IFAD ANNUAL REPORT 2018

IFAD

Investing in rural people

President's foreword

A year of change

IFAD's mission is to end hunger and poverty around the world by helping smallholder farmers increase their own prosperity. Our task remains as urgent as ever. An estimated 736 million people live on less than US$1.90 a day and almost 80 per cent are in rural areas. Progress in reducing rural hunger has stalled. Today, nearly 821 million people suffer chronic undernutrition – up 34 million since 2014.

At the same time, climate change is putting pressure on farmers around the world and is one of the leading causes of severe food crises. The number of extreme climate-related disasters has doubled since the early 1990s, and it is estimated that up to one billion people could be displaced by climate change and environmental pressures.

The year 2018, as the last year of the IFAD10 replenishment period, was key to preparing the Fund in a variety of ways for our ambitious plan to deliver faster, better and on a larger scale. IFAD is determined to increase its impact, and has made innovation a priority to scale up its reach and effectiveness.

In line with the reforms being carried out across the United Nations system, 2018 was also a year of profound change at IFAD. We started to implement the reforms introduced in 2017 to make the Fund fit to tackle existing and future challenges and to fully contribute to the 2030 Agenda for Sustainable Development.

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Seeking out new resources

While core contributions from Member States will remain the bedrock of IFAD's financing, we plan to enhance our capacity to leverage our existing assets through a proper capital adequacy framework. To strengthen our financial architecture, in 2018 we started to implement the recommendations from the Independent Office of Evaluation and the independent review of IFAD's risk management. Substantial effort went into strengthening IFAD's overall risk management and internal control framework. Thus, the groundwork is being laid for starting the credit-rating process.

This year, we also took a decisive step to ensure the implementation readiness and early start of projects. In December 2018, our Executive Board approved the creation of new Faster Implementation of Project Start-up (FIPS) instruments. The Project Pre-Financing Facility (PFF) will give borrowers advance access to funds related to loan projects to provide sufficient liquidity to begin preparation activities prior to approval and entry into force of the financing agreement. The Technical Assistance for Project Start-up Facility (TAPS) will provide grants aimed specifically at the needs of lower-income countries, countries with the most fragile situations, and small-island developing states, and the capacity constraints they face.

The setting up of the Agri-Business Capital Fund, which aims at stimulating private-sector investments in rural areas, was among the year's main achievements. The ABC Fund is an independent impact fund that will invest in small and medium-sized enterprises in rural areas and help to create jobs, in particular for young people and women. In December, we signed an agreement with the European Union for EUR 45 million for the ABC Fund, adding to the EUR 5 million committed by Luxembourg and the EUR 4.5 million committed by the Alliance for a Green Revolution in Africa.

One of the greatest challenges facing smallholder farmers is the impact of climate change. As a further enhancement of our ability to support them in this area, IFAD obtained accreditation to the Green Climate Fund, enabling us to access resources to invest in low-emission and climate-resilient agriculture.

Enhancing operational excellence

Excellence in operations is a prerequisite for expanding and scaling up IFAD's impact. Throughout the year, we strove to strengthen IFAD's operational capacity and presence in the countries we assist.

We continued to decentralize in order to be closer to the communities we serve and to expand the support we provide to Member States. About 30 per cent of staff are now in the field or in the process of moving there, up from 18 per cent a year ago.

We recalibrated our project design process for more effectiveness and to reduce times to approval and first disbursement; and we are transferring more responsibility for portfolio and relationship management to staff on the ground. We also reviewed our non-operational functions to enhance institutional effectiveness. Implementation of these changes is ongoing.

Throughout the year, we strove to strengthen IFAD's operational capacity and presence in the countries we assist and continued to decentralize in order to be closer to the communities we serve

In 2018, the IFAD10 programme of loans and grants totalling US$3.3 billion was completed

Focusing on delivery

Transforming rural areas into dynamic and prosperous places requires tackling a number of cross-cutting challenges, such as improving nutrition, empowering rural women and girls, offering work opportunities to young people and addressing climate change. During the year, IFAD updated its strategy on environment and climate change, and its action plans on gender and nutrition. It also developed its first youth action plan. While mainstreaming these priorities in all our operations, we are working to develop innovative and transformative approaches.

For programme delivery, 2018 was a pivotal year. With the disbursement of US$1.14 billion in 2018, we completed delivery of our IFAD10 programme of loans and grants (2016-2018), which totalled US$3.3 billion.

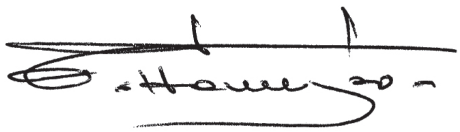
While delivery is fundamental, it is equally important that we achieve and document results. As part of its impact assessment reporting, IFAD has committed to conducting impact assessments of 15 per cent of its portfolio and measuring the overall impact of its investments. This approach is unique among international organizations. In 2018, 17 impact assessments were completed or close to completion. They showed significant results when comparing project beneficiaries with non-beneficiaries.

Looking ahead

Our work in 2018 has provided a solid basis for the upcoming IFAD11 period. Going forward, we will continue implementing reforms. We plan to deliver a markedly higher programme of loans and grants, and we will begin the preparatory work for the IFAD12 Replenishment Consultations to ensure our funding from 2022 to 2024.

The combination of reforms of the way IFAD works, and the expansion of our financial resources, has consumed time and energy. Yet such changes are essential to combating hunger and poverty among rural communities and achieving IFAD's overarching goals. Thanks to the firm foundations put in place during 2018, we are now much better positioned to deliver on our mission and to support our Member States in achieving the Sustainable Development Goals.

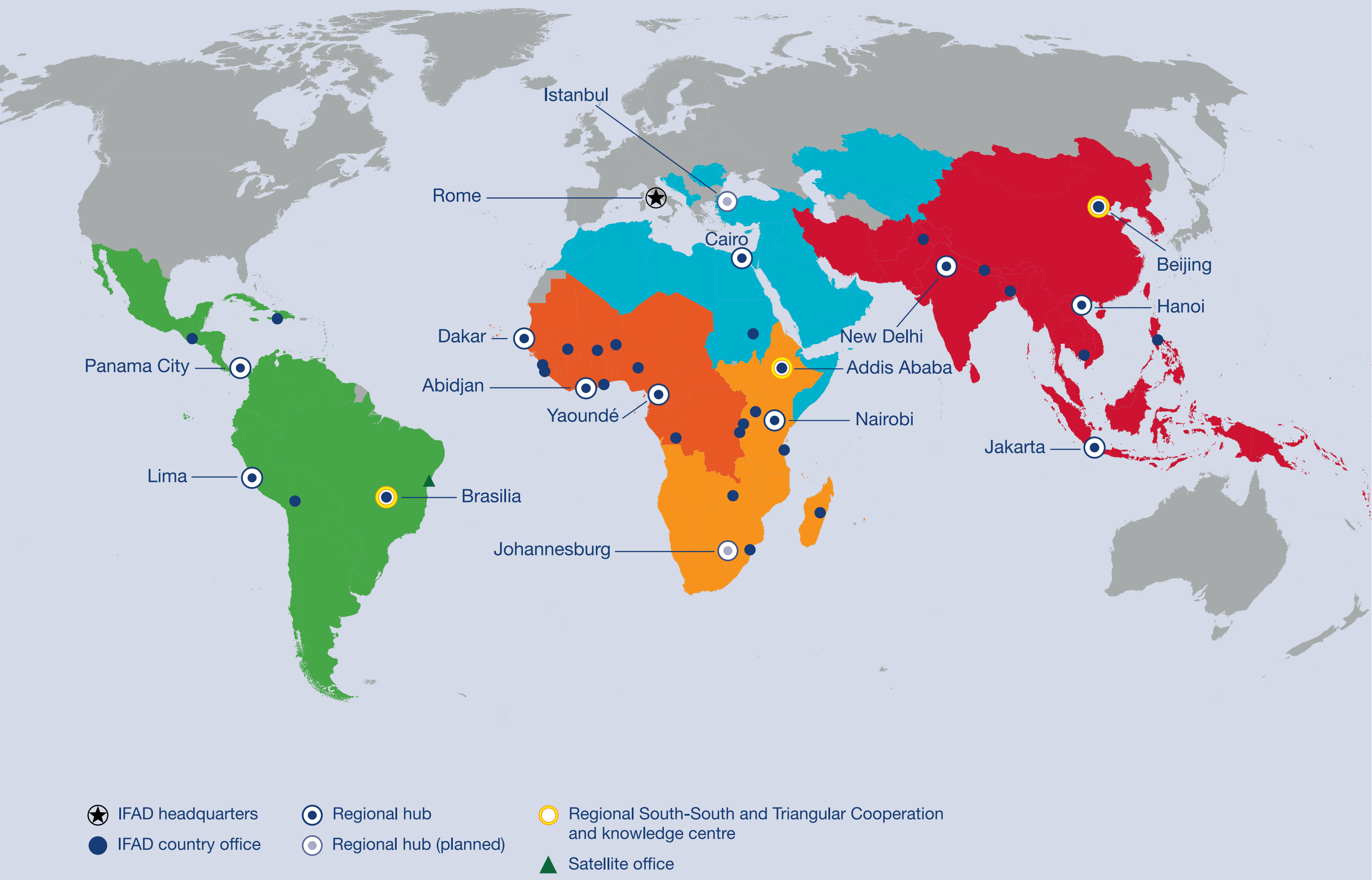
All these achievements were made possible only thanks to the continued high-level commitment and dedication of staff at all levels.



GILBERT F. HOUNGBO
President of IFAD

ONGOING PORTFOLIO

Where IFAD works



Latin America and the Caribbean
34 ongoing projects in 17 countries
US$640.7 million ongoing IFAD financing

West and Central Africa
34 ongoing projects in 21 countries
US$1,321.7 million ongoing IFAD financing

East and Southern Africa
45 ongoing projects in 16 countries
US$1,813.4 million ongoing IFAD financing

Near East, North Africa and Europe
35 ongoing projects in 17 countries
US$846.6 million ongoing IFAD financing

Asia and the Pacific
58 ongoing projects in 21 countries
US$2,428.5 million ongoing IFAD financing

GLOBAL OPERATIONS BY REGION

Asia and the Pacific

PORTFOLIO MANAGEMENT HIGHLIGHTS

58 ONGOING PROGRAMMES AND PROJECTS

in partnership with 21 countries in the region at the end of 2018

6 NEW PROGRAMMES AND PROJECTS

in Bangladesh, China, Indonesia, Myanmar and the Philippines, and additional financing for ongoing projects in Cambodia, Pakistan and Sri Lanka

2 NEW results-based country strategic opportunities programmes in India and Lao People's Democratic Republic

US$ 2,428.5 million

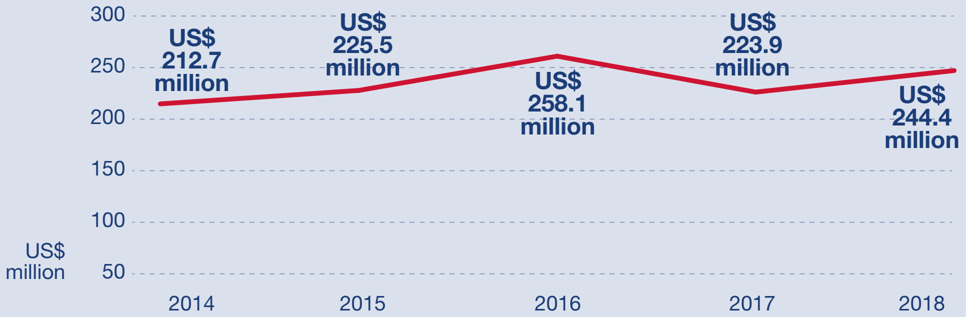
INVESTED BY IFAD

in the region's ongoing portfolio

US$ 420.4 million

IN NEW APPROVALS IN 2018

ANNUAL LOAN AND DEBT SUSTAINABILITY FRAMEWORK GRANT DISBURSEMENTS



36 COUNTRIES

Afghanistan - 2
Bangladesh - 7
Bhutan - 1
Cambodia - 3
China - 5
Cook Islands
Democratic People's Republic of Korea
Fiji - 1
India - 7
Indonesia - 2
Iran (Islamic Republic of)
Kiribati - 1
Lao People's Democratic Republic - 3
Malaysia
Maldives - 1
Marshall Islands
Micronesia (Federated States of)
Mongolia - 1
Myanmar - 3
Nauru
Nepal - 4
Niue
Pakistan - 4
Palau
Papua New Guinea - 2
Philippines - 4
Republic of Korea
Samoa
Solomon Islands - 1
Sri Lanka - 2
Thailand
Timor-Leste
Tonga - 1
Tuvalu
Vanuatu
Viet Nam - 3

Numbers indicate ongoing programmes and projects

Countries with ongoing ASAP grants

VIET NAM

Communities in the Mekong Delta are being supported by an **investment** project that has established a **climate adaptation** fund.

Grants awarded to

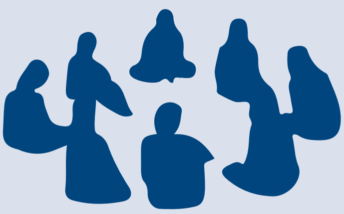
29 businesses

creating opportunities for smallholders

Microfinance services

provided for more than

27,000 women



48 climate-smart agricultural production models implemented

Empowering rural women in India

Building on earlier IFAD-supported projects in India, the Tejaswini: Maharashtra Rural Women's Empowerment Programme has empowered rural women in the State of Maharashtra, improving their quality of life, building their self-confidence and decision-making abilities, and enhancing their participation in all spheres of socio-economic and political life. It has catalysed and sustained lasting social change at the grass-roots level through its community-based empowerment models. Operating in 10,495 villages in all 34 rural districts of Maharashtra, the programme has organized about a million women into 78,318 self-help groups federated into 300 community-managed resource centres (CMRCs).

The programme builds on incentives for disciplined financial behaviour coupled with no subsidy for household-level investment, service-fee-based delivery of support services by CMRCs, and financial self-sustainability of the CMRCs. The robust systems established by the programme have enabled the self-help groups to mobilize over US$200 million in bank loans and establish almost 500 social enterprises. Through the CMRC model, the programme has put in place an effective and inclusive service delivery mechanism for poor people, one that can be leveraged by various stakeholders.

The project has also set up village-level committees to work on empowerment and social equity – mainstreaming gender concerns, undertaking initiatives to tackle issues such as the availability of drinking water, and addressing violence against women.

Women's control over resources and their participation in decision-making have steadily improved since they joined the groups. Compared with control groups, programme beneficiaries have seen their incomes and productive assets increase, they have more control over their earnings, and their food security and productivity have improved.

Adapting to climate change in Viet Nam

The Mekong Delta is Viet Nam's main crop production area. However, it is highly vulnerable to the impacts of climate change. An IFAD–Government of Viet Nam investment project that emphasizes climate-smart value chains is supporting at-risk communities in Ben Tre and Tra Vinh provinces. The project, now in its fourth year, aims to reach 30,000 households across the two provinces.

The project piloted a participatory, climate-informed commune and district socio-economic development plan to develop community-based action plans for natural disaster management, improved water resource management and climate change adaptation. To implement the plan, the project established a climate change adaptation fund. The fund provides matching grants to farmers' common interest groups for developing value chains of commodities and scaling up agricultural practices that are resilient to climate change. These grants focus on environmentally friendly and safe agricultural production models, such as fodder plantation for intensive cattle-raising, water-saving irrigation facilities, intensive oyster-raising adapted to changing environments, biofertilizer for maize and peanut production, and organic methods in coconut farming. Forty-eight models are being rolled out at the household level, showing promising financial and social returns in terms of increased income and dietary diversification.

The project also set up a public-private partnership, which has supported 29 private companies with matching grants to create employment and input-supply opportunities for smallholder farmers. In recognition of women's advancement in the economy of communities, the project has helped set up a women's development fund. This fund provides microfinance services to 27,433 women participating in 6,126 saving and credit groups. It is assisted by the project in building its capacities for registration as a microfinance institution.

Improving food security in Afghanistan

Widespread poverty and food insecurity make Afghanistan one of the most fragile countries in the world. In this challenging context, the Community Livestock and Agriculture Project – financed through an IFAD grant – aims to improve the food security of about 940,000 rural people (223,000 households) in the provinces of Kabul, Parwan and Logar.

Afghanistan is traditionally a livestock-keeping country, and estimates suggest that 39 per cent of its population keep cattle. Improved livestock services could significantly reduce the mortality rate of the country's herd. In addition, increasing the livestock population and linking farmers to markets would create livelihood opportunities.

Therefore, the project has provided livestock owners with 2.1 million doses of animal vaccines and 1.25 million animal deworming kits. To date, under the project 718,638 animals have been treated against various diseases. Following hygiene training, the provision of better animal feed and better exposure to animal health services, average milk production per household has increased from 3.5 litres a day to almost 11 litres a day. To commercialize this additional produce, 18 milk collection centres and five milk chilling centres have been built and equipped in the project area.

In addition to helping the livestock sector, the project has also undertaken activities to support agriculture. For example, the project has trained 53,930 people (including 23,230 women) on agricultural practices and established 131 irrigation schemes. In the fragile context of Afghanistan, institutional strengthening is of paramount importance, and to this end the project has successfully set up more than 520 community development councils to properly manage the irrigation schemes.

Story from the field
Overcoming adversity in Kiribati

"I never dreamed that I could earn as much as thirty to forty dollars a day from my home garden. I never thought it possible, but anything is possible if you put your heart into it," Tatia translates for her husband, Teuru Taree, who is now disabled.

In 2015, the IFAD-supported Kiribati Outer Islands Food and Water Project held its first community meeting in Eita village on Tabiteuea North, one of four islands selected for project implementation. Teuru returned home from the meeting a changed man, seeing the project as beneficial to him.

Tatia and Teuru were now eager to establish a garden and grow their own food crops. With the help of project staff, they began with a small plot growing bananas, amaranth, pumpkins, chaya, tomatoes, Chinese cabbage and capsicum. Later, a nutrition training and cooking demonstration enabled Tatia to learn new recipes that are more nutritious for her family.

When Teuru was 37, he suffered a stroke. Immobile for over a year, he watched his wife and three children struggling to make ends meet. Determined to provide for them, he started working on his home garden.

"I became what I am today through hard work and the support my wife gave me. I am so thankful for the continuous support the project's community field officers and island facilitator have given – for the seeds, planting materials and gardening tools, and the daily visits to see how we are progressing with our garden." He says his home garden is now a "gene bank" where others can find plants for their own home gardens.

This Kiribati couple have made a success of their home garden.

GLOBAL OPERATIONS BY REGION

East and Southern Africa

PORTFOLIO MANAGEMENT HIGHLIGHTS

45 ONGOING PROGRAMMES AND PROJECTS

in partnership with 16 countries in the region at the end of 2018

4 NEW PROGRAMMES AND PROJECTS

in Burundi, Eswatini, Mozambique and Uganda, and additional financing for ongoing projects in Kenya and Rwanda

2 NEW results-based country strategic opportunities programmes in Angola and Mozambique

US$1,813.4 million

INVESTED BY IFAD

in the region's ongoing portfolio

US$225.6 million

IN NEW APPROVALS IN 2018

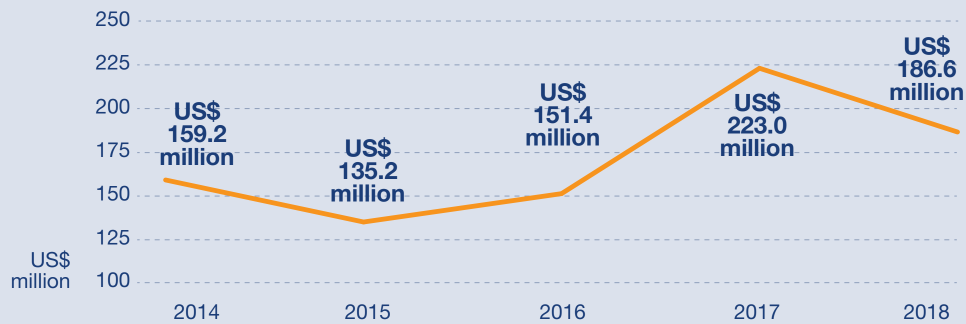
22 COUNTRIES

Angola - 3
Botswana
Burundi - 5
Comoros - 1
Eritrea - 2
Eswatini - 1
Ethiopia - 3
Kenya - 5
Lesotho - 2
Madagascar - 5
Malawi - 3
Mauritius
Mozambique - 3
Namibia
Rwanda - 3
Seychelles
South Africa
South Sudan
Uganda - 3
United Republic of Tanzania - 1
Zambia - 4
Zimbabwe - 1

Numbers indicate ongoing programmes and projects

Countries with ongoing ASAP grants

ANNUAL LOAN AND DEBT SUSTAINABILITY FRAMEWORK GRANT DISBURSEMENTS

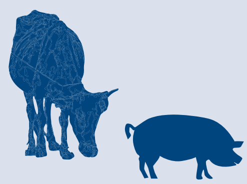


BURUNDI

The Project to Accelerate the Achievement of MDG1c trained mothers as role models in promoting safe **nutrition**, **health** and **hygiene** practices.

More than **34,000** people have benefited, with almost all malnourished children rehabilitated

880 cattle and **2,200** pigs distributed



4,530 households benefit from maintaining practices learned

Partnering smallholder farmers with the private sector in Seychelles

Seychelles, like several other Small Island Developing States (SIDS), faces complex agricultural and environmental challenges. An IFAD-supported project, the Competitive Local Innovations for Small-scale Agriculture Project, is working to promote sustainable and environmentally friendly production practices and to improve smallholders' access to markets.

For improving market access, the project found that the model best adapted to the local context is that of linking a cluster of farmers to a private firm or institutional buyer through lead market-oriented farmers. In each cluster, the lead farmer is responsible for negotiating and for marketing its crops, while the Seychelles Trading Company supports the clusters with marketing and quality management assistance.

The clusters enable smallholders to produce the output volumes needed to partner with private firms. The project has brokered seven such public-private-producer partnerships. One example is a partnership between a cluster and a major hotel chain. Under a contractual agreement, the hotel chain regularly purchases high-quality fresh fruit and vegetables from the 12 smallholder farmers in the cluster. Another example is the Seychelles Trading Company; it supports a cluster of 100 smallholder farmers by regularly purchasing agricultural products.

A project outcome survey confirmed that 53 per cent of the beneficiary farmers had a more stable relationship with buyers and 47 per cent had improved their capacity to meet market standards, while 76 per cent reported an increase in agricultural production.

By focusing on high-value crops, the cluster partnership approach offers a sustainable model to revitalize domestic agricultural production – a key strategic objective of the Government of Seychelles.

Providing sustainable access to financial services in rural Ethiopia

The provision of rural financial services is strategic to Ethiopia's development efforts. The Rural Financial Intermediation Programme (RUFIP II) has provided 7.6 million rural households with sustainable access to a range of services, contributing significantly to the development of a nationwide network of 22 microfinance institutions and 5,500 rural savings and credit cooperatives. An estimated 38.2 million people (46 per cent of them female) have received services promoted or supported by RUFIP II. Ethiopian financial institutions target women because they have the best credit ratings. Credit extended to women has a greater impact on household welfare, enhancing consumption and the quality of life for children.

Loanable funds provided under RUFIP II have benefited microfinance institutions – strengthening their balance sheets and increasing their credibility when seeking funds from other sources, including commercial banks. With improved outreach to 6.2 million households, total disbursements to clients from microfinance institutions have grown from ETB 3.3 billion (about US$180 million) in 2012 to ETB 34.4 billion (about US$1.2 billion) today. The regulatory and supervisory capacity of the National Bank of Ethiopia continues to be enhanced through various training courses for regulators. The bank has restructured its microfinance supervision division to supervise the growing subsector, which now consists of 36 institutions. The subsector is also being supported with the development of a complete, automated, core banking solution. RUFIP II has also strengthened the institutional capacity of the rural savings and credit cooperatives sector through a comprehensive training plan for regional agencies and district-level staff. Capacity-building initiatives have been supported with training documents, manuals and toolkits.

Improving dietary practices in Burundi

Burundi has a high prevalence of chronic malnutrition (56 per cent), and the nutritional situation of children here is particularly worrying. IFAD is handling the implementation of the European Union-funded Project to Accelerate the Achievement of MDG1c, which aims to improve the nutritional situation in eight provinces across two regions.

The project has trained mothers as role models in promoting safe practices in nutrition, health and hygiene. Known as *mamans lumières*, these mothers come from vulnerable and poor socio-economic backgrounds, but have well-nourished and healthy children, thanks to the adoption of diversified and nutritious dietary practices.

To date, 63 *mamans lumières* and community health workers, as well as 210 parents and community leaders, have been trained in the nutritional care of 26,000 malnourished children and the monitoring of pregnant and lactating women. Over 34,000 people – a number exceeding the initial target by 104 per cent – have already benefited, with almost all the children diagnosed with malnutrition being successfully rehabilitated.

The *mamans lumières* also serve as important voices for promoting good farming practices and income-generating activities. Indeed, the project helps vulnerable households establish kitchen gardens and acquire pigs to maintain the food practices they have learned. The project has distributed 880 cattle and 2,200 pigs, benefiting 4,534 households. Small livestock production also yields manure (used on fields), generates income (through the sale of pigs) and helps strengthen social cohesion.

The project has generated appreciable and lasting effects. "Out of the 42 malnourished children who benefited [in my area], all are healthy today," says Josiane, a *maman lumière* in southern Burundi.

Story from the field
In Tanzania, a banana cooperative strengthens its marketing skills

Mola Tupe is a cooperative of 20 smallholder banana farmers (12 women and 8 men) on the island of Pemba, Tanzania. The group came together in 2011 through a farmer field school promoted by an IFAD-supported programme. A business coach provided training in record-keeping, group governance, product quality, branding, packaging, pricing and marketing. From an exchange visit, members learned that some banana products could be best made using *Bokoboko*. Only smallholder farmers grow this variety for food-security purposes because it is drought-resistant. In 2017, the cooperative's members started producing banana products, with an estimated profit margin of 40 per cent and 30 per cent for cookies and chips, respectively. Soon, their monthly contributions to their group savings and credit cooperative grew from TZS 100,000 (US$43) to TZS 250,000 (US$109), enabling them to take out loans to expand production and pay for their children's schooling.

"We only make banana chips when the price for fresh bananas is low," says one of the women. "People like the banana flour more and more," she adds, "though they don't believe it's from *Bokoboko*!"

The prolonged engagement of IFAD-supported projects has helped Mola Tupe become a cohesive group and develop a business model that has already spread to other groups on Pemba.

Mola Tupe is not an isolated story: the programme delivered capacity-building to 130,051 people. A total of 1,834 rural producer organizations supported by the programme have engaged in formal partnerships/agreements or contracts with public or private entities, and 449,224 rural producers have been linked to formal markets.

A cohesive group – members of the Mola Tupe cooperative, Tanzania.
©IFAD/Bertha Mjawa

GLOBAL OPERATIONS BY REGION

Latin America and the Caribbean

PORTFOLIO MANAGEMENT HIGHLIGHTS

34 ONGOING PROGRAMMES AND PROJECTS

in partnership with 17 countries in the region at the end of 2018

4 NEW PROGRAMMES AND PROJECTS

in Belize, Brazil, Haiti and Honduras, and additional financing for 3 ongoing projects in the Dominican Republic, Ecuador and Grenada

2 NEW results-based country strategic opportunities programmes in Cuba and Peru

US$ 640.7 million

INVESTED BY IFAD

in the region's ongoing portfolio

US$ 77.6 million

IN NEW APPROVALS IN 2018

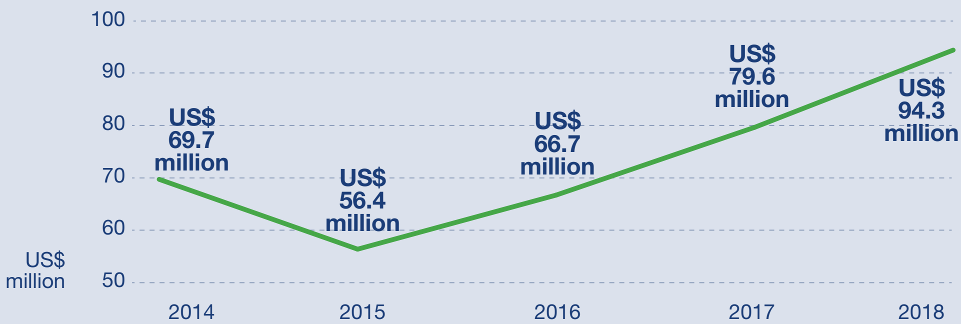
33 COUNTRIES

- Antigua and Barbuda
- Argentina - 3
- Bahamas (The)
- Barbados
- Belize - 1
- Bolivia (Plurinational State of) - 2
- Brazil - 6
- Chile
- Colombia - 1
- Costa Rica
- Cuba - 2
- Dominica
- Dominican Republic
- Ecuador - 3
- El Salvador
- Grenada - 1
- Guatemala - 1
- Guyana - 1
- Haiti - 2
- Honduras - 2
- Jamaica
- Mexico - 2
- Nicaragua - 2
- Panama
- Paraguay - 2
- Peru - 2
- Saint Kitts and Nevis
- Saint Lucia
- Saint Vincent and the Grenadines
- Suriname
- Trinidad and Tobago
- Uruguay - 1
- Venezuela (Bolivarian Republic of)

Numbers indicate ongoing programmes and projects

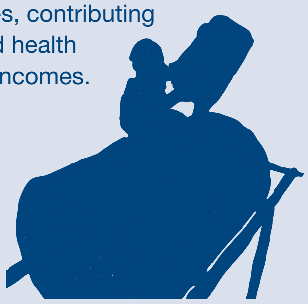
Countries with ongoing ASAP grants

ANNUAL LOAN AND DEBT SUSTAINABILITY FRAMEWORK GRANT DISBURSEMENTS

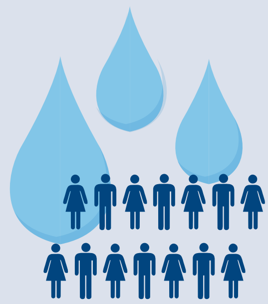


BRAZIL

The Paulo Freire Project has supported the use of **water access** technologies, contributing to improved health and better incomes.



Schools and homes benefit from safe drinking water provided by **5,330** rainwater storage tanks



Almost **3,000 grey water treatment systems** allow families to diversify their food production and sell the surplus

Improving water access in semi-arid northeast Brazil

Since 2012, the worst drought in the last 100 years has gripped Brazil's northeast semi-arid region. The IFAD-supported Paulo Freire Project implemented in the 31 poorest municipalities in the State of Ceará has played an important role in disseminating water access technologies in the region.

To date, the project has built 5,330 cisterns to store rainwater for households and schools, benefiting some 45,000 people. These tanks have become critical during prolonged dry periods and for providing safe drinking water throughout the year, thereby also contributing to people's health and well-being. The project also piloted mobile water-treatment units, which turn surface water from lagoons and pits into drinking water of very good biological and mineral quality. In 2018, these units filled 2,667 cisterns, and now other states and projects are replicating them. Another important initiative was the implementation of 2,986 systems for reuse of grey water, benefiting 11,944 people. The impact of this simple technology is immediate and complementary to the investments in cisterns. Normally managed by women, this innovation has allowed diversification into vegetable, fruit, medicinal-plant and fodder production, with a direct impact on households' diets. Some of the production is sold, contributing to an increase in family income.

All three water interventions are small-scale, adapted to the situation of poor rural households in the region, and have low cost and maintenance requirements. They are also built by the families themselves, with the support of technical assistance teams. These teams have been a hallmark of the project, enabling it to pilot and implement these important technologies.

Strengthening local development in Peru

The Strengthening Local Development in the Highlands and High Rainforest Areas Project aims to improve the incomes and quality of life of 39,300 families in the Amazonas, Cajamarca, Lima and San Martín regions of Peru. To date, the project has achieved the planned results, with more than 1,500 rural organizations formalized and financed. Average daily family income has risen from US$1.25 to US$4.0, and increased production levels have improved food security.

In terms of activities, the project is a good example of effective, innovative approaches. This is in large part thanks to the inclusion of technical assistance through local rural extension agents and competitions for innovation.

The Reforesting and Stock Farmers' Association, in Nueva Chota in the San Martín region, put together a dairy production system in the context of a remote forest area. Twenty families who benefited from training in milk production processes and access to market strategies are now producing natural cheese and exotic fruit yogurts. The products meet sanitary regulations and are stored at a distribution centre in San Roque. The association also participates in local food fairs, thus maintaining active links with the market, thanks to the capacities developed as part of its business plan development.

Another initiative generated in the context of the project is Healthy Households, which is currently benefiting 38 families in Pardo Miguel. Housing conditions have been improved through the installation of environmentally friendly stoves and the clear demarcation of boundaries between family spaces and livestock areas. Beneficiaries have also received training to develop small businesses, such as orchid and succulent plant nurseries, and to generate income.

Cooperativism and market access in Brazil

The Semi-arid Sustainable Development Project in the State of Piauí (*Viva o semiárido*) is benefiting 89 municipalities in Piauí, Brazil's second-poorest state. It is fostering the establishment and consolidation of local cooperatives, working mainly with honey, cashew, and goats and sheep, which have value chains with high potential in the semi-arid region. In the Itaim valley, the project helped Ascobetania, an association focused on goats and sheep, to consolidate and raise its status to a cooperative level. Ascobetania then partnered with 16 other associations to form a local producers' cooperative (COOVITA) in 2017, with a woman as its president. The cooperative has 305 members and benefits 1,227 producers. The project provided a specialized technical assistance team to help the cooperative meet the stringent norms and regulations of the registration process.

The cooperative has since evolved in many directions, including improving its administrative and managerial capacity, creating identity labelling, investment and capacity-building of young people, and empowering women in market identification and herd tracking (activities traditionally led by men). It has improved its marketing by selling goats and sheep directly to slaughterhouses in the state capital, eliminating intermediaries and increasing value by 112 per cent, thus generating higher incomes and returns for beneficiary families. The cooperative has also entered the national food acquisition programme and reinforced its presence at local and regional fairs. It is now also an important provider of services to the project itself, and serves as a role model for community organizations. The project has received a mission from IFAD-supported projects in Mozambique wishing to learn and exchange information on its work with cooperatives and on market access.

Story from the field
In Mexico, communities use non-timber forest resources sustainably and boost their income

In the semi-arid zones of Mexico's North and Mixteca regions, about 35,000 poor people are participating in the Sustainable Development Project for the Rural Communities of Semi-arid Zones (PRODEZSA). Launched in 2015 and cofinanced by IFAD and the Spanish Food Security Cofinancing Facility Trust Fund in coordination with the Government of Mexico, the project aims to strengthen the sustainable use of non-timber forest resources and increase the incomes of the men and women engaged in the project.

The project is promoting rural development on 12.4 million hectares and targeting 1,555 groups of people. It has created, equipped and strengthened 62 rural microenterprises, and incorporated new areas into forest management programmes, thus allowing the sustainable supply of raw materials for processing and marketing. It has also boosted human and social capacities, using technical and managerial training workshops to promote sustainable production and access to rural markets and businesses.

With the support of the project, rural families are growing native species such as *lechuguilla* (used in the manufacturing industry), oregano (for the production of oils) and *candelilla* (for wax and candles) as potential sources of income and employment.

Aurelia Zapata lives in Ejido Tuxtepec in the municipality of Ramos Arizpe. Together with her family, she has been growing *candelilla* since the revegetation project with PRODEZSA began. This has helped improve her family's nutrition and economic situation. "We produce 40 kilos every two weeks, and with what they pay us for the *candelilla*, we earn around 80 Mexican pesos per kilo. My husband pays for the fruit, I pay for the errands, and we save some money for other needs or emergencies. My son also supports his family."

In Mexico, Aurelia Zapata, a project beneficiary, grows *candelilla*.
©IFAD/RIMISP

GLOBAL OPERATIONS BY REGION

Near East, North Africa and Europe

PORTFOLIO MANAGEMENT HIGHLIGHTS

35 ONGOING PROGRAMMES AND PROJECTS*

in partnership with 17 countries in the region at the end of 2018

2 NEW PROGRAMMES AND PROJECTS

in Bosnia and Herzegovina and Georgia, and additional financing for an ongoing project in Turkey

5 NEW results-based country strategic opportunities programmes in Armenia, Egypt, Georgia, Kyrgyzstan and Republic of Moldova

US$ 846.6 million

INVESTED BY IFAD

in the region's ongoing portfolio

US$ 40.9 million

IN NEW APPROVALS IN 2018*

*Excludes financing managed by the Fund for Gaza and the West Bank

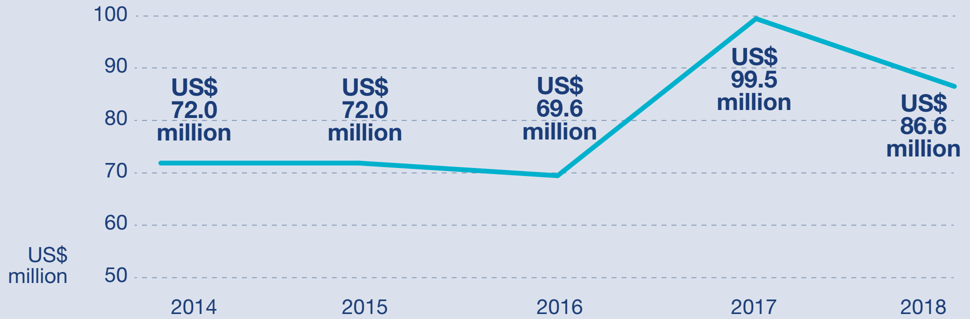
23 COUNTRIES

Albania
Algeria
Armenia - 1
Azerbaijan - 1
Bosnia and Herzegovina - 2
Djibouti - 2
Egypt - 3
Georgia - 1
Iraq - 1
Jordan - 2
Kyrgyzstan - 3
Lebanon - 1
Montenegro - 1
Morocco - 4
Republic of Moldova - 2
Somalia
Sudan - 3
Syrian Arab Republic
Tajikistan
Tunisia - 3
Turkey - 3
Uzbekistan - 2
Yemen

Numbers indicate ongoing programmes and projects

Countries with ongoing ASAP grants

ANNUAL LOAN AND DEBT SUSTAINABILITY FRAMEWORK GRANT DISBURSEMENTS



JORDAN

The Rural Economic Growth and Employment Project strengthens value chains, boosts **financial services** and encourages **women's participation**.

238 savings and credit groups formed/strengthened

60% of members are women

100 grant agreements signed

66% of grants are for women

59 farmer field schools established

43% of participants are women

Focusing on women's participation in Jordan

In Jordan, the IFAD-supported Rural Economic Growth and Employment Project strengthens horticulture value chains, boosts rural financial services and promotes entrepreneurship among rural populations in five governorates. The project empowers women by encouraging their participation in farmer field schools and in savings and credit groups.

The project has formed or strengthened 238 savings and credit groups with 3,192 members (60 per cent of them women). Through the groups, women have been empowered through focused mentoring programmes on leadership and business creation skills. Women have used the savings generated to invest in private businesses such as plant nurseries, greenhouses and mushroom cultivation. The project has signed 100 grant agreements with groups and individuals for a total of US$250,000, with two thirds of the grants going to women. The project is increasing not only women's access to and control over assets, but also their empowerment as they take on leadership positions. The purchase of equipment through grants has reduced women's workload and improved the efficiency and quality of their production, with some reporting increased income due to better farming practices and technical assistance for processing.

The project has also established 59 crop-based farmer field schools for improving the production of olives, grapes, oregano, tomatoes, okra and cucumber, with women making up 43 per cent of the participants. This has helped women become recognized at the community level as farmers in their own right. Another 13 farmer field schools have focused on the processing side of the value chain, which has increased women's access to project benefits. To date, the project has trained and hired 11 women engineers to expand women's participation in these schools.

Managing rangelands and water in Tunisia

In Tunisia, the IFAD-supported Agropastoral Development and Local Initiatives Promotion Programme for the South-East – Phase II aims at improving productivity and sustainable management of collective and private rangelands, and of rainfed and irrigated agriculture, in the governorates of Tataouine and Kebili (southern Tunisia). Directly targeting 66,000 rural people, the programme has supported the establishment of 36 agricultural development groups to co-manage rangelands in a participatory manner.

Since May 2015, more than 78,000 hectares of rangelands have been rehabilitated and left to recover. Now, the first impacts have started to appear, with a visible improvement in vegetation cover, including strong regeneration of species of high pastoral value, coupled with a decline in invasive species. There has also been an increase in forage production of about 20-30 per cent compared with undeveloped rangelands.

Rangeland rehabilitation has helped limit the negative effects of climate change and increased the resilience of livestock herders to heat and drought. To ease pressure on rangelands and ensure more widespread animal grazing, the programme has built boreholes and rehabilitated water points and reservoirs. Following these actions, wildlife has returned to the programme area, with gazelles and foxes being seen.

Another element of the programme has been the work to expand employment opportunities for disadvantaged groups, such as young people and women. To date, 161 people (80 per cent of them women) have received training on creating small businesses. The programme's results have also contributed to the Sustainable Development Goals on climate action and life on land.

Community approaches take root in Sudan

In recent years, Sudan's Butana region has seen a rise in conflicts over water, forests and rangelands between settled farmers and pastoralists. An influx of pastoralists fleeing insecurity in neighbouring South Sudan has placed even more pressure on limited natural resources. The IFAD-supported Butana Integrated Rural Development Project has helped create 12 community-based natural resource management networks. These networks, operating as legal entities, are an important bridge between community development committees and state institutions, helping to address local development issues, reduce tensions and strengthen communities' resilience to climate change. The networks have enabled settled communities to register communal ranges and forests to secure their customary land rights, and also to respond as one to natural resource management challenges.

For example, the Al-Idaid Network is working to protect community range reserves by erecting visible boundaries, raising awareness among settled and mobile communities, encouraging members to cultivate the area around the reserve as a buffer zone, and managing livestock routes to ease the movement of pastoralists. This grass-roots approach to natural resource management is ensuring that issues between pastoralists and settled farmers are not ignored, and giving pastoralist communities a voice.

Network leaders and community elders are also coming together to find viable employment for youth, as the lack of jobs is driving young people away and into larger cities. The At-Tasab Network, for example, is providing youth groups with opportunities to earn an income – from work as blacksmiths to jobs at gas-bottle refilling centres – based on their contributions in patrolling forest reserves and sustainably managing natural resources in their communities.

Story from the field

In Turkey, strawberry fields bring income for rural women

Ganime Tuncer is proud of her new strawberry farm. “We can have about three tons of fresh strawberries,” says Ganime, who previously grew vegetables for the family’s own consumption. “They are an easy, profitable and beautiful crop.”

Established in 2017 thanks to the IFAD-supported Murat River Watershed Rehabilitation Project, Ganime’s strawberry farm covering one dunum (1,000 square metres) is one of four new project-funded strawberry farms in the village of Ozdilek. Located in a remote mountainous area of Turkey, where traditional, patriarchal societies are common, villages like Ganime’s were targeted by the project in its efforts to empower both men and women in decision-making, improved resource management and income-generating activities.

With the project’s help, women have transformed the land into a rich resource. “We provide organic fertilizer for our strawberries with the technical support from this project,” says Ganime.

Almost half of the project’s beneficiaries are rural women like Ganime, some of them earning an income for the very first time in their lives. “We sell the strawberries for at least five lira per kilogram to the markets and grocery stores,” explains Ganime, who is enjoying her new role as a self-reliant entrepreneur.

Ganime is not alone. In the project area, there has been an increase in annual income of up to 7,000 Turkish lira per household (about US$1,300).

“We didn’t have any problems with marketing,” says Ganime. “At the same time, we eat our strawberries and make jam for our own consumption, which we also send to our relatives.”

