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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 2011 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\$71.1 million as at 31 December 2011 (US\$70.9 million under the Regular Programme and US\$0.2 million under the SPA), from 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). The decrease of US\$13.3 million is mainly due to countries in the West and Central Africa region reaching HIPC completion point.
3. The West and Central Africa region accounted for 1.6 per cent of total arrears, a decrease of 24.1% compared with 31 December 2010 mainly due to various countries reaching HIPC completion point; the East and Southern Africa region accounted for 30.9 per cent of total arrears, an increase of 7.6% compared with 31 December 2010 mainly due to further arrears for Zimbabwe; the Latin America and the Caribbean region accounted for 29.3 per cent an increase of 5.3% compared with 31 December 2010 due to further arrears for Cuba; the Near East, North Africa and Europe accounted for 31.1 per cent an increase of 7.9% compared with 31 December 2010 mainly due to further arrears for Somalia and arrears for The Sudan, and the Asia and the Pacific region accounted for 7.1 per cent an increase of 3.3 per cent mainly due to further arrears for D.P.R Korea. 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 87.1 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 2011 compared with 31 December 2010 has remained at 49.

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

4. This table gives details of overdue amounts by duration. Prior to 1 January 2012, sanctions began 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 were suspended for the borrower.
5. Effective 1 January 2012, the entire portfolio of active loans for the borrower will be suspended on the 75th day of arrears, following a communication from The General Counsel. Arrears include both non-payment of amounts billed, (loan repayments), as well as overdue obligations such as unjustified expenditures. Any new project approved by the Executive Board cannot be signed or become effective as long as arrears persist. Future decisions regarding requests for financing may also be jeopardized. At 180 days of arrears, loans are placed in non-accrual status and reported as such in the year-end financial statements.
6. The total number of borrowers with arrears compared to 31 December 2010 remained at 16, and the number of borrowers with arrears of 75 days or over decreased from 11 as at 31 December 2010 to 10 as at 31 December 2011.

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

7. This table gives a historical comparison of loans that had reached the critical 75th day. As can be seen from the table, the amount in arrears has decreased in 2011. The number of loans with arrears of over 75 days has decreased from 32 as at 31 December 2010 to 25 as at 31 December 2011. The percentage of loans in arrears over 75 days, against total loans billed in 2011 has decreased to 3.6 per cent.

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

8. 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

9. This table shows cumulative amounts paid for principal and interest on IFAD loans since 1979, total arrears as at 31 December 2011 and total reflows for the period 1979-2011. As at 31 December 2011, arrears represented 1.7 per cent of total loan reflows (principal plus interest) since IFAD began operations. This percentage has decreased compared with 31 December 2010, when arrears represented 2.1 per cent of total reflows.

Table 6: Percentage of arrears over total reflows

10. This table shows total arrears, total reflows (principal plus interest), and the percentage of arrears over total reflows for the period 2000-2011.

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

(As at 31 December 2011 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	12	935	239	1 174
East and Southern Africa	14	15 421	6 426	21 847
Asia and the Pacific	8	4 346	724	5 070
Latin America and the Caribbean	1	11 021	9 784	20 805
Near East, North Africa and Europe	12	16 366	5 600	21 966
Subtotal	47	48 089	22 773	70 862
Special Programme for Sub-Saharan African Countries (SPA)				
East and Southern Africa	1	101	0	101
Near East, North Africa and Europe	1	116	32	148
Subtotal	2	217	32	249
Combined Regular Programme and SPA				
West and Central Africa	13	935	239	1 174
East and Southern Africa	15	15 522	6 426	21 948
Asia and the Pacific	8	4 346	724	5 070
Latin America and the Caribbean	1	11 021	9 784	20 805
Near East, North Africa and Europe	12	16 482	5 632	22 114
Total	49	48 306	22 805	71 111

^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 2011 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 ^a	-	35	-	-	-	-	35
Cuba ^b	-	-	-	-	249	20 556	20 805
Equatorial Guinea	-	-	-	20	35	-	55
Guinea	-	-	94	-	-	-	94
Kenya ^a	112	335	-	-	-	-	447
Democratic People's Republic of Korea	-	616	1 289	-	-	2 778	4 683
Lao People's Democratic Republic ^a	86	-	-	-	-	-	86
Malawi	27	-	-	-	-	-	27
Mozambique ^a	-	930	-	100	-	-	1 030
Palestine	-	-	-	79	-	-	79
Senegal	-	-	-	59	-	-	59
Somalia	-	172	7	-	192	20 306	20 677
Sudan	87	96	373	804	-	-	1 360
Togo ^c	38	-	-	370	-	522	930
Vietnam ^a	-	302	-	-	-	-	302
Zimbabwe ^b	-	91	-	284	131	19 936	20 442
Total	351	2 577	1 763	1 716	607	64 098	71 111

^a Paid as at 31 January 2012

^b Borrowers for which settlement plans are being discussed.

^c Borrowers with debt settlement plans.

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

(As at 31 December 2011 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
31-Dec-11	700	25	3.6	46 252	21 765	68 017

Table 4
Principal, interest and service charge payments in arrears by lending terms
 (As at 31 December 2011 at historical exchange rates)

<i>Thousands of United States dollars</i>				
<i>Lending terms</i>	<i>Principal</i>	<i>Interest and service charges</i>	<i>Total</i>	<i>Percentage</i>
Highly concessional	23 976	8 119	32 095	45
Intermediate	24 330	14 686	39 016	55
Ordinary	-	-	-	-
Total	48 306	22 805	71 111	100

Percentage for previous years

<i>Lending terms</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Highly concessional	52	48	53	47	55
Intermediate	48	51	46	52	44
Ordinary	0	1	1	1	1
Total	100	100	100	100	100

Table 5
Cumulative loan payments, arrears and reflows
 (As at 31 December 2011 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
2011	51 854	234 953	286 807
Total paid			4 207 729
Arrears as at 31 December 2011			71 111
Total reflows			4 278 840

Table 6
Percentage of arrears over total reflows
 (As at 31 December 2011 at historical exchange rates)

<i>Thousands of United States dollars</i>			
<i>Year</i>	<i>Total arrears</i>	<i>Total reflows</i>	<i>Percentage of arrears over 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
2011	71 111	4 278 840	1.7