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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board – Eighty-Fourth Session

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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 2004 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 five 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 increased to USD 83.2 million as at 31 December 2004 (USD 82.2 million under the Regular Programme and USD 1.0 million under the SPA), from USD 76.2 million at 31 December 2003 (USD 75.3 million under the Regular Programme and USD 0.9 million under the SPA). This delinquency situation was concentrated mainly in Africa, with 56.5% of total arrears (46.9% in the Western and Central Africa region and 9.6% in the Eastern and Southern Africa region); in one country of the Latin America and the Caribbean region (Cuba), which accounted for 27%; and in one country of the Near East and North Africa region (Somalia), which accounted for 16%. The amount for countries with outstanding arrears in excess of three years for which there was no settlement plan (Cuba, Liberia, Solomon Islands, Somalia and Togo) accounted for 69% of the total arrears figure. It should be noted that the number of loans in arrears decreased from 65 at 31 December 2003 to 55 at 31 December 2004.

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 USD 10 000 or its equivalent. Sanctions begin on the 75th day of delinquency with the suspension of disbursements for any active loans in arrears. At 120 days of delinquency, the entire portfolio of active loans is suspended for the borrower. At 180 days of delinquency, loans are placed in non-accrual status and reported as such in the year-end financial

statements. This table also includes borrowers with approved settlement plans, as – although not considered delinquent – the amounts are still outstanding on IFAD’s books.

4. The number of borrowers with arrears of 75 days or over decreased from 16 at 31 December 2003 to 12 at 31 December 2004, and the total number of borrowers with arrears decreased from 27 at 31 December 2003 to 19 at 31 December 2004.

5. During 2004, Haiti, Malawi, Paraguay, the Sudan and Uganda settled debt that was more than 75 days in arrears as at 31 December 2003. Guinea had an amount exceeding 75 days as at 31 December 2004, and 11 other borrowers had debt outstanding for at least 180 days. It should be noted that the increase in debt over 180 days in arrears, i.e. USD 8.4 million (USD 77.3 million minus USD 68.9 million as at 31 December 2003) exceeded the total increase of USD 7 million (USD 83.1 million minus USD 76.1 million as at 31 December 2003).

Table 3: Historical Data on Loans with Principal, Interest and Service Charge Payments in Arrears for 75 Days or More

6. 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, although the amount in arrears continued to rise, the number of loans with arrears of over 75 days (total of 36) decreased as a percentage of the total number of loans billed (6%).

Table 4: Principal, Interest and Service Charge Payments in Arrears by Lending Terms

7. This table gives a breakdown of amounts in arrears by lending-term category (i.e. highly concessional, intermediate and ordinary terms). These statistics highlight the difficult economic conditions of certain countries that concluded loans on intermediate terms. They also show that this category of borrower is the one most subject to arrears, owing to the earlier principal repayment cycle (loans on intermediate terms have a grace period of five years, compared with ten years for loans on highly concessional terms).

Table 5: Cumulative Loan Payments, Arrears and Reflows

8. This table shows cumulative amounts paid for principal and interest on IFAD loans since 1979, total arrears as at 31 December 2004 and total reflows for the period 1979-2004. As at 31 December 2004, arrears represented 3.2% of total loan reflows (principal plus interest) since IFAD began operations.

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INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

**TABLE 1: PRINCIPAL, INTEREST AND SERVICE CHARGE PAYMENTS IN ARREARS
BY REGION AND LENDING PROGRAMME*
(as at 31 December 2004)**