While the monetary benefits of the new strawberry farm are clear, there are social benefits too: “Sometimes we come to the strawberry fields with our neighbours in the afternoon, and we drink our tea and collect strawberries.”

In Turkey, Ganime Tuncer is turning strawberries into income.
©IFAD/Pervin Yaklav

GLOBAL OPERATIONS BY REGION

West and Central Africa

PORTFOLIO MANAGEMENT HIGHLIGHTS

34 ONGOING PROGRAMMES AND PROJECTS

in partnership with 21 countries in the region at the end of 2018

11 NEW PROGRAMMES AND PROJECTS

in Benin, Central African Republic, Chad, Gabon, Guinea, Liberia, Mali, Niger, Senegal, Sierra Leone and Togo, and additional financing for ongoing projects in Cabo Verde, Mauritania, Nigeria and Sierra Leone

3 NEW results-based country strategic opportunities programmes in Benin, Cabo Verde and Mauritania

US$1,321.7 million

INVESTED BY IFAD

in the region's ongoing portfolio

US$372.6 million

IN NEW APPROVALS IN 2018

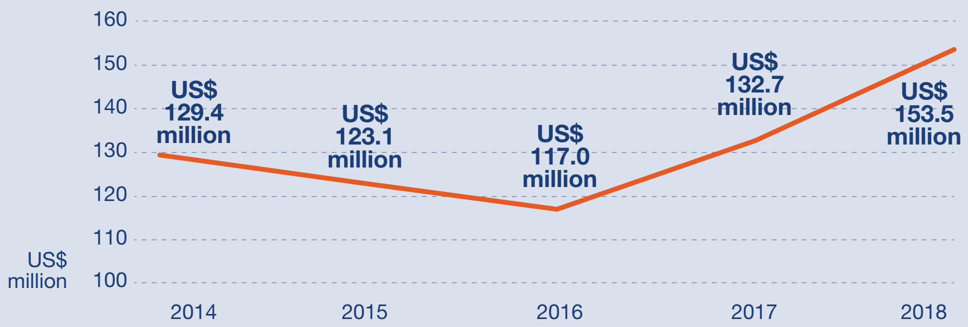
24 COUNTRIES

- Benin - 2
- Burkina Faso - 2
- Cabo Verde - 1
- Cameroon - 1
- Central African Republic
- Chad - 1
- Congo - 1
- Côte d'Ivoire - 2
- Democratic Republic of the Congo - 3
- Equatorial Guinea
- Gabon
- Gambia (The) - 1
- Ghana - 2
- Guinea - 2
- Guinea-Bissau - 1
- Liberia - 2
- Mali - 2
- Mauritania - 2
- Niger - 1
- Nigeria - 2
- Sao Tome and Principe - 1
- Senegal - 2
- Sierra Leone - 2
- Togo - 1

Numbers indicate ongoing programmes and projects

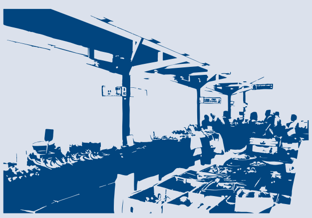
Countries with ongoing ASAP grants

ANNUAL LOAN AND DEBT SUSTAINABILITY FRAMEWORK GRANT DISBURSEMENTS



CABO VERDE

The Rural Socio-economic Opportunities Programme is improving farmers' **productivity**, creating sustainable **employment** and building **resilience** to climate change.



More than **100 market and processing facilities** built, improving access to markets

Training in good practices and technologies provided for **4,000 farmers and livestock raisers**

10 wells and **2 reservoirs** rehabilitated/constructed

Saving children from malnutrition in Niger

The IFAD-supported Family Farming Development Programme (ProDAF) in Niger's Maradi, Tahoua and Zinder regions is a key mechanism for implementing Niger's Economic and Social Development Plan and its President's initiative for food security and nutrition. Since 2016, ProDAF has helped reduce the proportion of children under 5 years old in the programme regions suffering from acute malnutrition from 18 per cent to 14.8 per cent – equivalent to 58,000 children.

ProDAF increases sustainable productivity and production through better access to water, improved seeds and land management practices. In three years, over 11,000 hectares have been restored and 75,065 hectares are under assisted natural regeneration. With more than 4,500 households now having guaranteed access to water for crop irrigation, yields have increased by an average of 20 per cent – up 52 per cent for irrigated crops and 42 per cent for millet.

The programme has supported the setting up of granaries to ensure food availability for women and vulnerable households during shortages. In addition, households have received 2,568 goat-rearing packages to improve children's nutrition through goat-milk consumption. The 73 nutritional improvement and recovery centres set up in the intervention zone facilitate the management of practical sessions for the care of malnourished children and food demonstrations.

Other donors have joined this effort, making ProDAF an assembler of development finance as almost 34 per cent (US$75 million) of its resources come from cofinancing. The Government of Niger has pledged to invest about US$33.4 million in ProDAF.

Strengthening inclusive and pro-poor strategies in Cabo Verde

Cabo Verde's poverty rate fell from 58 per cent in 2002 to 35 per cent in 2015, and the government is targeting 28 per cent by 2021. The IFAD-supported Rural Socio-economic Opportunities Programme (POSER) is a strategic development partner in this effort. POSER is strengthening local institutions and governance structures both to improve smallholders' productivity, production and incomes, and to create sustainable employment for poor farmers, particularly women and young people.

Since 2012, the programme has benefited 10,816 vulnerable households, mainly through 497 community-driven micro projects and the construction of 44 education and health facilities. This has generated over 2,000 new jobs, 30 per cent of them for young people.

These initiatives have been complemented with training in good practices and technologies for 3,500 farmers and 600 livestock raisers. POSER has also helped improve market access for smallholders with the construction and rehabilitation of 54 market facilities, 51 processing facilities and 10 water wells.

The climate component of POSER builds on local knowledge and capacity. It relies on interaction with institutions responsible for climate change adaptation. Results include soil conservation on 100 hectares; 4 hectares of terraces constructed; 35 hectares reforested; and two reservoirs rehabilitated.

In the next three years, POSER will invest in water mobilization and management, and in inclusive, pro-poor agricultural value chains. The greater availability and more efficient use of water will accelerate the transformation of the country's agriculture sector.

Reducing rural poverty in The Gambia, with a focus on women and youth

The Gambian National Development Plan 2017-2020 envisions a transition to a green economy driven by private-sector investment in small businesses and microenterprises, delivering sustainable and inclusive benefits, with youth and women playing a key role in this process. The IFAD-supported National Agricultural Land and Water Management Development Project (NEMA) is a strategic tool to achieve such an ambition.

After five years of operations, NEMA has benefited more than 10,000 households (80 per cent of them headed by women) with substantial watershed development infrastructure investment (more than US$40 million). This investment includes 3,000 hectares of upland cropping area, 810 hectares of tidal irrigation schemes, 5,760 hectares of lowland water-control schemes, and 240 hectares of village vegetable schemes. In addition, and to ensure longer-term benefits, specific land and water management training programmes for rice and vegetables have been put in place.

NEMA has constructed and/or rehabilitated more than 36 kilometres of roads to improve market access. The project has also supported the consolidation of six cluster producer organizations (cooperatives) with more than 12,000 members. In 2018, membership benefits included access to almost 830 tons of rice fertilizer, and as a result average yields rose from 3 to 4 tons per hectare.

In addition, through the creation of a capital investment stimulation fund, NEMA has invested more than US$500,000 to support 24 rice and horticulture agroenterprises. This fund operates as a matching grant programme, and areas of investment include tractors and boreholes for continuous access to water in horticulture.

Story from the field
Young entrepreneurs revitalize aquaculture in Cameroon

The IFAD-supported Aquaculture Entrepreneurship Promotion Project aims to promote profitable enterprises that create jobs in three regions of the country. Its innovative approach lies in the introduction of the entrepreneurial dimension under a business incubator model. Over 300 small enterprises creating 1,500 jobs will be established in fish value chains, with 30 per cent of the businesses being managed by women and 50 per cent by youth.

In the first year of IFAD support, young entrepreneurs in the project area achieved larvae survival rates of 60 per cent (over three times the national average). About 380,000 fry were produced and distributed to aquaculture producers in the three regions, representing additional production of 230,000 kilograms of fish (5 per cent of national aquaculture production).

In 2016, Michel Otono, married with four children, started an aquaculture business. The project trained Michel in fish production, feeding and marketing, and gave him 10,000 fingerlings and 50 bags of fish feed. In two years, Michel has expanded from 2 fish ponds to 10 and sells all his fish to women for resale in Mbalmayo city. “Before joining the project, it was difficult to have US$87 per month. Today, with my aquaculture business, my monthly net income is US$870,” says Michel. “I employ two permanent staff and thirteen temporary staff. With my income, I am sending my children to school, feeding my family and also taking care of my mother.”

The challenge facing Michel is unpredictable weather due to climate change. With the support of an extension officer, he is coping well. He says: “My advice to young people here is to try aquaculture because it offers a great livelihood.”

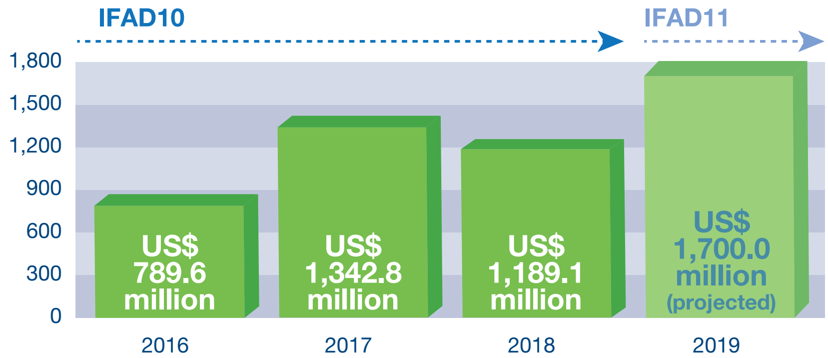
Michel Otono at work on his fish farm in Cameroon.

Portfolio highlights and financing data

NEW APPROVALS OF IFAD FINANCING FOR PROGRAMMES AND PROJECTS

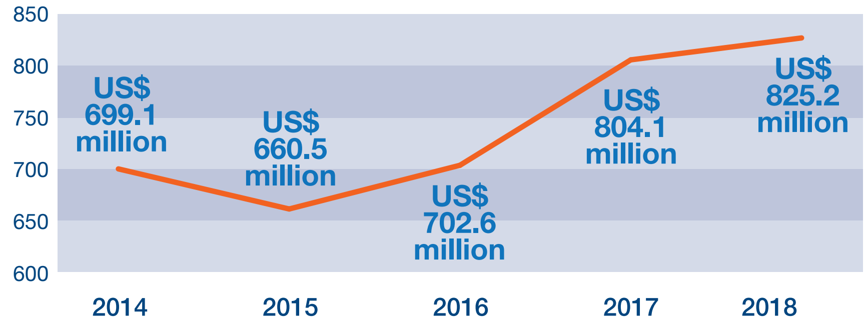
US$ million

In 2018, the third and final year of the IFAD10 replenishment cycle, the total for IFAD loans and grants approved was US$1,189.1 million, giving an overall total of US$3,321.5 million for the cycle. For the first year of IFAD11, the figure is projected to be about US$1,700 million.



IFAD DISBURSEMENTS OF LOANS AND GRANTS

US$ million



53%
OF ALL IFAD INVESTMENTS APPROVED IN 2018 EARMARKED FOR AFRICA

IN 2018, STAFF POSITIONS IN THE FIELD INCREASED FROM
18% to 30%

IFAD ONGOING PORTFOLIO 2018

IFAD financing **US$7.1 billion**

206 ongoing projects

in **92 countries**

Domestic contributions **US$5.0 billion**

International cofinancing **US$3.1 billion**

ONGOING ASAP GRANTS 2018

ASAP financing **US$278.9 million**

39 ongoing ASAP grants

in **38 countries**

IFAD'S ONGOING GRANTS 2018*

Grants financing **US$273 million**

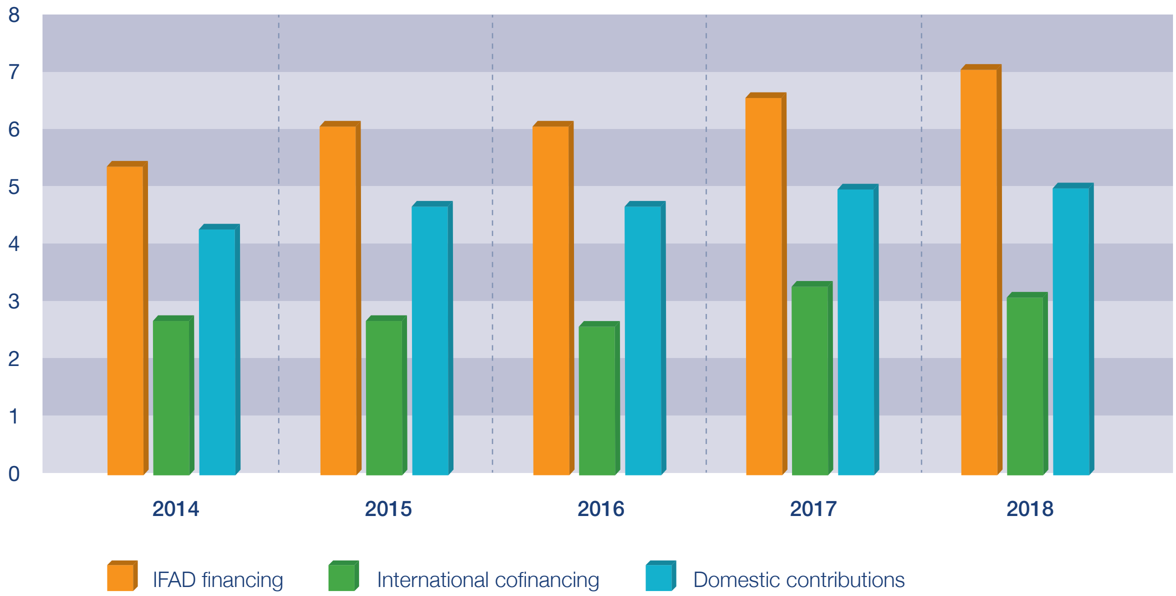
215 grants

in **133 countries**

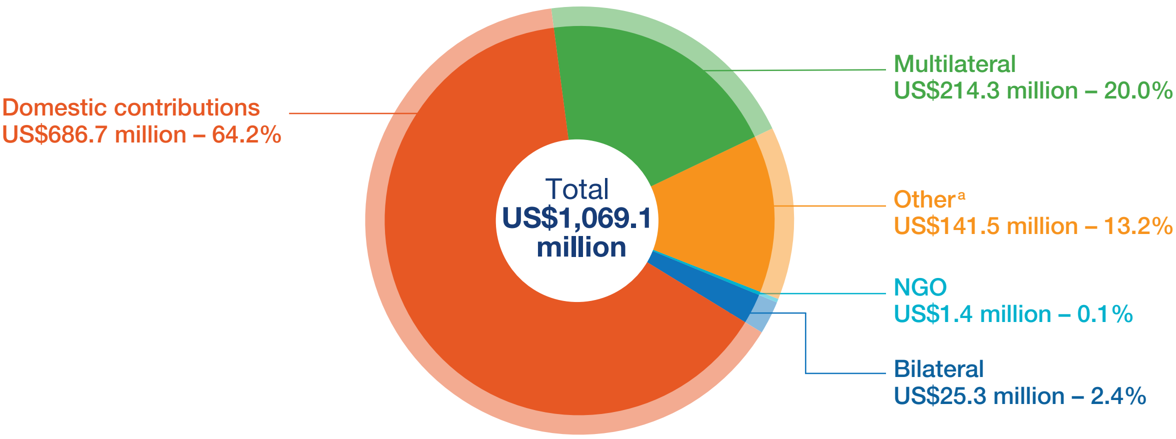
* Excludes grants with status completed, cancelled, closed, suspended or expired as at 31/12/2018.

IFAD'S ONGOING PORTFOLIO 2014-2018

US$ billion



COFINANCING OF IFAD-SUPPORTED PROGRAMMES AND PROJECTS APPROVED IN 2018



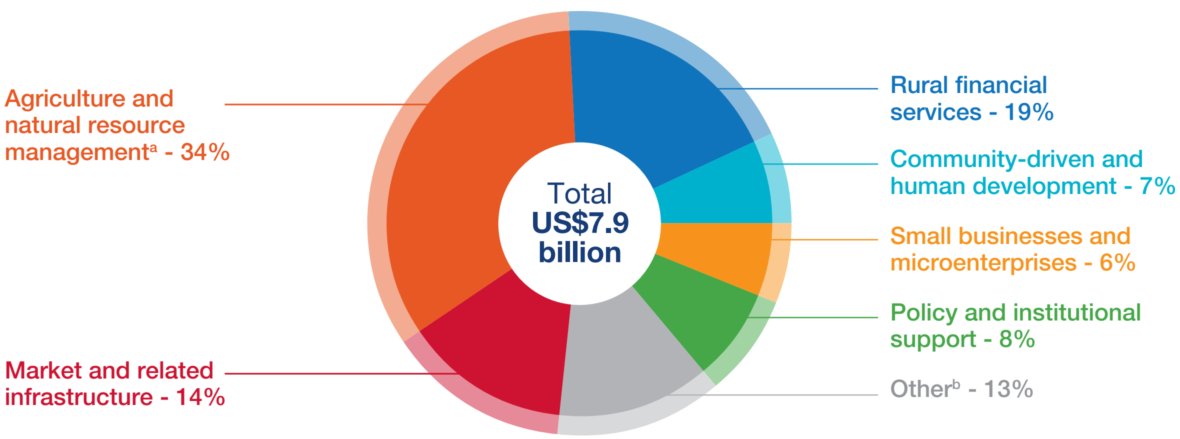
[a] Other includes financing under basket or similar funding arrangements, financing from private-sector resources and financing that was not confirmed at the time of Executive Board approval.

IFAD's most important area of work remains agriculture and natural resource management. This sector accounts for 34 per cent of the value of ongoing loans and grants. It empowers smallholder farmers to increase their productivity, adapt to climate change and become more mechanized. It also enables them to manage natural resources more sustainably and efficiently.

As at 31 December 2018, rural finance ranks second, accounting for 19 per cent of funds invested. Its aim is to ensure that rural women and men can access financial services such as credit, savings and insurance to build their businesses and manage risks. About 14 per cent of ongoing investments fund work to improve markets and related infrastructure, such as roads and storage facilities.

IFAD'S CURRENT PORTFOLIO FINANCING BY SECTOR

(as at 31 December 2018)



[a] Agriculture and natural resource management includes irrigation, rangelands, fisheries, research, extension and training.
[b] Other includes communication, culture and heritage, disaster mitigation, energy production, financing and preparation charges, knowledge management, management and coordination, monitoring and evaluation, and unallocated.

Member States have contributed a total of US$1.13 billion in bilateral cofinancing to IFAD-initiated programmes and projects since 1978. Spain, France, Germany, the Netherlands, Belgium and the United Kingdom are the leading six bilateral cofinanciers – together, they have provided over 75 per cent of the total.

COFINANCING OF IFAD-INITIATED PROGRAMMES AND PROJECTS BY DONOR MEMBER STATES (BILATERAL), 1978-2018[a]

US$ million

Belgium	96.9 / 8.6%	Norway	30.5 / 2.7%
Canada	40.1 / 3.6%	Spain	357.4 / 31.6%
Denmark	52.7 / 4.7%	Sweden	48.9 / 4.3%
France	119.9 / 10.6%	Switzerland	21.8 / 1.9%
Germany	102.1 / 9.0%	United Kingdom	80.6 / 7.1%
Netherlands	98.6 / 8.7%	United States	22.2 / 2.0%

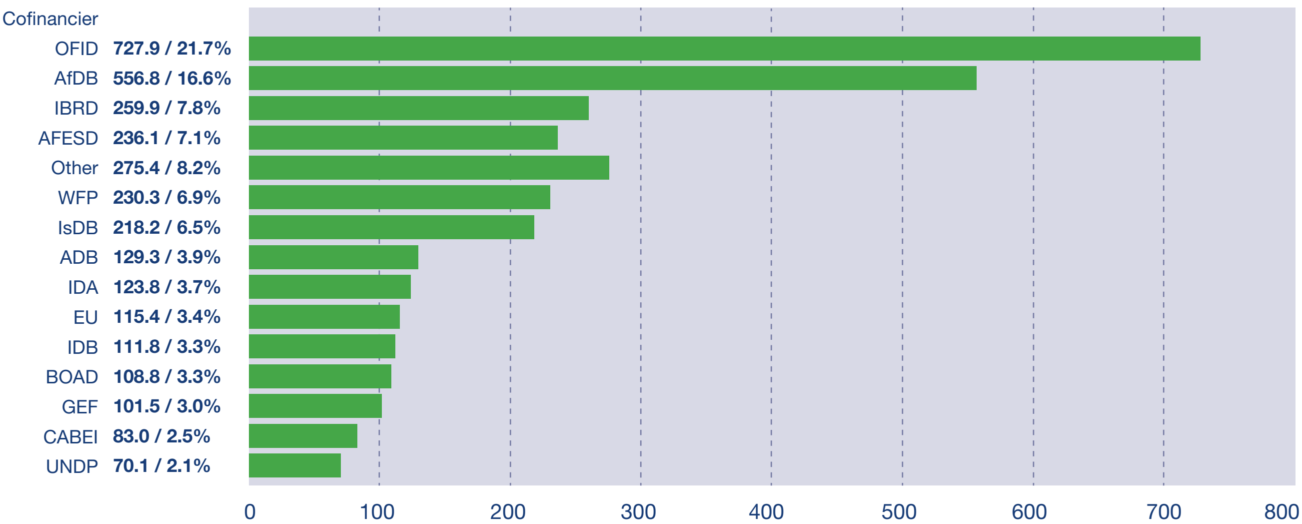
Source: Grants and Investment Projects System.

[a] The amounts shown are per the President's report for each programme and project presented to the Executive Board. The amounts and percentages shown here represent the share of each bilateral in total bilateral cofinancing of US$1,130.0 million. Bilateral participation in basket or similar funding arrangements is not included. Any discrepancy in totals is the result of rounding.

Multilateral donors have contributed a total of US$3.3 billion in cofinancing to IFAD-initiated programmes and projects since 1978. The top four donors are the OPEC Fund for International Development, the African Development Bank, the International Bank for Reconstruction and Development (of the World Bank Group), and the Arab Fund for Economic and Social Development. Together, these four have contributed over 50 per cent of total multilateral cofinancing.

COFINANCING OF IFAD-INITIATED PROGRAMMES AND PROJECTS BY MULTILATERAL DONORS, 1978-2018[a]

US$ million



Source: Grants and Investment Projects System.

[a] The amounts shown are per the President's report for each programme or project presented to the Executive Board. The amounts and percentages shown here represent the share of each multilateral in total multilateral cofinancing of US$3,348.1 million. Multilateral participation in basket or similar funding arrangements is not included. Any discrepancy in totals is the result of rounding.

HIGHLIGHTS OF THE YEAR

2018

Agri-Business Capital Fund (ABC Fund) – EUR 45 million committed by the European Union and the African, Caribbean and Pacific Group of States to support a new impact fund for rural small and medium-sized enterprises

Accreditation Master Agreement with Green Climate Fund signed to create the potential for financing IFAD climate projects that empower rural people

China-IFAD South-South and Triangular Cooperation Facility established to accelerate the exchange of knowledge and promote business-to-business links

Rural Solutions Portal launched to collect and share experience and knowledge in South-South and Triangular Cooperation

Operational Excellence for Results – exercise completed to support decentralization and to boost IFAD's delivery and contribution to the 2030 Agenda

Decentralization – implementation progressing ahead of target

Credit-rating process – internal financial management strengthened

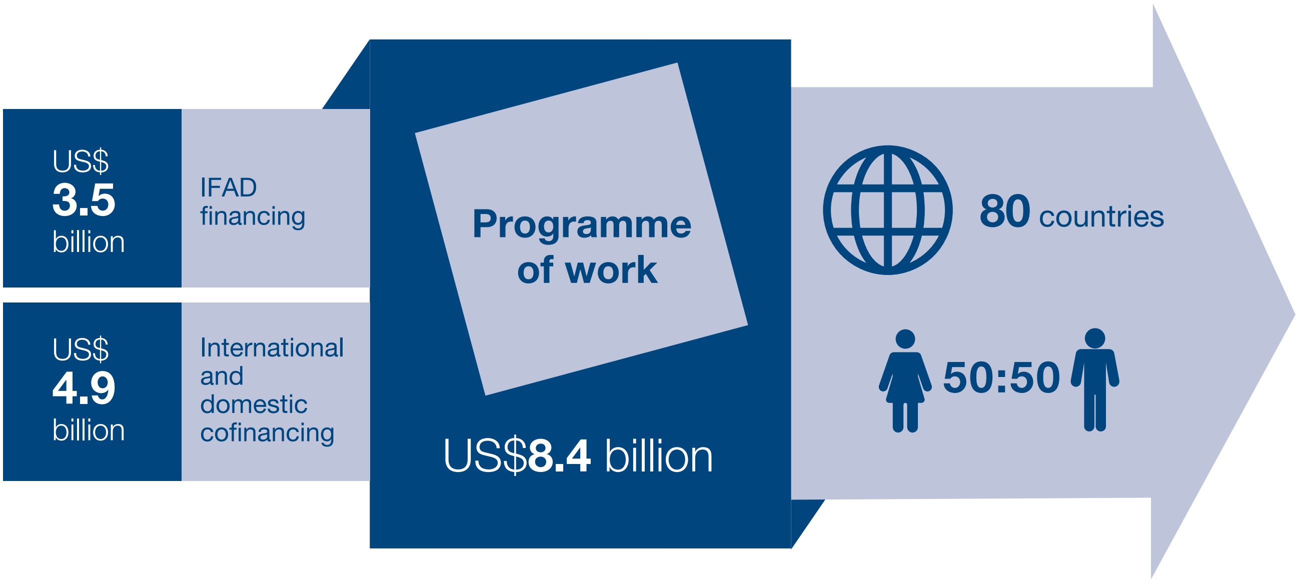
Impact Assessment Reporting – 17 assessments completed, enabling IFAD to measure investment impact effectively

New policy on sexual harassment, sexual exploitation and abuse implemented with immediate effect

IFAD's corporate website translated into all official languages

IFAD11: FUNDING DEVELOPMENT AROUND THE GLOBE

IFAD's programme of work channels funds from various sources to benefit rural women and men in the developing world.



OUTREACH OF IFAD-SUPPORTED PROJECTS

Rural financial services

16.1 million
voluntary savers
61:39

7.7 million
active borrowers
65:35

Natural resource management

3 million hectares
under improved management practices

58,000 hectares
under irrigation schemes

Marketing

13,930 kilometres
of roads constructed/rehabilitated

2,709
marketing facilities constructed/rehabilitated

Microenterprises

91,250
enterprises accessing business promotion services

Climate change adaptation

1.5 million
poor smallholder household members supported in coping with the effects of climate change

Agricultural technologies

2.6 million
people trained in crop and livestock production practices/technologies
53:47

97.9 million people
benefiting from services
50:50

female:male ratio of people receiving services

Outreach indicators measure the cumulative number of people receiving services from all ongoing projects. While the individual indicators report only the number of participants in a specific project activity, the total outreach figure includes all direct beneficiaries and members of the same household. Figures reported are for 2017.

In focus: Impact assessment reporting

With the Sustainable Development Goals prompting renewed focus on results-based management and on corporate monitoring and evaluation systems that generate evidence, IFAD introduced the Development Effectiveness Framework to ensure objective assessment and reporting of impact. Through rigorous data collection, impact assessments generate high-quality evidence from IFAD-supported projects that is used to determine impact, inform decisions and learn lessons.

In line with its Development Effectiveness Framework, IFAD is committed to conducting impact assessments of 15 per cent of its portfolio. Designed with the participation of project staff and government counterparts, the impact assessments collect both quantitative and qualitative data from projects representative of the entire portfolio. By aggregating impact estimates from this critical mass of assessments to all projects implemented within the same period, IFAD can measure the overall impact of its investments. This approach is unique among international organizations and ensures that IFAD can attribute results to its projects.

Impact assessment cycle

Since 2016, IFAD has conducted 17 impact assessments of 19 projects. Implemented in close collaboration with project teams and national stakeholders, the impact assessments use a standardized structure to ensure comparability across projects and countries. To identify impact that can be specifically attributed to project interventions, impact assessments collect data from both project beneficiaries and households in the same area that have not received project benefits (non-beneficiaries).

> Impact assessments generate high-quality evidence from IFAD-supported projects

IFAD's impact assessment cycle consists of four main steps (see figure on p. 29). The planning phase identifies the project together with the country team and includes a scoping mission, the development of the theory of change and the preparation of the impact assessment plan. During the implementation phase, a local company is recruited to collect the data. Quantitative and qualitative data collection tools are developed and data collection and fieldwork are undertaken. The assessment phase uses a standardized data management and analysis protocol to clean, process and analyse the data and the initial report is prepared. During the dissemination phase, a feedback seminar takes place to discuss results with policymakers, project partners and other stakeholders in the host country.

Results

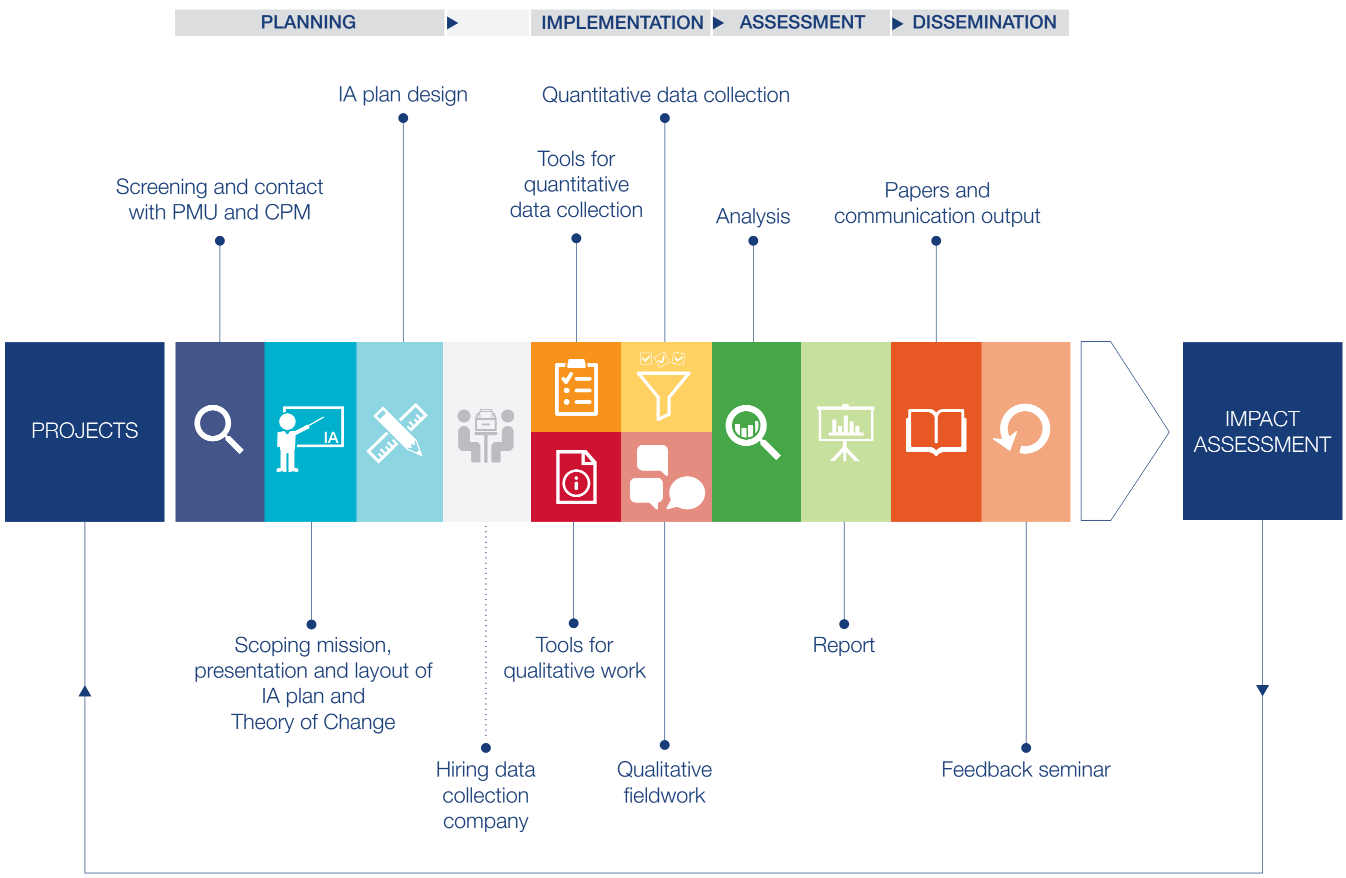
IFAD's impact assessments have shown significant results when comparing project beneficiaries with non-beneficiaries. In Rwanda, IFAD's Project for Rural Income through Exports helped farmers access rural financial services and increase the production and quality of their cash crops. The project focused on supporting coffee cooperatives, and horticulture, tea and silk value chains. The impact assessment showed significant improvements. Coffee farmers saw a 32 per cent increase in income and a 71 per cent increase in coffee harvest. This led to a 10 per cent reduction in poverty among the farmers and made them more resilient to shocks, especially droughts.

Horticulture farmers experienced up to a fivefold increase in harvests and sales, and some saw a 100 per cent increase in their income. With better incomes, they were able to hire labour and create new jobs, and many farmers invested in other enterprises such as local shops, processing facilities and transport businesses.

In Ethiopia, the Participatory Small-scale Irrigation Development Programme aimed at improving food security and increasing incomes of beneficiaries by providing access to small-scale irrigation infrastructure systems. The impact assessment collected seasonal data over the period of one year to capture impacts over the dry, short rainy and long rainy seasons. Across all seasons, project beneficiaries were more likely to be resilient than were non-beneficiaries – particularly in the dry season (with a 110 per cent increased probability) – and more likely to move out of poverty and stay above the poverty line. Household incomes increased by 55-105 per cent through the various seasons, and farmers experienced gains in productive assets ranging from 10 per cent in the long rainy season to 22 per cent in the dry season. These results point to the transformative and sustainable impacts that small-scale irrigation projects can have in terms of building resilience for farmers.

The Guangxi Integrated Agricultural Development Project aimed to increase rural household income for smallholder farmers in China through community infrastructure improvements, agricultural production and marketing support. The impact assessment found that poverty fell by 12 per cent among project beneficiaries, with the yields and value of their fruit crop production rising by 19 per cent and 29 per cent, respectively. Project beneficiaries also had 40 per cent higher savings than non-beneficiaries, and improved asset ownership. Impacts were particularly strong among households that benefited from agricultural

IFAD's impact assessment cycle



production and marketing support along with improved infrastructure.

In Mexico, the Community-based Forestry Development Project in Southern States promoted microbusiness development for the sustainable use of forest natural resources and the adoption of good environmental practices by rural communities.

> Impact assessment of a project in China found that poverty had fallen by 12 per cent among beneficiaries and asset ownership had improved

The impact assessment showed project beneficiaries increased their annual income by 22 per cent and owned 15 per cent more assets than non-beneficiaries. In Campeche, beneficiaries were 37 per cent more likely to sustainably exploit natural resources from common land. In Chiapas, they were 120 per cent more likely to start new business activities than in other states, where percentages were much lower.

Project areas exhibited a 3 per cent increase in the normalized difference vegetation index compared with non-project areas, with beneficiaries being 16 per cent more resilient than non-beneficiaries to drought shocks.

Main lessons

A number of key lessons have emerged from the impact assessments conducted in the period 2016-2018. These lessons are useful for decision-making and the designing of future projects because they point to approaches and activities that are more likely to achieve positive results and sustainable impact. Evidence shows that projects have greater potential to generate impact if they:

- use a focused logic with clearly specified goals and interlinked activities
- have a well-defined theory of change identifying how activities lead to outputs, outcomes and impact
- are participatory and responsive to feedback from project beneficiaries and are ready to adapt implementation accordingly
- address barriers to input and output markets throughout the value chain
- are tailored to the local context and specific target groups
- have risk management strategies and safeguards in place in case of extreme events, such as weather events.

Spotlight on financial operations

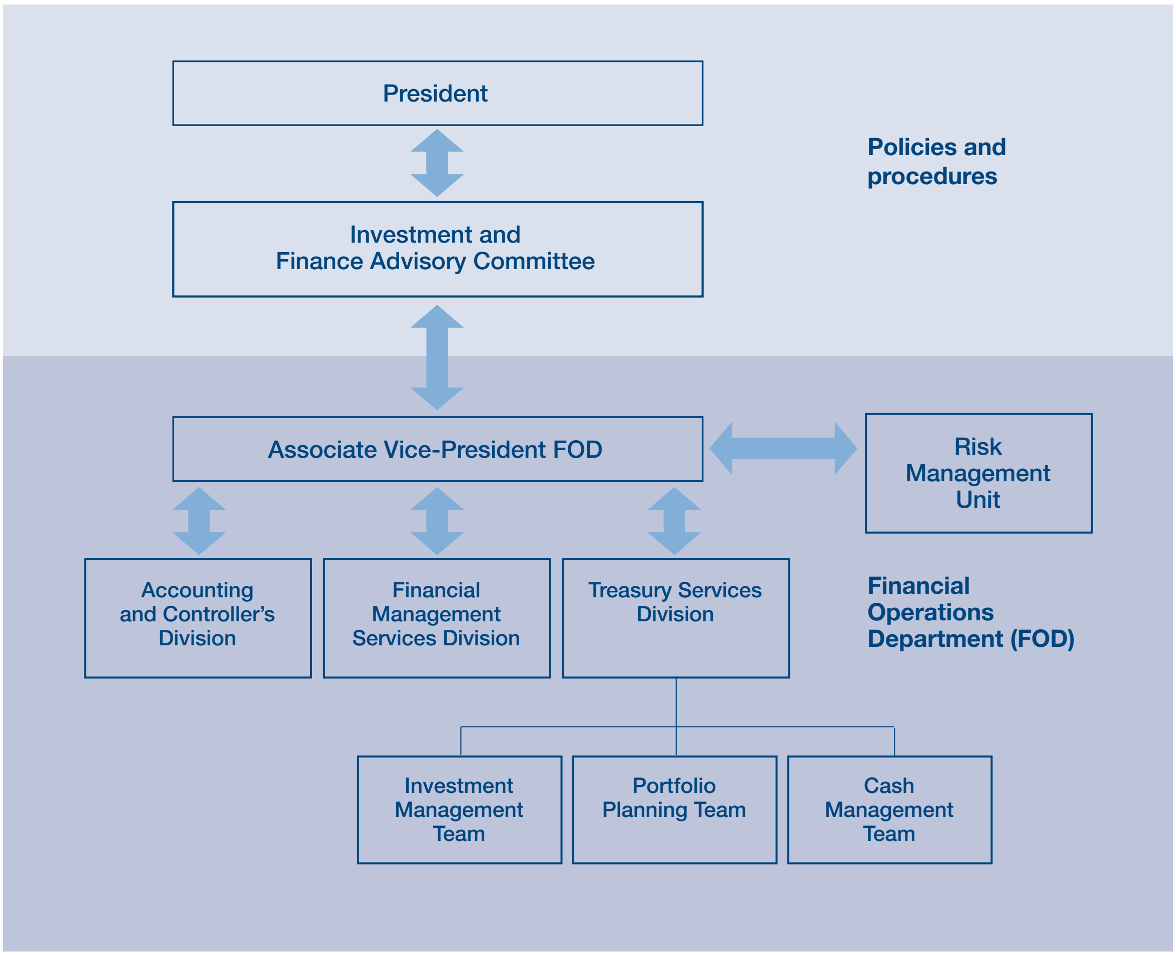
In 2018, IFAD moved forward with its efforts to increase and broaden its financial reach, with the goal of continuing to serve its clients within its mandate. It embraced corporate change and initiated key structural reassessments to support the new financial architecture that will serve its evolving needs. Such key changes, which will continue in 2019, encompassed all business areas, including financial risk management, review of policies, diversification of the range of investments and operational activities, decentralization, and innovative financial solutions.

Strengthening the risk function

Traditionally, IFAD's funding has come largely from Member States' contributions. The adoption of the Sovereign Borrowing Framework has already provided some diversification of funding sources, with the addition of leverage to IFAD's balance sheet. In 2018, IFAD began work on the introduction of a hybrid financing model that blends contributions with debt in order to support an increasing programme of loans and grants.

In this context, substantial effort went into strengthening IFAD's risk management and internal control framework (see figure). Among other measures, a new risk management unit was created to support oversight functions

IFAD's internal flow of financial information



on financial activities and achieve the Fund's goals in a financially sustainable manner. A corporate-level evaluation of IFAD's financial architecture (by IFAD's Independent Office of Evaluation) and an independent financial risk assessment (by an external consulting firm) were completed. They provided key inputs for implementing a wide array of policy, structural and organizational changes that will accompany IFAD in its growth as an international financial institution.

An enhanced controllership function, automation and service

In 2018, IFAD established a second-line-of-defence controllership function. This function will support the transformation of IFAD's financial architecture and business model, and position IFAD positively with credit rating agencies. It will also protect IFAD against operational, financial and reputational risks, particularly in an enhanced decentralized environment. This involves the creation of a holistic internal control framework, continuous control and risk assessments, monitoring and reporting results, and control digitization supported by internal control focal points in the field. In addition, IFAD continued to ensure compliance with new International Financial Reporting Standards to support a clean audit opinion. It also embarked on full automation of all its internal and external client services. This will ensure rapid and consistent client communication and problem resolution.

A modern financial management model

Initiatives to enhance IFAD's business model and changes in financial architecture remained ongoing. They included diversification of IFAD's product offering and the introduction of risk management pillars, while also enhancing relationships with sister international financial institutions – particularly in the area of debt. In 2018, much groundwork was laid to establish the IFAD Transition Framework (see p. 34) to better support IFAD's borrowers and recipients along their development journey. IFAD's financing terms also underwent revision to better tailor them to different strategic topics such as the fragility of small states' economies and countries in transition, while providing greater flexibility for ordinary term borrowers.

IFAD's growing culture of increased transparency was also embraced through enhancements in disclosure of project financial and lending data on its public website and audit reports. Direct financial management support for IFAD's borrowers and recipients, in particular ministries of finance, continued as another key priority in 2018 through regular project missions and targeted capacity-building for IFAD-supported projects. Decentralization of financial management staff to five regional hubs will ensure that staff are closer and more accessible to government and project counterparts.

Towards a modern treasury

The ongoing process of modernizing treasury functions resulted in a profound change in terms of range of activities, processes, risk and controls. Internalization of investment activities continued, while diversification of instruments was pursued through implementation of derivative instruments, in parallel with a continued de-risking of IFAD's investment portfolio. Special attention was given to innovation, in terms of both systems and automation but also in regard to innovative financial approaches to support IFAD's beneficiaries.

An important expansion of banking relationships and a wider range of operational activities supported the ongoing decentralization process in both the areas of in-country financial services and the possibility of executing payments in local currency. Operational simplification efforts continued to focus on policy-level priorities, including best practices in trade compliance and post-trading activities. There were also efforts in place to streamline processes and restructure treasury-specific systems. Best practices were central in the execution of financial transactions, with attention given to ensuring adherence to international regulations.

Innovative financing

Additional resource mobilization

IFAD will implement a comprehensive revision of its financial architecture to strengthen its role as an assembler of development finance. The intention is to diversify the Fund's resource base and expand the financial and operational products it offers to borrowing countries. Driving this change is the need to focus core resources on the poorest people and the poorest countries, while remaining universal and offering a mix of lending and non-lending support to all its developing Member States and leaving no one behind.

