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Enabling poor rural people
to overcome poverty

Status report on arrears in principal, interest and service charge payments

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For: Information

Status report on arrears in principal, interest and service charge payments

1. The present document provides information on the status of arrears as at 31 December 2010 with respect to the payment of principal, interest and service charges due under the Regular Programme and the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA). The report comprises six tables, as described below.

Table 1: Principal, interest and service charge payments in arrears by region and lending programme

2. Payments in arrears for 15 days or more decreased to US\$84.4 million as at 31 December 2010 (US\$82.9 million under the Regular Programme and US\$1.5 million under the SPA), from US\$101.9 million as at 31 December 2009 (US\$100.6 million under the Regular Programme and US\$1.3 million under the SPA). The West and Central Africa region and the East and Southern Africa region accounted for 49 per cent of total arrears (25.7 per cent in the West and Central Africa region and 23.3 per cent in the East and Southern Africa region); the Latin America and the Caribbean region accounted for 24.0 per cent; the Near East, North Africa and Europe accounted for 23.2 per cent and the Asia and the Pacific region accounted for 3.8 per cent. The amount for countries with outstanding arrears in excess of three years for which there was no official settlement plan (by length of time: Cuba, Somalia and Zimbabwe) accounted for 70.2 per cent of the total arrears figure. Settlement plans, however, are currently being discussed for Cuba and Zimbabwe. The number of loans in arrears as at 31 December 2010 compared with 31 December 2009 decreased from 50 to 49.

Table 2: Principal, interest and service charge payments in arrears by borrower and number of days overdue

3. This table details the overdue amounts by duration. The time periods reflect the procedure followed by IFAD when the amount exceeds US\$10,000 or its equivalent. Sanctions begin on the 75th day of arrears with the suspension of disbursements for any active loans in arrears. At 120 days of arrears, the entire portfolio of active loans is suspended for the borrower. At 180 days of arrears, loans are placed in non-accrual status and reported as such in the year-end financial statements. This table also includes borrowers with debt relief approved under the Debt Initiative for Heavily Indebted Poor Countries, as the amounts are still outstanding on IFAD's books.
4. The number of borrowers with arrears of 75 days or over decreased from 12 as at 31 December 2009 to 11 as at 31 December 2010, and the total number of borrowers with arrears decreased from 18 at 31 December 2009 to 16 at 31 December 2010.

Table 3: Historical data on loans with principal, interest and service charge payments in arrears for 75 days or more

5. This table gives a historical comparison of loans that had reached the critical 75th day, i.e. when disbursements for active loans in arrears are suspended. As can be seen from the table, the amount in arrears has decreased in 2010. The number of loans with arrears of over 75 days has decreased from 33 as at 31 December 2009 to 32 as at 31 December 2010. The percentage of loans in arrears over 75 days, against total loans billed in 2010 has decreased to 4.7 per cent.

Table 4: Principal, interest and service charge payments in arrears by lending terms

6. This table gives a breakdown of amounts in arrears by lending-term category (i.e. highly concessional, intermediate and ordinary terms).

Table 5: Cumulative loan payments, arrears and reflows

7. This table shows cumulative amounts paid for principal and interest on IFAD loans since 1979, total arrears as at 31 December 2010 and total reflows for the period 1979-2010. As at 31 December 2010, arrears represented 2.1 per cent of total loan reflows (principal plus interest) since IFAD began operations. This percentage has decreased compared with 31 December 2009, when arrears represented 2.7 per cent of total reflows.

Table 6: Percentage of arrears over total reflows

8. This table shows total arrears, total reflows (principal plus interest) since IFAD began operations, and the percentage of arrears over total reflows for the period 2000-2010. As at 31 December 2010, arrears represented 2.1 per cent of total loan reflows. This percentage has decreased compared with 31 December 2009, when arrears represented 2.7 per cent of total reflows.

