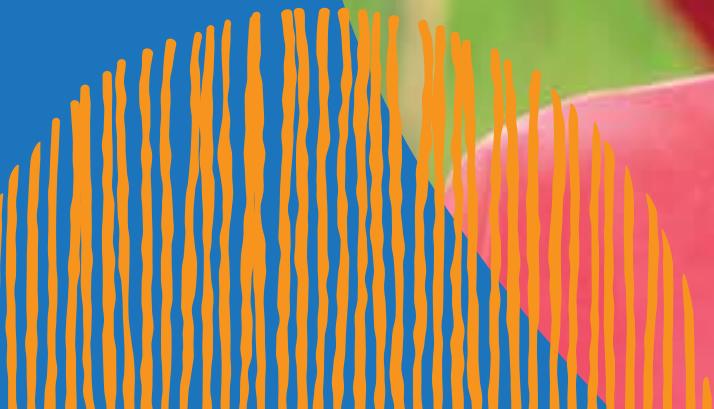


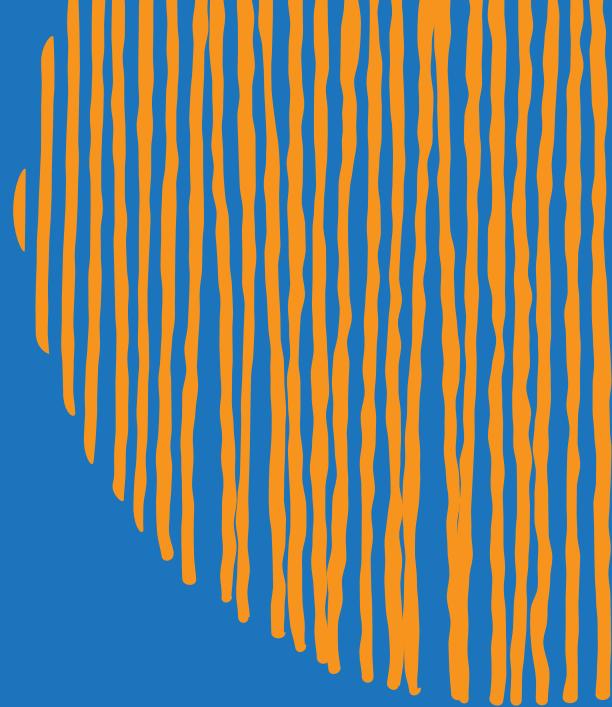
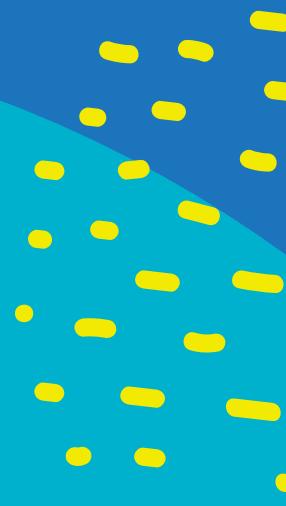
IFAD ANNUAL REPORT 2020



Investing in rural people



The Annual Report in Arabic, English, French and Spanish at:
www.ifad.org/ar2020



IFAD Annual Report 2020





Front cover: Marie Goreth Rukundo, Value Chain Development Programme, phase two, Burundi. *Employment opportunities for young people can help end extreme poverty and hunger.* ©IFAD/Evrard Benjamin Ngendaku



Inside front cover: Ángel Sedano, Sustainable Territorial Development Project, Peru. *Investment in rural producers boosts livelihoods and keeps local food systems running.* ©IFAD/Juan Ignacio Cortes Carrasbal



Inside back cover: Issam Mohammad, Integrated Livestock Development Project, Syria. *Women's access to credit closes gender gaps and helps build resilient rural communities.* ©IFAD/Mouhab Alawar



Back cover: Henry Chegym, Cordillera Highlands Agricultural Resource Management Project, phase two (CHARMP2), Philippines. *Technical assistance builds producers' capacity to increase crop value and connect to markets.* ©IFAD/Irshad Khan

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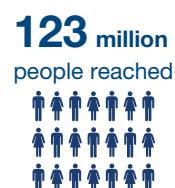
Table of contents

President's foreword	4
2020 in numbers.....	8
Where IFAD works	19
Regional overviews	
Asia and the Pacific.....	20
East and Southern Africa	24
Latin America and Caribbean.....	28
Near East, North Africa and Europe	32
West and Central Africa	36
In focus	
Building the resilience of rural livelihoods in the face of the pandemic.....	40
A holistic response to expanding threats	44
Leaving no one behind	47
Closing the investment gap	51
Adapting business processes to respond to global challenges	55
Looking forward	
A future without poverty and hunger is attainable	59
Annex 1	
Programme of loans and grants in tables.....	61
Annex 2	
Consolidated Financial Statements of IFAD	70

President's foreword

2020 was a year in which rural people faced unprecedented challenges.

Already coping with the impacts of climate change, environmental pressures, pest and disease outbreaks, inequality and economic downturns, 2020 brought with it a global pandemic that threatened to disrupt global food systems and significantly roll back years of progress in the fight against poverty and hunger.



This was a situation like no other the world had faced in many decades. We had to act fast and decisively to protect rural livelihoods and keep food systems functioning. At the same time, we could not lose sight of our responsibility, as enshrined in the Sustainable Development Goals (SDGs), to chart a pathway to the long-term food security, poverty reduction, resilience and the inclusive transformation of rural communities.





**But to respond to
the scale of the
crisis, we needed
to do more**

Responding quickly, but thinking long term

As the pandemic struck, IFAD country teams immediately began working with governments to adjust ongoing projects so rural people could maintain their income-generating activities and not be forced to sell their meagre assets.

Major priorities included ensuring seeds were available for the upcoming planting season, and using digital solutions to help small-scale farmers reach customers and sell their produce. Our first restructured project was in Bosnia and Herzegovina: by the end of March, partnering with the government, we had provided support packages to 9,000 vulnerable households, including seedlings and fertilizer so farmers could maintain production for local markets. But it soon became clear that the scale of the crisis called for us to do more. We needed to partner more with governments to reach more rural people – and support them with timely access to inputs, information, markets and liquidity.

In April, we launched the Rural Poor Stimulus Facility (RPSF). IFAD provided US\$40 million to kick-start the RPSF and raised over US\$50 million through generous contributions from Canada, Germany, the Netherlands, Sweden and Switzerland. As the pandemic continues, the RPSF is supporting rural people to stay on their feet economically and is contributing to the continued availability of food. As more funding and support comes in for the RPSF, we expect to do even more in 2021.

2020 was also about building for the future, ensuring IFAD is in a position to lead the recovery and getting back on track to meet the SDGs, especially to end extreme poverty and hunger. This has meant revamping our financial architecture so we can invest more and reach more rural people – while maintaining financial discipline and managing risks.

Core contributions remain the bedrock of IFAD's funding. At the same time, our financial credentials have been recognized and the opportunity to mobilize more resources has been enhanced by a strong credit rating obtained during the year, from both Fitch and Standard and Poor's. Our new integrated borrowing framework will further enable us to manage the risks associated with a more ambitious financial model, and ensure IFAD's financial sustainability.



Doing more to build the resilience of rural people does not only mean scaling up investments – it also means going further to reach the people most likely to be left behind.

In 2020, among important initiatives were our revised targeting guidelines. These guidelines will ensure that the principle of leaving no one behind guides all of IFAD's operational activities. We also expanded our partnerships with indigenous peoples – more than 10 times as many indigenous peoples' groups participated in the preparations for IFAD's Fifth Global Meeting of the Indigenous Peoples' Forum.

In 2020, we also piloted approaches for greater inclusion of persons with disabilities in IFAD-supported projects. And we started activities in five countries for a "grass-roots approach to connecting youth voices to action", which will enable us to do even more to include young people in our projects in the years ahead.

2020 saw continued progress in refining IFAD's business processes, so we can achieve better results faster. We prepared a new policy for regular grants financing, which by early 2021 was under implementation. The new policy will ensure that regular grants achieve greater impact on the ground for rural people, especially by promoting synergies with our other, non-grants-based activities, and by strengthening learning processes.



In addition, we are becoming more efficient in both our lending and our non-lending activities through ongoing decentralization.

In 2020, the share of IFAD staff in the field reached 32 per cent, compared with 10 per cent during the IFAD10 (2016-2018) period. Having more staff on the ground is helping us to do more in terms of partnerships and policy engagement, and it is helping us to translate our global engagement activities into action at the local level. This is ever-more important as we prepare for the United Nations Food Systems Summit in 2021. IFAD's experience and knowledge will provide key inputs into the Summit, and our presence on the ground in rural areas will put us on the front line in implementing the outcomes of the Summit in the years ahead, in coordination with our partners.

Despite the challenges of 2020, we remain convinced that our vision of a world free of poverty and hunger is attainable. To achieve this, the rural women and men IFAD serves need to be better prepared to overcome the challenges they face. And we need to ensure they have the support they need so they can withstand the shocks of today and tomorrow. We will keep striving to do more and to get better at what we do so that, together, we can all make this a reality.

A handwritten signature in black ink, appearing to read "G. Houngbo".

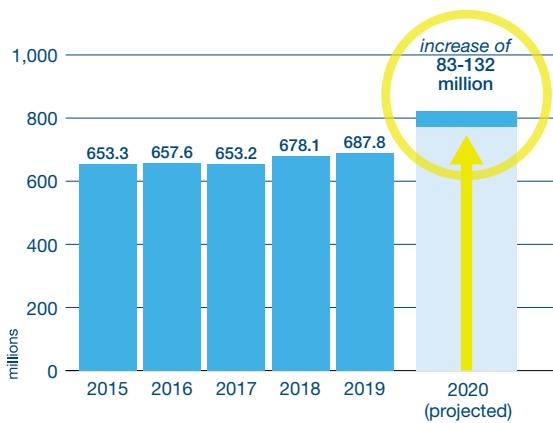
GILBERT F. HOUNGBO
President of IFAD

2020 in numbers

A challenging global context

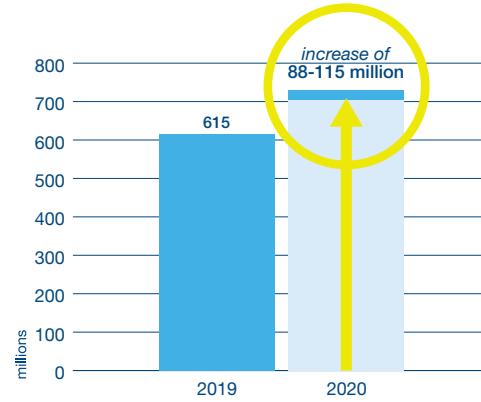
The impacts of the COVID-19 pandemic have exacerbated challenges in reaching the SDGs.

NUMBER OF UNDERNOURISHED PEOPLE IN THE WORLD



Source: FAO, IFAD, UNICEF, WFP and WHO. 2020. The State of Food Security and Nutrition in the World 2020. Transforming food systems for affordable healthy diets. Rome, FAO.

NUMBER OF PEOPLE LIVING IN EXTREME POVERTY GLOBALLY



Source: World Bank. 2020. Poverty and Shared Prosperity 2020: Reversals of Fortune. Washington, D.C.: World Bank.

The year saw the **first increase in global extreme poverty** in a generation, while prospects for ending hunger worsened.

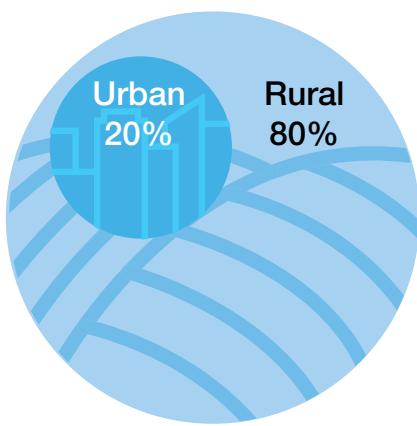




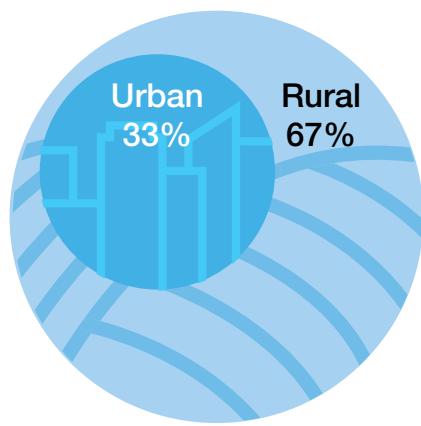
The resilience of rural people is being severely tested

The COVID-19 pandemic added to the range of threats affecting rural livelihoods – including the increasingly stark impacts of climate change, environmental degradation, inequality, disempowerment and economic downturns.

SHARE OF POOR PEOPLE GLOBALLY



SHARE OF HUNGRY PEOPLE GLOBALLY



Source: World Bank. 2020. Poverty and Shared Prosperity 2020: Reversals of Fortune. Washington, D.C.: World Bank.

Source: Laborde, D., Porciello, J. and Smaller, C. 2020. Ceres2030: Sustainable Solutions to End Hunger. Ceres2030.

Most of the world's poor and hungry people **live in rural areas.**

More investment in rural resilience is needed

Though challenges are particularly severe, investments to build the resilience of rural livelihoods remain woefully insufficient.

Climate finance targeting small-scale agriculture



Source: Climate Policy Initiative. 2020. Examining the finance gap for small-scale agriculture.

Source: Laborde, D., Porciello, J. and Smaller, C. 2020. Ceres2030: Sustainable Solutions to End Hunger. Ceres2030.

But challenges such as the **pandemic, climate change, environmental pressures** and **creating opportunities for young people** can all be addressed with the **right investments**.



Investments in rural people pay rich dividends

Despite the difficulties they face, rural people, with IFAD's support, are finding solutions to boost their livelihoods and keep local food systems and economies running.



“ We are very happy to be part of the project, because it has certainly helped a lot in the income of our farmers and has stimulated us to produce more and more.”

Carmilene Rodrigues, representative of the Quilombo Lagoas Territory Production Group, participant in the Semi-arid Sustainable Development Project, in the State of Piauí, Brazil.

“ I am grateful that I could get an interest-free loan as a poor woman. I could start this business with my skills and knowledge and I'm glad to have been able to pay it forward by employing other women like me.”

Nazima, a rural entrepreneur, participant in the Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu, India.



“ Before I started doing what we learned from the training, things were not well in my life.

But after the training, so many things have changed. I have been planting maize and soya beans while following good agricultural practices. I have also a dairy cow. I am a member of a village challenge fund, which we have formed to help us make some savings. All this was not possible before the training.”

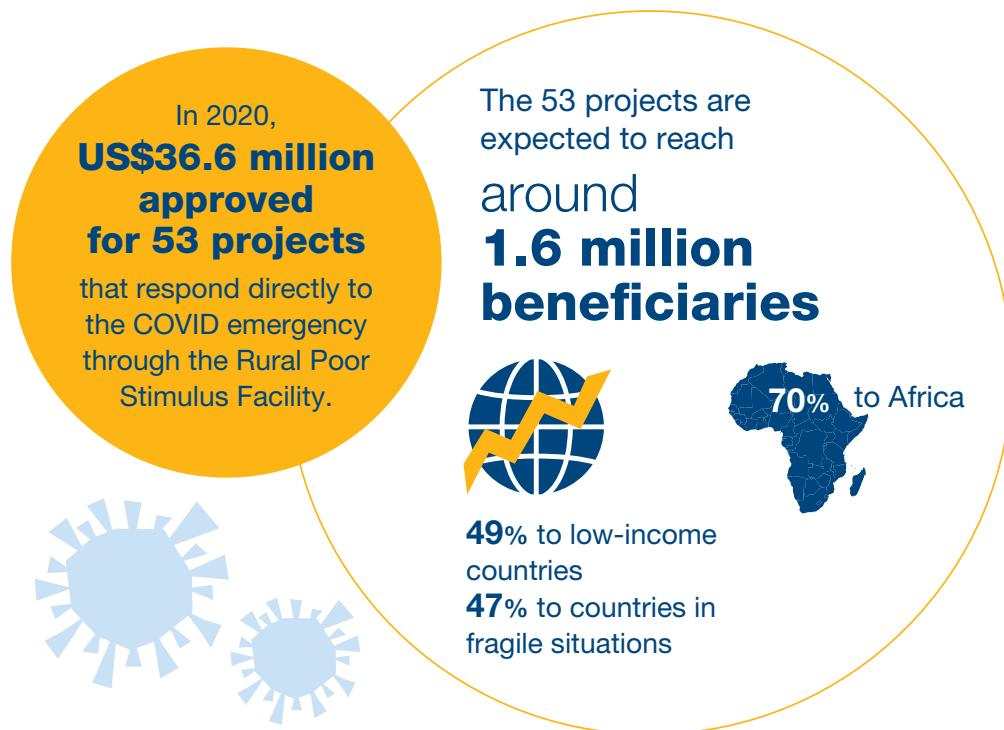
Esmery Chewonga, chairperson and participant in the Sustainable Agricultural Production Programme, Blantyre, Malawi.



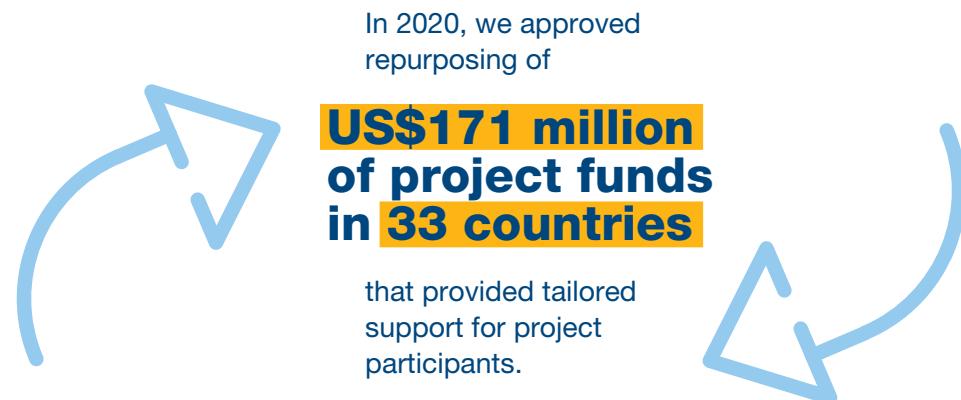
Addressing the socio-economic impacts of the COVID-19 pandemic

When the pandemic struck early in 2020, IFAD launched the **Rural Poor Stimulus Facility**, a funding mechanism to help the most vulnerable and marginalized people sustain themselves through the crisis and to accelerate the recovery of rural communities.

RESPONDING TO THE PANDEMIC



We also **repurposed funds** within existing projects to finance the COVID-19 response activities.



Doubling our impact



Recovering from the COVID-19 pandemic, building **resilience to future shocks** and **ending poverty and hunger** involves huge challenges. But with the right investments and support, prosperous rural communities can contribute to making this happen.

IFAD's goal is to **double its impact over the next 10 years.**

We will use **new innovative tools**, enhanced engagement with the **private sector**, combined with **grant financing** for countries most affected by climate change, fragility and food insecurity.



Sharpening tools to reach the most vulnerable



Enable vulnerable people to build their resilience and avoid falling into poverty and hunger

Revised operational guidelines on targeting

Ensure the principle of leaving no one behind is enshrined in all of IFAD's work

Consult with and involve young people

Grass-roots approach to connect youth voices to action

Expand and deepen partnerships with indigenous peoples

Regional meetings and global forum on resilience of indigenous peoples' food systems in the context of the pandemic

Greater prominence given to including persons with disabilities in projects

Pilots on approaches for disability inclusion

Expand approaches to empower women

Global grant focused on promoting women's rights to land



Building on a series of consultations with youth representatives from across the world, in 2020 we started activities for a **"grass-roots approach to connecting youth voices to action"**.

The enhanced approach – building on our Rural Youth Action Plan – will enable IFAD to seize the opportunity to **strengthen the participation** of young people as key partners and ensure its programming is more responsive to their needs and views through a more structured and tailored engagement process.

Prioritizing innovation to deliver better results faster

Improve delivery systems

Monitor and strengthen organizational reforms

Identify, test and scale up ideas



Better processes for better results

IFAD has prepared a **new policy for regular grants financing** to be launched in 2021. The new policy will use a new tool to ensure that the availability of resources is in line with IFAD's replenishment outcomes.

It will also promote **synergies** between grants and activities funded through other instruments, as well as strengthening the performance of grants by **learning from past experience**.



**BUILDING ON THE STRENGTH OF
IFAD'S GRANT PORTFOLIO**

Common framework for coordinating resilience-building



Rural Resilience Programme

Enhanced Adaptation for Smallholder Agriculture Programme

The Sustainability, Stability and Security Initiative in Africa

The Green Climate Fund's umbrella programme for the Great Green Wall for the Sahara and the Sahel Initiative

Address the drivers of instability, fragility and vulnerability



IFAD's Rural Resilience Programme (2RP) consolidates and directs multiple sources of **financing to small-scale producers**, making sure they receive the support they need to build more resilient and prosperous futures.

Boosting IFAD's financial architecture

Framework for IFAD's Non-Sovereign Private Sector Operations

First investment in a private sector entity

Stepping up partnerships with the private sector

A Framework for IFAD's Non-Sovereign Private Sector Operations was approved, paving the way for IFAD's first investment in a private sector entity, with US\$9 million being invested in the Agri-Business Capital (ABC) Fund.

IFAD receives credit rating

AA+ credit rating from both Fitch Ratings and Standard & Poor's



Catalyse private investment expertise and diversify resource base

IFAD received an AA+ credit rating from both Fitch Ratings and Standard & Poor's. This will allow IFAD to strengthen and diversify its resources.

Integrated borrowing framework

Increased access to funding in a sustainable manner and strengthened liquidity management



IFAD BECOMES THE FIRST UN FUND TO RECEIVE A CREDIT RATING

IFAD AT A GLANCE 1978-2020^{a, b}

	2016	2017	2018	2019	2020	1978-2020
Operational activities^{c, d}						
Loan and DSF grant approvals						
Number of programmes and projects ^e	22	32	28	34	18	1 142
Amount	US\$ million	703.7	1 245.2	1 121.3	1 625.4	782.7
						21 797.3
Grant approvals						
Number		53	56	49	36	25
Amount	US\$ million	56.9	61.6	67.8	39.5	35.0
						1 304.5
Adaptation for Smallholder						
Agriculture Programme Trust Fund						
Number		5	3	0	0	43
Amount	US\$ million	29.0	5.0	0.0	0.0	309.0
Total IFAD loan and grant operations						
	US\$ million	789.6	1 311.8	1 189.1	1 664.9	817.7
Cofinancing	US\$ million	131.2	146.0	336.5	1 577.3	181.3
Multilateral		73.2	129.1	214.3	1 436.4	102.1
Bilateral		54.1	3.0	25.3	123.4	3.5
NGO		4.0	7.8	1.4	13.3	3.4
Other ^f		-	6.1	95.6	4.3	72.4
Domestic contributions	US\$ million	367.2	718.2	686.7	1 460.3	934.4
Total programme and project cost^g						
	US\$ million	1 239.8	2 126.6	2 160.3	4 677.3	1 898.4
						53 948.5
Programmes and projects						
Number of effective programmes and projects under implementation		212	211	206	203	203
Number of programmes and projects completed		36	26	29	32	25
Number of approved programmes and projects initiated by IFAD		21	31	27	29	18
Number of recipient countries/territories (current portfolio)		98	99	101	94	96
Loan disbursements		538.9	631.1	626.8	625.9	558.4
DSF grant disbursements		123.8	127.7	138.7	174.7	172.4
Loan repayments^h		299.2	315.9	341.9	370.5	390.5
Membership and administration						
Member States – at end of period		176	176	176	176	177
Professional staff – at end of period ⁱ		378	378	389	441	457

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 two regional lending operations.

f Includes financing under basket or similar funding arrangements and financing from private sector resources.

g Includes DSF grants and component grants, and excludes grants not related to investment projects. Includes other non-regular financing managed by IFAD and IFAD's contribution to the Rural Poor Stimulus Facility.

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

i Includes national professional officers in country offices.

Where IFAD works



Latin America and the Caribbean
28 ongoing projects in 32 countries
US\$553.7 million ongoing IFAD financing

West and Central Africa
45 ongoing projects in 24 countries
US\$1,851.9 million ongoing IFAD financing

East and Southern Africa
42 ongoing projects in 22 countries
US\$1,613.8 million ongoing IFAD financing

Near East, North Africa and Europe
33 ongoing projects in 23 countries and Gaza and the West Bank
US\$955.0 million ongoing IFAD financing

Asia and the Pacific
55 ongoing projects in 35 countries
US\$2,556.9 million ongoing IFAD financing

★ IFAD headquarters

● IFAD country office

○ Regional hub

○ Regional South-South and Triangular Cooperation and knowledge centre

▲ Satellite office

GLOBAL OPERATIONS BY REGION

Asia and the Pacific

PORTRFOLIO MANAGEMENT HIGHLIGHTS

55 ONGOING PROGRAMMES AND PROJECTS

in partnership with 20 countries in the region at the end of 2020

US\$2,556.9 million

INVESTED BY IFAD
in the region's ongoing portfolio

35 COUNTRIES

6 NEW PROGRAMMES AND PROJECTS

approved in China (2 projects), India, Maldives, Nepal and Pakistan

US\$365.8 million

IN NEW APPROVALS
IN 2020

HIGHLIGHTED PROJECT: VIET NAM

The Commodity-oriented Poverty Reduction Programme enabled ethnic minority households in Ha Giang Province to benefit from market opportunities. The programme focused on improving households' access to markets and building their resilience to climate change.

At least
4,610
households
lifted out of poverty,
expected to reach
5,000



Fewer households suffering from food insecurity



Annual income more than tripled



Improvements in household assets:

Better quality of housing



Ownership of home appliances



Farm machinery



Increased livestock and poultry



Afghanistan - 3
Bangladesh - 7

Bhutan - 1
Cambodia - 4
China - 3
Cook Islands
Democratic Republic of Korea
Fiji
India - 6
Indonesia - 5
Iran (Islamic Republic of)
Kiribati - 1
Lao People's Democratic Republic - 2
Malaysia
Maldives - 1
Marshall Islands
Micronesia (Federated States of)
Mongolia - 1
Myanmar - 3
Nauru
Nepal - 3
Niue
Pakistan - 3
Palau
Papua New Guinea - 2
Philippines - 5
Samoa - 1
Solomon Islands
Sri Lanka - 2
Thailand
Timor-Leste
Tonga - 1
Tuvalu
Vanuatu
Viet Nam - 1

Countries with ongoing ASAP grants

Numbers indicate ongoing programmes and projects

Rural people in Asia and the Pacific face a range of challenges and threats, with climate-related hazards being among the most severe. For groups who have traditionally faced exclusion, these threats are exacerbated, resulting in increasing risks of poverty and marginalization transmitting across generations.

The impacts of the COVID-19 pandemic have added to existing vulnerabilities, undermining food systems and livelihoods in the region. Some countries that depend on food imports have suffered shortages, while market closures and the threat of soaring food prices have increased the risk of social unrest.

Building resilience to multiple threats – especially related to the pandemic and climate – is a priority for IFAD in its work in Asia and the Pacific. In addition, inclusion is a strong theme across our portfolio, with women, youth and ethnic minorities receiving particular attention.

Transforming agriculture in a COVID-19 context

One of the main areas of focus for IFAD's COVID response in the region is investments in digitalization – including e-money and e-marketing solutions. Developing farmers' skills and expanding access to digital technologies in underserved rural areas are also priorities. In Myanmar, the FARM-DAT project, funded through the Rural Poor Stimulus Facility (RPSF), will apply digital solutions to strengthen the resilience of poor rural people affected by COVID-19. The project will support the government in adopting digital services to help address the immediate needs of small-scale producers. Project participants are digitally registered and trained in digital literacy to ensure they can access a range of services, including mobile financial services.



"We – small-scale producers and processors in rural communities – must prove our resilience, even in these hard times, and prepare ourselves for whatever lies ahead."

Simon Chottu, farmer and participant in the IFAD-supported Rural Development Programme, Solomon Islands.

In the Solomon Islands, IFAD's support to small-scale producers has proven important in dealing with the impacts of the pandemic. The Rural Development Programme invites agrifood businesses to mentor small-scale producers who supply them. The programme has enabled small-scale producers to form collectives and use social media and other modern technologies to access information, boost quality and improve sales. This has been crucial in keeping local food systems running and maintaining livelihoods during pandemic-related restrictions. "Our crops [production] will be more than the demand... with the technology of e-marketing, that will be a big boost," said Simon Chottu, a young farmer participating in the project.

Boosting climate resilience

Climate resilience has long been a priority for IFAD in its work in the region of Asia and the Pacific, especially through the Adaptation for Smallholder Agriculture Programme (ASAP) and the Global Environment Facility (GEF). Increasingly, the livelihoods of rural people here are threatened by climate change – the Asia and the Pacific region is home to many of the countries that are most vulnerable to climate change in the world. Indeed, with extensive coastlines, low-lying territories and many small island states, its geography makes it highly susceptible to rising sea levels and weather extremes.