While core replenishment contributions will remain the foundation of its capital and financial commitment capacity, IFAD will integrate borrowing into its financial framework for the first time. IFAD's prudent leveraging strategy would allow the Fund to replace ad hoc borrowing with borrowing as an integral part of its funding mechanism. IFAD's leverage will hinge on the established Sovereign Borrowing Framework and the Concessional Partner Loan framework, and on possible borrowing from capital markets. In 2018, within the Sovereign Borrowing Framework, IFAD drew two tranches for a total EUR 100 million from the EUR 200 million loan with the French Development Agency to support the IFAD10 programme of loans and grants.

Preparatory work has started in line with the IFAD11 commitment for a road map on financial architecture transformation to obtain a credit rating and then consider approval of market borrowing from its stakeholders.

New partnerships

IFAD has partnered with the European Union, the Government of Luxembourg and the Alliance for a Green Revolution in Africa to establish the Agri-Business Capital Fund (ABC Fund) – a new impact fund that will boost investments in small rural agribusinesses across emerging markets. In particular, the ABC Fund, a private-sector fund to be incorporated in Luxembourg in early 2019, will target small and medium-sized enterprises, farmers organizations and agripreneurs to spur economic and social development in rural areas and create jobs. In 2018, the European Union and the African, Caribbean and Pacific Group of States committed EUR 45 million to support the fund.

Managed by Bamboo Capital Partners and Injaro Investments, the ABC Fund will provide loans to owners of rural, agricultural small and medium-sized enterprises that fall into the "missing middle" between large-scale farmers served by commercial banks and subsistence farmers relying on microcredit. The new fund will place a particular focus on incubating new enterprises led by young people. This will both improve the incomes of this vulnerable group and create broader employment opportunities in rural communities, particularly in Africa, to offer an alternative to migration.

Concessional partner loans

Concessional partner loans are an innovative financing initiative used by international financial institutions (e.g. the International Development Association and the African Development Fund). This type of loan was introduced at IFAD in October 2017 to enable it to supplement traditional grant contributions and capital resources provided by Member States. Members providing concessional partner loans receive voting rights on the basis of the "grant element" embedded in the loans due to their concessional terms. The loans' embedded concessionality, including lower coupon and longer maturities, will allow IFAD to match its concessional lending terms, which is not currently the case for other borrowing options available in the market. By the end of 2018, two concessional partner loans had been pledged by France (EUR 50 million) and India (US$20 million). In addition, representatives of Finland and the Republic of Korea had met with IFAD to discuss the terms and mechanics of such loans.

Institutional reform and collaboration

Operational Excellence for Results

The Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11) set the strategic directions for the period 2019-2021 based on a programme of business model enhancements to promote excellence in operations, value for money, and a commitment to transparency, accountability and results. IFAD has consequently embarked on reforms, within the broader framework of United Nations reform, to strengthen its capacity to deliver "bigger, better, smarter" on the Sustainable Development Goals.

In 2018, IFAD completed an internal reform exercise, called Operational Excellence for Results. The aim of this exercise was to boost IFAD's delivery and contribution to the 2030 Agenda through four strategic areas of business model enhancements: (i) a re-engineered country-based model; (ii) a headquarters fit for purpose; (iii) more delegation to the frontlines; and (iv) recalibration of business processes.

Through this exercise, IFAD developed a new decentralized map for IFAD country offices (see inside front cover), and revised country programme roles. It assigned and relocated staff according to this map, increasing IFAD's presence on the ground and strengthening policy engagement, partnership-building and overall project performance. This change raised the proportion of staff positions in the field from 18 per cent to 30 per cent and leveraged new technical positions at headquarters and in the field.

To support decentralization, IFAD used the exercise to refocus the project design process on improving quality and effectiveness, while also reducing the lags between project concept, approval and first disbursement. Moreover, it revised the Delegation of Authority Framework to transfer more responsibility for portfolio and relationship management to staff on the ground, while also increasing accountability checks and monitoring.

As part of the exercise, IFAD also conducted reviews to ensure functions in non-operations are fit for purpose and to enhance IFAD's overall institutional effectiveness, including through a business process review. Once fully implemented, the changes should generate efficiency savings of about US$3.43 million. IFAD expects more efficiency gains in 2019 as business processes are streamlined and the newly created Change, Delivery and Innovation Unit oversees further implementation of changes, the consolidation of results and an enhanced culture of delivery and innovation – all with the goal of maximizing IFAD's contribution to the 2030 Agenda.

IFAD Transition Framework

The introduction of a transition framework was proposed by IFAD management as one of the innovations of IFAD's Business Model to Deliver Impact at Scale. At the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11), it was agreed – and reflected as an IFAD11 commitment – that IFAD would develop the transition framework and present it for Executive Board approval by December 2018.

The IFAD Transition Framework consists of a set of institutional reforms to guide IFAD's engagement with borrower countries, in order to more effectively tailor that engagement to individual countries' specific requirements. Thus, it will enhance IFAD's ability to respond to changing country conditions as Member States transition across income levels and different levels of creditworthiness. The guiding principles of the framework are that it should offer Member States transparency, predictability and sustainability of interventions.

A working group of the Executive Board – with representatives of all Lists – oversaw development of the transition framework. In 2018, IFAD management prepared a series of technical documents for the working group, and met with the group on seven occasions. The group endorsed the key elements of the framework. These elements are lending (financial) and non-lending (operational) in nature, and they serve to offer countries a broader suite of services and products. They engage in a differentiated manner to ensure smooth transitioning to higher income levels and to minimize the risk of backsliding.

The framework defines country transitions on the basis of the twin pillars of income level and creditworthiness. However, IFAD recognizes that these variables alone do not fully capture a country's unique development challenges and capacities. Therefore, in developing a tailored approach to address countries' specific needs during the transition period, IFAD will complement the country analysis with other variables, such as the IFAD Vulnerability Index and the Rural Sector Performance Assessment, in line with the revised performance-based allocation system formula.

To facilitate countries' access to new lending terms, the framework introduces phasing-out and phasing-in periods for borrowers that become eligible for less concessional financing. Operationally, borrowers will have access to a more diversified suite of products, including the possibility of piloting results-based lending and regional lending operations. Reimbursable technical assistance will be enhanced to strengthen IFAD's offer for upper-middle-income countries. IFAD's newly developed Cofinancing Strategy and Action Plan will provide strategic guidance to boost domestic resource mobilization and more effectively leverage international cofinancing.

The revised guidelines for country strategic opportunities programmes (COSOPs) will play a key role in laying out the logic for IFAD's engagement with borrowers and the tailored support in cases of country transition. COSOPs will become a medium-term transition strategy with enhanced flexibility to undertake mid-course adjustments in the event of changing country conditions.

In December 2018, the Executive Board approved the IFAD Transition Framework. In 2019, the working group will analyse further elements, and management will report on lessons learned from implementing the framework in its midterm review of IFAD11.

United Nations reform

IFAD showed strong commitment to the United Nations comprehensive reform process, as evidenced by its continual and timely engagement in the reform agenda and production of numerous key outputs. It actively engaged in the United Nations reform discussions within the organization, and with the Rome-based agencies, the United Nations Reform Transition Team, and Member State representatives. Internally, it raised staff awareness through various initiatives. In response to the United Nations General Assembly's resolution to reposition the United Nations Development System, and in an effort to ensure that related reform proposals are implemented in a timely manner, IFAD developed a tracking matrix for identifying its required actions, including deadlines, roles and responsibilities. In addition, IFAD produced two update papers for the Executive Board on its engagement in the reform of the United Nations Development System.

Rome-based agency collaboration

For the United Nations Rome-based agencies (RBAs) – IFAD, the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) – 2018 was an important year for collaboration among them as they reaffirmed their joint resolve in scaling up the partnership. In June, the principals of the RBAs came together to sign the first-ever trilateral memorandum of understanding. The memorandum provides a framework for the existing collaboration and recognizes the importance of a cohesive and complementary approach in working together. To translate the provisions of the memorandum into concrete actions, the agencies worked on developing an RBA Action Plan with timelines and deliverables across countries, regions and existing mechanisms of RBA collaboration. In this regard, work also continued on developing indicators to assess the results of RBA collaboration at all levels.

Within the context of the repositioning of the United Nations Development System and efforts to contribute to the United Nations "working as one", the RBAs worked to strengthen joint strategic planning and programming by developing joint country strategies in pilot countries. Grounded in each agency's respective country strategic plan, these strategies will be informed by the new generation of the United Nations Development Assistance Framework in order to ensure coherence and avoid duplication of efforts.

In August 2018, the RBA principals embarked on their second joint mission to Niger. Their mission to the Maradi region revealed the need to scale up joint programmes that strengthen resilience. In this regard, a joint Action Plan for the Sahel Region is now under development in close consultation with the RBAs and national authorities to ensure ownership and alignment with national development strategies.

In September, IFAD hosted the second annual session of the Informal Joint Meeting of the FAO Council, IFAD Executive Board and WFP Executive Board. September also saw the launch of the 2018 edition of *The State of Food Security and Nutrition in the World*, prepared jointly for the second consecutive year by the three RBAs together with the United Nations Children's Fund and the World Health Organization.

The Rome-based agencies are developing joint country strategies to strengthen strategic planning in pilot countries

In November 2018, the RBAs undertook a joint mission to Burundi to visit a milk value chain where all three RBAs are working together with the private sector. In the third quarter of 2018, the Multilateral Organization Performance Assessment Network, with the support of the RBAs, undertook a dedicated case study on RBA collaboration at the country level, focusing on joint work in Bangladesh, Ethiopia, Jordan and Madagascar. One output from this was a synthesis report on how partnerships can enhance effectiveness and efficiency in contributing to the Sustainable Development Goals and the 2030 Agenda overall.

The *2018 Joint Progress Report on RBA Collaboration* is available at: https://webapps.ifad.org/members/eb/125/docs/EB-2018-125-R-55.pdf

Other initiatives

South-South and Triangular Cooperation

South-South and Triangular Cooperation (SSTC) is increasingly recognized as a key corporate priority to deliver on IFAD's mandate. To this end, in February 2018, the first facility in IFAD specifically dedicated to SSTC was established – the China-IFAD South-South and Triangular Cooperation Facility – with a contribution of US$10 million from China. The facility aims to facilitate the exchange of expertise, knowledge and resources, and promote business-to-business links and investments across developing countries. Its broader goal is to enhance agricultural productivity and the livelihoods of poor rural people. The first call for project proposals (launched in June 2018) attracted a large number of applications, whose eligibility for financing is undergoing final approval.

Also in June 2018, IFAD launched the Rural Solutions Portal, a web-based platform that collects and shares experience and knowledge in SSTC. The Portal responds to the need for a systematic and user-friendly repository of knowledge and information about innovative solutions, success stories and case studies in rural development. It supports SSTC activities by sharing relevant rural development solutions and knowledge, promoting investments among developing countries, and establishing and supporting partnerships and other forms of collaboration for improved livelihoods. Currently, the Portal features 31 development solutions that solve challenges in the rural environment common to countries of the Global South, with a further 11 in the pipeline sourced from both IFAD's operations and partner agencies.

CACHET

Smallholder farmers are vulnerable to risks such as extreme weather and wild swings on agricultural commodity markets. Now, IFAD is piloting a novel, simple and low-cost initiative to help them. Called CACHET – for Climate and Commodity Hedging to Enable Transformation – it brings together stakeholders from different sectors and regions, with South-South and Triangular Cooperation at its core. Its vision aligns with the 2030 Agenda extending private-sector risk management solutions to smallholder farmers to overcome climate and price shocks. Benefiting from a grant under Phase 2 of the Adaptation for Smallholder Agriculture Programme (see p.45), CACHET is a first step in this direction. The ultimate aim is to offer farmers more predictable incomes – and hence more sustainable livelihoods.

CACHET is results-focused and builds on pilot programmes, evidence-based analytical tools, and the development of policies that foster inclusive rural transformation. The hedging approach uses value chain intermediaries (production aggregators) and rural financial institutions (see figure on p.38). If a commodity price falls below a set level – defined as the smallholders' break-even price with a 20 to 30 per cent buffer – value chain intermediaries will pay the floor price to the smallholder farmers and receive a payout once the hedging instrument is triggered. Similarly, for weather-related losses, rural financial institutions could compensate smallholders in exchange for a pay-out after the hedge is triggered.

CACHET started in 2018 through pilot activities with small-scale producers of cocoa and maize in Africa. In 2019, it will pilot the use of financial derivatives to transfer climate-related risks, and then in 2020 it will pioneer revenue protection for smallholders by building on the earlier phases.

CACHET will explore the possibility of integrating market-based risk transfer instruments into IFAD's programme of loans and grants. IFAD aims to use domestic and international sources of funding to enable smallholder farmers to benefit from the piloted approaches. CACHET is looking to other development partners – private and public – to help perfect the approach and scale up funding so that hedging can become a mainstay of protection for the world's smallholder farmers.

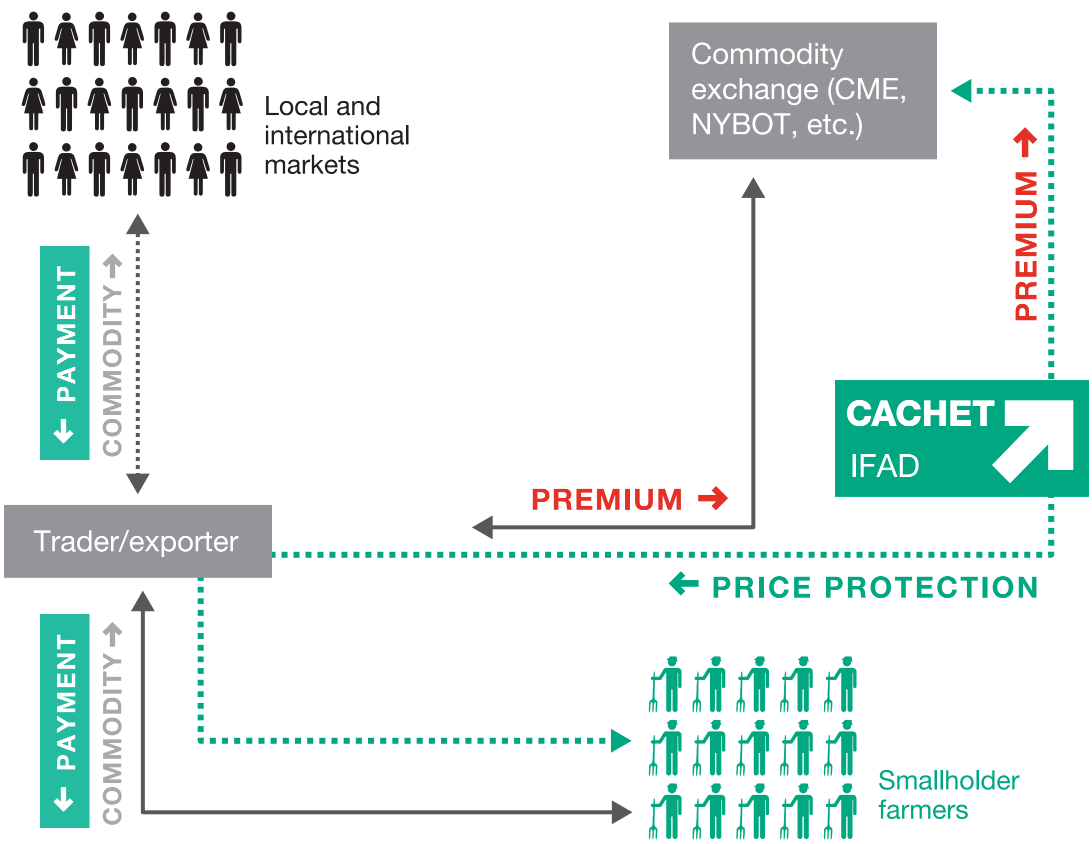
Read more at: www.ifad.org/en/web/knowledge/publication/asset/40861509

Support to Farmers' Organizations in Africa Programme

In 2009, the Support to Farmers' Organizations in Africa Programme began providing support to five African regional farmers organizations. These organizations bring together 68 national members, representing over 52 million small farmers, with the aim of strengthening their institutional capacities, improving their services to members and increasing their influence on agricultural policies. Completed in December 2018, the programme was cofinanced by the European Union, the French Development Agency, IFAD and the Swiss Agency for Development and Cooperation. The 2018 programme self-assessment confirmed its relevance in terms of impact:

Stronger organizations: The programme significantly improved the institutional and organizational capacities of regional and national farmers organizations by increasing their professionalism and visibility and their ability to mobilize resources through improved trust from partners (about US$14 million mobilized). It also improved their credibility through the appropriation of management tools as well as the expansion of their membership (about 500,000 new individual members).

Connecting smallholder farmers to financial markets



Stronger policy influence: The programme supported participation by farmers organizations in policymaking, leading to increased visibility and more systematic influence in political processes (about 650 policy forums attended). Farmers organizations consolidated their knowledge of major advocacy topics, resulting in the adoption of farmers' recommendations in new legislation at the national and regional levels, such as the EAC Cooperative Societies Bill approved by the East African Legislative Assembly.

Better market actors: The programme generated a shift in mindset and vision towards more in-depth attention to the economic services provided by farmers organizations. Through the programme: 5,200 producers received technical training; 97 economic microprojects were funded; and support was provided for the preparation of business plans and for the construction of about 400 production and transformation infrastructures. This brought farmers organizations to improve their role as market actors in the relevant value chains, with improved productivity and capacity to mobilize resources from the private sector (over US$4.9 million mobilized through partnership agreements and contracts sales).

As the Decade of Family Farming begins, IFAD and the European Union are launching a new and larger programme – Farmers Organizations for ACP Countries – to build on the success of the Support to Farmers' Organizations in Africa Programme. Read more about the recently completed programme at: http://bit.ly/sfoapbrochure

Financing the Support to Farmers' Organizations in Africa Programme

€1,065,750
AGENCE FRANÇAISE DE DÉVELOPPEMENT

€15,000,000
EUROPEAN UNION

€1,925,150
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

€2,000,000
SWISS AGENCY FOR DEVELOPMENT AND COOPERATION

Platform for Agricultural Risk Management

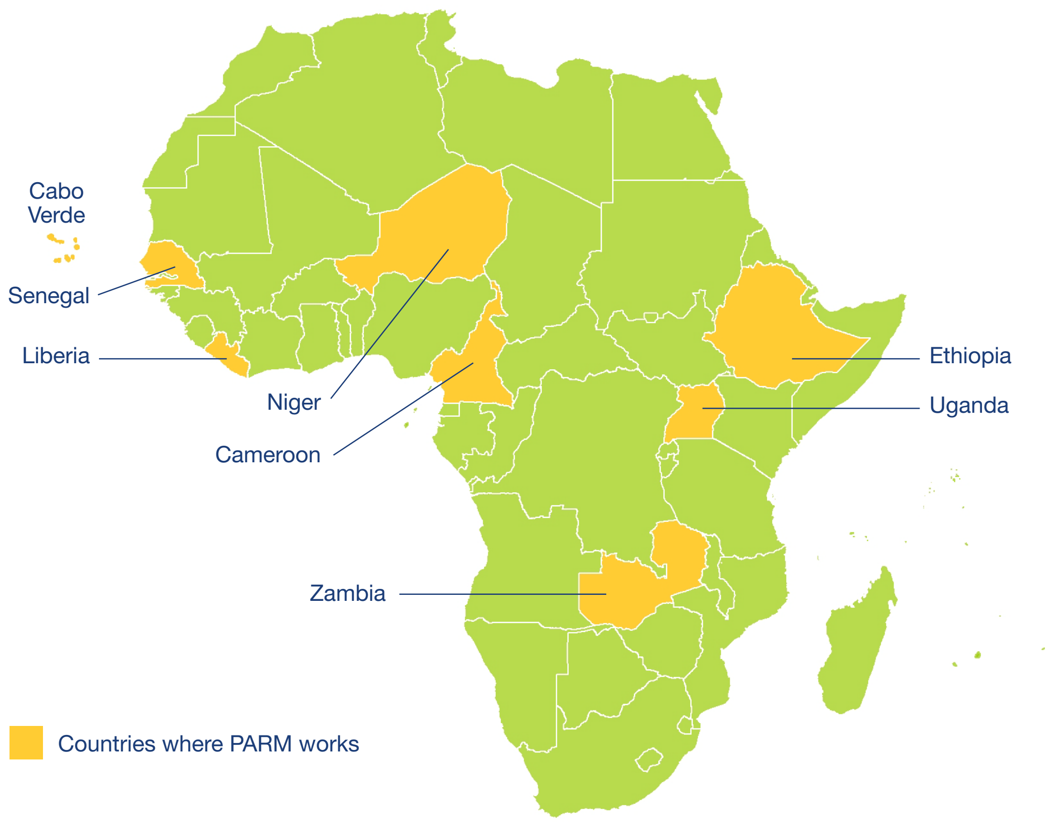
The Platform for Agricultural Risk Management (PARM) is a strategic global partnership focused on enabling countries to better manage risks related to agriculture. Hosted by IFAD, it is a four-year multi-donor partnership between IFAD, the European Commission, the French Development Agency, the Italian Agency for Development Cooperation, and German Cooperation (BMZ/KfW), in strategic partnership with the New Partnership for Africa's Development.

Since 2013, PARM and its partners have worked to improve the assessment of agricultural risk and the management capacities of eight sub-Saharan African countries: Cabo Verde, Cameroon, Ethiopia, Liberia, Niger, Senegal, Uganda and Zambia. PARM has produced a package of tools and strategies applicable to both policy formulation and project design to ensure programmes directly respond to priorities identified by governments and stakeholders.

At the country level, PARM has promoted a rigorous methodology to assess, prioritize and manage agricultural risks using a holistic and participatory approach. It has also developed new, locally adapted agricultural risk management tools, and fostered dialogue with stakeholders on integrating the tools into programmes and projects.

Furthermore, PARM plays a major role in attracting potential investments and facilitating dialogue between governments, IFAD, other development partners and the private sector on how to integrate packages of tools and strategies into the implementation phase of programmes and projects. In particular, Uganda, in partnership with the IFAD-supported Agricultural Technology and Agribusiness Advisory Services Programme, has committed resources to integrate the capacity development component proposed by PARM by training 300 agricultural extension-service personnel. In Ethiopia, PARM has provided technical support in the design of the country strategic opportunities programme to ensure integration of agricultural risk management. In Zambia, the IFAD-supported Enhanced Smallholder Agribusiness Promotion Programme has integrated the risk assessment component and

Where PARM works



opened dialogue on how to align the identified tools within the programme.

At the global level, PARM is one of very few global initiatives explicitly supported by the G7, the G20 and the United Nations global meetings. In 2018, PARM was the flagship initiative at the G20 meeting in Argentina, with IFAD in the front line. Through PARM, IFAD leveraged its partnership with the signature of two strategic agreements, one with the World Bank for the management of the Forum for Agricultural Risk Management in Development (a global community of practice with over 3,000 members), and the other with the Food and Agriculture Organization of the United Nations (FAO) for co-publication of four e-learning courses on agricultural risk management.

In relation to agricultural risk management, PARM's achievements by the end of 2018 include:

- Evidence gathered to improve perception of risk, and 100 per cent of assessment studies carried out and officially presented to governments.
- Major risks and relevant tools identified in eight out of eight selected countries.
- Nineteen studies published and 33 policy briefs produced on risk and tools assessment.
- Awareness and capacity increased, with 11 national workshops involving 820 national stakeholders (595 of them trained), and 270 international practitioners reached through webinars.
- Expertise increased, with the creation of a network of 64 local and international experts, and curricula integrated into local universities and regional knowledge partners.
- Partnerships and innovations promoted, with over 300 international partners engaged in three knowledge-sharing events, where over 50 global initiatives were showcased and 17 strategic consultations conducted to move the agenda forward.

With the first phase of PARM coming to its conclusion, PARM Horizon 2 (2019-2024) will start in June 2019. PARM will continue to bring evidence and build capacities on agricultural risk management at the global and country levels, but will invest more resources in the design of programmes for investments, with a more structured involvement of public-private partnerships.

Read more in the PARM Annual Report: www.p4arm.org

International Land Coalition

Hosted by founding member IFAD, the International Land Coalition (ILC) is a global network of over 260 civil society and intergovernmental organizations based in 78 countries. The network consists of over 60 member-led platforms, which are also open to partners beyond the Coalition. The collective goal of the platforms is to put people at the centre of land governance by securing land rights for those who live on and from the land, particularly small farmers, indigenous peoples, pastoralists and women. This is done through national engagement strategies, where 213 ILC members and partners come together in 29 countries, and across countries, where 493 members and partners converge on a common theme.

In 2018, the network welcomed 63 new members, increasing the proportion directly representing land users. The network's reach also expanded to 13 new countries, with Europe, Middle East and North Africa being the fastest-growing region.

Responding to a request from members in Guatemala following a series of murders of indigenous and human rights defenders, the ILC and allies organized an international high-level mission. The mission made recommendations to the Government of Guatemala, development partners, international media and civil society.

In 2018, the ILC held its triennial event – the Global Land Forum – with over 1,000 participants gathering in Bandung, Indonesia. In the lead-up, Indonesia's President Joko Widodo announced a moratorium on palm oil and signed legislation to resolve agrarian issues, as called for by local ILC member and event co-host, the Consortium for Agrarian Reform.

The ILC's Dashboard Initiative includes a monitoring framework of 30 indicators to measure people-centred land governance and to monitor progress towards the Sustainable Development Goals. In 2018, pilots in Colombia, Nepal and Senegal opened up dialogue and collaboration with national statistics offices.

Read more in the ILC's latest triennial report (2016-2018): www.triennial.landcoalition.org

Maximizing the impact of family remittances and migrant investments for rural transformation

In 2018, over 200 million migrant workers sent almost US$500 billion to their families in developing countries. Forty per cent of these flows went to rural areas, where they often represent more than 60 per cent of the recipients' disposable income and are key to transforming the lives of such communities. Migrants and diasporas abroad also invested the same amount in productive activities in their countries of origin, helping foster sustainable development back home.

To build on these opportunities, IFAD's multi-donor Financing Facility for Remittances works to maximize the contribution of migrants to development, promoting the impact of their remittances linked to financial inclusion, as well as migrant/diaspora engagement for rural investment in communities of origin.

For over a decade, the Financing Facility for Remittances has identified and supported more than 50 innovative projects around the world, aimed at leveraging the potential of migrant remittances and diaspora investments for sustainable, rural development. In parallel, since 2015, the facility has been mainstreaming and scaling up successful results from previous pilot projects into IFAD's operations.

In 2018, a number of innovative projects on remittances and diaspora investment were implemented. In Malaysia, migrant workers began using the ValYou app to send remittances by mobile phone to Bangladesh and Pakistan, providing additional financial services such as health insurance and microloans to account holders on both sides of the transaction. In Kenya, Equity Bank deepened financial inclusion and enhanced resilience by providing cross-border mobile money transfers to Uganda, linked with savings, loans and other financial services. Crowdfunding solutions also helped attract the Malian diaspora in Europe to invest in rural enterprises back home. In another project, Philippine and Nepalese diasporas pooled their funds to invest in agribusinesses and related rural enterprises back home, spurring local development and creating local employment so that future generations can choose not to leave.

In terms of mainstreaming remittances and diaspora investment within IFAD's operations, 2018 saw unprecedented interest and uptake as regions (Asia and the Pacific; Near East, North Africa and Europe; and West and Central Africa) sought support from the Financing Facility for Remittances for the formulation, project design and supervision of cofinancing strategy and action plans. Overall, the number of requests for technical assistance surpassed the mainstreaming and scaling-up goals set in 2017.

To support such goals, the Financing Facility for Remittances engaged actively in policy dialogue at the national, regional and global levels. In June 2018, the facility saw the culmination of its advocacy effort, as mandated by IFAD's Governing Council, to have the International Day of Family Remittances formally adopted by the United Nations General Assembly. This observance, launched in 2015 by IFAD's Governing Council, aims at raising awareness about the positive contribution migrant workers make to their families and communities back home, towards IFAD's core goal of transforming rural areas. The Day advanced recognition of IFAD as a leading actor in this field, and was integrated in the Global Compact for Safe, Orderly and Regular Migration, officially endorsed by the United Nations General Assembly in December 2018.

Also in 2018, IFAD organized, together with the Central Bank of Malaysia and the World Bank, the first regional government-led global forum on remittances, investment and development. Attended by over 350 experts and practitioners from the public and private sectors, the forum saw the launch of RemitSCOPE, an online tool providing data and analysis on remittance markets, regulatory environments and inclusive financial services.

IFAD's Financing Facility for Remittances concluded 2018 by signing a new programme, financed by the European Union, to implement lessons learned from its operations. The PRIME Africa initiative aims to reduce the cost of remittances in Africa and enhance financial inclusion for migrants' families back home.

Scaling up insurance

In 2018, IFAD intensified its efforts to scale up insurance as part of its risk management and rural development policies and programmes. Under the Weather Risk Management Facility, two programmes worked to increase resilience, strengthen the capacity to manage risks, and improve livelihoods of poor rural households. Insurance for Rural Resilience and Economic Development is a US$4 million programme financed by the Swedish International Development Cooperation Agency. Set up in 2018, its focus is on agricultural and climate insurance. Managing Risks for Rural Development: Promoting Microinsurance Innovations is a US$2 million IFAD-supported grant project implemented by the MicroInsurance Centre at Milliman. In its second year in 2018, the project worked on different types of inclusive insurance. Both initiatives provide technical assistance to IFAD in-country programmes and their partners. They also contribute to the public good by increasing knowledge and capacity globally on key insurance issues. Core in-country activities are ongoing in three regions.

IFAD is uniquely placed to help insurance benefit more people in need. At the same time, insurance can help achieve IFAD-programme objectives and avoid the vicious cycle of poverty created by external shocks. By integrating insurance into its programmes, IFAD can improve access by working with the hardest to reach; create better value by combining insurance with other tools and services; create public-private partnerships between the government, financial sector and agribusinesses; and build capacity and ownership to break down market barriers. However, IFAD's portfolio needs additional technical assistance to help use insurance, and this is a major focus of the Weather Risk Management Facility and the programmes implemented in 2018.

In 2018, in-country insurance technical assistance to IFAD-supported programme design and implementation was provided in Cambodia, China, Georgia, Indonesia and Zambia. Country assessments were carried out in China, Ethiopia and Georgia, and started in Cambodia, Indonesia and Uganda; and a pre-feasibility assessment was conducted in Zambia. In-country implementation cooperation was established with the World Food Programme in Ethiopia and is being set up in Zambia.

IFAD also completed a groundbreaking US$1 million research and development project on using satellite data to scale up index insurance. The project was financed by the French Development Agency, and the implementation component was carried out together with the World Food Programme within the IFAD-financed Agricultural Development and Rural Entrepreneurship Programme in Senegal. Read more at: www.ifad.org/en/web/latest/story/asset/39915604

India project with the Bill & Melinda Gates Foundation

The grant Program Design for Private-Public-Producer Partnerships in Small Ruminant Value Chain Development in India ended in 2018. The project was approved in 2015, funded by the Bill & Melinda Gates Foundation, and implemented by IFAD's Livestock Development team.

The project highlighted the great potential of the goat subsector to contribute to poverty reduction and enhance the productivity of small ruminant value chains in the States of Bihar, Odisha and Uttar Pradesh. It found that adoption in the subsector of a few innovative practices related to better health (e.g. vaccination), improved nutrition (e.g. strategic feed integration) and breeding management, coupled with more adequate sheltering, would drastically reduce goat mortality (from 50-60 per cent to 5-10 per cent), and at least double the productive capacity of millions of rural households living below the poverty line in the three states.

The project team implemented six innovative platforms and held meetings with government authorities in each targeted state and a national workshop in New Delhi. In April 2018, project results were presented at the high-level National Conference on Building a Vibrant Goat Sector in India: Vision 2030. The project demonstrated the enormous untapped potential of the goat subsector and aimed to increase investments in it as a way of tackling rural poverty.

Global policy engagement and influencing

The 2030 agenda for sustainable development

IFAD actively engaged in the five Regional Forums on Sustainable Development organized by the United Nations regional economic commissions and the High-level Political Forum (meeting under the auspices of the United Nations Economic and Social Council) to maintain a strong focus on the important role and needs of smallholder farmers. IFAD's engagement was supported by policy briefs and a booklet describing IFAD's contribution to the Sustainable Development Goals.

Decade of family farming 2019-2028

In December 2017, the United Nations General Assembly unanimously adopted Resolution 72/239, by which it declared 2019-2028 to be the Decade of Family Farming. IFAD had actively supported the campaign leading to the resolution. Adoption of the resolution reaffirmed the importance of smallholder farming for sustainable and inclusive rural transformation. Together with FAO, IFAD will co-lead implementation of the Decade in close cooperation with a broad range of partners, including Member States and farmers organizations. To date, a guiding document on the implementation of the Decade has been prepared, an International Steering Committee has been established, and the action plan for the Decade is under preparation for the official launch in May 2019.

Working with others

In 2018, IFAD strengthened its global policy engagement, including in collaboration with other partners, by organizing events at both international conferences and headquarters. It continued to champion the mainstreaming themes through various events, such as the Committee on World Food Security and the EAT Forum.

In preparation for the Indigenous Peoples' Forum at IFAD in February 2019, four regional consultations took place in November and December 2018 in Panama, Fiji, Kenya and Indonesia to ensure the forum would reflect the diversity of perspectives among indigenous peoples.

In October 2018, and supported by the Government of Canada, IFAD – in collaboration with Save the Children Italia – organized and hosted a high-level international conference on the nutritional health of adolescent girls, and the need for a multisectoral approach to tackling the intergenerational cycle of malnutrition.

Adaptation for Smallholder Agriculture Programme Phase 2 – an example initiative

Phase 2 of the Adaptation for Smallholder Agriculture Programme (ASAP2) supported a knowledge exchange for youth empowerment in sustainable agriculture involving participants from West and Central Africa. Conceived through a South-South and Triangular Cooperation approach, the initiative ran from July to December 2018. It included a preparatory study to enhance best adaptation and mitigation agronomics technologies tested in Brazil and adapted for African countries in terms of climate, soil and value chains. The goal was to support agricultural transformation in smallholder farming in West and Central Africa in terms of increasing agricultural productivity, resilience and low-carbon development. The specific development objective was to strengthen knowledge exchange and the capacities of young smallholder farmers and agripreneurs.

To enhance regional exchange, IFAD sponsored seven men and women from Cameroon, Côte d'Ivoire, Ghana and Nigeria on a week-long intensive training programme in Brazil on agribusiness and climate-resilient post-harvest management, with a focus on cassava. They visited cassava processing units and farming cooperatives, learning how to become multipliers of the technologies and best practices used.

"The techniques that I have learned in Brazil will be so innovative in my home area that I will even hire employees to expand my business," said Felicité Bedzigui, a 27-year-old who runs a cassava processing enterprise in Cameroon.

The participants also attended the 6th Brazil Africa Forum, organized by the Brazil Africa Institute. The two-day event focused on youth empowerment, with conferences and panels on the wide range of Brazil-Africa ties.

"We had a very educational experience, learning useful techniques and meeting interesting people in Brazil," said Clement Ati, a 23-year-old Ghanaian with a small cassava processing business.

The next phase of the initiative focuses on ensuring that the young beneficiaries implement the knowledge and techniques acquired.

Read more at: www.ifad.org/en/web/latest/story/asset/40948903

Measuring and improving results

Report on IFAD's Development Effectiveness

The Report on IFAD's Development Effectiveness (RIDE) is the Fund's main corporate document reporting on institutional and development effectiveness. The 2018 RIDE indicates that IFAD's investments through loans and grants reached a record high of more than US$1.3 billion in 2017 (up 60 per cent on 2016 approvals). It also reports a record high for disbursements – almost US$1 billion – with a shorter lag between project approval and first disbursement. Total outreach for projects under implementation in 2017 stood at almost 98 million people (see p.27). Overall, despite challenges, IFAD is performing well and remains committed to improving its performance and contributing in new ways to achieving the 2030 Agenda. Read the full RIDE at: https://webapps.ifad.org/members/eb/124/docs/EB-2018-124-R-13-Rev-1.pdf

Overview of the 2018 Annual Report on Results and Impact of IFAD Operations

The *2018 Annual Report on Results and Impact of IFAD Operations* shows that, overall, the performance of IFAD operations has been positive and generally better than, or equivalent to, that of other multilateral organizations supporting agricultural development. However, the report highlights that the portfolio performance trend is flat, with signs of deterioration. In the period 2014-2016, the criteria of sustainability, efficiency, innovation, scaling up, gender equality and women's empowerment, government performance and rural poverty impact all declined slightly. At the country programme level, the report highlights the need to create synergies between investment operations and non-lending activities (whose performance has plateaued).

The report recommends a systematic review of IFAD's project-cycle processes. In addition, IFAD should revise its targeting policy and related guidelines to clarify "who" its interventions targets are and how to best serve their needs. Moreover, IFAD needs to develop appropriate targeting strategies that can be flexibly implemented.

Furthermore, there is a need for strong monitoring and evaluation systems to capture differentiated poverty data and tap into local knowledge, thus promoting country-level policy engagement that supports IFAD's target groups. Last, the sustainability of rural poverty impacts must be ensured with exit strategies that are inclusive of targeted beneficiaries and sufficient project duration.

Environment, Climate, Gender and Social Inclusion – a new division at IFAD

In 2018, IFAD created the Environment, Climate, Gender and Social Inclusion Division, bringing together four mainstreaming themes – climate, gender, nutrition and youth – and indigenous peoples (see figure). The roll-out of the IFAD11 commitments resulted in the development of a framework for implementing transformational approaches to the mainstreaming themes. The framework identified key areas and opportunities to achieve horizontal integration, informed by the various thematic action plans. During the year, IFAD updated its strategy on environment and climate change, in addition to two action plans (gender and nutrition). It also developed its first youth action plan. The action plans are aligned with IFAD's Strategic Framework (2016-2025). In December 2018, IFAD's Executive Board approved the environment and climate change strategy and the youth action plan.

The Gender Action Plan (2019-2025) aims to operationalize action areas of IFAD's 2012 Gender Equality and Women's Empowerment Policy. It includes a target of 25 per cent for gender-transformative projects. By the end of 2018, IFAD had met or exceeded

13 of the 15 gender-mainstreaming indicators of the United Nations System-Wide Action Plan on Gender Equality and the Empowerment of Women. In addition, IFAD started working with partners on piloting and adapting the Women's Empowerment in Agriculture Index to the needs of IFAD-supported projects. The index is a significant innovation and aims to increase understanding of the connections between women's empowerment, food security and agricultural growth. IFAD also launched a four-year initiative that will establish learning centres across sub-Saharan Africa to scale up innovative household methodologies – grass-roots approaches to gender equality and social inclusion – pioneered together with partners. In line with horizontal integration, IFAD initiated pilots on how to integrate youth, nutrition and climate change issues through the use of household methodologies in Madagascar and Rwanda.

The Strategy and Action Plan on Environment and Climate Change (2019-2025) is expected to build the resilience of 24 million people by 2025, reducing their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters. The strategy will continue the integration of climate-change risk screening into the review of all IFAD-supported projects and country strategies, and it sets a new target of at least 25 per cent of the programme of loans and grants in IFAD11. In 2018, Phase 2 of the Adaptation for Smallholder Agriculture Programme (see p.45) started offering technical assistance to continue IFAD's mandate to support countries in climate mainstreaming. One of its aims is to foster greater complementarity between environmental-adaptation and mitigation activities and gender and nutrition outcomes.

The Nutrition Action Plan (2019-2025) sets out the framework to accelerate nutrition mainstreaming across IFAD's programme of loans and grants, as well as other non-lending areas, and to achieve the ambitious corporate commitments on nutrition. IFAD10 performance targets for operations were fully achieved and even exceeded for projects (100 per cent of new COSOPs and

Where IFAD's new Environment, Climate, Gender and Social Inclusion Division fits in

33 per cent of new projects are nutrition-sensitive). As a major milestone for 2018, 48 per cent of new projects (13 out of 27) and 100 per cent of new COSOPs were nutrition-sensitive at design. Given this promising trend, the new target for nutrition-sensitive projects at design was raised to 50 per cent (IFAD11).

The Rural Youth Action Plan (2019-2021) aims to mainstream rural youth to the country programme of loans and grants. The target is to ensure that 50 per cent of projects at design and 100 per cent of COSOPs are youth-sensitive by 2021. Preparatory activities conducted to facilitate early implementation included prioritization of pipeline projects; definition of a baseline of youth sensitivity; an inventory of youth organizations; and consolidation of good practices.

Facilities

An important milestone was the Accreditation Master Agreement with the Green Climate Fund, signed in September 2018. This creates the potential for the Green Climate Fund to finance IFAD climate projects that empower rural people in developing countries. IFAD has initiated a process to use the multilateral development bank methodology to track climate finance and the Rio Markers for climate adaptation, climate mitigation, biodiversity and desertification.

The fifth call for proposals of the Indigenous Peoples Assistance Facility was launched in April 2018. Indigenous peoples' communities and organizations submitted about 700 project proposals. The facility's cycle (2017-2020) will finance up to 35 demand-driven projects that empower indigenous youth in four areas: food security and nutrition; access and rights to land, territories and resources; access to markets; and climate change mitigation and adaptation. IFAD's resources dedicated to the financing of the selected proposals amount to US$1.47 million.

Knowledge products and training

Knowledge products from 2018 include the: *Climate Action Report*, *Youth Advantage*, *IFAD-GEF Advantage II*, *Business Advantage* and *Water Advantage*. In April, the paper "Indigenous peoples' collective rights to lands, territories and natural resources: Lessons from IFAD-supported projects" was presented at the seventeenth session of the United Nations Permanent Forum on Indigenous Issues. It highlights IFAD's policies and instruments for collective land rights and good practices in IFAD-supported programmes and projects. IFAD also launched the guide *Nutrition-sensitive value chains*, which provides step-by-step guidance and practical resources for project design. Lastly, IFAD organized two workshops to build in-country capacities on nutrition-sensitive agriculture, with 117 professionals in Botswana and Panama receiving training.

Evaluation activities

In September 2018, the IFAD Executive Board acknowledged that the finalized corporate-level evaluation of IFAD's financial architecture raised vital questions regarding the future character and structure of IFAD. The overarching finding was that the Fund's financial architecture could no longer support an expanding programme of loans and grants.

The evaluation highlighted areas for reform to ensure the Fund's financial sustainability. These include the need to improve financial sustainability; enhance the flexibility of current financial products and consider new products; revise the financial allocation system by introducing a second lending window for ordinary loans; use hedging instruments to manage foreign exchange risks; and improve financial governance.

Country strategy and programme evaluations were completed for Kenya and Tunisia, and for the first time for Angola, Burkina Faso, Cambodia, Cameroon, Georgia and Peru. For the latter group of countries, this provided a major opportunity for national counterparts and IFAD to benefit from an independent evaluation exercise.

In Angola, the country programme has introduced the farmer field school approach, which has helped increase the productivity and production of main staple crops. However, with a shortage of experienced professionals, projects have suffered from implementation delays and paid limited attention to sustainable environmental and natural resource management.

In Burkina Faso, IFAD activities have helped enhance agricultural productivity and food security, diversify and increase rural incomes, and establish effective rural organizations. Challenges have included the need to improve the sustainability and capitalization of interventions; ensure sustainable crop and natural resource management to reduce vulnerability to climate change; and extend the reach to the poorest and most vulnerable populations, particularly women and young people.

