



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board - Sixty-Fourth Session

Rome, 9-10 September 1998

INFORMATION NOTE
RELATING TO THE STATUS OF IMPLEMENTATION OF THE
ISLAMIC FEDERAL REPUBLIC OF THE COMOROS
ARREARS SETTLEMENT PLAN AS OF 2 SEPTEMBER 1998

1. In May 1998 a joint mission of the Africa II Division and the Controller's Office visited The Comoros to review the status of IFAD-supported projects and discuss the payment arrears situation that has led to the suspension of disbursements from IFAD. While in the field, it became clear that the projects faced a situation of irrevocable collapse if further financial flows were substantially deferred. Consequently the mission took the initiative and discussed an arrears payment package with the Government of The Comoros that would allow the lifting of the suspension — and the salvation of project activities.
2. On the return of the mission to Rome, it was discovered that the arrears payment package discussed with the Government of The Comoros involved a small net present value (NPV) loss to IFAD. Given the urgency of resumption of financial flows to the projects, it was decided to submit the discussed package for the Executive Board's approval by a vote of correspondence. The motion was approved by the required majority.
3. Nonetheless, in view of concerns expressed by some Executive Board members relative to the principle of zero NPV loss, the repayment schedule included in the plan for the settlement of arrears, transmitted to the Government of The Comoros on 21 July 1998, was adjusted by adding a further payment at the end of the repayment period to eliminate the NPV loss to IFAD.
4. On 1 September 1998, the Government advised that, while it had been unable to honour its commitments within the period stipulated (the initial payment was due on 1 August), a sum of KMF 10 560 060, equivalent to FRF 140 800.80 or about USD 23 000, and corresponding to the first two instalments, would be released by 3 September for remittance to IFAD.
5. IFAD is currently seeking evidence of the remittance of the funds in question by the Comoran authorities. IFAD will lift the suspension and resume disbursement upon confirmation of receipt of the remittance by its bank.