In Bangladesh, the Haor Infrastructure and Livelihood Improvement Project strengthens community and ecological resilience to climate change. The project is focused on community infrastructure – for example, protecting village roads and markets – and on nature-based solutions, such as reforestation to create natural wave barriers. In addition, climate information services, including an effective flash flood early warning system, have been introduced into communities. So far, the project has already strengthened the natural, physical, social, human and financial capital of more than 340,000 smallholder farmers in the Haor region. In Viet Nam, an IFAD project is using smartphone technology to alert small-scale farmers to issues related to water salinity, which is linked to rising sea levels. “In the past, if we wanted to know if the water was salty or not we had to taste it...But nowadays we can stay at home and still be able to collect water information,” said Thach Thi Than, farmer and participant in the project.

Ensuring no one is left behind

Involving and empowering often-excluded groups in community-based solutions is a key tenet of IFAD’s work. In Viet Nam, the Commodity-oriented Poverty Reduction Programme has contributed to market-oriented poverty reduction for ethnic minority households in Ha Giang Province, and particularly for women. In India, a new project is building on the success of our Tejaswini Rural Women’s Empowerment Programme, which supported women entrepreneurs through self-help groups, providing business development support, finance and training. “When I joined, I learned how banking works. After a few months, I took a loan to buy more machines...Since my business has grown, I’ve started teaching sewing to women. The increased earnings helped me give my children a good education,” said Sangeeta S. Chowghe, entrepreneur and participant in the programme.



“As we say, husband and wife are 50-50 life partners. So now financially I help 50 per cent too! Now, we’re financially fine, which is something we never dreamed of.”

Sangeeta S. Chowghe, entrepreneur and participant in the Tejaswini Rural Women’s Empowerment Programme, India.

In the Pacific Islands, an IFAD grant project, Promoting Nutritious Food Systems in the Pacific Islands, brought together a wide range of local actors – many of them women and young people – in a knowledge-sharing network. It resulted in locally driven solutions and strengthened capacities to improve local nutrition outcomes.

Young people are a particular priority, considering the region is home to more than 600 million youth. For example, in Nepal, the Samriddhi – Rural Enterprises and Remittances Project promotes employment and entrepreneurship opportunities for young people in small businesses. Through its partners, the project provides vocational training and apprenticeships that lead to gainful and decent work. To date, over 97 per cent of those who have completed the training – more than 5,000 young people in total – have a job, the majority earning a decent income working in the field they studied. “I used to cycle 10 kilometres each way to the location of the training. But it was worth it. I am now certified by the National Skill Testing Board,” said Ranjana Chaudhary, one of the project participants.



“With support from the project for this app, both me and my community members find it so convenient to access information in a much faster way.”

Thach Thi Than, farmer and participant in the Project for Adaption to Climate Change in the Mekong Delta in Ben Tre and Tra Vinh Provinces, Viet Nam.

GLOBAL OPERATIONS BY REGION

East and Southern Africa

PORTRFOLIO MANAGEMENT HIGHLIGHTS

42 ONGOING PROGRAMMES AND PROJECTS

in partnership with 15 countries in the region at the end of 2020

3 NEW PROGRAMMES AND PROJECTS

approved in Eritrea, Kenya and United Republic of Tanzania

4 NEW country strategic opportunities programmes in Comoros, Eritrea, Uganda and Zimbabwe

US\$1,613.8 million

INVESTED BY IFAD
in the region's ongoing portfolio

US\$167.4 million

IN NEW APPROVALS
IN 2020

22 COUNTRIES

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

HIGHLIGHTED PROJECT: BURUNDI

The second phase of the Value Chain Development Programme builds on progress achieved in expanding the rice and dairy sectors in the first phase. It has strengthened small-scale producers' access to productive land and inputs, and expanded commercial opportunities.

82,737

households with improved access to agricultural inputs



29,400 ha of land

rehabilitated for agricultural production



19,237

households have improved access to water for agricultural production



46,945

households accessing financial services



Numbers indicate ongoing programmes and projects

Countries with ongoing ASAP grants

Overall, 2020 was a challenging year in the East and Southern Africa region. The COVID-19 pandemic, combined with locust invasions and aggravated risks related to climate change, has posed serious threats to rural people's livelihoods. Economic activity has suffered from disruptions in the movement of people and goods and from declining global commodity prices. For the first time in 20 years, GDP in the region declined. IFAD's focus during 2020 was to strengthen the resilience of small-scale farmers, while advancing an inclusion agenda that concentrated primarily on young people and women.

Responding to COVID-19 – with youth at the centre

Although IFAD deployed innovative ways to ensure business continuity – such as remote project supervision and the use of digital tools – the pandemic hindered some activities and led to a drop in disbursements in the region. At the same time, we repurposed US\$47.6 million of our East and Southern Africa portfolio for activities specifically geared to addressing the needs of rural people in the context of the pandemic. In addition, we allocated US\$26.4 million in emergency grants, funded through the Rural Poor Stimulus Facility (RPSF), to projects in East and Southern Africa. These efforts allowed rural people to access inputs for crop production, benefit from rural financial services and sell their products in local markets.

In Kenya, a group of young entrepreneurs have been able to thrive despite the pandemic. The G-Star Youth Group, with support from the IFAD-supported Upper Tana Catchment Natural Resource Management Project, have been using digital platforms to expand their sales during times of social restrictions. "We've realized the value of digital platforms and we will maintain our digital engagement post-COVID-19," explained Charles Wachira Mwangi, the group's chairperson.



"The future is still great. With the support of IFAD, we can increase uptake from the local community, we can expand the market."

Joseph Newton Mathenge, young entrepreneur and participant in the Upper Tana Catchment Natural Resource Management Project, Kenya.

Young people, with their energy and innovative ideas, are key to building the resilience of rural communities. That's why IFAD is putting a strong emphasis on involving young women and men in new projects throughout the region. Some 80 per cent of new projects are youth-sensitive and include specific activities, strategies and resources to ensure young people benefit. The Value Chain Development Programme in Burundi, for example, has supported the establishment of 379 youth-led microenterprises and created an additional 18,750 jobs for young people.

Addressing root causes of gender inequality

Promoting women's empowerment is another priority for our inclusion agenda. A Women's Empowerment in Agriculture Index baseline study undertaken in Eswatini and Zimbabwe revealed that the greatest disempowerment faced by women



"In the past, there used to be huge poverty. Now we're self-sufficient, we've obtained the opportunity that our parents didn't have."

Molach Belay Abay, vegetable farmer, participant in the Participatory Small-scale Irrigation Development Programme, Ethiopia.

across Southern Africa is on aspects of leadership and workloads, limiting women's ability to participate in both economic and development activities. We are using the Gender Action Learning System, as well as other approaches, to address these inequalities. In Malawi, the Sustainable Agricultural Production Programme improved women's control over assets, reaching more than 95,000 women and supporting them in formulating a joint vision for their household that they could then work towards as a family. IFAD projects foster equality of voice and influence for women and men in rural institutions and organizations, but also a more equitable gender balance in workloads and sharing of economic and social benefits.

Bolstering resilience to climate change and other shocks

Climate finance represents 22 per cent of total IFAD funding approved in East and Southern Africa so far during the 2019-2021 IFAD11 replenishment period. In addition, more rigorous climate risk assessments are carried out. IFAD is developing partnerships with key private and public stakeholders to encourage innovative approaches to enabling rural people to benefit from climate financing. For example, in Eritrea, IFAD works with the Global Environment Facility to promote livelihood diversification, enhancement of fish production, irrigation, watershed management and plantation of mangroves.

In Ethiopia, the Participatory Small-scale Irrigation Development Programme II supports farmers to cope with increasingly frequent drought in the Tigray region. IFAD has provided financial support to help the government build a dam and small-scale irrigation system that guarantees small-scale farmers access to water year-round. Complemented with funding from the China-IFAD SSTC Facility, the project includes training in dealing with drought conditions, for example by planting a more diverse and nutritious range of crops, and by adopting efficient and sustainable irrigation water use technologies. As a result, 62,000 small-scale farmers have improved their standards of living.

In Mozambique, the Artisanal Fisheries Promotion Project enabled coastal communities to become more resilient and raise their income, despite the threats that rising water levels and ocean temperatures pose for the productivity of fisheries. The project improved infrastructure, supported the adoption of sustainable fishery practices and provided financial services for households working in the small-scale fisheries sector.

The experience of the Climate-Resilient Post-Harvest and Agribusiness Support Project in Rwanda shows how, by building their resilience, IFAD-supported projects have enabled rural people to cope with multiple threats, and even to move ahead despite the shock of the COVID-19 pandemic. The project supported the market-based activities of an organic pineapple cooperative, helping its members to improve their income and receive additional benefits, such as health insurance and pensions. "I am now able to pay the school fees for our children," says Jeanne d'Arc Nirere, a 39-year-old mother of four who joined the cooperative in 2016. "And we hope to send our children to university as well." Now, the cooperative is expanding despite the pandemic, with investments in new machinery to help meet expanding demand.

Another shock that IFAD has been addressing is locust outbreaks, which disrupted agricultural production in the region in 2020. Through the National Agriculture Project, we have supported the Government of Eritrea's efforts in combating the spread of desert locust since 2014, notably by providing sprayers, protective equipment and 15,000 litres of pesticide. In 2020, IFAD revised the project budget to allow an additional response focused on vehicle-mounted sprayers. We also brokered a partnership between the Ugandan Ministry of Agriculture and Saint Industries that provided an integrated locust solution (biopesticides and drones).



"Before the project, I was just sitting at home because my husband didn't have any money. Then I started making money. Now, people admire us."

Mariamo, artisanal fisher, participant in Artisanal Fisheries Promotion Project, Mozambique.

GLOBAL OPERATIONS BY REGION

Latin America and the Caribbean

PORTRFOLIO MANAGEMENT HIGHLIGHTS

28 ONGOING PROGRAMMES AND PROJECTS

in partnership with 17 countries in the region at the end of 2020

1 NEW PROJECT

approved in Ecuador

3 NEW country strategic opportunities programmes in Bolivia, Honduras and Mexico

US\$553.7 million

INVESTED BY IFAD
in the region's ongoing portfolio

US\$23.5 million

IN NEW APPROVALS
IN 2020

HIGHLIGHTED PROJECT: BRAZIL

The Cariri and Seridó Sustainable Development Project adapted several activities to respond to the pandemic, focused around protecting the health of people and their farms, while creating income-generating opportunities.

Seedlings enable **agroforestry cultivation systems** to be developed, contributing to recovery of degraded land

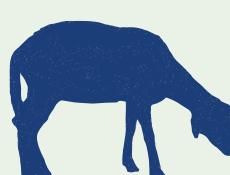


5,000
seedlings
distributed



3,800 masks produced and distributed in local communities

More than **4,000** sheep and goat herders in 50 communities benefited



32 COUNTRIES

Antigua and Barbuda

Argentina - 2

Bahamas (The)

Barbados

Belize - 1

Bolivia (Plurinational State of) - 1

Brazil - 5

Colombia - 1

Costa Rica

Cuba - 2

Dominica

Dominican Republic - 1

Ecuador - 3

El Salvador - 1

Grenada - 1

Guatemala

Guyana - 1

Haiti - 1

Honduras - 1

Jamaica

Mexico - 2

Nicaragua - 1

Panama

Paraguay - 2

Peru - 2

Saint Kitts and Nevis

Saint Lucia

Saint Vincent and the Grenadines

Suriname

Trinidad and Tobago

Uruguay

Venezuela (Bolivarian Republic of)

Numbers indicate ongoing programmes and projects

Countries with ongoing ASAP grants

Latin America and the Caribbean was one of the regions worst hit by the COVID-19 pandemic. By the end of 2020, the economic repercussions looked grim, with the region's GDP expected to drop by 7.7 per cent, contributing to an increase in the number of people living in extreme poverty of the magnitude of 16 million.

IFAD country teams, working in partnership with national, regional and local authorities, came up with a range of innovative approaches that enabled rural people to maintain their livelihoods during the pandemic. Digital solutions were at the forefront.

Partnering with small-scale farmers in Guatemala

In Guatemala, a joint project conducted by the Rome-based agencies (RBAs) allowed a school-feeding programme to continue. The project is a pilot for the implementation of a law establishing that at least 50 per cent of the food bought for schoolchildren has to come from family farmers' organizations.

As schools remained closed for most of the year, monthly food deliveries were made to the children's families, with family farmers' organizations, parent associations and school staff all involved in the operation. The project was highly beneficial for small-scale producers, protecting them from instability in food prices.

"I have a better price in schools... but what I value most is the fact that I no longer lose production, because we have more exact delivery dates," explained Alicia Estrada, from San Antonio Sacatepéquez.

Supporting small-scale farmers to keep food systems functioning in Colombia, El Salvador and Peru

Rural Adelante provided support to three key value chains in El Salvador: vegetables, fruits and dairy products. The objective was twofold: first, ensure the availability of staple foods for families in rural areas; second, guarantee family farmers' organizations a source of income in a complicated economic context. With IFAD's support, members of a local cooperative, El Limón R.L., purchased an additional 1.4 hectares of productive land.



"[The pandemic] did affect us, but it also came as a shining star, giving us new opportunities."

Maynor Tejada, dairy farmer and participant in the Rural Adelante Programme, El Salvador.

"COVID-19 affected our vegetable production and sales, but the cooperative hasn't stopped working," said Ana Esperanza, the cooperative's president. Today, thanks to Rural Adelante support, cooperative members are ready to diversify further by investing in the construction of a 5,000-litre cistern to store and reuse water in irrigation systems.

In Colombia, the El Campo Emprende/TOP Project adopted measures so that it could continue providing technical assistance during the restrictions, ensuring monthly reports on the impact of COVID-19 on beneficiaries and increasing exchanges between farmers' organizations. The project used innovative online tools, such as a virtual market platform, that benefited approximately 9,235 families, many of them led by women, young people, victims of conflict and members of indigenous and Afro-Colombian communities. "What motivates us [is]: being a group of women, working together for our families for peace in our communities," said Nancy Torrez Correndor, a participant in the project.

Also in Colombia, the IFAD-supported ACUA Foundation set up the Kumé platform to give visibility to Afro-Colombian communities and allow commercialization of gastronomic products and services that promote culture, traditional knowledge and local crops. The strategy includes live online cooking lessons by traditional chefs, mostly women. The platform also provides the communities with information and advice related to the ongoing pandemic.

The Local Productive Development Project in the Highlands and Rainforests of Peru has been extended to build on successes achieved forming and working with local producer associations. Women producers in particular have benefited from the project's training in developing business plans and plans for natural resource management. Impact assessments have shown that, as a result of the project, there are now more women in employment and taking part in other income-generation activities. "Thanks to the project, women have new opportunities...We're ready to stand up, we're ready to overcome any difficulty that may come our way," said Shirley Casachagua, president of the Generación Llanac Artisans Association and a participant in the project.

Working with the RBAs and other partners for a speedy recovery

The RBAs are providing technical assistance to the Ministry of Agriculture and Irrigation (MINAGRI), with the aim of creating a family farming brand and certification in Peru that connects small-scale farmers to markets and increases the value of their crops. In another joint initiative, designed to strengthen institutional capacity of MINAGRI and the Ministry of Social Inclusion (MIDIS), the

RBAs are promoting the participation of small-scale farmers in public food procurement for school-feeding programmes. Countrywide, around 1 million small and medium-sized producers and 2.6 million school pupils are expected to benefit.

In neighbouring Bolivia, a joint FAO, IICA and IFAD initiative supported the Ministry of Land and Rural Development in developing a post-COVID response and rehabilitation plan for the agricultural sector. This plan outlines recommendations for the short- and medium-term to strengthen 20 basic food value chains, boost agriculture employment and increase food security.

Comprehensive approaches through IFAD's largest regional programme in Brazil

In Brazil, where IFAD has its largest country programme in the region, a wide range of emergency activities were set in motion to protect rural people from the impacts of the pandemic. In Sergipe, 28 tons of grain and vegetable seeds were purchased and distributed, helping 3,000 families benefiting from the Dom Távora Project to carry on agricultural production during the

pandemic. "This help is essential in this period of pandemic and economic crisis," said João Batista dos Santos, a farmer in Poço Verde. The Cariri and Seridó Sustainable Development Project (PROCASE) in Paraíba bought 5,000 seedlings of *triplex*, a forage plant, to benefit some 50 sheep and goat herds. The project also provided food and protection materials for distribution to participating families.

Throughout projects in north-east Brazil, women's groups received incentives to produce respiratory protective masks, including a R\$4,000 (US\$784) donation from the IFAD team in Brazil. Many of the masks were distributed in *quilombola* (Afro-Brazilian) communities.

Farmers were also provided with tools and training to access online market platforms, such as the Covid Radar Portal developed by the United Nations Global Compact. Virtual family farming fairs and markets were organized by the Paulo Freire Project in Ceará, the Viva o Semiárido Project in Piauí and the Pró-Semiárido Project in Bahia. "I started selling more than in 'normal times' and it was essential to have this increased income in such difficult times," said Flaviana Lima, a farmer in the community of Santa Luzia, Sobral, Ceará.

In addition, farmers benefiting from the Dom Helder Câmara II Project were invited to participate as suppliers of basic foods for emergency packages in the states of Alagoas, Maranhão and Pernambuco. These products from family farmers were incorporated into food baskets that were distributed free of charge to people in need.



"I come to thank the state government, PROCASE and IFAD, who sent several *triplex* seedlings to our community, which helped us in feeding the animals, especially in this time of quarantine... These plants that we received helped us a lot. Thank you for that support that came at the right time."

Adriana, a farmer and a participant in the PROCASE project, Paraíba, Brazil.

GLOBAL OPERATIONS BY REGION

Near East, North Africa and Europe

PORTFOLIO MANAGEMENT HIGHLIGHTS

33 ONGOING PROGRAMMES AND PROJECTS

in partnership with 18 countries in the region at the end of 2020

2 NEW PROGRAMMES AND PROJECTS

approved in Djibouti and Republic of Moldova

1 NEW country strategic opportunities programme in Tajikistan

US\$955.0 million

INVESTED BY IFAD
in the region's ongoing portfolio

US\$61.6 million

IN NEW APPROVALS
IN 2020

HIGHLIGHTED PROJECT: MOROCCO

The Agricultural Value Chain Development Project in the Mountain Zones of al-Haouz Province focused on boosting the livelihoods of rural people involved in local agricultural value chains. An online sales platform has allowed sales to continue despite pandemic-related restrictions.



12 service-provider cooperatives formed and trained in the management of orchards, employing **106** young people and **25** women

26 income-generating activities expanded, benefiting **1,158** people, of whom

71% women



Sheep sales increased by
336%

23 COUNTRIES

and Gaza and the West Bank - 1

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

Numbers indicate ongoing programmes and projects

Countries with ongoing ASAP grants

The impact of the COVID-19 pandemic has been felt across the Near East, North Africa and Europe region, in particular through the collapse in global commodity prices, disruption to food supply chains and decline in economic activity. The effects have been more severe on people living in fragile or post-conflict situations, which are prevalent in the Near East and North Africa region. It is estimated that an additional 14.3 million people, mostly living in rural areas, have fallen into poverty. Many of the countries in the Near East and North Africa are among those suffering the largest gender gaps in human development in the world, meaning women in the region are likely to be disproportionately affected by the pandemic. The crisis has put significant pressure on already strained rural areas and in particular for rural women engaged in family farms and on-farm employment, as lockdown measures have limited their mobility and increased demand for unpaid care work.

The COVID-19 crisis is an opportunity to build back better and to put the promotion of inclusive food systems and resilient rural communities at the centre of our priorities. Also important will be to address social inequalities and use recovery plans as an opportunity to redouble our efforts to invest in women and youth. The crisis is also an opportunity to accelerate the use of digital services and solutions, which can help increase farmers' productivity and incomes, strengthen resilience to climate change and improve access to markets.

Building on what works

Using innovative tools, working with women and building resilience have long been cornerstones of IFAD's work in the region. For example, in Tunisia, the Agropastoral Value Chains Project has provided microcredit along with innovative approaches to digital marketing to create opportunities for rural women. Imen Rezgui, who participated in the project, has become the country's first successful female camel farmer, hiring two of her own family members to expand the business. "The project has broadened my horizons," she said.



"Since everything worked out so well for me, I will continue using this precious knowledge in my work."

Shodiev, farmer and participant in the Horticultural Support Project, Uzbekistan.

In Uzbekistan, the Horticultural Support Project enabled small-scale producers to thrive despite the challenging climate. The project restored 10 irrigation networks, expanding the area with improved water supply to more than 15,000 hectares and granting almost 18,000 households access to irrigation water. The project also provided training on climate-resilient agriculture practices. This has been crucial in enabling small-scale farmers working in the horticulture sector to adapt to the challenges of unpredictable rainfall patterns and water scarcity. "Thanks to the loan, we created eight new jobs on our farm, and we now have ten people working for us," said Manguberdi Mahmud, a local entrepreneur and participant in the project.

Adapting existing projects to the pandemic context

So far, 11 countries in the region have taken advantage of the option to repurpose and adapt ongoing projects to the pandemic context. Approximately US\$6.5 million has been reallocated to address disruption in agricultural markets caused by restrictions and provide social protection to the poorest and most vulnerable people.

In Bosnia and Herzegovina, the Rural Competitiveness Development Programme mobilized €1 million to respond to the adverse effects of COVID-19, providing a support package for 9,000 vulnerable households. The focus was on reinforcing the production of crops essential to food security. Farmers received vegetable seeds, seedlings and fertilizers, meaning they were ready for the impending planting season. Ensuring the resilience of local production meant not only improved food security and nutrition for the most vulnerable, but also increased incomes for the poorest rural households.

In Egypt, the Promotion of Rural Incomes through Market Enhancement (PRIME) Project has developed a digital application for marketing (farm e-marketing) that is being used by small-scale farmers to market their products online. More broadly, the benefits of the project had contributed to greater resilience among rural people, enabling them to cope better with the pandemic's impacts. "We felt more resilient when the COVID-19 pandemic hit," said Hassania Mehasab, an entrepreneur and participant in the PRIME project. "We felt stronger, we had all the tools in our hands to be resilient, to continue working."

In Jordan, the IFAD-supported Small Ruminants Investment and Graduating Households in Transition Project has distributed 1,414 food baskets to poor local families, including Syrian refugees. And the Rural Economic Growth and Employment Project is continuing this support through e-wallet applications to transfer funds to participants. This ensures that small-scale producers do not lose the benefits realized from the projects and are protected from falling back into poverty as a result of the pandemic.

Addressing immediate needs through the Rural Poor Stimulus Facility

Funding from the RPSF is helping rural people deal with immediate needs across the region.

In Palestine, RPSF emergency intervention is focused on protecting the agricultural livelihoods of the most vulnerable farmers participating in the Resilient Land and Resource Management Project. It will benefit 1,382 small-scale farmers through the distribution of seeds and fertilizers for the upcoming planting season.

In Somalia, we will reach 5,000 households through an RPSF grant targeting traditionally marginalized groups, such as women and girls, in addition to young men affected by COVID-19 restrictions, unemployment and displacement. The project will distribute seeds, fertilizers and

tools to enable communities to resume their farming for the forthcoming season. It will also support agropastoralist families by procuring and distributing small ruminants and poultry to the poorest rural women.

In Sudan, an RPSF grant to the Integrated Agriculture and Marketing Development Project will deliver agriculture-related information through digital services. This will provide about 6,000 small-scale farmers with information on crop and livestock production, weather, pests, disease outbreaks and market prices.

Supporting effective policy responses

A key part of our response is to work with governments to design and implement policies that keep food systems functioning while building rural people's resilience. In total, we have contributed, with our partners, to eight policy studies for the region. For example, in Turkey, we undertook a joint assessment of the impact of COVID-19 on the rural sector with FAO and UNDP to feed a broader multisector impact assessment by the United Nations country team. Findings will guide the national coordinated response.

Digital innovations that we have helped develop are being used by governments in designing their responses to the pandemic. The Agricultural Investment Data Analyzer (AIDA) – a digital tool developed with IFPRI through an IFAD-financed grant – has been used by the governments of Egypt, Jordan, Tunisia and Yemen to assess the impact of the pandemic on agricultural investments. AIDA is also helping these governments to shape policy responses to the crisis that are sensitive to the needs of rural communities and contribute to the resilience of food systems more generally.



“We felt more resilient when the COVID-19 pandemic hit. We felt stronger, we had all the tools in our hands to be resilient, to continue working.”

Hassania Mehasab, an entrepreneur and participant in the PRIME project.

GLOBAL OPERATIONS BY REGION

West and Central Africa

PORTFOLIO MANAGEMENT HIGHLIGHTS

45 ONGOING PROGRAMMES AND PROJECTS

in partnership with 24 countries in the region at the end of 2020

4 NEW PROGRAMMES AND PROJECTS

approved in Central African Republic, Ghana, Mauritania and Sao Tome and Principe

2 NEW REGIONAL OPERATIONS

5 NEW country strategic opportunities programmes in Chad, Côte d'Ivoire, Guinea, Mali and Sierra Leone

US\$1,851.9 million

INVESTED BY IFAD
in the region's ongoing portfolio

US\$164.6 million

IN NEW APPROVALS
IN 2020

24 COUNTRIES

Benin - 3
Burkina Faso - 3
Cabo Verde - 1
Cameroon - 2
Central African Republic - 1
Chad - 2
Congo - 1
Côte d'Ivoire - 2
Democratic Republic of the Congo - 2
Equatorial Guinea
Gabon - 1
Gambia (The) - 1
Ghana - 2
Guinea - 1
Guinea-Bissau - 2
Liberia - 4
Mali - 3
Mauritania - 1
Niger - 3
Nigeria - 3
Sao Tome and Principe - 1
Senegal - 2
Sierra Leone - 2
Togo - 2

HIGHLIGHTED PROJECT: THE GAMBIA

The National Agricultural Land and Water Management Development Project targets **rural women and youth** working in the rice and horticulture sectors. The project has invested in **infrastructure development** and supported rural people to **commercialize** their activities.



Increased incomes and enhanced climate resilience for more than

36,000
small-scale farmers



25,200
of those benefiting are women



12,000
are youth



Yields more than **doubled** across the three different regional ecologies



Partnering producer organizations provided access to quality inputs and vital services for more than **25,000** members

Numbers indicate ongoing programmes and projects

Countries with ongoing ASAP grants

Before the COVID-19 pandemic, the West and Central Africa region was home to some of the world's fastest-growing economies. But the pandemic, along with issues such as floods, droughts, political unrest and increasing fragility, has stalled regional growth. Poverty levels are expected to worsen. And the socio-economic impacts of the pandemic are adversely affecting the most vulnerable groups, limiting their access to markets, agricultural inputs and financial services.

IFAD continues to deepen its involvement in West and Central Africa, increasing investments and disbursements. The focus is currently on improving the resilience of rural people to the multiple livelihood threats they are facing and reaching the most vulnerable people in the worst-affected areas. Overall, the number of small-scale farmers IFAD has reached in the region has increased by 18 per cent (for a total of 11.6 million). Improvements include new rural roads (doubled), small irrigation infrastructure (60 per cent increase), small and medium-sized enterprises (SMEs) access to business development services (20 per cent increase) and land under climate-resilient practices (5 per cent increase).

Supporting small-scale farmers during the pandemic

In collaboration with governments, IFAD repurposed US\$85.8 million of its ongoing investments in the region to address the immediate needs of rural people as the pandemic unfolded. Priorities included short-term provision of agricultural inputs, digital extension services, targeted funds to SMEs and support to small-scale farmers so that they are able to sell their products under conditions where health restrictions are disrupting markets. Through IFAD's newly approved Rural Poor Stimulus Facility, 20 COVID-19 emergency response operations, valued at US\$10.7 million, have been designed and approved. IFAD is also providing dedicated policy and analytical support to a number of countries in the region to either assess and plan their response to the pandemic or revise regulatory frameworks (for example in Côte d'Ivoire, the national livestock code).



“We've not been out of production since COVID-19. Instead, we've worked harder because the demand is so high.”

Asabe Danjuma, a rice cooperative leader and participant in the Value Chain Development Programme, Nigeria.

There is strong evidence that IFAD-supported projects have strengthened rural people's resilience to the effects of the pandemic. In Nigeria, rural women who participated in the Value Chain Development Programme have been able to continue their rice processing business, keeping local people employed and ensuring food is available in their community. “We are expanding our business and employing people to work and be paid because we need more hands to be able to meet market demand,” said Hajara Mohammed, project participant and chairperson of the Doko Yegborolo Multipurpose Cooperative Society.

Working with rural women to build resilient rural communities

Rural women are a focus of IFAD's operations throughout the region. We continue to see the key role they play in enabling their families and communities to cope during times of crisis. In Senegal, the Agricultural Value Chains Support Project, extended until 2020 to build on successes, provided financing and training to women's groups, such as the Federation of Nganda Women Producers and Processors. Thanks to the project, women working in small-scale production and processing have improved their practices, yields and management. The organizations are now fully self-sufficient and activities have expanded from production to catering, marketing and opening restaurants. "The project has enabled us to encourage young people to stay in the countryside," said Aissatou Cissé, president of the Federation of Nganda Women Producers and Processors.



"The project has enabled us to encourage young people to stay in the countryside."

Aissatou Cissé, president of the Federation of Nganda Women Producers and Processors.

