Financial Regulations of IFAD
These Financial Regulations were adopted by the Governing Council at its First Session on 15 December 1977. The Governing Council amended Regulation IV.1 of the Financial Regulations in paragraph 2 of its Resolution 100/XX, which was adopted on 21 February 1997 and entered into force on the same date.
These regulations shall govern the financial administration of the Fund and shall be interpreted in accordance with the Agreement.

For the purpose of these Regulations:
(a) “Fund” means the International Fund for Agricultural Development;
(b) “Agreement” means the Agreement Establishing the Fund;
(c) “Member” means a Member of the Fund;
(d) “Governing Council” means the Governing Council of the Fund;
(e) “Executive Board” means the Executive Board of the Fund;
(f) “President” means the President of the Fund or any person acting in place of the President; and
(g) “SDR” means the Special Drawing Right of the International Monetary Fund.

The financial year of the Fund shall begin on 1 January and end on 31 December of each year.

1. The resources of the Fund shall consist of contributions received by the Fund and the funds derived or to be derived from operations or otherwise accruing to the Fund in accordance with Article 4.1 of the Agreement.

2. The resources of the Fund shall be used in accordance with the provisions of the Agreement.
Regulation V

1. Drawdowns shall be applied to contributions as follows:
   (a) in the case of promissory notes or obligations, drawdowns shall mean encashment; and
   (b) in the case of cash, drawdowns shall mean the use of cash, other than income, for operations or for administrative or other expenditures.

2. Contributions of original Members whose membership becomes effective after the entry into force of the Agreement, shall be drawn down, to the extent necessary, before further drawdowns of the contributions of those Members whose membership became effective earlier, so as to achieve the same proportionate level of drawdowns for all Members.

3. Contributions shall be drawn down on a pro rata basis, over such reasonable periods of time as the Executive Board shall determine to meet estimated disbursements over the following period. In applying a pro rata drawdown, an increase in a contribution shall be included, from the time the increase was made, in that part of the contribution that has not yet been draw down.

4. The Executive Board shall determine the manner in which these principles shall be applied to the initial contributions of non-original Members.

5. For the purpose of all calculations relating to drawdowns, the initial contribution of a Member shall include the whole amount of such contribution, whether or not payable in instalments.

Regulation VI

1. The President shall prepare annual administrative budget estimates of the Fund, which he shall submit, with necessary supporting details, to the Executive Board for transmission to the Governing Council for approval by a two-thirds majority of the total number of votes.

2. The appropriations voted by the Governing Council for the ensuing financial year shall constitute an authorization to the President to incur obligations and make payments for the purpose for which the appropriations were voted. Unobligated appropriations at the close of the financial year shall be cancelled.

3. To meet the Fund’s requirements the President may reallocate funds within categories of the administrative budget. In addition, the President may, with the approval of the Executive Board, reallocate funds between categories.
As part of the annual budgetary process, the President shall prepare for consideration by the Executive Board medium-term budgetary projections on the basis of projected income flows to the Fund from all sources and projected operational plans and disbursements covering the same period. The assumptions underlying the projections shall reflect principles of sound financial planning.

1. The President may place or invest cash funds, not needed immediately for the Fund’s operations or administrative expenditures.

2. In investing the resources of the Fund the President shall be guided by the paramount considerations of security and liquidity. Within these constraints the President shall seek the highest possible return in a non-speculative manner.

3. Income earned from investments may, *inter alia*, be used by the Fund to meet its administrative and other expenditures in accordance with the approved budget.

Equipment, supplies and other requirements for servicing the Fund shall be procured and, when necessary, disposed of in accordance with rules prescribed by the President.
1. Consistent with well-recognized international standards of financial management and accountancy, the President shall:

(a) Establish detailed financial rules and procedures in order to ensure:

(i) Effective financial administration and the exercise of economy;

(ii) Effective custody of the physical assets of the Fund; and

(iii) That all payments are made on the basis of relevant supporting evidence;

(b) Designate the officers who may receive moneys, incur commitments or obligations and make payments on behalf of the Fund;

(c) Establish and maintain appropriate internal financial control and audit systems.

2. Commitments or obligations shall not be incurred and payments shall not be made unless an appropriate authorization has been made in writing under the authority of the President.

3. The President may, after full investigation, with the approval of the Executive Board, authorize the writing-off of losses of cash, supplies, equipment and other assets, other than arrears of contributions or payments due under loan or guarantee agreements and shall inform the Executive Board.

1. The President shall cause such annual accounts to be maintained as shall be necessary to show properly the Fund’s: (i) income and expenditures; (ii) utilization of budgetary allocations; (iii) operations; and (iv) financial position.

2. The accounting records may be kept in such currency or currencies as the President may determine, and in the SDR to the extent necessary.

3. At appropriate intervals, the Fund shall publish a summary statement of its financial position and of the results of its operations. Copies of such statements and other publications connected therewith shall be distributed to all Members.
1. The accounts of the Fund shall be audited at least once a year by a qualified and independent external auditor, who shall be appointed in a manner and for a period decided by the Governing Council on the recommendation of the Executive Board.

2. The audit shall be conducted in conformity with generally accepted international auditing standards, and any special directions of the Executive Board.

3. The external auditor may make observations with respect to the efficiency of the financial procedures, the accounting system and the internal financial controls.

4. The Governing Council may request the external auditor to undertake specific tasks and issue separate reports on the results.

5. The President shall provide the external auditor with the facilities required in the performance of the audit.

6. The Executive Board shall submit to the Governing Council, for approval at its annual session, the report(s) of the external auditor and the audited financial statement of the Fund, including the general balance sheet and a statement of profit and loss.

To ensure effective financial administration of the Fund, the President shall from time to time prescribe such rules, procedures and guidelines as may be necessary to implement these Regulations.