pay-as-you-go basis, meeting annual costs out of annual budgets and staff contributions. Since 2006, an independent valuation is performed on an annual basis.

In accordance with IAS19, IFAD has set up a trust fund into which it transfers the funding necessary to cover the actuarial liability. Service costs are recognized as operating expenditure. The net balance between interest costs and expected return on plan assets is recognized in profit and loss, while re-measurements on assets and liabilities are recognized as the net position in other comprehensive income. Due to the revisions to IAS19, the expected rate of return for accounting is set equal to the accounting discount rate.

(m) Provisions

Provisions are established when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Employee entitlements to annual leave and long-service entitlements are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service separation entitlements as a result of services rendered by employees up to the balance sheet date.

(n) Taxation

IFAD is a specialized agency of the United Nations and as such enjoys privileged tax-exemption status under the Convention on Privileges and Immunities of Specialized United Nations Agencies of 1947 and the Agreement between the Italian Republic and IFAD on IFAD's permanent headquarters. Taxation levied where this exemption has not yet been obtained is deducted directly from the related investment income.

(o) 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).

(p) Fixed assets – Intangible assets

Fixed assets

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

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

Intangible assets

Software development costs are capitalized as intangible assets where future economic benefits are expected to flow to the organization. Depreciation is calculated on a straight-line basis over the estimated useful life of the software (two to five 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).

(q) IFAD's resources available for commitment

Resources available for commitment are those resources in freely convertible currencies defined in article 4, section 1, of the Agreement Establishing IFAD, which have been contributed by Member States and others or have been derived, or are to be derived, from operations or loan repayments by borrowers, to the extent that these resources have not already been committed for loans and grants or appropriated to the General Reserve.

The policy for determining resources available for commitment is as follows:

(i) Only actual receipts in the form of cash or promissory notes will be included in committable resources. The value of instruments of contribution against which payment in the form of cash or promissory notes has not yet been made will be excluded from committable resources.

(ii) Provisions have been established for overdue promissory notes.

(iii) Promissory notes and commitments for loans (undisbursed effective loans, approved loans signed but not yet effective and loans not yet signed) and undisbursed grants are recorded at nominal value within the statement of resources available for commitment as this is an operational report for management purposes only and therefore is not subject to the financial reporting requirements of IFRS.

(iv) The Executive Board is authorized to employ advance commitment authority (ACA) prudently and cautiously to compensate, year by year, for fluctuations in the resources available for commitment and to act as a reserve resource. ACA was used in 2012, as in the past, because regular resources were not sufficient to meet loan and grant commitments.

A loan or a grant is considered to be committed when approved by the relevant authority. In particular, loans and large grants must be approved by the Executive Board. The Executive Board reviews a statement of resources available for commitment at every session to ensure that resources are available to finance the loans and grants presented for approval at the session or expected to be approved through the lapse-of-time procedure prior to the subsequent Board session.

NOTE 3

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(i) Fair value and amortized costs of loans, undisbursed grants, deferred revenues, promissory notes and contributions receivable. For the details about the models applied for fair value calculation of loans, reference should be made to note 2.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

Financial assets and liabilities measured at fair value on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1: Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Financial assets and liabilities whose values are based on quoted prices for similar assets or liabilities, or pricing models for which all significant inputs are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Financial assets or liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

(b) Critical judgement in applying accounting policies

(i) Fair value accounting

Fair value accounting is required in order for IFAD to comply with International Financial Reporting Standards. Reconciliations between measurement at fair value and amortized cost using the effective interest method and nominal values have been provided with respect to loans, receivables, undisbursed grants and deferred revenues.

NOTE 4

CASH AND INVESTMENT BALANCES

***Analysis of balances** (consolidated)*

	Thousands of United States dollars	
	2012	*2011*
Unrestricted cash	404 219	389 764
Cash subject to restriction	63	505
Subtotal cash	**404 282**	**390 269**
Unrestricted investments at fair value	1 786 019	1 954 168
Investments at amortized cost	788 827	811 641
Investments subject to restriction	397	429
Subtotal investments	**2 575 243**	**2 766 238**
Total cash and investments	**2 979 525**	**3 156 507**

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

	Thousands of United States dollars	
	2012	*2011*
IFAD	2 292 743	2 496 741
ASMCS Trust Fund	66 840	65 771
HIPC Trust Fund	4 348	25 935
Supplementary Funds	125 476	138 159
Spanish Trust Fund	400 191	388 622
Haiti Debt Relief Initiative (appendix J)	39 071	41 279
ASAP	50 856	0
Total cash and investments	**2 979 525**	**3 156 507**

(i) Cash and investments subject to restriction

In accordance with the Agreement Establishing IFAD, the amounts paid into the Fund by the then Category III Member States in their respective currencies on account of their initial or additional contributions are subject to restriction in usage.

In 2010 IFAD opened an escrow account, which had a balance of US$13,197 as at 31 December 2012 (2011 – US$451,440).

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

At 31 December 2012, cash and investments, including payables and receivables, at market value amounted to US$2,955,958,000 excluding restricted and non-convertible currencies (2011 – US$3,114,799,000), and comprised the following instruments:

	Thousands of United States dollars	
	2012	*2011*
Cash	404 219	389 764
Fixed-income instruments	2 049 882	2 561 399
Unrealized (loss)/gain on forward contracts	(8 746)	(503)
Time deposits and other obligations of banks	527 251	205 443
Unrealized (loss)/gain on futures	6 458	(3 955)
Options	0	2
Total cash and investments	**2 979 064**	**3 152 150**
Receivables for investments sold	1 385	120 479
Payables for investments purchased	(24 491)	(157 830)
Total investment portfolio	**2 955 958**	**3 114 799**

Fixed-income investments and cash include US$805,398,000 at amortized cost as at 31 December 2012 (2011 – US$811,641,000). The fair value of global strategic portfolio investments as at 31 December 2012 was US$817,413,000 (2011 – US$817,280,000).

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

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

	Thousands of United States dollars	
	2012	*2011*
Euro	1 286 939	1 301 498
Japanese yen	191 320	244 308
Pound sterling	299 856	318 635
United States dollar	1 177 843	1 250 358
Total cash and investment portfolio	**2 955 958**	**3 114 799**

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

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

	Thousands of United States dollars	
	2012	*2011*
Due in one year or less	1 121 308	955 009
Due after one year through five years	1 166 800	1 637 861
Due from five to ten years	449 274	278 509
Due after ten years	218 576	243 420
Total cash and investment portfolio	**2 955 958**	**3 114 799**

The average life to maturity of the fixed-income investments included in the consolidated investment portfolio at 31 December 2012 was 47 months (2011 – 47 months).

(a) Financial risk management

IFAD's investment activities are exposed to a variety of financial risks: market risk, credit risk, currency risk, custodial risk and liquidity risk, as well as capital risk as a going concern which, however, is limited to the investment portfolio.

(i) Market risk

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

Cash and investments at amortized cost are managed internally; investments at fair value are managed through eight mandates to external managers as at 31 December 2012.

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

The weights and amounts of each asset class within the overall portfolio, together with the investment policy weights as at 31 December 2012 and 2011, are shown in table 1. Disclosures relate to IFAD-only accounts.

Table 1

Asset class	*Portfolio*		*Investment policy*
2012	*%*	*Millions of US dollars*	*%*
Short-term liquidity	8.6	194.8	7.0
Global strategic portfolio	16.5	373.6	17.0
Global government bonds	33.6	762.8	36.0
Global diversified fixed-income	14.0	318.7	13.0
Global inflation-linked	20.2	459.4	20.0
Emerging market debt	7.1	160.3	7.0
Total	**100.0**	**2 269.6**	**100.0**

Asset class	*Portfolio*		*Investment policy*
2011	*%*	*Millions of US dollars*	*%*
Short-term liquidity	8.1	199.9	5.5
Investments at amortized cost	15.6	383.9	15.6
Government bonds	38.7	950.5	43.5
Diversified fixed-income	16.9	413.9	15.4
Inflation-linked	20.7	507.3	20.0
Total	**100.0**	**2 455.5**	**100.0**

Each asset class is managed according to its own investment guidelines. The guidelines address a variety of market risks through restrictions on eligibility of instruments and on managers' activity by setting:

1. Pre-assigned benchmarks and limits on deviations from benchmarks in terms of tacking error limits

2. Credit floors (please refer to "(ii) credit risk").

The benchmark indices used for the respective portfolios are shown in table 2.

Table 2
Benchmark indices by portfolio

Portfolio	*Benchmark index*
Short-term liquidity	Same as the portfolio return
Global strategic portfolio	Equally-weighted extended sector benchmark (internally calculated on a quarterly basis)
Global government bonds	Barclays Global Government Bond Index (1-3 years maturity), customized to the four component currencies of the SDR valuation basket
Global diversified fixed-income bonds	Barclays Global Fixed-Income Index (AA- or above for sovereign and A- or above for corporates)
Global inflation-linked bonds	Barclays Capital World Government Inflation-Linked Index (1-10 years maturity)
Emerging market debt bonds	Barclays Emerging Market Debt Investment Grade Index (BBB- or above)

Exposure to market risk is adjusted by modifying the duration of the portfolio, depending on the outlook for changes in securities market prices.

The upper limit for the duration is set at:

- One year above the benchmark for the global government bonds asset class.

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

The average duration of IFAD's investment portfolio at 31 December 2012 and 2011 and respective benchmarks are shown in table 3.

Table 3
Average duration of portfolios and benchmarks in years (IFAD-only)
As at 31 December 2012 and 2011

	Portfolio		*Benchmark*	
Portfolio	*2012*	*2011*	*2012*	*2011*
Short-term liquidity	-	-	-	-
Global strategic portfolio	1.4	2.3	1.4	2.3
Global government bonds	1.7	1.8	1.9	2.0
Global diversified fixed-interest	4.1	4.6	4.2	4.4
Global inflation-linked	6.2	6.0	5.4	5.1
Emerging market debt	7.6	-	6.8	-
Total average	**2.9**	**2.6**	**2.8**	**2.5**

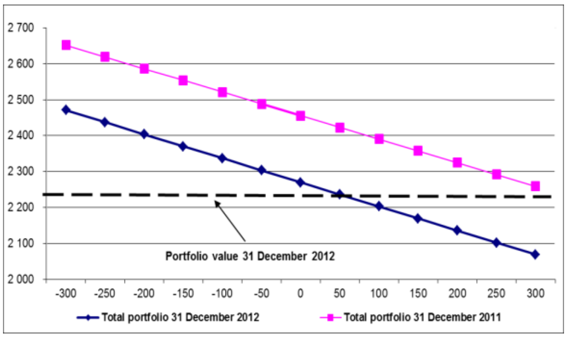
The sensitivity analysis of IFAD's overall investment portfolio in table 4 shows how a parallel shift in the yield curve (-300 to +300 basis points) would affect the value of the investment portfolio as at 31 December 2012 and 31 December 2011.

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

	2012		*2011*	
Basis point shift in yield curve	*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	201	2 471	196	2 652
-250	168	2 438	164	2 620
-200	134	2 404	131	2 587
-150	101	2 371	98	2 554
-100	67	2 337	65	2 521
-50	34	2 304	33	2 489
0	**-**	**2 270**	**-**	**2 456**
50	(34)	2 236	(33)	2 423
100	(67)	2 203	(65)	2 391
150	(101)	2 169	(98)	2 358
200	(134)	2 136	(131)	2 325
250	(168)	2 102	(164)	2 292
300	(201)	2 069	(196)	2 260

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

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



At 31 December 2012, if the general level of interest rates on the SDR markets had been higher/(lower) by 300 basis points (as a parallel shift in the yield curves), the overall portfolio value would have been lower/(higher) by US$201 million as a result of the capital losses (gains) on the marked-to-market portion of the portfolio.

Table 5 shows the tracking error limits defined by the Investment Policy Statement. Tracking error represents the annualized standard deviation of the excess return versus the benchmark, and is a measure of the active positions taken in managing a portfolio with respect to the benchmark.

Table 5
Tracking error ranges by portfolio

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

The investment portfolio's total tracking error at 31 December 2012 was 0.21 per cent.

(ii) Credit risk

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

Table 6
Minimum credit ratings as per Investment Policy Statement and Investment Guidelines

Portfolio	*Securities*	*Time deposits and CDs*[a]	*Spot and forwards*[b]	*IRS*[b]
Short-term liquidity	n/a	A-1/P-1	n/a	n/a
Global Strategic Portfolio	Moody's Aa2 or S&P AA (exception: corporate bonds Aaa/AAA	A-1/P-1	n/a	n/a
Global government bonds[c]	Moody's Aa3 or S&P AA-	A-1/P-1	A-1/P-1	n/a
Global diversified fixed income bonds[c]	Moody's Aa3 or S&P AA- (exception: MBS and ABS AAA/Aaa by two of the three agencies and Corporates A3/A-	A-1/P-1	A-1/P-1	AA-/Aa3
Global inflation-indexed bonds[c]	Moody's Aa3 or S&P AA-	A-1/P-1	A-1/P-1	n/a
Emerging market debt	Moody's Baa3 or S&P BBB-	A-1/P-1	n/a	n/a

[a] Minimum credit rating (Moody's P-1 or S&P A-1) refers to the bank.
[b] Minimum credit rating refers to the counterparty.
[c] Futures and options are allowed if traded on regulated exchanges.
Note: IRS=interest rate swaps; MBS=mortgage-backed securities; ABS=asset-backed securities.

At 31 December 2012, the average credit ratings by portfolio were in line with the minimum allowable ratings under the Investment Policy Statement and Investment Guidelines (table 7).

Table 7
Average credit ratings by portfolio (IFAD-only)
As at 31 December 2012 and 2011

	Credit rating[a]	
Portfolio	*2012*	*2011*
Short-term liquidity	P-1	P-1
Global strategic portfolio	Aa1	Aa1
Global government bonds	Aaa	Aaa
Global diversified fixed-interest	Aa1	Aaa
Global inflation-linked	Aaa	Aaa
Emerging market debt	Aa3	-

[a] The average credit rating is calculated based on market values at 31 December 2012 and 2011 except for the global strategic portfolio average (held-to-maturity portfolio) rating, which is calculated on amortized cost. As per IFAD's current Investment Policy Statement and Investment Guidelines, the credit ratings used are based on the best credit ratings available from either Standard and Poor's (S&P) or Moody's or Fitch ratings, unless specified otherwise such as the internally managed portfolios whereby all three credit agencies must be above the minimum credit quality floor.