In Niger, IFAD is working with rural women's organizations to boost resilience to climate change. Investments in improved storage facilities and financial literacy have enabled women to manage their food supplies more effectively. Equally important, IFAD has financed 458 kilometres of new roads, in addition to new markets, so the women can increase their incomes by selling their produce. "With the cash, I will buy chilli, aroma, salt, oil and I will take it to the village to cook and sell," said Aisha Moussa, a cereal producer and participant in the Family Farming Development Programme in Maradi, Tahoua and Zinder regions.

Improving livelihoods in the most vulnerable areas

The Sahel region is confronted by protracted crisis, with rural people in the region particularly vulnerable to poverty and hunger. Conflict, instability and climate extremes, including droughts and flooding, are among the challenges people in the region face, now exacerbated by the pandemic. Given the scale and scope of these challenges, regional and transboundary approaches are required. This is why IFAD is working with our Rome-based colleagues on the joint action plan for emergency and rural development in the Sahel (the SD3C).

The SD3C responds to an official request for support from the G5 Sahel countries and Senegal (G5Sahel+). The regional operation will target approximately 800,000 rural people, focusing on the most vulnerable groups (women, youth and landless pastoralists). It will provide support to increase productivity and production, while promoting cross-border economic integration, policy dialogue and peacebuilding.

Unlocking inclusive growth through regional approaches

The second major regional lending operation spearheaded by IFAD in West and Central Africa in 2020 also centres on boosting interregional trade to benefit rural people. The Regional Programme for the Integration of Agricultural Markets (PRIMA), in collaboration with the governments of Benin and Togo and the Economic Community of West African States (ECOWAS), addresses trade-related challenges along the 651-kilometre border shared by the two countries. For traders, a more secure operating environment regulated by favourable policies is likely to lead to more trade and higher incomes. For governments, the increased revenue will benefit the countries as a whole. PRIMA will focus on the rehabilitation and maintenance of shared infrastructure (rural roads, semi-wholesale markets and collection centres), which are essential to strengthen the linkages between local markets and the broader economy. The programme is expected to benefit more than 833,000 rural people, improving the income, yields, food security and nutrition of small-scale producers.



“The impact is global in the daily life of the population. IFAD has touched the lever for the development of Maradi.”

Paté Balla, president of the regional council in Maradil, one of the locations of the IFAD-supported Family Farming Development Programme in Maradi, Tahoua and Zinder Regions, Niger.

IN FOCUS

Building the resilience of rural livelihoods in the face of the pandemic

COVID-19 caused the first rise in global poverty in decades. In 2020, 71 million people were pushed into extreme poverty. And the impact on hunger was expected to be even worse, with up to 132 million people predicted to join the numbers of chronically undernourished in 2020.

We are well aware that when crisis strikes, it is the poor and vulnerable who are likely to suffer most. So it was important for us to act fast to

Most of the world's poor and hungry people live in the rural areas of developing countries. Addressing the pandemic's threat to the well-being, livelihoods and food security of poor rural people must be a global priority.

IFAD has launched the Rural Poor Stimulus Facility to help the most vulnerable and marginalized people survive the crisis and to accelerate the recovery of poor small-scale farmers and other rural people.

protect the livelihoods of the rural people we serve from the socio-economic impacts of the pandemic.

We also know that resilient rural communities are key to global development and stability more generally. The work of small-scale farmers and other rural entrepreneurs involved in producing, processing and marketing food is now more important than ever. These small-scale producers are the main source of food in contexts where the need is greatest. Their involvement in markets at the local level means they are well-placed to continue the supply of food in situations where the pandemic has led to trade, logistical and transport issues.

That's why we moved quickly with a coordinated range of actions to deal with rural people's immediate needs and promote long-term resilience.

Adapting projects to deal with the pandemic

IFAD country teams immediately began working with governments to adjust existing projects to protect participants from the impact of the pandemic. One of the main areas we focused on was the financing of inputs to enable small-scale farmers to meet the upcoming planting season. In Brazil, multiple projects distributed seeds. "I received the seeds [from the project] and completed my arable land with the planting of corn. This was fundamental in guaranteeing a food reserve," said Pedro Ferreira, a farmer and a participant in the IFAD-supported Rural Business for Small Producers Project, Sergipe, Brazil. We adopted similar approaches elsewhere, including in Bosnia and Herzegovina, The Gambia and Sri Lanka.

Another priority for repurposed project activities was enabling rural people to take advantage of digital solutions. This allowed them to access financial services, information and online markets, all of which were crucial for maintaining commercial activities in pandemic contexts.

In Cambodia, for example, the funds helped to establish a new mobile phone application enabling project beneficiaries to access virtual markets and information, which helped them to overcome movement restrictions.

Overall, US\$171 million was repurposed across 56 projects in 33 countries, with a further US\$64.5 million in the pipeline at the beginning of 2021 for a further 13 projects in 13 countries.

Setting up a dedicated facility to finance support for rural people

In response to the extremely high demand for support, we launched the Rural Poor Stimulus Facility (RPSF) in April 2020, with US\$40 million in seed financing from IFAD. A further US\$52.5 million was raised in 2020 thanks to generous contributions from the governments of Canada, Germany, the Netherlands, Sweden and Switzerland. The RPSF is designed ultimately to ensure people have enough food to eat and can get back on their feet economically. It builds the resilience of rural livelihoods by financing activities across four pillars:

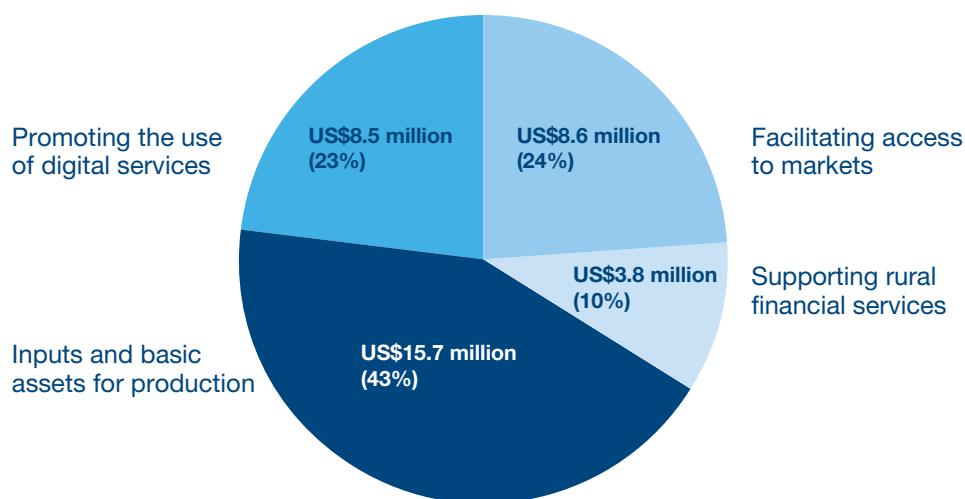
- Providing inputs and basic assets for production
- Facilitating access to markets
- Supporting rural financial services
- Promoting the use of digital services



“I am very happy to be among the beneficiaries who will collect rice seed and fertilizer. This will enable me to cultivate the half hectare of rice I have under irrigation for this year’s dry season. I will be able to increase my income and food security despite the COVID-19 pandemic.”

Ige Abdullahi Yarkofoji, a farmer from northern Nigeria and beneficiary of the RPSF.

ALLOCATION OF RPSF FUNDS BY ACTIVITY





In 2020, 53 projects were approved for financing from the RPSF. In total, these projects are expected to reach around 1.6 million beneficiaries.

Supporting country offices during the pandemic

Regular contact with our field-based staff was critical to providing support and ensuring their safety, as well as enabling us to respond effectively and flexibly at the country level as the pandemic evolved throughout the year. This was especially important for the repurposing of project activities. Key measures we took in this respect included:

- Establishing constant and frequent communication with country offices and their respective United Nations Country Teams to ensure exchange of relevant information in order to better serve staff.
- Providing regular advice, guidance and assistance, including personal protection equipment and medical equipment.
- Coordinating the updating of all business continuity plans.
- Conducting assessments of country office needs in terms of emergency communication devices (radio and satellite phones); delivering satellite phones and radios as per Business Continuity Plans; and finalizing the migration of satellite phones and voice plan to the new provider.

Contributing knowledge to inform national policy response

Another aspect of our response work is policy analysis – carried out in collaboration with governments and other partners – to recommend policies to keep food systems functioning and protect rural livelihoods. For example, in the Pacific region our analysis helped pioneer the use of digital technologies to assess COVID-19 impacts. These technologies included a crowdsourcing application for collecting information on food prices in different formal and informal market outlets. Through this application, extensive data on price movements, as well as photographs providing insights into customer and vendor practices, were made available. These then informed the design and targeting of response activities.

IFAD has now provided policy and analytical support to 39 countries.

Response and recovery: partnership and cooperation

As part of IFAD's strategic response to the pandemic, the China-IFAD South-South and Triangular Cooperation (SSTC) Facility designated funds to support the recovery of rural people. Our call for proposals was launched in August 2020 and asked for solutions, approaches and methodologies that would be of value in the post-COVID-19 recovery period – and that can be subsequently scaled up and adapted to similar crises to benefit the wider rural population.

In addition, the 2020 virtual edition of the United Nations Day for South-South Cooperation, hosted by IFAD in collaboration with FAO and WFP, focused on how SSTC and the RBAs can support food system transformation in the post-COVID-19 era. High-level representatives from a number of developing countries took part, together with senior management from the RBAs and some international institutions. The lively discussion focused on how these partners are tackling the pandemic and how the RBAs can support them through SSTC activities.

Our partnerships with farmers' organizations have been an important avenue for responding to the pandemic. We consulted regional farmers' organizations to ensure the resources of the Farmers' Organizations for Africa, Caribbean and Pacific (FO4ACP) programme could be reallocated to respond rapidly to new issues while maintaining consistency with the objectives of the programme. This resulted in the FO4ACP COVID-19 Continuity Plan, which enabled farmers' organizations to invest in the safety of their people, provide essential and accurate information to support their members, and work creatively to find solutions to the new challenges. Impact surveys were organized across the different regions and large awareness campaigns were set up through rural radio and television. The farmers' organizations have demonstrated a strong aptitude for adaptability and innovation while facing exceptionally difficult circumstances. A major feature of the response activities has been digitalization, which has been key in maintaining communication flows and keeping market information and market access as strong as possible.

RBA collaboration is another key avenue for effectively responding to the pandemic's impacts. In particular, the complementary mandates and knowledge of the RBA partners have enabled us to collectively support governments in their response to the threats that the pandemic poses to food systems. Together, the RBAs led the drafting of the Secretary-General's policy brief on the impact of COVID-19 on food security and nutrition.

“The goal should be a food system that is in balance with the needs of the global population and the limits of our planet. Investment in COVID-19 response and recovery needs to be leveraged to deliver on that longer-term goal of a more inclusive and sustainable world.”

From the Secretary-General's policy brief to guide the global response to the pandemic.



The policy brief analysed the impacts of the pandemic on food systems and recommended priority actions to address these across three major themes:

- Mobilize to save lives and livelihoods, focusing attention where the risk is most acute
- Strengthen social protection systems for nutrition
- Invest in a sustainable future

The RBAs have also worked together on impact assessments that fed into the socio-economic response plans at the country level.

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A holistic response to expanding threats

Even before the COVID-19 pandemic hit, rural people were dealing with a range of threats. In recent years, drought, floods, pests, diseases and market volatility had all disrupted rural livelihoods in different parts of the world. As we have seen again with the COVID-19 pandemic, when disaster strikes, it is the most vulnerable people who suffer most.

To end hunger, to build food systems that are resilient, rural people themselves – and their activities – need to be resilient to the threats they face.

Small-scale producers remain underserved by global climate finance. Only 1.7 per cent of all climate finance is channelled their way. This needs to change.

IFAD's Rural Resilience Programme (2RP) consolidates and directs multiple sources of financing to small-scale producers, making sure they receive the support they need to build more resilient and prosperous futures.

That's why building resilience is a pillar of IFAD's work. And that's why, in 2020, we set up a dedicated programme to address resilience holistically and coordinate initiatives under a common framework.

Bringing major resilience initiatives under one umbrella for greater impact

The Rural Resilience Programme (2RP) established in 2020 consolidates multiple sources of financing channelled to small-scale producers and their communities. In so doing, it will multiply the benefits of initiatives to build the resilience of vulnerable rural people.

2RP will give small-scale producers and other rural people the resources they need to plan their own locally adapted resilience strategies against present and future threats. It will provide investments – largely through grants – that focus on addressing three areas:

1. The climate change drivers of hunger

"When salt water intrudes, it affects farmers to the point that some saw their entire fields wiped out."

Thach Thi Than, a farmer, explaining how rising sea levels are leading to salt water leaching into rice fields in the Mekong Delta region of Viet Nam.

2. The degradation of land, forests and other key natural resources

“What we have observed in our community is that no forests mean no water.”

Irma Cucal, a farmer, describing the impacts of the destruction of forests in her rural community in the highlands of northern Guatemala.

3. Providing opportunities and hope for young people and ending the cycle of youth unemployment, disenchantment and violence

“If I hadn’t come [to the project], what would I have done? I would have been unemployed. [The project] is especially helpful for youth who have left school. This way, they learn something new and they’re not left without a job.”

Karima Benchaicha, member of Al Oulfa Cheese Cooperative, Lalla Takerkoust, Morocco.

This means building on the work we are already doing, partnering with local communities to support them to use their own knowledge and innovation to become more resilient to climate change.

For example, in Bolivia IFAD has funded irrigation and climate and crop knowledge programmes to help local people adapt to climate shocks.¹

It also means using nature-based approaches to regenerate and revitalize ecosystems, and adopting sustainable agricultural approaches that are economically, environmentally and socially sustainable.

For example, IFAD has long worked with local farmers to help re-green the Sahel with simple solutions to promote a greener, safer and more stable region.²

And it means creating opportunities for young people to drive positive change through their productive involvement across food systems.

For example, IFAD has supported young people to establish sustainable, successful businesses in rice seed production in Nigeria.³

Doing even more on climate

Tracking what works, generating knowledge on how climate change is impacting rural people, and advocating for positive change go hand-in-hand with our operational focus on climate change. In 2020, milestones in this area included:

- **Publishing a major report** – released during the Finance in Common Summit – along with the Climate Policy Initiative, demonstrating that small-scale farmers are neglected by climate finance.
- **Releasing the results** of our climate change adaptation finance tracking exercise for IFAD11 projects. As of 30 September 2020, IFAD11 had committed US\$736 million in climate finance across 47 approved projects, equivalent to 36 per cent of the IFAD11 programme of loans and grants.
- **Expanding a portfolio of grants** to agricultural research organizations for transformational agricultural research projects focused around generating technologies and innovations for supporting rural people to adapt to climate change, as well as for food security and nutrition more broadly.

We continue to advance efforts to integrate climate risk throughout our portfolio of work. One avenue for this is the Insurance for Rural Resilience and Economic Development (INSURED) programme, which is a technical assistance programme that works to integrate climate risk and agricultural insurance into the IFAD portfolio. In 2020, the INSURED programme – managed through the multi-donor Platform for Agricultural Risk

¹ Story available at: https://www.youtube.com/watch?v=EFVGYunSo_8&list=PLHLkfcOqwa-xKe781wKI1j1z_VWuJzQ-Y&index

² Story available at: <https://www.youtube.com/watch?v=zWFClaxjkA>

³ Story available at: <https://www.youtube.com/watch?v=67Y4nOsoWtw&list=PLHLkfcOqwa-wQTudpoUJeFFO-T6avMn0LJ&index=3>

Management (PARM) hosted by IFAD – moved ahead with a pilot agricultural insurance scheme for maize farmers in Zambia, in partnership with the Rural Finance Expansion Programme.

INSURED tested an area yield index insurance (AYII) product designed for small-scale farmers and marketed through “bundling” with solar home systems that farmers buy through PayGo. The AYII scheme protects farmers against production risks that threaten their yields of maize, the country’s staple crop. When yields fall below an established historical benchmark, the insurance payout enables farmers to keep up with payments on their solar home systems, and protects them against loss of income resulting from the reduced harvest. In addition to protecting small-scale farmers’ livelihoods from multiple risks, the insurance also effectively protects the solar home system company’s presence in the rural market, which in turn ensures sustainable access to green electricity for families who are off-grid.

Over 8,800 farmers have already benefited since the pilot started in October 2019, with more expected to benefit from a planned expansion in 2021.

Evaluating impact and learning lessons

The Independent Office of Evaluation devoted much attention during the year to assessing IFAD’s efforts in building the resilience of rural people, reflecting the centrality of the topic to our current and future work. Results are encouraging, showing the positive impact of IFAD operations across the world in strengthening the resilience of the rural women and men we work with. At the same time, important lessons have been highlighted so we can continue to improve. Notably, in 2020, among findings of the IOE on this topic were:

In **Nepal**, IFAD’s country programme strengthened resilience to climatic and other risks; projects have contributed to an increase in crop and livestock productivity and incomes, which had a positive impact on food availability. According to the IOE report, IFAD should bring back into its funding spectrum support for community development, basic infrastructure and services as a preparatory step for further economic opportunities.

In **Sierra Leone**, IFAD has managed to maintain the relevance of its portfolio by responding to the priorities that are typically associated with a fragile context. Immediately after the civil war, the portfolio was oriented towards providing support for the building of productive assets and infrastructure and then was gradually shifted towards enhancing growth in production, rural finance and roads. The report recommends that IFAD pursue diversification more vigorously as a strategy to improve nutrition and build economic resilience.

In **Sudan**, the IFAD portfolio has achieved positive outcomes and impacts in several key areas – including crop and livestock production, livelihoods diversification, access to finance, natural resource governance and management, and climate resilience – while also addressing basic and social needs (such as improving water supply and access roads). The evaluation also indicates that greater focus on institutional development and government engagement is needed to foster scaling up and the sustainability of results.

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Leaving no one behind

Inequality, exclusion and power imbalances are major impediments to reaching the SDGs. Entrenched inequalities are unacceptable from a human rights perspective and run counter to the central tenet of the 2030 Agenda for Sustainable Development – to leave no one behind. And inequalities hold back national growth, sustainable development and the generation of decent jobs.

Achieving the SDGs requires people-centred investments in rural development targeted at groups who – for different reasons – have tended to be neglected in development processes. This

Rural people continue to be among those most likely to be left behind. Clearly, the world cannot afford to have this situation persist if the ambitions of the 2030 Agenda are to be realized.

With the right conditions and the right investments, IFAD's experience shows that rural people can empower themselves and be protagonists in the sustainable development of their communities and nations.

includes rural women, young people, indigenous people and people with disabilities. The experience of IFAD shows that investing in these people is essential to building equitable societies and, in addition to being ethically imperative, represents a solid business proposition for both public and private financing.

In 2020, in the midst of a pandemic particularly harmful to the livelihoods of vulnerable groups, we took a range of steps to build further on our work to ensure no one is left behind.

Involving young people throughout our work

In keeping with one of the core commitments of IFAD's Rural Youth Action Plan, we are doing more to consult with young people and involve them in all aspects of our projects. Building on a series of consultations with youth representatives from across the world, in 2020 we started activities for a "grass-roots approach to connecting youth voices to action". The aim of this approach is to address the fragmentation and exclusion of youth voices and ensure that, from the outset, these voices are reflected in the design and implementation of our future investment activities.

The new approach will enable IFAD to seize the opportunity to have more young people participate as partners and make our programming more responsive to young people's needs and views through a well-structured and tailored engagement process. This will allow us to build on what we have already achieved in creating opportunities for young people to transform their lives – and to achieve even better results working alongside them in the future.



“During the seven months I’ve worked here, I’ve paid my school fees, I’ve paid for my computer certificate and computer diploma. I’ve paid for my younger sibling’s school fees...I’ve helped my parents.”

Fatou Jaw Seckan, a young farmer and participant in the National Agricultural Land and Water Management Development Project, The Gambia.

The approach is being piloted in five countries – Cambodia, Colombia, Morocco, Rwanda and Senegal. This work will continue and be expanded in 2021.

Partnering with indigenous peoples

As virtual communication became the norm in 2020, we took the opportunity to adapt and expand our dialogue with indigenous peoples across the world. Preparations for the Fifth Global Meeting of the Indigenous Peoples’ Forum at IFAD took place in October and November of 2020. More than 10 times as many participants from indigenous peoples’ groups were involved than in previous editions. Indigenous peoples’ organizations in Africa, Asia, the Pacific, Latin America and the Caribbean gathered virtually to share experiences at 14 regional and subregional meetings that focused on “the value of indigenous food systems: resilience in the context of the COVID-19 pandemic”. The dialogue was also enriched by the increased participation of IFAD staff in the different regions.

The discussion on the resilience of indigenous food systems generated inputs for the preparation of the United Nations Food Systems Summit. Indigenous communities rely on indigenous knowledge to strengthen their food systems. Their holistic approach to maintaining a healthy environment is based on ancestral knowledge that brings together sustainable food production, good nutrition and the use of medicinal herbs. Accordingly, in line with recommendations provided by indigenous peoples, IFAD has been advocating that they, and their cultures, are central to building a brighter post-COVID world.

Indeed, we have seen that the pandemic has underlined the value of indigenous knowledge in finding sustainable solutions to the challenges that lie ahead. We are already seeing this in projects funded through IFAD’s Indigenous Peoples Assistance Facility (IPAFA). For example, in Congo an IPAFA project, Strengthening the Food Security of Indigenous Youth and Women in the Ingolo 2 Village through Learning about Maize Growing and Processing, demonstrated the value of local indigenous production systems – supported by the realization of indigenous peoples’ rights to land and natural resources – in keeping people nourished, healthy and active during the pandemic. The issue of rights to land and natural resources is one that was highlighted in consultations ahead of the Indigenous Peoples’ Forum and which IFAD will take to the Food Systems Summit as a key message in 2021.

“For indigenous peoples to be secure, for nutrition to be possible, the security of land and natural resources must be a priority.”

Joseph Ole Simel, Member of the Steering Committee of the Indigenous Peoples’ Forum at IFAD.

Advancing successes in empowering women

Empowering women is intrinsic to all of IFAD's work. In 2020, we ensured rural women were at the forefront of pandemic response and recovery. We did this through activities such as supporting new income-generating opportunities, protecting women's already established businesses from the impacts of the pandemic, and by involving women directly in the health and safety of their own communities.



"We are manufacturing masks, turbans and necessities. All of this was made possible by the Dom Távora Project, financed by IFAD, which provided us with training and all the necessary raw materials. And so, in the midst of this pandemic, we are managing to have our income."

Kelly de Melo Santos, President of the Embroiderers and Residents Association of Nova Brasília and participant in the Dom Távora Project, Brazil.

In addition, in 2020 we intensified our work on women's land rights through a global grant, Stepping up IFAD's gender transformative agenda – Women's land rights initiative, with the Center for International Forestry Research. The programme will promote women's land rights through targeted policies and implementation tools in targeted countries. Some 7,000 rural women and girls participating in IFAD projects across seven target countries are expected to benefit.

This work builds on a rich history of IFAD supporting rural women's land rights.

Making disability inclusion a priority at IFAD

We continue to do more to prioritize the inclusion of persons with disabilities. IFAD started collecting disaggregated data on persons with disabilities in five IFAD-supported projects



"I learned a profession. It is with my job I feed my family. All my kids are going to school. Sometimes I even have more means than non-disabled guys."

Djenalib Ba, entrepreneur and participant in the Agricultural Value Chain Support Project, Senegal.

using the Washington Group on Disability Statistics on a pilot basis. A three-year grant initiative was approved to pilot innovative disability inclusion approaches in a number of selected IFAD-supported projects and promote broader learning.

Already, by reaching out to persons with disabilities and their organizations, existing IFAD projects are showing positive results. For example, in Senegal 300 members of organizations of persons with disabilities have been trained by IFAD and its partners in vocational and business skills.

In addition, in 2020 IFAD became a member of the Global Action on Disability (GLAD) Network – a coordination body of donors working for better inclusion of persons with disabilities in international development and humanitarian action. During the 2020 IFAD Governing Council, for the first time an interactive session on the inclusion of persons with disabilities was organized: "Disability, food security and rural development: How can innovation and technology help?"

Research and knowledge for empowerment

Filling knowledge gaps, monitoring progress, addressing challenges and assessing impacts are all crucial to informing an empowerment agenda targeted at poor rural people. We need to know what is working, what isn't working and what challenges are affecting the lives of rural people. In this regard, major knowledge-related initiatives in 2020 included:

- Adapting impact assessment methodologies to the pandemic context by undertaking phone surveys in combination with the use of secondary data, to assess impacts of IFAD projects. As a result, in 2020 we continued to implement and finalize impact assessments in Lesotho, Mali, Mauritania, Nigeria, Peru, Viet Nam and Zambia, while new impact

assessments were initiated in Bolivia, India, Kyrgyzstan, Pakistan, Papua New Guinea, Tanzania and the Solomon Islands. Our impact assessments make us the only international financial institution that reports on both project-level impact and overall portfolio-wide development effectiveness.

- Publishing research papers and other practical knowledge products focused around issues of empowerment, including dedicated papers highlighting issues relating to youth inclusion and gender equality.
- Research by the IFAD-hosted International Land Coalition (ILC) has highlighted challenges facing small-scale farmers globally, with growing concentration of land ownership a worrying trend that needs urgent attention. ILC research revealed that 1 per cent of farms now operate 70 per cent of farmland globally. These alarming findings were also picked up by major media during 2020.

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Closing the investment gap

Investing in rural development and rural people is strategically important for the 2030 Agenda. This has become even more apparent in the midst of the pandemic, when rural activities have been crucial to keep food systems functioning and provide employment opportunities.

“Our customers had the certainty of knowing that their products would be delivered, which means that the economic wheel kept turning. Our products were in high demand.”

Hassania Mehasab, rural entrepreneur and participant in the Promotion of Rural Incomes through Market Enhancement Project, Egypt.

More – and smarter, more inclusive – investments targeted to rural people are needed not only to ensure no one is left behind, but to unlock the catalytic role that inclusive rural transformation has been shown to play in promoting resilient food systems.

These investments are also critical for promoting wider prosperity.

IFAD has a crucial role as an assembler of finance for investment in rural development. We know that more investment is urgently needed in key sectors related to small-scale agriculture and food security. In 2020, along with our Member States and other partners, we took important steps to respond to this need.

Mobilizing funds for IFAD replenishments

At its forty-third session in February 2020, the Governing Council approved the Establishment of the Consultation on the Twelfth Replenishment of IFAD's Resources (IFAD12) and officially launched the IFAD12 replenishment process with a high-level event, co-hosted by Global Citizen, as part the Governing Council featuring Member State representatives, civil society partners, IFAD youth advocates and IFAD Goodwill Ambassador Sabrina Elba. The replenishment consultations took place over the course of 2020, beginning with a meeting at IFAD headquarters immediately after the Governing Council, and then continuing in virtual format following the introduction of COVID-19-related restrictions.

Throughout the consultation process, the strategic financial and policy discussions were complemented by high-level advocacy and support, with IFAD's Goodwill Ambassadors raising the Fund's global profile, IFAD12 Special Envoys mobilizing African leaders to advocate for a strong replenishment, Global Citizen mobilizing public support, and civil society and other partners actively participating in the replenishment sessions themselves and calling for increased funding for IFAD12.



The Consultation agreed on a comprehensive financial and policy package for IFAD12 that will put us on course to double our impact by 2030. Ambitious targets were set for an IFAD12 programme of loans and grants of US\$3.8 billion, and an overall programme of work of US\$10 billion-US\$11 billion. This overall package will be funded with increased replenishment contributions, increased borrowing, increased cofinancing, and the introduction of two new programmes, ASAP+ and PSFP, which aim to attract contributions from a diversified range of financing partners. We expect this will enable us to increase the income of 83 million rural people by at least 20 per cent.

In addition to the success of the IFAD12 Consultations, 2020 saw IFAD securing US\$158.2 million in supplementary contributions from 23 donors, up from US\$150.5 million. A significant share of the supplementary fund agreements signed in 2020 were for the COVID-19 response, including for specific projects at the country level from the European Union. As usual, most supplementary contributions will be used to cofinance IFAD-funded investment projects, and to support priority thematic initiatives and innovative activities that contribute to the overall impact of the Fund.

Adapting our financial architecture to expanding ambitions

Expanding our ability to catalyse additional financing and reach more rural people requires diversifying and broadening our funding base, including through borrowing. A key aspect of this was the attainment of a public credit rating. In 2020, IFAD received an AA+ credit rating, both from Fitch Ratings and from Standard & Poor's, making us the first fund in the United Nations system to receive a public credit rating.

We are also broadening partnerships and funding a wider range of projects, especially through working more closely with the private sector. The year 2020 marked our first investment in a private sector entity, with an investment of US\$9 million in the Agri-Business Capital (ABC) Fund, a blended capital impact fund. IFAD's new Private Sector Financing Programme will leverage experience with the ABC Fund, and with country-specific investment funds such as the Yield Uganda Investment Fund, to develop IFAD's private sector financing capacity as a core element of its country programmatic approach, complementing its sovereign operations and policy engagement.

At the same time, we must be careful to manage risks associated with an expanded and more ambitious financial model. Much was done during the year to safeguard IFAD's financial sustainability and security:

- We developed and strengthened the Integrated Borrowing Framework to reinforce IFAD's funding profile. The framework enables us to manage borrowing from all lenders holistically, and based on the same principles. It establishes the pillars of borrowing activity, including eligible lenders, maximum thresholds and governance over borrowing proposals.