Table 1
**Principal, interest and service charge payments in arrears
 by region and lending programme^a**

(As at 31 December 2010 at historical exchange rates)

	<i>Number of loans</i>	<i>Thousands of United States dollars</i>		
		<i>Principal</i>	<i>Interest and service charges</i>	<i>Total arrears</i>
Regular Programme				
West and Central Africa	29	15 116	5 148	20 264
East and Southern Africa	9	14 119	5 484	19 603
Asia and the Pacific	3	2 715	485	3 200
Latin America and the Caribbean	1	11 002	9 265	20 267
Near East, North Africa and Europe	4	14 655	4 950	19 605
Subtotal	46	57 607	25 332	82 939
Special Programme for Sub-Saharan African Countries (SPA)				
East and Southern Africa	1	35	0	35
West and Central Africa	2	1 062	387	1 449
Subtotal	3	1 097	387	1 484
Combined Regular Programme and SPA				
West and Central Africa	31	16 178	5 535	21 713
East and Southern Africa	10	14 154	5 484	19 638
Asia and the Pacific	3	2 715	485	3 200
Latin America and the Caribbean	1	11 002	9 265	20 267
Near East, North Africa and Europe	4	14 655	4 950	19 605
Total	49	58 704	25 719	84 423

^a Amounts reported were delinquent for 15 days or more. Arrears of US\$10,000 or less are not included in this report.

Table 2
**Principal, interest and service charge payments in arrears by borrower
and number of days overdue**

(As at 31 December 2010 at historical exchange rates)

<i>Borrower</i>	<i>Thousands of United States dollars</i>						<i>Total amount overdue</i>
	<i>15 to 29 days</i>	<i>30 to 59 days</i>	<i>60 to 74 days</i>	<i>75 to 119 days</i>	<i>120 to 179 days</i>	<i>180 days and over</i>	
Burkina Faso	-	587	-	55	-	-	642
Comoros ^a	-	-	-	-	35	83	118
Côte d'Ivoire	547	-	-	-	-	-	547
Cuba ^b	-	-	-	-	269	19 998	20 267
Democratic Republic of the Congo ^a	-	77	-	265	95	8 225	8 662
Gabon	6	-	-	-	-	7	13
Equatorial Guinea	-	-	-	32	-	-	32
Guinea ^a	-	-	131	-	-	-	131
Guinea-Bissau ^a	56	-	128	-	-	4 214	4 398
Kenya ^a	-	88	-	-	-	-	88
Democratic People's Republic of Korea	-	106	1 172	-	-	1 922	3 200
Senegal ^a	-	-	-	407	-	-	407
Somalia	-	163	6	-	175	19 260	19 604
Chad ^a	403	-	-	-	-	-	403
Togo ^c	-	-	-	-	-	6 479	6 479
Zimbabwe ^b	-	83	-	260	120	18 969	19 432
Total	1 012	1 104	1 437	1 019	694	79 157	84 423

^a Paid as of the date of this report.

^b Borrowers for which settlement plans are being discussed.

^c Borrowers with debt settlement plans or arrears covered under the Debt Initiative for Heavily Indebted Poor Countries (HIPC).

Table 3
Historical data on loans with principal, interest and service charge payments in arrears for 75 days or more

(As at 31 December 2010 at historical exchange rates)