(iii) Currency risk

IFAD's investment portfolio is used to minimize IFAD's overall currency risk. The majority of IFAD's commitments relate to undisbursed loans and grants denominated in SDR. Consequently, the overall assets of the Fund are maintained, to the extent possible, in the currencies and ratios of the SDR valuation basket. Similarly, the General Reserve and commitments for grants denominated in United States dollars are matched by assets denominated in United States dollars.

In the case of misalignments that are considered persistent and significant, Management 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 2012 is shown in table 8.

Table 8
Alignment of assets to SDR basket (IFAD-only)
As at 31 December 2012

Currency group	*Net asset amount (%)*	*SDR weights*	*Difference*
United States dollar	39.7	43.0	(3.3)
Euro	39.0	36.3	2.7
Japanese yen	10.6	9.1	1.5
Pound sterling	10.7	11.6	(0.9)
Total	**100.0**	**100.0**	0.0

At 31 December 2012, had the United States dollar depreciated (appreciated) by 10 per cent over the three other currencies in the SDR basket, the composition of IFAD's assets subject to SDR alignment would have been as shown in table 9.

Table 9
Sensitivity of assets aligned to SDR basket (IFAD-only)
As at 31 December 2012

	Difference towards SDR weights	
Currency group	*-10% of US$ (%)*	*+10% of US$ (%)*
United States dollar	(2.6)	2.3
Euro	1.7	(1.4)
Japanese yen	0.4	(0.4)
Pound sterling	0.5	(0.5)
Total	-	-

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

(iv) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents to meet loan and grant disbursements as well as other administrative outflows as they arise. IFAD's Treasury maintains flexibility in funding by calculating estimated availability of funds from all relevant sources and monitors the liquidity situation based on various time lines. IFAD developed a liquidity policy, which was approved by the Executive Board in December 2006, to provide further safeguards in this area. The liquidity policy requires a minimum level of highly liquid assets in IFAD's investment portfolio equal to 60 per cent of the total annual gross disbursements (cash outflows) and potential additional requirements due to liquidity shocks during the Eighth Replenishment period (2010 to 2012). The current balance of highly liquid assets comfortably covers the minimum liquidity requirements.

(v) Capital risk

The overall resource policy is reviewed by Management on a regular basis. A joint review with the principal stakeholders is also carried out at least once during each replenishment process. IFAD closely monitors its resource position on a regular basis in order to safeguard its ability to continue as a going concern. Consequently, it adjusts the amount of new commitments of loans and grants to be made during each calendar year depending on the resources available. Longer term resource forecasting is carried out within the analysis performed through IFAD's financial model.

NOTE 5

CONTRIBUTORS' PROMISSORY NOTES AND RECEIVABLES

	Thousands of United States dollars	
	2012	2011
Promissory notes to be encashed		
Replenishment contributions	335 581	304 185
ASAP	162 550	0
Total	**498 131**	**304 185**
Fair value adjustment	(7 213)	(8 575)
Promissory notes to be encashed	**490 918**	**295 610**
Contributions receivable		
Replenishment contributions	557 616	194 127
Supplementary contributions	185 772	182 489
Spanish Trust Fund	5 274	11 684
ASAP	103 578	
Total	**852 240**	**388 300**
Fair value adjustment	(8 490)	(6 463)
Contributions receivable	**843 750**	**381 837**

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

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

Contributions not paid/encashed
As at 31 December 2012

	Thousands of United States dollars	
Donor	*Replenishment*	*Amount*
United States[a]	Sixth	459
Brazil[a]	Seventh	2 797
United States[a]	Seventh	15 429

[a] Cases for which Members and IFAD have agreed to special encashment schedules.

(b) Eighth Replenishment

Details of contributions and payments made for the Eighth Replenishment are shown in appendix G. The Eighth Replenishment became effective on 1 December 2009.

(c) Ninth Replenishment

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

(d) Special Programme for Africa (SPA)

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

(e) Credit risk

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

NOTE 6

PROVISIONS

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

	Thousands of United States dollars	
	2012	2011
Balance at beginning of the year	**168 548**	**168 448**
Total movements	(100)	100
Balance at end of year	**16 448**	**168 548**
Analysed as follows:		
Promissory notes of contributors (a)	80 861	80 861
Amounts receivable from contributors (b)	87 587	87 687
Total	**168 448**	**168 548**

(a) Provisions against promissory notes

As at 31 December 2012, IFAD replenishment contributions deposited in the form of promissory notes up to and including the Eighth Replenishment have been fully drawn down. (31 December 2011 – 65 per cent for the Eighth Replenishment).

As at 31 December 2012 and 2011, all first and second phase SPA contributions have been fully drawn down.

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

	Thousands of United States dollars	
	2012	2011
IFAD		
Initial contributions		
Iran (Islamic Republic of)	29 358	29 358
Iraq	13 717	13 717
	43 075	43 075
First Replenishment		
Iraq	31 099	31 099
	31 099	31 099
Third Replenishment		
Democratic People's Republic of Korea	600	600
Libya	6 087	6 087
	6 687	6 687
Total IFAD	**80 861**	**80 861**
Grand total	**80 861**	**80 861**

(b) Provisions against amounts receivable from contributors

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

	Thousands of United States dollars	
	2012	2011
Initial contributions		
Comoros	10	10
Iran (Islamic Republic of)	83 167	83 167
	83 177	83 177
Second Replenishment		
Iraq	2 000	2 000
	2 000	2 000
Third Replenishment		
Iran (Islamic Republic of)	2 400	2 400
Sao Tome and Principe	10	10
	2 410	2 410
Seventh Replenishment		
Bolivia (Plurinational State of)	0	100
	0	100
Total	**87 587**	**87 687**

NOTE 7

OTHER RECEIVABLES

	Thousands of United States dollars	
	2012	*2011*
Receivables for investments sold	1 385	120 479
Other receivables	20 666	21 457
Total	**22 051**	**141 936**

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

	Thousands of United States dollars			
	1 Jan 2012	*Increase/ (decrease)*	*Revaluation*[a]	*31 Dec 2012*
Cost				
Computer hardware	1 840	(45)		1 795
Computer software	2 775	4 184		6 959
Furniture and fittings	385	0	7	392
Leasehold improvement	681	86		767
Total cost	**5 681**	**4 225**	**7**	**9 913**
Depreciation				
Computer hardware	(1 012)	(557)		(1 569)
Computer software	(492)	(697)		(1 189)
Furniture and fittings	(263)	(83)	(7)	(352)
Leasehold improvement	(159)	(240)		(399)
Total depreciation	**(1 926)**	**(1 577)**	**(7)**	**(3 510)**
Net fixed and intangible assets	**3 755**	**2 648**	**-**	**6 403**

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

NOTE 9

LOANS

(a) Accumulated allowance for impairment losses

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

	Thousands of United States dollars	
	2012	*2011*
Balance at beginning of year	83 060	**95 494**
Net (decrease) in allowance	(30 394)	(12 060)
Revaluation	36	(374)
Balance at end of year at nominal value	**52 702**	**83 060**
Fair value adjustment	(38 410)	(59 694)
Total	**14 292**	**23 366**

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

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

	Thousands of United States dollars	
	2012	*2011*
SDR		
Cuba	0	8 309
Democratic People's Republic of Korea	395	0
Somalia	17 299	17 299
Zimbabwe	16 570	16 570
Togo	0	11 799
Total	**34 264**	**53 977**
US$	**52 702**	**83 060**
Fair value adjustment	(38 410)	(59 694)
Total	**14 292**	**23 366**

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

(b) Non-accrual status

Had income from loans with overdue amounts in non-accrual status been recognized as income, income from loans as reported in the statement of comprehensive income for the year 2012 would have been higher by US$1,193,000 (2010 – US$1,856,000).

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

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

	Thousands of United States dollars	
	2012	*2011*
IFAD	6 119 027	5 804 791
Spanish Trust Fund	1 477	0
Total cash and investments	**6 120 504**	**5 804 791**
Fair value adjustment	(1 260 235)	(1 272 119)
Total	**4 860 269**	**4 532 672**

	Thousands of United States dollars	
	2012	*2011*
IFAD approved loans less cancellations less full repayments and the adjustment for movement in value of total SDR loans in terms of US$ (appendix H)		
2012 – US$11 089 334		
2011 – US$10 604 801		
Effective loans	10 602 653	9 946 325
Less: Undisbursed balance of effective loans	(2 612 664)	(2 441 662)
Repayments	(2 129 646)	(1 964 009)
Interest/principal	21 732	19 399
Loans outstanding at nominal value	**5 882 075**	**5 560 053**
Fair value adjustment	(1 171 247)	(1 168 676)
Loans outstanding	**4 710 828**	**4 391 377**
SPA approved loans less cancellations, less full repayments and the adjustment for movements in value of total SDR loans in terms of US$ (appendix H)		
2012 – US$342 603		
2011 – US$342 715		
Effective loans	342 603	342 715
Less: Undisbursed balance of effective loans	0	0
Repayments	(106 386)	(98 487)
Interest/principal receivable	735	510
Loans outstanding	**236 952**	**244 738**
Fair value adjustment	(88 794)	(103 443)
Loans outstanding	**148 158**	**141 295**
Total approved loans less cancellations, less full repayments and the adjustment for movements in value of SDR loans in terms of US$		
2012 –US$11 503 636		
2011 –US$10 875 828		
Effective loans	10 945 256	10 289 040
Undisbursed balance of effective loans	(2 612 664)	(2 441 662)
Repayments	(2 236 032)	(2 062 496)
Interest/principal receivable	22 467	19 909
Loans outstanding at nominal value	**6 119 027**	**5 804 791**
Fair value adjustment	(1 260 041)	(1 272 119)
Loans outstanding	**4 858 986**	**4 532 672**

(c) Credit risk

Because of the nature of its borrowers and guarantors, the Fund expects that each of its sovereign guaranteed loans will ultimately be repaid. Collectability risk is covered by both the accumulated allowance for loan impairment losses and the accumulated allowance for the HIPC Debt Initiative. Loans with amounts overdue more than 180 days are placed in non-accrual status.

(d) Market risk

The interest rate risk associated with IFAD's loan portfolio is believed to be minimal, as 92.8 per cent (31 December 2011 – 92.8 per cent) of the current outstanding portfolio relates to borrowers on highly concessional terms, hence not subject to variation on an annual basis. An analysis of the portfolio by type of lending term is presented in appendix H, sections 4 and 9.

(e) Fair value estimation

Other than initial recognition and determination, the assumptions used in determining fair value are not sensitive to changes in discount rates. The associated impact of the exchange rate movement between SDR and United States dollars is closely monitored.

NOTE 10

FINANCIAL INSTRUMENTS BY CATEGORY

The table below provides information about the Fund's assets and liabilities classification, accounting policies for financial instruments have been applied to the line items below:

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

	Thousands of United States dollars		
2011	*Cash and bank deposits*	*Assets at fair value through profit and loss*	*Amortized cost*
Net loans outstanding			4 455 538
Other receivables		120 479	
Amortized cost investments			811 641
Investments at fair value through profit and loss **LEVEL 1**		1 123 538	
Investments at fair value through profit and loss **LEVEL 2**		831 059	
Cash and equivalents (level 1)	390 269		
Total	**390 269**	**2 075 076**	**5 267 179**

NOTE 11

HEAVILY INDEBTED POOR COUNTRIES (HIPC) DEBT INITIATIVE

(a) Impact of the HIPC Debt Initiative

IFAD provided funding for the HIPC Debt Initiative in the amount of US$134,670,000 during the period 1998-2012. Details of funding from external donors on a cumulative basis are found in appendix D1.

For a summary of debt relief reimbursed since the start of the Initiative and expected in the future, please refer to appendix I. Debt relief approved by the Executive Board to date excludes all amounts relating to the enhanced Debt Initiative for Eritrea, Somalia and The Sudan. Authorization for IFAD's share of this debt relief is expected to be given by the Executive Board in 2013-2015. At the time of preparation of the 2012 consolidated financial statements, the estimate of IFAD's share of the overall debt relief for these countries, principal and interest, was US$114,139,000 (2011 – US$148,520,139 for Eritrea, Somalia and the Sudan).

Gross investment income amounted to US$7,987 (2011 – US$21,737) from the HIPC Trust Fund balances.

The total cumulative cost of debt relief derives from the following sources:

	Thousands of United States dollars		
	2012	*Movement*	*2011*
IFAD contributions 1998-2012	134 670	10 000	124 670
Total contributions from external sources (appendix D1)	266 198	0	266 198
Net cumulative investment income	7 987	16	7 971
Short fall between debt relief approved and funds available	119 926	15 859	104 067
Cumulative net exchange rate movements	40 754	(81)	40 835
Total (appendix I)	**569 535**	**25 794**	**543 741**

(b) Accumulated allowance for the HIPC Debt Initiative

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

	Thousands of United States dollars	
	2012	*2011*
Balance at beginning of year	77 066	124 357
New approvals	18 744	0
Change in provision	(8 458)	(47 805)
Exchange rate movements	(81)	514
Balance at end of year	87 271	77 066
Fair value adjustment	(23 410)	(23 298)
Total	**63 861**	**53 768**

NOTE 12

PAYABLES AND LIABILITIES

	Thousands of United States dollars	
	2012	*2011*
Payable for investments purchased and impairment	24 491	161 253
ASMCS liability	71 537	51 840
Other payables and accrued liabilities	79 078	67 898
Total	**175 106**	**280 991**

Of the total above, an estimated US$96,963,000 (2011 – US$76,862,000) is payable in more than one year from the balance sheet date.

NOTE 13

DEFERRED REVENUE

Deferred revenue represents contributions received for which revenue recognition has been deferred to future periods to match the related costs. Deferred income includes amounts relating to service charges received for which the related costs have not yet been incurred. The table below includes a balance as at December 2012 of US$313.80 million for the ASAP Trust Fund.