- We strengthened accountability and monitoring of internal controls through IFAD's Internal Control Framework, Accountability Framework and Delegation of Authority Framework. In January 2020, the Controllership Unit was created within the Financial Controller's Division to enable implementation of these frameworks. It also supports the mapping, monitoring, testing, certification and reporting of internal controls to protect IFAD's clean external audit opinion and reduce risks associated with decentralization, as well as the risk of fraud and error.
- We enhanced our capability in preventing financial crime through IFAD's Anti-Money Laundering and Countering the Financing of Terrorism (AML-CFT) Policy. The Third Party Integrity Due Diligence (or Financial Crime) Unit within the Financial Controller's Division was created in June 2020 to enable

implementation of the AML-CFT Policy through industry-standard screening and assessments in order to reduce the risk of IFAD engaging with entities or individuals who are on a prohibited sanctions list, involved in money laundering or terrorism financing, or present related risks.

- We enhanced IFAD's Enterprise Risk Management Framework. The framework is geared towards identifying emerging risks to IFAD's capital and balance-sheet position and maintaining satisfactory capital and liquidity levels to ensure that our credit rating is not affected. The Office of Enterprise Risk Management was established in September 2020 to support implementation of the framework. It has responsibility for further identifying, monitoring, analysing, measuring, managing and reporting on risks and forming a holistic view of all risks.

IFAD'S ENTERPRISE RISK MANAGEMENT FRAMEWORK (ERMF)

An effective and robust ERMF is key to adapt to an ever-changing environment





“In difficult times, [remittances] are a real lifebelt when you need to prop up the business or make other investments.”

Valeriu Ciorba, farmer, Republic of Moldova.

Finding investment solutions through remittances

Another key aspect of promoting investment in rural areas is remittances. IFAD, through its multi-donor Financing Facility for Remittances, leads international efforts to maximize migrants' contributions to development, focusing on the impact of remittances in achieving greater rural financial inclusion, and in engaging migrants in investing in their home communities.

In 2020, IFAD, together with the co-organizers of the Global Forum on Remittances, Investment and Development, launched the Remittance Community Task Force (RCTF) as part of the campaign for the 2020 International Day of Family Remittances: Building resilience in times of crisis. The work of the RCTF culminated in the release of a Blueprint for Action, Remittances in Crisis: Response, Resilience, Recovery, aimed at improving response, supporting the resilience and recovery of the remittance market, and maintaining the flow of fast, cheap and safe remittances during and beyond the COVID-19 crisis. The recommended measures, directed to government authorities, remittance service providers and diaspora groups, fed into the Financing for Development in the Era of COVID-19 and Beyond Initiative.

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Adapting business processes to respond to global challenges

In recent years, much effort has been channelled into improving institutional efficiency and effectiveness so that we can deliver more for rural people across the world. Key steps have included adjusting administrative budget and human resources processes to a decentralized operational model, advancing quality assurance processes associated with project design and prioritizing institutional innovation.

In 2020, the ongoing pandemic and the need to move to different ways of working and interacting has brought new challenges – but also new opportunities to advance the innovations, technologies and solutions of the future.

Delivering at the scale required, tailoring our activities to diverse country contexts and responding to new global threats all require us to continue to evolve as an institution.

The challenges facing rural people are changing – and so must we.

Our capacity to support a more decentralized organization and deliver on its mandate depends on having enough human resources with the right skills and expertise, efficient corporate processes and the technological solutions we need to deliver development results. To achieve this, in 2020 we kick-started our People, Processes and Technology Plan (PPTP).

Strengthening IFAD's capacity to respond to global challenges through people, processes and technology

The PPTP responds to recommendations from IFAD's Global Staff Survey, and from organizational assessments carried out in 2019. To deliver for rural people around the world, we need to be more efficient, resilient and flexible – the PPTP will allow us to achieve this.

Our plan is focused on three interlinked areas:

- The People workstream will boost the capacity and capability of our workforce

For example, the development of a Talent Management Platform pulls together information on staff skills and credentials into one, easy-to-use system

- The Processes workstream will streamline and smooth business processes

For example, the trialling and eventual scaling up of automated solutions alleviates the repetitive nature of some tasks



- The Technology workstream will spur technological development and solutions to support the people and processes workstreams
- For example, chat bots for dealing with standard IT queries are part of our shift to a high-tech digital working environment*

The PPTP will ultimately mean that IFAD is able to count on the right people, with the right skills, in the right roles and at the right time, in the right place, and with technological solutions, to better serve rural people across the world.

Upgrading use of ICTs to adapt to challenges old and new

When unexpected and unprecedented lockdowns struck around the world in March 2020, IFAD had to quickly adapt the way in which people worked so that they could carry on serving the needs of rural people. ICTs were a vital element in delivering IFAD management's commitment to ensure the continuity of operations.

Intensive efforts with ICTs during the first phase of the lockdown contributed to IFAD's successful transition from office to home without compromising on outputs or security. Subsequently, as it became obvious that varying levels of off-site work would be the reality for the

foreseeable future, the focus moved to further bolstering digital collaboration. We adapted corporate communication tools to the new environment, for example by using a leading cloud provider to migrate email and calendar platforms. This move provided an opportunity to introduce a digital collaboration platform to the dispersed IFAD workforce, providing an integrated digital working experience. This promotes teamwork and knowledge-sharing in a virtual environment, allowing IFAD staff to continue to perform vital functions to support our ever-more important mandate during the pandemic.

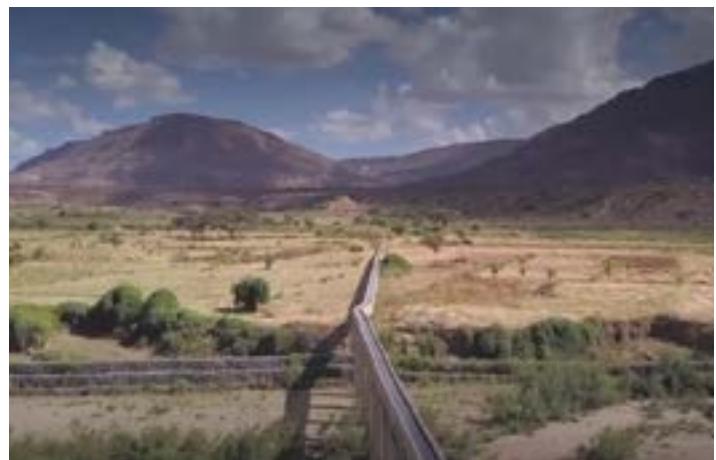
ICTs were also vital in allowing us to continue seamless communication with our Member States and other partners. Official governing body meetings, including the IFAD12 replenishment consultations, took place virtually. The 129th Executive Board meeting in April 2020 was historic: this was the first time the Executive Board had met and conducted business virtually, with IFAD being among the first international organizations to host a fully virtual board meeting. In addition, the IFAD client portal was adapted to allow IFAD projects to continue to do business online in a secure manner, with minimum disruption to the project due to physical or logistical restrictions.

Better processes for better results

We need to keep doing more to build on improvements in our institutional processes so that we can do even more for rural people and double our impact by 2030. Project design processes must produce high-quality projects that are ready for implementation faster. Consequently, in 2020 we conducted an assessment of our recalibrated project design process. This will generate lessons and make recommendations to improve IFAD's project design, review and clearance processes and, if necessary, fine-tune them. Ultimately, it will enable us to streamline project design and significantly reduce the average time required from pipeline entry to approval by the Executive Board – while ensuring high-quality project design and implementation readiness. And we are preparing a new grant policy that will allow us to focus resources on areas in which regular grants have performed strongly, while addressing areas requiring improvement.

Further, a new, more detailed project categorization framework was set up in 2020. The framework provides automated data on IFAD's core thematic areas (for example, finance, markets, infrastructure and water), which supports reporting, review and evaluation processes. This enables us to enhance knowledge and learning processes – and ultimately to design rural investment projects more efficiently and more effectively.

To respond to the challenges that the year 2020 brought, we adjusted our budgeting processes so that IFAD country teams could act boldly and nimbly in addressing the needs of rural people. A total of US\$1 million was allocated from



carry-forward resources and almost US\$700,000 redistributed during the midyear review to allow for a fast and targeted reaction to the global circumstances. Extensive training was set in motion to ensure our staff were able to adapt budgeting processes to the urgent global situation.

Ensuring an efficient and agile business model also requires innovation. That's why we look for innovation in our products and approaches. In 2020, we moved ahead with piloting to scale the projects from the IFAD Innovation Challenge. In 2021, a number of projects will advance to a third phase of development based on results achieved. Also in 2020, we launched the IFAD Innovation Network, an informal, democratic, non-hierarchical space where members can share ideas, good practices, tools and lessons learned on how IFAD can use innovation to achieve even more for the rural populations we serve. The network is currently IFAD's largest community of practice and welcomes a diverse range of actors committed to advancing innovation for the achievement of the SDGs.



Leading the way in sustainable and ethical business practices

While our projects have done much to support rural people in sustainably managing the natural resources their livelihoods depend on, we also want IFAD to be a global leader in environmentally sustainable business practices. We need to lead by example.

That's why we are continuing our commitment to implement and maintain environmentally friendly initiatives. We are further reducing our energy use and cutting water consumption, while increasing biodiversity in the grounds of our headquarters. We are also cutting down on non-recyclable waste and decreasing paper usage. These and other initiatives have enabled us to maintain our platinum certification for Leadership in Energy and Environmental Design (LEED), the highest green building certification available worldwide.

Throughout the year, we continued to advance an ethical culture within everything IFAD does. Much was achieved in particular in preventing sexual exploitation and abuse (SEA), within our projects and our workplace. Major initiatives involved increasing education and prevention outreach with implementing partners on SEA; and training SEA focal points in how to promote IFAD's no tolerance stance. In addition, corporate-wide efforts to implement the United Nations Secretary General's recommendations on addressing Hate Speech and racism within the United Nations are also key to ensuring a safe and ethical working culture within IFAD.

Looking forward: A future without poverty and hunger is attainable

2020 has further underlined that IFAD's mandate is critical for global stability, for the resilience of food systems, and to end poverty and hunger.

We will continue to do what we have always done: working with the poorest people in the most remote communities. At the same time, we are committed to doing more, reaching more people, sharpening our tools to ensure we are including the most vulnerable communities and groups, and achieving better results. Success in all these areas will be the foundation for a post-COVID world where every rural person lives free of poverty and hunger.

Innovation will be at the centre of achieving our goals. The complexity and multiplicity of the challenges facing rural people today necessarily call for new and better solutions.

Often this will mean taking advantage of cutting-edge technologies to enable rural people to build their resilience. Innovation in sustainable energy is a part of this, such as in Rwanda where participants in the Climate-Resilient Post Harvest and Agribusiness Support Project are using mobile solar-powered dryers to minimize the effect of unpredictable weather on grains, seeds and other products. Another source of innovation that is increasingly featuring across our portfolio is modern technological-based early warning systems – like those small-scale farmers are using in the Mekong Delta in Viet Nam where smart



phones and sensors are detecting salinity levels on rice paddy fields and notifying farmers before harvests are damaged.

We know that climate change will test the resilience of rural people in the years ahead to an even greater degree than we have already seen. Our Rural Resilience Programme will channel resources, innovations and technologies into the hand of small-scale farmers and other rural people, so they can adapt and thrive in the face of the multiple threats they are facing – just as the rice farmers we are working with in the Mekong Delta are doing.

While the challenges have been expanding, so have solutions, in particular those brought about by the acceleration of digitalization. We are finding that digital technologies are enabling small-scale farmers to increase their sales across the world – including in pandemic contexts – by accessing online marketing platforms. In Egypt, for example, an e-marketing application launched in December 2020 is expected to allow 10,000 to 20,000 small-scale farmers to connect to both wholesale markets and consumers.



But innovation is not only about technology. It is also about creating new systems, new arrangements and new ways of working that produce opportunities for traditionally marginalized people. They can improve their lives while also stepping forward as protagonists in achieving our shared goals. Through our youth networks, we are piloting ways to bring young voices into the design and implementation of IFAD-sponsored projects. We are also expanding our dialogue with indigenous peoples' groups, and building on success in empowering women, through activities such as a global grant to promote rural women's land rights. And we have already started activities to pilot approaches to ensuring persons with disabilities benefit from our investment activities.

IFAD is also taking the steps necessary to scale up investments and reach more rural people.

By revamping our financial architecture and establishing the Private Sector Financing Programme, we will be able to leverage new resources to advance rural people's livelihoods and enable them to benefit from the know-how and innovation of private sector partners. We have taken important steps to maintain financial prudence and manage risks. Overall, we are building our capacity to extend our outreach across the rural areas of the world.

All this work is integral to IFAD's efforts to help transform food systems around the world, making them more sustainable, equitable and fair.

The Fund is the UN Anchor Agency for Action Track 4 "Advancing equitable livelihoods and value distribution" of the Food Systems Summit, an opportunity to highlight to the world the importance of rural people's work – and their livelihoods – for achieving the food systems we need to end hunger, achieve the SDGs and build global resilience. We are excited to be at the heart of the process, and we know that rural people must be at the heart of achieving the Summit's objectives going forward. The challenges of 2020 and efforts to overcome them have shown that building a better, more resilient world not only is possible but it is an imperative, and includes enabling rural people everywhere to thrive.

Annex 1. Programme of loans and grants in tables

Table 1 – Selected supplementary funds agreements signed in 2020: top five by US\$ amount and total US\$ value of all agreements

Table 2 – IFAD financing by region, 1978-2020

Table 3 – Summary of IFAD loans by region and lending terms, and DSF grants, 1978-2020

Table 4 – Annual loan disbursements under the Regular Programme, by region, 1979-2020

Table 5 – Annual DSF disbursements by region, 2010-2020

Table 6 – Loan disbursements by region and lending terms under the Regular Programme, 1979-2020

Table 7 – Summary of grant financing, 2016-2020

Table 8 – Cofinancing of IFAD-initiated programmes and projects by donor Member States (Bilateral), 1978-2020

Table 9 – Cofinancing of IFAD-initiated programmes and projects by multilateral donors, 1978-2020

Table 1. Selected supplementary funds agreements signed in 2020: top five by US\$ amount and total US\$ value of all agreements
 Amounts in US\$ million

Donor	Agreement	Total value of agreement
Germany	Rural Poor Stimulus Facility	33 154 394.98
European Union	Farmers' Organizations in Asia	15 636 969.76
Canada	INCLUSIF project in Southern Mali	12 309 471.90
Green Climate Fund	Inclusive Green Financing for Climate Resilient and Low Emission Smallholder Agriculture, Niger	11 291 860.14
Adaptation Fund	Economic, Social and Solidarity Insertion for Resilience in the Governorate of Kairouan, Tunisia	9 214 000.00
TOTAL	Total value of all supplementary fund agreements signed in 2020	158 177 167.64

Table 2. IFAD financing by region, 1978-2020^{a,b}

Amounts in US\$ million

	1978-2009	2010-2012	2013-2015	2016-2019	2020	1978-2020
West and Central Africa						
Total amount	1 926.2	592.3	587.1	1 193.5	164.6	4 463.6
No. of projects and programmes	182	21	18	25	6 ^c	257
East and Southern Africa						
Total amount	2 131.1	619.9	602.4	1 183.0	167.4	4 703.9
No. of projects and programmes	155	17	15	26	3	216
Asia and the Pacific						
Total amount	3 605.4	854.3	989.7	1 454.8	365.8	7 269.9
No. of projects and programmes	204	26	26	28	6	290
Latin America and the Caribbean						
Total amount	1 670.0	265.2	220.1	287.4	23.5	2 466.1
No. of projects and programmes	139	16	12	16	1	184
Near East, North Africa and Europe						
Total amount	1 835.2	366.0	349.2	661.7	61.6	3 273.7
No. of projects and programmes	144	18	15	21	2	201
Total IFAD financing^c	11 167.8	2 697.7	2 748.4	4 780.4	782.9	22 177.3
Total number of programmes and projects^d	824	98	86	116	18	1 142

Source: Grants and Investment Projects System.

^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.

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 (FARMS).

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

^c Includes two regional lending operations.

^d Any discrepancy in totals is the result of rounding.

^e Fully cancelled or rescinded programmes and projects are not included.

Table 3. Summary of IFAD loans by region and lending terms, and DSF grants, 1978-2020^a

Amounts in US\$ million

	West and Central Africa	East and Southern Africa	Asia and the Pacific	Latin America and the Caribbean	Near East, North Africa and Europe	Total
DSF grants						
Amount	935.4	824.1	375.2	62.1	308.8	2 505.5
Number of grants	77	49	32	10	25	193
Highly concessional loans						
Amount	3 110.7	3 500.9	4 459.8	435.9	1 026.2	12 533.4
Number of loans	250	203	227	43	90	813
Hardened loans						
Amount	-	-	-	-	59.1	59.1
Number of loans	-	-	-	-	5	5
Intermediate loans						
Amount	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	170.9	77.6	621.5	58.9	185.3	1 114.2
Number of loans	10	6	22	5	8	51
Ordinary loans						
Amount	33.6	95.8	1 082.2	1 377.4	929.0	3 518.0
Number of loans	5	9	24	92	51	181
Total amount	4 355.7	4 607.4	7 146.2	2 422.2	3 173.4	21 704.9
Percentage of total IFAD loans and DSF grants	20	21	33	11	15	100
Total number of loans^{b,c} and DSF grants	353	278	340	201	219	1 391

Source: Grants and Investment Project System (Any discrepancy in totals is due to rounding)

^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.

^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 4. Annual loan disbursements under the Regular Programme, by region, 1979-2020^a

Amounts in US\$ million

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	1979-2020
West and Central Africa	65.9	73.6	94.8	75.8	82.5	81.0	80.5	89.5	100.0	100.5	127.7	2 143.3
East and Southern Africa	99.2	104.3	140.6	136.4	99.2	99.2	111.8	189.0	149.4	158.4	102.2	2 700.9
Asia and the Pacific	159.3	230.4	172.2	157.7	180.8	201.6	230.6	197.3	216.8	232.5	209.0	4 536.7
Latin America and the Caribbean	64.0	73.0	66.1	55.2	63.4	51.2	62.9	72.1	86.5	64.1	41.1	1 814.7
Near East, North Africa and Europe	70.2	67.5	62.3	60.2	59.7	53.7	53.1	83.2	74.1	70.4	78.1	1 989.1
Total^b	458.6	548.8	536.0	485.3	485.6	486.7	538.9	631.1	626.8	625.9	558.1	13 184.7

Source: Loans and Grants System.

^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 5. Annual DSF disbursements by region, 2010-2020

Amounts in US\$ million

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	1979-2020
West and Central Africa	9.1	23.8	36.7	49.2	46.9	42.1	36.4	43.3	53.6	87.1	85.1	516.3
East and Southern Africa	17.1	28.3	40.1	45.0	60.0	36.0	39.6	34.0	37.2	48.6	54.7	451.0
Asia and the Pacific	6.8	11.6	21.0	22.9	31.8	23.9	27.5	26.6	27.6	20.4	18.3	245.0
Latin America and the Caribbean	0.9	3.4	6.6	6.2	6.3	5.2	3.8	7.5	7.8	2	1	51.2
Near East, North Africa and Europe	5.5	9.2	14.2	19.2	12.3	18.4	16.5	16.3	12.5	16.6	13.3	155.8
Total^a	39.4	76.3	118.6	142.5	157.3	125.6	123.8	127.7	138.7	174.7	172.4	1 419.3

Source: Loans and Grants System.

^a Any discrepancy in totals is the result of rounding.

Table 6. Loan disbursements by region and lending terms under the Regular Programme, 1979-2020^a

Amounts in US\$ million

	Highly concessional	Intermediate	Ordinary	Hardened	Total
West and Central Africa					
Amount	2 036.9	88.7	17.7	-	2 143.3
Percentage of total loan effective commitment	71	25	54	-	65
East and Southern Africa					
Amount	2 560.0	115.2	25.7	-	2 700.9
Percentage of total loan effective commitment	75	76	28	-	73
Asia and the Pacific					
Amount	3 501.2	665.2	370.3	-	4 536.7
Percentage of total loan effective commitment	81	57	31	-	67
Latin America and the Caribbean					
Amount	415.4	448.0	951.3	-	1 814.7
Percentage of total loan effective commitment	96	90	71	-	80
Near East, North Africa and Europe					
Amount	956.3	577.5	412.8	42.5	1 989.1
Percentage of total loan effective commitment	95	75	43	95	71
Total amount	9 469.8	1 894.6	1 777.8	42.5	13 184.7
Total percentage of total loan effective commitment	79	64	48	95	70

Source: Loans and Grants System.

^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.

Table 7. Summary of grant financing, 2016-2020

Amounts in US\$ million^a

		2016	%	2017	%	2018	%	2019	%	2020	%	2016-2020	%
Global/Regional grants	Amount	44.7	78.6	47.2	76.6	50.0	73.7	25.3	64.1	29.9	85.4	197	75.5
	Number of grants	38		35		37		24		22		156	
Country-specific grants													
Stand-alone	Amount	3.2	5.6	3.8	6.1	2.0	2.9	-	-	-	-	9	3.4
	Number of grants	3		7		3		-		-		-	
Loan component	Amount	8.6	15.1	10.7	17.3	15.8	23.3	14.2	35.9	5.1		54.4	20.8
	Number of grants	11		14		9		12		3		49	
Total country-specific	Amount	11.8	20.7	14.4	23.4	17.7	26.1	14.2	35.9	5.1	14.6	63.4	24.3
	Number of grants	14		21		12		12		3		62	
Other DSF grants	Amount	0.4	0.7	-	-	-	-	-	-	-	-	0.4	0.2
	Number of grants	1		-		-		-		-		-	1
Total all windows	Amount	56.9	100	61.6	100.0	67.8	100.0	39.5	100.0	35.0	100.0	260.8	100.0
	Number of grants	53		56		49		36		25		219	

Source: Oracle Business Intelligence, Quality Assurance Group tracking sheet

^a Any discrepancy in totals is the result of rounding.

Table 8. Cofinancing of IFAD-initiated programmes and projects by donor Member States (bilateral), 1978-2020

Amounts in US\$ million

Cofinancer	Cofinancing approved ^a	%
Spain	342.4	27.3
France	185.6	14.8
Belgium	114.4	9.1
Germany	102.1	8.1
Netherlands	98.6	7.8
United Kingdom	80.6	6.4
Denmark	61.0	4.9
Sweden	48.9	3.9
Canada	42.8	3.4
Norway	30.5	2.4
United States	22.2	1.8
Switzerland	21.8	1.7
Kyrgyzstan	20.0	1.6
Australia	15.1	1.2
United Arab Emirates	15.0	1.2
Kuwait	15.0	1.2
Finland	10.6	0.8
Saudi Arabia	10.0	0.8
Italy	5.3	0.4
Luxembourg	4.6	0.4
Ireland	4.1	0.3

Source: Grants and Investment Projects System.

^a Amounts as per the President's report for each programme and project presented to the Executive Board. Any discrepancy in totals is the result of rounding. The amounts and percentages shown here represent the share of each bilateral in total bilateral cofinancing of US\$1,259.0 million. Bilateral participation in basket or similar funding arrangements is not included.

Table 9. Cofinancing of IFAD-initiated programmes and projects by multilateral donors, 1978-2020^a

Amounts in US\$ million

Cofinancer	Cofinancing approved	%
OPEC Fund for International Development	881.7	19.0
Asian Development Bank	729.3	15.7
African Development Bank	696.3	15.0
Other ^b	294.2	6.3
Islamic Development Bank	288.7	6.2
International Bank for Reconstruction and Development	259.9	5.6
European Union	249.7	5.4
World Food Programme	244.8	5.3
Arab Fund for Economic and Social Development	236.1	5.1
Global Environment Facility	140.6	3.0
International Development Association	123.8	2.7
Inter-American Development Bank	111.8	2.4
West African Development Bank	108.8	2.3
Central American Bank for Economic Cooperation	95.0	2.0
United Nations Development Programme	78.9	1.7

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\$4,644.1 million. Multilateral participation in basket or similar funding arrangements is not included. Any discrepancy in totals is the result of rounding.

^b Other cofinancers include: Arab Authority for Agricultural Investment and Development, Adaptation Fund, Africa Fund, Arab Bank for Economic Development in Africa, Andean Development Corporation, Caribbean Development Bank, ECOWAS Bank for Investment and Development, Food and Agriculture Organization of the United Nations, Global Agriculture and Food Security Programme, Green Climate Fund, International Finance Corporation, Inter-American Institute for Cooperation on Agriculture, Platform for Agricultural Risk Management, Strategic Climate Fund, United Nations Capital Development Fund, United Nations International Drug Control Programme, United Nations Fund for Drug Abuse Control, United Nations Office for Project Services, United Nations Population Fund, UN Women.

Consolidated Financial Statements of IFAD

For the year ended 31 December 2020

	Page
Acronyms and abbreviations	71
Appendix A Consolidated and IFAD-only balance sheet	72
Appendix B Consolidated statement of comprehensive income IFAD-only statement of comprehensive income	73 74
Appendix B1 Consolidated statement of changes in retained earnings IFAD-only statement of changes in retained earnings	75 75
Appendix C Consolidated and IFAD-only cash flow statement	76
Appendix C1 Summaries of cash flow information on other consolidated entities	77
Appendix D Notes to the Consolidated Financial Statements	78
Appendix E Statements of complementary and supplementary contributions	99
Appendix E1 Statement of cumulative complementary contributions from 1978 to 2020	101
Appendix E2 Statement of contributions from Member States and donors to the HIPC Initiative	102
Appendix E3 Contributions received in 2020	103
Appendix E4 Unspent funds in 2020 and 2019	104
Appendix F Summary of the Rural Resilience Programme (former ASAP Trust Fund)	105
Management assertion report on the effectiveness of internal controls over financial reporting	
Report of the external auditor	
External auditor's attestation on the effectiveness of internal controls over financial reporting	
Appendix G1 IFAD-only balance sheet at nominal value in United States dollars (US\$) and retranslated into special drawing rights (SDR)	114
Appendix G2 IFAD-only statement of comprehensive income at nominal value	115
Appendix H Statements of contributions	116
Appendix I Statement of loans	124
Appendix I1 Special Programme for sub-Saharan African Countries Affected by Drought and Desertification	130
Appendix I2 Statement of grants	133
Appendix I3 IFAD-only Debt Sustainability Framework	134
Appendix J Summary of the Heavily Indebted Poor Countries (HIPC) Initiative	136
Appendix K Summary of contributions to the Haiti Debt Relief Initiative	137
Appendix L IFAD-only analysis of operating expenses	138
Appendix M Rural Poor Stimulus Facility (RPSF)	139

Notes:

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

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
CPL	concessional partner loan
DSF	Debt Sustainability Framework
DC	deployable capital
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
GCF	Green Climate Fund
IAS	International Accounting Standard (superseded by IFRS)
IFAD11	Eleventh Replenishment of IFAD's Resources
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
RPSF	Rural Poor Stimulus Facility
Spanish Trust Fund	Spanish Food Security Co-financing 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 2020 and 2019
(Thousands of United States dollars)

Assets	Note/ appendix	Consolidated		IFAD-only	
		2020	2019	2020	2019
Cash on hand and in banks	4	472 298	308 309	325 778	162 342
Investments	4	1 240 847	1 213 170	839 564	841 578
Share investments at fair value through profit and loss	5	8 211	-	-	-
Contributions and promissory notes receivables					
Contributors' promissory notes	6	153 525	188 215	153 525	188 215
Contributions receivable	6	689 181	896 364	411 176	604 412
Less: qualified contribution receivables	6	(61 406)	(72 551)	(61 406)	(72 551)
Less: accumulated allowance for contribution impairment loss	7	(120 569)	(121 798)	(120 569)	(121 798)
Net contribution and promissory notes receivables		660 731	890 230	382 726	598 278
Other receivables	8	27 320	40 022	169 715	169 979
Fixed and intangible assets	9	14 935	15 562	14 935	15 562
Right-of-use assets	9	98 086	98 611	98 086	98 611
Loans outstanding					
Loans outstanding	10	7 135 825	6 575 310	6 880 796	6 348 544
Less: accumulated allowance for loan impairment losses	10	(103 370)	(88 190)	(100 820)	(86 278)
Less: accumulated allowance for the Heavily Indebted Poor Countries (HIPC) Initiative	12	(4 711)	(6 286)	(4 711)	(6 286)
Net loans outstanding		7 027 744	6 480 834	6 775 265	6 255 980
Total assets		9 550 172	9 046 738	8 606 069	8 142 330
Liabilities and equity	Note/ appendix	Consolidated		IFAD-only	
		2020	2019	2020	2019
Liabilities					
Payables and liabilities	13	249 315	237 861	244 321	229 109
Undisbursed grants	14	390 313	438 268	119 193	119 622
Deferred revenues	15	397 458	361 220	64 033	80 481
Lease liabilities	9	98 079	98 563	98 079	98 563
Borrowing liabilities	16	1 465 676	1 039 539	1 154 525	741 573
Total liabilities		2 600 841	2 175 451	1 680 151	1 269 348
Equity					
Contributions					
Regular		9 146 684	9 040 532	9 146 684	9 040 532
Special		20 369	20 349	20 369	20 349
Total contributions	H	9 167 053	9 060 881	9 167 053	9 060 881
Retained earnings					
General Reserve		95 000	95 000	95 000	95 000
Accumulated deficit		(2 312 722)	(2 284 594)	(2 336 135)	(2 282 899)
Total retained earnings		(2 217 722)	(2 189 594)	(2 241 135)	(2 187 899)
Total equity		6 949 331	6 871 287	6 925 918	6 872 982
Total liabilities and equity		9 550 172	9 046 738	8 606 069	8 142 330