In Cambodia, IFAD projects and activities have made contributions to important aspects of rural transformation, in particular "decentralization and deconcentration", gender equality and women's empowerment. However, the evaluation also noted that the portfolio had remained essentially static until about 2010 and that it did not fully appreciate the implications for rural households of increasing non-agricultural income opportunities and labour shortages.

In Cameroon, IFAD-supported projects have helped increase crop productivity and reinforce the capacity of producer organizations to provide upstream and downstream services to their smallholder members. That said, the evaluation did indicate that the poorest and most vulnerable rural households were not often reached. Other areas for improvement include gender equality, sustainability, scaling up and government fiduciary oversight.

In Georgia, the evaluation found the portfolio relevant and well aligned with government priorities. The largest share of IFAD's investments has been in infrastructure development. IFAD has supported important innovations and built institutional capacities for microfinance, land registration and food safety. However, project performance has often been disappointing, with IFAD not fully addressing issues of inequality, including gender.

In Kenya, positive economic changes have included increased productivity, higher incomes and improved food security for beneficiaries in all projects in IFAD's portfolio. While women's access to resources, assets and services has also improved, integration into the processing and marketing parts of the value chain has not achieved full potential. Moreover, a coherent approach to policy dialogue has been lacking.

In Peru, the evaluation reported overall positive results in terms of rural poverty reduction, beneficiary empowerment and community management of natural resources. However, IFAD's comparative advantages have not been fully exploited, and projects have not explicitly addressed environmental sustainability and climate change resilience.

In Tunisia, IFAD's approach has achieved remarkable environmental and natural resource management results. Through interventions to address land degradation, develop irrigation infrastructure and promote rangeland recovery, IFAD has boosted agricultural productivity and diversification. Less positively, its programme has had only a modest impact on the social and economic empowerment of women and youth, and the sustainability of some investments remains uncertain.

In 2018, two evaluation syntheses were completed. The first, examining partnerships for enhanced development effectiveness, noted that global and regional partnerships had received much attention at the corporate level, but that most initiatives were insufficiently linked to country programmes and had produced limited results in terms of innovation and scaling up within countries. It also highlighted the need for IFAD to work with a broader range of partners and to adjust its operational model by improving resource mobilization, allocation and utilization from diverse sources.

The second synthesis focused on IFAD's support to livelihoods in small-scale fisheries, small-scale aquaculture and coastal zones. IFAD achieved notable success in some countries where it engaged with partners in aquaculture or fisheries over several years. In-house expertise also increased IFAD's capacity to collaborate effectively and build partnerships with organizations with greater technical resources in the sector. The report emphasized the need for IFAD to enhance the quality of its interventions through more technical depth, improved analysis of countries' socio-economic contexts, and better integration of environmental sustainability and climate change adaptation measures.

An impact evaluation of the Smallholder Horticulture Marketing Programme in Kenya concluded that the value chain approach adopted was relevant to smallholders' needs, but that interventions related to market structures had not yielded the expected results. The evaluation recommended a better integrated approach to value chains, with infrastructure investments being accompanied by interventions that foster effective collaboration among stakeholders.

In May, IFAD organized an international conference on rural inequalities to explore whether poverty-reduction strategies and programmes reduce disparities within rural areas. The event enabled the sharing and capturing of new experiences and knowledge, with informed discussion on the importance of staying ahead of the innovation curve by capturing inequalities, and the implications thereof to the evaluation function.

Pursuant to a decision by the IFAD Executive Board that an external peer review be conducted of the Fund's evaluation function, related activities were carried out in 2018. These included self-assessments, interviews and stakeholder surveys. A final report will be issued in 2019.

In September 2018, IFAD hosted the launch of the book *Evaluation for Inclusive and Sustainable Rural Transformation*, which examines the evolution of the independent evaluation function at IFAD.

Read more about evaluation work at: www.ifad.org/evaluation

Transparency in action

In 2017, IFAD renewed its commitment to transparency in the new business model proposed for the Fund's 11th replenishment cycle (2019-2021) and in the document Increasing Transparency for Greater Accountability – Action Plan presented to the 122nd Session of the Executive Board. With considerably more weight now being given to transparency on an institution-wide basis, IFAD is taking concrete steps through its Transparency Action Plan, which includes key commitments to do development differently.

In 2018, IFAD implemented many of the actions identified in the plan, covering: operations; management of financial and human resources; and internal oversight and information to governing bodies.

Regarding operations, IFAD began publishing its project disbursement data on the International Aid Transparency Initiative website. The Fund also initiated disclosure of project supervision documents and completion reports, planned projects and GIS information on project areas on its website. Meeting another commitment, IFAD's website now contains country income classification and financing terms of borrowers.

As regards management of financial and human resources, the Executive Board and the Audit Committee were provided with information on corporate risks and risk management practices. IFAD also made available on its website the daily subsistence allowance rates to the Executive Board, as well as relevant sections of the Corporate Procurement and Travel Guidelines. In addition, a summary of IFAD's Code of Conduct and whistle-blower procedures was posted on its website in the four official languages.

In terms of internal oversight and information to governing bodies, the Annual Report on the Activities of the Office of Audit and Oversight was shared with the Executive Board after review by the Audit Committee.

Together, these actions show the substantial progress made by IFAD in 2018 on the path towards greater transparency.

Investigation and anticorruption activities

The IFAD Executive Board approved the Fund's revised anticorruption policy in December 2018. The policy incorporates best practices applied by other international financial institutions, and strengthens the legal framework for IFAD and its Member States to prevent and address corruption more effectively. IFAD will support the implementation and mainstreaming of the new elements of this policy, along with other legal instruments, through regular communication to IFAD stakeholders, especially project staff and vendors.

In 2018, awareness-raising and capacity-building activities aimed at preventing, identifying and mitigating prohibited practices in IFAD-supported activities contributed to risk mitigation, especially in project procurement. The management of risk was also supported by providing assurance and advice gained through internal audit engagements. In 2018, these engagements included a strong focus on the adequacy of internal controls over IFAD country offices and the procurement and financial supervision of IFAD-supported country programmes. Outreach and training activities included an anticorruption e-learning course; training on techniques and tools to strengthen stakeholders' capacity for addressing issues pertaining to prohibited practices (especially through IFAD's Operations Academy and workshops); staff induction training; and International Anti-Corruption Day. Every effort was made to ensure adequate outreach to IFAD country offices and regional hubs in the context of IFAD's ongoing decentralization.

The number of allegations of wrongdoing increased significantly in 2018, probably as a result of IFAD's strengthened anticorruption outreach activities, given that most allegations were received through IFAD operational units and/or staff. IFAD continues to proactively prevent irregular practices through awareness-raising, capacity-building and fraud-risk-mitigation activities.

Where appropriate, the results of investigations led to sanctions, referrals to governments for investigation, and/or action on the part of management to address or mitigate the risks identified. IFAD's annual reports on investigation and anticorruption activities, as well as details on how to report fraud and corruption, are available at www.ifad.org/anticorruption.

In 2019, the main priority of IFAD's anticorruption activities will be the timely and effective investigation of allegations. The intensified awareness activities of recent years and the ever-increasing close geographical proximity of much of IFAD's workforce to programme activities are expected to contribute to a continuation of the increasing trend in allegations of wrongdoing. To intensify its focus on combating fraud and corruption, a more proactive approach will be taken, including a pilot country-programme fraud-profiling tool, and inclusion of an internal audit engagement on the management of fraud risks related to cash flow and assets. Lastly, IFAD will establish strategic alliances with non-governmental anticorruption organizations, such as Transparency International, to exchange knowledge and experiences and optimize its responses to fraud and corruption.

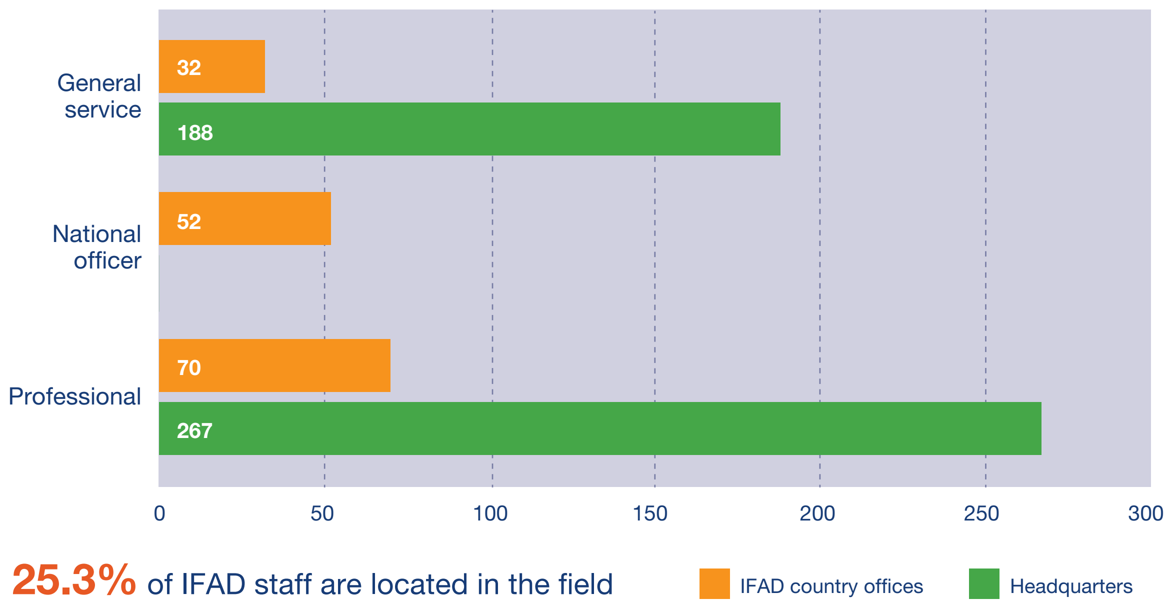
Human resource management

In 2018, the recruitment of the new IFAD executive management team was finalized, with the appointment of the vice-president and three associate vice-presidents. In addition, IFAD appointed six directors as part of the management team.

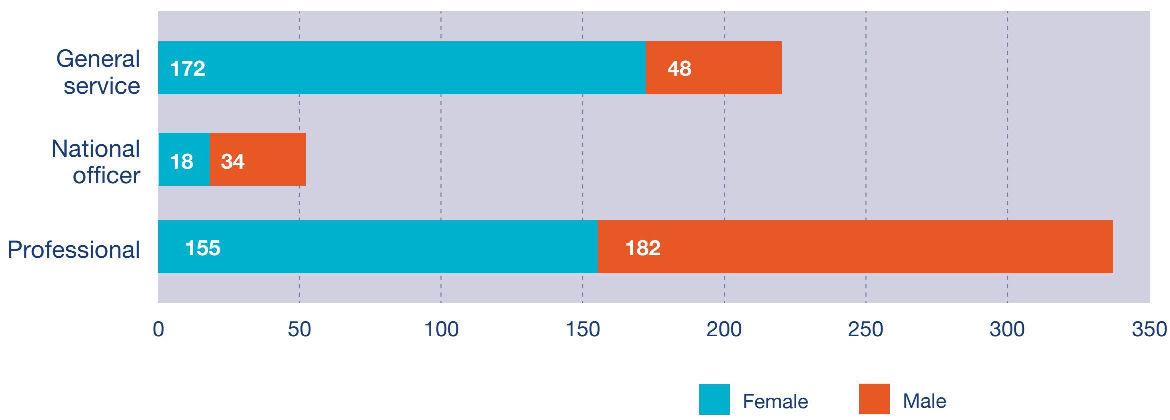
Throughout 2018, work was ongoing to implement IFAD's reform agenda geared to increasing the organization's presence on the ground through a new decentralized structure. The main concepts of mobility as a fundamental component of IFAD's work, with related new reassignment procedures and incentives, were designed and applied in the roll-out of decentralization and realignment of non-operation functions exercises. Almost 100 international professional staff were reassigned, more than 60 of them relocating to, from or across IFAD hubs and country offices, thereby increasing IFAD's staff presence in the field from 18 per cent to over 25 per cent (see figure). The change was managed in a collaborative way – with interactive all-staff meetings to inform staff on the reassignment process, as well as on benefits and entitlements. In addition, individual briefings helped answer queries and provide tailored information. The IFAD medical team catered to the individual needs of staff members and their families at the time of relocation.

As part of the reform agenda, and as an additional workforce management measure, a voluntary separation programme saw 17 staff members leave IFAD in 2018, 15 of them in the general service category at headquarters

Where IFAD staff work



Staff breakdown by category and gender



in Rome. A first wave of reassignment of general service staff in Rome was finalized in December.

As a result of decentralization, new positions were created in IFAD country offices, generating an exceptional recruitment effort during the summer. To ensure a large and varied pool of qualified candidates, IFAD launched an extensive recruitment campaign in the four official languages online and in the international press and local newspapers in more than 15 countries. The campaign attracted more than 6,000 applications.

The shift in IFAD's business model requires a geographically and functionally mobile workforce. For this reason, IFAD has been reviewing and re-engineering many of its processes – integrating performance management, succession planning, skills inventory, staff development, promotion and mobility into a new talent management framework.

In 2018, there were a total of 132 recruitment exercises for positions in all staff categories, of which 78 were international professional positions; for the 44 international professional selections finalized in 2018, the average recruitment time was 76 days.

As at 31 December 2018, in IFAD country offices around the world, there were 68 international professional staff, 2 junior professional officers, 52 national officers and 32 national general service staff.

Staff statistics as at 31 December 2018 were:

- Total staff numbered 609, including junior professional officers.
- Of the total, 389 were in the professional and higher categories and 220 in the general service category (see figure).
- IFAD staff included nationals from 98 Member States.
- Women constituted 20 per cent of associate vice-presidents, 44 per cent of the professional and higher categories of staff, and 78 per cent of the general service category.
- Overall, 57 per cent of IFAD staff were women.

Ethics

IFAD's Ethics Office provides guidance on, reinforces and promotes the core values and standards of integrity expected within IFAD. In carrying out this mandate, it manages the organization's programmes on ethics, anti-harassment and the prevention of sexual exploitation and abuse. It conducts regular training of IFAD staff in these areas. In line with IFAD's commitment to transparency, the organization attaches the utmost importance to demonstrating it has internal control measures in place to prevent and mitigate conflicts of interest. To this end, the Ethics Office manages the annual declaration by staff of compliance with the Code of Conduct and the annual financial disclosure programme. In 2018, the Ethics Office contributed to the enhancement of the corporate risk management framework and mitigation strategies.

The Ethics Office provides confidential guidance to managers and staff on ethical issues, including violations of IFAD's Code of Conduct and core values. In 2018, about 200 consultations were held on such matters. The Ethics Office reviews allegations of violations of the code and, where appropriate, requests the Office of Oversight and Audit to investigate. The Ethics Office ensures confidentiality and the application of whistle-blower protection procedures to safeguard staff against retaliation for reporting unethical conduct and for cooperating with duly authorized audits or investigations.

In 2018, IFAD gave particular attention to combating sexual harassment, sexual exploitation and abuse and to fulfilling the IFAD11 commitment in this regard. Following the United Nations Secretary-General's request to all United Nations organizations, the Ethics Office led an IFAD multidivisional task force to strengthen rules and procedures and to oversee full implementation of IFAD's policy (released in April 2018) on preventing and responding to sexual harassment, sexual exploitation and abuse. In addition to managing mandatory online training, the Ethics Office provided awareness-raising sessions and classroom training on the issue at headquarters, country offices, regional hubs and regional events.

IFAD is committed to applying the best safeguarding standards, and to this end, in 2018, the director of the Ethics Office attended the annual conference of the Ethics Network of Multilateral Organizations and liaised regularly with the ethics representatives of the other Rome-based agencies. The Ethics Office represents IFAD on the Inter-Agency Standing Committee Task Team on Accountability to Affected Populations and Protection from Sexual Exploitation and Abuse, and on the Chief Executives Board Task Force on Addressing Sexual Harassment within the organizations of the United Nations system. In addition, the director of IFAD's Ethics Office is a member of the International Ombudsman Association.

Information and communications technology at IFAD

The Operational Results Management System is the corporate portal that delivers on the objectives of the 2016 Development Effectiveness Framework. In 2018, it was enhanced to support more efficient and effective project design, and evidence-based portfolio management and decision-making. Two new modules were added to the portal to drive concept-note and project-design formulation. Moreover, it was integrated with project geolocation data. The portal allows IFAD to measure results systematically from design through supervision to completion, which in turn fosters dialogue with partners, ensures alignment with sector and country development priorities, and supports closer coordination with other important stakeholders.

The IFAD Client Portal is a key external component of IFAD's strategy for client engagement, enabling transparency and enhanced services. It serves to improve the experience of clients in doing business with IFAD. It is fully integrated with IFAD back-end systems, in particular with the banking solution and treasury, for real-time disbursements. It also provides a direct, secure channel between IFAD and clients for business transactions and the exchange of related information. In 2018, the IFAD Client Portal was integrated with the No Objection Tracking System, and released in French and Spanish to enable its roll-out to non-English-speaking countries. During the IFAD11 period (2019-2021), the aim is to expand its functionality towards a more strategic platform supporting a variety of business activities with more diverse audiences. By the end of 2018, the IFAD Client Portal had been rolled out to 32 per cent of countries (28 countries, plus FAO and Bioversity).

The new field offices and hubs set up in 2018 were technically enabled to ensure seamless collaboration across all IFAD offices. The organizational realignment and the prioritized changes to the Delegation of Authority Framework, to transfer more authority and accountability to regional hub heads, were implemented within corporate systems. Administrative management at the hub level will now be done within core information technology systems – ensuring one process for all and allowing oversight by regional directors.

Implementation of the ifad.org website in the four official languages (Arabic, English, French and Spanish) in 2018 further strengthened IFAD's commitment to outreach and stakeholder engagement. In addition, IFAD enriched its website to show project locations where it is working, and to make information such as lending terms data externally available.

Resource mobilization, financial management and grant allocation

Tenth Replenishment of IFAD's Resources (2016-2018)

The past year, 2018, was the third and final year of IFAD's Tenth Replenishment (IFAD10) period. As at 31 December 2018, 104 countries had pledged a total of US$1.1 billion to IFAD10. Instruments of contribution (IOCs) deposited (including payments with no prior IOC deposit) amounted to US$1.08 billion, or 98 per cent of total pledges received.

Also as at 31 December 2018, Debt Sustainability Framework (DSF) compensation shares pledged amounted to US$2.9 million, leaving a shortfall of US$0.5 million to reach the full compensation for forgone principal reflows under the Debt Sustainability Framework of US$3.4 million.

Eleventh Replenishment of IFAD's Resources (2019-2021)

As at 31 December 2018, 82 countries had pledged a total of US$934.4 million to IFAD's Eleventh Replenishment (IFAD11). IOCs deposited (including payments with no prior IOC deposit) amounted to US$798.2 million, or 83 per cent of total pledges received.

Also as at 31 December 2018, Debt Sustainability Framework compensation shares pledged amounted to US$31 million, leaving a shortfall of US$8.6 million to reach the full compensation for forgone principal reflows under the Debt Sustainability Framework of US$39.6 million.

Managing IFAD's liquidity, cash flow and financial policies

IFAD manages a total of US$1.6 billion in cash and investments: US$1.0 billion for the regular programme of work, and US$0.6 billion for supplementary programmes and trust funds. Over the course of 2018, internally managed investments increased from 63 per cent to 71 per cent of regular funds under management. They included all supplementary and borrowed funds, as well as a portion of regular resources. The prudent management of IFAD's funds is of fundamental value to the organization, as the investment income supplements IFAD core financing. For 2018, despite challenging market conditions, the investment portfolio yielded a positive net income of US$0.5 million. In view of potential access to international capital markets and preparation for a credit rating assessment, the risk levels of IFAD's investment portfolio were reduced significantly.

Support for decentralization materialized in increased diversification of financial counterparts. In 2018, in the context of the Global Banking Harmonization Project launched by the United Nations Secretary-General, IFAD signed three participation agreements, thereby gaining access to the master banking agreements negotiated by the United Nations headquarters with global financial institutions. Such participation agreements expedite and facilitate the procurement of banking and treasury services at the local level. In addition, in the context of the Delegation of Authority Framework, IFAD implemented the execution of administrative payments in local currency, hence supporting activities at the level of IFAD country offices.

Supplementary funds

Supplementary funds are grant resources administered by IFAD at the request of donors for the benefit of the Fund's developing-country Member States. They are typically used for specific project cofinancing initiatives, studies or technical assistance initiatives, and to support IFAD's Junior Professional Officer programme. Supplementary funds are a particularly important means of scaling up interventions in low-income and lower-middle-income countries, supporting IFAD's engagement in fragile situations, and enhancing engagement with civil society, for example, farmers organizations.

In 2018, IFAD signed 27 new supplementary fund contribution agreements and 18 top-up agreements with 31 donors for a total of US$160.7 million. Examples of activities to be supported under these agreements include:

- Agricultural research, remittances and investments to reduce inequalities and enhance financial inclusion in Africa and gender-transformative approaches, with funding from the European Union
- The Facility for Refugees, Migrants, Forced Displacement and Rural Stability, with funding from the European Union, Norway and Open Society Foundations to cover operations in Jordan, Niger and Sudan
- The China-IFAD South-South and Triangular Cooperation Facility, with funding from China (see p.37)
- The Smallholder and Agri-SME Finance and Investment Network, with funding from the Small Foundation, the David and Lucile Packard Foundation, the New Venture Fund and the United States Agency for International Development
- The Junior Professional Officer programme, with funding from Finland, Germany, Italy, Japan, Republic of Korea and Switzerland.

In addition, the European Union and the African, Caribbean and Pacific Group of States committed EUR 45 million to the Financial Instrument and the Autonomous Technical Assistance of the ABC Fund (see p.33).

For cofinancing through supplementary funds, Denmark supported smallholders and agrifood small and medium-sized enterprises in Mali. The United Nations Office for South-South Cooperation contributed to increase the productivity, capacity and income of rural households in Zambia, while the OPEC Fund for International Development provided its support to increase climate resilience, land productivity, agricultural production and marketing opportunities for rural producer households in the West Bank. The Abu Dhabi Fund for Development supported the Guinea Agricultural Support Project by covering the costs necessary for supervision and implementation support.

TABLE 1
IFAD at a glance, 1978-2018[a, b]

		2014	2015	2016	2017	2018	1978-2018
Operational activities[c, d]							
Loan and DSF grant approvals							
Number of programmes and projects		26	37	22	34	28	1 095
Amount	US$ million	625.8	1 143.4	703.7	1 276.2	1 121.3	19 363.6
Grant approvals							
Number		64	70	53	56	49	2 843
Amount	US$ million	50.6	73.6	56.9	61.6	67.8	1 230.0
Adaptation for Smallholder Agriculture Programme Trust Fund							
Number		10	14	5	3	–	41
Amount	US$ million	83.0	94.1	29.0	5.0	–	309.0
Total IFAD loan and grant operations	US$ million	**759.4**	**1 311.1**	**789.6**	**1 342.8**	**1 189.1**	**20 902.6**
Cofinancing	US$ million	**238.4**	**1 063.6**	**158.6**	**239.1**	**382.4**	**11 880.1**
Multilateral		128.0	861.7	98.9	188.1	214.3	8 906.2
Bilateral		4.5	21.2	45.9	3.0	25.3	1 811.7
NGO		0.9	–	4.0	4.2	1.4	64.6
Other[e]		104.9	180.7	9.8	43.8	141.5	1 097.7
Domestic contributions	US$ million	**601.0**	**925.5**	**393.3**	**769.5**	**686.7**	**16 078.2**
Total programme and project cost[f]	US$ million	**1 552.9**	**3 319.7**	**1 299.3**	**2 367.4**	**2 431.7**	**48 236.4**
Programmes and projects							
Number of effective programmes and projects under implementation		224	231	212	211	206	–
Number of programmes and projects completed		45	29	36	27	27	849
Number of approved programmes and projects initiated by IFAD		26	34	21	34	28	927
Number of recipient countries/territories (current portfolio)		99	99	98	99	101	–
Loan disbursements	US$ million	485.6	486.6	538.9	631.0	626.8	11 685.8
DSF grant disbursements	US$ million	157.4	125.6	123.9	127.7	138.6	1 072.3
Loan repayments[g]	US$ million	293.9	320.8	299.2	315.9	341.9	6 368.5
Membership and administration							
Member States – at end of period		172	173	176	176	176	–
Professional staff – at end of period[h]		344	364	379	378	389	–

[a] IFAD loans and DSF grants for investment programmes and projects are denominated in special drawing rights. For the reader's convenience, tables and charts use figures shown in US$ equivalents, as per the President's report for each programme or project approved by the Executive Board. Any discrepancy in totals is the result of rounding.

[b] Figures for 1986-1995 include the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification.

[c] Excludes fully cancelled programmes and projects. Excludes the Programme Development Financing Facility.

[d] The Smallholder Commercialization Programme approved in 2011 for Sierra Leone and the Strategic Support for Food Security and Nutrition Project in the Lao People's Democratic Republic approved in 2016 are supervised by IFAD and funded by a grant from the Global Agriculture and Food Security Program. The programmes are counted under the number of programmes and projects but have no IFAD financing.

[e] Includes financing under basket or similar funding arrangements, financing from private-sector resources and financing that was not confirmed at the time of the Executive Board approval.

[f] Includes DSF grants, component grants, and excludes grants not related to investment projects. Includes other non-regular financing managed by IFAD such as the Fund for Gaza and the West Bank and the Facility for Refugees, Migrants, Forced Displacement and Rural Stability.

[g] Loan repayments relate to principal repayments and include repayments on behalf of Heavily Indebted Poor Countries Debt Initiative countries.

[h] Includes national professional officers in country offices.

TABLE 2
Supplementary funds received in 2018
Amounts in US$ million[a]

Donor	Junior Professional Officer programme	Cofinancing (excluding parallel cofinancing)	Thematic and technical assistance	Total
Abu Dhabi Fund for Development	–	0.3	–	0.3
Adaptation Fund	–	1.2	–	1.2
Canada	–	1.0	0.3	1.3
China	–	–	5.0	5.0
David and Lucile Packard Foundation	–	–	0.1	0.1
Denmark	–	5.2	–	5.2
Estonia	–	–	0.1	0.1
European Union	–	16.9	45.3	62.2
Finland	0.3	–	–	0.3
Food and Agriculture Organization of the United Nations	–	–	0.2	0.2
France	0.1	–	0.4	0.5
Germany	0.3	2.4	0.6	3.3
Global Agriculture and Food Security Program	–	15.5	–	15.5
Global Environment Facility	–	18.3	–	18.3
Hungary	–	–	0.1	0.1
Ireland	–	–	1.1	1.1
Italy	0.2	–	0.1	0.3
Japan	0.1	–	–	0.1
Least Developed Countries Fund	–	10.0	–	10.0
Luxembourg	–	–	2.9	2.9
Netherlands	0.1	–	1.0	1.1
New Venture Fund	–	–	0.1	0.1
Norway	–	2.3	–	2.3
OPEC Fund for International Development	–	0.3	–	0.3
Open Society Foundations	–	0.5	–	0.5
Republic of Korea	0.3	–	0.9	1.2
Russian Federation	–	0.8	–	0.8
Special Climate Change Fund	–	14.0	–	14.0
Sweden	0.1	–	2.2	2.3
Switzerland	0.1	–	0.4	0.5
The Rockefeller Foundation	–	–	0.2	0.2
United Nations Development Programme	–	–	0.8	0.8
United Nations Office for South-South Cooperation	–	0.5	–	0.5
United States of America	–	–	0.3	0.3
Total	**1.6**	**89.2**	**62.1**	**152.9**

[a] Amounts received in currencies other than United States dollars are converted at the prevailing exchange rate on the date the payment was received.

TABLE 3
IFAD financing by region, 1978-2018[a, b]

		1978-2009	2010-2012	2013-2015	2016-2017	2018	1978-2018
West and Central Africa							
Total amount	US$ million	1 926.2	592.3	587.1	266.9	372.6	3 745.0
Number of programmes and projects		182	21	18	4	11	236
East and Southern Africa							
Total amount	US$ million	2 087.8	619.9	602.4	505.4	225.6	4 084.5
Number of programmes and projects		152	17	15	12	4	200
Asia and the Pacific							
Total amount	US$ million	3 605.4	854.3	1 024.8	675.3	420.4	6 580.2
Number of programmes and projects		204	26	27	14	6	277
Latin America and the Caribbean							
Total amount	US$ million	1 670.0	272.2	227.7	191.3	77.6	2 438.8
Number of programmes and projects		139	17	13	11	4	184
Near East, North Africa and Europe							
Total amount	US$ million	1 878.5	370.8	349.2	395.9	40.9	2 991.9
Number of programmes and projects		147	18	15	15	3	198
Total IFAD financing[c]	US$ million	**11 167.8**	**2 709.5**	**2 791.2**	**2 034.8**	**1 137.1**	**19 840.4**
Total number of programmes and projects[d]		**824**	**99**	**88**	**56**	**28**	**1 095**

[a] Amounts as per the President's report for each programme or project approved by the Executive Board. Financing for programmes and projects includes loans, DSF grants and country-specific grants for investment projects. It does not include other grants unrelated to programmes and projects. Also excludes other non-regular financing managed by IFAD such as the Fund for Gaza and the West Bank and the Facility for Refugees, Migrants, Forced Displacement and Rural Stability.

[b] Total amounts may include additional financing for programmes/projects previously approved.

[c] Any discrepancy in totals is the result of rounding.

[d] Fully cancelled or rescinded programmes and projects are not included.

TABLE 4
Summary of IFAD loans by region and lending terms, and DSF grants, 1978-2018[a]

		West and Central Africa	East and Southern Africa	Asia and the Pacific	Latin America and the Caribbean	Near East, Africa and Europe	Total
DSF grants							
Amount	US$ million	753.8	667.9	323.2	62.1	258.4	2 065.4
Number of grants		57	42	27	10	24	160
Highly concessional loans							
Amount	US$ million	2 681.0	3 127.1	4 293.9	435.9	1 007.0	11 544.9
Number of loans		224	191	222	43	88	768
Hardened loans							
Amount	US$ million					59.1	59.1
Number of loans						5	5
Intermediate loans							
Amount	US$ million	105.2	108.9	607.5	488.0	665.0	1 974.7
Number of loans		11	11	35	51	40	148
Blend loans							
Amount	US$ million	74.0	17.8	434.2	79.9	118.4	724.3
Number of loans		3	2	14	7	6	32
Ordinary loans							
Amount	US$ million	27.6	66.1	784.6	1 329.5	787.5	2 995.3
Number of loans		4	8	18	91	49	170
Total amount	US$ million	**3 641.6**	**3 987.9**	**6 443.4**	**2 395.4**	**2 895.4**	**19 363.6**
Percentage of total IFAD loans and DSF grants		**19**	**21**	**33**	**12**	**15**	**100**
Total number of loans[b,c] and DSF grants		**299**	**254**	**316**	**202**	**212**	**1 283**

[a] Amounts as per the President's report for each programme or project approved by the Executive Board. Includes Regular Programme loans, Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification loans and DSF grants. Includes a loan on highly concessional terms approved in 2005 for Indonesia made up of unused proceeds of a loan approved in 1997 on intermediary terms. Any discrepancy in totals is due to rounding.

[b] A programme or project may be financed through more than one loan or DSF grant and thus the number of loans and DSF grants may differ from the number of programmes or projects shown in other tables.

[c] Fully cancelled or rescinded loans are not included.

TABLE 5
Annual loan disbursements under the Regular Programme, by region, 1979-2018[a]
Amounts in US$ million

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	1979-2018
West and Central Africa	65.9	65.2	65.9	73.6	94.8	75.7	82.5	81.0	80.5	89.4	100.0	1 740.2
East and Southern Africa	86.9	105.2	99.2	104.3	140.6	136.4	99.2	99.2	111.8	189.0	149.4	2 336.4
Asia and the Pacific	102.5	125.6	159.3	230.4	172.2	157.7	180.8	201.6	230.6	197.3	216.8	4 095.2
Latin America and the Caribbean	80.8	60.6	64.1	73.0	66.1	55.2	63.4	51.2	62.9	72.1	86.5	1 709.6
Near East, North Africa and Europe	98.7	71.2	70.2	67.4	62.3	60.2	59.7	53.6	53.1	83.2	74.1	1 804.4
Total[b]	**434.8**	**427.8**	**458.7**	**548.7**	**536.0**	**485.2**	**485.6**	**486.6**	**538.9**	**631.0**	**626.8**	**11 685.8**

[a] Loan disbursements relate solely to Regular Programme loans and exclude the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification.

[b] Any discrepancy in totals is the result of rounding.

TABLE 6
Annual DSF disbursements by region, 2007-2018
Amounts in US$ million

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2007-2018
West and Central Africa	1.1	1.9	9.1	23.8	36.7	49.3	46.9	42.1	36.5	43.3	53.5	344.2
East and Southern Africa	3.6	5.7	17.1	28.3	40.1	45.0	60.0	36.0	39.6	34.0	37.2	347.6
Asia and the Pacific	1.7	3.9	6.8	11.6	21.0	22.9	31.9	23.9	27.5	26.6	27.6	206.3
Latin America and the Caribbean	–	0.6	0.9	3.4	6.6	6.2	6.3	5.2	3.8	7.5	7.8	48.3
Near East, North Africa and Europe	0.1	1.6	5.5	9.2	14.2	19.2	12.3	18.4	16.5	16.3	12.5	125.9
Total[a]	**6.5**	**13.7**	**39.4**	**76.3**	**118.6**	**142.6**	**157.4**	**125.6**	**123.9**	**127.7**	**138.6**	**1 072.3**

[a] Any discrepancy in totals is the result of rounding.

TABLE 7
Loan disbursements by region and lending terms under the Regular Programme, 1979-2018[a]
Amounts in US$ million

	Highly concessional	Intermediate	Ordinary	Hardened	Total
West and Central Africa					
Amount	1 661.5	60.9	17.7	–	1 740.1
Percentage of total loan effective commitment	75	25	69	–	70
East and Southern Africa					
Amount	2 219.9	106.1	10.4	–	2 336.4
Percentage of total loan effective commitment	77	88	14	–	76
Asia and the Pacific					
Amount	3 298.1	535.3	261.8	–	4 095.2
Percentage of total loan effective commitment	82	50	29	–	68
Latin America and the Caribbean					
Amount	403.0	436.2	870.5	–	1 709.7
Percentage of total loan effective commitment	92	82	69	–	77
Near East, North Africa and Europe					
Amount	895.4	527.5	342.1	39.4	1 804.4
Percentage of total loan effective commitment	94	77	42	87	72
Total amount	**8 477.9**	**1 666.0**	**1 502.5**	**39.4**	**11 685.8**
Total percentage of total loan effective commitment	**81**	**62**	**48**	**75**	**71**

[a] Loan disbursements relate solely to Regular Programme loans and exclude the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification, and DSF financing.

IFAD's grant portfolio

Since 1978, IFAD has committed about US$1,230 million in grants (table 1) to fund work with strategic partners. Partners include governments, smallholder farmers and other small-scale rural producers, civil society organizations, research institutions, academia, private-sector actors and other centres of excellence involved in rural and agricultural development. IFAD gives them grants to complement its investment programme by promoting innovations, capacity-building, advocacy and policy engagement, and to generate and share knowledge for development impact.

According to the IFAD Policy for Grant Financing, the goal of grants is to significantly broaden and add value to the support provided to smallholder farming and rural transformation, thereby contributing to rural poverty eradication, sustainable agricultural development, and global food security and nutrition. Rural poor women and men and their organizations are central to every grant-funded initiative.

IFAD has two types of grants, depending on the nature of the innovation and the scope of intervention: global or regional grants, and country-specific grants. In 2018, 49 grants worth a total of US$67.8 million were approved. This included US$50.0 million for 37 global and regional grants, and US$17.7 million for 12 grants in specific countries (table 8).

The primary focus of country-specific grants is on strengthening institutional, implementation and policy capacities, and innovating in thematic areas. They are also utilized to pilot new technologies, approaches and methodologies for later scaling up through IFAD's country programme and by other stakeholders.

Global and regional grants fund innovative responses to rural and agricultural challenges facing partner countries. These grants are driven by thematic and regional corporate-level strategic priorities for partnership, research, policy engagement and capacity-building, determined by the priority areas identified in IFAD's strategic guidance note for grants. As a result, IFAD allocates grant resources according to well-defined corporate strategic directions. In 2018, the areas of focus for global or regional grants were:

- Access of rural youth and vulnerable rural populations to productive assets, financing, natural resources and new skills/capacities
- Advisory and agricultural extension services for smallholder rural producers and their organizations
- Information technology and applications for identifying, monitoring and evaluating opportunities for smallholder farmers in inclusive value chains
- Agricultural research for development to sustainably increase production and productivity for food security, nutrition and income generation.

In 2018, 12 grant recipients were selected through a competitive process, while the winners of IFAD's 2018 Grant Awards were:

- For good practice in design: Self-assessment of In-country Monitoring and Evaluation Systems and Capacities in the Rural Sector through the SDG lens (grant to Helvetas, an independent Swiss development organization).
- For knowledge sharing: Programme for Strengthening Innovation to Improve Income, Food Security and Resilience of Potato Producers (grant to International Potato Center).
- For knowledge sharing: Territorios Productivos – Promoting synergies between conditional cash transfer programmes and productive development (grant to Centro Latinoamericano para el Desarrollo Rural).
- For innovation: Mobilizing Public-Private Partnerships in Support of Women-led Small Business Development (grant to Aga Khan Foundation).

An important task in 2018 involved a review of the Grant Policy and Procedures. The review was conducted to (i) improve grant utilization for the benefit of IFAD's target population, particularly by using grants as a tool to promote innovation and learning; and (ii) ensure that grant processes are efficient and adapted to recent corporate developments, such as the replenishment commitments, decentralization, and changes in organizational structure.

Drawing on a deep and broad consultative process, the review concluded that the Grant Policy continued to be relevant and required no revision. However, the procedures were revised, reflecting senior management decisions and recommendations from recent audits on grant fiduciary management and the recipient selection process. Some of the key changes introduced relate to: sharpening the strategic orientation of the grants; ensuring greater ownership and accountability of senior management in grant submission and management; further tightening the eligibility and review criteria for grants; ensuring more efficient and streamlined design, review and approval processes; tightening the requirements for competitive selection of grant recipients; and further promoting the role of grants in communication to raise awareness of IFAD's work and boost visibility.

TABLE 8
Summary of grant financing, 2014-2018[a]
Amounts in US$ million

	2014	%[b]	2015	%	2016	%	2017	%	2018	%	2014-2018	%
Global/regional grants												
Amount	39.5	78	54.9	75	44.7	78.6	47.2	76.6	50.0	73.7	236.3	76.1
Number of grants	45		43		38		35		37		198	
Country-specific grants												
Stand-alone												
Amount	5.4	11	9.2	13	3.2	5.6	3.8	6.1	2.0	2.9	23.6	7.6
Number of grants	11		14		3		7		3		38	
Loan component												
Amount	4.7	9.3	9	12	8.6	15.1	10.7	17.3	15.8	23.3	48.8	15.7
Number of grants	6		12		11		14		9		52	
Total country-specific												
Amount	10.1	20	18.2	25	11.8	20.7	14.4	23.4	17.7	26.1	72.2	23.3
Number of grants	17		26		14		21		12		90	
Other DSF grants												
Amount	1	2	0.5	0.7	0.4	0.7	–	–	–	–	1.9	0.6
Number of grants	2		1		1		–		–		4	
Total all windows												
Amount	**50.6**	**100**	**73.6**	**100**	**56.9**	**100**	**61.6**	**100**	**67.8**	**100**	**310.5**	**100**
Number of grants	**64**		**70**		**53**		**56**		**49**		**292**	

[a] Any discrepancy in totals is the result of rounding.
[b] Percentage share of total amount for the period specified.

ORGANIZATION, MEMBERSHIP AND REPRESENTATION

See the current IFAD organigramme here: http://bit.ly/ifadorganigramme

As at 31 December 2018, IFAD had a total membership of 176 countries – 27 in List A, 12 in List B, 137 in List C (of which 50 in Sub-List C1, 55 in Sub-List C2 and 32 in Sub-List C3).

List A
Austria
Belgium
Canada
Cyprus
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Iceland
Ireland
Israel
Italy
Japan
Luxembourg
Netherlands
New Zealand
Norway
Portugal
Russian Federation
Spain
Sweden
Switzerland
United Kingdom
United States

List B
Algeria
Gabon
Indonesia
Iran (Islamic Republic of)
Iraq
Kuwait
Libya
Nigeria
Qatar
Saudi Arabia
United Arab Emirates
Venezuela (Bolivarian Republic of)

<u>List C</u>

Sub-List C1
Africa

Angola
Benin
Botswana
Burkina Faso
Burundi
Cabo Verde
Cameroon
Central African Republic
Chad
Comoros
Congo
Côte d'Ivoire
Democratic Republic of the Congo
Djibouti
Egypt
Equatorial Guinea
Eritrea
Eswatini
Ethiopia
Gambia (The)
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mauritius
Morocco
Mozambique
Namibia
Niger
Rwanda
Sao Tome and Principe
Senegal
Seychelles
Sierra Leone
Somalia
South Africa
South Sudan

Sub-List C2
Europe, Asia and the Pacific

Afghanistan
Albania
Armenia
Azerbaijan
Bangladesh
Bhutan
Bosnia and Herzegovina
Cambodia
China
Cook Islands
Croatia
Democratic People's Republic of Korea
Fiji
Georgia
India
Jordan
Kazakhstan
Kiribati
Kyrgyzstan
Lao People's Democratic Republic
Lebanon
Malaysia
Maldives
Malta
Marshall Islands
Micronesia (Federated States of)
Mongolia
Montenegro
Myanmar
Nauru
Nepal
Niue
Oman
Pakistan
Palau
Papua New Guinea
Philippines
Republic of Korea
Republic of Moldova
Romania
Samoa

Sub-List C3
Latin America and the Caribbean

Antigua and Barbuda
Argentina
Bahamas (The)
Barbados
Belize
Bolivia (Plurinational State of)
Brazil
Chile
Colombia
Costa Rica
Cuba
Dominica
Dominican Republic
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay
Peru
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Suriname
Trinidad and Tobago
Uruguay

Sudan	Solomon Islands
Togo	Sri Lanka
Tunisia	Syrian Arab Republic
Uganda	Tajikistan
United Republic of Tanzania	Thailand
Zambia	The former Yugoslav Republic of Macedonia
Zimbabwe	Timor-Leste
	Tonga
	Turkey
	Tuvalu
	Uzbekistan
	Vanuatu
	Viet Nam
	Yemen

LIST OF GOVERNORS AND ALTERNATE GOVERNORS OF IFAD MEMBER STATES IN 2018[1]

	Governor	Alternate Governor
AFGHANISTAN	Abdul Waheed Omer	—
ALBANIA	Arben Ahmetaj	Roni Telegrafi
ALGERIA	Abdelkader Bouazgui	Abdelhamid Senouci Bereksi *(January - November 2018)* — *(November 2018 -)*
ANGOLA	Marcos Alexandre Nhunga	Florêncio Mariano da Conceição de Almeida
ANTIGUA AND BARBUDA	— *(January - August 2018)* Karen Mae Hill *(August 2018 -)*	— *(January - August 2018)* Colin O'Keiffe *(August 2018 -)*
ARGENTINA	María Cristina Boldorini	—
ARMENIA	Ignati Araqelyan *(January - August 2018)* Arthur Khachatryan *(August - October 2018)* — *(October – December 2018)*	Zohrab V. Malek
AUSTRIA	Edith Frauwallner	Elisabeth Gruber
AZERBAIJAN	Heydar Khanish oglu Asadov *(January - May 2018)* Inam Imdad Karimov *(May 2018 -)*	Mammad Bahaddin Ahmadzada
BAHAMAS (THE)	Renward Wells	Eldred Edison Bethel
BANGLADESH	Abul Maal Abdul Muhith	—
BARBADOS	—	—
BELGIUM	Frank Carruet	—
BELIZE	Jose Alpuche	—
BENIN	Gaston Dossouhoui	Evelyne Togbe-Olory
BHUTAN	Yeshey Dorji *(January - December 2018)* Yeshey Penjor *(December -)*	Kinga Singye

[1] Dates in parentheses indicate what period the representative served within the year. Where no date is given, this indicates that the representative served for the entire year.