	Thousands of United States dollars	
	2012	*2011*
Total	498 818	212 890
Fair value adjustment	(4 788)	(4 433)
Deferred revenue	**494 031**	**208 457**

NOTE 14

UNDISBURSED GRANTS

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

	Thousands of United States dollars	
	2012	*2011*
IFAD	91 044	95 698
Supplementary funds	226 735	226 439
Balance at end of year	317 779	322 137
Fair value adjustment	**(1 071)**	**(7 121)**
Undisbursed grants	**316 708**	**315 016**

NOTE 15

TRUST FUND BORROWING

The amount lent by Spain for the establishment of the Spanish Food Security Cofinancing Facility Trust Fund is approximately US$383.8 million (EUR 285.5 million). This is a long-term liability of 45 years with a five-year grace period. The balance as at 31 December 2012 of US$383.8 million represents the funds received from the Spanish Government plus the interest accrued.

NOTE 16

NET FOREIGN EXCHANGE GAINS/LOSSES

The following rates of 1 unit of SDR in terms of United States dollars as at 31 December were used:

Year	*United States dollars*
2012	1.53811
2011	1.53882
2010	1.55027

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

	Thousands of United States dollars	
	2012	*2011*
Opening balance at 1 January	**876 527**	**945 677**
Exchange movements for the year on:		
Cash and investments	3 372	(25 924)
Net receivables/payables	(9 262)	(2 305)
Loans and grants outstanding	(1 848)	(40 474)
Promissory notes and Members' receivables	2 012	3 794
Member States' contributions	2 618	(4 241)
Total movements in the year	**(3 108)**	**(69 150)**
Closing balance at 31 December	**873 419**	**876 527**

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

NOTE 17

INCOME FROM CASH AND INVESTMENTS

(a) Investment management (IFAD only)

Since 1994, a major part of IFAD's investment portfolio has been entrusted to external investment managers under investment guidelines provided by the Fund. At 31 December 2012, funds under external management amounted to US$1,701,263,000 (2011 – US$1,818,010,000), representing 75 per cent of the Fund's total cash and investments (2011 – 74 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

	31 December	
	2012	*2011*
Number of contracts open:		
Buy	554	1 303
Sell	(1 198)	(163)
Net unrealized market gains of open contracts (US$ '000)	10	1 730
Maturity range of open contracts (days)	66 to 88	39 to 716

The underlying instruments of future contracts open at 31 December 2012 were time deposits and currencies.

(ii) Options

IFAD-only permits the use of investment in exchange-traded options. It does not write option contracts. As at 31 December 2012 IFAD had no options and only data for 31 December 2011 is presented:

	31 December	
	2012	*2011*
Number of contracts open:		
Buy	-	52
Sell	-	0
Market value of open contracts (US$ thousand)	-	2
Net unrealized market gains/(losses) of open contracts (US$ thousand)	-	(27)
Maturity range of open options (days)	-	27

(iii) Covered forwards

The unrealized market value loss on forward contracts at 31 December 2012 amounted to a loss of US$8,786,000 (2011 – gain of US$500,000). The maturities of forward contracts at 31 December 2012 ranged from 7 to 38 days (31 December 2011 – 4 to 72 days).

The underlying instruments of forward contracts open at 31 December 2012 were currencies.

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

Gross income from cash and investments for the year ended 31 December 2012 amounted to US$82,404,000 (2011 – gross income of US$110,838,000). This figure reflects direct charges against investment income of US$3,681,000 (2011 – US$3,715,000), which are included in expenses.

	Thousands of United States dollars		
	2012		
	Fair value	*Amortized cost*	*Total*
Interest from banks and fixed-income Investments	44 009	18 913	**62 922**
Net income from futures/ options and swaps	(3 062)		**(3 062)**
Realized capital (loss)/gain from fixed-income securities	21 956	(216)[a]	**21 739**
Unrealized gain/(loss) from fixed-income securities	804	-	**805**
Total	**63 706**	**18 697**	**82 404**

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

	Thousands of United States dollars		
	2011		
	Fair value	*Amortized cost*	*Total*
Interest from fixed-income Investments	52 522	28 547	**81 069**
Net income from futures/ options and swaps	4 173	-	**4 173**
Realized capital (loss)/gain from fixed-income securities	11 897	329[a]	**12 226**
Unrealized gain/(loss) from fixed-income securities	15 825	(3 423)[b]	**12 402**
Interest income from banks and non-convertible currencies	968	-	**968**
Total	**85 385**	**25 453**	**110 838**

[a] Amortization of amortized cost securities and sales that triggered realized gains/(losses).
[b] Impairment of one security sold in 2012.

For amortized cost investments, realized capital gains/(losses) relate to amortization and sales of securities. Unrealized losses in 2011 relate to an impairment of one security.

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

	Thousands of United States dollars	
	2012	*2011*
IFAD	75 936	97 979
ASMCS Trust Fund	397	767
HIPC Trust Fund	16	22
Spanish Trust Fund	5 931	11 983
Haiti Debt Relief Initiative	422	275
ASAP	25	-
Supplementary funds	779	934
Less: income deferred/reclassified	(1 102)	(1 122)
Total	**82 404**	**110 838**

The annual rate of return on consolidated cash and investments in 2012 was 2.66 per cent net of expenses (2011 – 3.45 per cent net of expenses). The annual rate of return on IFAD cash and investments in 2012 was 3.11 per cent net of expenses (2011 – 3.82 per cent net of expenses).

NOTE 18

INCOME FROM OTHER SOURCES

This income relates principally to reimbursement from the host Government for specific operating expenses. It also includes service charges received from entities housed at IFAD as compensation for providing administrative services. A breakdown is provided below:

	Thousands of United States dollars	
Consolidated	*2012*	*2011*
Host Government income	8 815	9 305
Income from other sources	328	4 230
Total	**9 143**	**13 535**

NOTE 19

INCOME FROM CONTRIBUTIONS

	Thousands of United States dollars	
	2012	*2011*
IFAD	1 866	1 216
Supplementary funds	79 206	132 324
Total	**81 072**	**133 540**

From 2007, contributions to the HIPC Debt Initiative have been offset against the HIPC Debt Initiative expenses.

NOTE 20

OPERATING EXPENSES

An analysis of IFAD-only operating expenses by principal funding source is shown in appendix L. The breakdown of the consolidated figures is set out below:

	Thousands of United States dollars	
	2012	*2011*
IFAD	166 342	168 405
Other entities	9 903	11 390
Total	**176 245**	**179 795**

The costs incurred are classified in the accounts in accordance with the underlying nature of the expense.

NOTE 21

STAFF NUMBERS, RETIREMENT PLAN AND MEDICAL SCHEMES

(a) Staff numbers

Employees that are on IFAD's payroll are part of the retirement and medical plans offered by IFAD. These schemes include participation in the United Nations Joint Staff Pension Fund (UNJSPF) and in the After-Service Medical Coverage Scheme (ASMCS) administered by FAO.

The number of full-time equivalent employees of the Fund and other consolidated entities in 2012 eligible for participation in the IFAD retirement plan was as follows (breakdown by principal budget source):

	Professional	*General Service*	*Total*
IFAD administrative budget	268	201	469
APO/SPO[a]	19		19
Programmatic funds	5	1	6
Total 2012	**292**	**202**	**494**
Total 2011[b]	**288**	**210**	**498**

[a] Associate professional officer/special programme officer
[b] Restated to reflect the full-time-equivalent for pension.

(b) Non-staff

As in previous years, in order to meet its operational needs, IFAD engaged the services of consultants, conference personnel and other temporary staff, who are also covered by an insurance plan.

(c) Retirement plan

The latest actuarial valuation for the UNJSPF was prepared as at 31 December 2011. This valuation revealed an actuarial deficit, amounting to 1.87 per cent of pensionable remuneration. Despite the actuarial deficit from the 2011 valuation, it was assessed that the UNJSPF is adequately funded. Therefore the United Nations General Assembly did not invoke the provision of article 26, requiring participating agencies to provide additional payments. IFAD makes contributions on behalf of its staff and would be liable for its share of the unfunded liability, if any (current contributions are paid as 7.9 per cent of pensionable remuneration by the employee and 15.8 per cent by IFAD). Total retirement plan contributions made for staff in 2012 amounted to US$10,249,229 (2011 – US$10,005,958).

(d) After-Service Medical Coverage Scheme

The latest actuarial valuation for the ASMCS was carried out as at 31 December 2012. The methodology used was the projected unit-credit-cost method with service prorates. The principal actuarial assumptions used were as follows: discount rate, 4.0 per cent; return on invested assets, 4.0 per cent; expected salary increase, 3.0 per cent; medical cost increase, 5.0 per cent; inflation, 2.5 per cent; and exchange rate EUR:US$1.326. The results determined IFAD's liability as at 31 December 2012 to be US$71,537,000. The 2012 and 2011 financial statements include a provision and related assets as follows as at 31 December:

	Thousands of United States dollars	
	2012	*2011*
Past service liability	(71 537)	(51 840)
Plan assets	66 807	65 770
Surplus /(Deficit)	(4 730)	13 930
Yearly movements		
Opening Balance Surplus /(Deficit)	**13 930**	**10 650**
Interest cost	(2 735)	(2 985)
Current service charge	(2 158)	(2190)
Actuarial gains /(losses)	(14 804)	7 955
Interest earned on balances	363	767
Reclassification/current service charge from non-IFAD entities		1 552
Exchange rate movement	674	(1 819)
Closing Balance Surplus /(Deficit)	**(4 730)**	**13 930**
Past service liability		
Total provision at 1 January	(51 840)	(56 172**)**
Interest cost	(2 735)	(2 985)
Current service charge	(2 158)	(2190)
Reclassification/current service charge from non-IFAD entities		1 552
Actuarial gains /(losses)	(14 804)	7 955
Provision at 31 December	**(71 537)**	**(51 840)**
Plan assets		
Total assets at 1 January	65 770	66 822
Interest earned on balances	363	767
Contributions		0
Exchange rate movement	674	(1 819)
Total assets at 31 December	**66 807**	**65 770**

ASMCS assets are currently invested in cash and time deposits in accordance with IFAD's investments policy.

IFAD provides for the full annual current service costs of this medical coverage, including its eligible retirees. In 2012, such costs included under staff salaries and benefits in the financial statements amounted to US$4,713,000 (2011 – US$4,262,000).

Based on the 2012 actuarial valuation, the level of assets necessary to cover ASMCS liabilities is US$58.9 million, in NPV terms. As reported above, at 31 December 2012 the assets already held in the trust fund are US$66.8 million; consequently this is more than sufficient to cover the level of liabilities.

(e) Actuarial valuation risk of the ASMCS

A sensitivity analysis of the principal assumptions of the liability and service cost contained within the group data as at 31 December 2012 is shown below:

Impact on	*Liability*	*Service cost*
Medical inflation:	18.7	1.2
5.0 per cent instead of 4.0 per cent		
3.0 per cent instead of 4.0 per cent	(15.0)	(0.8)

NOTE 22

GRANT EXPENSES

The breakdown of the consolidated figures is set out below:

	Thousands of United States dollars	
	2012	*2011*
IFAD grants	43 571	59 017
Supplementary funds	67 778	119 809
Total	**111 349**	**178 826**

NOTE 23

DSF EXPENSES

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

	Thousands of United States dollars	
IFAD-only	*2012*	*2011*
DSF expenses	118 416	76 331
Total	**118 416**	**76 331**

As at the end of December 2012, DSF financing effective but not yet disbursed amounted to US$657.3 million (US$467.6 million in 2011). At the same date, DSF projects approved not yet effective amounted to US$168.7 million (US$165.9 million in 2011) for a global amount of US$826.0 million (US$633.5 million in 2011).

NOTE 24

DIRECT BANK AND INVESTMENT COSTS

	Thousands of United States dollars	
	2012	*2011*
Investment management fees	3 094	3 369
Other charges	500	346
Total	**3 594**	**3 715**

NOTE 25

ADJUSTMENT FOR CHANGE IN FAIR VALUE

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

	Thousands of United States dollars	
	2012	*2011*
Loans outstanding	11 301	(2 794)
Accumulated allowance for loan impairment losses	(21 255)	(11 173)
Accumulated allowance for HIPC Debt Initiative	123	(19 683)
Net loans outstanding	(9 831)	(33 650)
Contributors' promissory notes	1 360	2 124
Contributions receivable	(2 027)	(5 944)
Contributions	313	3 212
Undisbursed grants	(5 727)	(2 035)
Deferred revenues	354	627
Total	**(15 558)**	**(35 666)**

NOTE 26

DEBT RELIEF INCOME

This balance represents the debt relief provided during the year to HIPC eligible countries for both principal and interest, as well as additional debt relief leading to an increase in the provisions.

NOTE 27

HOUSED ENTITY DISCLOSURE

Grants include annual funding for entities housed and hosted at IFAD, as follows:

	Thousands of United States dollars	
	2012	*2011*
ILC	-	1 000
Global Mechanism	-	-
HLTF	-	400
Total	**-**	1 400

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

	Thousands of United States dollars	
	2012	2011
ILC	535	393
Global Mechanism	618	(1 399)
HLTF	145	33
Total	**1 298**	**973**

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

As indicated in note 23, IFAD has a contingent liability for DSF financing effective but not yet disbursed for US$826.0 million. Disbursements will occur when the conditions for the release of funds are met.

NOTE 29

POST BALANCE SHEET EVENTS

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

NOTE 30

DATE OF AUTHORIZATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are issued by Management for review by the Audit Committee in March 2013 and endorsement by the Executive Board in April 2013. The 2012 consolidated financial statements will be submitted to the Governing Council for formal approval at its next session in February 2014. The 2011 consolidated financial statements were approved by the Governing Council at its thirty-sixth session in February 2013.