Consolidated statement of comprehensive income

For the years ended 31 December 2020 and 2019
(Thousands of United States dollars)

	<i>Note</i>	2020	2019
Revenue			
Income from loans	17	70 178	70 638
Income/(losses) from cash and investments	18	10 282	30 178
Income from other sources	19	10 965	10 076
Income from contributions	20	115 689	154 862
Net (loss)/gain from share investments	5	(2 021)	-
Total revenue		205 093	265 754
Operating expenses			
Staff salaries and benefits	22	(104 923)	(95 064)
Office and general expenses		(26 805)	(31 452)
Consultants and other non-staff costs		(53 908)	(53 822)
Direct bank and investment costs	23	(1 901)	(1 772)
Subtotal operating expenses	21	(187 537)	(182 110)
Other expenses			
Loan and lease interest expenditures		(1 680)	(1 054)
Allowance for loan impairment losses	10	(17 019)	14 601
HIPC Initiative expenses	28	(2 278)	(3 189)
Grant expenses	24	(105 310)	(194 292)
Debt Sustainability Framework (DSF) expenses	25	(172 396)	(174 689)
Depreciation	9	(12 576)	(12 094)
Subtotal other expenses		(311 259)	(370 717)
Total expenses		(498 796)	(552 827)
(Deficit) before fair value and foreign exchange adjustments		(293 703)	(287 073)
Adjustment for changes in fair value	26	14 810	(44 280)
(Losses)/gains from currency exchange movements IFAD	27	251 423	(21 794)
Net (loss)/profit		(27 470)	(353 147)
Other comprehensive income/(loss):			
(Losses)/gains from currency exchange movements and retranslation of consolidated entities	27	11 629	(5 287)
Change in provision for After-Service Medical Coverage Scheme (ASMCS) benefits	22	(13 516)	(19 271)
Total other comprehensive (loss)/income		(1 887)	(24 558)
Total comprehensive (loss)/income		(29 357)	(377 705)

IFAD-only statement of comprehensive income

For the years ended 31 December 2020 and 2019
(Thousands of United States dollars)

	Note	2020	2019
Revenue			
Income from loans	17	68 085	68 669
Income /(losses) from cash and investments	18	6 257	24 614
Income from other sources	19	13 240	12 582
Income from contributions	20	20 548	18 410
Total revenue		108 130	124 275
Operating expenses			
Staff salaries and benefits	22	(99 550)	(91 130)
Office and general expenses		(24 534)	(28 588)
Consultants and other non-staff costs		(44 949)	(44 086)
Direct bank and investment costs		(957)	(898)
Subtotal operating expenses	21	(169 990)	(164 702)
Other expenses			
Loan and lease interest expenditures		(1 680)	(1 054)
Allowance for loan impairment losses	10	(16 557)	14 543
HIPC Initiative expenses	28	(2 278)	(3 189)
Grant expenses	24	(44 867)	(79 347)
DSF expenses	25	(172 396)	(174 690)
Depreciation	9	(12 576)	(12 094)
Subtotal other expenses		(250 354)	(255 831)
Total expenses		(420 344)	(420 533)
(Deficit) before fair value and foreign exchange adjustments		(312 214)	(296 258)
Adjustment for changes in fair value	26	19 843	(30 768)
(Losses)/gains from currency exchange movements IFAD	27	251 423	(21 794)
Net (loss)/profit		(40 948)	(348 820)
Other comprehensive income/(loss):			
Change in provision for ASMCS benefits	22	(13 516)	(19 271)
Total other comprehensive (loss)/income		(13 516)	(19 271)
Total comprehensive (loss)/income		(54 464)	(368 091)

Consolidated statement of changes in retained earnings

For the years ended 31 December 2020 and 2019
(Thousands of United States dollars)

	<i>Accumulated deficit</i>	<i>General Reserve</i>	<i>Total retained earnings</i>
Accumulated deficit as at 31 December 2019	(1 912 877)	95 000	(1 817 877)
2019			
Net profit or (loss)	(353 147)		(353 147)
Total other comprehensive (loss) or profit	(24 558)		(24 588)
DSF compensation	5 988		5 989
Accumulated deficit as at 31 December 2019	(2 284 594)	95 000	(2 189 594)
2020			
Accumulated deficit 1 January	(2 284 594)	95 000	(2 189 594)
Net (loss) or profit	(27 469)		(27 469)
Total other comprehensive profit or (loss)	(1 887)		(1 887)
DSF compensation	1 228		1 228
Accumulated deficit as at 31 December 2020	(2 312 722)	95 000	(2 217 722)

IFAD-only statement of changes in retained earnings

For the years ended 31 December 2020 and 2019
(Thousands of United States dollars)

	<i>Accumulated deficit</i>	<i>General Reserve</i>	<i>Total retained earnings</i>
Accumulated deficit as at 31 December 2019	(1 920 796)	95 000	(1 825 796)
2019			
Net profit or (loss)	(348 820)		(348 820)
Total other comprehensive loss or profit	(19 271)		(19 271)
DSF compensation	5 988		5 988
Accumulated deficit as at 31 December 2019	(2 282 899)	95 000	(2 187 899)
2020			
Accumulated deficit 1 January	(2 282 899)	95 000	(2 187 899)
Net (loss) or profit	(40 948)		(40 948)
Total other comprehensive profit or (loss)	(13 516)		(13 516)
DSF compensation	1 228		1 228
Accumulated deficit as at 31 December 2020	(2 336 135)	95 000	(2 241 135)

Consolidated and IFAD-only cash flow statement

For the years ended 31 December 2020 and 2019
(Thousands of United States dollars)

	<i>Consolidated</i>		<i>IFAD-only</i>	
	2020	2019	2020	2019
Cash flows from operating activities				
Interest received from loans	71 118	69 781	69 161	67 888
Receipts for non-replenishment contributions	184 962	145 446	10 852	19 680
Payments for operating expenses and other payments	(183 950)	(214 732)	(175 437)	(135 967)
Grant disbursements	(172 043)	(186 926)	(47 295)	(54 063)
DSF disbursements	(172 396)	(174 690)	(172 396)	(174 690)
Net cash flows used in operating activities	(272 309)	(361 121)	(315 115)	(277 152)
Cash flows from investing activities				
Loan disbursements	(577 230)	(656 424)	(558 379)	(626 049)
Loan principal repayments	333 093	314 633	321 313	302 564
Transfers from/(to) investments at amortized costs	-	143 988	-	143 988
Share investments	(10 301)	-	-	-
Receipts from investments	7 911	28 881	7 532	22 101
Net cash flows used in investing activities	(246 527)	(168 922)	(229 534)	(157 396)
Cash flows from financing activities				
Receipts for replenishment contributions	313 959	374 249	313 959	374 249
Receipts of borrowed funds	360 434	184 329	360 434	184 329
Payments for borrowing principal	(27 762)	(6 117)	(14 989)	(3 621)
Payments for borrowing liabilities interest	(889)	(860)	(889)	(860)
Net cash flows from financing activities	645 742	551 600	658 515	554 097
Effects of exchange rate movements on cash and cash equivalents	64 455	(23 418)	47 252	(12 116)
Net (decrease) in unrestricted cash and cash equivalents	191 361	(1 860)	161 118	107 433
Unrestricted cash and cash equivalents at beginning of year	1 520 075	1 521 935	1 002 516	895 083
Unrestricted cash and cash equivalents at end of year	1 711 436	1 520 075	1 163 634	1 002 516
Composed of:				
Unrestricted cash	472 209	308 219	325 689	162 252
Unrestricted investments, excluding held-to-maturity and payables control accounts	1 239 227	1 211 856	837 945	840 264
Cash and cash equivalents at end of year	1 711 436	1 520 075	1 163 634	1 002 516

Summaries of cash flow information on other consolidated entities

As at 31 December 2020

(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	3.6	16.8	100.1	319.9	131.6	527.2
Total liabilities	(9.2)	(18.9)	(99.9)	(318.1)	(2.0)	(527.2)
Retained earnings	5.6	2.1	(0.2)	(1.8)	(129.6)	-
Statement of comprehensive income						
Total revenue	-	-	3.3	2.3	5.3	88.3
Total operating expenses	-	-	(0.1)	(0.6)	(5.3)	(83.5)
Net revenue less operating expenses	-	-	3.2	1.7	-	4.8
Net cash flow	(0.5)	(3.0)	18.7	(9.6)	(37.7)	62.3

As at 31 December 2019

(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	4.1	19.9	91.5	301.9	171.2	470.4
Total liabilities	(15.3)	(21.5)	(96.0)	(294.0)	(185.2)	(470.4)
Retained earnings	11.2	1.6	4.5	2.7	14.0	-
Statement of comprehensive income						
Total revenue	-	-	3.8	3.1	14.9	122.0
Total operating expenses	-	-	(0.2)	(0.4)	(23.3)	(127.1)
Net revenue less operating expenses	-	-	3.6	2.7	(8.4)	(5.1)
Net cash flow	0.3	(2.3)	5.2	(24.1)	(75.7)	(12.8)

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 (177 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

In 2020, there were no IFRS standards or pronouncements effective with a material impact on IFAD.

IFRS not yet mandatorily effective

Effective 1 January 2021, the requirements of Interest Rate Benchmark Reform – Phase 2 will become effective (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). Such requirements are not expected to have a material impact on the Fund.

(b) 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); and the Rural Poor Stimulus Facility (RPSF) launched in 2020 in response to the COVID-19 pandemic.
- IFAD's Trust Fund for the HIPC Initiative;
- IFAD's ASMCS Trust Fund;
- Administrative account for Haiti Debt Relief Initiative;
- Spanish Trust Fund; and
- Rural Resilience Programme (former 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 and other facilities

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 2020, the only entity hosted by IFAD is the International Land Coalition (formerly known as the Popular Coalition to Eradicate Hunger and Poverty).

The Fund is an accredited entity of the Green Climate Fund (GCF), and in 2020 signed the first contribution agreement with the GCF. As an accredited entity of the GCF, IFAD does not have the power to govern the related financial and operating policies and is not exposed or has rights to the results of its involvement in GCF-financed activities.

(c) Investments in private sector initiatives

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 acted as sponsor in the establishment of the ABC Fund, which is a separate legal entity. IFAD has subscribed share investments through supplementary funds – both on behalf of third parties and directly on its own (with support from the Swiss Agency for Development and Cooperation). IFAD does not exercise control over decision-making in respect of investments made by the ABC Fund.

At its 129th session, the Executive Board approved the establishment of the Private Sector Trust Fund, which will complement the Fund's traditional activities and development impact by supporting non-sovereign operations.

(d) 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.

(e) Measurement of financial assets and liabilities

Financial assets at amortized cost

A financial asset is classified at "amortized cost" only if both of the following criteria are met: the objective of the Fund's business model is to hold the asset in order to collect the contractual cash flows, and the contractual terms of the financial asset must give rise on specified dates to cash flows that are substantially only payments of principal and interest on the principal amount outstanding.

Financial assets at fair value

If either of the two above criteria is not met, the asset cannot be classified in the amortized cost category and must be classified at fair value through profit and loss (FVTPL). The fair value through other comprehensive income category (FVOCI) is not used by the Fund. All other financial assets not classified at amortized cost are classified as FVTPL.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost comprise financial instruments (other than liabilities held for trading or those designated at fair value) representing the various forms of third-party funding.

These financial liabilities are recognized at settlement date initially at fair value, which is normally the consideration received less transaction costs directly attributable to the financial liability. Subsequently these instruments are measured at amortized cost using the effective interest method.

(f) 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.

Concessional partner loans (CPLs) have been introduced with the adoption of the Eleventh Replenishment of IFAD's Resources (IFAD11) resolution. Borrowing terms of CPLs are concessional: the maturities are either 25 or 40 years with a grace period of 5 years for a 25-year loan and 10 years for a 40-year loan. Voting rights are allocated to Member States that provide CPLs in an amount proportionate to the grant element embedded

in such loans. Proceeds received as CPLs consists of two components: a borrowing component and an equity component. The equity component is the derived grant element, computed on the basis of the loan terms and the discount rate agreed over the replenishment consultations. The grant element is recorded as equity.

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.

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.

(g) 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.

Appendix D

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 expected credit loss (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. 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.

(h) 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 remeasured 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 the low credit risk instruments exemption applies.

(i) 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.

(j) Share investments

The Fund, through supplementary fund contributions, held equity investments in the private sector. Such investments are accounted for at FVTPL. Share investments have been recognized at day one at the settlement date for the subscribed value. Realized gains and losses are recognized in the profit and loss in the proper period based on settlement date and value. Fair value changes may generate unrealized gains and losses which are accounted for in the profit and loss. The fair value of the share investment derives from the net asset value, incorporating a liquidity adjustment on a case-by-case basis. As these investments do not meet IFRS 10, IFRS 11 and IAS 28 requirements, they are not considered controlled, a joint venture or associated entities. In line with IFRS 9 requirements, as share investments do not meet the requirements to be accounted for at amortized cost, they are accounted for at FVTPL.

(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. Contributions to non-replenishment resources other than the one described above, being similar to donations, are recorded as other income in the period in which the contribution occurs.

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 State 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 30(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 subject to the Integrated Borrowing Framework as approved by the Executive Board in December 2020 (EB 2020/131(R)/R.21/Rev.1). Borrowed funds are deployed in accordance with IFAD's policies and procedures (with the exception of DSF countries).

The Fund's borrowings include loans from Member States in the form of CPLs. These borrowings are carried and reported at amortized cost.

(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 remeasurements 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

Right-of-use assets

The Fund recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at, or before, the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. In order to determine the lease term, the Fund considers the non-cancellable period established in the contract, in which the lessee is entitled to use the underlying asset taking also into account potential renewal options if the lessee is reasonably certain to renew. In particular, with reference to those contracts that allow the lessee to tacitly renew the lease contract after a first set of years, the lease term is determined taking into account factors such as the length of the first period, the existence of dismissal plans for the asset leased and any other circumstance indicating a reasonable certainty of the renewal. It should be noted that, as allowed by the standard, IFAD has decided not to recognize any right-of-use asset or lease liability with reference to the following lease contracts:

- short-term leases, lower than 12 months; and
- low-value assets leases. For this purpose an asset is considered as "low value" when its fair value as new is equal to or lower than US\$5000.

Lease liabilities

At the commencement date of the lease, lease liabilities are measured at the present value of the remaining lease payments, discounted at IFAD's average cost of funding.

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 10 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 inputs are substantially and significantly 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 Financial Controller's Division and Office of Enterprise Risk Management. 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 2g(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 probability of default, 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 2020 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 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 informed by IFAD's historical data as well as the experience of other multilateral development institutions, currently set at 30 per cent.

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's 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	
	2020	2019
Unrestricted cash	472 208	308 219
Cash subject to restriction	90	90
Subtotal cash	472 298	308 309
Unrestricted investments at fair value	1 240 605	1 212 921
Investments subject to restriction	242	249
Subtotal investments	1 240 847	1 213 170
Total cash and investments	1 713 145	1 521 479

The composition of the portfolio by entity was as follows:

Table 2
As at 31 December

Entity	US\$ thousands	
	2020	2019
IFAD	1 165 342	1 003 921
ASMCS Trust Fund	100 049	81 381
HIPC Trust Fund	3 594	4 139
Supplementary funds	237 291	174 944
Spanish Trust Fund	67 433	77 025
Haiti Debt Relief Initiative	15 829	18 787
ASAP Trust Fund	123 607	161 282
Total cash and investments	1 713 145	1 521 479

(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 2020, cash and investments, including payables for investment purchased and receivables, amounted to US\$1,713.1 million (2019 – US\$1,521.5 million) comprised of the following instruments:

Table 3

	US\$ thousands	
	2020	2019
Cash	472 298	308 309
Fixed-income instruments	1 185 671	1 208 819
Unrealized (loss)/gain on forward contracts	2 871	1 624
Time deposits and other obligations of banks	58 573	4 449
Unrealized (loss)/gain on futures	243	399
Unrealized (loss)/gain on swaps	(6 511)	(2 121)
Total cash and investments	1 713 145	1 521 479
Receivables for investments sold and taxes receivable	13 051	14 585
Payables for investments purchased	(13 156)	(18 137)
Total investment portfolio	1 713 040	1 517 927

(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

Currency	US\$ thousands	
	2020	2019
Chinese renminbi	14 309	18 132
Euro	1 041 739	814 955
Japanese yen*	10 526	(7 107)
Pound sterling*	15 709	(64 264)
United States dollar	630 757	756 211
Total cash and investment portfolio	1 713 040	1 517 927

* This balance includes open positions on foreign exchange forward contracts offset by open positions in United States dollars for the equivalent amount.

(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	
	2020	2019
Due in one year or less	857 409	622 426
Due after one year through five years	809 034	820 817
Due from five to 10 years	46 068	74 684
Due after 10 years	529	-
Total cash and investment portfolio	1 713 040	1 517 927

The average life to maturity of the fixed-income investments included in the consolidated investment portfolio at 31 December 2020 was 17 months (2019 – 22 months).

(e) Financial risk management

IFAD's investment activities are exposed to a variety of financial risks: market risk, credit risk, custodial risk and liquidity risk.

IFAD's portfolio is managed in accordance with its Investment Policy Statement and Investment Guidelines, which address a variety of financial risks through restrictions on the eligibility of instruments and other limitations:

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

The benchmark indices used for the respective portfolios are shown in table 8.

(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 2020 and 2019, are shown in tables 6 and 7. Disclosures for the net asset value relate to IFAD-only accounts.

Table 6

Asset class	Actual allocation	
	%	US\$ millions
Cash	28.0	325.8
Swaps	(0.5)	(6.1)
Time deposit	-	0.5
Global government bonds/agencies	42.4	494.0
Global credit bonds	30.1	351.1
Total	100.0	1 165.3

Table 7

Asset class	Actual allocation	
	%	US\$ millions
Cash	16.4	165.0
Swaps	(0.2)	(1.8)
Time deposit	-	-
Global government bonds/agencies	49.0	492.0
Global credit bonds	34.8	348.7
Total	100.0	1 003.9

Appendix D

**Table 8
Benchmark indices by portfolio**

Portfolio	Benchmark index
Operational cash	Same as the portfolio return
Global liquidity portfolio	ICE BofAML 0-1 Year US Treasury Index (AAA)
Chinese renminbi portfolio	Zero
Asset liability portfolio	Liability repayment rate of return
World Bank Reserves	ICE BofAML 0-1 Year US Treasury Index (AAA)
Advisory and Management Program (RAMP)	No benchmark

Exposure to market risk is managed by modifying the duration of the portfolio.

The upper limit for the duration is set at:

- Global liquidity portfolio: Effective duration shall remain within a maximum range of 0.5 of one year in comparison to the benchmark; and
- Asset liability portfolio: Effective duration shall not exceed two years.

The effective duration of IFAD-only investment portfolio as of 31 December 2020 and 2019, and respective benchmarks are shown in table 9.

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

As of 31 December

Portfolio	Portfolio		Benchmark	
	2020	2019	2020	2019
Operational cash	-	-	-	-
Global liquidity portfolio	0.4	0.3	0.4	0.4
Chinese renminbi portfolio	0.0	0.0	0.0	0.0
Asset liability portfolio	1.0	0.7	0.5	0.5
Hedging	n.a.	n.a.	n.a.	n.a.
World Bank RAMP	n.a.	n.a.	n.a.	n.a.
Total average	0.6	0.5	0.5	0.4

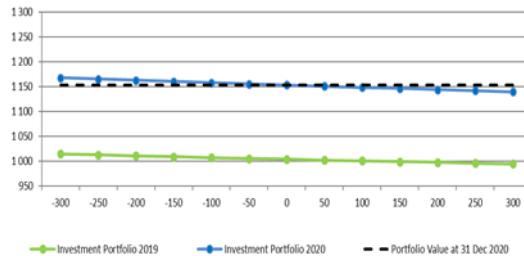
The sensitivity analysis of IFAD's portfolio in table 10 shows how a parallel shift in the yield curve (-300 to +300 basis points) would affect the value of the liquidity portfolio as at 31 December 2020 and 31 December 2019.

**Table 10
Sensitivity analysis on IFAD's portfolio**

Basis point shift in yield curve	2020		2019	
	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	15	1 180	11	1 014
-250	12	1 178	9	1 013
-200	10	1 175	7	1 011
-150	7	1 173	5	1 009
-100	5	1 170	3	1 007
-50	2	1 168	2	1 006
0	1 165	1 004		
50	-2	1 163	-2	1 002
100	-5	1 161	-3	1 001
150	-7	1 159	-5	999
200	-9	1 156	-6	998
250	-11	1 154	-8	996
300	-13	1 152	-9	995

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 2020, 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\$13 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\$15 million as a result of the capital gains on the marked-to-market portion of the portfolio.

(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 11.

Appendix D

Table 11
Minimum credit rating floor as per Investment Policy Statement as at 31 December 2020

<i>Eligible asset classes</i>	<i>Credit rating floors for Standard & Poor's (S&P) and Moody's</i>
Money market	A- ^a
Fixed-income securities: both nominal and inflation-linked	
• Government and government agencies fixed-income securities at the national or subnational level	A-
• Supra-nationals	A-
• Asset-backed securities (only agency-issued or guaranteed)	AAA
• Covered bonds	A-
• Corporate bonds	A-
• Callable bonds	A-
Derivatives: for hedging purposes only	
• Currency forwards	
• Exchange-traded futures and options	Counterparty must have a minimum credit rating of A- (S&P) or A- (Fitch) or A3 (Moody's) ^b
• Interest rate swaps	
• Cross currency swaps	
• Credit default swaps	
• Asset swaps	

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

^b The rating that is compared to the rating floor is the second best rating of three agencies, Standard & Poor's (S&P), Moody's or Fitch. (For Moody's ratings, the equivalent rating scale shall apply.)

As at 31 December 2020, the average credit ratings by portfolio were in line with the minimum allowable ratings under the Investment Policy Statement and Investment Guidelines (table 12).

Table 12
Average ^a credit ratings by IFAD's portfolio
As at 31 December 2020 and 2019

Portfolio	Average credit rating ^a	
	2020	2019
Operational cash	P-2	P-3
Asset liability portfolio ^b	A1	A1
Global liquidity portfolio	aAA	Aaa

^a The average credit rating is calculated based on market values as at 31 December 2020 and 2019.

^b Approximately 11 per cent of the asset and liability portfolio is in operational cash (including a loan of EUR 200 million from Agence Française Développement) with an IFAD-approved commercial bank that has a credit rating at least P3 or BBB as reported by S&P.

(h) Currency risk

Currency risk arises from the potential for losses stemming from changes in foreign exchange rates. IFAD's Asset And Liability Management Framework is guided by the principle of adequately managing the currency composition of its assets and liabilities, so as to limit losses deriving from fluctuations or an adverse reduction in IFAD's financing capacity.

In the case of misalignments that are considered persistent and significant, IFAD undertakes a realignment procedure by changing the currency

composition of its projected inflows to align them to its outflows over a 24-month horizon.

(i) Liquidity risk

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

IFAD's liquidity risk is addressed through IFAD's minimum liquidity ratio (MLR). During 2020, IFAD's liquidity policy stated that highly liquid assets in IFAD's portfolio should remain above 60 per cent of the MLR, i.e. the projected annual gross disbursement level (outflows), including potential additional requirements due to liquidity shocks.

IFAD's latest financial model assumptions, incorporating the 2020 resources available for commitment under IFAD's sustainable cash flow approach, calculates a MLR of US\$639.0 million that is covered by IFAD's portfolio balance of US\$1,165.3 million.

(j) Capital adequacy

The Fund's main internal capital adequacy metric is the deployable capital (DC) ratio. The DC ratio assesses IFAD's capital utilization and the availability of resources to support future commitments. To ensure that the Fund is well capitalized and maintains strong credit ratings at all times, the capital utilization trajectory is managed within appropriate tolerance levels, indicating that IFAD has enough capital to cover expected and unexpected losses derived from core and non-core risks embedded within the Fund's operations. As at December 2020, IFAD's DC ratio was within the parameters established in its Capital Adequacy Policy.

NOTE 5

SHARE INVESTMENTS

	US\$ thousands	
	2020	2019
IFAD	0	-
Supplementary funds	10 301	-
Unrealized (losses)/gains	(2 021)	-
Forex	(69)	-
Share investments	8 211	-

NOTE 6

CONTRIBUTORS' PROMISSORY NOTES AND RECEIVABLES

Table 1

	<i>US\$ thousands</i>	
	2020	2019
Promissory notes to be encashed		
Replenishment contributions	153 412	188 869
Fair value adjustment	113	(654)
Promissory notes to be encashed	153 525	188 215
Contributions receivable		
Replenishment contributions	413 633	614 805
Supplementary contributions	277 875	294 406
Total	691 508	909 211
Fair value adjustment	(2 327)	(12 847)
Contributions receivable	689 181	896 364
Qualified instruments of contribution		
	(61 406)	(72 551)
Total promissory notes and contributions receivables	627 775	1 012 028

(a) Replenishment

Details of contributions and payments are shown in appendix H. IFAD11 became effective on 14 August 2018. The IFAD12 Consultation took place throughout fiscal year 2020.

(b) Special Programme for Africa (SPA)

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

(c) 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.

(d) Qualified instruments of contribution and promissory notes

At the end of December 2020, contributions receivables and promissory notes still subject to national appropriation measures amounted to US\$61.4 million (US\$72.5 million as at 31 December 2019).

NOTE 7

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

	<i>US\$ thousands</i>	
	2020	2019
Balance at beginning of the year	121 798	121 630
Net increase in allowance	(1 229)	168
Balance at year-end	120 569	121 798
Analysed as follows:		
Promissory notes of contributors (a)	34 993	36 045
Amounts receivable from contributors (b)	85 576	85 753
Total	120 569	121 798

(a) Allowances against promissory notes

As at 31 December 2020, IFAD replenishment contributions deposited in the form of promissory notes up to and including IFAD10 have been fully drawn down.

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

Table 2

	<i>US\$ thousands</i>	
	2020	2019
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	5 035	6 087
	5 635	6 687
Total	34 993	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

	<i>US\$ thousands</i>	
	2020	2019
Initial contributions		
Comoros	9	8
Iran (Islamic Republic of)	83 167	83 167
	83 176	83 175
Third Replenishment		
Iran (Islamic Republic of)	2 400	2 400
Sao Tome and Principe	-	10
	2 400	2 410
Tenth Replenishment		
Kenya	-	168
	0	168
Total	85 576	85 753

NOTE 8**OTHER RECEIVABLES**

	US\$ thousands	
	2020	2019
Receivables for investments sold	13 051	14 585
Receivables for reimbursement headquarter expenditures	8 611	7 889
Other receivables	5 658	17 548
Total	27 320	40 022

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 9**(a) Fixed and intangible assets**

Table 1

	US\$ million		
	1 Jan 2020	Increase/ (decrease)	31 Dec 2020
Cost			
Computer hardware	5.7	0.6	6.3
Computer software	27.4	2.2	29.6
Vehicles	1.3	0.2	1.5
Furniture and fittings	0.5	0.1	0.6
Leasehold improvement	1.8	-	1.8
Total cost	36.7	3.1	39.8
Accumulated Depreciation			
Computer hardware	(4.3)	(0.6)	(4.9)
Computer software	(14.7)	(2.8)	(17.5)
Vehicles	(0.6)	(0.3)	(0.9)
Furniture and fittings	(0.4)	-	(0.4)
Leasehold improvement	(1.1)	(0.1)	(1.2)
Total depreciation	(21.1)	(3.8)	(24.9)
Net fixed and intangible assets	15.6	(0.7)	14.9

(b) Right-of-use assets and lease liabilities

The recognition of right-of-use assets refers mainly to the operating lease agreement for the headquarter building with a 12 year contract period.

Table 2

	US\$ million		
	1 Jan 2020	Increase/ (decrease)	Foreign exchange movement
	2020		31 Dec 2020
Cost			
Right-of-use assets	107.2	-	8.6
Accumulated Depreciation			
Right-of-use assets	(8.6)	(11.3)	2.1
Net right-of-use assets	98.6	(11.3)	11.3
Lease Liabilities	(98.6)	9.3	(8.8)
			(98.1)

NOTE 10**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	
	2020	2019
IFAD	8 176 703	7 613 808
Spanish Trust Fund	271 394	241 908
Total	8 448 097	7 855 716
Fair value adjustment	(1 312 272)	(1 280 406)
Total	7 135 825	6 575 310

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

IFAD and SPA	US\$ thousands	
	2020	2019
Approved loans	16 444 187	15 238 838
Undisbursed balance	(4 747 273)	(4 527 463)
Repayments	(3 540 486)	(3 117 946)
	8 156 428	7 593 429
Interest/principal receivable	20 276	20 379
Loans outstanding at nominal value	8 176 704	7 613 808
Fair value adjustment	(1 295 908)	(1 265 264)
Loans outstanding	6 880 795	6 348 544

Table 3

Spanish Trust Fund	US\$ thousands	
	2020	2019
Approved loans	344 975	317 401
Undisbursed balance	(27 252)	(44 386)
Repayments	(47 050)	(31 625)
	270 673	241 390
Interest/principal receivable	721	518
Loans outstanding at nominal value	271 394	241 908
Fair value adjustment	(16 365)	(15 142)
Loans outstanding	255 029	226 766

Appendix D

Table 4

Consolidated	US\$ thousands	
	2020	2019
Approved loans	16 789 162	15 556 239
Undisbursed balance*	(4 774 525)	(4 571 849)
Repayments	(3 587 536)	(3 149 571)
	8 427 101	7 834 819
Interest/principal receivable	20 997	20 897
Loans outstanding at nominal value	8 448 097	7 855 716
Fair value adjustment	(1 312 273)	(1 280 406)
Loans outstanding	7 135 825	6 575 310

*This balance comprises US\$3.2 billion (in 2019 US\$3.04 billion) pertaining to commitments for disbursing loans and to US\$1.5 billion (in 2019 US\$1.53 billion) to approved loans, which have not yet met disbursement conditions.

