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Enabling poor rural people  
to overcome poverty

## **Progress report Spanish Food Security Co-financing Facility Trust Fund**

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**For: Information**

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## **Abbreviations and acronyms**

SFTF      Spanish Food Security Cofinancing Facility Trust Fund

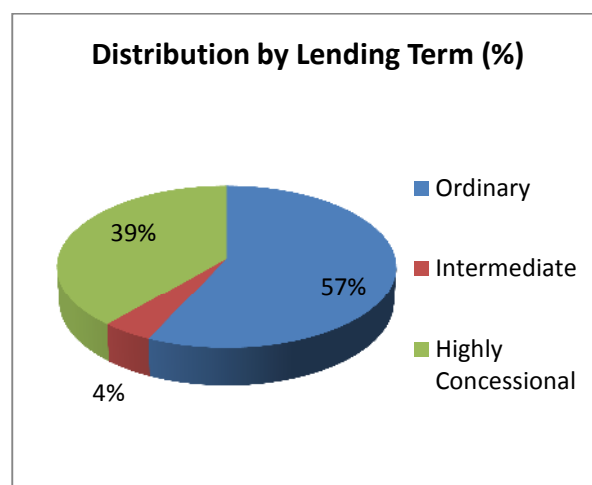
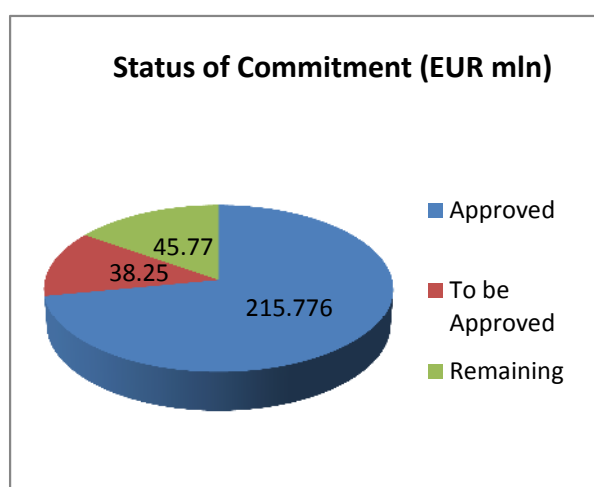
## Progress report Spanish Food Security Co-financing Facility Trust Fund

### I. Introduction

1. As part of its resource mobilization efforts to increase the total external resources available to its developing Member States, IFAD presented and the Board approved in September 2010 the establishment of a trust fund called the Spanish Food Security Co-financing Facility Trust Fund (SFTF).
2. Following the Executive Board's approval of the Resolution on the Instrument establishing the Spanish Food Security Co-financing Facility Trust Fund, the Government of Spain and IFAD negotiated and finalised the terms and conditions of the Facility's financial mechanism.
3. The SFTF administrative agreement was signed on 20 December 2010 and the Borrowing agreement on 28 December 2010. The trust fund consists of a loan from the Government of Spain in the amount of EUR 285.5 million, paid in a lump sum and a grant of EUR 14.5 million; and an upfront fee of EUR 200,000 to cover the cost of setting up the trust fund.

### II. Status of allocation of SFTF loans

4. The first loans co-financed from the SFTF were presented to the Executive Board for its approval in May 2011. Since then, a total of seventeen loans have been approved for a total amount of Euro 215.776 million. In December 2012, four loans will be submitted to the Executive Board for a total amount of Euro 38.250 million and for a cumulative amount by December 2012 of Euro 254.026 million.
5. In 2011, seven loans were designed, negotiated and approved by the Executive Board; of these at present, five loans have been signed and have met the conditions for disbursement; two loans are expected to be effective as of early 2013. In 2012 to date, ten loans were designed, negotiated and approved by the Executive Board; of these six loans have been signed and two have met conditions for disbursement.
6. The regional distribution of the twenty-one loans is as follows: nine in Latin America and the Caribbean region; two in Asia and the Pacific region; three in West and Central Africa region; four in East and Southern Africa region; and three in Near East, North Africa and Europe region.



7. The SFTF resources have expand by approximately 33% the total financing for the 21 programs to be approved by December 2012: approximately USD 320 million from SFTF resources have leveraged an amount of USD 290 million from IFAD lending resources and approximately USD 262 million from the Governments and others.
8. As is common in the delivery of the lending programme, slippages have occurred for several loans that were envisaged to have been submitted to the Executive Board by December 2012. As a consequence, this results in a balance of uncommitted SFTF resources for an amount of EUR 45.754 million.

### **III. Financial**

9. The SFTF accounts have been audited as part of IFAD's consolidated Financial Statements as at 31 December 2012. Moreover financial reports have been prepared on a quarterly basis.
10. In December 2010, IFAD received an amount of EUR 285.5 million on a loan basis and during 2011; IFAD received an additional EUR 5.5 million as part of a grant component. Funds received so far; therefore, total to EUR 291.0 million, leaving a receivable balance of EUR 9 million as grant component. In January 2012, IFAD repaid interest on the funding liability of EUR 4.3 million.
11. At the end of September 2012, cash and investments amounted to EUR 298.4 million; the balance represents funds received and net interest/ income accrued thereon and not yet disbursed to borrowers.
12. Financial projections have been updated to align the model with actual results registered in 2011 and to embed the most updated disbursement and repayments trends. Disbursements to borrowers are projected to be completed by year 2025.

### **IV. Extension of commitment period SFTF**

13. IFAD formally requested, in October 2012, the Government of Spain to extend the period for commitment referred to in the Administrative Agreement for the administration and operation of the SFTF, from December 2012 to December 2013 to enable allocation of the balance of Euro 45.754 million. In support of this request, IFAD undertook an analysis of the impact and the financial projections of the financial model of the SFTF. Following two scenarios were analysed: a) returning the balance of EUR 45.75 million to the Government of Spain; b) an extension by one year of the commitment period to enable the allocation of the balance of the SFTF. Both scenarios would not pose any significant net variations in financial terms of this initiative.
14. The Government of Spain is undertaking its internal review of the request made by IFAD and is expected to provide its formal feedback by end December 2012. IFAD management will keep the Board informed of its outcome.

**Table Status Lending of the Spanish Food Security Cofinancing Facility Trust Fund as of October 2012**

<i>Country</i>	<i>SFTF lending (Euro million)</i>	<i>Lending terms</i>	<i>Approved by EB</i>
Argentina	35.70	O	September 2011
Bangladesh	21.40	HC	September 2011
Bolivia (Plurinational State of)	11.20	I	December 2011
Brazil	5.94	O	September 2012
Cape Verde	7.10	HC	September 2012
Colombia	14.30	O	April 2012
Dominican Republic	11.43	O	May 2011
Ecuador	10.71	O	September 2011
El Salvador	11.15	O	December 2011
Indonesia	6.28	O	September 2012
Kenya	12.80	HC	April 2012
Madagascar	14.30	HC	July 2012
Mexico	10.70	O	April 2012
Mozambique	13.30	HC	September 2012
Niger	14.00	HC	September 2012
Senegal	7.00	HC	September 2011
Uzbekistan	8.46	HC	April 2012
Lebanon	7.72	HC	TBA December 2012
Swaziland	7.10	O	TBA December 2012
Tunisia	12.83	O	TBA December 2012
Venezuela (Bolivarian Republic of)	10.60	O	TBA December 2012
Total	<b><u>254.026</u></b>		
Remaining balance for commitment	<b><u>45.7764</u></b>		