Statement of complementary and supplementary contributions and unspent funds

Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2012[1]
(Expressed in thousands of United States dollars)

Member States	*Project cofinancing*	*APOs*	*Other supplementary funds*	*GEF*	*Total*
Algeria	-	-	102	-	102
Angola	-	-	7	-	7
Australia[2]	2 721	-	84	-	2 805
Austria	755	-	-	-	755
Bangladesh	-	-	58	-	58
Belgium	10 214	2 334	597	-	13 145
Belgium for BFFS.JP	-	-	203 993	-	203 993
Canada	1 605	-	3 406	-	5 011
China	-	-	407	-	407
Colombia	-	-	25	-	25
Denmark	13 517	4 058	3 946	-	21 521
Finland	2 744	4 176	14 105	-	21 025
France	1 032	1 137	3 741	-	5 909
Germany	46	6 236	6 389	-	12 671
Ghana	-	-	102	-	102
Greece	-	-	102	-	102
India	-	-	1 000	-	1 000
Indonesia	-	-	50	-	50
Ireland	6 725	-	789	-	7 514
Italy	29 442	5 629	24 351	-	59 422
Japan	1 876	2 026	3 972	-	7 874
Jordan	-	-	154	-	154
Kuwait	-	-	146	-	146
Lebanon	-	-	111	-	111
Luxembourg	1 612	-	1 902	-	3 514
Malaysia	-	-	28	-	28
Mauritania	-	-	92	-	92
Morocco	-	-	50	-	50
Netherlands	79 472	5 468	11 779	-	96 719
Nigeria	-	-	50	-	50
Norway	22 475	2 530	6 113	-	31 119
Pakistan	-	-	25	-	25
Paraguay	-	-	15	-	15
Portugal	142	-	738	-	880
Qatar	-	-	146	-	146
Republic of Korea	-	4 100	459	-	4 559
Saudi Arabia	-	-	146	-	146
Senegal	-	-	109	-	109
Sierra Leone	-	-	88	-	88
South Africa	-	-	10	-	10
Spain	11 732	-	6 303	-	18 034
Suriname	2 019	-	-	-	2 019
Sweden	9 209	2 773	15 910	-	27 891
Switzerland	8 384	343	12 093	-	20 820
Turkey	-	-	47	-	47
United Kingdom	19 261	-	16 653	-	35 914
United States	-	322	86	-	408
Total Member States	224 982	41 134	340 479	-	606 595

[1] Non-US$ contributions have been translated at the year-end exchange rate.
[2] Australia’s withdrawal from IFAD membership became effective 31 July 2007.

Statement of complementary and supplementary contributions and unspent funds

Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2012[1] (cont.)
(Expressed in thousands of United States dollars)

Non-Member States and other sources	*Project cofinancing*	*APOs*	*Other supplementary funds*	*GEF*	*Total*
African Development Bank	2 800	-	1 096	-	3 896
Agence Française de Développement	-	-	608	-	608
Arab Bank	-	-	25	-	25
Arab Fund for Economic and Social Development	2 983	-	-	-	2 983
Arab Gulf Programme for United Nations Development Organizations	299	-	-	-	299
Bill & Melinda Gates Foundation	-	-	1 014	-	1 014
Cassava Programme	-	-	71	-	71
Chief Executives Board for Coordination (CEB) Secretariat, Geneva	-		1 018	-	1 018
Congressional Hunger Center	-	-	183	-	183
Coopernic	-	-	4 386	-	4 386
European Commission	814	-	376 862	-	377 676
Food and Agriculture Organization of the United Nations	14	-	84	-	98
Global Agriculture and Food Security Program	70 000	-	4 915	-	74 915
Least Developed Countries Fund	-	-	76	-	76
Liechtenstein	-	-	5	-	5
National Agricultural Cooperative Federation	35	-	-	-	35
Office of the United Nations High Commissioner for Refugees	2 976	-	-	-	2 976
OFID	1 552	-	-	-	1 552
Other	251	-	1 656	-	1 907
Service Charges Surplus	50	-	96	-	146
Special Climate Change Fund (SCCF)[2]	-	-	31	-	31
Support to farmers' organizations in Africa programme (SFOAP) main phase	-	-	24 855	-	24 855
Technical Assistance Facility	-	-	15 119	-	15 119
United Nations Capital Development Fund	382	-	180	-	562
United Nations Development Programme	467	-	33	-	500
United Nations Fund for International Partnerships	82	-	145	-	227
World Bank	1 358	-	529	93 679	95 567
Total non-Member States and other sources	84 063	-	432 987	93 679	610 729
Total 2012	**309 045**	**41 134**	**773 466**	**93 679**	**1 217 324**
Total 2011	315 046	38 481	649 498	82 530	1 085 555

[1] Non-US$ contributions have been translated at the year-end exchange rate.
[2] The balance includes US$125,000 related to Mongolia.

Statement of complementary and supplementary contributions and unspent funds

Statement of cumulative complementary and other contributions from 1978 to 2012
(Expressed in thousands of United States dollars)

	Amount
Canada	1 511
Germany	458
India	1 000
Saudi Arabia	30 000
Sweden	13 827
United Kingdom	12 002
Cumulative contributions received from Belgium for the BFFS.JP in the context of replenishments	80 002
	138 800
Contributions made in the context of replenishments to the HIPC Trust Fund	
Italy	4 602
Luxembourg	1 053
Netherlands	14 024
	19 679
Contributions made to ASAP in the context of replenishment	
Canada	19 879
Netherlands	26 519
Sweden	4 471
United Kingdom	159 345
Total ASAP	**210 214**
Total complementary contributions 2012	**368 693**
Total complementary contributions 2011	158 479

Statement of contributions from Member States and donors to the HIPC Debt Initiative
(Expressed in thousands of United States dollars)

	Amount
Contributions made in the context of replenishments (see previous table)	*19 679*
Belgium	2 713
European Commission	10 512
Finland	5 193
Germany	6 989
Iceland	250
Norway	5 912
Sweden	17 000
Switzerland	3 276
World Bank HIPC Trust Fund	194 674
	246 519
Total contributions to IFAD's HIPC Trust Fund 2012	**266 198**
Total contributions to IFAD's HIPC Trust Fund 2011	266 198

Statement of complementary and supplementary contributions and unspent funds

Statement of complementary and supplementary contributions received in 2012

Contributions received for project co-financing in 2012

	Currency	*Amount (thousands)*	*Thousands of US dollars equivalent*
Denmark	DKK	20 976	3 641
Netherlands	US$		2 014
OFID	US$		600
Total			**6 255**

Contributions received for associate professional officers in 2012

	Currency	*Amount (thousands)*	*Thousands of US dollars*
Belgium	EUR	16	436
Denmark	US$		321
Finland	US$		316
Germany	US$		245
Italy	US$		102
Netherlands	US$		554
Norway	US$		285
Republic of Korea	US$		358
Total			**2 617**

Supplementary fund contributions received in 2012

	Currency	*Amount (thousands)*	*Thousands of US dollars equivalent*
Finland	EUR	1 700	2 282
France (AFD)	EUR		584
European Commission	EUR	22 257	28 349
Italy	US$		563
Coopernic	EUR	300	376
Support farmers’ organization in Africa programme (SFOAP)	EUR	480	635
Switzerland	EUR/US$		629
CHEFINITA (SFOA)	EUR	100	132
Least Developed Countries Fund	US$		5 610
Special Climate Change Fund	US$		2 984
Luxembourg	EUR	810	1 030
Republic of Korea	US$		459
Netherlands	US$		173
Global Agriculture and Food Security Program (GAFSP)	US$		1 485
CEB Secretariat	US$		113
Other	US$		337
Total			**45 741**
Grand Total			**54 614**

Statement of complementary and supplementary contributions and unspent funds

Statement of unspent complementary and supplementary contributions
(Expressed in thousands of United States dollars)

Unspent project cofinancing funds

	2012	*2011*
Member States		
Belgium	15	64
Canada	-	89
Denmark	4 474	2 833
Finland	10	10
Ireland	127	560
Italy	4 545	5 132
Japan	164	164
Luxembourg	230	279
Netherlands	2 210	3 775
Norway	1 668	2 292
Spain	4 782	6 201
United Kingdom	528	876
Total Member States	**18 753**	**21 484**
Non-Member States		
Arab Bank	-	1 106
Global Agriculture and Food Security Programme(GAFSP) Trust Fund	12 044	15 395
Organisation of the Petroleum Exporting Countries	(314)*	89
Other	26	26
United Nations Capital Development Fund	-	105
United Nations Fund for International Partnerships	23	-
United Nations Development Programme	23	23
World Bank	7	199
Total non-Member States	**11 809**	**16 943**
Total	**30 563**	**38 427**

* Advance against receivables

Unspent associate professional officer (APO) funds

	Unspent balance as at 31 December	
	2012	*2011*
Belgium	568	493
Denmark	257	211
Finland	72	208
France	6	2
Germany	173	329
Italy	72	111
Netherlands	230	64
Norway	250	252
Republic of Korea	171	(9)
Sweden	15	148
Total	**1 815**	**1 809**

Statement of complementary and supplementary contributions and unspent funds

Statement of unspent complementary and supplementary contributions (cont.)
(Expressed in thousands of United States dollars)
Other unspent complementary and supplementary funds

	Unspent balance as at 31 December	
	2012	*2011*
Member States		
Belgium	27	19
Canada	336	367
China	176	156
Denmark	130	130
Finland	1 981	648
France (AFD)	395	-
Germany	459	458
India	1 000	1 000
Ireland	52	52
Italy	2 750	3 148
Japan	22	4
Jordan	-	12
Lebanon	111	-
Luxembourg	1 427	497
Malaysia	13	13
Mauritania	-	11
Morocco	0	-
Netherlands	407	96
Norway	186	383
Portugal	24	24
Qatar	0	-
Republic of Korea	437	-
Senegal	-	26
Sierra Leone	-	12
Spain	3 721	4 336
Sweden	5 580	7 780
Switzerland	837	2 805
United Kingdom	3 506	4 331
United States	1	1
Total Member States	**23 578**	**26 309**
Non-Member States		
African Development Bank	104	302
Cassava Programme	3	43
CEB Secretariat, Geneva	47	56
Coopernic	356	332
European Commission	18 418	39 670
Food and Agriculture Organization of the United Nations	17	17
Global Agriculture and Food Security Program	3 734	2 547
Least Developed Countries Fund	12	12
Other	581	181
Special Climate Change Fund	20	101
Support to farmers' organizations in Africa programme (SFOAP) main phase	668	-
Technical Assistance Facility	527	-
United Nations Capital Development Fund	115	32
World Bank	13	27
Total non-Member States	**24 615**	**43 321**
Total	**48 193**	**69 630**

Statement of complementary and supplementary contributions and unspent funds

Statement of unspent complementary and supplementary contributions (cont.)

(Expressed in thousands of United States dollars)

Global Environment Facility

Recipient country	*Cumulative contributions received as at 31 December 2012*	*Unspent at 1 January 2012*	*Received from donors*	*Expenses*	*Unspent at 31 December 2012*
ASEAN[1] regional	4 639	-	-	-	-
Brazil	5 931	58	(57)	-	1
Burkina Faso	2 016	-	-	-	-
China	4 895	-	-	-	-
Comoros	1 000	-	-	-	-
Ecuador	2 783	(0)	-	-	(0)
Eritrea	4 477	0	-	-	0
Ethiopia	4 750	-	-	-	-
Gambia (The)	96	0	-	-	0
Global supplement for UNCCD[2]	457	-	-	-	-
Jordan	7 861	939	-	(1 000)	(61)
Kenya	4 700	-	-	-	-
Mali[3]	6 315	11	(11)	-	(0)
Mauritania	4 350	-	-	-	-
MENARID[4] monitoring and evaluation	705	-	-	-	-
Mexico	5 100	5 000	(0)	(5 000)	(0)
Morocco	330	80	(80)	-	-
Niger	4 326	-	-	-	-
Panama	1 580	(0)	1 500	-	1 500
Peru	1 916	10	96	(44)	62
Sao Tome and Principe	2 518	100	2 418	(2 425)	93
Sri Lanka	7 270	-	-	-	-
Sudan	3 750	10	3 650	(3)	3 657
Swaziland	2 051	-	-	-	-
Tunisia	5 350	-	-	-	-
Venezuela (Bolivarian Republic of)	3 735	-	3 635	-	3 635
Viet Nam	755	-	-	-	-
Funds from cofinanciers of GEF activities	25		-	-	-
Total	**93 679**	**6 210**	**11 150**	**(8 472)**	**8 888**

[1] Association of Southeast Asian Nations.
[2] United Nations Convention to Combat Desertification.
[3] US$326,000 received before the signature of the financial procedure agreement between IFAD and the GEF trustee.
[4] Integrated Natural Resources Management in the Middle East and North Africa Region Programme.

Statement of IFAD-only resources available for commitment

For the years ended 31 December 2012 and 2011 (Expressed in thousands of United States dollars)

		2012	*2011*
Assets in freely-convertible currencies	Cash	245 783	231 198
	Investments	2 045 440	2 262 587
	Promissory notes	334 182	302 786
	Other receivables	21 951	141 712
		2 647 356	**2 938 283**
Less	Payables and liabilities	172 401	305 816
	General Reserve	95 000	95 000
	Undisbursed effective loans	2 612 664	2 441 662
	Approved loans signed but not yet effective	125 433	93 407
	Undisbursed grants	91 043	95 698
	Undisbursed DSF	657 314	467 607
		3 753 855	**3 499 190**
	Provision for promissory notes	80 861	80 861
		3 834 718	**3 521 185**
Resources available for commitment		**(1 187 360)**	**(641 768)**
Less	Loans not yet signed	432 947	565 070
	Grants, not yet signed	168 707	165 946
	DSF not yet signed	43 042	23 607
Net resources pre-advance commitment authority (ACA)		(1 832 056)	(1 396 391)
ACA carried forward at 1 January		1 396 391	936 135
ACA approved at Executive Board sessions during the year		671 400	610 700
		2 067 791	**1 546 835**
Less	ACA covered in year	**(235 735)**	**(150 444)**
ACA carried forward at 31 December[1]		**1 832 056**	**1 396 391**
Net resources available for commitment		**-**	**-**

[1] The ACA carry-forward is well within the ACA ceiling of seven years of future loan reflows (amounting to approximately US$2.4 billion), as per the Eighth Replenishment definition.