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\$8,358 million.

(b) Accumulated allowance for impairment losses

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

Table 5a

Consolidated	US\$ thousands	
	2020	2019
IFAD	104 833	88 247
Spanish Trust Fund	2 714	2 041
Accumulated allowance for impairment losses	107 547	90 288
Provision for Haiti Debt Relief	15 200	15 200
	122 747	105 488
Fair value adjustment	(19 377)	(17 298)
Total	103 370	88 190

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

Table 5b

Consolidated	US\$ thousands	
	2020	2019
Balance at beginning of year	105 488	121 415
Change in provision	17 019	(14 601)
Exchange rate movements	150	(1 326)
Balance at end of year	122 747	105 488
Fair value adjustment	(19 377)	(17 298)
Total	103 370	88 190

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 following tables provide details of the accumulated allowance by stage and by entity.

Table 6

Consolidated	2020 US\$ millions		
	IFAD	STF	Total
Stage 1	12.9	0.3	13.2
Stage 2	27.6	1.9	29.5
Stage 3	64.3	0.5	64.8
Allowance impairment losses	104.8	2.7	107.5
Haiti Debt relief	15.2	-	15.2
Subtotal	120.0	2.7	122.7
Fair value	(19.2)	(0.1)	(19.3)
Total	100.8	2.6	103.4

Table 7

Consolidated	2019 US\$ millions		
	IFAD	STF	Total
Stage 1	6.3	0.2	6.5
Stage 2	20.2	1.5	21.7
Stage 3	61.7	0.4	62.1
Allowance impairment losses	88.2	2.1	90.3
Haiti Debt relief	15.2	-	15.2
Subtotal	103.4	2.1	105.4
Fair value	(17.2)	(0.1)	(17.3)
Total	86.2	1.9	88.1

The tables below provides a summary of the loan portfolio by stage and exposure (loan outstanding and undrawn commitments) as at 31 December 2020. The 2020 ECL embeds the macroeconomic impact of the COVID-19 pandemic.

Table 8

Consolidated	2020 US\$ millions	
	Exposure	Allowance
Stage 1	10 072.5	13.1
Stage 2	1 405.4	29.6
Stage 3	215.9	64.8
Total	11 693.8	107.5

Exposure:

Loans outstanding	8 427.1
Loan commitments	3 266.7
Total	11 693.8

Table 9

Consolidated	2019 US\$ millions	
	Exposure	Allowance
Stage 1	9 463.4	6.5
Stage 2	1 207.9	21.7
Stage 3	207.0	62.1
Total	10 878.3	90.3

Exposure:

Loans outstanding	7 834.8
Loan commitments	3 043.5
Total	10 878.3

Appendix D

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

Table 10

Consolidated	2020 US\$ millions			
	Stage 1	Stage 2	Stage 3	Total
Exposure at 1 January 2020	9 463.4	1 207.9	207.0	10 878.3
Transfer to Stage 1	(167.4)	167.4	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New assets originated or purchased	751.7	10.1		761.8
Amortization repayments	(348.6)	(41.8)		(390.4)
Forex	373.5	61.7	8.9	444.1
Exposure as at 31 December 2020	10 072.6	1 405.3	215.9	11 693.8
Exposure by asset type:				
Loan outstanding	7 059.5	1 151.7	215.9	8 427.1
Loan commitments	3 013.1	253.6	-	3 266.7
Exposure as at 31 December 2020	10 072.6	1 405.3	215.9	11 693.8

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 11

US\$ million	Probability-weighted scenario			
	Neutral	Optimistic	Pessimistic	
Stage 1	7.7	5.9	27.5	13.1
Stage 2	26.0	22.9	42.1	29.9
Stage 3	64.8	64.8	64.8	64.8
Total	98.5	93.6	134.4	107.8

(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 2020 would have been higher by US\$1,777,500 (2019 – US\$1,788,857).

(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 11

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

2020	US\$ millions		
	Cash and bank deposits	Investments at FVTPL	Loans at amortized cost
Level 1			
Cash and bank balances	472	-	-
Investments at FVTPL	-	1 241	-
Level 2			
Investments at FVTPL	-	-	-
Loans outstanding	-	-	7 028
Share investments at FVTPL		8	
Total	472	1 249	7 028

Table 2

2019	US\$ millions		
	Cash and bank deposits	Investments at FVTPL	Loans at amortized cost
Level 1			
Cash and bank balances	308	-	-
Investments at FVTPL	-	924	-
Level 2			
Investments at FVTPL	-	289	-
Loans outstanding	-	-	6 481
Total	308	1 213	6 481

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

NOTE 12

HIPC INITIATIVE

(a) Impact of the HIPC Initiative

IFAD provided funding for the HIPC Initiative in the amount of US\$245,170,000 during the period 1998–2020. 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 2021. At the time of preparation of the 2020 Consolidated Financial Statements, the estimate of IFAD's share of the overall debt relief for these countries, including principal and interest, was US\$184,842,490 (2019 – US\$182,941,074) for Eritrea, Somalia and Sudan. Investment income amounted to US\$8,382,281 (2019 – US\$8,367,489) 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	
	2020	2019
Balance at beginning of year	8 989	11 375
Change in provision	(2 546)	(2 345)
Exchange rate movements	291	(41)
Balance at end of year	6 734	8 989
Fair value adjustment	(2 023)	(2 703)
Total	4 711	6 286

NOTE 13

PAYABLES AND LIABILITIES

	US\$ thousands	
	2020	2019
Payable for investments purchased	13 156	18 136
ASMCS liability	159 089	138 148
Other payables and accrued liabilities	77 070	81 577
Total	249 315	237 861

Of the total above, an estimated US\$200.8 million (2019 – US\$162.1 million) is payable in more than one year from the balance sheet date.

NOTE 14

UNDISBURSED GRANTS

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

	US\$ thousands	
	2020	2019
IFAD	119 751	123 619
Supplementary funds	180 878	200 715
ASAP	89 894	122 823
Balance at year-end	390 523	447 157
Fair value adjustment	(210)	(8 889)
Undisbursed grants	390 313	438 268

NOTE 15

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	
	2020	2019
Total	424 752	384 694
Fair value adjustment	(27 294)	(23 474)
Deferred revenue	397 458	361 220

NOTE 16

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	
	2020	2019
IFAD	1 154 525	741 573
Spanish Trust Fund	311 151	297 966
Total borrowing liabilities	1 465 676	1 039 539

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

Table 2

	US\$ thousands	
	2020	2019
IFAD		
0-1 years	35 826	14 535
1-2 years	47 889	25 347
2-3 years	47 889	36 451
3-4 years	178 401	43 934
4-10 years	161 118	220 731
More than 10 years	683 402	400 575
Total	1 154 525	741 573

NOTE 17

INCOME FROM LOANS

This balance represents amounts accrued and received as the interest component on IFAD's loan portfolio.

	US\$ thousands	
	2020	2019
IFAD	68 085	68 669
STF	2 093	1 969
Total	70 178	70 638

NOTE 18

INCOME FROM CASH AND INVESTMENTS

(a) Investment management (IFAD-only)

As at 31 December 2020, funds under management in IFAD's portfolio amounted to US\$1,165 million (2019 – US\$1,004 million).

(b) Derivative instruments

IFAD's portfolio invests in derivative instruments for hedging purposes, primarily to manage the duration of the global liquidity portfolio, and asset and liability portfolio and to ensure alignment to the currency composition of IFAD's commitments:

(i) Futures

IFAD had no outstanding currency forwards at 31 December 2020. During fiscal year 2020, realized gains on futures amounted to US\$1.18 million (2019: realized losses US\$0.64 million).

(ii) Swaps

IFAD's 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.

Table 1

	US\$ thousands
	2020
Outstanding swaps notional	262 520
Derivative assets	-
Interest rate swaps	-
Derivative liabilities	(6 378)
Interest rate swaps	(6 378)
Net unrealized market (losses)/gains of swap contracts	(6 378)
Maturity range of swap contracts	0.9 to 5.1 years

(iii) Forwards

The unrealized market value loss on forward contracts as of 31 December 2020 amounted to US\$2.87 million (2019 – US\$0.46 million). The maturities of forward contracts of 31 December 2020 was 104 days (31 December 2019 – 71 days).

(c) Income from cash and investments (consolidated)

Gross income from cash and investments for the year ending 31 December 2020 amounted to US\$10.3 million (2019 – gross income of US\$30.2 million).

Table 2

Fair Value	2020	2019
Interest from banks and fixed-income investments	10 488	14 554
Net realized and unrealized (losses)/gains from futures/options/ swaps	(6 046)	(2 991)
Realized capital gain/(loss) from fixed-income securities	460	6 317
Unrealized gain/(loss) from fixed-income securities	5 380	12 298
Total	10 282	30 178

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

Table 3

	US\$ thousands	
	2020	2019
IFAD	6 257	24 614
ASMCS Trust Fund	3 286	3 779
HIPC Trust Fund	15	96
Spanish Trust Fund	199	1 193
Haiti Debt Relief Initiative	223	519
ASAP	1 884	5 005
Supplementary funds	1 118	2 551
Less: income deferred/reclassified	(2 700)	(7 579)
Total	10 282	30 178

The annual rate of return on IFAD-only cash and investments in 2020 was 0.55 per cent net of investment expenses (2019: 2.13 per cent net of investment expenses).

NOTE 19**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	2020	2019
Reimbursement from host government	8 065	7 972
Income from other sources	2 900	2 104
Total	10 965	10 076

NOTE 20**INCOME FROM CONTRIBUTIONS**

	US\$ thousands	
	2020	2019
IFAD	20 548	18 410
ASAP	4 953	14 582
Supplementary funds	90 188	121 870
Total	115 689	154 862

NOTE 21**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	
	2020	2019
IFAD	169 991	164 702
Other entities	17 546	17 408
Total	187 537	182 110

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

NOTE 22**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 2020

Appendix D

was as follows (breakdown by principal budget source):

Table 1

Full-time equivalent	Professional	General Service	Total
IFAD			
administrative budget	359	185	544
APO/SPO*	20	-	20
Others	24	10	34
Programme funds	19	3	22
Total 2020	422	198	620
Total 2019	371	201	572

* 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 contract holders, 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 2019. This valuation revealed an actuarial surplus amounting to 0.5 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 2020 amounted to US\$13,245,834.64 (2019 – US\$12,013,327).

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

The latest actuarial valuation for the ASMCS was carried out as at 31 December 2020. The methodology used was the projected unit-credit-cost method with service prorates. The principal actuarial assumptions used were as follows: discount rate 1.5 per cent; return on invested assets 3.0 per cent; expected salary increase 1.6 per cent; initial medical cost increase, 4.05 per cent; inflation 1.6 per cent; and exchange rate. The results determined IFAD's liability as at 31 December 2020 to be US\$159,089,263. The 2020 and 2019 financial statements include a provision and related assets as at 31 December as follows:

Table 2

	US\$ thousands	
	2020	2019
Past service liability	(159 089)	(138 148)
Plan assets	100 062	91 495
Surplus /(deficit)	59 027	(46 653)
Yearly movements		
Opening balance (deficit)	(46 653)	(34 084)
Contribution paid	-	10 115
Interest cost	(999)	(976)
Current service charge	(6 426)	(4 712)
Actuarial (losses)/gains	(13 516)	(19 271)
Interest earned on balances	3 039	3 609
Exchange rate movement	5 528	(1 334)
Closing balance (deficit)	(59 027)	(46 653)
Past service liability		
Total provision at 1 January		
1 January	(138 148)	(113 189)
Interest cost	(6 426)	(4 712)
Current service charge	(999)	(976)
Actuarial (losses)/gains	(13 516)	(19 271)
Provision at 31 December	(159 089)	(138 148)
Plan assets		
Total assets at 1 January		
1 January	91 495	79 105
Contribution paid	-	10 115
Interest earned on balances	3 039	3 609
Exchange rate movement	5 528	(1 334)
Total assets at 31 December	100 062	91 495

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 2020, such costs included under staff salaries and benefits in the Financial Statements amounted to US\$7,425,228 (2019 – US\$5,687,854).

Based on the 2020 actuarial valuation, the level of assets necessary to cover ASMCS liabilities is US\$100,061,202 in net present value terms (including assets pertaining to the International Land Coalition). As reported above, at 31 December 2020 the assets already held in the trust fund are US\$100,051,202; 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 2020 is shown below:

Table 3

Impact on	Liability
Medical inflation:	
4.45 per cent instead of	
3.45 per cent	44.9
3.45 per cent instead of	
2.45 per cent	(35.2)

NOTE 23**DIRECT BANK AND INVESTMENT COSTS**

	US\$ thousands	
	2020	2019
Investment management fees	660	686
Other charges	1 241	1 086
Total	1 901	1 772

NOTE 24**GRANT EXPENSES**

The breakdown of the consolidated figures is set out below:

	US\$ thousands	
	2020	2019
IFAD grants	44 867	79 347
Supplementary funds	58 002	103 886*
ASAP	2 441	11 058
Total	105 310	194 291

*During 2019, as part of supplementary funds initiative US\$28.4 million were provided as contribution to the private sector on behalf of donors.

NOTE 25**DSF EXPENSES**

The DSF expenses are set out below:

	US\$ thousands	
	2020	2019
DSF expenses	172 396	174 690
Total	172 396	174 690

NOTE 26**ADJUSTMENT FOR CHANGE IN FAIR VALUE**

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

Consolidated	US\$ thousands	
	2020	2019
Loans outstanding	22 207	(21 788)
Accumulated allowance for loan impairment losses	2 079	(10 993)
Accumulated allowance for HIPC Initiative	(796)	(754)
Net loans outstanding	23 490	(33 535)
Undisbursed grants	8 680	(10 745)
Total	14 810	(44 280)

NOTE 27**NET FOREIGN EXCHANGE GAINS/LOSSES**

The following rates of one unit of special drawing rights (SDR) in terms of United States dollars as at 31 December were used:

Table 1

Year	United States dollars
2020	1.44498
2019	1.38610
2018	1.39053

The balance of foreign exchange movement is shown below:

Table 2

	US\$ thousands	
	2020	2019
IFAD	251 423	(21 794)
Other entities	11 629	(5 287)
Total movements in the year	263 052	(27 081)

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

Table 3

	US\$ thousands	
	2020	2019
Opening balance 1 January	144 710	171 791
Exchange movements for the year on:		
Cash and investments	2 021	(8 392)
Net receivables/payables	(13 038)	(975)
Loans and grants outstanding	268 650	(17 119)
Promissory notes and Members' receivables	19 819	(1 351)
Member States' contributions	(14 400)	756
Total movements in the year	263 052	(27 081)
Closing balance 31 December	407 762	144 710

NOTE 28**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 29**HOUSED ENTITY AND OTHER FACILITIES**

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

	US\$ thousands	
	2020	2019
Green Climate Fund	(312)	-
International Land Coalition	766	(559)
Total	454	(599)

NOTE 30**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 12 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\$1,005.1 (US\$1,061.5 million in 2019). In particular, at the end of December 2020, DSF financing disbursable but not yet disbursed, because the conditions for the release of funds were not yet met, amounted to US\$703.2 million (US\$691.0 million in 2019) and DSF projects approved but not yet effective amounted to US\$301.9 million (US\$370.4 million in 2019).

(b) Contingent assets

At the end of December 2020 the balance of qualified instruments of contribution amounted to US\$61.4 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 in 2019 a DSF reform was conducted to strengthen the compensation mechanism. 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 2020 amounted to US\$1,419.3 million (US\$1,246.9 million

as at December 2019). DSF compensation received to date amounts to US\$34 million (US\$30.5 million in 2019).

NOTE 31**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 32**RELATED PARTIES**

The Fund has assessed related parties and transactions carried out in 2020. 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 the ones indicated below, for key management personnel and other related parties identified as per IAS 24 requirements.

	US\$ thousands	
	2020	2019
Salaries and other entitlements	1 632	1 747
Contribution to retirement and medical plans	368	398
Other related parties	-	-
Total*	2 000	2 145
Total accruals	447	499
Total receivables	-	3

* The decrease in 2020 is primarily due to the transition.

NOTE 33

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 and endorsement by the Executive Board in April 2021. The 2020 Consolidated Financial Statements will be submitted to the Governing Council for formal approval at its next session in February 2022. The 2019 Consolidated Financial Statements were approved by the Governing Council at its forty-fourth session in February 2021.

Statements of complementary and supplementary contributions

Table 1

Member States:

Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2020^a
 (Thousands of United States dollars)

Member States	Project cofinancing	APOs	Other supplementary funds	GEF	Total
Algeria	-	-	86	-	86
Angola	-	-	7	-	7
Australia	2 721	-	384	-	3 105
Austria	756	-	-	-	756
Bangladesh	-	-	49	-	49
Belgium	10 214	1 960	169 606	-	181 780
Canada	17 354	-	21 274	-	38 628
China	4 451	-	5 894	-	10 345
Colombia	-	-	25	-	25
Denmark	52 545	4 644	3 956	-	61 145
Estonia	-	-	440	-	440
Finland	2 834	5 532	7 223	-	15 589
France	1 031	1 554	10 750	-	13 336
Germany	31 183	8 505	36 708	-	76 396
Ghana	-	-	86	-	86
Greece	-	-	86	-	86
Hungary	-	-	400	-	400
Iceland	-	-	19	-	19
India	-	-	1 000	-	1 000
Indonesia	-	-	50	-	50
Ireland	6 602	-	5 806	-	12 408
Italy	31 222	7 364	37 450	-	76 037
Japan	3 692	3 567	4 231	-	11 490
Jordan	-	-	153	-	153
Kuwait	-	-	134	-	134
Lebanon	-	-	96	-	96
Luxemburg	2 085	-	9 382	-	11 467
Malaysia	-	-	28	-	28
Morocco	-	-	50	-	50
Mauritania	-	-	92	-	92
Netherlands	113 071	9 950	12 383	-	135 404
New Zealand	730	-	65	-	795
Nigeria	-	-	50	-	50
Norway	36 548	2 604	7 837	-	46 988
Pakistan	-	-	25	-	25
Paraguay	-	-	15	-	15
Portugal	142	-	714	-	855
Qatar	-	-	122	-	122
Republic of Korea	4 175	6 810	882	-	11 866
Russian Federation	1 356	-	144	-	1 500
Saudi Arabia	3 226	-	196	-	3 422
Senegal	-	-	109	-	109
Sierra Leone	-	-	88	-	88
Spain	11 838	-	6 141	-	17 978
Suriname	2 000	-	-	-	2 000
Sweden	15 282	4 427	30 851	-	50 561
Switzerland	15 251	2 524	30 367	-	48 143
Turkey	-	-	47	-	47
United Kingdom	19 074	-	16 919	-	35 993
United States	-	617	1 200	-	1 817
Total	389 383	60 058	423 620	-	873 061

^aNon-US\$ contributions have been translated at the year-end exchange rate.

Appendix E

Table 2
Non-Member States and other sources:
Statement of cumulative supplementary contributions including project cofinancing from 1978 to 2020^a
(Thousands of United States dollars)

<i>Non-Member States and other sources</i>	<i>Project cofinancing</i>	<i>APOs</i>	<i>Other supplementary funds</i>	<i>GEF</i>	<i>Total</i>
Abu Dhabi Fund for Development	-	-	1 481	-	1 481
Adaptation Fund	-	-	44 683	-	44 683
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 Organizations	298	-	-	-	299
Bill & Melinda Gates Foundation	-	-	4 480	-	4 480
Cassava Programme	-	-	69	-	69
Chief Executives Board for Coordination	-	-	998	-	998
Congressional Hunger Centre	-	-	183	-	183
Coopernic	-	-	3 671	-	3 671
European Commission	814	-	787 570	-	788 384
Food and Agriculture Organization of the United Nations	14	-	3 322	-	3 336
Global Agriculture and Food Security Programme	128 905	-	7 932	-	136 837
Least Developed Countries Fund / Special Climate Change Fund (SCCF)	-	-	82 861	-	82 861
New Venture Fund	-	-	56	-	56
OPEC Fund for International Development (OFID)	2 661	-	38	-	2 698
Open Society Foundation London	950	-	50	-	1 000
Packard Foundation	95	-	5	-	100
Small Foundation	-	-	300	-	300
United Nations Fund for International Partnership	78	-	145	-	223
United Nations Capital Development Fund	359	-	263	-	623
United Nations Development Programme	467	-	3 160	-	3 627
United Nations organizations	3 017	-	-	-	3 017
World Bank	1 357	-	2 433	172 014	175 805
Other supplementary funds	1 929	-	3 602	-	5 301
Total non-Member States and other sources	146 727	-	948 423	172 014	1 267 934
Total 2020	536 110	60 058	1 372 042	172 014	2 140 224
Total 2019	482 466	56 028	1 208 494	172 578	1 919 566

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

Statement of cumulative complementary contributions from 1978 to 2020

(Thousands of United States dollars)

	<i>Amount</i>
Other complementary contributions	
Canada	1 511
Germany	458
India	1 000
Saudi Arabia	30 000
Sweden	13 827
United Kingdom	<u>12 002</u>
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	<u>14 024</u>
Subtotal	19 679
Contributions made to ASAP in the context of replenishments	310 645
Unrestricted complementary contributions to the Tenth Replenishment	
Canada	7 586
Germany	15 385
Netherlands	23 299
Russian Federation	3 000
United States	<u>10 000</u>
Subtotal	59 270
Unrestricted complementary contributions to the Eleventh Replenishment	
Germany	23 745
Luxembourg	1 352
Sweden	12 640
Switzerland	<u>11 958</u>
Subtotal	49 695
Total complementary contributions 2020	578 089
Total complementary contributions 2019	576 262

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

(Thousands of United States dollars)

	<i>Amount</i>
Contributions made in the context of replenishments (see table above)	19 679
Contributions not made in the context of replenishments	
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 2020	287 142
Total contributions to IFAD's HIPC Trust Fund 2019	287 142

Contributions received in 2020

	Currency	Amount (thousands)	Thousands of US\$ equivalent
For project cofinancing			
Adaptation Fund Board	USD	6 050	6 050
Canada	CAN	10 000	7 429
Denmark	DKK	10 000	1 469
European Commission	EUR	9 468	11 584
Germany	EUR	27 718	33 551
Global Environment Facility	USD	18 268	18 268
Global Agriculture and Food Security Programme	USD	8 758	8 758
Least Developed Countries Fund	USD	4 439	4 439
Netherlands	EUR	6 000	7 077
Norway	NOK	20 000	2 320
OPEC Funds for International Development	USD	765	765
Open Society Foundation London	USD	250	250
Special Climate Change Fund	USD	4 475	4 475
Sweden	SEK	30 000	3 427
Switzerland	CHF	2 000	2 261
United Nations Office for South-South Cooperation	USD	742	742
Subtotal		112 865	
For APOs			
Finland	USD	166	166
France	USD	202	202
Germany	USD	496	496
Italy	USD	277	277
Japan	USD	580	580
Republic of Korea	USD	460	460
Netherlands	USD	650	650
Sweden	USD	812	812
Switzerland	USD	546	546
Subtotal		4 189	
Other supplementary fund contributions			
Australia	EUR	50	61
Austria	EUR	2 000	2 438
Bill & Melinda Gates Foundation	USD	1 560	1 560
Canada	USD	343	343
Estonia	EUR	45	55
European Commission	EUR	25 074	30 144
Finland	EUR	50	61
FAO	USD	225	225
France	EUR	50	61
Germany	EUR	2 000	2 447
Hungary	USD	100	100
Italy	EUR	1 052	1 288
Netherlands	EUR	50	61
Small Foundation	USD	150	150
Sweden	SEK	48 000	5 727
Switzerland	CHF	9 400	10 597
Switzerland	EUR	50	61
Switzerland	US\$	100	100
United Kingdom	GBP	50	68
United Nations Development Programme	USD	247	247
United States	USD	160	160
World Bank	USD	1 906	1 906
Subtotal		57 860	
Grand total		174 914	

Unspent funds in 2020 and 2019

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

	APOs	Other supplementary funds	Total
Member States			
Australia	-	104	104
Belgium	-	1 926	1 926
Canada	-	7 155	7 155
China	-	6 601	6 601
Denmark	-	5 583	5 583
Estonia	-	335	335
Finland	146	48	194
France	143	1 025	1 169
Germany	482	30 368	30 850
Hungary	-	377	377
India	-	179	179
Italy	266	3 715	3 981
Japan	502	63	565
Lebanon	-	95	95
Luxemburg	-	922	922
Malaysia	-	13	13
Netherlands	488	5 874	6 361
Norway	15	5 244	5 259
Republic of Korea	710	1 671	2 382
Russian Federation	-	1 383	1 383
Spain	-	820	820
Sweden	484	15 145	15 628
Switzerland	380	6 057	6 437
United Kingdom	-	352	352
United States	-	260	260
Total Member States	3 616	95 315	98 931
Non-Member States			
Abu Dhabi Fund for Development	-	364	364
Adaptation Fund	-	8 449	8 449
Bill & Melinda Gates Foundation	-	1 181	1 181
European Commission	-	45 247	45 247
Food and Agriculture Organization of the United Nations	-	50	50
Global Agriculture and Food Security Programme	-	13 879	13 879
Least Developed Countries Fund / Special Climate Change Fund (SCCF)	-	15 611	15 611
OPEC Fund for International Development (OFID)	-	2	2
Open Society Foundation London	-	490	490
Small Foundation	-	202	202
United Nations Development Programme	-	845	845
World Bank	-	28 445	28 445
Other	-	636	636
Total non-Member States	-	115 401	115 401
Grand total 2020	3 616	210 716	214 332
Grand total 2019	2 831	158 581	161 412

Summary of the Rural Resilience Programme (former ASAP Trust Fund)

Table 1

Summary of complementary contributions and supplementary funds to the Rural Resilience Programme Trust Fund

(As at 31 December 2020)

(All amounts in thousands)

ASAP	Member States	Local currency	Complementary contributions Received*	Supplementary funds contributions received	Total contributions received
	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		
	Flemish Department for Foreign Affairs	EUR 2 000		2 380	
	Republic of Korea	US\$ 3 000		3 000	
Subtotal ASAP			310 645	5 380	316 025
ASAP2	Norway	NOK 80 000		9 550	
	France	EUR 300		307	
	Sweden	SEK 50 000		5 904	
Subtotal ASAP2				15 761	15 761
ASAP+	Qatar	US\$ 500		500	
	Austria	EUR 2 000		2 425	
Subtotal ASAP+				2 925	2 925
Total Rural Resilience Programme			310 645	24 066	334 711

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

Table 2
Summary of grants under the ASAP Trust Fund
(Amounts in thousands)

Grant recipient	Approved grants less cancellations	Disbursable	Disbursements 2020	Undisbursed portion of disbursable grants	Grants not yet disbursable as at 31 December 2020
US\$ grants					
Iraq	2 000	-	-	-	2 000
Republic of Moldova	5 000	5 000	1 854	3 146	-
Total US\$	7 000	5 000	1 854	3 146	2 000
EUR grants					
Montenegro	1 880	1 880	1 424	456	-
Total EUR	1 880	1 880	1 424	456	0
US\$ equivalent	2 300	2 300	1 742	558	0
SDR grants					
Bangladesh	9 900	9 900	8 274	1 626	-
Benin	3 220	3 220	711	2 509	-
Bhutan	3 580	3 580	2 203	1 377	-
Bolivia (Plurinational State of)	6 500	6 500	6 475	25	-
Burundi	3 510	3 510	2 507	1 003	-
Cabo Verde	2 900	2 900	1 420	1 480	-
Cambodia	10 150	10 150	9 021	1 129	-
Chad	3 240	3 240	2 990	250	-
Comoros	740	740	178	562	-
Côte d'Ivoire	2 000	2 000	1 352	648	-
Djibouti	4 000	4 000	3 792	208	-
Ecuador	2 850	2 850	361	2 489	-
Egypt	3 380	3 380	739	2 641	-
El Salvador	3 560	3 560	409	3 151	-
Ethiopia	7 870	7 870	3 750	4 120	-
Gambia (The)	3 570	3 570	3 570	-	-
Ghana	6 500	6 500	4 659	1 841	-
Kenya	7 100	7 100	2 002	5 098	-
Kyrgyzstan	6 500	6 500	6 496	4	-
Lao People's Democratic Republic	3 550	3 550	3 550	-	-
Lesotho	4 610	4 610	2 638	1 972	-
Liberia	3 280	3 280	1 323	1 957	-
Madagascar	4 200	4 200	1 908	2 292	-
Malawi	5 150	5 150	1 196	3 954	-
Mali	6 498	6 498	6 498	-	-
Mauritania	4 300	4 300	777	3 523	-
Morocco	1 295	1 295	470	825	-
Mozambique	3 260	3 260	3 250	10	-
Nepal	9 710	9 710	7 465	2 245	-
Nicaragua	5 310	5 310	5 230	80	-
Niger (the)	9 250	9 250	8 535	715	-
Nigeria	9 800	9 800	5 326	4 474	-
Paraguay	3 650	3 650	363	3 287	-
Rwanda	4 510	4 510	4 509	1	-
Sudan (the)	6 880	6 880	5 001	1 879	-
Tajikistan	3 600	3 600	3 435	165	-
United Republic of Tanzania	-	-	-	-	-
Uganda	6 770	6 770	5 065	1 705	-
Viet Nam	7 820	7 820	7 591	229	-
Yemen	-	-	-	-	-
Total SDR	194 513	188 015	135 038	59 475	-
US\$ equivalent	281 068	271 678	195 127	85 941	-
Total grants in US\$	290 368	278 979	198 724	89 645	2 000

Table 3
Summary of grants under the ASAP2 Trust Fund
(Thousands of United States dollars)

<i>Grant recipient</i>	<i>Approved grants less cancellations</i>	<i>Disbursable</i>	<i>Disbursements 2020</i>	<i>Undisbursed portion of disbursable grants</i>	<i>Grants not yet disbursable as at 31 December 2020</i>
US\$ grants					
Indonesia	244	244	75	169	-
Kenya	290	-	290	-	-
Netherlands	299	299	269	30	-
Somalia	68	-	68	-	-
United States	1 300	1 300	1 250	50	-
World Food Programme	1 187	708	1 187	-	-
Total ASAP2 grants in US\$	3 388	2 551	3 139	249	-

Management and external auditor's reports



Investing in rural people

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

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

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

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

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

The Fund's Management assessed the effectiveness of internal controls over financial reporting for the financial statements presented in accordance with IFRS as of **31 December 2020**. 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 2020, and is not aware of any material control weakness that could affect the reliability of the 2020 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.