BOLIVIA (PLURINATIONAL STATE OF)	— *(January - February 2018)* Carlos Aparicio Vedia *(February 2018 -)*	—
BOSNIA AND HERZEGOVINA	Josip Gelo *(January - October 2018)* Darko Zelenika *(October 2018 -)*	Gildzana Tanovic
BOTSWANA	Kgotla K. Autlwetse *(January - October 2018)* Frans van der Westhuizen *(October 2018 -)*	Biopelo Khumomatlhare *(January - October 2018)* Jimmy R. Opelo *(October 2018 -)*
BRAZIL	Dyogo Henrique de Oliveira *(January - April 2018)* Esteves Pedro Colnago Junior *(April 2018 -)*	— *(January - October 2018)* Fernando José Marroni de Abreu *(October 2018 -)*
BURKINA FASO	Hadizatou Rosine Coulibaly Sori	Ambroise Kafando
BURUNDI	Phil Domitien Ndihokubwayo	Déo Guide Rurema
CABO VERDE	Manuel Augusto Lima Amante da Rosa	Sónia Cristina Martins *(January - July 2018)* — *(July – October 2018)* Elsa Barbosa Simões *(October 2018 -)*
CAMBODIA	Aun Pornmoniroth	Veng Sakhon
CAMEROON	Clémentine Ananga Messina	Dominique Awono Essama
CANADA	Christopher MacLennan	Michel Gagnon *(January - September 2018)* Stephen Potter *(September - October 2018)* Sue Szabo *(October 2018 -)*
CENTRAL AFRICAN REPUBLIC	Honoré Feizoure	Mahamat Yacoub Taïb
CHAD	Asseid Gamar Sileck *(January - December 2018)* Lydie Beassemda *(December 2018 -)*	—
CHILE	Luis Fernando Ayala González	—

CHINA	Shi Yaobin *(January - April 2018)* — *(April – November 2018)* Zou Jiayi *(November 2018 -)*	Chen Shixin
COLOMBIA	Juan Rafael Mesa Zuleta *(January - September 2018)* — *(September – October 2018)* Gloria Isabel Ramírez Ríos *(October 2018 -)*	—
COMOROS	Moustadroine Abdou	—
CONGO	Henri Djombo	Mamadou Kamara Dekamo *(January - February 2018)* — *(February 2018 -)*
COOK ISLANDS	—	—
COSTA RICA	Marco Vinicio Vargas Pereira	Miguel Ángel Obregón López *(January - April 2018)* — *(April 2018 -)*
CÔTE D'IVOIRE	Mamadou Sangafowa Coulibaly	Seydou Cissé
CROATIA	Jasen Mesić	—
CUBA	Rodrigo Malmierca Díaz	Carlos Rodríguez Ruiz
CYPRUS	George F. Poulides	Spyridon Ellinas
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	Mun Jong Nam *(January - July 2018)* — *(July 2018 -)*	Rim Song Chol
DEMOCRATIC REPUBLIC OF THE CONGO	Georges Kazadi Kabongo	Léopold Mulumba Mfumu Kazadi *(January - March 2018)* Evariste Bushabu Bopeming *(March 2018 -)*
DENMARK	Morten Jespersen	Vibeke Gram Mortensen

DJIBOUTI	Mohamed Ahmed Awaleh	Ayeid Mousseid Yahya
DOMINICA	—	—
DOMINICAN REPUBLIC	Antonio Vargas Hernández	Mario Arvelo Caamaño
ECUADOR	Carlos Alberto de la Torre *(January - April 2018)* María Elsa Viteri Acaiturri *(April - June 2018)* Richard Martínez Alvarado *(June 2018 -)*	Rubén Ernesto Flores Agreda *(January - November 2018)* Xavier Enrique Lazo Guerrero *(November 2018 -)*
EGYPT	Abdel Moneem El Banna *(January - June 2018)* Ezz AlDin Abosteit *(June 2018 -)*	Hisham Mohamed Badr
EL SALVADOR	Sandra Elizabeth Alas Guidos	—
EQUATORIAL GUINEA	Víctor Grange Meile *(January - May 2018)* Nicolás Houtonji Akapo *(May 2018 -)*	Miguel Mba Nchama Mikue
ERITREA	Arefaine Berhe	Fessehazion Pietros
ESTONIA	—	Ruve Schank *(January - March 2018)* Galina Jevgrafova *(March - October 2018)* — *(October 2018 -)*
ESWATINI	Jabulani Mabuza	Eric Maziya
ETHIOPIA	Eyasu Abrha *(January - May 2018)* Shiferaw Shigutie *(May 2018 -)*	Zenebu Tadesse Woldetsadik
FIJI	Inia Batikoto Seruiratu	Viam Pillay
FINLAND	Elina Kalkku	Satu Santala
FRANCE	Guillaume Chabert	—
GABON	Yves Fernand Manfoumbi *(January - February 2018)* Biendi Maganga Moussavou *(February 2018 -)*	Rachelle Ewomba-Jocktane
GAMBIA (THE)	Omar A. Jallow *(January - June 2018)* Lamin N. Dibba *(June 2018 -)*	—

GEORGIA	Levan Davitashvili	Karlo Sikharulidze *(January - August 2018)* — *(August 2018 -)*
GERMANY	Dominik Ziller	—
GHANA	Owusu Afriyie Akoto	Paulina Patience Abayage *(January - October 2018)* — *(October 2018 -)*
GREECE	— *(January - February 2018)* Tasia Athanasiou *(February 2018 -)*	Alexios Marios Lyberopoulos *(January - August 2018)* Christina Argiropoulou *(September 2018 -)*
GRENADA	Yolande Bain-Horsford	—
GUATEMALA	— *(January - July 2018)* Karla Gabriela Samayoa Recari *(July 2018 -)*	Sylvia Wohlers de Meie
GUINEA	Mariama Camara	Mohamed Chérif Diallo
GUINEA-BISSAU	— *(January - June 2018)* Nicolau Dos Santos *(June 2018 -)*	— *(January - August 2018)* Kaoussou Diombera *(August 2018 -)*
GUYANA	Noel Holder	George Jervis
HAITI	—	—
HONDURAS	Jacobo Páz Bodden *(January 2018)* — *(February - October 2018)* Mauricio Guevara Pinto *(October 2018 -)*	—
HUNGARY	Katalin Tóth	Zoltán Kálmán
ICELAND	María Erla Marelsdóttir	Auðbjörg Halldórsdóttir
INDIA	Subhash Chandra Garg	Anurag Agarwal *(January - July 2018)* Prashant Goyal *(August 2018 -)*
INDONESIA	Rionald Silaban	—
IRAN (ISLAMIC REPUBLIC OF)	Majid Bizmark *(January - March 2018)* Seyed Ali Mohammad Mousavi *(March 2018 -)*	—

IRAQ	Falah Hassan Zaidan *(January - December 2018)* Saleh Hussein Jebur *(December 2018 -)*	Ahmad A.H. Bamarni
IRELAND	Colm Ó Floinn	Damien Kelly *(January - August 2018)* — *(August - September 2018)* Paul James Kiernan *(September 2018 -)*
ISRAEL	Ofer Sachs	Sharon Kabalo *(January - September 2018)* — *(September 2018 -)*
ITALY	Enrico Morando *(January - June 2018)* — *(June 2018 - August 2018)* Giovanni Tria *(August 2018 -)*	—
JAMAICA	Karl Samuda *(January - June 2018)* Audley Shaw *(June 2018 -)*	Wayne McCook
JAPAN	Keiichi Katakami	Takashi Miyahara *(January - October 2018)* Toshio Oya *(October 2018 -)*
JORDAN	Imad Fakhoury *(January - June 2018)* Mary Qawar *(June 2018 -)*	Mahmmud Khaled Suleiman Al-Jam'ani
KAZAKHSTAN	Sergey Nurtayev	Seit Nurpeissov
KENYA	Willy Bett *(January - March 2018)* Mwangi Kiunjuri *(March 2018 -)*	—
KIRIBATI	Alexander Teabo	Taare Uriam Aukitino
KUWAIT	Nayef Falah Al-Hajraf	Hesham I. Al-Waqayan *(January - October 2018)* Marwan Al-Ghanem *(October 2018 -)*
KYRGYZSTAN	—	—

LAO PEOPLE'S DEMOCRATIC REPUBLIC	Somdy Douangdy	—
LEBANON	Majida Mcheik	Rania Khalil Zarzour
LESOTHO	Mahala Molapo	—
LIBERIA	Seklau E. Wiles *(January - April 2018)* Mogana S. Flomo, Jr. *(April 2018 -)*	Peter Korvah
LIBYA	— *(January - November 2018)* Abdulmunam Fellah *(November 2018 -)*	—
LUXEMBOURG	Romain Schneider *(January - December 2018)* Paulette Lenert *(December 2018 -)*	Manuel Tonnar *(January - February 2018)* Paul Dühr *(February 2018 -)*
MADAGASCAR	Randriarimanana Harison Edmond	Ratohiarijaona Rakotoarisolo Suzelin
MALAWI	Jermoth Ulemu Chilapondwa *(January - November 2018)* — *(November 2018 -)*	Jeffrey H. Luhanga *(January - August 2018)* Gray Nyandule Phiri *(August 2018 -)*
MALAYSIA	Mohd Irwan Serigar Bin Abdullah *(January - October 2018)* Ahmad Badri Mohd Zahir *(October 2018 -)*	Abdul Samad Othman *(January - June 2018)* Abdul Malik Melvin Castelino bin Anthony *(June 2018 -)*
MALDIVES	Mohamed Shainee *(January - December 2018)* Zaha Waheed *(December 2018 -)*	Mohamed Jaleel
MALI	Nango Dembélé	Bruno Maïga
MALTA	Justin Zahra	Saviour Debono Grech
MARSHALL ISLANDS	—	—
MAURITANIA	Moctar Ould Djay	Abass Sylla *(January - November 2018)* Maimouna Ahmed Salem Yahdhih *(November 2018 -)*
MAURITIUS	Mahen Kumar Seeruttun	Indira Rugjee
MEXICO	Martha Elena Federica Bárcena Coqui	Benito Santiago Jiménez Sauma
MICRONESIA (FEDERATED STATES OF)	Marion Henry	Alissa Takesy
MONGOLIA	Batjargal Batzorig	Tserendorj Jambaldorj
MONTENEGRO	Milutin Simović	Nataša Božović
MOROCCO	Mohammed Sadiki	Mohamed El Gholabzouri

MOZAMBIQUE	Adriano Afonso Maleiane	Rogério Lucas Zandamela
MYANMAR	Aung Thu	Myint Naung
NAMIBIA	John Mutorwa *(January - April 2018)* Alpheus !Naruseb *(April 2018 -)*	Petrus N. Iilonga *(January - December 2018)* Anna Shiweda *(December 2018 -)*
NAURU	Sasi Kumar	Michael Aroi
NEPAL	Ramkrishna Yadav *(January - May 2018)* Chakra Pani Khanal *(May 2018 -)*	Suroj Pokhrel
NETHERLANDS	Sigrid A.M. Kaag	Hans Hoogeveen
NEW ZEALAND	Patrick John Rata	Joanna Heslop
NICARAGUA	Mónica Robelo Raffone	—
NIGER	—	—
NIGERIA	Audu Ogbeh	Mahmoud Isa-Dutse
NIUE	—	—
NORWAY	Hans Jacob Frydenlund	Hilde Klemetsdal
OMAN	Ahmed bin Nasser Al Bakry	Ahmed Salim Mohamed Baomar
PAKISTAN	Sikandar Hayat Khan Bosan *(January - December 2018)* Sahibzada Muhammad Mehboob Sultan *(December 2018 -)*	Arif Ahmed Khan *(January - March 2018)* Syed Ghazanfar Abbas Jilani *(March - November 2018)* Noor Ahmed *(November 2018 -)*
PALAU	Fleming Umiich Sengebau	Secilil Eldebechel
PANAMA	Dulcidio José de la Guardia *(January - July 2018)* Eyda Varela de Chinchilla *(July 2018 -)*	— *(January - April 2018)* Gustavo Valderrama *(April 2018 -)*
PAPUA NEW GUINEA	Charles Abel	Dairi Vele
PARAGUAY	Lea Raquel Giménez Duarte *(January - August 2018)* Benigno María López Benítez *(August 2018 -)*	Humberto Colmán
PERU	Luis Carlos Antonio Ibérico Núñez	—
PHILIPPINES	Carlos G. Dominguez III	—
PORTUGAL	Cláudia Pereira da Costa	Rosa Maria Fernandes Lourenço Caetano
QATAR	Abdulaziz Ahmed Al Malki Al-Jehani	—
REPUBLIC OF KOREA	Choi Jong-hyun	—
REPUBLIC OF MOLDOVA	Iurie Usurelu	Elena Matveeva
ROMANIA	Lucian Dumitru	George Gabriel Bologan

RUSSIAN FEDERATION	Andrey Bokarev	— *(January - April 2018)* Dilyara Ravilova-Borovik *(April 2018 -)*
RWANDA	Géraldine Mukeshimana	Jacques Kabale Nyangezi
SAINT KITTS AND NEVIS	Eugene Alistair Hamilton	Ashton Stanley *(January - July 2018)* E. Alistair Edwards *(August 2018 -)*
SAINT LUCIA	— *(January - November 2018)* Ezechiel Joseph *(November 2018 -)*	— *(January - November 2018)* John Calixte *(November 2018 -)*
SAINT VINCENT AND THE GRENADINES	Saboto Scofield Caesar	Raymond Ryan
SAMOA	Sili Epa Tuioti	Mulipola Leiataua Laki
SAO TOME AND PRINCIPE	Américo D'Oliveira Ramos	Teodorico De Campos
SAUDI ARABIA	Abdulrahman bin Abdulmohsin Al Fadley	Sulaiman M. Al-Turki *(January - May 2018)* Khalid Sulaiman Al Khudairy *(May 2018 -)*
SENEGAL	Papa Abdoulaye Seck	Mamadou Saliou Diouf
SEYCHELLES	Louis Sylvestre Radegonde	—
SIERRA LEONE	Monty Patrick Jones *(January - July 2018)* Joseph Ndanema *(July 2018 -)*	Jongopie Siaka Stevens *(January - August 2018)* — *(August 2018 -)*
SOLOMON ISLANDS	—	—
SOMALIA	Said Hussein Iid	Ibrahim Hagi Abdulkadir *(January - September 2018)* Abdirahman Sheikh Issa Mohamed *(September 2018 -)*
SOUTH AFRICA	— *(January - September 2018)* Nthutang Khumoetsile Seleka *(September 2018 -)*	— *(January - September 2018)* Anna-Marie Moulton *(September 2018 -)*
SOUTH SUDAN	Onyoti Adigo Nyikwec	—

SPAIN	Jesús Manuel Gracia Aldaz *(January - October 2018)* Alfonso María Dastis Quecedo *(October 2018 -)*	—
SRI LANKA	Daya Srikantha John Pelpola	—
SUDAN	Abdullatif Ahmed Mohamed Ijaimi *(January - June 2018)* Abdalla Suliman Abdalla Suliman *(June - November 2018)* Mohamed Hasab Al Nabie Musa *(November 2018 -)*	Majdi Hassan Mohamed Yasin *(January - December 2018)* Mussalami Ahmed Al Amir Ahmed *(December 2018 -)*
SURINAME	Jaswant Sahtoe	—
SWEDEN	Ulrika Modéer *(January - August 2018)* — *(August 2018 -)*	Magnus Lennartsson
SWITZERLAND	Pio Wennubst	Daniel Birchmeier
SYRIAN ARAB REPUBLIC	Ahmad Fateh Al-Qadry	—
TAJIKISTAN	Nusratullo Musoev	—
THAILAND	Lertviroj Kowattana *(January - December 2018)* Anan Suwannarat *(December 2018 -)*	Sompong Nimchuar *(January - April 2018)* — *(April - June 2018)* Thanawat Tiensin *(June 2018 -)*
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	—	—
TIMOR-LESTE	Estanislau Aleixo da Silva *(January - July 2018)* Joaquim José Gusmão dos Reis Martins *(August 2018 -)*	—
TOGO	Ouro Koura Agadazi	Anani Kodjogan Kpadenou
TONGA	Sione Sonata Tupou *(January - August 2018)* — *(August 2018 -)*	—
TRINIDAD AND TOBAGO	—	—
TUNISIA	Zied Ladhari	Samir Taieb

TURKEY	Ahmet Eşref Fakibaba *(January - November 2018)* Bekir Pakdemirli *(November 2018 -)*	Murat Salim Esenli
TUVALU	—	—
UGANDA	— *(January - September 2018)* Matia Kasaija *(September 2018 -)*	— *(January - September 2018)* Vincent Bamulangaki Sempijja *(September 2018 -)*
UNITED ARAB EMIRATES	Obaid Humaid Al-Tayer	Younis Haji Al Khouri
UNITED KINGDOM	Marie-Therese Sarch	Elizabeth Nasskau
UNITED REPUBLIC OF TANZANIA	Charles John Tizeba *(January - December 2018)* Japhet N. Hasunga *(December 2018 -)*	George Kahema Madafa
UNITED STATES	Steven Terner Mnuchin	—
URUGUAY	Gastón Alfonso Lasarte Burghi	—
UZBEKISTAN	—	Yashin Khidirov *(January - August 2018)* — *(August 2018 -)*
VANUATU	Nabcevanhas Benjamin Shing	Esra Tekon Tumukon
VENEZUELA (BOLIVARIAN REPUBLIC OF)	Simón A. Zerpa Delgado	Elías Rafael Eljuri Abraham
VIET NAM	Tran Xuan Ha	Truong Hung Long
YEMEN	Othman Hussein Faid Mujli	Asmahan Abdulhameed Al-Toqi
ZAMBIA	Dora Siliya *(January - April 2018)* Michael Katambo *(April 2018 -)*	Pamela Chibonga Kabamba *(January - July 2018)* — *(July 2018 -)*
ZIMBABWE	Perrance Shiri *(January - March 2018)* Patrick Anthony Chinamasa *(March - September 2018)* Mthuli Ncube *(September 2018 -)*	— *(January - March 2018)* Perrance Shiri *(March 2018 -)*

LIST OF EXECUTIVE BOARD REPRESENTATIVES OF IFAD IN 2018[2]

MEMBER		ALTERNATE MEMBER	
List A			
CANADA	Karen Garner	**IRELAND**	*Aidan Fitzpatrick* *(January - February 2018)*
		FINLAND[3]	Anna Gebremedhin *(March - July 2018)* Satu Lassila *(August 2018 -)*
FRANCE	Arnaud Guigné	**BELGIUM**	— *(January - July 2018)* *Frank Carruet* *(August 2018 -)*
GERMANY	Martina Metz *(January - June 2018)* — *(June - September 2018)* Annette Seidel *(September 2018 -)*	**SWITZERLAND**	Liliane Ortega
ITALY	Alberto Cogliati	**AUSTRIA**	Verena Hagg *(January - February 2018)*
		GREECE[4]	— *(March 2018)* Tasia Athanasiou *(April 2018 -)*
JAPAN	Toru Hisazome	**DENMARK**	Vibeke Gram Mortensen
NORWAY	Inge Nordang	**SWEDEN**	Victoria Jacobsson
UNITED KINGDOM	Elizabeth Nasskau	**NETHERLANDS**	—
UNITED STATES	Joanna Veltri *(January - May 2018)* Elizabeth Lien *(May 2018 -)*	**SPAIN**	Juan Claudio de Ramón Jacob-Ernest *(January - November 2018)* *Rafael Osorio de Rebellón* *(November 2018 -)*
List B			
KUWAIT	Yousef Ghazi Al-Bader	**UNITED ARAB EMIRATES**	Yousuf Mohammed Bin Hajar
NIGERIA	Yaya O. Olaniran	**QATAR**	— *(January - September 2018)* Akeel Hatoor *(September 2018 -)*
SAUDI ARABIA	Mohammed Ahmed M. Alghamdi	**INDONESIA**	Hari Priyono *(January - August 2018)* Syukur Iwantoro *(August 2018 -)*

[2] Dates in parentheses indicate what period the representative served within the year. Where no date is given, this indicates that the representative served for the entire year
[3] New Alternate Member on the composition as approved by the 41st session of the Governing Council in February 2018.
[4] New Alternate Member on the composition as approved by the 41st session of the Governing Council in February 2018.

MEMBER		ALTERNATE MEMBER	
VENEZUELA (BOLIVARIAN REPUBLIC OF)	Vanessa Rowena Avendaño *(January - July 2018)* Augustin León *(August 2018 -)*	**ALGERIA**	Nourdine Lasmi *(January - November 2018)* Ali Terrak *(November 2018 -)*

List C

Sub-List C1

GHANA **CAMEROON**[5]	Nii Quaye-Kumah *(January - February 2018)* Medi Moungui *(February 2018 -)*	**EGYPT**	Abdelbaset Ahmed Aly Shalaby *(January - November 2018)* — *(November 2018 -)*
KENYA	Teresa Tumwet	**ANGOLA**	Carlos Alberto Amaral

Sub-List C2

CHINA	Liu Weihua	**REPUBLIC OF KOREA**	Joo Won Chul
INDIA	Anurag Agarwal *(January - July 2018)* Prashant Goyal *(August 2018 -)*	**PAKISTAN**	— *(January - August 2018)* Nadeem Riyaz *(August 2018 -)*

Sub-List C3

BRAZIL	Eduardo Rolim	**ARGENTINA**	María Cristina Boldorini
MEXICO	Martha Elena Federica Bárcena Coqui	**DOMINICAN REPUBLIC**	Antonio Vargas Hernández

[5] New Member on the composition as approved by the 41st session of the Governing Council in February 2018.

Consolidated financial statements

For the year ended 31 December 2018*

The Consolidated Financial Statements have been prepared using the symbols of the International Organization for Standardization. The notes to the Consolidated Financial Statements, contained in appendix D, form an integral part of the statements.

*As submitted for endorsement to the 126th session of the Executive Board in May 2019 for further submission to the 43rd session of the Governing Council for approval in accordance with regulation XII(6) of the Financial Regulations of IFAD.

Acronyms and abbreviations

APO	associate professional officer
ASMCS	After-Service Medical Coverage Scheme
ASAP	Adaptation for Smallholder Agriculture Programme
BFFS.JP	Belgian Fund for Food Security Joint Programme
DSF	Debt Sustainability Framework
EAD	exposure at default
ECL	expected credit loss
FVTPL	fair value through profit and loss
FGWB	IFAD Fund for Gaza and the West Bank
FAO	Food and Agriculture Organization of the United Nations
GEF	Global Environment Facility
IOE	Independent Office of Evaluation of IFAD
IAS	International Accounting Standard (superseded by IFRS)
IFRS	International Financial Reporting Standards
HIPC	Heavily Indebted Poor Countries Initiative
LGD	loss given default
MLR	minimum liquidity requirement
OPEC	Organization of the Petroleum Exporting Countries
PCS	preferred creditor status
PD	probability of default
PIT	point-in-time
RAMP	Reserves Advisory and Management Program
Spanish Trust Fund	Spanish Food Security Cofinancing Facility Trust Fund
SPA	Special Programme for sub-Saharan African Countries Affected by Drought and Desertification
SDR	special drawing rights
S&P	Standard & Poor’s
TTC	through-the-cycle
UNJSPF	United Nations Joint Staff Pension Fund

Consolidated and IFAD-only balance sheet

As at 31 December 2018 and 2017
(Thousands of United States dollars)

		Consolidated		*IFAD-only*	
Assets	*Note/ appendix*	*2018*	*2017*	*2018*	*2017*
Cash on hand and in banks	4	**190 322**	**401 882**	**56 258**	**127 705**
Investments					
Investment at amortized cost		143 968	307 332	143 968	172 918
Investment at fair value		1 331 830	1 251 506	839 043	1 052 021
Subtotal investments	4	**1 475 798**	**1 558 838**	**983 011**	**1 224 939**
Contributions and promissory notes receivables					
Contributors' promissory notes	5	133 045	236 410	133 045	211 626
Contributions receivable	5	1 156 410	574 183	884 136	298 977
Less: qualified contribution receivables	5	(67 465)	(34 703)	(67 465)	(34 703)
Less: accumulated allowance for contribution impairment loss	6	(121 630)	(121 630)	(121 630)	(121 630)
Net contribution and promissory notes receivables		**1 100 360**	**654 260**	**828 085**	**354 270**
Other receivables	7	**34 671**	**16 227**	**196 258**	**151 243**
Fixed and intangible assets	8	**15 379**	**14 001**	**15 379**	**14 001**
Loans outstanding					
Loans outstanding	9(a)I	6 269 567	6 055 143	6 057 446	5 859 709
Less: accumulated allowance for loan impairment losses	9(b)	(93 251)	(10 184)	(91 257)	(10 184)
Less: accumulated allowance for the Heavily Indebted Poor Countries (HIPC) Initiative	11(b)/J	(7 907)	(10 250)	(7 907)	(10 250)
Net loans outstanding		**6 168 409**	**6 034 709**	**5 958 283**	**5 839 275**
Total assets		**8 984 939**	**8 679 917**	**8 037 274**	**7 711 433**

		Consolidated		*IFAD-only*	
Liabilities and equity	*Note/ appendix*	*2018*	*2017*	*2018*	*2017*
Liabilities					
Payables and liabilities	12	206 192	208 310	198 615	206 598
Undisbursed grants	14/I2	444 715	531 256	91 913	89 658
Deferred revenues	13	360 782	262 279	87 415	86 901
Borrowing liabilities	15	877 603	804 157	571 603	480 324
Total liabilities		**1 889 292**	**1 806 002**	**949 546**	**863 481**
Equity					
Contributions					
Regular		8 893 175	8 185 188	8 893 175	8 185 188
Special		20 349	20 349	20 349	20 349
Total contributions	H	**8 913 524**	**8 205 537**	**8 913 524**	**8 205 537**
Retained earnings					
General Reserve		95 000	95 000	95 000	95 000
Accumulated deficit		(1 912 877)	(1 426 622)	(1 920 796)	(1 452 585)
Total retained earnings		**(1 817 877)**	**(1 331 622)**	**(1 825 796)**	**(1 357 585)**
Total equity		**7 095 647**	**6 873 915**	**7 087 728**	**6 847 952**
Total liabilities and equity		**8 984 939**	**8 679 917**	**8 037 274**	**7 711 433**

Consolidated statement of comprehensive income

For the years ended 31 December 2018 and 2017
(Thousands of United States dollars)

	Note	*2018*	*2017*
Revenue			
Income from loans		67 362	58 820
Income/(losses) from cash and investments	17	5 715	36 361
Income from other sources	18	10 874	9 977
Income from contributions	19	85 201	158 602
Total revenue		**169 152**	**263 760**
Operating expenses	20		
Staff salaries and benefits	21	(96 530)	(92 569)
Office and general expenses		(41 234)	(41 353)
Consultants and other non-staff costs		(48 900)	(48 891)
Direct bank and investment costs	24	(1 761)	(1 963)
Subtotal operating expenses		**(188 425)**	**(184 776)**
Other expenses			
Loan interest expenditures		(820)	(696)
Allowance for loan impairment losses	9(b)	(8 203)	(6 161)
HIPC Initiative expenses	26	(4 473)	(4 309)
Grant expenses	22	(108 947)	(177 216)
Debt Sustainability Framework (DSF) expenses	23	(138 625)	(127 766)
Depreciation	8	(3 279)	(2 945)
Subtotal other expenses		(264 347)	(319 093)
Total expenses		**(452 772)**	**(503 869)**
(Deficit) before fair value and foreign exchange adjustments		**(283 620)**	**(240 109)**
Adjustment for changes in fair value	25	(215)	(11 672)
(Losses)/gains from currency exchange movements IFAD	16	(150 550)	338 793
Net (loss)/profit		**(434 385)**	**87 012**
Other comprehensive income/(loss):			
(Losses)/gains from currency exchange movements and retranslation of consolidated entities	16	(13 987)	6 316
Change in provision for After-Service Medical Coverage Scheme (ASMCS) benefits	21	21 239	(15 083)
Total other comprehensive (loss)/income		**7 252**	**(8 767)**
Total comprehensive (loss)/income		**(427 133)**	**78 245**

IFAD-only statement of comprehensive income

For the years ended 31 December 2018 and 2017
(Thousands of United States dollars)

	Note	*2018*	*2017*
Revenue			
Income from loans		65 545	57 451
Income /(losses) from cash and investments	17	2 039	33 326
Income from other sources		14 020	15 532
Income from contributions	19	29 884	29 615
Total revenue		**111 488**	**135 924**
Operating expenses	20		
Staff salaries and benefits	21	(93 134)	(89 303)
Office and general expenses		(39 630)	(39 752)
Consultants and other non-staff costs		(42 314)	(41 977)
Direct bank and investment costs		(1 004)	(1 614)
Subtotal operating expenses		**(176 082)**	**(172 646)**
Other expenses			
Loan interest expenditures		(820)	(696)
Allowance for loan impairment losses	9(b)	(8 171)	(6 161)
HIPC Initiative expenses	26	(4 473)	(4 309)
Grant expenses	22	(66 602)	(64 779)
DSF expenses	23	(138 625)	(127 766)
Depreciation	8	(3 279)	(2 945)
Subtotal other expenses		(221 970)	(206 656)
Total expenses		**(398 052)**	**(379 302)**
(Deficit) before fair value and foreign exchange adjustments		**(286 564)**	**(243 378)**
Adjustment for changes in fair value		4 818	(21 639)
(Losses)/gains from currency exchange movements IFAD	16	(150 550)	338 793
Net (loss)/profit		**(432 296)**	**73 776**
Other comprehensive income/(loss):			
Change in provision for ASMCS benefits	21	21 239	(15 083)
Total other comprehensive (loss)/income		**21 239**	**(15 083)**
Total comprehensive (loss)/income		**(411 057)**	**58 693**

Consolidated statement of changes in retained earnings

For the years ended 31 December 2018 and 2017
(Thousands of United States dollars)

	Accumulated deficit	*General Reserve*	*Total retained earnings*
Accumulated deficit as at 31 December 2016	**(1 505 200)**	**95 000**	**(1 410 200)**
2017			
Net profit or (loss)	87 012		87 012
Total other comprehensive (loss) or profit	(8 767)		(8 767)
DSF compensation	333		333
Accumulated deficit as at 31 December 2017	**(1 426 622)**	**95 000**	**(1 331 622)**
2018			
Changes in accounting principle	(86 577)		(86 577)
Accumulated deficit 1 January	**(1 537 194)**	**95 000**	**(1 442 194)**
Net (loss) or profit	(434 385)		(434 385)
Total other comprehensive profit or (loss)	21 239		21 239
DSF compensation	27 455		27 455
Accumulated deficit as at 31 December 2018	**(1 912 877)**	**95 000**	**(1 817 877)**

IFAD-only statement of changes in retained earnings

For the years ended 31 December 2018 and 2017
(Thousands of United States dollars)

	Accumulated deficit	*General Reserve*	*Total retained earnings*
Accumulated deficit as at 31 December 2016	**(1 511 611)**	**95 000**	**(1 416 611)**
2017			
Net profit or (loss)	73 776		73 776
Total other comprehensive loss or profit	(15 083)		(15 083)
DSF compensation	333		333
Accumulated deficit as at 31 December 2017	**(1 452 585)**	**95 000**	**(1 357 585)**
2018			
Change in accounting principle	(84 609)		(84 609)
Accumulated deficit 1 January	**(1 537 194)**	**95 000**	**(1 442 194)**
Net (loss) or profit	(432 296)		(432 296)
Total other comprehensive profit or (loss)	21 239		21 239
DSF compensation	27 455		27 455
Accumulated deficit as at 31 December 2018	**(1 920 796)**	**95 000**	**(1 825 796)**

Consolidated cash flow statement

For the years ended 31 December 2018 and 2017
(Thousands of United States dollars)

	2018	*2017*
Cash flows from operating activities		
Interest received from loans – IFAD	62 070	55 494
Interest received from loans – other funds	1 747	1 385
Receipts for non-replenishment contributions	200 396	314 200
Payments for operating expenses and other payments	(202 024)	(165 282)
Grant disbursements – IFAD	(59 849)	(45 408)
Grant disbursements – supplementary funds	(126 923)	(131 097)
DSF disbursements	(138 625)	(127 766)
Net cash flows used in operating activities	**(263 207)**	**(98 475)**
Cash flows from investing activities		
Loan disbursements IFAD	(627 122)	(631 380)
Loan disbursements other funds	(39 637)	(59 210)
Loan principal repayments IFAD	279 858	260 385
Loan principal repayments other funds	10 756	4 513
Transfers from/(to) investments at amortized costs	163 342	61 582
Receipts from investments	576	35 148
Net cash flows used in investing activities	**(212 227)**	**(328 962)**
Cash flows from financing activities		
Receipts for replenishment contributions	274 937	377 991
Receipts of borrowed funds	119 405	174 095
Payments for trust fund borrowing principal	(1 374)	(1 069)
Payments for borrowing liabilities interest	(698)	(874)
Net cash flows from financing activities	**392 270**	**550 143**
Effects of exchange rate movements on cash and cash equivalents	**(47 710)**	**97 161**
Net (decrease) in unrestricted cash and cash equivalents	**(130 874)**	**219 868**
Unrestricted cash and cash equivalents at beginning of year	**1 652 809**	1 432 940
Unrestricted cash and cash equivalents at end of year	**1 521 935**	**1 652 809**
Composed of:		
Unrestricted cash	190 230	401 782
Unrestricted investments, excluding held-to-maturity and payables control accounts	1 331 705	1 251 026
Cash and cash equivalents at end of year	**1 521 935**	**1 652 809**

Summaries of cash flow information on other consolidated entities

As at 31 December 2018
(Millions of United States dollars)

	HIPC	*Haiti Debt Relief Initiative*	*ASMCS Trust Fund*	*Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund)*	*Adaptation for Smallholder Agriculture Programme (ASAP) Trust Fund*	*Supplementary funds*
Balance sheet						
Total assets	3.8	22.1	79.1	326.5	249.3	470.0
Total liabilities	(14.3)	(23.8)	(86.0)	(324.4)	(262.8)	(468.9)
Retained earnings	10.5	1.7	6.9	2.1	13.5	1.1
Statement of comprehensive income						
Total revenue	-	-	0.2	3	19	39
Total operating expenses	-	-	(0.2)	(1)	(19)	(39)
Net revenue less operating expenses	-	-	-	2	-	-
Net cash flow	**(3.2)**	**(3.2)**	**(0.6)**	**99.3**	**3.2**	**57.7**

As at 31 December 2017
(Millions of United States dollars)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

BRIEF DESCRIPTION OF THE FUND AND THE NATURE OF OPERATIONS

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

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

Membership in the Fund is open to any Member State of the United Nations or any of its specialized agencies, or the International Atomic Energy Agency. 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 nutrition of the poorest populations in developing countries and the conditions of their lives. IFAD mobilizes resources and knowledge through a dynamic coalition of the rural poor, governments, financial and development institutions, intergovernmental organizations, non-governmental organizations and the private sector, including cofinancing. Financing from non-replenishment sources in the form of supplementary funds and human resources forms an integral part of IFAD's operational activities.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The Consolidated Financial Statements of the Fund are prepared in accordance with International Financial Reporting Standards (IFRS) and on a going concern basis, based on the current financial situation and cash flow forecast. Information is provided separately in the Financial Statements for entities where this is deemed of interest to readers 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.

New and amended IFRS mandatorily effective

During 2018, some amendments to IFRS became effective for the current reporting period. However, they have no or negligible impact on IFAD's Financial Statements. These amendments include the following:

Table 1

Pronouncement	*Nature of change*	*Potential impact*
IFRS 9: Financial instruments	Hedge accounting Impairment methodology Effective from 1 January 2018	See note 2 section (b): changes in accounting principles
Amendment to IFRS 2: Shared-based payment	Changes to the shared-based payment transaction from cash settled to equity settled	Not applicable to IFAD
Amendments to IFRS 4: Insurance contracts	Guidance for insurers in applying IFRS 9 and IFRS 4	Not applicable to IFAD
Amendments to IFRS 10: Consolidated Financial Statements, and International Accounting Standard (IAS) 28: Investments in joint ventures	Provides guidance for accounting for loss of control of a subsidiary Effective from 1 January 2018	Not applicable to IFAD
IFRS 15: Revenues from contracts with customers	Establishes principles for reporting about the nature timing and uncertainty of revenues and cash flows from contracts with customers Effective from 1 January 2018	Currently not applicable to IFAD. Revenues derive from contributions from Member States (IAS 20) or financial instruments (IFRS 9)

IFRS not yet mandatorily effective

Table 2

Pronouncement	*Nature of change*	*Potential impact*
IFRS 16: Leases	Provides principles for the recognition, measurement presentation and disclosure of leases for both parties of a contract (lessee and lessor) Effective from 1 January 2019	IFAD does not have significant leasing commitments, therefore the new standard will not have a significant impact

There are no other standards or interpretations that are not yet effective that would be expected to have material impact on the Fund.

(b) Changes in accounting principles

IFRS 9: Financial instruments has been issued in phases over a number of years, with entities allowed to early-adopt the various versions of the standard. It consists of sections on classification and measurement, impairment and hedge accounting.

The first phase covered classification and measurement, which IFAD adopted in 2010.

From 1 January 2018, the complete IFRS 9 financial instruments standard became mandatory.

IFAD adopted the section pertaining to impairment on January 2018. The section pertaining to hedge accounting is not applicable to derivative instruments currently adopted by the Fund.

Consistent with the transition rules of IFRS 9 implementation, there has been no restatement of the 2017 comparatives.

The new impairment requirements are based on an expected credit loss (ECL) model and replace the incurred loss model. The ECL model applies to financial assets recorded at amortized cost, such as loans, debt securities and loan commitments.

Prior to 1 January 2018, the impairment of financial assets held at amortized cost was calculated based on strong evidence of creditworthiness deterioration of an issuer of a financial security. Impairment was deducted from the related asset balances in the balance sheet and charged to the income statement

Subsequent to 1 January 2018, IFAD established a forward-looking ECL methodology with a three-stage model for impairment.

An allowance is recognized of either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition of the related financial instrument. The measurement of ECLs reflects a probability-weighted outcome, the time value of money and the best available forward-looking information. The new model incorporates forward-looking information through the inclusion of macroeconomic factors. Section h(v) provides additional details.

Forward-looking impairment is deducted from asset balances in the balance sheet and charged to the income statement.

The table below provides a summary of the impact of implementing the IFRS 9 impairment section on the 2018 opening balances.

The table also provides details on the provisioning required for the Haiti Debt Relief Initiative approved in 2010 (EB 2010/99/R.8). The allowance reflects the portion of debt relief that will be absorbed by IFAD. Additional details are provided in appendix K.

Table 3

	Carrying 1 Jan 2018	*Changes*	*Restated 1 Jan 2018*
Consolidated balance sheet *			
Accumulated allowance loan impairment Nominal terms	(69.4)	(32.2)	(101. 6)
Haiti Debt Relief	0	(15.2)	(15.2)
Fair value	59.2	(39.2)	19.9
Accumulated allowance loan impairment	**(10.2)**	**(86.6)**	**(96.8)**
IFAD-only balance sheet*			
Accumulated allowance loan impairment Nominal terms	(69.4)	(30.0)	(99.4)
Haiti Debt Relief	0	(15.2)	(15.2)
Fair value	59.2	39.4	19.8
Accumulated allowance loan impairment	**(10.2)**	**(84.6)**	**(94.76)**

* The effect of the allowance for securities at amortized cost amounts to US$29,284.

(c) Area of consolidation

Financing in the form of supplementary funds and other non-core funding forms an integral part of IFAD's operations. The Fund prepares consolidated accounts that 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), 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 HIPC Initiative;
- IFAD's ASMCS Trust Fund;
- Administrative account for Haiti Debt Relief Initiative;
- Spanish Trust Fund; and
- ASAP Trust Fund.

These entities have a direct link with IFAD's core activities and are substantially controlled by IFAD. In line with the underlying agreements and recommendations establishing these entities, IFAD has the power to govern the related financial and operating policies. IFAD is exposed or has rights to the results of its involvement with these entities, and has the ability to affect those results through its power over the components. Accordingly, these entities are consolidated in IFAD's Financial Statements. All transactions and balances among these entities have been eliminated. Additional financial data for the funds are provided upon request to meet specific donor requirements. All entities included in the consolidation area have a fiscal period corresponding to the solar year.

Entities housed in IFAD

These entities do not form part of the core activities of the Fund and IFAD does not have power to govern the related financial and operating policies. As such, they are not consolidated as they are not substantially controlled. As at 31 December 2018, the only entity hosted by IFAD is the International Land Coalition (formerly known as the Popular Coalition to Eradicate Hunger and Poverty).

(d) Sponsorship

Since 2018, IFAD has partnered with the European Union, the Government of Luxembourg and the Alliance for the Green Revolution in Africa to establish the Agribusiness Capital Fund (ABC Fund), a private sector fund that aims to boost investments in small rural agribusinesses across emerging markets. IFAD currently has a sponsorship role with no control or exposure to the results of its sponsorship activity.

(e) Translation and conversion of currencies

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the net profit or loss of the period in which they arise.

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

- Assets and liabilities expenditures are translated at the closing rate and revenue and expenditures are translated at the yearly average rate; and
- All resulting exchange differences are recognized as a separate component of other comprehensive income.

(f) Measurement of financial assets and liabilities

Financial assets and liabilities are measured and classified in the following categories: amortized cost or at fair value through profit and loss (FVTPL). The classification depends on the contractual cash flow characteristics (contractual terms give rise on unspecified dates to cash flows that are solely payments of principal and interest on the principal outstanding) and on the business model for their management (the intention or not to hold these financial assets and liabilities until their maturity). Financial assets and liabilities are accounted for at amortized cost only when the Fund's business model is to hold the assets/liabilities until maturity and collect the arising contractual cash flows (just principal and interest). All other financial assets and liabilities are accounted for at FVTPL.

(g) Equity

This comprises the following three elements:
(i) contributions (equity); (ii) General Reserve; and (iii) retained earnings.

(i) Contributions (equity)

Background to contributions

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

A contribution to IFAD replenishment resources is recorded in full as equity and as receivable when a Member deposits an instrument of contribution, except for qualified instruments of contribution, which are subject to national appropriation measures and which will be proportionally reduced upon fulfilment of those conditions. Amounts receivable from Member States as contributions and other receivables including promissory notes, have been initially recognized in the balance sheet at their FVTPL in accordance with IFRS 9.

Allowance for contribution impairment losses

The Fund has established a policy on provisions against overdue Member States' contributions while still maintaining PCS as follows:

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

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

In such cases, provisions will be set up:

- Whenever a payment of an instalment against an instrument of contribution or a payment of a drawdown against a promissory note becomes overdue by 24 months, a provision will be made equal to the value of all overdue contribution payments or the value of all unpaid drawdowns on the promissory note(s) outstanding.
- Whenever a payment of an instalment against an instrument of contribution or a payment of a drawdown against a promissory note becomes overdue by 48 months or more, a provision will be made against the total value of the unpaid contributions of the Member or the total value of the promissory note(s) of that Member related to the particular funding period (i.e. a replenishment period).
- The end of the financial year is currently used for determining the 24- and 48-month periods.