IFAD

Enabling poor rural people
to overcome poverty

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

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

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

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

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

The Fund's Management assessed the effectiveness of internal controls over financial reporting for the Financial Statements presented in conformity with International Financial Reporting Standards(IFRS) as of **31st December 2012**. The assessment was based on the criteria for effective internal controls over financial reporting described in the *Internal Controls-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management believes that the Fund maintained an effective system of internal controls over financial reporting as of 31st December 2012, and is not aware of any material control weakness that could affect the reliability of the 2012 financial statements. IFAD's independent audit firm Deloitte, has audited the financial statements and has issued an attestation report on Management's assertion on the Fund's Internal controls over financial reporting.

Kanayo F. Nwanze	Iain M. Kellet	Ruth Farrant
President	**Chief Financial Officer**	**Director and Controller**

Deloitte.

Deloitte & Touche S.p.A.
Via della Camilluccia, 589/A
00135 Roma
Italia

Tel: +39 06 367491
Fax: +39 06 36749282
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT

To the International Fund for Agricultural Development

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the International Fund for Agricultural Development, which comprise the consolidated and IFAD-only balance sheet as at 31 December 2012, 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 statement of IFAD-only resources available for commitment and a summary of significant accounting policies and other explanatory information.

President's Responsibility for the Financial Statements

The President is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), and for such internal control as the President determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the International Fund for Agricultural Development as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

DELOITTE & TOUCHE S.p.A.

Enrico Pietrarelli
Partner

Rome, 21 March 2013

Deloitte & Touche S.p.A.
Via della Camilluccia, 589/A
00135 Roma
Italia

Tel: +39 06 367491
Fax: +39 06 36749282
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT

To the International Fund for Agricultural Development

We have examined management's assessment that the International Fund for Agricultural Development ("IFAD") maintained effective internal controls over financial reporting as of December 31, 2012, 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. IFAD's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying consolidated financial statements of IFAD as at 31 December 2012. Our responsibility is to express an opinion on management's assertion over the effectiveness of IFAD's internal control over financial reporting based on our examination.

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

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

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

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

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu Limited

In our opinion, management's assertion that IFAD maintained effective internal control over financial reporting, included within the consolidated financial statements of IFAD as at 31 December 2012, 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.

DELOITTE & TOUCHE S.p.A.

Enrico Pietrarelli
Partner

Rome, March 21, 2013

IFAD-only balance sheet at nominal value in United States dollars and retranslated in special drawing rights

	Thousands of US dollars		Thousands of special drawing rights	
Assets	*2012*	*2011*	*2012*	*2011*
Cash on hand and in banks (note 4)	246 905	233 725	160 525	151 886
Investments (note 4)	2 045 838	2 263 016	1 330 098	1 470 621
Contributors' promissory notes (note 5)	335 581	304 185	218 178	197 674
Contributions receivable (note 5)	557 616	194 127	362 534	126 154
Less: provisions (note 6)	(168 447)	(168 548)	(109 518)	(109 530)
Net contribution and promissory notes receivables	724 750	329 764	471 195	214 298
Other receivables (note 7)	144 542	275 811	173 677	266 379
Fixed assets (note 8)	6 403	3 755	4 163	2 440
Loans outstanding (note 9 and appendix H)	6 119 027	5 804 792	3 978 277	3 772 244
Less: accumulated allowance for loan impairment losses (note 9(a))	(52 702	(83 060)	(34 264)	(53 977)
Less: accumulated allowance for the HIPC Debt Initiative (note 11(b) and appendix I)	(87 271)	(77 066)	(56 739)	(50 081)
Net loans outstanding	5 979 054	5 644 665	3 887 274	3 668 186
Total assets	**9 147 492**	**8 750 736**	**6 026 931**	**5 773 810**

	Thousands of US dollars		Thousands of special drawing rights	
Liabilities and equity	*2012*	*2011*	*2012*	*2011*
Liabilities				
Payables and liabilities (note 12)	182 837	287 718	198 575	274 117
Undisbursed grants (appendix H1)	91 044	95 698	59 192	62 189
Deferred revenues (note 13)	86 131	98 497	55 998	64 008
Total liabilities	360 012	**481 913**	**313 765**	**400 314**
Equity				
Contributions				
Regular	6 976 794	6 251 350	5 876 575	5 322 821
Special	20 349	20 349	15 219	15 219
Total contributions (appendix G)	**6 997 144**	**6 271 699**	**5 891 794**	**5 338 040**
General Reserve	95 000	95 000	61 762	61 737
Retained earnings	1 695 337	1 902 124	(240 390)	(26 281)
Total equity	**8 787 481**	**8 268 823**	**5 713 168**	**5 373 496**
Total liabilities and equity	**9 147 492**	**8 750 736**	**6 026 931**	**5 773 810**

As at 31 December 2012 and 2011

A statement of IFAD's balance sheet is prepared in SDR, given that most of its assets are denominated in SDR and/or currencies included in the SDR basket. This statement has been included solely for the purpose of providing additional information for the readers of the accounts and is based on nominal values.

Statement of contributions

As at 31 December 2012 and 2011

Summary of contributions

	Thousands of United States dollars	
	2012	*2011*
Initial contributions	1 017 373	1 017 314
First Replenishment	1 016 372	1 016 372
Second Replenishment	566 560	566 560
Third Replenishment	553 856	553 776
Fourth Replenishment	361 421	361 396
Fifth Replenishment	441 401	441 371
Sixth Replenishment	567 021	566 991
Seventh Replenishment	654 640	654 647
Eighth Replenishment	963 701	884 586
Ninth Replenishment	651 666	5 654
Total IFAD	**6 794 011**	**6 068 667**
SPA Phase I	288 868	288 868
SPA Phase II	62 364	62 364
Total SPA	**351 232**	**351 232**
Special contributions[1]	20 349	20 348
Total replenishment contributions	**7 165 592**	**6 440 247**
Statement of complementary contributions		
Belgian Survival Fund	80 002	80 002
HIPC Debt Initiative	19 679	19 679
ASAP complementary contributions	210 214	0
Other complementary contributions	58 798	58 798
Total complementary contributions	**368 693**	**158 479**
HIPC contributions not made in the context of replenishment resources	246 519	246 519
Belgian Survival Fund contributions not made in the context of replenishment resources	63 836	63 836
Statement of supplementary contributions[2]		
Project cofinancing	309 045	315 046
Associate professional officer funds	41 134	38 481
Other supplementary funds	773 466	505 660
Global Environment Facility	93 679	82 530
Total supplementary contributions	**1 217 324**	**1 200 227**
Total contributions	**9 061 964**	**8 109 308**
Total contributions include the following:		
Total replenishment contributions (as above)	**7 165 592**	**6 440 247**
Less provisions	(168 448)	(168 548)
Total net replenishment contributions	6 997 144	6 271 699
Less fair value adjustment	(10 465)	(10 151)
Total replenishment contributions at fair value	**6 986 679**	**6 261 548**

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

Statement of contributions

As at 31 December 2012 and 2011

Statement of Members' contributions[1]

	Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)	*Eighth Replenishment*					
		Instruments deposited			*Payments (thousands of US dollars equivalent)*		
		Currency	*Amount (thousands)*	*Thousands of US dollars equivalent*	*Cash*	*Promissory notes*	*Total*
Member States							
Afghanistan	**0**						
Albania	**40**	US$	10	10	10	0	10
Algeria	**52 430**	US$	10 000	10 000	10 000	0	10 000
Angola	**460**	US$	1 900	1 900	1 900	0	1 900
Argentina	**9 900**	US$	2 500	2 500	2 500	0	2 500
Armenia	**22**	US$	13	13	13	0	13
Australia[2]	**37 247**						
Austria	**55 494**	EUR	11 034	14 501	14 501	0	14 501
Azerbaijan	**100**	US$	100	100	100	0	100
Bangladesh	**4 356**	US$	600	600	390	210	600
Barbados	**10**						
Belgium	**92 754**	EUR	21 000	27 871	27 871	0	27 871
Belize	**205**						
Benin	**200**	US$	99	99	99	0	99
Bhutan	**135**	US$	30	30	30	0	30
Bolivia (Plurinational State of)	**1 500**		0	0	0	0	0
Bosnia and Herzegovina	**75**	US$	90	90	90	0	90
Botswana	**410**	US$	150	150	150	0	150
Brazil[3]	**51 936**	US$	13 360	13 360	0	13 360	13 360
Burkina Faso	**259**	US$	100	100	100	0	100
Burundi	**80**	US$	10	10	10	0	10
Cambodia	**630**	US$	210	210	210	0	210
Cameroon	**1 649**	EUR	610	791	791	0	791
Canada	**203 446**	CAD	75 000	74 260	74 260	0	74 260
Cape Verde	**26**						
Central African Republic	**11**						
Chad	**62**						
Chile	**800**	US$	60	60	60	0	60
China	**56 839**	US$	22 000	22 000	22 000	0	22 000
Colombia	**640**	US$	200	200	200	0	200
Comoros[4]	**33**						
Congo	**751**	EUR	46	67	67	0	67
Cook Islands	**5**						
Côte d'Ivoire	**1 559**						
Cuba	**9**						
Cyprus	**192**	US$	60	60	60	0	60
Democratic People's Republic of Korea	**800**						
Democratic Republic of the Congo	**1 380**	US$	200	200	200	0	200
Denmark	**124 609**	DKK	75 000	13 602	13 602	0	13 602
Djibouti	**6**						
Dominica	**51**						
Dominican Republic	**88**						
Ecuador	**791**	US$	50	50	50	0	50
Egypt	**17 409**						
El Salvador	**100**						
Eritrea	**30**	US$	10	10	10	0	10
Estonia	**59**						
Ethiopia	**221**	US$	30	30	30	0	30
Fiji	**204**						
Finland	**40 268**	EUR	12 000	16 269	16 269	0	16 269

Statement of contributions
As at 31 December 2012 and 2011

Statement of Members' contributions[1] (cont.)

	Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)	*Eighth Replenishment*						
		Instruments deposited			*Payments (thousands of US dollars equivalent)*		
		Currency	*Amount (thousands)*	*Thousands of US dollars equivalent*	*Cash*	*Promissory notes*	*Total*
France	**237 940**	EUR	35 000	47 084	47 084	0	47 084
Gabon(US$)	**3 356**	US$	41	41	41	0	41
Gabon(EUR)	**0**	EUR	152	204	204	0	204
Gambia (The)	**60**	US$	15	15	15	0	15
Germany	**335 873**	EUR	45 184	59 067	59 067	0	59 067
Ghana	**1 666**	US$	400	400	200	0	200
Greece	**4 196**						
Grenada	**75**						
Guatemala	**1 043**						
Guinea	**330**	US$	80	80	80	0	80
Guinea-Bissau	**30**						
Guyana	**635**	US$	483	483	483	0	483
Haiti	**107**						
Honduras	**801**						
Iceland	**315**	US$	35	35	35	0	35
India	**79 812**	US$	25 000	25 000	25 000	0	25 000
Indonesia	**46 959**	US$	5 000	5 000	4 970	0	4 970
Iran (Islamic Republic of)[4]	**128 750**						
Iraq[4]	**55 099**	US$	1 000	1 000	1 000	0	1 000
Ireland[5]	**15 968**	EUR	4 000	7 863	7 863	0	7 863
Israel	**300**						
Italy	**278 407**	EUR	52 544	69 055	69 055	0	69 055
Jamaica	**326**						
Japan	**362 122**	JPY	6 375 300	77 063	40 197	36 866	77 063
Jordan	**840**	US$	100	100	100	0	100
Kenya	**4 618**	US$	81	81	81	0	81
Kiribati	**5**						
Kuwait	**161 041**	US$	12 000	12 000	7 800	4 200	12 000
Lao People's Democratic Republic	**255**	US$	51	51	51	0	51
Lebanon	**195**	US$	100	100	100	0	100
Lesotho	**389**	US$	100	100	100	0	100
Liberia	**39**						
Libya[4]	**52 000**						
Luxembourg	**3 460**	EUR	1 576	2 050	2 050	0	2 050
Madagascar	**377**	US$	198	198	198	0	198
Malawi	**73**	US$	50	50	50	0	50
Malaysia	**1 125**	US$	50	50	50	0	50
Maldives	**51**						
Mali	**190**	US$	97	97	97	0	97
Malta	**55**						
Mauritania	**135**						
Mauritius	**270**	US$	5	5	5	0	5
Mexico	**33 131**						
Mongolia	**2**	US$	10	10	10	0	10
Morocco	**6 544**	US$	700	700	700	0	700
Mozambique	**400**	US$	85	85	85	0	85
Myanmar	**250**						
Namibia	**360**						
Nepal	**160**	US$	50	50	50	0	50
Netherlands	**269 656**	US$	75 000	75 000	75 000	0	75 000

Statement of contributions

As at 31 December 2012 and 2011

Statement of Members' contributions[1] (cont.)

	Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)	*Eighth Replenishment – Instruments deposited*			*Eighth Replenishment – Payments (thousands of US dollars equivalent)*		
		Currency	*Amount (thousands)*	*Thousands of US dollars equivalent*	*Cash*	*Promissory notes*	*Total*
New Zealand	**7 991**						
Nicaragua	**119**						
Niger	**225**	US$	50	50	50	0	50
Nigeria	**106 459**	US$	15 000	15 000	15 000	0	15 000
Norway	**179 863**	NOK	240 135	41 924	41 924	0	41 924
Oman	**250**	US$	50	50	50	0	50
Pakistan	**14 934**	US$	8 000	8 000	5 333	2 667	8 000
Panama	**200**	US$	25	25	25	0	25
Papua New Guinea	**170**						
Paraguay	**705**	US$	501	501	501	0	501
Peru	**960**	US$	300	300	300	0	300
Philippines	**1 978**						
Portugal	**4 384**						
Qatar	**39 980**						
Republic of Korea	**13 239**	US$	6 000	6 000	6 000	0	6 000
Republic of Moldova	**19**	US$	26	26	26	0	26
Romania	**250**						
Rwanda	**171**	US$	50	50	50	0	50
Saint Kitts and Nevis	**20**						
Saint Lucia	**22**						
Samoa	**50**						
Sao Tome and Principe	**10**						
Saudi Arabia	**389 778**	US$	20 000	20 000	10 000	10 000	20 000
Senegal	**386**						
Seychelles	**20**						
Sierra Leone	**37**						
Solomon Islands	**10**						
Somalia	**10**						
South Africa	**500**	US$	913	913	913	0	913
Spain	**47 789**	EUR	38 000	53 874	53 874	0	53 874
Sri Lanka	**7 885**	US$	1 001	1 001	1 001	0	1 001
Sudan	**1 139**						
Swaziland	**273**						
Sweden	**201 692**	SEK	360 000	53 476	53 476	0	53 476
Switzerland	**115 697**	CHF	21 300	23 751	23 751	0	23 751
Syrian Arab Republic	**1 317**	US$	500	500	500	0	500
Tajikistan	**1**	US$	1	1	1	0	1
Thailand	**900**	US$	300	300	300	0	300
Togo	**35**						
Tonga	**55**						
Tunisia	**3 178**	US$	600	600	600	0	600
Turkey	**16 236**	US$	1 200	1 200	1 200	0	1 200
Uganda	**290**	US$	90	90	90	0	90
United Arab Emirates	**52 180**	US$	1 000	1 000	650	350	1 000
United Kingdom	**218 454**	GBP	33 852	54 452	54 452	0	54 452
United Republic of Tanzania	**324**	US$	120	120	120	0	120
United States[3]	**701 674**	US$	90 000	90 000	54 000	35 440	89 440
Uruguay	**425**	US$	100	100	100	0	100
Uzbekistan	**0**	US$	10	10	10	0	10
Venezuela (Bolivarian Republic of)	**189 689**	US$	6 569	6 569	6 569	0	6 569
Viet Nam	**1 603**	US$	500	500	500	0	500

Statement of contributions

As at 31 December 2012 and 2011

Statement of Members' contributions[1] (cont.)

	Initial, First, Second, Third, Fourth, Fifth, Sixth, Seventh Replenishments (thousands of US dollars equivalent)	Eighth Replenishment					
		Instruments deposited			Payments (thousands of US dollars equivalent)		
		Currency	Amount (thousands)	Thousands of US dollars equivalent	Cash	Promissory notes	Total
Yemen	**2 376**	US$	972	972	972	0	972
The former Yugoslav Republic of Macedonia	**108**		0	0	0	0	0
Zambia	**407**	US$	87	87	87	0	87
Zimbabwe	**2 103**						
Total contributions 31 December 2012	**5 178 644**			**963 701**	**859 817**	**103 093**	**962 910**

[1] Payments include cash and promissory notes. Amounts are expressed in thousands of United States dollars, therefore payments received for less than US$500 are not shown in appendix G. Consequently, contributions from Afghanistan (US$93) and Tajikistan (US$400) do not appear above.
[2] Australia's withdrawal from membership of IFAD became effective on 31 July 2007.
[3] See appendix D, note 5(a).
[4] See appendix D, notes 6(a) and (b).
[5] In addition to its pledge to the Eighth Replenishment of EUR 6 million, Ireland has made a further contribution of EUR 891,000.

Statement of Members' contributions[1] (cont.)

	Ninth Replenishment					
	Instruments deposited			Payments (thousands of US dollars equivalent)		
	Currency	Amount (thousands)	Thousands of US dollars equivalent	Cash	Promissory notes	Total
Angola	US$	1 900	1 900	1 900	0	1 900
Austria	EUR	16 000	21 094	0	0	0
Azerbaijan	US$	100	100	100	0	100
Bangladesh	US$	650	650	0	650	650
Burkina Faso	US$	125	125	0	0	0
Burundi	US$	10	10	10	0	10
Cambodia	US$	210	210	210	0	210
Canada	CAD	75 000	75 292	37 630	0	37 630
Central African Republic	EUR	2	3	3	0	3
Chad	EUR	250	329	329	0	329
China	US$	27 000	27 000	0	0	0
Cyprus	US$	60	60	0	0	0
Democratic Republic of the Congo	US$	290	290	290	0	290
Denmark	DKK	85 000	15 020	0	0	0
Ecuador	US$	400	400	0	0	0
Eritrea	US$	30	30	30	0	30
Finland	EUR	12 000	15 821	0	0	0
France	EUR	35 000	46 144	0	0	0
Gambia (The)	US$	15	15	15	0	15
Germany	EUR	52 389	69 070	0	0	0
Ghana	US$	400	400	0	0	0
Guinea	US$	80	80	0	0	0
Guyana	US$	242	242	242	0	242
Iceland	US$	25	25	25	0	25
India	US$	30 000	30 000	10 000	0	10 000
Indonesia	US$	10 000	10 000	0	0	0
Israel	EUR	39	50	50	0	50
Japan	JPY	5 930 003	68 583	0	34 291	34 291
Lao People's Democratic Republic	US$	51	51	51	0	51

Statement of contributions

As at 31 December 2012 and 2011

Luxembourg	EUR	1 678	2 212	0	0	0
Madagascar	US$	50	50	50	0	50
Mali	EUR	71	93	93	0	93
Mexico	US$	5 000	5 000	1 667	0	1 667
Netherlands	US$	75 000	75 000	0	75 000	75 000
Nicaragua	US$	150	150	0	0	0
Norway	NOK	270 000	48 515	0	0	0
Oman	US$	50	50	50	0	50
Pakistan	US$	8 000	8 000	0	0	0
Saudi Arabia	US$	23 000	23 000	0	23 000	23 000
Seychelles	US$	50	50	50	0	50
South Africa	US$	500	500	0	0	0
Sri Lanka	US$	1 001	1 001	0	0	0
Sweden	SEK	460 560	70 796	0	0	0
Switzerland	CHF	28 500	31 136	0	0	0
Tajikistan[1]	US$	0	0	0	0	0
Tunisia	US$	750	750	5	0	5
Turkey	US$	1 200	1 200	200	0	200
Uganda	US$	50	50	50	0	50
United Arab Emirates	US$	1 000	1 000	0	0	0
United Republic of Tanzania	US$	120	120	120	0	120
Total contributions 31 December 2012			**651 666**	**53 169**	**132 941**	**186 111**

[1] Payments include cash and promissory notes. Amounts are expressed in thousands of United States dollars, therefore payments received for less than US$500 are not shown in appendix G. Consequently, the contribution from Tajikistan (US$200) does not appear above.

Statement of contributions

As at 31 December 2012 and 2011

Special Programme for Africa

		First phase		*Second phase*		
		Instruments deposited		*Instruments deposited*		
	Currency	*Amount*	*Thousands of US dollars equivalent*	*Amount*	*Thousands of US dollars equivalent*	*Total*
Australia	AUD	500	389			389
Belgium	EUR	31 235	34 975	11 155	12 263	47 238
Denmark	DKK	120 000	18 673			18 673
Djibouti	US$	1	1			1
European Union	EUR	15 000	17 619			17 619
Finland	EUR	9 960	12 205			12 205
France	EUR	32 014	37 690	3 811	4 008	41 698
Germany	EUR	14 827	17 360			17 360
Greece	US$	37	37	40	40	77
Guinea	US$	25	25			25
Ireland	EUR	380	418	253	289	707
Italy	EUR	15 493	23 254	5 132	6 785	30 039
Italy	US$	10 000	10 000			10 000
Japan	JPY	2 553 450	21 474			21 474
Kuwait	US$		0	15 000	15 000	15 000
Luxembourg	EUR	247	266			266
Mauritania	US$	25	25			25
Netherlands	EUR	15 882	16 174	8 848	9 533	25 707
New Zealand	NZD	500	252			252
Niger	EUR	15	18			18
Nigeria	US$		0	250	250	250
Norway	NOK	138 000	19 759			19 759
Spain	US$	1 000	1 000			1 000
Sweden	SEK	131 700	19 055	25 000	4 196	23 251
Switzerland	CHF	25 000	17 049			17 049
United Kingdom	GBP	7 000	11 150			11 150
United States	US$	10 000	10 000	10 000	10 000	20 000
31 December 2012			**288 868**		**62 364**	**351 232**
31 December 2011			288 868		62 364	351 232

Statement of contributions

As at 31 December 2012 and 2011

Statement of Members' replenishment contributions received in 2012[1]
(Expressed in thousands of United States dollars)

			Payments	
Member States	*Instruments deposited* [2,3]	*Promissory note deposit*[3]	*Cash*	*Promissory note encashment*
Replenishment Initial				
Estonia	60		60	
Total IFAD Initial	**60**		**60**	
Replenishment 3				
Chad			30	
Lao People's Democratic Republic			50	
Total IFAD 3			**80**	
Replenishment 4				
Mauritania			25	
Total IFAD 4			**25**	
Replenishment 5				
Mauritania			30	
Total IFAD 5			**30**	
Replenishment 6				
Mauritania			30	
Total IFAD 6			**30**	
Replenishment 7				
Bolivia (Plurinational state of)			100	
Chad			32	
Gambia (The)			15	
Lao People's Democratic Republic			51	
France				10 277
United States of America				7 714
Total IFAD 7			**198**	**17 991**
Replenishment 8				
Algeria				3 500
Armenia			5	
Austria				4 761
Belgium			9 097	
China			7 000	
Cyprus			20	
Denmark			4 365	
Finland			5 880	
France		15 343		15 736
Gabon			100	
Gambia (The)			15	
Germany				19 762
Guinea			80	
Indonesia			3 470	
Iraq			500	
Ireland			2 639	
Italy			23 372	
Lao People's Democratic Republic			51	

Statement of contributions

As at 31 December 2012 and 2011

Member States	Instruments deposited [2,3]	Promissory note deposit[3]	Payments Cash	Payments Promissory note encashment
Luxembourg				690
Morocco				350
Mozambique				30
Netherlands				25 000
Norway			14 033	
Pakistan				2 667
Panama			8	
Republic of Korea			2 000	
Republic of Moldova			8	
Saudi Arabia				5 000
Sri Lanka			334	
Sweden				18 073
Switzerland		7 873		7 980
Tunisia			186	
Turkey			11	
United Kingdom	53 197	54 327		54 452
United States of America		30 000		18 000
Uzbekistan			5	
Vietnam			200	
Total IFAD 8	**53 197**	**107 543**	**73 379**	**176 001**
Replenishment 9				
Angola			1 900	
Austria	20 363			
Azerbaijan			100	
Bangladesh		650		
Burkina Faso	125			
Cambodia	210		210	
Canada	74 876	37 521		37 630
Central African Republic			3	
Chad			329	
China	27 000			
Cyprus	60			
Denmark	15 098			
Ecuador	400			
Eritrea			30	
Finland	14 961			
France	45 425			
Gambia (The)	15		15	
Germany	66 822			
Ghana	400			
Guinea	80			
Guyana			242	
Iceland			25	
India	30 000		10 000	
Indonesia	10 000			
Israel			50	
Japan	74 827	37 352		
Lao People's Democratic Republic			51	
Luxembourg	2 155			
Madagascar			50	
Mexico			1 667	
Netherlands	75 000	75 000		
Norway	48 550			
Oman			50	

Statement of contributions

As at 31 December 2012 and 2011

Pakistan	8 000			

			Payments	
Member States	*Instruments deposited* [2,3]	*Promissory note deposit*[3]	*Cash*	*Promissory note encashment*
Saudi Arabia		23 000		
Seychelles			50	
South Africa	500			
Sri Lanka	1 001			
Sweden	70 784			
Switzerland	29 276			
Tajikistan				
Tunisia	750		5	
Turkey	1 200		200	
United Arab Emirates	1 000			
United Republic of Tanzania			58	
Total IFAD 9	**618 878**	**173 523**	**15 035**	**37 630**
Grand Total	**672 135**	**281 066**	**88 837**	**231 622**

[1] Amounts are expressed in thousands of United States dollars, therefore the payment from Tajikistan (US$400) for the Eighth Replenishment does not appear.
[2] Instruments deposited also include equivalent instruments recorded on receipt of cash or promissory note where no instrument of contribution has been received.
[3] Instruments deposited and promissory note deposits received in currencies other than United States dollars are translated at the date of receipt.