A handwritten signature of Gilbert F. Houngbo.

Gilbert F. Houngbo
President

A handwritten signature of Alvaro Lario.

Alvaro Lario
Associate Vice President,
CFO and Chief Controller

A handwritten signature of Advit Nath.

Advit Nath
Controller and Director



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

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

INDEPENDENT AUDITOR'S REPORT

To the International Fund for Agricultural Development

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 2020, the consolidated and IFAD-only statements of comprehensive income, the consolidated and IFAD-only statements of changes in retained earnings and the consolidated and IFAD-only cash flow statements for the year then ended, the statements of complementary and supplementary contributions, the statement of cumulative complementary contributions from 1978 to 2020, the statement of contributions from member states and donors to the HIPC Initiative, the contributions received in 2020, the unspent funds, the summary of the rural resilience programme and a summary of significant accounting policies and other notes to the consolidated financial statements.

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, 2020, 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 2020" 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 2020" 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.

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

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Codice Fiscale/Registro delle Imprese di Milano Monti Branca Lodi n. 03049560166 - R.E.A. Milano n. 1720238 | Partita IVA: IT03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informazione completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

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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.

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:

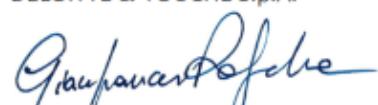
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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.

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.



Gianfrancesco Rapolla
Partner

Rome, March 11, 2021



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

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

INDEPENDENT AUDITOR'S REPORT 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, 2020, 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 implementing and 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, 2020.

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.

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

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

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Debitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

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

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

Characteristics and Limitations of Internal Controls over Financial Reporting

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

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

Opinion

In our opinion, management's assessment that IFAD as at December 31, 2020 maintained effective internal controls over financial reporting, included within the Consolidated financial statements of IFAD as of December 31, 2020, 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.


Gianfrancesco Rapolla
Partner

Rome, March 11, 2021

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

As at 31 December 2020 and 2019

Assets	Note/ appendix	<i>Thousands of US\$</i>		<i>Thousands of SDR</i>	
		2020	2019	2020	2019
Cash on hand and in banks	4	325 778	162 342	225 455	117 121
Investments	4	839 564	841 578	581 020	607 157
Contribution and promissory notes receivables					
Contributors' promissory notes	6	153 412	188 869	106 169	136 260
Contributions receivable	6	413 933	615 604	286 462	444 127
Less: provisions and qualified instruments of contribution		(181 975)	(194 348)	(125 936)	(140 213)
Net contribution and promissory notes receivables		385 370	610 125	266 695	440 174
Other receivables		169 716	169 979	117 452	122 631
Fixed and intangible assets	9(a)	14 935	15 562	10 336	11 228
Right-of-use assets	9(b)	98 086	98 611	67 881	71 143
Loans outstanding					
Loans outstanding	10(a)	8 176 704	7 613 808	5 658 689	5 492 982
Less: accumulated allowance for loan impairment losses	10(b)	(120 032)	(103 447)	(83 069)	(74 632)
Less: accumulated allowance for the HIPC Initiative	12(b)/J	(6 734)	(8 989)	(4 660)	(6 485)
Net loans outstanding		8 049 938	7 501 372	5 570 959	5 411 864
Total assets		9 883 387	9 399 569	6 839 798	6 781 319
Liabilities and equity	Note/ appendix	<i>Thousands of US\$</i>		<i>Thousands of SDR</i>	
		2020	2019	2020	2019
Liabilities					
Payables and liabilities		244 322	229 110	169 082	165 291
Undisbursed grants	14	119 751	123 619	82 874	89 185
Deferred revenues		63 915	80 396	44 233	58 002
Lease liabilities	9(b)	98 079	98 563	67 875	71 108
Borrowing liabilities	16	1 154 525	741 573	798 989	535 007
Total liabilities		1 680 592	1 273 261	1 163 054	918 593
Equity					
Contributions					
Regular		9 149 445	9 052 464	8 456 950	8 393 546
Special		20 369	20 349	15 219	15 219
Total contributions	H	9 169 814	9 072 813	8 472 169	8 408 765
Retained earnings					
General Reserve		95 000	95 000	65 745	68 538
Accumulated deficit		(1 062 019)	(1 041 505)	(2 735 234)	(2 614 577)
Retained earnings		(967 019)	(946 505)	(2 861 170)	(2 546 039)
Total equity		8 202 795	8 126 308	5 676 744	5 862 725
Total liabilities and equity		9 883 387	9 399 569	6 839 798	6 781 319

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.

IFAD-only statement comprehensive income at nominal value

For the years ended 31 December 2020 and 2019
 (Thousands of United States dollars)

	Note	2020	2019
Revenue			
Income from loans	17	68 085	68 669
Income /(losses) from cash and investments	18	6 257	24 614
Income from other sources	19	13 240	12 582
Income from contributions	20	20 548	18 410
Total revenue		108 130	124 275
Operating expenses	22		
Staff salaries and benefits	22	(99 550)	(91 130)
Office and general expenses		(24 534)	(28 588)
Consultants and other non-staff costs		(44 949)	(44 086)
Direct bank and investment costs		(958)	(898)
Subtotal operating expenses		(169 991)	(164 702)
Other expenses			
Loan and lease interest expenditures		(1 680)	(1 054)
Allowance for loan impairment losses		(16 557)	14 543
HIPC Initiative expenses	28	(2 277)	(3 189)
Grant expenses	24	(44 867)	(79 347)
DSF expenses	25	(172 396)	(174 690)
Depreciation	9	(12 576)	(12 094)
Subtotal other expenses		(250 353)	(255 831)
Total expenses		(420 344)	(420 533)
(Deficit) before foreign exchange adjustments		(312 214)	(296 258)
(Losses)/gains from currency exchange movements IFAD	27	303 987	(25 749)
Net (loss)/profit		(8 277)	(322 007)
Other comprehensive income/(loss):			
Change in provision for ASMCS benefits	22	(13 516)	(19 271)
Total other comprehensive (loss)/income		(13 516)	(19 271)
Total comprehensive (loss)/income		(21 743)	(341 278)

Statements of contributions

Table 1
Summary of contributions
(Thousands of United States dollars)

	2020	2019
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	963 550	963 550
Ninth Replenishment	982 492	982 492
Tenth Replenishment	912 046	911 513
Eleventh Replenishment	979 416	894 601
Twelfth Replenishment	296	-
Total IFAD	9 017 344	8 931 508
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	20 369	20 349
Total replenishment contributions	9 388 945	9 303 089
Complementary contributions		
Belgian Survival Fund	80 002	80 002
HIPC Initiative	19 679	19 679
ASAP complementary contributions	310 645	310 645
Unrestricted complementary contributions – Tenth Replenishment	59 270	60 603
Unrestricted complementary contributions – Eleventh Replenishment	49 695	46 535
Other complementary contributions	58 798	58 798
Total complementary contributions	578 089	576 262
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	536 110	482 286
APO funds	60 058	56 026
Other supplementary funds	1 372 042	1 208 494
GEF	172 014	172 578
ASAP supplementary funds	24 066	21 141
Total supplementary contributions	2 164 589	1 940 725
Total contributions	12 462 623	12 151 375
Total contributions include the following:		
Total replenishment contributions (as above)	9 388 945	9 303 089
Less provisions	(120 569)	(121 798)
Less qualified instruments of contribution	(61 406)	(72 551)
Less DSF compensation	(37 156)	(35 927)
Total net replenishment contributions	9 169 814	9 072 813
Less fair value adjustment	(2 761)	(11 932)
Total replenishment contributions at fair value	9 167 053	9 060 881

^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.

Appendix H

Table 2
Replenishments through to IFAD11: Statement of Members' contributions^a
(As at 31 December 2020)

Member State	Replenishments through to IFAD10 (thousands of US\$ equivalent)	IFAD11				Payments (thousands of US\$ equivalent)	
		Instruments deposited		Thousands of US\$ equivalent	Cash		
		Currency	Amount (thousands)				
Afghanistan							
Albania	60						
Algeria	82 430						
Angola	5 838	US\$	3 958	3 958	3 958	- 3 958	
Argentina	27 400	US\$	1 700	1 700	1 700	1 700	
Armenia	70	US\$	5	5	5	- 5	
Australia ^a	37 248						
Austria	108 407	EUR	16 000	18 801	12 276	12 276	
Azerbaijan	300						
Bangladesh	6 606	US\$	1 500	1 500	750	750 1 500	
Barbados	10						
Belgium	149 695						
Belize	205						
Benin	579	US\$	3	3	3	- 3	
Bhutan	225	US\$	20	20	20	20	
Bolivia (Plurinational State of)	1 500	US\$	100	100	100	100	
Bosnia and Herzegovina	274	US\$	59	59	59	59	
Botswana	785	US\$	90	90	90	90	
Brazil ^b	98 696	US\$	6 000	6 000	2 947	2 947	
Burkina Faso	609	US\$	125	125	42	42	
Burundi	110	US\$	20	20	20	20	
Cambodia	1 365	US\$	450	450	450	450	
Cameroon	4 169						
Canada	407 549	CAD	75 000	56 356	36 913	36 913	
Cabo Verde	46	US\$	23	23	23	23	
Central African Republic	13						
Chad	391						
Chile	860						
China	165 839	CNY	546 507	81 089	52 576	52 576	
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	40	40	
Denmark	152 614						
Djibouti	37						
Dominica	51						
Dominican Republic	1 074						
Timor-Leste	100	-	-	-	-	-	
Ecuador	1 241						
Egypt	26 409	US\$	3 000	3 000	3 000	3 000	
El Salvador	100	US\$	100	100	100	100	
Eritrea	100	US\$	40	40	40	40	
Estonia	59						
Eswatini	313	US\$	25	25	25	25	
Ethiopia	331	US\$	40	40	40	40	
Fiji	400						
Finland	86 415	EUR	30 598	34 968	28 704	28 704	

Replenishments through to IFAD11: Statement of Members' contributions ^a (continued)
 (As at 31 December 2020)

Member State	Replenishments through to IFAD10 (thousands of US\$ equivalent)	IFAD11					
		Instruments deposited			Payments (thousands of US\$ equivalent)		
		Currency	Amount (thousands)	Thousands of US\$ equivalent	Cash	Promissory notes	Total
France	369 543	US\$	70 073	70 073	54 539		54 539
Gabon	3 837						
Gambia (The)	120						
Georgia	30						
Germany	521 842	EUR	63 206	74 803	47 735		47 735
Ghana	2 966	US\$	397	397	397		397
Greece	4 245						
Grenada	75						
Guatemala	1 543						
Guinea	575	US\$	100	100	100		100
Guinea-Bissau	30						
Guyana	2 555	US\$	713	713	713		713
Haiti	197						
Honduras	801						
Hungary	100						
Iceland	375						
India	172 497	US\$	44 115	44 115	29 743		29 743
Indonesia	71 959	US\$	10 000	10 000	3 000		3 000
Iran (Islamic Republic of) ^d	128 750						
Iraq	56 599						
Ireland ^d	38 095	EUR	7 500	8 875	5 816		5 816
Israel	471	US\$	10	10	10		10
Italy	486 388	EUR	58 000	69 400	15 747		15 747
Jamaica	326						
Japan ^b	542 171	JPY	6 377 966	61 539	15 208	46 332	61 540
Jordan	1 140	US\$	100	100	100		100
Kazakhstan	50	US\$	30	30	30		30
Kenya	5 690	US\$	864	864	864		864
Kiribati	26						
Democratic People's Republic of Korea	800	-	-	-	-	-	-
Republic of Korea	34 139	US\$	12 000	12 000	7 470		7 470
Kuwait	203 041	US\$	15 472	15 472	10 222	5 250	15 472
Lao People's Democratic Republic	418	US\$	61	61	61		61
Lebanon	495						
Lesotho	689	US\$	115	115	115		115
Liberia	121						
Libya ^c	52 000						
Luxembourg	9 694	US\$	1 750	1 750	1 750		1 750
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\$	2	2	2		2
Republic of Moldova	105	US\$	30	30	30		30
Mongolia	115	US\$	100	100	100		100
Morocco	8 744	US\$	800	800	800		800

Replenishments through to IFAD11: Statement of Members' contributions ^a (continued)
 (As at 31 December 2020)

Member State	IFAD11					
	Replenishments through to IFAD10 (thousands of US\$ equivalent)	Instruments deposited		Payments (thousands of US\$ equivalent)		
		Currency	Amount (thousands)	Thousands of US\$ equivalent	Cash	Promissory notes
Mozambique	655					
Myanmar	260	US\$	6	6	6	6
Namibia	360					
Nepal	345	US\$	74	74	74	74
Netherlands	494 877	US\$	77 953	77 953	52 953	52 953
New Zealand	14 720	NZD	4 500	2 975	1 895	1 895
Nicaragua	469	US\$	100	100	100	100
Niger (the)	376	XOF	100	171	171	171
Nigeria	131 957					
Norway	303 216	NOK	360 000	41 213	27 198	27 198
Oman	350					
Pakistan	38 934	US\$	2 775	2 775	2 775	2 775
Panama	249	US\$	200	200	200	200
Papua New Guinea	170					
Paraguay	1 556	US\$	200	200		
Peru	1 995	US\$	375	375	375	375
Philippines (the)	2 378	US\$	500	500	500	500
Portugal	4 384					
Qatar	39 980					
Romania	250	US\$	100	100	100	100
Russian Federation	12 000	US\$	9 000	9 000	6 000	6 000
Rwanda	321	US\$	100	100	100	100
Saint Kitts and Nevis	20					
Saint Lucia	22					
Samoa	50	US\$	20	20	20	20
Sao Tome and Principe ^c	10	US\$	1	1	1	1
Saudi Arabia	455 778	US\$	25 300	25 300	12 650	12 650
Senegal	797					
Seychelles	135	US\$	65	65	65	65
Sierra Leone	37					
Solomon Islands	10					
Somalia	10					
South Africa	1 913					
Southern Sudan	10					
Spain	101 801	EUR	476	526	526	526
Sri Lanka	10 888	US\$	1 001	1 001	669	669
Sudan (the)	1 609	EUR	203	250	250	250
Sweden	352 332	SEK	500 000	55 870	34 561	21 309
Switzerland	216 962	CHF	41 019	43 169	27 614	27 614
Syrian Arab Republic	1 817					
Tajikistan	3	US\$	1	1	1	1
United Republic of Tanzania	686	US\$	120	120	120	120
Thailand	1 800	US\$	300	300	300	300
Togo	167	US\$	100	100	100	100
Tonga	55					
Tunisia	5 528	US\$	1 000	1 000	302	302
Turkey	23 636	US\$	5 000	5 000	1 000	1 000
Uganda	722	US\$	193	193	193	193
United Arab Emirates	57 180	US\$	3 000	3 000	2 000	2 000
United Kingdom	427 956	GBP	66 000	60 639	28 660	31 979
United States	971 674	US\$	65 919	65 919	65 919	65 919
Uruguay	925	US\$	200	200	200	200
Uzbekistan	40	US\$	5	5	5	5
Venezuela (Bolivarian Republic of)	196 258					

Replenishments through to IFAD11: Statement of Members' contributions ^a (continued)
 (As at 31 December 2020)

Member State	IFAD11					
	Replenishments through to IFAD10 (thousands of US\$ equivalent)	Instruments deposited		Payments (thousands of US\$ equivalent)		
		Currency	Amount (thousands)	Thousands of US\$ equivalent	Cash	Promissory notes
Viet Nam	3 303	US\$	600	600	200	200
Yemen	4 348					
Yugoslavia	108					
Zambia ^e	894					
Zimbabwe	2 403					
Total contributions	8 037 632			979 416	606 611	118 270
31 December 2020						724 881
For 2019	8 036 907			894 601	311 370	139 095
						450 465

^a Australia's withdrawal from membership of IFAD became effective on 31 July 2007.

^b See note 6(a).

^c See notes 7(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.

IFAD12: Statement of Members' contributions

(As at 31 December 2020)

Member State	IFAD12					
	Currency	Instruments deposited		Payments (thousands of US dollars equivalent)		
		Amount (thousands)	Thousands of US dollars equivalent	Cash	Promissory notes	Total
Mali	US\$	-	-	281	-	281
Sao Tome and Principe	US\$	-	-	15	-	15
Total contributions		-	-	296	-	296
31 December 2020						

Table 3
SPA: Statement of contributions
(As at 31 December 2020)

Donor	Currency	First phase		Second phase		<i>Total</i>	
		<i>Instruments deposited</i>		<i>Instruments deposited</i>			
		Amount	<i>Thousands of US\$ equivalent</i>	Amount	<i>Thousands of US\$ equivalent</i>		
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 2020		288 868		62 364	351 232		
31 December 2019		288 868		62 364	351 232		

Appendix H

Table 4
Statement of Members' contributions received in 2020
As at 31 December 2020
(Thousands of United States dollars)

Member State	<i>Instruments deposited^{a,b}</i>	<i>Promissory note deposit^b</i>	<i>Payments</i>	
			Cash	<i>Promissory note encashment</i>
IFAD2				
Uganda			192	
Total IFAD2			192	
IFAD3				
Libya				1 052
Sao Tome and Principe			10	
Total IFAD3			10	1 052
IFAD10				
Armenia			5	
Fiji			25	
Ghana			431	
Japan				14 224
Kenya			335	
Mexico			1 667	
Mongolia			6	
Pakistan			622	
TOTAL IFAD10			3 091	14 224
IFAD11				
Argentina			1 700	
Austria			6 307	
Bangladesh				375
Bhutan			10	
Bolivia (Plurinational State of)	100		100	
Bosnia and Herzegovina			59	
Botswana			45	
Burkina Faso			42	
Canada			17 416	
Cambodia			450	
China			25 655	
Cyprus			20	
Finland			3 803	
France			15 533	
Germany	23 884			26 784
Ghana			397	
Guyana			238	
India			1 372	
Ireland			3 031	
Italy			8 185	
Japan				15 369
Jordan			100	
Kazakhstan			10	
Kenya			464	
Republic of Korea			4 568	
Kuwait				5 250
Luxembourg	864		864	
Micronesia (Federated States of)			1	
Morocco				400
Republic of Moldova			30	
Mongolia			100	
Netherlands			25 000	
New Zealand			905	
Nicaragua			50	
Norway			13 390	
Pakistan			2 775	

Appendix H

Philippines	500	500	
Russian Federation		3 000	
Samoa		10	
Sao Tome and Principe		1	
Saudi Arabia	25 300	25 300	12 650
Sri Lanka		334	
Sweden			18 311
Switzerland		13 593	
Tajikistan		1	
Thailand		300	
United Republic of Tanzania		120	
United Kingdom	28 391		28 660
United Arab Emirates		1 000	
United States		35 919	
Uzbekistan		5	
Viet Nam		200	
Total IFAD11	26 764	77 575	187 603
IFAD12			
Mali	-	-	281
Sao Tome and Principe	-	-	15
Total IFAD12	-	-	296
Grand Total	26 764	77 575	191 192
			123 075

^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 2020 and 2019)
(Amounts expressed in thousands)

Borrower or guarantor	Approved loans less cancellations	Disbursed portion	Undisbursed portion	Repayments	Outstanding loans
US\$ loans					
Angola	33 800	11 745	22 055	-	11 745
Argentina	12 300	2 500	9 800	-	2 500
Bangladesh	196 423	58 748	137 675	24 000	34 748
Belize	8 000	2 147	5 853	-	2 147
Bhutan	10 281	-	10 281	-	-
Brazil	20 000	-	20 000	-	-
Burkina Faso	19 000	8 448	10 552	-	8 448
Cabo Verde	2 003	2 003	-	1 602	401
Cambodia	111 546	23 039	88 507	-	23 039
Cameroon	1 100	1 100	-	-	1 100
Central African Republic	6 940	-	6 940	-	-
China	286 500	23 060	263 440	-	23 060
Côte d'Ivoire	36 889	7 617	29 272	-	7 617
Democratic Republic of the Congo	26 640	-	26 640	-	-
Djibouti	12 370	5 617	6 753	-	5 617
Dominican Republic	21 680	-	21 680	-	-
Ecuador	59 128	3 500	55 628	-	3 500
Eswatini	8 950	2 000	6 950	-	2 000
Gambia (The)	4 255	700	3 555	-	700
Ghana	31 500	-	31 500	-	-
Grenada	6 400	2 189	4 211	-	2 189
Guinea	15 450	5 536	9 914	-	5 536
Guinea-Bissau	13 990	1 272	12 718	-	1 272
Guyana	7 960	1 042	6 918	-	1 042
Haiti	3 500	3 500	-	2 844	656
Honduras	16 330	-	16 330	-	-
India	189 050	28 080	160 970	-	20 080
Indonesia	95 185	16 255	78 930	-	16 255
Iraq	15 730	200	15 530	-	200
Jordan	8 400	2 246	6 154	-	2 246
Kenya	40 000	4 397	35 603	-	4 397
Lebanon	4 900	-	4 900	-	-
Liberia	36 763	2 299	34 464	-	2 299
Malawi	21 000	6 920	14 080	-	6 920
Maldives	3 285	420	2 865	-	420
Mauritania	4 740	160	4 580	-	160
Mexico	35 369	7 039	28 330	-	7 039
Mozambique	17 000	1 000	16 000	-	1 000
Myanmar	8 984	1 500	7 484	-	1 500
Nepal	109 208	11 538	97 670	9 235	2 303
Nicaragua	21 034	11 156	9 878	-	11 156
Nigeria	139 100	16 898	122 202	-	16 898
Pakistan	144 100	36 538	107 562	-	36 538
Papua New Guinea	25 500	5 103	20 397	-	5 103
Paraguay	10 000	2 195	7 805	-	2 195
Peru	24 000	1 200	22 800	-	1 200
Philippines	73 233	14 409	58 824	-	14 409
Republic of Moldova	18 200	6 530	11 670	-	6 530
Sierra Leone	31 200	5 234	25 966	-	5 234
Sri Lanka	108 100	28 640	79 460	9 900	18 740
Tajikistan	15 330	2 623	12 707	-	2 623
Tonga	900	-	900	-	-
Turkey	8 200	1 000	7 200	-	1 000
Uganda	75 820	7 542	68 278	-	7 542
United Republic of Tanzania	68 338	9 488	58 850	7 709	1 779
Uzbekistan	92 400	12 144	80 256	-	12 144
Viet Nam	42 500	8 809	33 691	-	8 809
Zambia	6 700	6 609	91	-	6 609
Subtotal US\$ ^a	2 467 204	423 935	2 043 269	55 290	368 645
EUR loans					
Angola	26 200	-	26 200	-	-
Argentina	22 680	3 392	19 288	-	3 392
Bangladesh	71 850	5 226	66 624	-	5 226
Benin	32 040	1 594	30 446	-	1 594
Bosnia and Herzegovina	22 907	8 345	14 562	-	8 345

Appendix I

Borrower or guarantor	Approved loans less cancellations	Disbursed portion	Undisbursed portion	Repayments	Outstanding loans
Burkina Faso	60 705	2 137	58 568	-	2 137
Chad	6 215	-	6 215	-	-
China	73 100	64 365	8 735	-	64 365
Cuba	24 100	3 687	20 413	-	3 687
Ecuador	14 250	1 772	12 478	-	1 772
Egypt	160 890	17 157	143 733	6 700	10 457
El Salvador	10 850	2 226	8 624	-	2 226
Eswatini	8 550	4 389	4 161	285	4 104
Fiji	3 100	1 050	2 050	129	921
Gabon	10 511	-	10 511	-	-
Georgia	16 000	1 418	14 582	-	1 418
Indonesia	167 800	15 883	151 917	-	15 883
Jordan	11 350	-	11 350	-	-
Kenya	82 110	-	82 110	-	-
Lesotho	4 510	-	4 510	-	-
Mali	34 255	-	34 255	-	-
Mexico	1 297	1 297	108	-	1 189
Montenegro	3 880	2 456	1 424	-	2 456
Morocco	72 465	5 000	67 465	-	5 000
Niger	62 070	3 158	58 912	-	3 158
Paraguay	15 800	1 780	14 020	-	1 780
Philippines	50 110	33 109	17 001	5 921	27 188
Republic of Moldova	18 939	-	18 939	-	-
Sao Tome and Principe	970	500	470	-	500
Senegal	92 055	8 471	83 584	-	8 471
Sudan	11 300	-	11 300	-	-
Togo	15 780	984	14 796	-	984
Tunisia	42 350	3 463	38 887	-	3 463
Turkey	70 194	6 347	63 847	-	6 347
Subtotal EUR	1 321 183	199 206	1 121 977	13 143	186 063
US\$ equivalent	1 616 534	243 739	1 372 795	16 082	227 657
SDR loans ^a					
Albania	34 462	34 462	-	13 677	20 785
Angola	24 400	21 878	2 522	6 210	15 668
Argentina	31 269	30 190	1 079	22 916	7 274
Armenia	60 942	60 776	166	14 021	46 755
Azerbaijan	44 905	43 931	974	8 049	35 882
Bangladesh	438 354	429 047	9 307	122 532	306 515
Belize	1 847	1 847	-	1 155	692
Benin	94 190	82 953	11 237	34 339	48 614
Bhutan	38 492	37 691	801	11 124	26 567
Bolivia (Plurinational State of)	72 570	65 368	7 202	23 220	42 148
Bosnia and Herzegovina	46 396	45 686	710	13 843	31 843
Botswana	842	842	-	574	268
Brazil	110 037	105 715	4 322	38 438	67 277
Burkina Faso	86 079	79 500	6 579	26 782	52 718
Burundi	40 859	40 859	-	19 658	21 201
Cabo Verde	24 691	19 649	5 042	4 955	14 694
Cambodia	62 365	59 041	3 324	8 488	50 553
Cameroon	119 000	74 683	44 317	13 484	61 199
Central African Republic	26 494	26,243	251	13,060	13,183
Chad	18 138	18 138	-	3 788	14 350
China	516 601	515 802	799	189 110	326 692
Colombia	32 024	26 886	5 138	12 211	14 675
Comoros	5 292	5 131	161	2 317	2 814
Congo	22 080	20 129	1 951	2 101	18 028
Côte d'Ivoire	21 265	21 089	176	6 885	14 204
Cuba	6 850	6 336	514	1 142	5 194
Democratic People's Republic of Korea	50 496	50 496	-	10 539	39 957
Democratic Republic of the Congo	50 370	41 780	8 590	16 781	24 999
Djibouti	7 146	7 146	-	1 921	5 225
Dominica	1 146	1 146	-	863	283
Dominican Republic	18 518	17 945	573	6 517	11 428
Ecuador	28 022	26 260	1 762	8 701	17 559
Egypt	197 593	188 408	9 185	87 703	100 705
El Salvador	45 265	45 265	-	17 780	27 485
Equatorial Guinea	5 794	5 794	-	5 040	754
Eritrea	29 142	23 892	5 250	7 728	16 164
Eswatini	14 428	14 428	-	12 034	2 394
Ethiopia	416 567	326 628	89 939	59 421	267 207
Gabon	3 529	3 529	-	2 395	1 134
Gambia (The)	34 188	34 187	1	12 765	21 422
Georgia	30 678	30 674	4	7 010	23 664