(ii) General Reserve

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

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

As per Financial Regulation XIII, "annual transfers from the accumulated surplus to the General Reserve shall be determined by the Executive Board after taking into account the Fund's financial position in the context of the review/approval of yearly audited financial statements of the Fund".

(iii) Retained earnings

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

(h) Loans

(i) Background to loans

IFAD loans are made only to developing states that are Members of the Fund or to intergovernmental organizations in which such Members participate. In the latter case, the Fund may require governmental or other guarantees. A loan enters into force on the date that both the Fund and the borrower have signed it, unless the financing agreement states that it is subject to ratification. In this case, the financing agreement shall enter into force on the date the Fund receives an instrument of ratification. All IFAD loans are approved and loan repayments and interest are payable in the currency specified in the loan agreement. Loans approved are disbursed to borrowers in accordance with the provisions of the loan agreement.

Currently, the lending terms of the Fund are as follows:

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

(ii) Loans to non-Member States

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

(iii) Heavily Indebted Poor Countries (HIPC) Initiative

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

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

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

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

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

(iv) Measurement of loans

Loans are initially recognized at fair value on day one (based on disbursement to the borrower) and subsequently measured at amortized cost using the effective interest method. The fair value is calculated using an enhanced fair value tool by applying discount rates to the estimated future cash flows on a loan-by-loan basis in the currency in which the loans are denominated.

(v) Accumulated allowance for impairment losses

IFAD has established the forward-looking ECL methodology to calculate an allowance for loan impairment. The methodology embeds PCS features. It is applied to financial assets recorded at amortized cost such as loans and debt securities. The Fund is required to recognize an allowance for either 12 months or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

ECL reflects a probability-weighted outcome, time value of money and the best available forward-looking information through the inclusion of macroeconomic factors.

ECL comprises a three-stage model based on changes in credit quality since initial recognition/origination of the financial instrument. Origination is the date on which disbursement conditions have been met. Impairments are reported based on either 12-month or lifetime ECLs, depending on the stage allocation of the financial instrument. The stage allocation also determines if interest income for the financial instrument is reported on the gross carrying amount, as for stage 1 and 2, or the net of impairment allowance, as for stage 3.

The staging model relies on a relative assessment of credit risk (i.e. a loan with the same characteristics could be included in stage 1 or stage 2, depending on its credit risk at origination). As a result, the same counterpart could have loans classified in different stages.

Stage 1 includes "performing" financial instruments that have not had a significant deterioration in credit quality since initial recognition or have a low credit risk at reporting date. For these instruments, the ECL is a probability-weighted result of default events that are possible within the next 12 months after the reporting date. Low-risk assets (investment grade) are classified as stage 1.

Stage 2 includes "under-performing" financial instruments that have had a significant increase in credit risk since initial recognition, but for which there is no objective evidence of impairment. For these assets, the lifetime ECL results from all possible default events over the expected lifetime, weighted with the probability of default (PD). Interest income is computed on the gross carrying amount.

Stage 3 includes "non-performing" financial instruments when there is objective evidence of impairment/default at the reporting date. For these instruments, lifetime ECLs are recognized. According to IFRS 9, interest is computed on the net carrying amount. Considering that the Fund fully provides for the interest accrued, the calculation is determined on the gross basis.

Movements between stages depend on the evolution of the financial instrument's credit risk from initial recognition to reporting date. Movements, whether improvements or deterioration, may therefore cause volatility in the impairment allowance balances.

IFAD has adopted some rebuttable presumptions associated with days past due. In line with the debt servicing procedures, financial instruments overdue by more than 75 days are classified at stage 2 while financial instruments overdue by more than 180 days are classified at stage 3.

The carrying amount of the financial instrument is reduced through an allowance account and the loss amount is recognized in the income statement.

Interest and service charges for financial instruments classified at stages 1 and 2 are recognized following the accrual basis, while for financial instruments classified at stage 3, interest and service charges are recognized as income only when actually received.

(i) Investments

(i) Classification and Measurement

The Fund's investments are classified at FVTPL or at amortized cost. Investments are classified at amortized cost when they belong to a portfolio managed by the Fund based on a business model to hold those securities until their maturity, by collecting solely maturing interest and principal in line with the contractual characteristics. If the above conditions are not met, the Fund carries investments at FVTPL. Fair value is determined in accordance with the hierarchy set in note 3. For securities at FVTPL, 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 FVTPL. 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.

(ii) Accumulated allowance for securities held at amortized cost

Securities held at amortized cost are subject to an impairment allowance calculated based on an ECL methodology similar to the accounting policy established for loans. A three-stage model for impairment is applied based on changes in the credit quality of the financial instrument since origination. The origination of the financial instrument is the date on which the instrument was purchased by the Fund. Considering the Investment Policy requirements adopted by the Fund, the investment portfolio held at amortized cost is classified at stage 1 since the financial instruments are investment grade, and therefore low credit risk instruments.

(j) 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 at amortized cost are excluded from readily convertible investments for cash flow purposes.

(k) Contributions (non-equity)

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

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

(l) 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 disbursable date for the approved amount and as a liability for undisbursed amounts at fair value in accordance with IFRS 9. Following the approval by the Executive Board of the revisions to the General Conditions for Agricultural Development Financing (April 2009), grants become disbursable 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.

(m) Debt Sustainability Framework

Under the DSF, countries eligible for highly concessional lending receive financial assistance on a grant rather than a loan basis. Principal amounts forgone by IFAD are expected to be compensated on a pay-as-you-go basis (according to the underlying loan amortization schedule) by the Member States, while the service charge is not meant to be compensated. In line with the accounting policy on contributions-equity DSF principal compensation, contributions will be recorded in full as equity and as receivable when a Member deposits an instrument of contribution, except for qualified instruments of contribution, which are subject to national appropriation measures that will be proportionally reduced upon fulfilment of those conditions. Amounts receivable from Member States as contributions and other receivables, including promissory notes, have been initially recognized in the balance sheet at their FVTPL in accordance with IFRS 9. Principal compensation will be negotiated during future replenishment consultations (see note 28(b), Contingent assets). DSF financing is subject to IFAD’s General Conditions for Agricultural Development Financing. DSF financing is implemented over an extended time-horizon and recognized as expenditure in the statement of comprehensive income in the period in which conditions for the release of funds to the recipient are met.

(n) Borrowing

Financial liabilities are accounted for at amortized cost. IFAD has signed several borrowing agreements with sovereign institutions at variable rate debt. Maturity could vary from 20 years to 40 years. IFAD may not prepay loans outstanding without incurring penalties. Interest rates are variable (linked to EURIBOR plus a spread). Borrowing activities are now subject to the Sovereign Borrowing Framework as approved by the Executive Board in April 2015 (EB 2015/114/R.17/Rev.1). Borrowed funds are deployed in accordance with IFAD’s policies and procedures (with the exception of DSF countries).

(o) Employee schemes

Pension obligations

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

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

After-Service Medical Coverage Scheme

IFAD participates in a multi-employer 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 IAS 19R, IFAD has set up a trust fund into which it transfers the funding necessary to cover the actuarial liability. Service costs are recognized as operating expenditure. The net balance between interest costs and expected return on plan assets is recognized in net profit or loss, while re-measurements on assets and liabilities are recognized as the net position in other comprehensive income.

(p) Accruals for long-service entitlements

Employee entitlements to annual leave and long-service entitlements are recognized when they accrue to employees. An accrual is made for the estimated liability for annual leave and long-service separation entitlements as a result of services rendered by employees up to the balance sheet date.

(q) Taxation

As a specialized agency of the United Nations, IFAD 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 regarding the provisional headquarters of IFAD. Taxation levied where this exemption has not yet been obtained is deducted directly from related investment income.

(r) 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).

(s) Tangible and intangible assets

Fixed assets

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

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

Intangible assets

Software development costs are capitalized as intangible assets where future economic benefits are expected to flow to the organization. Depreciation is calculated on a straight-line basis over the estimated useful life of the software (four to ten years). Leasehold improvements are capitalized as assets. Depreciation is calculated on a straight-line basis over their estimated useful life (not exceeding rental period of IFAD headquarters).

NOTE 3

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates and assumptions

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

Fair value and amortized costs of loans, undisbursed grants, deferred revenues, promissory notes and contributions receivable.

For the details about the models applied for fair value calculation of loans, reference should be made to note 2.

The fair value of financial instruments that are not traded in an active market is determined by considering quoted prices for similar assets in active markets, quoted prices for identical assets in non-active markets or valuation techniques.

Financial assets and liabilities measured at fair value on the balance sheet are categorized as follows:

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

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

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

(b) Critical judgement in applying accounting policies

Fair value accounting

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

Allowance for impairment losses: Impairment Methodology

Governance

IFAD calculates and reports its impairments based on ECL. The ECL framework is based on the requirements of IFRS 9’s financial instruments section and validated by IFAD's Accounting and Controller's Division and Risk Management Unit. The impairment allowances and ECL methodology have been approved by the Associate Vice-President Chief Financial Officer and Chief Controller, Financial Operations Department.

Three-stage model

IFAD recognizes a loss allowance for ECL on financial instruments measured at amortized cost and for loan commitments. The ECL comprises a three-stage model based on changes in the credit quality since initial recognition as described in note 2h(v) above. Impairments are reported based on either 12-month or lifetime ECL, depending on the stage allocation of the financial instrument. The stage allocation also determines if interest income for the financial instrument is reported on the gross carrying amount or the net of impairment allowance.

In order to determine whether there has been a significant increase in the credit risk since origination – and therefore transition to or from stage 2 – a combination of quantitative and qualitative risk metrics are employed.

The Fund has established an internal rating methodology by leveraging public ratings available in the market and by calculating proxies derived from macroeconomic conditions (income level and level of debt distress) and geographical area.

A loan’s migration across the Fund's internal credit rating scale is monitored from the instrument’s origination date to the reporting date. Following a significant deterioration in its counterparty's creditworthiness, the loan is classified at stage 2.

Depending on qualitative assessments, loans may be placed on a watch list and transitioned to stage 2.

Inputs

The ECL calculation is performed at the level of individual financial instruments. The main components comprise PD, loss given default, exposure at default and discount factor. The model is forward-looking: current and future macroeconomic conditions are incorporated into the model through macro-financial scenarios. A number of critical accounting estimates and judgements are also factored into the model.

Probability of Default (PD)

The Fund uses forward-looking point-in-time (PIT) PD rates to calculate ECL. The PIT PD rates are derived from through-the-cycle (TTC) PD rates adjusted for projected macroeconomic conditions.

TTC PD rates express the likelihood of a default based on long-term credit risk trend rates. TTC PD rates are based on PDs associated to external ratings and are calibrated to reflect IFAD's default experience and PCS.

On a yearly basis, TTC PD is reviewed based on IFAD's loss experience.

The cumulative TTC PD rates used in 2018 are set out by internal rating grade according to the methodology detailed below:

Each instrument in the Fund's portfolio has an internal PD associated with it. To calculate ECLs for both stage 1 and stage 2 instruments, a default probability has been retrieved from the PD embedded in the official observable ratings calibrated to the Fund's experience based on IFAD-specific historical default data.

For unrated exposures, a methodology has been developed starting from the rated portfolio and calculating proxies based on a indicators such as income level, region and level of debt distress. For financial instruments at stage 3, the PD has been set at 100 per cent.

Loss given default (LGD) is the magnitude of the likely loss if a default would occur. An LGD is assigned to individual instruments, indicating how much the Fund expects to lose on each facility if the borrower defaults. For financial instruments at stages 1 and 2 the LGD has been determined in relation to the sovereign sector and calibrated in order to benefit from the Fund's recovery experience and PCS.

For financial instruments at stage 3, the LGD has been aligned to prevailing data from other multilateral development institutions.

Exposure at default (EAD) represents the expected exposure in the event of a default. It is measured from discounted contractual cash flows. The discount factor is the contractual effective interest rate of the financial instrument since IFAD lending terms currently do not foresee any additional charge (i.e. commitment fee). Since EAD is modelled at an individual instrument level, all future expected cash flows, including disbursements, cancellations, prepayments and interest, are considered. EAD combines actual and contractual cash flows, and models future disbursements and repayments based on the Fund's own experience.

Macroeconomic scenarios. Unlike the incurred loss model, the IFRS 9 impairment methodology is forward-looking. The starting point is IFAD's view of current and future macroeconomic conditions, and the credit environment. IFAD considers a range of outcomes in a probability-weighted manner. The purpose is to capture possible non-linear behaviour in the dependence of the ECL on economic conditions. Forward-looking macroeconomic simulations consist of neutral, positive and pessimistic scenarios. Each scenario is assigned a probability of occurrence based on expert judgement and best practices. The probabilities assigned to the pessimistic and optimistic scenarios indicate either a balance or skew in either direction in order to capture the perceived distribution of risks in a forward-looking manner.

Based on expert judgement, Management may adopt temporary adjustments to the model-based ECL impairment allowance in order to reflect additional factors that are not explicitly incorporated into the modelling of ECL or the credit risk ratings (e.g. significant scenarios or events representative of the Fund's peculiar experience).

NOTE 4

CASH AND INVESTMENT BALANCES

Analysis of balances (consolidated)

Table 1
As at 31 December

	US$ thousands	
	2018	*2017*
Unrestricted cash	190 230	401 782
Cash subject to restriction	92	100
Subtotal cash	**190 322**	**401 882**
Unrestricted investments at fair value	1 331 552	1 251 156
Investments at amortized cost	143 998	307 332
Investments subject to restriction	278	350
Subtotal investments	**1 475 828**	**1 558 838**
Subtotal cash and investments	**1 666 150**	**1 960 720**
Investments impairment allowance	(30)	**-**
Total cash and investments	**1 666 120**	**1 960 720**

The composition of the portfolio by entity was as follows:

Table 2
As at 31 December

	US$ thousands	
Entity	*2018*	*2017*
IFAD	1 039 298	1 352 645
ASMCS Trust Fund	76 172	76 788
HIPC Trust Fund	3 790	6 976
Supplementary funds	187 749	130 041
Spanish Trust Fund	101 091	136 191
Haiti Debt Relief Initiative	21 063	24 302
ASAP Trust Fund	236 987	233 777
Total cash and investments	**1 661 150**	**1 960 720**

(a) Cash and investments subject to restriction

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

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

As at 31 December 2018, cash and investments, including payables for investment purchased and receivables, amounted to US$1,661.3 million (2017 – US$1.96 billion) comprised of the following instruments:

Table 3

	US$ thousands	
	2018	2017
Cash	190 322	401 882
Fixed-income instruments	1 400 298	1 491 500
Unrealized (loss)/gain on forward contracts	(198)	(951)
Time deposits and other obligations of banks	76 525	65 360
Unrealized (loss)/gain on futures	(201)	2 929
Unrealized (loss)/gain on swaps	(596)	-
Total cash and investments	**1 666 150**	**1 960 720**
Receivables for investments sold and taxes receivable	16 052	-
Payables for investments purchased	(20 900)	(9 082)
Total investment portfolio	**1 661 302**	**1 951 638**

Fixed-income investments and cash include US$144 million at amortized cost as at 31 December 2018 (2017 – US$310.1 million). The impairment loss on the amortized cost portfolio as at 31 December 2018 is US$30,000 (see note 4[g]). The fair value of amortized cost investments as at 31 December 2018 was US$141.8 million (2017 – US$309.9 million).

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

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

Table 4

	US$ thousands	
Currency	*2018*	*2017*
Chinese renminbi	32 093	83 899
Euro	840 402	862 648
Japanese yen	21 003	17 451
Pound sterling	29 749	(48 539)*
United States dollar	738 055	1 036 179
Total cash and investment portfolio	**1 661 302**	**1 951 638**

***** This balance pertains to outstanding currency forwards contract.

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

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

Table 5

	US$ thousands	
	2018	2017
Due in one year or less	624 405	775 567
Due after one year through five years	906 660	868 342
Due from five to ten years	123 123	244 023
Due after ten years	7 114	63 706
Total cash and investment portfolio	**1 661 302**	**1 951 638**

The average life to maturity of the fixed-income investments included in the consolidated investment portfolio at 31 December 2018 was 27 months (2017 – 35 months).

(e) Financial risk management

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

(f) Market risk

The actual weights and amounts of each asset class within the overall portfolio, together with the asset allocation weights as of 31 December 2018 and 2017, are shown in tables 6 and 7. Disclosures relate to IFAD-only accounts for the net asset value.

Table 6

2018	Actual allocation		*Investment policy*
Asset class	*%*	*%*	
Cash	5.5	57.2	n. a.
Swaps	-	(0.5)	n. a.
Time deposit	-	-	n. a.
Global government bonds/agencies	43.6	452.3	n. a.
Global credit bonds	50.9	527.8	n. a.
Total	**100.0**	**1 036.8**	

Table 7

2017	Actual allocation		*Investment policy*
Asset class	*%*	*US$ millions*	*%*
Cash	9.2	123.4	n.a.
Time deposit	4.3	58.2	n.a.
Global government bonds/agencies	34.9	471.0	100.0
Global credit bonds	36.3	490.0	25.0
Global inflation-linked	7.3	97.5	10.0
Emerging market debt bonds global inflation-linked	8.0	108.0	15.0
Total	**100.0**	**1 348.1**	**-**

The IFAD investment portfolio is split into four tranches, as follows:

1. **Liquidity tranche:** Used for immediate cash disbursements.
2. **Buffer tranche:** Should the liquidity tranche be temporarily depleted due to an unforeseen spike in disbursements, funds in the buffer tranche will be used to fund these outflows. The size of the tranche is determined by the parameters of IFAD's minimum liquidity requirement (MLR).
3. **Surplus tranche:** These are funds in addition to what is required by the MLR and are used to provide return enhancement.
4. **Funding tranche**: Borrowed funds, managed according to an asset liability management framework.

Table 8 shows IFAD's investment portfolio net asset values reclassified based on the tranching approach.

Table 8
2018

Tranche	*%*	*US$ millions*
Liquidity portfolio	4.4	45.2
Buffer portfolio	49.6	514.9
Surplus portfolio	-	-
Funding portfolio	46.0	476.7
Hedge portfolio*	-	-
Total	**100.0**	**1 036.8**

* The hedge portfolio is shown separately since its derivative positions are established to immunize the entire portfolio for interest rate risk and foreign exchange rate risk.

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

1. Benchmarks and limits on deviations from benchmarks in terms of tacking error limits;
2. Credit floors (refer to note 4[g], credit risk);
3. Conditional value at risk limitation, which measures the potential average probable loss under extreme conditions, providing an indication of how much value a portfolio could lose over a forward-looking period; and
4. Duration, which measures the sensitivity of the market price of a fixed-income investment to a change in interest rates.

The benchmark indices used for the respective portfolios are shown in table 9.

Table 9
Benchmark indices by portfolio

Portfolio	*Benchmark index*
Operational cash	Same as the portfolio return
Global strategic portfolio	Equally-weighted extended sector benchmark (internally calculated on a quarterly basis)
Global liquidity portfolio	Zero
Chinese renminbi portfolio	Zero
Asset liability portfolio	Liability repayment rate of return
Global government bonds	Bloomberg Barclays Global Government Bond Index (1 year maturity)
Global credit bonds	Bloomberg Barclays Global Fixed-Income Index (A- or above)
World Bank Reserves Advisory and Management Program (RAMP)	ICE BofAML 0-1 Year US Treasury Index (AAA)
Hedging portfolio	No benchmark

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; and
- Two years above the benchmark for the global credit bonds asset class.

The global liquidity, global strategic portfolio, Chinese renminbi and asset liability portfolio are internally managed and no duration limit is prescribed; however, the portfolios have a maximum maturity limit for the eligible investments. The effective duration of IFAD's investment portfolio as of 31 December 2018 and 2017, and respective benchmarks are shown in table 10.

Table 10
Average duration of portfolios and benchmarks in years (IFAD-only)
As of 31 December 2018 and 2017

	Portfolio		*Benchmark*	
Portfolio	*2018*	*2017*	*2018*	*2017*
Operational cash	-	-	-	-
Global strategic portfolio	1.7	2.1	n.a.	n.a.
Global liquidity portfolio	0.3	0.2	n.a.	n.a.
Chinese renminbi portfolio	0.0	0.1	0.0	n.a.
Asset liability portfolio	0.6	1.3	n.a.	n.a.
Global government bonds	0.0	0.3	0.9	1.1
Global credit bonds	4.2	4.3	4.6	4.8
Global inflation-linked *	n.a.	5.3	n.a.	5.3
Emerging market debt bonds[1]	n.a.	7.1	n.a.	6.9
Hedging	n.a.	n.a.	n.a.	n.a.
World Bank RAMP	0.5	0.5	0.5	0.5
Total average	**1.2**	**2.2**	**1.2**	**2.3**

* The global inflation-linked and emerging market debt portfolios were closed on 30 June 2018.

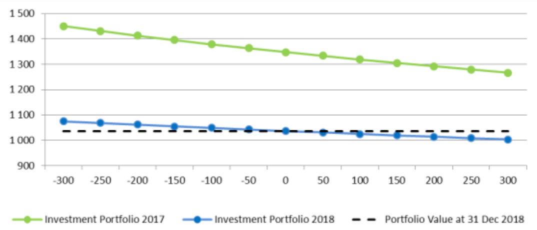
The sensitivity analysis of IFAD's overall investment portfolio in table 11 shows how a parallel shift in the yield curve (-300 to +300 basis points) would affect the value of the investment portfolio as at 31 December 2018 and 31 December 2017.

Table 11
Sensitivity analysis on investment portfolio (IFAD-only)

	2018		*2017*	
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	38	1 075	102	1 450
-250	32	1 068	83	1 431
-200	25	1 062	65	1 413
-150	19	1 055	48	1 396
-100	12	1 049	31	1 379
-50	6	1 043	15	1 363
0		**1 037**		**1 348**
50	-6	1 031	-15	1 333
100	-12	1 025	-29	1 319
150	-17	1 019	-43	1 306
200	-23	1 014	-56	1 292
250	-28	1 009	-69	1 280
300	-33	1 003	-81	1 267

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

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



As at 31 December 2018, if the general level of interest rates on the global markets had been 300 basis points higher (as a parallel shift in the yield curves) the overall portfolio value would have been lower by US$33 million as a result of the capital losses on the marked-to-market portion of the portfolio. If the general level of interest rates on the global markets had been 300 basis points lower (as a parallel shift in the yield curves) the overall portfolio value would have been higher by US$38 million as a result of the capital gains on the marked-to-market portion of the portfolio.

Table 12 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 12
Tracking error ranges by portfolio

Portfolio	*Tracking error maximum (percentage per annum)*
Global strategic portfolio	n.a.
Asset liability portfolio	n.a.
Global liquidity portfolio	1.5
Chinese renminbi portfolio	1.5
Global government bonds	1.5
Global credit bonds	3.0
Hedging Portfolio	n.a.
World Bank RAMP	n.a.

The investment portfolio's total tracking error as at 31 December 2018 was 0.10 per cent (2017 – 0.11 per cent). Neither the global strategic portfolio nor the asset liability portfolio have been allocated a tracking error limit.

(g) Credit risk

The Investment Policy Statement and 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 13.

Table 13
Minimum credit rating floor as per Investment Policy Statement as at 31 December 2018

Eligible asset classes	*Credit rating floors for Standard & Poor's (S&P), Moody's and Fitch*
Money market	Investment grade [a]
Fixed-income securities: both nominal and inflation-linked	
• Government and government agencies fixed-income securities at the national or subnational level	Investment grade
• Supra-nationals	Investment grade
• Asset-backed securities (only agency-issued or guaranteed)	AAA
• Covered bonds	Investment grade
• Corporate bonds	Investment grade
• Callable bonds	Investment grade
Equity	
• Developed market equity	Investment grade [b]
Derivatives: for hedging purposes only	
• Currency forwards • Exchange-traded futures and options • Interest rate swaps • Cross currency swaps • Credit default swaps • Asset swaps	Counterparty must have a minimum short-term credit rating of A-1 (S&P) or F1 (Fitch) or P-1 (Moody's) [c]

[a] Any additional eligibility criteria, as approved by the President, also apply.

[b] The credit quality requirement refers to the issuer and is introduced to ensure consistency with IFAD's overall investment management strategy.

[c] At least one rating must comply with the minimum short-term rating; other available ratings must be within investment grade.

As at 31 December 2018, the average credit ratings by portfolio were in line with the minimum allowable ratings under the Investment Policy Statement and Investment Guidelines (table 14).

Table 14
Average [a] credit ratings by portfolio (IFAD-only)
As at 31 December 2018 and 2017

	Average credit rating [a]	
Portfolio	*2018*	*2017*
Operational cash	P-3	P-2
Global strategic portfolio	Aa2	Aa3
Asset liability portfolio [b]	A1	A3
Chinese renminbi [c]	Time Deposit	Time Deposit
Global government bonds	n.a.	Aa1
Global credit bonds	A1	A3
Global inflation-linked	n.a.	Aa1
Emerging market debt bonds	n.a.	A3

[a] The average credit rating is calculated based on market values as at 31 December 2018 and 2017, except for the global strategic portfolio, whereby the credit rating is calculated on an amortized cost basis. The credit ratings used are based on the best credit ratings available from either S&P or Moody's or Fitch.

[b] Approximately 2 per cent of the asset liability portfolio is in operational cash with an IFAD-approved commercial bank that has a credit rating equivalent to P3 or BBB as reported by Fitch.

[c] The time deposit counterparty in the Chinese renminbi portfolio is the Bank for International Settlements.

Accumulated allowance for securities held at amortized cost

IFAD's portfolio held at amortized cost is subject to provisioning requirements in accordance with IFRS 9. Considering the Investment Policy requirements adopted by the Fund, the investment portfolio held at amortized cost is classified at stage 1 since the financial instruments are investment grade – therefore, they are low credit risk instruments. The related allowance at the end of December 2018 amounts to US$30,000.

(h) Currency risk

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

In the case of misalignments that are considered persistent and significant, IFAD undertakes a realignment procedure by changing the currency ratios in IFAD's investment portfolio so as to realign the total assets to the desired SDR weights.

(i) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents to meet loan and grant disbursements as well as other administrative outflows as they arise.

IFAD's liquidity risk is addressed through the MLR. IFAD's liquidity policy, together with the revised MLR for the Tenth Replenishment of IFAD's Resources (IFAD10) period (2016-2018), states that highly liquid assets in IFAD's investment portfolio should remain above 60 per cent of the projected annual gross disbursement level (outflows), including potential additional requirements due to liquidity shocks.

IFAD's latest financial model assumptions, incorporating the 2018 resources available for commitment under the sustainable cash flow approach, calculates a MLR of US$514.0 million that is comfortably covered by IFAD's investment portfolio balance of US$1,036.7 million.
In line with the tranching approach, the buffer tranche of the investment portfolio exceeds the MLR.

(j) Capital risk

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

NOTE 5

CONTRIBUTORS' PROMISSORY NOTES AND RECEIVABLES

Table 1

	US$ thousands	
	2018	*2017*
Promissory notes to be encashed		
Replenishment contributions	134 663	213 430
ASAP	-	24 959
Total	**134 663**	**238 389**
Fair value adjustment	(1 618)	(1 979)
Promissory notes to be encashed	**133 045**	**236 410**
Contributions receivable		
Replenishment contributions	907 286	308 721
Supplementary contributions	279 681	282 887
Total	**1 186 967**	**591 608**
Fair value adjustment	(30 557)	(17 425)
Contributions receivable	**1 156 410**	**574 183**
Qualified instruments of contribution	**(67 465)**	**(34 703)**
Total promissory notes and contributions receivables	**1 221 990**	**775 890**

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

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

Table 2
Contributions not paid/encashed
As at 31 December 2018

	US$ thousands	
Donor	*Replenishment*	*Amount*
United States [a]	Seventh	1 754
United States [a]	Eighth	560
Japan [b]	Tenth	26 814
United States [a]	Tenth	36 000
Bangladesh [b]	Eleventh	1 476
Japan [b]	Eleventh	26 669

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

(b) Eleventh Replenishment

Details of contributions and payments made for IFAD9 IFAD10 and IFAD11 are shown in appendix H. IFAD11 became effective on 14 August 2018.

(c) Special Programme for Africa (SPA)

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

(d) Credit risk

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

(e) Qualified instruments of contribution and promissory notes

At the end of December 2018, contributions receivables and promissory notes still subject to national appropriation measures amounted to US$67.5 million (US$34.7 million as at 31 December 2017).

NOTE 6

ALLOWANCES FOR CONTRIBUTIONS IMPAIRMENT

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

Table 1

	US$ thousands	
	2018	*2017*
Balance at beginning of the year	**121 630**	**121 630**
Net (decrease)/increase in allowance	-	-
Balance at year-end	**121 630**	**121 630**
Analysed as follows:		
Promissory notes of contributors (a)	36 045	36 045
Amounts receivable from contributors (b)	85 585	85 585
Total	**121 630**	**121 630**

(a) Allowances against promissory notes

As at 31 December 2018, IFAD replenishment contributions deposited in the form of promissory notes up to and including IFAD9 have been fully drawn down.

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

Table 2

	US$ thousands	
	2018	*2017*
Initial contributions		
Iran (Islamic Republic of)	29 358	29 358
	29 358	29 358
Third Replenishment		
Democratic People's Republic of Korea	600	600
Libya	6 087	6 087
	6 687	6 687
Total	**36 045**	**36 045**

(b) Allowances against amounts receivable from contributors

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

Table 3

	US$ thousands	
	2018	*2017*
Initial contributions		
Comoros	8	8
Iran (Islamic Republic of)	83 167	83 167
	83 175	83 175
Third Replenishment		
Iran (Islamic Republic of)	2 400	2 400
Sao Tome and Principe	10	10
	2 410	2 410
Total	**85 585**	**85 585**

NOTE 7

OTHER RECEIVABLES

	US$ thousands	
	2018	*2017*
Receivables for investments sold	16 052	-
Other receivables	18 619	16 227
Total	**34 671**	**16 227**

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

NOTE 8

FIXED AND INTANGIBLE ASSETS

	US$ thousands			
	1 Jan 2018	*Increase/ (decrease)*	*Revalued/ Adjustment**	*31 Dec 2018*
Cost				
Computer hardware	4107	691	-	4 798
Computer software	21 277	3 746	-	25 023
Vehicles	801	64	-	865
Furniture and fittings	533	-	(17)	516
Leasehold improvement	1 603	156	-	1 759
Total cost	**28 321**	**4 657**	**(17)**	**32 961**
Depreciation				
Computer hardware	(3 374)	(419)	-	(3 793)
Computer software	(9 312)	(2 601)	-	(11 913)
Vehicles	(251)	(170)	-	(421)
Furniture and fittings	(409)	(11)	17	(403)
Leasehold improvement	(974)	(78)	-	(1 052)
Total depreciation	**(14 320)**	**(3 279)**	**17**	**(17 582)**
Net fixed and intangible assets	**14 001**	**1 378**	**-**	**15 379**

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

NOTE 9

LOANS

(a) Analysis of loan balances

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

Table 1

	US$ thousands	
	2018	*2017*
IFAD	7 312 855	7 140 349
Spanish Trust Fund	227 565	209 504
Total	**7 540 420**	**7 349 853**
Fair value adjustment	**(1 270 853)**	**(1 294 710)**
Total	**6 269 567**	**6 055 143**

The tables below provide details of approved loans (net of cancellations), undisbursed balances and repayments. Balances include euro-denominated loans financed from the debt-financing facility.

Table 2

	US$ thousands	
IFAD and SPA	*2018*	*2107*
Approved loans	14 115 789	13 858 678
Undisbursed balance	(3 919 695)	(3 878 946)
Repayments	(2 902 881)	(2 856 147)
	7 293 213	**7 123 585**
Interest/principal receivable	19 642	16 764
Loans outstanding at nominal value	**7 312 855**	**7 140 349**
Fair value adjustment	(1 255 409)	(1 280 640)
Loans outstanding	**6 057 446**	**5 859 709**

Table 3

Spanish Trust Fund	US$ thousands	
	2018	*2107*
Approved loans	323 241	350 869
Undisbursed balance	(76 245)	(131 829)
Repayments	(19 874)	(9 908)
	227 122	**209 132**
Interest/principal receivable	443	372
Loans outstanding at nominal value	**227 565**	**209 504**
Fair value adjustment	(15 444)	(14 070)
Loans outstanding	**212 121**	**195 434**

Table 4

Consolidated	US$ thousands	
	2018	*2107*
Approved loans	14 439 030	14 209 547
Undisbursed balance	(3 995 940)	(4 010 775)
Repayments	(2 922 755)	(2 866 055)
	7 520 335	7 332 717
Interest/principal receivable	20 085	17 136
Loans outstanding at nominal value	**7 540 420**	**7 349 853**
Fair value adjustment	(1 270 853)	(1 294 710)
Loans outstanding	**6 269 567**	**6 055 143**

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

The fair value of the outstanding loan portfolio at year-end amounts to US$6,676 million.

(b) Accumulated allowance for impairment losses

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

Table 5

Consolidated	US$ thousands	
	2018	*2017*
IFAD	104 076	**69 383**
Spanish Trust Fund	2 139	**-**
Accumulated allowance for impairment losses	**106 215**	**69 383**
Provision for Haiti Debt Relief	15 200	**-**
	121 415	**69 383**
Fair value adjustment	(28 164)	(59 199)
Total	**93 251**	**10 184**

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

Table 6

Consolidated	US$ thousands	
	2018	*2017*
Balance at beginning of year	**69 383**	**59 559**
Change in accounting principle	(69 383)	-
Change in accounting principle	101 578	-
Provision for Haiti Debt Relief	15 200	-
Balance at beginning of year restated	**116 778**	**59 559**
Net increase in allowance	8 203	6 161
Revaluation	(3 566)	3 663
Balance at end of year at nominal value	**121 415**	**69 383**
Fair value adjustment	(28 164)	(59 199)
Total	**93 251**	**10 184**

For the purpose of calculating impairment in accordance with IFRS 9, loans at amortized cost are grouped in three stages.

Stage 1: impairment is calculated on a portfolio basis and equates to a 12-month ECL of these assets.

Stage 2: impairment is calculated on a portfolio basis and equates to the full lifetime ECL of these assets.

Stage 3: impairment is calculated on the full lifetime ECL calculated for each individual asset.

The table below provides a summary of the loan portfolio by stage and exposure (loan outstanding and undrawn commitments) as at 31 December 2018.

Table 7

Consolidated	2018 US$ millions	
	Exposure	*Allowance*
Stage 1	8 847.6	7.9
Stage 2	1 001.5	36.0
Stage 3	207.7	62.3
Total	**10 056.8**	**106.2**
Exposure:		
Loans outstanding	**7 520.3**	
Loan commitments	**2 536.5**	
Total	**10 056.8**	

The table below provides details of the accumulated allowance by stage and by entity.

Table 8

Consolidated	*2018 US$ millions*				
	Stage 1	Stage 2	Stage 3	Individual	Total
IFAD total	7.5	34.7	61.9	-	104.1
Spanish Trust Fund	0.4	1.3	0.4	-	2.1
Allowance ECL December 2018	**7.9**	**36.0**	**62.3**	**-**	**106.2**
Haiti Debt relief	-	-	-	15.2	15.2
Fair value	**-**	**-**	**-**	**-**	(28.1)
Allowance impairment losses	**-**	**-**	**-**	**-**	**93.3**

The table below provides indications of transfers between stages during the year.

Table 9

Consolidated	*2018 US$ millions*			
	Stage 1	Stage 2	Stage 3	Total
Exposure at 1 January 2018	**8 444.7**	**1 088.9**	**212.9**	**9 746.5**
Transfer to Stage 1	105.4	(105.4)	-	-
Transfer to Stage 2	(111.0)	111.0	-	-
Transfer to Stage 3	-	-	-	-
New assets originated or purchased	873.2	-	-	873.2
Amortization repayments	(464.7)	(93.0)	(5.2)	(562.9)
Exposure as at 31 December 2018	**8 847.6**	**1 001.5**	**207.7**	**10 056.8**
Exposure by asset type:				
Loan outstanding	6 414.3	898.3	207.7	7 520.3
Loan commitments	2 433.3	103.2	-	2 536.5
Exposure as at 31 December 2018	**8 784.1**	**1 065.0**	**207.7**	**10 056.8**

The table below provides a sensitivity analysis of the loan portfolio provisioning to the variation of macroeconomic scenarios used in determining the level of impairment.

Table 10

US$ million	*Neutral*	*Optimistic*	*Pessimistic*	*Probability-weighted scenario*
Stage 1	6.6	5.5	11.9	7.9
Stage 2	35.8	35.9	36.6	36.0
Stage 3	62.3	62.3	62.3	62.3
Total	**104.7**	**103.7**	**110.8**	**106.2**

(c) Non-accrual status

Had income from loans in stage 3 amounts in non-accrual status been recognized as income, income from loans as reported in the statement of comprehensive income for 2018 would have been higher by US$1,823,159 (2017 – US$1,636,423).

(d) Market risk

IFAD's loan portfolio is well diversified. Loans are provided to Member States according to the performance-based allocation system. Appendix I provides a summary of the geographical distribution, an analysis of the portfolio by lending terms and details about the maturity structure.

(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 is closely monitored.

NOTE 10

FINANCIAL INSTRUMENTS BY CATEGORY

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

Table 1

	US$ millions			
2018	*Cash and bank deposits*	*Investments at FVTPL*	*Investments at amortized cost*	*Loans at amortized cost*
Level 1				
Cash and bank balances	190	-	-	-
Investment at FVTPL	-	990	-	-
Investments at amortized costs	-	-	104	-
Level 2				
Investments at FVTPL	-	337	-	-
Investment at amortized cost	-	-	40	-
Loans outstanding	-	-	-	6 168
Total	**190**	**1 327**	**144**	**6 168**

Table 2

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

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

NOTE 11

HEAVILY INDEBTED POOR COUNTRIES (HIPC) INITIATIVE

(a) Impact of the HIPC Initiative

IFAD provided funding for the HIPC Initiative in the amount of US$229,670,000 during the period 1998-2018. Details of funding from external donors on a cumulative basis are found in appendix E2.

For a summary of debt relief reimbursed since the start of the Initiative and expected in the future, please refer to appendix J. Debt relief approved by the Executive Board to date excludes all amounts relating to the enhanced Initiative for Eritrea, Somalia and the Sudan. Authorization for IFAD's share of this debt relief is expected to be given by the Executive Board in 2017-2019. At the time of preparation of the 2018 Consolidated Financial Statements, the estimate of IFAD's share of the overall debt relief for these countries, including principal and interest, was US$198,041,884 (2017 – US$131,997,000 for Eritrea, Somalia and Sudan). Investment income amounted to US$8,213,076 (2017 – US$8,153,914) from the HIPC Trust Fund balances.

(b) Accumulated allowance for the HIPC Initiative

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

	US$ thousands	
	2018	*2017*
Balance at beginning of year	**14 855**	**17 685**
Change in provision	(3 162)	(3 815)
Exchange rate movements	(318)	985
Balance at end of year	**11 375**	**14 855**
Fair value adjustment	(3 468)	(4 605)
Total	**7 907**	**10 250**

NOTE 12

PAYABLES AND LIABILITIES

	US$ thousands	
	2018	*2017*
Payable for investments purchased	20 900	9 082
ASMCS liability	113 189	127 669
Other payables and accrued liabilities	72 103	71 559
Total	**206 192**	**208 310**

Of the total above, an estimated US$139.2 million (2017 – US$153.5 million) is payable in more than one year from the balance sheet date.

NOTE 13

DEFERRED REVENUE

Deferred revenue represents contributions received for which revenue recognition has been deferred to future periods to match the related costs. Deferred income includes amounts relating to service charges received for which the related costs have not yet been incurred.

	US$ thousands	
	2018	*2017*
Total	387 186	288 340
Fair value adjustment	(26 404)	(26 061)
Deferred revenue	**360 782**	**262 279**

NOTE 14

UNDISBURSED GRANTS

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

	US$ thousands	
	2018	*2017*
IFAD	101 253	98 049
Supplementary funds	211 072	273 764
ASAP	160 140	189 236
Balance at year-end	**472 465**	**561 049**
Fair value adjustment	**(27 750)**	**(29 793)**
Undisbursed grants	**444 715**	**531 256**

NOTE 15

BORROWING LIABILITIES

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

Table 1

	US$ thousands	
	2018	*2017*
IFAD	571 603	480 324
Spanish Trust Fund	306 000	323 833
Total borrowing liabilities	**877 603**	**804 157**

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

Table 2

	US$ thousands	
	2018	*2017*
IFAD		
0-1 years	-	-
1-2 years	3 694	3 874
2-3 years	18 438	19 369
3-4 years	29 501	30 989
4-10 years	222 752	185 931
More than 10 years	297 219	240 161
Total	**571 604**	**480 324**

NOTE 16

NET FOREIGN EXCHANGE GAINS/LOSSES

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

Table 1

Year	*United States dollars*
2018	1.39053
2017	1.42501
2016	1.34472

The balance of foreign exchange movement is shown below:

Table 2

	US$ thousands	
	2018	*2017*
IFAD	(150 550)	338 793
Other entities	(13 987)	6 316
Total movements in the year	**(164 537)**	**345 109**

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

Table 3

	US$ thousands	
	2018	*2017*
Opening balance 1 January	**336 328**	**(8 781)**
Exchange movements for the year on:		
Cash and investments	(20 988)	41 302
Net receivables/payables	(1 407)	(22 228)
Loans and grants outstanding	(140 493)	306 286
Promissory notes and Members' receivables	(12 861)	39 914
Member States' contributions	11 212	(20 165)
Total movements in the year	**(164 537)**	**345 109**
Closing balance 31 December	**171 791**	**336 328**

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. As at 31 December 2018, funds under external management amounted to US$530 million (2017 – US$700 million), representing 32 per cent of the Fund's total cash and investments (2017 – 36 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 currency composition of IFAD's commitments:

(i) Futures

Table 1

	31 December	
	2018	2017
Number of contracts open:		
Buy	276	334
Sell	(194)	(395)
Net unrealized market gains of open contracts (US$ thousands)	209	61
Maturity range of open contracts (days)	66 to 88	67 to 262

(ii) Forwards

The unrealized market value loss on forward contracts as at 31 December 2018 amounted to US$0.14 million (2017 – loss of US$2.6 million). The maturities of forward contracts at 31 December 2018 was 35 days (31 December 2017 – 5 to 74 days).

(iii) Swaps

IFAD asset portfolios use derivative instruments such as swaps to immunize positions from interest rate risk. Positions hedged are of medium- to long-term maturities, fixed-rate coupon bonds, effectively converted to variable rate instruments. Hence, matching closer interest rate sensitivities of the portfolios' assets and liabilities consisted of variable rate borrowings.

Table 2

	US$ thousands
	2018
Outstanding swaps notional	114 315
Derivative assets	
Interest rate swaps	4 469
Derivative liabilities	
Interest rate swaps	(5 065)
Net unrealized market gains of swap contracts	(596)
Maturity range of swap contracts	2 to 6 years

(c) Income from cash and investments (consolidated)

Gross income from cash and investments for the year ending 31 December 2018 amounted to US$5.7 million (2017 – gross income of US$36.4 million).