Statement of loans

1. IFAD: Statement of outstanding loans
As at 31 December 2012 and 2011

Borrower or guarantor	Approved loans less cancellations	Loans not yet effective	Effective loans: Undisbursed portion	Effective loans: Disbursed portion	Effective loans: Repayments	Outstanding loans
US$ loans (expressed in thousands)						
Bangladesh	30 000			30 000	18 000	12 000
Cape Verde	2 003			2 003	1 202	801
Haiti	3 500			3 500	2 144	1 356
Nepal	11 538			11 538	6 931	4 608
Sri Lanka	12 000			12 000	7 500	4 500
United Republic of Tanzania	9 489			9 489	5 812	3 677
Subtotal[1]	**68 530**			**68 530**	**41 588**	**26 942**
Exchange adjustment on US$ loans	3 169			3 169	3 177	(9)
Subtotal US$ loans[1]	**71 699**			**71 699**	**44 765**	**26 933**
SDR loans[1] (expressed in thousands)						
Albania	35 080		3 928	31 152	4 392	26 760
Angola	16 981		4 564	12 417	2 417	10 001
Argentina	55 545		17 530	38 016	28 511	9 504
Armenia	54 549		7 217	47 332	3 559	43 773
Azerbaijan	44 907		15 772	29 135	1 722	27 413
Bangladesh	361 436		88 003	273 433	64 870	208 563
Belize	3 067		1 582	1 486	1 003	482
Benin	87 004	8 750	8 767	69 486	18 523	50 963
Bhutan	32 630		4 575	28 055	5 287	22 768
Bolivia (Plurinational State of)	60 979	11 600	6 790	42 590	11 373	31 217
Bosnia and Herzegovina	48 304	8 050	5 990	34 264	3 432	30 832
Botswana	2 600		2 345	255	0	255
Brazil	111 872	43 708	17 861	50 304	29 088	21 216
Burkina Faso	81 458		18 560	62 898	10 920	51 979
Burundi	41 288		1 238	40 050	10 812	29 238
Cambodia	43 308		15 887	27 421	1 772	25 649
Cameroon	53 336	1 950	19 195	32 192	5 576	26 615
Cape Verde	17 700	4 210	1 090	12 399	2 172	10 227
Central African Republic	26 494		2 943	23 552	8 480	15 071
Chad	18 139		5 050	13 089	815	12 274
China	491 245	30 450	83 560	377 235	72 819	304 417
Colombia	42 625		21 166	21 459	9 964	11 495
Comoros	4 182		0	4 182	1 434	2 748
Congo	20 150	6 200	3 425	10 525		10 525
Costa Rica	3 400		0	3 400	3 400	0
Côte d'Ivoire	18 371		580	17 791	4 015	13 776
Cuba	10 581		0	10 581	3 462	7 120
Democratic People's Republic of Korea	50 496		0	50 496	9 027	41 470
Democratic Republic of the Congo	39 693		3 372	36 321	9 520	26 801
Djibouti	4 462		170	4 292	858	3 434
Dominica	2 902		0	2 902	1 986	917
Dominican Republic	31 663	0	17 888	13 775	8 754	5 021
Ecuador	46 337		20 868	25 468	14 468	11 000
Egypt	216 245	8 770	80 911	126 564	54 583	71 980
El Salvador	77 669	0	21 456	56 212	24 398	31 814
Equatorial Guinea	5 794			5 794	1 907	3 887
Eritrea	24 643		2 014	22 629	2 376	20 253
Ethiopia	189 816		39 081	150 735	27 316	123 419
Gabon	3 800		2 142	1 658	387	1 271
Gambia (The)	29 214		1 121	28 093	6 301	21 792
Georgia	23 959	3 250	3 525	17 183	1 270	15 913
Ghana	133 077	0	39 138	93 939	16 627	77 312
Grenada	4 400		1 487	2 913	1 260	1 654
Guatemala	80 533	10 850	35 079	34 604	25 335	9 269
Guinea-Bissau	5 117			5 117	2 575	2 542
Guinea	68 723		5 987	62 736	14 031	48 705
Guyana	8 523		1 089	7 433	1 370	6 063
Haiti	60 221		5 754	54 467	12 955	41 512
Honduras	79 700	0	15 096	64 604	10 947	53 657
India	540 777	33 550	163 731	343 497	111 643	231 854
Indonesia[2]	172 282		60 295	111 987	27 168	84 819
Jordan	32 248		2 644	29 604	19 372	10 232
Kenya	122 311		57 588	64 723	8 839	55 884
Kyrgyzstan	13 597	6 500	0	7 097	1 324	5 773

Statement of loans

1. IFAD: Statement of outstanding loans (cont.)

As at 31 December 2012 and 2011

			Effective loans			
Borrower or guarantor	*Approved loans less cancellations*	*Loans not yet effective*	*Undisbursed portion*	*Disbursed portion*	*Repayments*	*Outstanding loans*
Lao People's Democratic Republic	49 569		2 179	47 389	7 905	39 484
Lebanon	19 926	2 793	2 082	15 051	13 229	1 822
Lesotho	27 022		3 800	23 222	4 842	18 379
Liberia	20 680	0	9 845	10 835	8 232	2 603
Madagascar[2]	131 420	31 650	10 185	89 585	17 227	72 358
Malawi[2]	84 323	0	19 854	64 469	18 731	45 739
Maldives	10 894		2 124	8 770	2 044	6 726
Mali	116 465		40 532	75 933	17 918	58 015
Mauritania	49 975		10 614	39 361	7 646	31 715
Mauritius	10 818		2 291	8 527	4 499	4 028
Mexico	48 232		20 204	28 028	16 575	11 453
Mongolia	20 689		6 278	14 411	543	13 868
Morocco	86 153		38 330	47 824	31 308	16 516
Mozambique	137 065		50 598	86 466	17 324	69 143
Namibia	4 200			4 200	4 200	
Nepal	94 387	3 250	25 771	65 366	21 588	43 777
Nicaragua	44 270	0	7 563	36 707	4 668	32 040
Niger	57 004	1 170	15 835	39 999	7 304	32 695
Nigeria	134 761	47 850	25 506	61 405	6 286	55 119
Pakistan	263 284	18 550	32 249	212 485	76 212	136 274
Panama	26 462		5 061	21 401	20 365	1 036
Papua New Guinea	13 121		7 165	5 956	3 783	2 173
Paraguay	28 308	6 500	1 007	20 801	11 612	9 188
Peru	72 733	12 900	6 578	53 255	32 596	20 659
Philippines	96 691	14 780	14 886	67 025	14 837	52 188
Republic of Moldova	45 690		9 925	35 765	580	35 185
Romania	12 400			12 400	7 440	4 960
Rwanda[2]	96 448		10 941	85 507	14 275	71 232
Saint Lucia	1 242			1 242	988	254
Saint Vincent and the Grenadines	1 484			1 484	1 484	0
Samoa	1 908			1 908	721	1 187
Sao Tome and Principe	13 761		1 077	12 684	2 581	10 103
Senegal	91 480		26 497	64 983	8 186	56 797
Sierra Leone	38 460	4 215	5 495	28 750	10 198	18 552
Solomon Islands	2 519			2 519	1 061	1 458
Somalia	17 710			17 710	411	17 299
Sri Lanka	141 850		39 935	101 915	21 389	80 526
Sudan	129 498		12 631	116 867	25 826	91 041
Swaziland	20 403		5 573	14 830	9 213	5 617
Syrian Arab Republic	78 768		31 766	47 003	29 207	17 795
The former Yugoslav Republic of Macedonia	11 721		0	11 721	1 616	10 105
Togo	17 565			17 565	6 776	10 789
Tonga	4 837			4 837	1 613	3 224
Tunisia	56 267	12 840	5 278	38 149	24 580	13 568
Turkey	63 612	17 955	16 247	29 410	14 908	14 502
Uganda	197 854		63 559	134 295	25 674	108 621
United Republic of Tanzania	223 428		67 266	156 163	14 107	142 055
Uruguay	10 800		497	10 303	6 480	3 823
Uzbekistan	6 190	6 190				
Venezuela (Bolivarian Republic of)	29 804	4 550	8 817	16 437	11 254	5 183
Viet Nam	174 016		53 635	120 380	8 733	111 647
Yemen	138 740		10 412	128 328	38 076	90 252
Zambia	105 978		30 483	75 495	17 415	58 080
Zimbabwe	32 176			32 176	15 605	16 571
Total	**7 270 495**	**363 031**	**1 698 623**	**5 208 841**	**1 418 290**	**3 790 551**
Fund for Gaza and the West Bank[3]	2 513	0	0	2 513	473	2 040
Total SDR	**7 273 008**	**363 031**	**1 698 623**	**5 211 354**	**1 418 763**	**3 972 591**
US$ equivalent	**11 186 662**	**558 380**	**2 612 664**	**8 015 618**	**2 084 881**	**5 930 737**
Exchange adjustment on SDR loan repayments	(97 328)	0	0	(97 328)	0	(97 328)
Subtotal SDR loans 31 December 2012 US$	**11 089 334**	**558 380**	**2 612 664**	**7 918 290**	**2 084 881**	**4 689 094**
Total loans 31 December 2012 US$ at nominal value	**11 161 032**	**558 380**	**2 612 664**	**7 989 989**	**2 129 646**	**5 860 343**
Fair value adjustment						(1 171 249)
31 December 2012 US$ at fair value						**5 859 171**
31 December 2011 US$ at nominal value	**10 604 801**	**658 477**	**2 441 662**	**7 504 662**	**1 964 009**	**5 540 653**
Fair value adjustment						(1 168 676)
31 December 2011 US$ at fair value						**4 371 977**

Statement of loans

[1] Loans approved in 1978 were denominated in United States dollars and are repayable in the currencies in which withdrawals are made. Since 1979, loans have been denominated in SDRs and, for purposes of presentation in the balance sheet, the accumulated amount of loans denominated in SDRs has been valued at the US$/SDR rate of 1.5311 at 31 December 2012.
[2] 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.
[3] The amount of the loan to the Fund for Gaza and West Bank is included in the above balance. See appendix D, note 2(e)(ii).

Statement of loans

2. IFAD: Summary of loans approved at nominal value[1]
As at 31 December 2012

		Approved loans in thousands of SDR				*Value in thousands of United States dollars*				
		As at 1 January 2012	*Loans cancelled*	*Loans fully repaid*	*As at 31 December 2012*	*As at 1 January 2012*	*Loans cancelled*	*Loans fully repaid*	*Exchange rate movement SDR/US$*	*As at 31 December 2012*
1978	US$	68 530			68 530	68 530			0	68 530
1979	SDR	201 486			201 486	310 050			(143)	309 907
1980	SDR	187 228			187 228	288 110			(133)	287 977
1981	SDR	188 716			188 716	290 399			(134)	290 265
1982	SDR	103 110			103 110	158 667			(73)	158 594
1983	SDR	143 589			143 589	220 957			(102)	220 855
1984	SDR	131 907			131 907	202 981			(94)	202 887
1985	SDR	60 332			60 332	92 840			(43)	92 797
1986	SDR	23 664			23 664	36 415			(17)	36 398
1987	SDR	43 793			43 793	67 389			(31)	67 358
1988	SDR	68 380			68 380	105 224			(49)	105 176
1989	SDR	98 064			98 064	150 903			(70)	150 833
1990	SDR	40 066			40 066	61 654			(28)	61 626
1991	SDR	127 804			127 804	196 667			(91)	196 576
1992	SDR	150 231			150 231	231 178			(107)	231 071
1993	SDR	168 976		(26 106)	142 870	260 023		(40 153)	(120)	219 750
1994	SDR	179 249			179 249	275 831			(127)	275 704
1995	SDR	221 732		(6 986)	214 746	341 205		(10 745)	(157)	330 302
1996	SDR	224 744	(2 677)		222 067	345 840	(4 117)		(160)	341 563
1997	SDR	267 522			267 522	411 667			(190)	411 477
1998	SDR	267 449	(66)		267 383	411 555	(102)		(190)	411 263
1999	SDR	289 040	(909)		288 131	444 780	(1 397)		(205)	443 177
2000	SDR	286 051	(1 709)		284 342	440 180	(2 629)		(203)	437 348
2001	SDR	268 275	(2 923)		265 352	412 826	(4 495)		(190)	408 140
2002	SDR	244 690	(2 964)		241 726	376 533	(4 559)		(174)	371 800
2003	SDR	254 332	(2 918)		251 414	391 370	(4 489)		(181)	386 701
2004	SDR	260 300	(648)		259 652	400 554	(996)		(185)	399 373
2005	SDR	319 310	(2 097)		317 213	491 360	(3 226)		(227)	487 907
2006	SDR	347 451	(136)		347 315	534 663	(210)		(247)	534 207
2007	SDR	266 330			266 330	409 833			(189)	409 644
2008	SDR	289 156			289 156	444 958			(205)	444 753
2009	SDR	305 005	(11 700)		293 305	469 347	(17 996)		(217)	451 134
2010	SDR	422 295			422 295	649 835			(300)	649 535
2011	SDR	459 940			459 940	707 763			(327)	707 437
2012					424 630					653 126
Total	**SDR**	**6 910 217**	**(28 747)**	**(33 092)**	**7 273 008**	**10 633 557**	**(44 216)**	**(50 898)**	**(4 907)**	**11 186 662**
Total	**US$**	**68 530**				**68 530**				**68 530**
Exchange adjustment on loans disbursed										**(97 286)**
Total										**11 161 032**

Statement of loans

3. IFAD: Maturity structure of outstanding loans by period at nominal value
As at 31 December 2012 and 2011 (expressed in thousands of United States dollars)

Period due	*2012*	*2011*
Less than 1 year	275 075	24 715
1-2 years	225 222	243 160
2-3 years	238 822	216 400
3-4 years	245 117	219 627
4-5 years	252 702	231 512
5-10 years	1 268 331	1 196 846
10-15 years	1 167 414	1 118 120
15-20 years	1 001 110	991 375
20-25 years	761 847	780 617
More than 25 years	424 711	518 281
Total	**5 860 351**	**5 540 653**

4. IFAD: Summary of outstanding loans by lending type at nominal value
As at 31 December 2012 and 2011 (expressed in thousands of United States dollars)

	2012	*2011*
Highly concessional terms	5 422 774	5 138 513
Hardened terms	3 606	2 002
Intermediate terms	248 336	241 844
Ordinary terms	185 635	158 294
Total	**5 860 351**	**5 540 653**

5. Disbursement structure of undisbursed loans at nominal value
Projected as at 31 December 2012 and 2011 (expressed in thousands of United States dollars)

Disbursements in	*2012*	*2011*
Less than 1 year	623 000	623 516
1-2 years	583 737	575 077
2-3 years	509 704	498 512
3-4 years	421 978	420 372
4-5 years	350 931	336 814
5-10 years	681 694	645 848
Total	**3 171 044**	**3 100 139**

Statement of loans

6. Special Programme for Africa: Statement of loans at nominal value
As at 31 December 2012 and 2011

Borrower or guarantor	*Approved loans less cancellations*	*Undisbursed portion*	*Disbursed portion*	*Repayments*	*Outstanding loans*
SDR loans (expressed in thousands)					
Angola	2 714	-	2 714	682	2 032
Burkina Faso	10 546	-	10 546	3 440	7 106
Burundi	4 494	-	4 494	1 084	3 410
Cape Verde	2 183	-	2 183	689	1 493
Chad	9 617	-	9 617	2 828	6 789
Comoros	2 289	-	2 289	612	1 677
Djibouti	114	-	114	37	77
Ethiopia	6 660	-	6 660	2 539	4 121
Gambia (The)	2 638	-	2 638	857	1 781
Ghana	22 321	-	22 321	6 833	15 488
Guinea-Bissau	2 126	-	2 126	851	1 276
Guinea	10 762	-	10 762	3 901	6 861
Kenya	12 241		12 241	3 432	8 809
Lesotho	7 481	-	7 481	2 340	5 142
Madagascar	1 098	-	1 098	275	824
Malawi	5 777	-	5 777	1 301	4 476
Mali	10 193	-	10 193	3 696	6 498
Mauritania	19 020	-	19 020	6 303	12 717
Mozambique	8 291	-	8 291	3 213	5 078
Niger	11 119	-	11 119	4 084	7 035
Senegal	23 234	-	23 234	7 108	16 126
Sierra Leone	1 505	-	1 505	376	1 129
Sudan	26 012	-	26 012	7 438	18 574
Uganda	8 124	-	8 124	3 046	5 077
United Republic of Tanzania	6 789	-	6 789	2 207	4 583
Zambia	8 607	-	8 607	3 208	5 398
Total	**225 958**		**225 958**	**72 381**	**153 577**
US$ equivalent	**347 547**		**347 547**	**106 386**	**241 161**
Exchange adjustment on SDR loan repayments	(4 943)		(4 943)		(4 943)
31 December 2012 US$ at nominal value	**342 604**		**342 604**		**236 218**
Fair value adjustment					(88 794)
31 December 2012 US$ at fair value					**147 424**
31 December 2011 US$ at nominal value	**342 715**	**0**	**342 715**	**98 487**	**244 228**
Fair value adjustment					(103 444)
31 December 2011 US$ at fair value					**140 784**