Reporting date	Total loans billed	Number of loans billed with arrears of 75 days or more	Loans in arrears 75 days or more as a percentage of total number of loans billed	Thousands of United States dollars		
				Principal in arrears	Interest and service charges in arrears	Total amount in arrears
31-Dec-87	186	15	8.1	671	792	1 463
31-Dec-88	211	21	10.0	4 558	3 076	7 634
31-Dec-89	228	28	12.3	6 667	5 028	11 695
31-Dec-90	250	33	13.2	15 267	7 710	22 977
31-Dec-91	275	34	12.4	15 054	8 400	23 454
31-Dec-92	287	38	13.2	15 870	5 602	21 472
31-Dec-93	313	28	9.0	16 731	7 916	24 647
31-Dec-94	341	37	11.0	23 305	10 045	33 350
31-Dec-95	369	44	12.0	27 635	12 120	39 755
31-Dec-96	395	41	10.4	29 775	12 797	42 572
31-Dec-97	425	40	9.4	30 011	12 886	42 897
31-Dec-98	464	35	7.5	34 179	13 352	47 531
31-Dec-99	488	29	6.0	35 426	15 737	51 163
31-Dec-00	510	44	9.0	38 585	17 034	55 619
31-Dec-01	530	43	8.1	38 907	18 682	57 589
31-Dec-02	549	47	9.0	47 049	21 092	68 141
31-Dec-03	561	42	7.5	51 212	23 093	74 305
31-Dec-04	571	36	6.3	55 594	25 149	80 743
31-Dec-05	575	39	7.0	59 002	27 184	86 186
31-Dec-06	587	38	6.5	67 502	31 290	98 800
31-Dec-07	604	34	6.0	66 767	32 521	99 288
31-Dec-08	635	46	7.2	68 014	32 346	100 360
31-Dec-09	655	33	5.0	65 533	32 411	97 944
31-Dec-10	676	32	4.7	57 820	25 419	83 239

Table 4

Principal, interest and service charge payments in arrears by lending terms

(As at 31 December 2010 at historical exchange rates)

<i>Lending terms</i>	<i>Thousands of United States dollars</i>			
	<i>Principal</i>	<i>Interest and service charges</i>	<i>Total</i>	<i>Percentage</i>
Highly concessional	34 880	11 947	46 827	55
Intermediate	23 824	13 758	37 582	44
Ordinary	-	14	14	1
Total	58 704	25 719	84 423	100

Percentage for previous years

<i>Lending terms</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
Highly concessional	50	52	48	53	47
Intermediate	49	48	51	46	52
Ordinary	1	0	1	1	1
Total	100	100	100	100	100

Table 5
Cumulative loan payments, arrears and reflows
 (As at 31 December 2010 at historical exchange rates)

Year	<i>Thousands of United States dollars</i>		
	<i>Interest</i>	<i>Principal</i>	<i>Total</i>
1979	1	-	1
1980	128	-	128
1981	717	-	717
1982	2 129	-	2 129
1983	4 121	1 471	5 592
1984	7 595	15 262	22 857
1985	10 775	12 217	22 992
1986	17 130	23 468	40 598
1987	22 512	18 535	41 047
1988	25 482	30 813	56 295
1989	26 735	38 927	65 662
1990	30 142	47 672	77 814
1991	35 273	69 206	104 479
1992	38 383	76 895	115 278
1993	36 119	81 783	117 902
1994	37 431	89 015	126 446
1995	42 926	109 949	152 875
1996	39 989	110 069	150 058
1997	42 427	116 805	159 232
1998	41 917	122 556	164 473
1999	43 679	133 216	176 895
2000	43 991	136 423	180 414
2001	42 113	127 920	170 033
2002	42 296	127 551	169 847
2003	47 471	139 625	187 096
2004	48 371	171 788	220 159
2005	47 830	154 942	202 772
2006	44 409	148 513	192 922
2007	49 967	171 991	221 958
2008	55 708	186 451	242 159
2009	55 188	201 148	256 336
2010	54 742	219 014	273 756
Total paid			3 920 922
Arrears as at 31 December 2010 ^a			84 423
Total reflows			4 005 345

^a Total arrears were equivalent to 2.1 per cent of total reflows (principal and interest) since IFAD began operations.

Table 6
Percentage of arrears over total reflows
 (As at 31 December 2010 at historical exchange rates)

<i>Year</i>	<i>Thousands of United States dollars</i>		<i>Percentage of arrears over total reflows</i>
	<i>Total arrears</i>	<i>Total reflows</i>	
2000	59 722	1 843 606	3.2
2001	61 481	2 015 398	3.1
2002	72 169	2 195 933	3.3
2003	76 184	2 387 044	3.2
2004	83 167	2 614 186	3.2
2005	88 971	2 822 762	3.2
2006	102 553	3 029 266	3.4
2007	105 043	3 253 714	3.2
2008	104 613	3 495 443	3.0
2009	101 861	3 749 026	2.7
2010	84 423	4 005 345	2.1