Table 3

2018	US$ thousands		
	Fair value	Amortized cost	Total
Interest from banks and fixed-income Investments	16 835	3 695	**20 530**
Net expenses from futures/options and swaps	(1 720)	**-**	**(1 720)**
Realized capital gain/(loss) from fixed-income securities	(1 878)	-	**(1 878)**
Unrealized gain/(loss) from fixed-income securities	(11 210)	(7)	**(11 217)**
Total	**2 027**	**3 688**	**5 715**

Table 4

2017	US$ thousands		
	Fair value	Amortized cost	Total
Interest from banks and fixed-income Investments	21 982	4 562	**26 544**
Net expenses from futures/options and swaps	(953)	**-**	**(953)**
Realized capital gain/(loss) from fixed-income securities	1 837	163	**2 000**
Unrealized gain/(loss) from fixed-income securities	4 963	3 807	**8 770**
Total	**27 829**	**8 532**	**36 361**

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

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

Table 5

	US$ thousands	
	2018	2017
IFAD	2 039	33 326
ASMCS Trust Fund	(13)	1 734
HIPC Trust Fund	60	114
Spanish Trust Fund	1 112	1 059
Haiti Debt Relief Initiative	444	259
ASAP	5 049	816
Supplementary funds	1 446	783
Less: income deferred/reclassified	(4 422)	(1 731)
Total	**5 715**	**36 361**

The annual rate of return on IFAD cash and investments in 2018 was 0.09 per cent net of investment expenses (2017 –2.21 per cent net of investment expenses).

NOTE 18

INCOME FROM OTHER SOURCES

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

	US$ thousands	
Consolidated	*2018*	*2017*
Reimbursement from Host Government	8 565	7 919
Income from other sources	2 309	2 058
Total	**10 874**	**9 977**

NOTE 19

INCOME FROM CONTRIBUTIONS

	US$ thousands	
	2018	*2017*
IFAD	29 884	29 615
ASAP	16 783	52 821
Supplementary funds	38 534	76 166
Total	**85 201**	**158 602**

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

NOTE 20

OPERATING EXPENSES

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

	US$ thousands	
	2018	*2017*
IFAD	176 082	172 646
Other entities	12 343	12 130
Total	**188 425**	**184 776**

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

NOTE 21

STAFF NUMBERS, RETIREMENT PLAN AND MEDICAL SCHEMES

(a) Staff numbers

Employees that are on IFAD's payroll are part of the retirement and medical plans offered by IFAD. These schemes include participation in the UNJSPF and in the ASMCS administered by FAO.

The number of full-time equivalent employees of the Fund and other consolidated entities in 2018 was as follows (breakdown by principal budget source):

Table 1

Full-time equivalent	*Professional*	*General Service*	*Total*
IFAD administrative budget	293	181	474
APO/SPO*	16	-	16
Others	15	6	21
Programme funds	9	2	11
Total 2018	**333**	**189**	**522**
Total 2017	**333**	**202**	**535**

* Associate professional officer/special programme officer.

(b) Non-staff

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

(c) Retirement plan

The UNJSPF carries out an actuarial valuation every two years; the latest was prepared as at 31 December 2017. This valuation revealed an actuarial deficit amounting to 0.07 per cent of pensionable remuneration. Thus the UNJSPF was assessed as adequately funded and the United Nations General Assembly did not invoke the provision of article 26, requiring participating agencies to provide additional payments. IFAD makes contributions on behalf of its staff and would be liable for its share of the unfunded liability, if any (current contributions are paid as 7.9 per cent of pensionable remuneration by the employee and 15.8 per cent by IFAD). Total retirement plan contributions made for staff in 2018 amounted to US$11,314,132 (2017 – US$11,087,659).

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

The latest actuarial valuation for the ASMCS was carried out as at 31 December 2018. The methodology used was the projected unit-credit-cost method with service prorates. The principal actuarial assumptions used were as follows: discount rate 2.8 per cent; return on invested assets 3.5 per cent; expected salary increase 3.5 per cent; initial medical cost increase, 4.6 per cent; inflation 1.9 per cent; and exchange rate. The results determined IFAD's liability as at 31 December 2018 to be US$113,188,729. The 2018 and 2017 Financial Statements include a provision and related assets as at 31 December as follows:

Table 2

	US$ thousands	
	2018	*2017*
Past service liability	(113 189)	(127 669)
Plan assets	79 105	79 081
Surplus /(deficit)	**(34 084)**	**(48 588)**
Yearly movements		
Opening balance Surplus/(deficit)	**(48 588)**	**(37 260)**
Contribution paid	2 933	2 293
Interest cost	(1 134)	(955)
Current service charge	(5 625)	(5 148)
Actuarial gains/(losses)	21 239	(15 083)
Interest earned on balances	(182)	1 542
Exchange rate movement	(2 727)	6 023
Closing balance Surplus/(deficit)	**(34 084)**	**(48 588)**
Past service liability		
Total provision at 1 January	(127 669)	(106 483)
Interest cost	(5 625)	(955)
Current service charge	(1 134)	(5 148)
Actuarial gains /(losses)	21 239	(15 083)
Provision at 31 December	**(113 189)**	**(127 669)**
Plan assets		
Total assets at 1 January	79 081	69 223
Contribution paid	2 933	2 293
Interest earned on balances	(182)	1 542
Exchange rate movement	(2 727)	6 023
Total assets at 31 December	**79 105**	**79 081**

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

IFAD provides for the full annual current service costs of this medical coverage, including its eligible retirees. In 2018, such costs included under staff salaries and benefits in the Financial Statements amounted to US$6,758,228 (2017 – US$6,102,214).

Based on the 2018 actuarial valuation, the level of assets necessary to cover ASMCS liabilities is US$79,104,967 in net present value terms (including assets pertaining to the International Land Coalition). As reported above, at 31 December 2018 the assets already held in the trust fund are US$79,104,967; consequently this is sufficient to cover the level of liabilities.

(e) Actuarial valuation risk of the ASMCS

A sensitivity analysis of the principal assumptions of the liability and service cost contained within the group data as at 31 December 2018 is shown below:

Table 3

Impact on	*Liability*
Medical inflation:	
4.7 per cent instead of 3.7 per cent	29.2
3.7 per cent instead of 2.7 per cent	(23.3)

NOTE 22

GRANT EXPENSES

The breakdown of the consolidated figures is set out below:

	US$ thousands	
	2018	*2017*
IFAD grants	66 602	64 779
Supplementary funds	26 200	61 890
ASAP	16 145	50 547
Total	**108 947**	**177 216**

NOTE 23

DSF EXPENSES

The DSF expenses are set out below:

	US$ thousands	
IFAD-only	*2018*	*2017*
DSF expenses	138 625	127 766
Total	**138 625**	**127 766**

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

NOTE 24

DIRECT BANK AND INVESTMENT COSTS

	US$ thousands	
	2018	*2017*
Investment management fees	1 102	1 318
Other charges	659	645
Total	**1 761**	**1 963**

NOTE 25

ADJUSTMENT FOR CHANGE IN FAIR VALUE

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

Consolidated	*US$ thousands*	
	2018	*2017*
Loans outstanding	(7 633)	(30 957)
Accumulated allowance for loan impairment losses	10 459	1 394
Accumulated allowance for HIPC Initiative	(1 025)	(1 340)
Net loans outstanding	1 801	(30 903)
Undisbursed grants	(2 016)	19 231
Total	**(215)**	**(11 672)**

NOTE 26

DEBT RELIEF EXPENSES

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

NOTE 27

HOUSED ENTITY DISCLOSURE

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

	US$ thousands	
	2018	*2017*
International Land Coalition	2 104	1 204
Total	**2 104**	**1 204**

NOTE 28

CONTINGENT LIABILITIES AND ASSETS

(a) Contingent liabilities

IFAD has contingent liabilities in respect of debt relief announced by the World Bank/International Monetary Fund for three countries. See note 11 for further details of the potential cost of loan principal and interest relating to these countries, as well as future interest not accrued on debt relief already approved as shown in appendix J.

IFAD has a contingent liability for DSF financing effective but not yet disbursed for a global amount of US$901.7 million (US$828.5million in 2017). In particular, at the end of December 2018, DSF financing disbursable but not yet disbursed, because the conditions for the release of funds were not yet met, amounted to US$604.3 million (US$586.6 million in 2017) and DSF projects approved but not yet effective amounted to US$297.4 million (US$241.9 million in 2017).

(b) Contingent assets

At the end of December 2018 the balance of qualified instruments of contribution amounted to US$67.5 million. These contributions are subject to national appropriation measures, therefore those receivables will be considered due upon fulfilment of those conditions and probable at the reporting date.

The DSF framework, approved in 2007, aims for the full recovery of principal repayments forgone through a pay-as-you-go compensation mechanism by Member States. Consequently, IFAD has undertaken a review together with its governing bodies of the mechanism through which this policy will be implemented. This led to the endorsement by the Executive Board in 2013 of the underlying principles thereof. The policy was also endorsed by Member States in the Replenishment Consultation process in 2014 and finally approved by the Governing Council in 2015, moreover during the Eleventh Replenishment consultations in 2018 it was confirmed that there would be no change to the DSF compensation policy. This, in effect, provides a concrete basis on which Member States will be expected to contribute towards principal reflows forgone as a result of the DSF, in addition to their regular contributions.

In 2016, Member States began to make commitments for payment of DSF obligations. The receipt of the funds that have been provided as DSF grants is therefore considered probable and hence is disclosed as a contingent asset. The nominal amount of the amount so disbursed as at 31 December 2018 amounted to US$1,072.3 million (US$933.6 million as at December 2017).

NOTE 29

POST-BALANCE-SHEET EVENTS

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

NOTE 30

RELATED PARTIES

The Fund has assessed related parties and transactions carried out in 2018. This pertained to transactions with Member States (to which IAS 24, paragraph 25, is applicable) key management personnel and other related parties identified under IAS 24. Transactions with Member States and related outstanding balances are reported in appendices H and I. Key management personnel are the President, Vice-President, Associate Vice-Presidents and Director and Chief of Staff, as they have the authority and responsibility for planning, directing and controlling activities of the Fund.

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

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

Independent review of the latest annual financial disclosure statements confirmed that there are no conflicts of interest, nor transactions and outstanding balances, other than the ones indicated below, for key management personnel and other related parties identified as per IAS 24 requirements.

	US$ thousands	
	2018	*2017*
Salaries and other entitlements	2 070	1 922
Contribution to retirement and medical plans	343	243
Other related parties	-	18
Total*	**2 413**	**2 183**
Total accruals	**418**	**494**
Total receivables	**51**	**14**

* The increase in 2018 is primarily due to transition-related entitlements

NOTE 31

DATE OF AUTHORIZATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements are issued by Management for review by the Audit Committee in March 2019 and endorsement by the Executive Board in April 2019. The 2018 Consolidated Financial Statements will be submitted to the Governing Council for formal approval at its next session in February 2020. The 2018 Consolidated Financial Statements were approved by the Governing Council at its forty-second session in February 2019.

Statements of complementary and supplementary contributions

Table 1
Member States:
Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2018 [a]
(Thousands of United States dollars)

Member States	*Project cofinancing*	*APOs*	*Other supplementary funds*	*GEF*	*Total*
Algeria	-	-	80	-	80
Angola	-	-	7	-	7
Australia [b]	2 721	-	84	-	2 805
Austria	755	-	-	-	755
Bangladesh	-	-	46	-	46
Belgium	10 214	1 960	158 558	-	170 732
Canada	12 978	-	8 111	-	21 089
China	-	-	10 358	-	10 358
Colombia	-	-	25	-	25
Denmark	42 892	4 644	3 956	-	51 493
Estonia	-	-	309	-	309
Finland	2 834	5 366	7 000	-	15 200
France	1 032	1 239	8 819	-	11 089
Germany	46	8 054	20 898	-	28 997
Ghana	-	-	80	-	80
Greece	-	-	80	-	80
Hungary	-	-	200	-	200
India	-	-	1 000	-	1 000
Indonesia	-	-	50	-	50
Ireland	6 602	-	4 341	-	10 943
Italy	31 222	7 107	29 895	-	68 224
Japan	3 692	2 349	4 231	-	10 272
Jordan	-	-	153	-	153
Kuwait	-	-	126	-	126
Lebanon	-	-	89	-	89
Luxemburg	2 086	-	8 859	-	10 945
Malaysia	-	-	28	-	28
Morocco	-	-	50	-	50
Mauritania	-	-	92	-	92
Netherland	107 166	8 620	11 844	-	127 630
New Zealand	730	-	80	-	810
Nigeria	-	-	50	-	50
Norway	31 379	2 604	6 109	-	40 092
Pakistan	-	-	25	-	25
Paraguay	-	-	15	-	15
Portugal	142	-	714	-	855
Qatar	-	-	114	-	114
Republic of Korea	4 951	5 931	366	-	11 247
Russian Federation	1 356	-	144	-	1 500
Saudi Arabia	3 222	-	192	-	3 414
Senegal	-	-	109	-	109
Sierra Leone	-	-	88	-	88
Spain	11 865	-	6 113	-	17 978
Suriname	2 000	-	-	-	2 000
Sweden	9 727	2 920	19 130	-	31 777
Switzerland	13 128	1 631	19 091	-	33 851
Turkey	-	-	47	-	47
United Kingdom	19 074	-	16 859	-	35 933
United States	-	617	386	-	1 003
Total	**321 814**	**53 041**	**349 002**	**-**	**723 857**

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

Table 2
Non-Member States and other sources:
Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2018 [a]
(Thousands of United States dollars)

Non-Member States and other sources	*Project cofinancing*	*APOs*	*Other supplementary funds*	*GEF*	*Total*
Abu Dhabi Fund for Development	-	-	1 481	-	1 481
Arab Fund for Economic and Social Development	2 983	-	-	-	2 983
African Development Bank	2 800	-	1 096	-	3 896
Arab Bank	-	-	25	-	25
Arab Gulf Programme for United Nations Development Organisations	299	-	-	-	299
Bill & Melinda Gates Foundation	-	-	1 760	-	1 760
Cassava Programme	-	-	69	-	69
Chief Executives Board for Coordination	-	-	998	-	998
Congressional Hunger Centre	-	-	183	-	183
Coopernic	-	-	3 429	-	3 429
European Commission	814	-	628 258	-	629 071
FAO	14	-	2 624	-	2 638
Global Agriculture and Food Security Programme	129 220	-	6 515	-	135 735
Least Developed Countries Fund / Special Climate Change Fund	-	-	102 129	-	102 129
New Venture Fund	-	-	63	-	63
OPEC Fund for International Development	3 686	-	13	-	3 698
Open Society Foundation	1 000	-	-	-	1 000
Packard Foundation	-	-	100	-	100
Small Foundation	-	-	300	-	300
United Nations Fund for International Partnership	78	-	145	-	223
United Nations Capital Development Fund	365	-	257	-	623
United Nations Development Programme	467	-	1 955	-	2 422
United Nations Organizations	3 017	-	-	-	3 017
World Bank	1 357	-	527	167 664	169 548
Other Supplementary funds	1 929	-	3 238	-	5 167
Total non-Member States and other sources	**148 028**	**-**	**755 167**	**167 664**	**1 070 859**
Total 2018	**469 842**	**53 041**	**1 104 168**	**167 664**	**1 794 715**
Total 2017	**436 434**	**51 059**	**1 032 965**	**162 029**	**1 682 487**

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

Statement of cumulative complementary contributions from 1978 to 2018

(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
Subtotal	**58 798**
Cumulative contributions received from Belgium for the BFFS.JP in the context of replenishments	80 002
Subtotal	**138 800**
Contributions made in the context of replenishments to the HIPC Trust Fund	
Italy	4 602
Luxembourg	1 053
Netherlands	14 024
Subtotal	**19 679**
Contributions made to ASAP in the context of replenishments	**310 645**
Unrestricted complementary contributions to the Tenth Replenishment	
Canada	7 322
Germany	14 861
Netherlands	23 299
Russian Federation	3 000
United States	12 000
Subtotal	**60 482**
Unrestricted complementary contributions to the Eleventh Replenishment	
Germany	22 863
Luxembourg	686
Switzerland	12 173
Subtotal	**35 722**
Total complementary contributions 2018	**565 328**
Total complementary contributions 2017	**527 413**

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

(Thousands of United States dollars)

	Amount
Contributions made in the context of replenishments (see table above)	**19 679**
Belgium	2 713
European Commission	10 512
Finland	5 193
Germany	6 989
Iceland	250
Norway	5 912
Sweden	17 000
Switzerland	3 276
World Bank HIPC Trust Fund	215 618
Subtotal	**267 463**
Total contributions to IFAD's HIPC Trust Fund 2018	**287 142**
Total contributions to IFAD's HIPC Trust Fund 2017	**287 142**

Contributions received in 2018

	Currency	Amount (thousands)	Thousands of US$ equivalent
For project cofinancing			
Abu Dhabi Development Fund	US$	328	328
Adaptation Fund	US$	1 200	1 200
Canada	CAD	1 268	1 017
Denmark	DKK	34 530	5 228
European Commission	EUR	14 750	16 861
Germany	EUR	2 140	2 446
Global Agriculture & Food Security Programme	US$	15 485	15 485
GEF	US$	18 256	18 256
Least Developed Countries Fund	US$	10 080	10 080
Norway	NOK	20 000	2 297
OPEC Funds for International Development	US$	250	250
Open Society Foundation London	US$	500	500
Russian Federation	US$	800	800
Special Climate Change Fund	US$	14 000	14 000
United Nations Office South-South Cooperation	US$	450	450
Subtotal			**89 199**
For APOs			
Finland	US$	295	295
France	US$	109	109
Germany	US$	281	281
Italy	US$	242	242
Japan	US$	141	141
Republic of Korea	US$	287	286
Netherlands	US$	61	61
Sweden	US$	147	147
Switzerland	US$	124	124
Subtotal			**1 686**
Other supplementary fund contributions			
Canada	US$	362	362
China	CNY	34 559	5 011
Estonia	EUR	90	103
European Commission*	EUR	39 707	45 445
FAO	US$	151	151
France	EUR	316	361
Germany	EUR	497	569
Hungary	US$	100	100
Ireland	EUR	1 000	1 143
Italy	EUR	53	60
Republic of Korea	KRW	1 000 000	880
Luxembourg	EUR	2 500	2 858
Netherlands	US$	1 010	1 010
New Venture Fund	US$	63	63
Rockefeller Foundation	US$	150	150
Sweden	SEK	20 000	2 206
Switzerland	US$	400	400
The David and Lucile Packard Foundation	US$	100	100
United Nations Development Programme	US$	828	828
United States	US$	300	300
Subtotal			**62 100**
Grand total			**152 984**

* *Contributions from the European Commission include EUR 20.75 million received by IFAD on the 31 December 2018 for the financial instruments of the ABC Fund, a new private sector fund sponsored by IFAD.*

Unspent funds in 2018 and 2017

Table 1
Unspent complementary and supplementary funds from Member States and non-Member States
(Thousands of United States dollars)

Member States	*APOs*	*Other supplementary funds*	*Total*
Belgium	-	1 814	1 814
Canada	-	2 058	2 058
China	-	5 165	5 165
Denmark	-	6 374	6 374
Estonia	-	215	215
Finland	196	1	197
France	60	6	66
Germany	612	2 832	3 444
Hungary	-	190	190
India	-	179	179
Italy	438	3 280	3 718
Japan	102	-	102
Jordan	-	-	-
Kuwait	-	-	-
Lebanon	-	88	88
Luxemburg	-	3 711	3 711
Malaysia	-	13	13
Netherlands	85	1 809	1 894
New Zealand	-	15	15
Norway	15	2 992	3 007
Republic of Korea	563	3 140	3 706
Russian Federation	-	1 389	1 389
Spain	-	1 124	1 124
Sweden	64	4 675	4 739
Switzerland	163	5 150	5 313
United Kingdom	-	337	337
United States	-	286	286
Total Member States	**2 299**	**46 843**	**49 144**

Table 2
Other unspent complementary and supplementary funds from non-Member States
(Thousands of United States dollars)

Non- Member States	*APOs*	*Other supplementary funds*	*Total*
Abu Dhabi Fund for Development	-	389	389
Bill & Melinda Gates Foundation	-	6	6
European Commission	-	57 856	57 856
FAO	-	137	137
Global Agriculture and Food Security Programme	-	13 963	13 963
Least Developed Countries Fund / Special Climate Change Fund / Adaptation Fund	-	31 691	31 691
Support to Farmers' Organizations in Africa	-	233	233
Technical Assistance Facility	-	440	440
Platform for Agricultural Risk Management	-	785	785
Packard Foundation	-	95	95
United Nations Fund for International Partnership	-	-	-
United Nations Capital Development Fund	-	-	-
United Nations Development Programme	-	777	777
World Bank	-	17	17
Other	-	898	898
Total non-Member States	**-**	**107 287**	**107 287**
Grand Total	**2 299**	**154 131**	**156 430**

Global Environment Facility

(Thousands of United States dollars)

Recipient country	*Cumulative contributions received as at 31/12/2018*	*Unspent as at January 1 2018*	*2018 Contributions*	*2018 Expenses*	*Unspent as at 31/12/2018*
Armenia	4 011	10	-	-	10
Association of Southeast Asian Nations regional	15 648	7 964	-	(7 964)	1
Brazil	5 931	-	-	-	-
Burkina Faso	8 692	664	(663)	-	1
China	4 854	-	-	-	-
Comoros	945	-	-	-	-
Ecuador	2 783	-	-	-	-
Eritrea	4 335	-	-	-	-
Eswatini	9 205		-	-	
Ethiopia	4 750	-	-	-	-
Gambia (The)	96	-	-	-	-
Global supplement for United Nations Convention to Combat Desertification	457	-	-	-	-
Indonesia	5 017	152	-	(139)	13
Jordan	7 884	15		-	15
Kenya	12 039	4	-	-	4
Malaysia	9 633	3	9 433	(3)	9 433
Malawi	7 339	7 176	-	(7 156)	20
Mali	4 796	-	-	-	-
Mauritania	4 336	-	-	-	-
Middle East and North Africa Regional Program for Promoting Integrated Sustainable Land monitoring and evaluation	705	-	-	-	-
Mexico	5 084	-	-	-	-
Morocco	330	-	-	-	-
Niger (the)	12 032	17	-	-	17
Panama	150	-	-	-	-
Peru	7 022	-	-	-	-
Sao Tome and Principe	1 875	-	-	-	-
Senegal	3 690	3 630	-	(3 610)	20
Sri Lanka	7 270	-	-	-	-
Sudan (the)	3 750	2	-	-	2
Tunisia	4 330	-	-	-	-
United Republic of Tanzania	7 339	-	-	-	-
Venezuela (Bolivarian Republic of)	581	-	(3 135)	3 135	-
Viet Nam	755	-	-	-	-
Total	**167 664**	**19 637**	**5 635**	**(15 736)**	**9 536**

Summaries of the Adaptation for Smallholder Agriculture Programme Trust Fund

Table 1
Summary of complementary contributions and supplementary funds to the Adaptation for Smallholder Agriculture Programme (ASAP) Trust Fund
(As at 31 December 2018)

	Member States	*Local currency*	*Contributions Received*[*]
Complementary contributions	Belgium	EUR 6 000	7 855
	Canada	CAD 19 849	19 879
	Finland	EUR 5 000	6 833
	Netherlands	EUR 40 000	48 581
	Norway	NOK 63 000	9 240
	Sweden	SEK 30 000	4 471
	Switzerland	CHF 10 000	10 949
	United Kingdom	GBP 147 523	202 837
	Subtotal		**310 645**
Supplementary funds			
ASAP1	Flemish Department for Foreign Affairs	EUR 2 000	2 380
	Republic of Korea	US$ 3 000	3 000
ASAP2	Norway	NOK 80 000	8 834
	Sweden	SEK 50 000	5 461
	Subtotal		**19 675**
	Total		**330 320**

[*] Payments counter-valued at exchange rate prevailing at receipt date.

Table 2
Summary of grants under the Adaptation for Smallholder Agriculture Programme (ASAP) Trust Fund
(Thousands of SDR)

Grant recipient	*Approved grants less cancellations*	*Disbursable*	*Disbursements 2018*	*Undisbursed portion of disbursable grants*	*Grants not yet disbursable as at 31 December 2018*
US$ grants					
Iraq	2 000	0	-	-	2 000
Kenya	290	290	-	290	-
Republic of Moldova	5 000	5 000	542	4 458	-
Somalia	68	-	-	-	68
United States	800	0	-	-	800
Total US$	**8 158**	**5 290**	**542**	**4 748**	**2 868**
EUR grants					
Montenegro	1 880	1 880	500	1 380	-
Total EUR	**1 880**	**1 880**	**500**	**1 380**	**-**
US$ equivalent	**2 149**	**2 149**	**572**	**1 578**	**-**
SDR grants					
Bangladesh	9 900	9 900	6 471	3 429	-
Benin	3 220	3 220	332	2 888	-
Bhutan	3 580	3 580	1 219	2 361	-
Bolivia (Plurinational State of)	6 500	6 500	5 445	1 055	-
Burundi	3 510	3 510	1 315	2 195	-
Cambodia	10 150	10 150	4 961	5 189	-
Cabo Verde	2 900	2 900	775	2 125	-
Chad	3 240	3 240	1 732	1 508	-
Comoros	740	740	64	676	-
Côte d’Ivoire	4 520	4 520	1 062	3 458	-
Djibouti	4 000	4 000	1 732	2 268	-
Ecuador	2 850	-	-	-	**2 850**
Egypt	3 380	3 380	571	2 809	-
El Salvador	3 560	-	-	-	**3 560**
Ethiopia	7 870	7 870	1 157	6 713	-
Gambia (The)	3 570	3 570	1 857	1 713	-
Ghana	6 500	6 500	2 233	4 267	-
Kenya	7 100	7 100	1 198	5 902	-
Kyrgyzstan	6 500	6 500	4 005	2 495	-
Lao People's Democratic Republic	3 550	3 550	1 454	2 096	-
Lesotho	4 610	4 610	1 296	3 314	-
Liberia	3 280	3 280	20	3 260	-
Madagascar	4 200	4 200	953	3 247	-
Malawi	5 150	5 150	413	4 737	-
Mali	6 500	6 500	6 500	0	-
Mauritania	4 300	4 300	431	3 869	-
Morocco	1 295	1 295	208	1 087	-
Mozambique	3 260	3 260	2 647	613	-
Nepal	9 710	9 710	1 626	8 084	-
Nicaragua	5 310	5 310	3 327	1 983	-
Niger (the)	9 250	9 250	5 311	3 939	-
Nigeria	9 800	9 800	2 227	7 573	-
Paraguay	3 650	-	-	-	**3 650**
Rwanda	4 510	4 510	2 596	1 914	-
Sudan (the)	6 880	6 880	2 895	3 985	-
Tajikistan	3 600	3 600	2 160	1 440	-
Uganda	6 770	6 770	1 795	4 975	-
United Republic of Tanzania	-	-	-	-	-
Viet Nam	7 820	7 820	4 372	3 448	-
Yemen	-	-	-	-	-
Total SDR	**197 035**	**186 975**	**76 359**	**110 616**	**10 060**
US$ equivalent	**273 983**	**259 994**	**106 180**	**153 815**	**13 989**
Total grants in US$	**284 290**	**267 434**	**107 294**	**160 140**	**16 857**

Note: For comparison purposes, as at December 2017, the grants approved (US$42.1 million) were not yet disbursable.

Management and external auditor’s reports

IFAD
Investing in rural people

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

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

According to the Financial Regulations of IFAD, the President is responsible for establishing and maintaining appropriate internal financial control and audit systems of the Fund which would include those over external financial reporting.

The Executive Board of the Fund established an Audit Committee, whose terms of reference, among other things, is to assist the Executive Board in exercising supervision over the financial administration and internal oversight of the Fund. Financial administration would include effectiveness of internal controls over financial reporting. The Audit Committee is comprised entirely of selected members of the Executive Board and oversees the process for the selection of the external auditor and makes a recommendation for such selection to the Executive Board for its approval. The Audit Committee meets with the external and internal auditors to discuss, respectively, the scope and design of the audit, and annual workplan, and any other matter within the Audit Committee's terms of reference that may require the Audit Committee's attention.

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

The Fund's Management assessed the effectiveness of internal controls over financial reporting for the financial statements presented in accordance with IFRS as of **31 December 2018**. The assessment was based on the criteria for effective internal controls over financial reporting described in the Internal Control -Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). A report was provided to Management by the Office of Audit and Oversight providing reasonable assurance as to the operational effectiveness of these controls. Based on the work performed, Management believes that the Fund maintained an effective system of internal controls over financial reporting as of 31 December 2018, and is not aware of any material control weakness that could affect the reliability of the 2018 financial statements. IFAD's independent external auditor, Deloitte & Touche, S.p.A, has audited the financial statements and has issued an attestation report on Management's assertion on the Fund's internal controls over financial reporting.

Gilbert F. Houngbo **President**	Alvaro Lario **Associate Vice President, CFO and Chief Controller**	Advit Nath **Controller and Director**

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the International Fund for Agricultural Development

Opinion

We have audited the consolidated financial statements of International Fund for Agricultural Development (the "Company"), which comprise the consolidated and IFAD-only balance sheets as at 31 December 2018, the consolidated and IFAD-only statements of comprehensive income and changes in retained earnings and the consolidated cash-flow statement for the year then ended, the statement of complementary and supplementary contributions and unspent funds, the summary of the Adaption for Smallholder Agriculture Programme Trust Fund and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Information Other than the "Consolidated Financial Statements of IFAD as at 31 December 2018" and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the "High-level review of IFAD's Financial Statements for 2018" but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

The President is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as the President determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the President.

- Conclude on the appropriateness of the President's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

DELOITTE & TOUCHE S.p.A.

Vittorio Fiore

Vittorio Fiore
Partner

Rome, March 13, 2019

Deloitte.

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

To the International Fund for Agricultural Development

We have undertaken a reasonable assurance engagement of the accompanying management's assessment that the International Fund for Agricultural Development ("IFAD") maintained effective internal controls over financial reporting as of December 31, 2018, as contained in IFAD's Management Assertion Report on the effectiveness of internal controls over financial reporting.

Management's Responsibility

Management of IFAD is responsible for the preparation of its assessment on the effectiveness on internal controls over financial reporting in accordance with the criteria for effective internal controls over financial reporting described in the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organisations of the Treadway Commission (2013 framework). IFAD's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Consolidated financial statements of IFAD as of December 31, 2018.

Independence and Quality Control

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

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

Auditor's Responsibility

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

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

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

Characteristics and Limitations of Internal Controls over Financial Reporting

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

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

Opinion

In our opinion, management's assertion that IFAD maintained effective internal controls over financial reporting, included within the Consolidated financial statements of IFAD as of December 31, 2018, is fairly stated, in all material respects, based on the criteria for effective internal controls over financial reporting described in the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organisations of the Treadway Commission (2013 framework).

DELOITTE & TOUCHE S.p.A.

Vittorio Fiore

Vittorio Fiore
Partner

Rome, March 13, 2019

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

As at 31 December 2018 and 2017

		Thousands of US$		Thousands of SDR	
Assets	*Note/ appendix*	*2018*	*2017*	*2018*	*2017*
Cash on hand and in banks	**4**	**56 258**	**127 705**	**40 458**	**89 617**
Investments	**4**	**983 011**	**1 224 939**	**706 933**	**859 601**
Contribution and promissory notes receivables					
Contributors' promissory notes	5	134 663	213 430	96 843	149 774
Contributions receivable	5	907 335	308 771	652 510	216 680
Less: provisions and qualified instruments of contribution		(189 095)	(156 334)	(135 988)	(109 707)
Net contribution and promissory notes receivables		**852 903**	**365 867**	**613 365**	**256 747**
Other receivables		**196 258**	**151 243**	**141 139**	**106 134**
Fixed and intangible assets		**15 379**	**14 001**	**11 060**	**9 852**
Loans outstanding					
Loans outstanding	9(a)	7 312 855	7 140 349	5 259 040	5 010 740
Less: accumulated allowance for loan impairment losses	9(b)	(119 276)	(69 383)	(85 777)	(48 690)
Less: accumulated allowance for the HIPC Initiative	11(b)/J	(11 375)	(14 855)	(8 181)	(10 425)
Net loans outstanding		**7 182 204**	**7 056 111**	**5 165 082**	**4 951 626**
Total assets		**9 286 013**	**8 939 866**	**6 678 037**	**6 273 551**

		Thousands of US$		Thousands of SDR	
Liabilities and equity	*Note/ appendix*	*2018*	*2017*	*2018*	*2017*
Liabilities					
Payables and liabilities		198 615	206 598	142 834	144 981
Undisbursed grants	14	101 253	98 049	72 816	68 806
Deferred revenues		87 411	86 996	62 863	61 049
Borrowing liabilities	15	571 604	480 324	411 069	337 068
Total liabilities		**958 883**	**871 967**	**689 582**	**611 903**
Equity					
Contributions					
Regular		8 917 996	8 196 691	8 242 573	7 530 809
Special		20 349	20 349	15 219	15 219
Total contributions	H	**8 938 345**	**8 217 040**	**8 257 792**	**7 546 028**
Retained earnings					
General Reserve		95 000	95 000	68 319	66 666
Accumulated deficit		(706 215)	(244 141)	(2 337 656)	(1 951 047)
Retained earnings		**(611 215)**	**(149 141)**	**(2 269 337)**	**(1 884 381)**
Total equity		**8 327 130**	**8 067 899**	**5 988 455**	**5 611 648**
Total liabilities and equity		**9 286 013**	**8 939 866**	**6 678 037**	**6 273 551**

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

Statements of contributions

Table 1
Summary of contributions
(Thousands of United States dollars)

	2018	*2017*
Replenishments		
Initial contributions	1 017 371	1 017 371
First Replenishment	1 016 564	1 016 564
Second Replenishment	567 053	567 053
Third Replenishment	553 881	553 881
Fourth Replenishment	361 421	361 421
Fifth Replenishment	441 401	441 401
Sixth Replenishment	567 021	567 021
Seventh Replenishment	654 640	654 640
Eighth Replenishment	963 050	963 050
Ninth Replenishment	981 846	978 849
Tenth Replenishment	910 083	882 577
Eleventh Replenishment	751 467	448
Total IFAD	**8 785 798**	**8 004 276**
Special Programme for Africa (SPA)		
SPA Phase I	288 868	288 868
SPA Phase II	62 364	62 364
Total SPA	**351 232**	**351 232**
Special contributions [a]	**20 349**	**20 349**
Total replenishment contributions	**9 157 379**	**8 375 857**
Complementary contributions		
Belgian Survival Fund	80 002	80 002
HIPC Initiative	19 679	19 679
ASAP complementary contributions	310 645	307 044
Unrestricted complementary contributions – Tenth Replenishment	60 482	61 890
Unrestricted complementary contributions – Eleventh Replenishment	35 722	-
Other complementary contributions	58 798	58 798
Total complementary contributions	**565 328**	**527 413**
Other		
HIPC contributions not made in the context of replenishment resources	267 463	267 463
Belgian Survival Fund contributions not made in the context of replenishment resources	63 836	63 836
Supplementary contributions [b]		
Project cofinancing	469 842	436 434
APO funds	53 041	51 059
Other supplementary funds	1 104 168	1 032 965
GEF	167 664	162 029
ASAP supplementary funds	19 675	19 675
Total supplementary contributions	**1 814 390**	**1 702 162**
Total contributions	**11 868 396**	**10 936 731**
Total contributions include the following:		
Total replenishment contributions (as above)	9 157 379	8 375 857
Less provisions	(121 630)	(121 630)
Less qualified instruments of contribution	(67 465)	(34 703)
Less DSF compensation	(29 939)	(2 484)
Total net replenishment contributions	**8 938 345**	**8 217 040**
Less fair value adjustment	(24 821)	(11 503)
Total replenishment contributions at fair value	**8 913 524**	**8 205 537**

[a] Including Iceland's special contribution prior to membership and US$20 million from the OPEC Fund for International Development.
[b] Includes interest earned according to each underlying agreement.

Table 2
Replenishments through to IFAD10: Statement of Members' contributions [a]
(As at 31 December 2018)

		IFAD11					
		Instruments deposited			*Payments (thousands of US$ equivalent)*		
Member State	*Replenishments through to IFAD10 (thousands of US$ equivalent)*	*Currency*	*Amount (thousands)*	*Thousands of US$ equivalent*	*Cash*	*Promissory notes*	*Total*
Afghanistan	**-**	-	-	-	-	-	-
Albania	**60**	-	-	-	-	-	-
Algeria	**82 430**	-	-	-	-	-	-
Angola	**5 838**	US$	1 958	1 958	1 958	-	1 958
Argentina	**27 400**	-	-	-	-	-	-
Armenia	**65**	-	-	-	-	-	-
Australia [a]	**37 247**	-	-	-	-	-	-
Austria	**108 407**	-	-	-	-	-	-
Azerbaijan	**300**	-	-	-	-	-	-
Bangladesh	**6 606**	US$	1 500	1 500	-	1 500	1 500
Barbados	**10**	-	-	-	-	-	-
Belgium	**149 694**	-	-	-	-	-	-
Belize	**205**	-	-	-	-	-	-
Benin	**579**	-	-	-	-	-	-
Bhutan	**225**	-	-	-	-	-	-
Bolivia (Plurinational State of)	**1 500**	-	-	-	-	-	-
Bosnia and Herzegovina	**274**	-	-	-	-	-	-
Botswana	**785**	US$	45	45	45	-	45
Brazil [b]	**98 696**	US$	6 000	6 000	2 000	-	2 0000
Burkina Faso	**609**	US$	125	125	-	-	-
Burundi	**110**	US$	20	20	20	-	20
Cambodia	**1 365**	-	-	-	-	-	-
Cameroon	**3 064**	-	-	-	-	-	-
Canada	**407 549**	CAD	75 000	56 105	19 496	-	19 496
Cabo Verde	**46**	US$	23	23	23	-	23
Central African Republic	**13**	-	-	-	-	-	-
Chad	**391**	-	-	-	-	-	-
Chile	**860**	-	-	-	-	-	-
China (PRC)	**165 839**	CNY	546 466	79 594	-	-	-
Colombia	**1 040**	-	-	-	-	-	-
Comoros [c]	**31**	-	-	-	-	-	-
Congo	**818**	-	-	-	-	-	-
Democratic Republic of the Congo	**1 870**	-	-	-	-	-	-
Cook Islands	**5**	-	-	-	-	-	-
Côte d'Ivoire	**1 635**	US$	100	100	100	-	100
Cuba	**57**	-	-	-	-	-	-
Cyprus	**372**	US$	60	60	-	-	-
Denmark	**152 614**	-	-	-	-	-	-
Djibouti	**37**	-	-	-	-	-	-
Dominica	**51**	-	-	-	-	-	-
Dominican Republic	**1 074**	-	-	-	-	-	-
Timor-Leste	**100**	-	-	-	-	-	-
Ecuador	**1 241**	-	-	-	-	-	-
Egypt	**26 409**	-	-	-	-	-	-
El Salvador	**100**	-	-	-	-	-	-
Eritrea	**100**	US$	40	40	40	-	40
Estonia	**59**	-	-	-	-	-	-
Eswatini	**313**	-	-	-	-	-	-
Ethiopia	**331**	US$	40	40	40	-	40
Fiji	**350**	-	-	-	-	-	-
Finland	**86 414**	EUR	6 000	6 859	-	-	-

Replenishments through to IFAD10: Statement of Members' contributions [a] (continued)
(As at 31 December 2018)

		IFAD11					
		Instruments deposited			*Payments (thousands of US$ equivalent)*		
Member State	*Replenishments through to IFAD10 (thousands of US$ equivalent)*	*Currency*	*Amount (thousands)*	*Thousands of US$ equivalent*	*Cash*	*Promissory notes*	*Total*
France	**369 543**	US$	46 600	46 600	-	-	-
Gabon	**3 837**	-	-	-	-	-	-
Gambia (The)	**120**	-	-	-	-	-	-
Georgia	**30**	-	-	-	-	-	-
Germany	**521 842**	EUR	63 206	72 254	-	-	-
Ghana	**2 966**	-	-	-	-	-	-
Greece	**4 245**	-	-	-	-	-	-
Grenada	**75**	-	-	-	-	-	-
Guatemala	**1 543**	-	-	-	-	-	-
Guinea	**575**	US$	100	100	100	-	100
Guinea-Bissau	**30**	-	-	-	-	-	-
Guyana	**2 555**	US$	238	238	238	-	238
Haiti	**197**	-	-	-	-	-	-
Honduras	**801**	-	-	-	-	-	-
Hungary	**100**	-	-	-	-	-	-
Iceland	**375**	-	-	-	-	-	-
India	**172 497**	US$	40 000	40 000	-	-	-
Indonesia	**71 959**	US$	10 000	10 000	-	-	-
Iran (Islamic Republic of) [d]	**128 750**	-	-	-	-	-	-
Iraq	**56 099**	-	-	-	-	-	-
Ireland [d]	**38 095**	-	-	-	-	-	-
Israel	**471**	US$	10	10	10	-	10
Italy	**486 388**	EUR	58 000	66 303	-	-	-
Jamaica	**326**	-	-	-	-	-	-
Japan [b]	**541 770**	JPY	6 377 966	58 132	-	29 066	29 066
Jordan	**1 140**	-	-	-	-	-	-
Kazakhstan	**50**	US$	10	10	10	-	10
Kenya	**5 690**	US$	400	400	400	-	400
Kiribati	**26**	-	-	-	-	-	-
Democratic People's Republic of Korea	**800**	-	-	-	-	-	-
Republic of Korea	**34 139**	US$	12 000	12 000	-	-	-
Kuwait	**203 041**	-	-	-	-	-	-
Lao People's Democratic Republic	**418**	US$	61	61	61	-	61
Lebanon	**495**	-	-	-	-	-	-
Lesotho	**689**	-	-	-	-	-	-
Liberia	**121**	-	-	-	-	-	-
Libya [c]	**52 000**	-	-	-	-	-	-
Luxembourg	**9 694**	-	-	-	-	-	-
Madagascar	**674**	US$	102	102	102	-	102
Malawi	**123**	-	-	-	-	-	-
Malaysia	**1 175**	-	-	-	-	-	-
Maldives	**101**	-	-	-	-	-	-
Mali	**506**	US$	132	132	132	-	132
Malta	**55**	-	-	-	-	-	-
Mauritania	**184**	-	-	-	-	-	-
Mauritius	**285**	-	-	-	-	-	-
Mexico	**43 131**	-	-	-	-	-	-
Micronesia (Federated States of)	**1**	US$	1	1	1	-	1
Republic of Moldova	**105**	-	-	-	-	-	-
Mongolia	**32**	-	-	-	-	-	-
Morocco	**8 744**	US$	800	800	-	-	-

Replenishments through to IFAD10: Statement of Members' contributions [a] (continued)
(As at 31 December 2018)

		IFAD11					
		Instruments deposited			Payments (thousands of US$ equivalent)		
Member State	*Replenishments through to IFAD10 (thousands of US$ equivalent)*	*Currency*	*Amount (thousands)*	*Thousands of US$ equivalent*	*Cash*	*Promissory notes*	*Total*
Mozambique	**655**	-	-	-	-	-	-
Myanmar	**260**	US$	6	6	5	-	5
Namibia	**360**	-	-	-	-	-	-
Nepal	**345**	US$	74	74	74	-	74
Netherlands	**494 877**	US$	85 953	77 953	-	-	-
New Zealand	**14 720**	-	-	-	-	-	-
Nicaragua	**469**	-	-	-	-	-	-
Niger (the)	**376**	-	-	-	-	-	-
Nigeria	**131 957**	-	-	-	-	-	-
Norway	**303 216**	NOK	360 000	41 575	-	-	-
Oman	**350**	-	-	-	-	-	-
Pakistan	**38 934**	-	-	-	-	-	-
Panama	**249**	US$	200	200	-	-	-
Papua New Guinea	**170**	-	-	-	-	-	-
Paraguay	**1 556**	-	-	-	-	-	-
Peru	**1 995**	-	-	-	-	-	-
Philippines (the)	**2 378**	-	-	-	-	-	-
Portugal	**4 384**	-	-	-	-	-	-
Qatar	**39 980**	-	-	-	-	-	-
Romania	**250**	US$	50	50	50	-	50
Russian Federation	**12 000**	US$	9 000	9 000	-	-	-
Rwanda	**321**	-	-	-	-	-	-
Saint Kitts and Nevis	**20**	-	-	-	-	-	-
Saint Lucia	**22**	-	-	-	-	-	-
Samoa	**50**	-	-	-	-	-	-
Sao Tome and Principe [c]	**10**	-	-	-	-	-	-
Saudi Arabia	**455 778**	-	-	-	-	-	-
Senegal	**797**	-	-	-	-	-	-
Seychelles	**135**	-	-	-	-	-	-
Sierra Leone	**37**	-	-	-	-	-	-
Solomon Islands	**10**	-	-	-	-	-	-
Somalia	**10**	-	-	-	-	-	-
South Africa	**1 913**	-	-	-	-	-	-
Southern Sudan	**10**	-	-	-	-	-	-
Spain	**101 664**	-	-	-	-	-	-
Sri Lanka	**10 888**	US$	1 001	1 001	1	-	1
Sudan (the)	**1 609**	EUR	203	250	250	-	250
Sweden	**352 332**	SEK	500 000	56 396	-	-	-
Switzerland	**216 962**	CHF	41 019	41 610	-	-	-
Syrian Arab Republic	**1 817**	-	-	-	-	-	-
Tajikistan	**3**	-	-	-	-	-	-
Thailand	**1 800**	-	-	-	-	-	-
Togo	**167**	US$	100	100	100	-	100
Tonga	**55**	-	-	-	-	-	-
Tunisia	**5 528**	US$	1 000	1 000	-	-	-
Turkey	**23 636**	-	-	-	-	-	-
Uganda	**530**	US$	50	50	50	-	50
United Arab Emirates	**57 180**	US$	3 000	3 000	-	-	-
United Kingdom	**427 132**	GBR	66 000	59 591	-	-	-
United Republic of Tanzania	**686**	-	-	-	-	-	-

Replenishments through to IFAD10: Statement of Members' contributions [a] (continued)
(As at 31 December 2018)

Member State	Replenishments through to IFAD10 (thousands of US$ equivalent)	IFAD11 Instruments deposited: Currency	IFAD11 Instruments deposited: Amount (thousands)	IFAD11 Instruments deposited: Thousands of US$ equivalent	IFAD11 Payments (thousands of US$ equivalent): Cash	IFAD11 Payments (thousands of US$ equivalent): Promissory notes	IFAD11 Payments (thousands of US$ equivalent): Total
United States [d]	**971 674**	-	-	-	-	-	-
Uruguay	**925**	-	-	-	-	-	-
Uzbekistan	**35**	-	-	-	-	-	-
Venezuela (Bolivarian Republic of)	**196 258**	-	-	-	-	-	-
Viet Nam	**3 303**	-	-	-	-	-	-
Yemen	**4 349**	-	-	-	-	-	-
Yugoslavia	**109**	-	-	-	-	-	-
Zambia [e]	**895**	US$	-	-	-	-	-
Zimbabwe	**2 404**	-	-	-	-	-	-
Total contributions 31 December 2018	**8 034 331**			**751 467**	**25 306**	**30 566**	**55 872**
For 2017	**8 003 828**			**-**	**448**	**-**	**448**

[a] Australia's withdrawal from membership of IFAD became effective on 31 July 2007.
[b] See note 5(a).
[c] See notes 6(a) and (b).
[d] In addition to its pledge to the Eighth Replenishment of EUR 6 million, Ireland made a further contribution of EUR 891,000.
[e] Payments include cash and promissory notes. Amounts are expressed in thousands of United States dollars. Thus payments received for less than US$500 are not shown in appendix H. Consequently, the contribution from Zambia (US$148) does not appear above.