7. Special Programme for Africa: Summary of loans approved at nominal value
As at 31 December 2012

		Approved loans in thousands of SDRs			*Value in thousands of United States dollars*			
		As at 1 January 2012	*Loans cancelled*	*As at 31 December 2012*	*As at 1 January 2012*	*Loans cancelled*	*Exchange rate movement SDR/US$*	*As at 31 December 2012*
1986	SDR	24 902	-	24 902	38 320	-	(18)	38 302
1987	SDR	41 292	-	41 292	63 541	-	(29)	63 512
1988	SDR	34 770	-	34 770	53 505	-	(25)	53 480
1989	SDR	25 756	-	25 756	39 634	-	(18)	39 615
1990	SDR	17 370	-	17 370	26 729	-	(12)	26 717
1991	SDR	18 246	-	18 246	28 077	-	(13)	28 064
1992	SDR	6 952	-	6 952	10 698	-	(5)	10 693
1993	SDR	34 268	-	34 268	52 732	-	(24)	52 708
1994	SDR	16 320	-	16 320	25 113	-	(12)	25 102
1995	SDR	6 081		6 081	9 358	-	(4)	9 354
Total	SDR	**225 957**		**225 957**	**347 707**	**-**	**(160)**	**347 547**
Exchange adjustment on loans disbursed								**(4 943)**
Total								**342 604**

Statement of loans

8. Special Programme for Africa: Maturity structure of outstanding loans by period at nominal value
As at 31 December 2012 and 2011 (expressed in thousands of United States dollars)

Period due	*2012*	*2011*
Less than 1 year	10 255	9 160
1-2 years	8 928	8 939
2-3 years	8 928	8 939
3-4 years	8 928	8 939
4-5 years	8 928	8 939
5-10 years	44 641	44 696
10-15 years	44 641	44 696
15-20 years	44 641	44 696
20-25 years	39 664	42 189
More than 25 years	16 480	23 033
Total	**236 036**	**244 228**

9. Special Programme for Africa: Summary of outstanding loans by lending type at nominal value
As at 31 December 2012 and 2011 (expressed in thousands of United States dollars)

	2012	*2011*
Highly concessional terms	236 036	244 228
Intermediate terms	-	-
Ordinary terms	-	-
Total	**236 036**	**244 228**

IFAD-only statement of grants

As at 31 December 2012 and 2011 (expressed in thousands of United States dollars)

	Undisbursed as at 1 January 2012	*2012 movements*				*Undisbursed as at 31 December 2012*
		Effective	*Disbursements*	*Cancellations*	*Exchange rate*	
Other grants	95 698	48 851	(46 335)	(7 147)	(23)	91 044
Fair value adjustment						**871**
Total 2012 at fair value						**91 915**
Total 2011	80 390	61 357	(42 244)	(2 340)	(1 465)	95 698
Fair value adjustment						**(1 852)**
Total 2011 at fair value						**93 846**

IFAD-only Debt Sustainability Framework

As at 31 December 2012 and 2011 (expressed in thousands of United States dollars)

Borrower or guarantor	*Undisbursed as at 1 January 2012*	*Effective/ (Cancellations) 2012*	*Disbursements 2012*	*Exchange difference*	*Undisbursed as at 31 December 2012*
US$ Debt Sustainability Framework					
Afghanistan	98	-	(97)	-	1
Chad	17	-	-	-	17
Democratic Republic of the Congo	75	500	(330)	-	245
Guinea	40	-	-	-	40
Lao, People's Democratic Republic	50	-	-	-	50
Malawi	20	600	(300)	-	320
Nepal	632	-	(189)	-	443
Nicaragua	278	-	(278)	-	0
Sudan	686	-	(377)	-	309
Yemen	36	-	(18)	-	18
Subtotal US$ DSF	**1 932**	**1 100**	**(1 589)**	**-**	**1 443**
SDR Debt Sustainability Framework					
Afghanistan	11 213	-	(4 224)	-	6 989
Benin	5 653	-	(498)	-	5 155
Burkina Faso	5 132	-	(122)	-	5 010
Burundi	34 855	-	(4 325)	-	30 530
Cambodia	5 512	12 150	(2 410)	-	15 251
Central African Republic	3 387	-	(444)	-	2 943
Chad	16 700	-	(3 153)	-	13 547
Comoros	677	1 680	(590)	-	1 767
Congo	3 492	-	(768)	-	2 724
Côte d'Ivoire	5 775	14 500	(405)	-	19 870
Democratic Republic of the Congo	14 494	45 350	(1 390)	-	58 454
Djibouti	2 470	-	(718)	-	1 752
Eritrea	10 599	11 400	(1 056)	-	20 943
Ethiopia	23 656	31 300	(9 307)	-	45 649
Gambia (The)	4 151	13 150	(826)	-	16 474
Guinea-Bissau	1 318	-	(73)	-	1 245
Guinea	9 072	5 750	(3 834)	-	10 988
Guyana	1 315	-	(226)	-	1 089
Haiti	2 543	4 850	(2 665)	-	4 728
Kyrgyzstan	3 264	-	(2 295)	-	969
Lao People's Democratic Republic	16 937	1 550	(4 180)	-	14 306
Lesotho	4 411	-	(610)	-	3 801
Liberia	1 827	-	(1 013)	-	814
Malawi	3 821	14 250	(445)	-	17 626
Mauritania	3 533	5 600	(355)	-	8 778
Nepal	4 507	13 825	(401)	-	17 931
Nicaragua	1 899	6 050	(1 238)	-	6 711
Niger	6 261	-	(3 794)	-	2 467
Rwanda	21 310	-	(8 243)	-	13 067
Sao Tome and Principe	1 614	-	(476)	-	1 138
Sierra Leone	7 856	695	(4 092)	-	4 459
Solomon Islands	2 550	-	(1 537)	-	1 013
Sudan	24 873	6 350	(3 385)	-	27 838
Tajikistan	15 829	-	(5)	-	15 824
Timor-Leste	-	3 200	(491)	-	2 709
Togo	8 650	-	(2 422)	-	6 228
Tonga	-	2 600	(266)	-	2 334
Yemen	11 463	5 800	(3 973)	-	13 290
Subtotal SDR DSF	**302 622**	**200 050**	**(76 255)**	**-**	**426 416**
Subtotal SDR DSF (US$ equivalent)	**465 676**	**307 698**	**(117 289)**	**(214)**	**655 871**
Total US$ and SDR DSF	**467 608**	**308 799**	**(118 877)**	**(214)**	**657 314**
2011	**439 647**	**105 790**	**(76 331)**	**(1 498)**	**467 608**

Summary of the Heavily Indebted Poor Countries Debt Initiative

As at 31 December 2012 and 2011 (expressed in thousands of United States dollars)

As at 31 December 2012, the cumulative position of the debt relief provided and estimated to be provided under both the original and the enhanced Heavily Indebted Poor Countries Debt Initiative is as follows:

	Debt relief provided to 31 December 2012		*Debt relief to be provided as approved by the Executive Board*			
			To be covered by IFAD		*To be covered by*	
	Principal	*Interest*	*Principal*	*Interest*	*World Bank contribution*	*Total debt relief*
Completion point countries						
Benin	4 568	1 643	0	0	0	6 211
Bolivia (Plurinational State of)	5 900	1 890	0	0	0	7 790
Burkina Faso	6 769	2 668	0	0	0	9 437
Burundi	3 468	1 052	3 986	728	9 571	18 805
Cameroon	2 106	560	287	52	687	3 690
Central African Republic	6 930	2 344	990	220	2 457	12 942
Congo	0	94	0	2	4	99
Cote d'Ivoire	307	55	2 548	412	0	3 322
Democratic Republic of the Congo	6 457	2 416	2 856	310	6 428	18 467
Ethiopia	17 255	5 237	1 094	219	2 667	26 472
Gambia (The)	2 508	619	0	0	0	3 127
Ghana	14 939	4 854	215	47	533	20 588
Guinea	665	201	20 876	3 454	0	25 196
Guinea-Bissau	2 605	902	1 207	137	2 729	7 576
Guyana	1 526	299	0	0	0	1 825
Haiti	1 946	635	0	0	0	2 581
Honduras	1 077	767	0	0	0	1 844
Liberia	8 232	6 112	427	61	991	15 823
Madagascar	7 810	2 096	0	0	0	9 906
Malawi	7 798	2 072	4 148	784	10 014	24 815
Mali	6 211	2 431	0	0	0	8 642
Mauritania	8 484	2 601	0	0	0	11 085
Mozambique	12 521	3 905	0	0	0	16 426
Nicaragua	7 259	943	0	0	0	8 202
Niger	6 547	1 924	1 479	291	3 594	13 834
Rwanda	7 775	3 237	7 030	1 464	2 487	21 993
Sao Tome and Principe	805	231	936	153	2 211	4 336
Senegal	2 247	882	0	0	0	3 129
Sierra Leone	5 911	1 576	1 666	255	3 899	13 307
United Republic of Tanzania	12 691	4 293	0	0	0	16 984
Togo	2 008	759	0	0	0	2 767
Uganda	12 449	4 654	0	0	0	17 104
Zambia	12 489	3 595	2 207	435	5 364	24 091
Decision point countries						
Chad	0	0	2 230	442	0	2 661
Comoros	0	0	2 557	383	0	2 876
31 December 2012 SDR	**200 263**	**67 547**	**56 739**	**9 849**	**53 636**	**388 035**
Less future interest on debt relief not accrued (including interest covered by the World Bank contribution)						**(17 752)**
Total cumulative cost of debt relief as at 31 December 2012 (thousands of SDR)						**370 283**
31 December 2012 US$	**308 027**	**103 894**	**87 271**	**15 149**	**82 498**	**596 838**
Total less future interest on debt relief not accrued (including World Bank)						**(27 303)**
Total cumulative cost of debt relief as at 31 December 2012 (thousands of US$)						**569 535**
Fair value adjustment			(23 409)			
31 December 2012 at fair value			**63 861**			
31 December 2011 SDR	**183 690**	**63 455**	**50 081**	**9 418**	**66 454**	**373 098**
Less future interest on debt relief not accrued						**(19 752)**
Total cumulative cost of debt relief as at 31 December 2011 (thousands of SDR)						**353 346**
31 December 2011 US$	**282 666**	**97 646**	**77 066**	**14 492**	**102 261**	**574 131**
Less future interest on debt relief not accrued						**(30 390)**
Total cumulative cost of debt relief as at 31 December 2011 (thousands of US$)						**543 741**
Fair value adjustment			**(23 298)**			
31 December 2011 at fair value			53 768			

Summary of the Haiti Debt Relief Initiative

As at 31 December 2012

Member States	*Thousands of US dollars*	*Thousands of SDR*
Austria	685	438
Belgium	775	509
Canada	3 500	2 303
Denmark	513	339
France	1 700	1 080
Germany	2 308	1 480
Japan	2 788	1 743
Luxembourg	280	178
Mauritius	5	3
Norway	1 626	1 066
Sweden	1 718	1 115
Switzerland	962	637
United Kingdom	2 700	1 717
United States	8 000	5 217
Total contribution received by Member States	**27 560**	**17 825**
Interest earned	419	
Debt relief provided	(3 107)	
Total administrative account Member States	**24 872**	
IFAD contribution	**15 200**	**10 088**
Interest earned	257	
Debt relief provided	0	
Total administrative account IFAD	**15 457**	
Grand total	**40 329**	
Exchange rate movement	**(195)**	
Interfund transfers	**(1 063)**	
Haiti Debt Relief Initiative cash and investments	**39 071**	

Summary of the Adaptation for Smallholder Agriculture Programme Trust Fund
As at 31 December 2012

Member States		*Thousands of US$ dollars*		
	Local currency	*Pledges* US$*	*Payments Promissory notes*	*Payments Cash*
Belgium	EUR 6 000	8 584		
Canada	CAD 19 849	20 347		19 879
Netherlands	EUR 40 000	57 225		26 519
Sweden	SEK 30 000	4 729		4 471
United Kingdom	GBP 147 500	239 137	159 345	
Total		**330 022**	**159 345**	**50 869**

* Pledges in US$ equivalent have been calculated at replenishment exchange rate.

IFAD-only statement of operating expenses

An analysis of IFAD operating expenses by principal sources of funding
For the years ended 31 December 2012 and 2011 (expressed in thousands of United States dollars)

	Administrative expenses[1]	*Direct charges*[2]	*Other sources*[3]	*Total*
Staff salaries and benefits	94 018	0	164	94 182
Office and general expenses	24 045	288	633	24 966
Consultants and other non-staff costs	31 135	260	10 415	41 810
Cooperating institutions	1 928	0	13	1 941
Direct bank and investment costs	0	3 442	0	3 442
Total 2012	**151 126**	**3 991**	**11 226**	**166 341**
Total 2011	**148 180**	**4 052**	**16 173**	**168 405**

[1] These refer to IFAD regular budget, the Independent Office of Evaluation of IFAD, carry-forward and ASMCS costs.
[2] Direct charges against investment income.
[3] Includes Italian Government reimbursable expenses, voluntary separation leave expenditures and positions funded from service charges.