Appendix I

Borrower or guarantor	Approved loans less cancellations	Disbursed portion	Undisbursed portion	Repayments	Outstanding loans
Ghana	182 125	154 621	27 504	38 606	116 015
Grenada	4 102	4 102	-	3 128	974
Guatemala	20 068	15 802	4 266	14 187	1 615
Guinea	64 160	64 160	-	29 507	34 653
Guinea-Bissau	8 487	8 447	-	3 592	4 895
Guyana	8 522	8 522	-	3 323	5 199
Haiti	58 463	58 463	-	26 132	32 331
Honduras	87 924	81 208	6 716	28 182	53 026
India	612 305	538 896	73 409	200 658	338 238
Indonesia ^b	159 176	155 039	4 137	47 626	107 413
Jordan	14 432	13 792	640	6 081	7 711
Kenya	173 748	143 368	30 380	22 041	120 967
Kyrgyzstan	30 187	23 139	7 048	3 213	19 926
Lao People's Democratic Republic	70 933	51 382	19 551	18 900	32 482
Lebanon	2 406	2 406	-	1 030	1 376
Lesotho	30 606	29 450	1 156	9 734	19 716
Liberia	28 999	19 638	9 361	2 504	17 134
Madagascar ^b	198 780	158 421	40 359	36 102	122 319
Malawi ^b	147 630	86 789	60 841	33 057	53 732
Maldives	10 793	10 793	-	4 013	6 780
Mali	137 964	128 093	9 871	36 429	91 664
Mauritania	49 906	49 504	402	17 290	32 214
Mauritius	1 205	1 205	-	948	257
Mexico	35 484	30 799	4 685	19 243	11 556
Mongolia	27 169	24 750	2 419	4 126	20 624
Morocco	66 528	54 207	12 321	33 549	20 658
Mozambique	144 058	141 062	2 996	40 219	100 843
Myanmar	52 550	14 828	37 722	-	14 828
Nepal	118 820	93 810	25 010	37 755	56 055
Nicaragua	49 535	49 517	18	13 581	35 936
Niger	90 916	79 527	11 389	15 119	64 408
Nigeria	221 422	167 752	53 670	23 405	144 347
Pakistan	325 290	256 580	68 710	82 738	173 842
Papua New Guinea	23 450	22 068	1 382	1 221	20 847
Paraguay	16 298	16 298	-	3 873	12 425
Peru	59 205	55 072	4 133	18 415	36 657
Philippines	83 100	77 555	5 545	24 495	53 060
Republic of Moldova	55 717	55 266	451	6 692	48 574
Rwanda ^b	179 197	146 055	33 132	33 609	112 456
Samoa	1 908	1 908	-	1 102	806
Sao Tome and Principe	13 747	13 747	-	5 729	8 018
Senegal	112 445	109 171	3 274	23 131	86 040
Seychelles	1 980	1 912	68	660	1 252
Sierra Leone	45 736	45 736	-	16 063	29 673
Solomon Islands	4 069	4 069	-	1 564	2 505
Somalia	17 710	17 710	-	411	17 299
Sri Lanka	156 846	150 280	6 566	42 733	107 547
Sudan	145 605	145 603	2	64 224	81 379
Syrian Arab Republic	28 754	12 357	16 397	3 951	8 406
Tajikistan	6 200	5 853	347	-	5 853
North Macedonia	11 721	11 721	-	4 741	6 980
Togo	24 583	21 541	3 042	10 487	11 054
Tonga	5 927	5 574	353	2 553	3 021
Tunisia	47 847	44 142	3 705	26 555	17 587
Turkey	52 360	52 359	1	29 303	23 056
Uganda	322 419	234 097	88 322	56 411	177 686
United Republic of Tanzania	226 053	224 937	1 116	44 694	180 243
Uruguay	2 610	2 081	529	435	1 646
Uzbekistan	22 922	17 868	5 054	425	17 443
Venezuela (Bolivarian Republic of)	10 450	10 450	-	8 845	1 605
Viet Nam	216 640	216 213	427	32 580	183 633
Yemen	138 389	138 389	-	48 916	89 473
Zambia	134 856	123 896	10 960	34 882	89 014
Zimbabwe	8 818	8 818	-	4 241	4 577
Subtotal SDR	8 325 581	7 404 318	921 263	2 280 596	5 123 722
IFAD Fund for Gaza and the West Bank ^c	2 513	2 513	-	1 113	1 400
Total SDR	8 328 094	7 406 831	921 263	2 281 709	5 125 122
US\$ equivalent	12 033 948	10 702 739	1 331 209	3 297 029	7 405 710

Appendix I

<i>Borrower or guarantor</i>	<i>Approved loans less cancellations</i>	<i>Disbursed portion</i>	<i>Undisbursed portion</i>	<i>Repayments</i>	<i>Outstanding loans</i>
Total loans 31 December 2020					
US\$ at nominal value	16 117 686	11 370 413	4 747 273	3 368 402	8 002 011
Other receivables					19 719
Fair value adjustment					(1 253 633)
31 December 2020 US\$ at fair value					6 768 097
Total loans 31 December 2019 US\$ at nominal value	14 925 642	10 398 180	4 527 463	2 960 341	7 437 839
Other receivables					19 940
Fair value adjustment					(1 220 697)
December 2019 US\$ at fair value	14 925 642	19 398 180	4 527 463	2 960 341	6 237 082

^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 1.44498 at 31 December 2020. Loans denominated in EUR have been valued at the US\$/EUR rate of 0.8172939 at 31 December 2020.

^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(g)(ii).

Appendix I

Table 2
Summary of loans approved at nominal value by year
(As at 31 December 2020)

Year	Approved loans in thousands of SDR				Value in thousands of US\$				As at 31 December 2020
	As at 1 January 2020	Loans cancelled	Loans fully repaid	As at 31 December 2020	As at 1 January 2020	Loans cancelled	Loans fully repaid	Exchange rate movement SDR/US\$	
1978	US\$ 68 530	-	-	68 530	68 530	-	-	-	68 530
2016	US\$ 255 027	-	-	255 027	255 027	-	-	-	255 027
2017	US\$ 652 264	-	-	652 264	683 264	-	-	-	652 264
2018	US\$ 692 837	-	-	692 837	692 837	-	-	-	682 837
2019	US\$ 386 451	-	-	386 451	386 451	-	-	-	386 451
2020	US\$ -	-	-	412 095	-	-	-	-	412 095
1979	SDR 201 485	-	-	201 485	279 277	-	-	11 865	291 142
1980	SDR 176 647	-	-	176 647	244 850	-	-	10 401	255 251
1981	SDR 182 246	-	-	182 246	252 611	-	-	10 731	263 342
1982	SDR 103 109	-	-	103 109	142 919	-	-	6 071	148 990
1983	SDR 132 091	-	-	132 091	183 090	-	-	7 779	190 869
1984	SDR 131 907	-	-	131 907	182 836	-	-	7 767	190 603
1985	SDR 60 332	-	-	60 332	83 626	-	-	3 553	87 179
1986	SDR 23 663	-	-	23 663	32 799	-	-	1 394	34 193
1987	SDR 60 074	-	-	60 074	83 269	-	-	3 537	86 806
1988	SDR 52 100	-	-	52 100	72 216	-	-	3 067	75 283
1989	SDR 86 206	-	-	86 206	119 490	-	-	5 076	124 566
1990	SDR 40 064	-	-	40 064	55 533	-	-	2 359	57 892
1991	SDR 98 025	-	-	98 025	135 873	-	-	5 771	141 644
1992	SDR 79 888	-	-	79 888	110 732	-	-	4 705	115 437
1993	SDR 122 240	-	-	122 240	169 437	-	-	7 197	176 634
1994	SDR 122 598	-	-	122 598	169 932	-	-	7 220	177 152
1995	SDR 149 100	-	-	149 100	206 666	-	-	8 781	215 447
1996	SDR 178 369	-	-	178 369	247 237	-	-	10 503	257 740
1997	SDR 219 073	-	-	219 073	303 656	-	-	12 900	316 556
1998	SDR 203 208	-	-	203 208	281 666	-	-	11 965	293 631
1999	SDR 250 849	-	(10 653)	240 196	347 701	-	(15 393)	14 771	347 078
2000	SDR 250 027	-	-	250 027	346 562	-	-	14 727	361 289
2001	SDR 247 504	-	-	247 504	343 065	-	-	14 578	357 643
2002	SDR 228 239	-	-	228 239	316 361	-	-	13 445	329 806
2003	SDR 223 470	-	-	223 470	309 751	-	-	13 159	322 910
2004	SDR 250 899	(3 381)	-	247 518	347 771	(4 885)	-	14 773	357 659
2005	SDR 306 516	-	-	306 516	424 862	-	-	18 051	442 913
2006	SDR 310 125	(106)	-	310 019	429 864	(153)	-	18 260	447 971
2007	SDR 255 279	(271)	-	255 008	353 841	(392)	-	15 032	368 481
2008	SDR 255 881	(321)	-	255 560	354 676	(464)	-	15 067	369 279
2009	SDR 271 200	(6 314)	-	264 886	375 910	(9 124)	-	15 969	282 755
2010	SDR 412 998	(2 482)	-	410 516	572 456	(3 586)	-	24 318	593 187
2011	SDR 452 757	(2 326)	-	450 431	627 565	(3 361)	-	26 660	650 864
2012	SDR 398 379	(6 071)	-	392 308	552 193	(8 772)	-	23 457	566 877
2013	SDR 326 842	(5 695)	-	321 147	453 035	(8 229)	-	19 245	464 051
2014	SDR 321 641	(6 383)	-	315 258	445 826	(9 223)	-	18 939	455 542
2015	SDR 480 194	(13 689)	(17 694)	448 811	665 596	(19 780)	(25 567)	28 275	648 523
2016	SDR 188 840	-	-	188 840	261 751	-	-	11 119	272 870
2017	SDR 216 630	-	-	216 630	300 270	-	-	12 756	313 026
2018	SDR 26 090	-	-	26 090	36 163	-	-	1 537	37 700
2019	SDR 244 788	-	-	244 788	339 300	-	-	14 414	353 714
2020	SDR -	-	-	61 907	-	-	-	89 454	89 454
2014	EUR 84 600	-	-	84 600	94 964	-	-	8 548	103 512
2015	EUR 262 927	-	-	262 927	295 136	-	-	26 568	321 704
2016	EUR 95 790	-	-	95 790	107 524	-	-	9 680	117 204
2017	EUR 92 230	-	-	92 230	103 528	-	-	9 320	112 848
2018	EUR 116 558	-	-	116 558	130 836	-	-	11 779	142 615
2019	EUR 513 420	(3 200)	-	510 220	576 314	(3 893)	-	51 859	624 280
2020	EUR -	-	-	158 858	-	-	-	194 371	194 371
Total US\$	2 055 109	-	-	2 467 204	2 055 109	-	-	-	2 467 204
Total SDR	8 341 574	(47 039)	(28 347)	8 328 094	11 562 234	(67 970)	(40 961)	580 646	12 033 948
Total EUR	1 165 526	(3 200)	-	1 321 183	1 308 302	(3 893)	-	312 125	1 616 534
Totals	11 562 209	(50 239)	(28 347)	12 116 481	14 925 645	(71 863)	(40 961)	892 770	16 117 686

Appendix I

Table 3
Maturity structure of outstanding loans by period at nominal value
(As at 31 December 2020 and 2019)
(Thousands of United States dollars)

<i>Period due</i>	2020	2019
Less than 1 year	453 571	400 218
1-2 years	395 475	343 006
2-3 years	424 239	375 186
3-4 years	447 299	386 582
4-5 years	436 800	401 349
5-10 years	2 020 716	1 865 147
10-15 years	1 529 988	1 452 030
15-20 years	1 127 609	1 070 644
20-25 years	721 848	707 547
More than 25 years	444 466	436 130
Total	8 002 011	7 437 839

Table 4
Summary of outstanding loans by lending type at nominal value
(As at 31 December 2020 and 2019)
(Thousands of United States dollars)

<i>Lending type</i>	2020	2019
Highly concessional terms	6 622 418	6 258 098
Hardened terms	42 384	41 019
Intermediate terms	215 833	226 438
Ordinary terms	814 514	712 207
Blended terms	306 862	200 077
Total	8 002 011	7 437 839

Table 5
Disbursement structure of undisbursed loans at nominal value
(Projected as at 31 December 2020 and 2019)
(Thousands of United States dollars)

<i>Disbursements in:</i>	2020	2019
Less than 1 year	607 230	759 615
1-3 years	1 295 584	1 542 720
3-5 years	1 183 331	1 240 754
5-10 years	1 661 128	984 374
Total	4 747 273	4 527 463

Special Programme for sub-Saharan African Countries Affected by Drought and Desertification

Table 1
Statement of loans at nominal value
(As at 31 December 2020 and 2019)

Borrower or guarantor	Approved loans less cancellations	Disbursed portion	Undisbursed portion	Repayments	Outstanding loans
SDR loans (thousands)					
Angola	2 714	2 714	-	1 373	1 341
Burkina Faso	10 546	10 546	-	5 866	4 680
Burundi	4 494	4 494	-	1 978	2 516
Cabo Verde	2 183	2 183	-	1 116	1 067
Chad	9 617	9 617	-	4 952	4 665
Comoros	2 289	2 289	-	1 222	1 067
Djibouti	114	114	-	61	53
Ethiopia	6 660	6 660	-	3 797	2 863
Gambia (The)	2 638	2 638	-	1 383	1 255
Ghana	22 321	22 321	-	11 196	11 125
Guinea	10 762	10 762	-	5 919	4 843
Guinea-Bissau	2 126	2 126	-	1 276	850
Kenya	12 241	12 241	-	5 817	6 424
Lesotho	7 481	7 481	-	3 832	3 649
Madagascar	1 098	1 098	-	567	531
Malawi	5 777	5 777	-	2 456	3 321
Mali	10 193	10 193	-	5 857	4 336
Mauritania	19 020	19 020	-	10 463	8 557
Mozambique	8 291	8 291	-	4 871	3 420
Niger (the)	11 119	11 119	-	6 333	4 786
Senegal	23 234	23 234	-	11 892	11 342
Sierra Leone	1 505	1 505	-	677	828
Sudan (the)	26 012	26 012	-	13 041	12 971
Uganda	8 124	8 124	-	4 671	3 453
United Republic of Tanzania	6 789	6 789	-	3 564	3 225
Zambia	8 607	8 607	-	4 911	3 696
Total	225 955	225 955	-	119 091	106 864
US\$ equivalent	326 501	326 501	-	172 084	154 417
Other receivables					557
Fair value adjustment					(42 275)
31 December 2020 US\$ at fair value					112 699
31 December 2019 US\$ at nominal value					155 590
Other receivables					439
Fair value adjustment					(44 567)
31 December 2019 US\$ at fair value					111 462

Appendix I1

Table 2
Summary of loans by year approved at nominal value
(As at 31 December 2020)

Year		Approved loans in thousands of SDR		Value in thousands of US\$			As at 31 December 2020
		As at 1 January 2020	Loans cancelled	As at 31 December 2020	As at 1 January 2020	Loans cancelled	
1986	SDR	24 902	-	24 902	34 517	-	1 466
1987	SDR	41 292	-	41 292	57 234	-	2 432
1988	SDR	34 770	-	34 770	48 195	-	2 047
1989	SDR	25 756	-	25 756	35 700	-	1 517
1990	SDR	17 370	-	17 370	24 076	-	1 023
1991	SDR	18 245	-	18 245	25 290	-	1 075
1992	SDR	6 952	-	6 952	9 635	-	410
1993	SDR	34 267	-	34 267	47 498	-	2 018
1994	SDR	16 320	-	16 320	22 621	-	960
1995	SDR	6 081	-	6 081	8 430	-	357
Total	SDR	225 955	-	225 955	313 196	-	13 305
							326 501

Table 3
Maturity structure of outstanding loans by period at nominal value
(As at 31 December 2020 and 2019)
(Thousands of United States dollars)

Period due	2020	2019
Less than 1 year	9 101	8 144
1-2 years	8 394	8 052
2-3 years	8 394	8 052
3-4 years	8 394	8 052
4-5 years	8 394	8 052
5-10 years	41 971	40 260
10-15 years	40 840	39 956
15-20 years	24 408	28 052
20-25 years	4 521	6 970
Total	154 417	155 590

Table 4
Summary of outstanding loans by lending type at nominal value
(As at 31 December 2020 and 2019)
(Thousands of United States dollars)

Lending type	2020	2019
Highly concessional terms	154 417	155 590
Total	154 417	155 590

Table 5
Summary of IFAD and SPA loan balances

IFAD	<i>US\$ thousands</i>	
	2020	2019
Approved loans	16 117 686	14 925 642
Undisbursed balance	(4 747 273)	(4 527 463)
Repayments	(3 368 402)	(2 960 340)
	8 002 011	7 437 839
Interest/principal receivable	19 719	19 940
Loans outstanding at nominal value	8 021 730	7 457 779
Fair value adjustment	(1 253 633)	(1 220 697)
Loans outstanding	6 768 097	6 237 082
SPA	<i>US\$ thousands</i>	
	2020	2019
Approved loans	326 501	313 196
Undisbursed balance	-	-
Repayments	(172 084)	(157 606)
	154 417	155 590
Interest/principal receivable	557	439
Loans outstanding at nominal value	154 974	156 029
Fair value adjustment	(42 275)	(44 567)
Loans outstanding	112 699	111 462
IFAD and SPA	<i>US\$ thousands</i>	
	2020	2019
Approved loans	16 444 187	15 238 838
Undisbursed balance	(4 747 273)	(4 527 463)
Repayments	(3 540 486)	(3 117 946)
	8 156 428	7 593 429
Interest/principal receivable	20 276	20 379
Loans outstanding at nominal value	8 176 704	7 613 808
Fair value adjustment	(1 295 908)	(1 265 264)
Loans outstanding	6 880 796	6 348 544

Statement of grants

(As at 31 December 2020 and 2019)

(Thousands of United States dollars)

	<i>Undisbursed as at 1 January 2020</i>	<i>2020 movements</i>			<i>Exchange rate</i>	<i>Undisbursed as at 31 December 2020</i>
		<i>Disbursable</i>	<i>Disbursements</i>	<i>Cancellations</i>		
Grants	123 619	43 768	(47 295)	(1 830)	1 489	119 751
Fair value adjustment						(559)
Total 2020 at fair value						119 192
Total 2019	101 253	78 393	(54 063)	(1 946)	(18)	123 619
Fair value adjustment						(3 997)
Total 2019 at fair value						119 622

IFAD-only Debt Sustainability Framework

(As at 31 December 2020 and 2019)

(Thousands of United States dollars)

<i>Borrower or guarantor</i>	<i>Undisbursed as at 1 January 2020</i>	<i>Effective/ (cancellations) 2020</i>	<i>Disbursements 2020</i>	<i>Undisbursed as at 31 December 2020</i>
DSF projects denominated in EUR				
Benin	12 423	-	(627)	11 726
Niger	4 712	19 815	(974)	23 553
Sudan	18 525	-	(3 429)	15 096
Sao Tome and Principe	-	3 880	-	3 880
Chad	25 900	-	(2 563)	23 337
Togo	2 843	-	(527)	2 316
Grand Total	64 403	23 695	(8 190)	79 908
US\$ equivalent	78 800	28 992	(10 021)	97 771
DSF projects denominated in US\$				
Afghanistan	-	40 000	(3 149)	36 851
Burkina Faso	16 404	-	(5 308)	11 096
Central African Republic	11 074	-	(1 315)	9 759
France	155	-	(78)	77
Guinea	14 450	-	(2 754)	11 696
Gambia (The)	0	17 020	(500)	16 520
Guinea-Bissau	-	810	(140)	670
Haiti	9 859	(52)	52	9 859
Kiribati	-	3 600	(837)	2 763
Liberia	-	14 313	(1 405)	12 908
Maldives	-	1 215	-	1 215
Mozambique	59 100	33 600	(3 690)	89 010
Malawi	17 334	-	(3 258)	14 076
Sierra Leone	8 900	-	(3 734)	5 166
Tajikistan	14 730	-	(1 176)	13 544
Samoa	-	3 600	(200)	3 400
Grand Total	152 006	114 106	(27 492)	238 620
DSF projects denominated in SDR				
Afghanistan	39 517	-	(8 468)	31 049
Burundi	52 208	-	(14 841)	37 367
Burkina Faso	6 402	(5 627)	(739)	37
Central African Republic	198	-	-	198
Côte d'Ivoire	8 429	(6 380)	(1 060)	989
Congo, The Democratic Republic	29 811	-	(17 366)	12 445
Comoros	545	-	(383)	162
Eritrea	14 127	-	(4 420)	9 707
Ethiopia	447	25 650	(2 262)	23 835
Guinea	1 956	-	(1 007)	949
Gambia (The)	279	-	(278)	1
Haiti	1	(1)	-	-
Kyrgyzstan	10 025	-	(1 404)	8 621
Kiribati	10	-	-	10
Lao People's Democratic Republic	9	-	(9)	-
Lesotho	1 762	-	(611)	1 151
Madagascar	19 144	-	(3 425)	15 719
Maldives	364	(472)	109	1
Mali	15 604	-	(5 759)	9 845
Mozambique	5 821	-	(3 244)	2 577
Mauritania	8 514	-	(2 043)	6 471
Malawi	12 277	2 700	(3 259)	16 718
Niger	17 229	-	(5 830)	11 399
Nicaragua	624	-	(607)	17
Nepal	16 969	(1 108)	(1 481)	14 380
Rwanda	275	-	(274)	1
Sudan	9 163	-	(3 287)	5 876
Sao Tome and Principe	-	-	14	14

Appendix I3

Chad	1 509	-	(1 504)	5
Togo	4 659	-	(1 616)	3 043
Tajikistan	3 003	(381)	(1 182)	1 440
Tonga	663	-	(309)	354
Yemen	14 622	-	-	14 622
Zimbabwe	15 360	-	(1 748)	13 612
Grand Total	336 742	14 381	(97 286)	253 837
SDR at USD Equivalent	486 585	20 780	(140 576)	366 789
2020 Total USD/EUR/XDR	717 392	163 878	(178 089)	703 181
Exchange difference			5 693	
Total 2020 disbursements			(172 396)	
2019 Total US\$ and SDR DSF	602 198	264 247	(174 689)	691 054

Summary of the Heavily Indebted Poor Countries (HIPC) Initiative

As at 31 December 2020
(Thousands of United States dollars)

Completion point countries	Debt relief provided to 31 December 2020		Debt relief to be provided as approved by the Executive Board			Total debt relief	
	Principal	Interest	To be covered by IFAD		World Bank contribution		
			Principal	Interest			
Benin	4 568	1 643				6 211	
Bolivia (Plurinational State of)	5 900	1 890				7 790	
Burkina Faso	6 770	2 668				9 483	
Burundi	13 200	2 958	746	106	826	17 836	
Cameroon	3 074	727				3 801	
Comoros	1 496	262	330	39	446	2 573	
Central African Republic	9 563	2 935				12 498	
Chad	2 708	477				3 185	
Congo		99				99	
Côte d'Ivoire	1 814	326				2 140	
Democratic Republic of the Congo	10 208	3 014	1 617	113	1 188	16 140	
Ethiopia	20 569	5 905				26 474	
Gambia (The)	2 508	619				3 127	
Ghana	15 585	5 003				20 588	
Guinea	11 202	2 168				13 370	
Guinea-Bissau	4 047	1 153	732	54	382	6 368	
Guyana	1 527	299				1 826	
Haiti	1 946	635				2 581	
Honduras	1 077	767				1 844	
Liberia	8 973	6 240	183	19	187	15 602	
Madagascar	7 810	2 096				9 906	
Malawi	19 211	4 259	412	62	515	24 369	
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	5 210				21 996	
Sao Tome and Principe	1 965	488	554	68	424	3 499	
Senegal	2 247	882				3 129	
Sierra Leone	10 698	2 318	86	10	62	13 174	
United Republic of Tanzania	12 691	4 293				16 984	
Togo	2 008	758				2 766	
Uganda	12 449	4 654				17 103	
Zambia	19 169	4 921				24 090	
SDR	277 170	83 359	4 660	471	4 030	368 690	
Less future interest on debt relief not accrued ^a						(1 426)	
Total SDR debt relief						367 264	
Total US\$ equivalent	400 505	119 007	6 734	681	5 823	530 689^b	
Fair value adjustment			(2 023)				
31 December 2020 at fair value			4 711				
<hr/>							
As at 31 December 2019							
SDR	272 446	81 652	6 485	744	5 986	367 313	
Less future interest on debt relief not accrued ^a						(2 128)	
Total SDR debt relief						365 185	
Total US\$ equivalent	377 637	113 178	8 989	1 031	8 297	506 183	
Fair value adjustment			(2 703)				
31 December 2019 at fair value			6 286				

^a Including interest covered by the World Bank contribution.

^b Balance net of future interest on debt relief not accrued.

Summary of contributions to the Haiti Debt Relief Initiative

(As at 31 December 2020 and 2019)

	<i>Thousands of US\$</i>	<i>Thousands of SDR</i>
2020		
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	2 778	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	1 450	
Debt relief provided	(27 254)	
Total administrative account Member States 2020	1 757	
IFAD		
IFAD contribution	15 200	
Interest earned	1 438	
Debt relief provided	-	
Total administrative account IFAD	16 638	
Grand total	18 395	
Exchange rate movement	(2 624)	
Total cash and investments	15 771	
2019		
Grand total	21 152	
Exchange rate movement	(2 671)	
Total cash and investments	18 481	

IFAD-only analysis of operating expenses

(For the years ended 31 December 2020 and 2019)

An analysis of IFAD operating expenses by principal sources of funding (Thousands of United States dollars)

<i>Expense</i>	<i>Administrative expenses^a</i>	<i>Direct charges^b</i>	<i>Other sources^c</i>	<i>Total</i>
Staff salaries and benefits	97 244	-	2 307	99 551
Office and general expenses	21 674	763	2 096	24 533
Consultants and other non-staff costs	39 810	368	4 771	44 949
Direct bank and investment costs	-	958	-	958
Total 2020	158 728	2 089	9 174	169 991
Total 2019	157 304	1 485	5 914	164 702

^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. Due to the implementation of IFRS 16 headquarter reimbursable expenditures are disclosed as a reduction in lease liabilities.

Rural Poor Stimulus Facility (RPSF)

Table 1
(Thousands of United States dollars)

Member State	Local currency	Contribution denomination currency	Contribution US\$ equivalent	Contribution received denomination currency	Contribution received US\$ equivalent
Canada	CAD	6 000	4 538	6 000	4 538
Germany	EUR	27 394	33 154	25 578	30 932
Netherlands	EUR	6 000	7 077	6 000	7 077
Sweden	SEK	50 000	5 862	30 000	3 427
Switzerland	CHF	2 000	2 261	2 000	2 261
Total		52 893			
IFAD		40 000			
Total		92 893			

Table 2
Summary of grants under the RPSF
(Thousands of United States dollars)

Country location / entity	Approved grants less cancellations ^a	Disbursements 2020	Undisbursed portion of disbursable grants
Afghanistan	890	-	890
Bangladesh	915	915	-
Agricord	401	361	40
Benin	432	-	432
Burkina Faso	954	266	687
Burundi	710	-	710
Cambodia	538	-	538
Cameroon	728	209	519
Central African Republic	634	-	634
Chad	789	-	789
Comoros	325	-	325
Congo	444	-	444
Côte d'Ivoire	594	-	594
Democratic Republic of the Congo	1 214	-	1 214
Djibouti	213	192	21
Eritrea	440	-	440
Eswatini	304	-	304
Ethiopia	1 011	700	311
Gabon	200	-	200
Gambia (The)	266	-	266
Guinea	531	-	531
Guinea-Bissau	373	-	373
Kenya	1 119	-	1 119
Lebanon	247	-	247
Lesotho	333	-	333
Liberia	489	-	489
Madagascar	825	-	825
Malawi	616	616	-
Mali	442	-	442
Mozambique	765	-	765
Myanmar	600	-	600
Nepal	543	-	543
Agriterra	2 300	1 500	800
Niger	667	-	667
Nigeria	938	-	938
Pakistan	1 070	-	1 070

Appendix M

<i>Country / location / entity</i>	<i>Approved grants less cancellations ^a</i>	<i>Disbursements 2020</i>	<i>Undisbursed portion of disbursable grants</i>
Palestine	274	274	-
Papua New Guinea	438	-	438
Philippines	2 000	1 800	200
Rwanda	630	-	630
Sao Tome and Principe	200	-	200
Senegal	452	-	452
Sierra Leone	518	-	518
Somalia	626	470	157
South Africa	241	217	24
South Sudan	706	-	706
Sudan (the)	748	-	748
United Republic of Tanzania	883	-	883
Togo	457	-	457
Uganda	955	-	955
Tunisia	86	77	9
Precision Agriculture for Development	1 500	1 350	150
Yemen	836	-	836
Zambia	560	100	460
Zimbabwe	700	-	700
Total US\$	36 667	9 047	27 620

^a Balance considers grants approved as well as at disbursable stage





International Fund for Agricultural Development

Via Paolo di Dono, 44 - 00142 Rome, Italy

Tel: +39 06 54591 - Fax: +39 06 5043463

Email: ifad@ifad.org

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