Table 3
SPA: Statement of contributions
(As at 31 December 2018)

		First phase		*Second phase*		
		Instruments deposited		*Instruments deposited*		
Donor	*Currency*	*Amount*	*Thousands of US$ equivalent*	*Amount*	*Thousands of US$ 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$	-	-	15 000	15 000	15 000
Luxembourg	EUR	247	266	-	-	266
Mauritania	US$	25	25	-	-	25
Netherlands	EUR	15 882	16 174	8 848	9 533	25 707
New Zealand	NZD	500	252	-	-	252
Niger (the)	EUR	15	18	-	-	18
Nigeria	US$	-	-	250	250	250
Norway	NOK	138 000	19 759	-	-	19 759
Spain	US$	1 000	1 000	-	-	1 000
Sweden	SEK	131 700	19 055	25 000	4 196	23 251
Switzerland	CHF	25 000	17 049	-	-	17 049
United Kingdom	GBP	7 000	11 150	-	-	11 150
United States	US$	10 000	10 000	10 000	10 000	20 000
31 December 2018			**288 868**		**62 364**	**351 232**
31 December 2017			288 868		62 364	351 232

Table 4
Statement of Members' contributions received in 2018
As at 31 December 2018
(Thousands of United States dollars)

Member State	*Instruments deposited* [a,b]	*Promissory note deposit* [b]	*Payments* *Cash*	*Payments* *Promissory note encashment*
IFAD9				
Brazil	-	-	-	5 567
Nigeria	-	-	2 998	-
Total IFAD9			**2 998**	**5 567**
IFAD10				
Algeria	-	-	3 333	-
Argentina	-	-	2 500	-
Armenia	-	-	5	-
Austria	-	-	-	6 227
Bangladesh	-	-	-	345
Bhutan	-	-	10	-
Bosnia and Herzegovina	-	-	59	-
Brazil	16 700	-	1 700	-
Burkina Faso	-	-	39	-
Canada	-	-	9 704	-
China	-	-	20 000	-
Cyprus	-	-	20	-
Egypt	-	-	3 000	-
Eswatini	-	-	20	-
Fiji	-	-	25	-
Finland	-	-	4 323	-
France	-	-	14 266	-
Germany	-	-	-	21 876
Guatemala	-	-	375	-
Indonesia	-	-	4 000	-
Ireland	-	-	2 323	-
Japan	-	-	-	13 713
Republic of Korea	-	-	3 060	-
Kuwait	-	-	-	5 250
Luxembourg	-	-	744	-
Mongolia	-	-	7	-
Morocco	-	-	-	400
Netherlands	-	-	-	25 000
New Zealand	-	-	1 086	-
Norway	-	-	13 353	-
Pakistan	-	-	2 519	-
Russian Federation	-	-	2 000	-
Saudi Arabia	-	-	-	6 000
Sri Lanka	-	-	332	-
Sweden	-	-	-	12 069
Switzerland	-	-	15 784	-
Tajikistan	-	-	1	-
Tunisia	-	-	434	-
Turkey	-	-	2 000	-
Uganda	-	-	100	-
United Arab Emirates	-	-	1 100	-
United Kingdom	-	-	-	23 828
United States	-	30 000	-	18 000
Viet Nam	-	-	200	-
Zambia	-	-	85	-
Zimbabwe	-	-	300	-
TOTAL IFAD10	**16 700**	**30 000**	**108 806**	**132 708**

IFAD11				
Angola	-	-	1 550	-
Bangladesh	1500	1500	-	-
Botswana	-	-	45	-
Brazil	6 000	-	2 000	-
Burkina Faso	125	-	-	-
Burundi	-	-	20	-
Canada	57 320	-	19 496	-
Cabo Verde	-	-	23	-
China	82 133	-	-	-
Côte d'Ivoire	-	-	100	-
Cyprus	60	-	-	-
Ethiopia	-	-	40	-
Micronesia (Federated States of)	-	-	1	-
Finland	7 084	-	-	-
France	46 600	-	-	-
Germany	73 986	-	-	-
Guinea	-	-	100	-
Guyana	-	-	238	-
India	40 000	-	-	-
Indonesia	10 000	-	-	-
Israel	-	-	10	-
Italy	68 901	-	-	-
Japan	57 309	28 135	-	-
Kazakhstan	-	-	10	-
Kenya	-	-	400	-
Republic of Korea	12 000	-	-	-
Lao People's Democratic Republic	-	-	61	-
Madagascar	100	-	102	-
Mali	-	-	132	-
Morocco	800	-	-	-
Myanmar	6	-	5	-
Nepal	-	-	74	-
Netherlands	77 953	-	-	-
Norway	44 386	-	-	-
Panama	200	-	-	-
Romania	-	-	50	-
Russian Federation	9 000	-	-	-
Sri Lanka	1 001	-	1	-
Sudan	-	-	250	-
Sweden	54 899	-	-	-
Switzerland	41 021	-	-	-
Togo	-	-	100	-
Tunisia	1 000	-	-	-
Uganda	-	-	50	-
United Arab Emirates	3 000	-	-	-
United Kingdom	61 540	-	-	-
Zambia	-	-	0	-
Total IFAD11	**757 924**	**29 635**	**24 858**	**0**
Grand Total	**774 624**	**59 635**	**136 662**	**138 275**

[a] Instruments deposited also include equivalent instruments recorded on receipt of cash or promissory note where no instrument of contribution has been received.

[b] Instruments deposited and promissory note deposits received in currencies other than United States dollars are translated at the date of receipt.

Statement of loans

Table 1
Statement of outstanding loans
(As at 31 December 2018 and 2017)
(Amounts expressed in thousands)

Borrower or guarantor	*Approved loans less cancellations*	*Disbursed portion*	*Undisbursed portion*	*Repayments*	*Outstanding loans*
US$ loans					
Angola	33 800	447	33 353	-	447
Argentina	12 300	2 500	9 800	-	2 500
Azerbaijan	10 000	-	10 000	-	-
Bangladesh	157 750	30 000	127 750	22 500	7 500
Belize	8 000	-	8 000	-	-
Bolivia (Plurinational State of)	21 000	-	21 000	-	-
Brazil	20 000	-	20 000	-	-
Burkina Faso	19 000	-	19 000	-	-
Cabo Verde	2 003	2 003	-	1 502	501
Cambodia	58 360	5 141	53 219	-	5 141
China	151 500	8 000	143 500	-	8 000
Côte d'Ivoire	18 500	1 213	17 287	-	1 213
Djibouti	5 770	1 446	4 324	-	1 446
Dominican Republic	21 680	-	21 680	-	-
Ecuador	35 660	-	35 660	-	-
Eswatini	8 950	-	8 950	-	-
Grenada	6 400	250	6 150	-	250
Guinea	15 450	200	15 250	-	200
Guyana	7 960	800	7 160	-	800
Haiti	3 500	3 500	-	2 669	831
Honduras	16 330	-	16 330	-	-
India	151 050	7 000	144 050	-	7 000
Indonesia	95 185	2 500	92 685	-	2 500
Iraq	15 730	-	15 730	-	-
Jordan	8 400	1 000	7 400	-	1 000
Kenya	40 000	-	40 000	-	-
Lebanon	4 900	-	4 900	-	-
Liberia	11 913	-	11 913	-	-
Malawi	21 000	1 000	20 000	-	1 000
Mexico	35 369	2 049	33 320	-	2 049
Myanmar	8 984	-	8 984	-	-
Nepal	11 538	11 538	-	8 659	2 879
Nicaragua	20 504	3 039	17 465	-	3 039
Nigeria	89 100	-	89 100	-	-
Pakistan	144 100	3 500	140 600	-	3 500
Papua New Guinea	25 500	-	25 500	-	-
Paraguay	10 000	-	10 000	-	-
Philippines	73 233	6 753	66 480	-	6 753
Republic of Moldova	18 200	1 500	16 700	-	1 500
Sierra Leone	10 400	-	10 400	-	-
Sri Lanka	66 400	16 023	50 377	9 300	6 723
Tajikistan	15 330	-	15 330	-	-
Turkey	8 200	-	8 200	-	-
Uganda	75 820	-	75 820	-	-
United Republic of Tanzania	9 488	9 488	-	7 235	2 253
Uzbekistan	46 200	-	46 200	-	-
Viet Nam	42 500	765	41 735	-	765
Zambia	6 700	1 199	5 501	-	1 199
Subtotal US$ [a]	**1 699 658**	**122 854**	**1 576 804**	**51 865**	**70 989**
EUR loans					
Argentina	22 680	1 400	21 280	-	1 400
Benin	13 320	-	13 320	-	-
Bosnia and Herzegovina	22 907	1 230	21 677	-	1 230
China	73 100	34 767	38 333	-	34 767
Cuba	10 900	2 000	8 900	-	2 000
Ecuador	14 250	-	14 250	-	-
Egypt	103 450	7 180	96 270	-	7 180
El Salvador	10 850	-	10 850	-	-
Eswatini	8 550	2 698	5 852	-	2 698
Fiji	3 100	940	2 160	-	940
Gabon	5 431	-	5 431	-	-
Georgia	16 000	-	16 000	-	-
Indonesia	93 150	2 710	90 440	-	2 710
Kenya	24 150	-	24 150	-	-

Borrower or guarantor	*Approved loans less cancellations*	*Disbursed portion*	*Undisbursed portion*	*Repayments*	*Outstanding loans*
Mexico	1 297	1 297	-	-	1 297
Montenegro	3 880	1 150	2 730	-	1 150
Morocco	40 610	1 500	39 110	-	1 500
Niger	5 370	-	5 370	-	-
Paraguay	15 800	-	15 800	-	-
Philippines	50 110	18 664	31 446	-	18 664
Senegal	40 500	-	40 500	-	-
Tunisia	21 600	2 149	19 451	-	2 149
Turkey	51 100	1 640	49 460	-	1 640
Subtotal EUR	**652 105**	**79 326**	**572 779**	**-**	**79 326**
US$ equivalent	**745 454**	**90 682**	**654 772**	**-**	**90 682**
SDR loans [a]					
Albania	34 462	34 462	-	11 181	23 281
Angola	24 400	19 248	5 152	4 915	14 333
Argentina	31 269	30 190	1 079	18 764	11 426
Armenia	60 942	56 874	4 068	10 639	46 235
Azerbaijan	44 906	42 440	2 466	5 872	36 568
Bangladesh	443 346	408 525	34 821	105 278	303 247
Belize	1 847	1 847	-	925	922
Benin	99 818	78 303	21 515	30 029	48 274
Bhutan	38 492	35 279	3 213	9 362	25 917
Bolivia (Plurinational State of)	72 570	61 384	11 186	18 589	42 795
Bosnia and Herzegovina	46 396	44 878	1 518	10 971	33 907
Botswana	2 600	842	1 758	520	322
Brazil	110 037	89 821	20 216	23 443	66 378
Burkina Faso	86 079	77 797	8 282	21 900	55 897
Burundi	40 859	40 859	-	17 267	23 592
Cabo Verde	24 691	18 321	6 370	4 161	14 160
Cambodia	62 954	50 036	12 918	6 624	43 412
Cameroon	87 320	61 460	25 860	10 920	50 540
Central African Republic	26 495	26 244	251	11 985	14 259
Chad	18 138	18 138	-	3 090	15 048
China	516 601	510 366	6 235	144 695	365 671
Colombia	32 024	19 487	12 537	7 963	11 524
Comoros	5 292	4 619	673	2 096	2 523
Congo	23 092	16 744	6 348	1 340	15 404
Côte d'Ivoire	27 645	18 633	9 012	5 821	12 812
Cuba	20 838	18 844	1 994	13 179	5 665
Democratic People's Republic of Korea	50 496	50 496	-	10 539	39 957
Democratic Republic of the Congo	50 369	38 504	11 865	14 874	23 630
Djibouti	7 146	6 030	1 116	1 590	4 440
Dominica	1 146	1 146	-	805	341
Dominican Republic	27 262	26 556	706	12 510	14 046
Ecuador	28 022	26 260	1 762	5 571	20 689
Egypt	197 592	178 047	19 545	71 512	106 535
El Salvador	55 046	55 045	1	21 789	33 256
Equatorial Guinea	5 794	5 794	-	4 945	849
Eritrea	23 892	23 892	-	6 138	17 754
Ethiopia	347 638	290 533	57 105	49 985	240 548
Eswatini	14 428	14 428	-	10 323	4 105
Gabon	3 800	3 582	218	2 022	1 560
Gambia (The)	34 187	31 793	2 394	10 948	20 845
Georgia	30 679	26 796	3 883	4 979	21 817
Ghana	182 125	132 334	49 791	32 287	100 047
Grenada	4 400	4 102	298	2 629	1 473
Guatemala	34 102	26 782	7 320	21 282	5 500
Guinea	64 160	64 160	-	25 626	38 534
Guinea-Bissau	8 487	7 747	740	3 338	4 409
Guyana	8 522	8 522	-	2 758	5 764
Haiti	58 463	58 463	-	22 650	35 813
Honduras	87 924	75 730	12 194	23 021	52 709
India	619 515	485 677	133 838	170 266	315 411
Indonesia [b]	160 775	156 881	3 894	33 966	122 915
Jordan	21 876	17 526	4 350	11 161	6 365
Kenya	173 749	125 294	48 455	17 588	107 706
Kyrgyzstan	30 187	17 166	13 021	2 741	14 425
Lao People's Democratic Republic	55 763	49 366	6 397	15 879	33 487
Lebanon	2 600	2 009	591	693	1 316
Lesotho	30 606	27 713	2 893	8 294	19 419
Liberia	28 999	15 631	13 368	2 319	13 312
Madagascar [b]	198 855	137 699	61 156	29 705	107 994
Malawi [b]	103 280	81 506	21 774	29 141	52 365
Maldives	10 843	10 793	50	3 360	7 433

Borrower or guarantor	*Approved loans less cancellations*	*Disbursed portion*	*Undisbursed portion*	*Repayments*	*Outstanding loans*
Mali	139 204	115 595	23 609	30 951	84 644
Mauritania	49 906	48 624	1 282	14 624	34 000
Mauritius	8 527	8 527	-	7 748	779
Mexico	35 484	27 909	7 575	15 162	12 747
Mongolia	27 169	21 772	5 397	3 231	18 541
Morocco	66 528	45 918	20 610	26 296	19 622
Mozambique	144 058	134 973	9 085	33 337	101 636
Myanmar	52 550	5 662	46 888	-	5 662
Nepal	132 489	89 064	43 425	33 407	55 657
Nicaragua	49 535	48 322	1 213	11 193	37 129
Niger	90 970	67 677	23 293	12 867	54 810
Nigeria	221 422	146 627	74 795	18 529	128 098
North Macedonia	11 721	11 721	-	3 960	7 761
Pakistan	281 706	242 089	39 617	71 587	170 502
Papua New Guinea	23 450	14 836	8 614	-	14 836
Paraguay	16 318	16 298	20	2 222	14 076
Peru	59 271	43 419	15 852	13 501	29 918
Philippines	83 735	73 024	10 711	17 535	55 489
Republic of Moldova	55 716	51 425	4 291	4 483	46 942
Rwanda [b]	155 497	120 710	34 787	28 571	92 139
Samoa	1 908	1 908	-	1 007	901
Sao Tome and Principe	13 747	13 747	-	5 042	8 705
Senegal	118 104	101 731	16 373	18 586	83 145
Seychelles	1 980	1 883	97	330	1 553
Sierra Leone	45 736	45 445	291	14 548	30 897
Solomon Islands	4 069	4 058	11	1 438	2 620
Somalia	17 710	17 710	-	411	17 299
Sri Lanka	158 585	143 355	15 230	35 688	107 667
Sudan	145 605	144 747	858	51 648	93 099
Syrian Arab Republic	28 754	12 213	16 541	3 271	8 942
Tajikistan	6 200	3 890	2 310	-	3 890
Togo	24 584	18 843	5 741	9 559	9 284
Tonga	5 927	5 077	850	2 311	2 766
Tunisia	47 847	36 253	11 594	20 276	15 977
Turkey	53 024	50 123	2 901	22 236	27 887
Uganda	250 434	208 997	41 437	45 965	163 032
United Republic of Tanzania	226 053	214 697	11 356	34 158	180 539
Uruguay	12 902	11 391	1 511	10 061	1 330
Uzbekistan	23 190	10 465	12 725	-	10 465
Venezuela (Bolivarian Republic of)	10 450	10 450	-	8 846	1 604
Viet Nam	216 695	208 670	8 025	24 180	184 490
Yemen	138 389	138 389	-	48 917	89 472
Zambia	134 999	116 097	18 902	30 222	85 875
Zimbabwe	26 511	26 511	-	15 102	11 409
Subtotal SDR	**8 164 500**	**6 950 486**	**1 214 014**	**1 941 769**	**5 008 717**
IFAD Fund for Gaza and the West Bank [c]	2 513	2 513	-	953	1 560
Total SDR	**8 167 012**	**6 953 001**	**1 214 011**	**1 942 723**	**5 010 278**
US$ equivalent	**11 356 476**	**9 668 357**	**1 688 119**	**2 701 415**	**6 966 942**
Total loans 31 December 2018 US$ at nominal value	**13 801 588**	**9 881 893**	**3 919 695**	**2 753 279**	**7 128 614**
Other receivables					19 084
Fair value adjustment					(1 206 782)
31 December 2018 US$ at fair value					**5 940 916**
Total loans 31 December 2017 US$ at nominal value	**13 536 686**	**9 657 740**	**3 878 946**	**2 710 651**	**6 947 089**
Other receivables					16 273
Fair value adjustment					(1 226 474)
December 2017 US$ at fair value	**13 536 686**	**9 657 740**	**3 878 946**	**2 710 651**	**5 736 888**

[a] Loans denominated in United States dollars and are repayable in the currencies in which withdrawals are made. Loans in SDR and, for purposes of presentation in the balance sheet, the accumulated amount of loans denominated in SDR has been valued at the US$/SDR rate of 1.39053 at 31 December 2018. Loans denominated in EUR have been valued at the US$/EUR rate of 0.8747758 at 31 December 2018.

[b] Repayment amounts include participation by the Netherlands and Norway in specific loans to these countries, resulting in partial early repayment and a corresponding increase in committable resources.

[c] The amount of the loan to the IFAD Fund for Gaza and West Bank is included in the above balance. See note 2(h)(ii).

Table 2
Summary of loans approved at nominal value by year
(As at 31 December 2018)

		Approved loans in thousands of SDR				Value in thousands of US$				
Year		As at 1 January 2018	Loans cancelled	Loans fully repaid	As at 31 December 2018	As at 1 January 2018	Loans cancelled	Loans fully repaid	Exchange rate movement SDR/US$	As at 31 December 2018
1978	US$	68 530	-	-	68 530	68 530	-	-	-	68 530
2016	US$	268 917	(13 890)	-	255 027	268 917	(13 890)	-	-	255 027
2017	US$	683 263	-	-	683 263	683 263	-	-	-	683 263
2018	US$	-	-	-	692 837	-	-	-	-	692 837
1979	SDR	201 485	-	-	201 485	287 117	-	-	(6 947)	280 170
1980	SDR	176 647	-	-	176 647	251 724	-	-	(6 091)	245 633
1981	SDR	182 246	-	-	182 246	259 703	-	-	(6 284)	253 419
1982	SDR	103 109	-	-	103 109	146 932	-	-	(3 555)	143 376
1983	SDR	132 091	-	-	132 091	188 230	-	-	(4 554)	183 676
1984	SDR	131 907	-	-	131 907	187 969	-	-	(4 548)	183 420
1985	SDR	60 332	-	-	60 332	85 974	-	-	(2 080)	83 893
1986	SDR	23 663	-	-	23 663	33 720	-	-	(816)	32 904
1987	SDR	60 074	-	-	60 074	85 607	-	-	(2 071)	83 535
1988	SDR	52 100	-	-	52 100	74 244	-	-	(1 796)	72 447
1989	SDR	86 206	-	-	86 206	122 844	-	-	(2 972)	119 872
1990	SDR	40 064	-	-	40 064	57 092	-	-	(1 381)	55 710
1991	SDR	98 025	-	-	98 025	139 687	-	-	(3 380)	136 307
1992	SDR	79 888	-	-	79 888	113 841	-	-	(2 755)	111 086
1993	SDR	122 240	-	-	122 240	174 193	-	-	(4 215)	169 979
1994	SDR	122 598	-	-	122 598	174 703	-	-	(4 227)	170 476
1995	SDR	149 100	-	-	149 100	212 468	-	-	(5 141)	207 327
1996	SDR	197 776	-	(19 407)	178 369	281 833	-	(27 116)	(6 690)	248 028
1997	SDR	246 936	-	(27 863)	219 073	351 886	-	(38 930)	(8 329)	304 627
1998	SDR	266 578	-	(54 626)	211 952	379 877	-	(76 323)	(8 828)	294 726
1999	SDR	275 119	-	-	275 119	392 047	-	-	(9 486)	382 561
2000	SDR	272 919	-	(12 600)	260 319	388 912	-	(17 605)	(9 326)	361 981
2001	SDR	247 504	-	-	247 504	352 696	-	-	(8 534)	344 162
2002	SDR	228 239	-	-	228 239	325 243	-	-	(7 870)	317 373
2003	SDR	223 470	-	-	223 470	318 447	-	-	(7 705)	310 741
2004	SDR	250 925	(26)	-	250 899	357 571	(36)	-	(8 652)	348 883
2005	SDR	306 938	(226)	-	306 712	437 390	(315)	-	(10 583)	426 492
2006	SDR	312 415	(2 289)	-	310 125	445 194	(3 184)	-	(10 771)	431 238
2007	SDR	257 883	(1 137)	-	256 746	367 486	(1 581)	-	(8 892)	357 013
2008	SDR	258 846	(1 470)	-	257 376	368 858	(2 044)	-	(8 925)	357 889
2009	SDR	274 864	(540)	-	274 324	391 683	(751)	-	(9 477)	381 455
2010	SDR	416 479	(207)	-	416 272	593 486	(288)	-	(14 360)	578 839
2011	SDR	452 838	(78)	-	452 759	645 298	(109)	-	(15 614)	629 575
2012	SDR	403 354	(4 164)	-	399 190	574 783	(39)	-	(19 659)	555 085
2013	SDR	328 404	(284)	(1 176)	326 945	467 979	(394)	(1 643)	(11 315)	454 627
2014	SDR	337 626	-	-	337 626	481 120	-	-	(11 641)	469 479
2015	SDR	521 540	(40 881)	-	480 658	743 199	(56 857)	-	(17 972)	668 370
2016	SDR	203 153	(14 313)	-	188 840	289 495	(19 906)	-	(7 001)	262 588
2017	SDR	216 630	-	-	216 630	308 700	-	-	(7 469)	301 231
2018	SDR	-	-	-	26 090	-	-	-	-	36 279
2014	EUR	84 600	-	-	84 600	101 588	-	-	(4 877)	96 710
2015	EUR	274 310	(11 383)	-	262 927	329 391	(13 038)	-	(15 788)	300 565
2016	EUR	95 790	-	-	95 790	115 025	-	-	(5 522)	109 502
2017	EUR	92 230	-	-	92 230	110 750	-	-	(5 317)	105 433
2018	EUR	-	-	-	116 558	-	-	-	-	133 243
Total US$		**1 020 710**	**(13 890)**	**-**	**1 699 657**	**1 020 710**	**(13 890)**	**-**	**-**	**1 699 657**
Total SDR		**8 322 210**	**(65 616)**	**(115 672)**	**8 167 012**	**11 859 232**	**(85 506)**	**(161 616)**	**(291 914)**	**11 356 477**
Total EUR		**546 930**	**(11 383)**	**-**	**652 105**	**656 754**	**(13 038)**	**-**	**(31 505)**	**745 454**
Totals		**9 889 850**	**(90 889)**	**(115 672)**	**10 518 774**	**13 536 696**	**(112 434)**	**(161 616)**	**(323 419)**	**13 801 588**

Table 3
Maturity structure of outstanding loans by period at nominal value
(As at 31 December 2018 and 2017)
(Thousands of United States dollars)

Period due	*2018*	*2017*
Less than 1 year	368 885	338 715
1-2 years	327 232	307 468
2-3 years	342 275	329 642
3-4 years	361 500	338 441
4-5 years	361 824	350 516
5-10 years	1 763 813	1 669 316
10-15 years	1 404 569	1 390 159
15-20 years	1 061 603	1 075 504
20-25 years	721 330	730 639
More than 25 years	415 560	416 689
Total	**7 128 611**	**6 947 089**

Table 4
Summary of outstanding loans by lending type at nominal value
(As at 31 December 2018 and 2017)
(Thousands of United States dollars)

Lending type	*2018*	*2017*
Highly concessional terms	6 110 983	6 079 092
Hardened terms	37 590	33 298
Intermediate terms	241 735	251 365
Ordinary terms	637 472	530 820
Blended terms	100 831	52 514
Total	**7 128 611**	**6 947 089**

Table 5
Disbursement structure of undisbursed loans at nominal value
(Projected as at 31 December 2018 and 2017)
(Thousands of United States dollars)

Disbursements in:	*2018*	*2017*
Less than 1 year	528 175	522 956
1-2 years	567 237	561 632
2-3 years	584 460	578 685
3-4 years	537 594	532 282
4-5 years	480 946	476 156
5-10 years	1 219 283	1 207 235
Total	**3 919 695**	**3 878 946**

Special Programme for sub-Saharan African Countries Affected by Drought and Desertification

Table 1
Statement of loans at nominal value
(As at 31 December 2018 and 2017)

Borrower or guarantor	*Approved loans less cancellations*	*Disbursed portion*	*Undisbursed portion*	*Repayments*	*Outstanding loans*
SDR loans (thousands)					
Angola	2 714	2 714	-	1 200	1 514
Burkina Faso	10 546	10 546	-	5 259	5 287
Burundi	4 494	4 494	-	1 755	2 739
Cabo Verde	2 183	2 183	-	1 009	1 174
Chad	9 617	9 617	-	4 468	5 149
Comoros	2 289	2 289	-	1 070	1 219
Djibouti	114	114	-	54	60
Ethiopia	6 660	6 660	-	3 483	3 177
Gambia (The)	2 638	2 638	-	1 253	1 385
Ghana	22 321	22 321	-	10 129	12 192
Guinea	10 762	10 762	-	5 381	5 381
Guinea-Bissau	2 126	2 126	-	1 169	957
Kenya	12 241	12 241	-	5 221	7 020
Lesotho	7 481	7 481	-	3 459	4 022
Madagascar	1 098	1 098	-	494	604
Malawi	5 777	5 777	-	2 167	3 610
Mali	10 193	10 193	-	5 349	4 844
Mauritania	19 020	19 020	-	9 423	9 597
Mozambique	8 291	8 291	-	4 456	3 835
Niger (the)	11 119	11 119	-	5 770	5 349
Senegal	23 234	23 234	-	10 696	12 538
Sierra Leone	1 505	1 505	-	602	903
Sudan (the)	26 012	26 012	-	11 742	14 270
Uganda	8 124	8 124	-	4 265	3 859
United Republic of Tanzania	6 789	6 789	-	3 225	3 564
Zambia	8 607	8 607	-	4 485	4 122
Total	**225 958**	**225 958**	**-**	**107 586**	**118 371**
US$ equivalent	**314 201**	**314 201**	**-**	**149 602**	**164 599**
Other receivables					558
Fair value adjustment					(48 627)
31 December 2018 US$ at fair value					**116 530**
31 December 2017 US$ at nominal value					**176 496**
Other receivables					491
Fair value adjustment					(54 166)
31 December 2017 US$ at fair value					**122 821**

Table 2
Summary of loans by year approved at nominal value
(As at 31 December 2018)

		Approved loans in thousands of SDRs			*Value in thousands of US$*			
Year		*As at 1 January 2018*	*Loans cancelled*	*As at 31 December 2018*	*As at 1 January 2018*	*Loans cancelled*	*Exchange rate movement SDR/US$*	*As at 31 December 2018*
1986	SDR	24 902	-	24 902	35 486	-	(859)	34 627
1987	SDR	41 292	-	41 292	58 841	-	(1 424)	57 417
1988	SDR	34 770	-	34 770	49 548	-	(1 199)	48 349
1989	SDR	25 756	-	25 756	36 702	-	(888)	35 814
1990	SDR	17 370	-	17 370	24 752	-	(599)	24 153
1991	SDR	18 246	-	18 246	26 001	-	(629)	25 372
1992	SDR	6 952	-	6 952	9 907	-	(240)	9 667
1993	SDR	34 268	-	34 268	48 832	-	(1 181)	47 651
1994	SDR	16 320	-	16 320	23 257	-	(563)	22 694
1995	SDR	6 082	-	6 082	8 667	-	(210)	8 457
Total	**SDR**	**225 958**	**-**	**225 958**	**321 992**	**-**	**(7 791)**	**314 201**

Table 3
Maturity structure of outstanding loans by period at nominal value
(As at 31 December 2018 and 2017)
(Thousands of United States dollars)

Period due	*2018*	*2017*
Less than 1 year	8 603	8 354
1-2 years	8 078	8 278
2-3 years	8 078	8 278
3-4 years	8 078	8 278
4-5 years	8 078	8 278
5-10 years	40 389	41 391
10-15 years	40 389	41 391
15-20 years	32 468	36 776
20-25 years	10 438	14 347
More than 25 years	-	1 125
Total	**164 599**	**176 496**

Table 4
Summary of outstanding loans by lending type at nominal value
(As at 31 December 2018 and 2017)
(Thousands of United States dollars)

Lending type	*2018*	*2017*
Highly concessional terms	164 599	176 496
Total	**164 599**	**176 496**

Table 5
Summary of IFAD and SPA loan balances

IFAD	*US$ thousands*	
	2018	*2107*
Approved loans	13 801 588	13 536 686
Undisbursed balance	(3 919 695)	(3 878 946)
Repayments	(2 753 279)	(2 710 651)
	7 128 614	**6 947 089**
Interest/principal receivable	19 084	**16 273**
Loans outstanding at nominal value	**7 147 698**	**6 963 362**
Fair value adjustment	(1 206 782)	(1 226 474)
Loans outstanding	**5 940 916**	**5 736 888**
SPA	*US$ thousands*	
	2018	*2107*
Approved loans	314 201	321 992
Undisbursed balance	-	-
Repayments	(149 602)	(145 496)
	164 599	**176 496**
Interest/principal receivable	558	**491**
Loans outstanding at nominal value	**165 157**	**176 987**
Fair value adjustment	(48 627)	(54 166)
Loans outstanding	**116 530**	**122 821**

IFAD and SPA	*US$ thousands*	
	2018	*2107*
Approved loans	14 115 789	13 858 678
Undisbursed balance	(3 919 695)	(3 878 946)
Repayments	(2 902 881)	(2 856 147)
	7 293 213	**7 123 585**
Interest/principal receivable	19 642	16 764
Loans outstanding at nominal value	**7 312 855**	**7 140 349**
Fair value adjustment	(1 255 409)	(1 280 640)
Loans outstanding	**6 057 446**	**5 859 709**

Statement of grants

(As at 31 December 2018 and 2017)
(Thousands of United States dollars)

	Undisbursed as at 1 January 2018	*2018 movements*				*Undisbursed as at 31 December 2018*
		Disbursable	*Disbursements*	*Cancellations*	*Exchange rate*	
Grants	98 049	68 294	(59 849)	(4 624)	(617)	101 253
Fair value adjustment						(9 340)
Total 2018 at fair value						**91 913**
Total 2017	80 521	66 883	(45 407)	(5 116)	1 168	98 049
Fair value adjustment						(8 391)
Total 2017 at fair value						**89 658**

IFAD-only Debt Sustainability Framework

As at 31 December 2018 and 2017
(Thousands of United States dollars)

Borrower or guarantor	*Undisbursed as at 1 January 2018*	*Effective/ (cancellations) 2018*	*Disbursements 2018*	*Undisbursed as at 31 December 2018*
DSF projects denominated in EUR	**-**	**22 400**	**(200)**	**22 200**
US$ equivalent	**-**	**25 607**	**(229)**	**25 378**
DSF projects denominated in US$	**1 643**	**54 948**	**(1 715)**	**54 876**
SDR DSF				
Afghanistan	46 272	17 700	(13 217)	50 755
Benin	7 440	(540)	(499)	6 402
Burkina Faso	36 553	-	(7 077)	29 476
Burundi	34 540	17 950	(12 931)	39 559
Cambodia	9	-	-	9
Central African Republic	271	-	(74)	198
Chad	6 871	-	(2 842)	4 029
Comoros	-	1 110	(437)	673
Congo	1 482	-1 482	-	-
Côte d'Ivoire	12 337	-	(2 522)	9 814
Democratic Republic of the Congo	40 913	12 100	(5 006)	48 006
Eritrea	12 267	6 710	(2 024)	16 953
Ethiopia	5 382	-	(648)	4 734
Gambia (The)	5 596	-	(3 154)	2 442
Guinea	12 396	-	(4 688)	7 708
Guinea-Bissau	2 511	-	(1 771)	740
Haiti	4 161	-	(4 053)	108
Kiribati	784	-	(668)	116
Kyrgyzstan	6 529	-	(2 933)	3 597
Lao People's Democratic Republic	2 297	(83)	(1 368)	845
Lesotho	3 873	-	(985)	2 889
Liberia	37	-	-	37
Malawi	25 197	-	(3 222)	21 976
Maldives	740	-	(322)	418
Mali	8 253	-	(1 949)	6 305
Mauritania	12 018	-	(2 129)	9 888
Mozambique	0	8 940	(1 903)	7 037
Nepal	22 698	-	(3 358)	19 341
Nicaragua	2 589	-	(1 376)	1 213
Niger (the)	27 480	-	(4 144)	23 336
Rwanda	2 781	-	(1 082)	1 699
Sao Tome and Principe	907	-	(743)	164
Sierra Leone	1 028	-	(736)	291
Solomon Islands	453	-	(453)	-
Sudan (the)	18 923	(84)	(4 581)	14 259
Tajikistan	5 406	-	(1 188)	4 218
Togo	6 801	-	(479)	6 323
Tonga	96	994	(240)	850
Yemen	14 622	-	-	14 622
Zimbabwe	18 012	-	(2 154)	15 859
Grand Total	**410 527**	**63 314**	**(96 954)**	**376 887**
SDR at USD Equivalent	570 850	88 040	(134 818)	524 072
2018 Total USD/EUR/SDR	**572 493**	**168 595**	**(136 762)**	**604 326**
Exchange difference			(1 863)	
Total 2018 disbursements			**(138 625)**	
2017 Total US$ and SDR DSF	594 415	123 402	(127 766)	586 648

Summary of the Heavily Indebted Poor Countries (HIPC) Initiative

As at 31 December 2018
(Thousands of United States dollars)

	Debt relief provided to 31 December 2018		*Debt relief to be provided as approved by the Executive Board*			
			To be covered by IFAD		*To be covered by*	
Completion point countries	*Principal*	*Interest*	*Principal*	*Interest*	*World Bank contribution*	*Total debt relief*
Benin	4 568	1 643	-	-	-	6 211
Bolivia (Plurinational State of)	5 900	1 890	-	-	-	7 790
Burkina Faso	6 769	2 668	-	-	-	9 437
Burundi	10 585	2 544	1 610.00	241.00	1 882.00	16 862
Cameroon	3 074	727	-	-	-	3 801
Comoros	1 123	206	454	57	643	2 483
Central African Republic	9 563	2 935	-	-	-	12 498
Chad	1 850	334	285	45	220	2 734
Congo	0	99	-	-	-	99
Côte d'Ivoire	1 814	326	-	-	-	2 140
Democratic Republic of the Congo	9 271	2 892	1 926	153	1 508	15 750
Ethiopia	20 569	5 905	-	-	-	26 474
Gambia (The)	2 508	619	-	-	-	3 127
Ghana	15 585	5 003	-	-	-	20 588
Guinea	10 987	2 129	334	55	268	13 773
Guinea-Bissau	3 686	1 101	851	71	477	6 186
Guyana	1 526	299	-	-	-	2 581
Haiti	1 946	635	-	-	-	2 581
Honduras	1 077	767	-	-	-	1 844
Liberia	8 787	6 213	244	28	266	15 538
Madagascar	7 810	2 096	-	-	-	9 906
Malawi	16 290	3 793	1 346	216	1 772	23 417
Mali	6 211	2 431	-	-	-	8 642
Mauritania	8 484	2 601	-	-	-	11 085
Mozambique	12 521	3 905	-	-	-	16 426
Nicaragua	7 259	943	-	-	-	8 202
Niger (the)	11 016	2 812	-	-	-	13 828
Rwanda	16 786	5 211	-	-	-	21 997
Sao Tome and Principe	1 675	432	650	87	526	3 370
Senegal	2 247	882	-	-	-	3 129
Sierra Leone	9 501	2 168	482	59	374	12 584
United Republic of Tanzania	12 691	4 293	-	-	-	16 984
Togo	2 008	759	-	-	-	2 767
Uganda	12 449	4 654	-	-	-	17 103
Zambia	19 169	4 921	-	-	-	24 090
SDR	**267 305**	**80 836**	**8 182**	**1 012**	**7 936**	**365 271**
Less future interest on debt relief not accrued [a]						**(4 203)**
Total SDR debt relief						**361 068**
Total US$ equivalent	**371 696**	**112 405**	**11 375**	**1 407**	**11 035**	**507 920**
Less future interest on debt relief not accrued [a]	-	-	-	-	-	(5 845)
Total US$ debt relief						**502 075**
Fair value adjustment			(3 468)			
31 December 2018 at fair value			**7 907**			
As at 31 December 2017						
SDR	260 507	79 693	10 425	1 387	10 481	362 493
Less future interest on debt relief not accrued [a]						**(4 203)**
Total SDR debt relief						**358 290**
Total US$ equivalent	**371 226**	**113 563**	**14 855**	**1 977**	**14 936**	**510 566**
Fair value adjustment			(4 605)			
31 December 2017 at fair value			**10 250**			

[a] Including interest covered by the World Bank contribution.

Summary of contributions to the Haiti Debt Relief Initiative

(As at 31 December 2018 and 2017)

	Thousands of US$	*Thousands of SDR*
2018		
Member State contribution		
Austria	685	438
Belgium	776	509
Canada	3 500	2 303
Denmark	513	339
France	1 700	1 080
Germany	2 308	1 480
Japan	2 788	1 743
Luxembourg	280	178
Mauritius	5	3
Norway	1 626	1 066
Sweden	1 718	1 115
Switzerland	962	637
United Kingdom	2 700	1 717
United States	8 000	5 217
Subtotal	**27 561**	**17 825**
Interest earned	1 405	
Debt relief provided	(21 425)	
Total administrative account Member States 2018	**7 541**	
IFAD		
IFAD contribution	**15 200**	
Interest earned	821	
Debt relief provided	-	
Total administrative account IFAD	**16 021**	
Grand total	**23 562**	
Exchange rate movement	(2 718)	
Total cash and investments	**20 844**	

2017	
Grand total	**26 134**
Exchange rate movement	(2 733)
Total cash and investments	**23 401**

IFAD-only analysis of operating expenses

(For the years ended 31 December 2018 and 2017)

An analysis of IFAD operating expenses by principal sources of funding

(Thousands of United States dollars)

Expense	*Administrative expenses* [a]	*Direct charges* [b]	*Other sources* [c]	*Total*
Staff salaries and benefits	83 593	-	9 540	93 133
Office and general expenses	28 724	466	10 439	39 629
Consultants and other non-staff costs	38 989	62	3 265	42 316
Direct bank and investment costs	-	1 004	-	1 004
Total 2018	**151 306**	**1 532**	**23 244**	**176 082**
Total 2017	**149 840**	**2 140**	**20 666**	**172 646**

[a] These refer to IFAD's regular budget, the budget of the Independent Office of Evaluation of IFAD, carry-forward and ASMCS costs.
[b] Direct charges against investment income.
[c] Includes Government of Italy reimbursable expenses, voluntary separation leave expenditures and positions funded from service charges.

USB card contents

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IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US$20.9 billion in grants and low-interest loans to projects that have reached about 483 million people. IFAD is an international financial institution and a United Nations specialized agency based in Rome – the United Nations' food and agriculture hub.

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