	Number of Loans	Principal (USD '000)	Interest and Service Charges (USD '000)	Total Arrears (USD '000)
Regular Programme				
Western and Central Africa	32	25 620	12 370	37 990
Eastern and Southern Africa	8	6 024	2 015	8 039
Asia and the Pacific	3	347	134	481
Latin America and the Caribbean	1	13 767	8 244	22 011
Near East and North Africa	7	10 226	3 416	13 642
Subtotal	51	55 984	26 179	82 163
Special Programme for Africa (SPA)				
Western and Central Africa	4	716	288	1 004
Eastern and Southern Africa	-	-	-	-
Subtotal	4	716	288	1 004
Combined Regular Programme and SPA				
Western and Central Africa	36	26 336	12 658	38 994
Eastern and Southern Africa	8	6 024	2 015	8 039
Asia and the Pacific	3	347	134	481
Latin America and the Caribbean	1	13 767	8 244	22 011
Near East and North Africa	7	10 226	3 416	13 642
Total	55	56 700	26 467	83 167

* Note: Amounts reported were delinquent for 15 days or more. Delinquencies of USD 10 000 or less were 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 2004)
(USD '000)**

Borrower	15 to 29 Days	30 to 59 Days	60 to 74 Days	75 to 119 Days^a	120 to 179 Days^b	180 Days and Over^c	Total Amount Overdue
Central African Republic	-	184	-	431	51	3 885	4 551
Chad	285	-	-	-	-	-	285
Côte d'Ivoire	76	-	-	-	-	-	76 ^d
Cuba	-	-	-	-	247	21 764	22 011
Djibouti	-	39	-	-	-	-	39
Democratic Republic of the Congo	-	76	-	281	103	7 412	7 872 ^e
Gabon	203	-	-	-	-	-	203
Guinea	-	-	629	17	-	-	646
Guinea-Bissau	54	-	123	-	-	1 980	2 157 ^e
Liberia	-	278	-	-	-	16 674	16 952
Mongolia	-	14	-	-	-	-	14 ^f
Morocco	-	-	234	-	-	-	234 ^f
Seychelles	-	-	-	-	61	280	341
Sierra Leone	-	-	-	-	577	1 412	1 989 ^e
Solomon Islands	-	-	-	60	-	407	467
Somalia	-	158	6	-	180	13 023	13 367
Togo	8	-	-	417	-	3 841	4 266
Zambia	-	41	-	-	-	-	41 ^f
Zimbabwe	-	16	-	786	223	6 631	7 656
Total	626	806	992	1 992	1 442	77 309	83 167

^a Active loans with arrears in suspension.

^b Country portfolio suspension.

^c Loans in non-accrual status.

^d Partially paid as of the date of this report.

^e Borrowers with debt settlement plans or arrears covered under the Debt Initiative for Heavily Indebted Poor Countries.

^f Paid as of the date of this report.

**TABLE 3: HISTORICAL DATA ON LOANS WITH PRINCIPAL, INTEREST AND SERVICE CHARGE PAYMENTS
IN ARREARS FOR 75 DAYS OR MORE
(as at 31 December 2004)**

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	Principal in Arrears (USD '000)	Interest and Service Charges in Arrears (USD '000)	Total Amount in Arrears (USD '000)
31-Dec-87	186	15	8	671	792	1 463
31-Dec-88	211	21	10	4 558	3 076	7 634
31-Dec-89	228	28	12	6 667	5 028	11 695
31-Dec-90	250	33	13	15 267	7 710	22 977
31-Dec-91	275	34	12	15 054	8 400	23 454
31-Dec-92	287	38	13	15 870	5 602	21 472
31-Dec-93	313	28	9	16 731	7 916	24 647
31-Dec-94	341	37	11	23 305	10 045	33 350
31-Dec-95	369	44	12	27 635	12 120	39 755
31-Dec-96	395	41	10	29 775	12 797	42 572
31-Dec-97	425	40	9	30 011	12 886	42 897
31-Dec-98	464	35	7	34 179	13 352	47 531
31-Dec-99	488	29	6	35 426	15 737	51 163
31-Dec-00	510	44	9	38 585	17 034	55 619
31-Dec-01	530	43	8	38 907	18 682	57 589
31-Dec-02	549	47	9	47 049	21 092	68 141
31-Dec-03	561	42	7	51 212	23 093	74 305
31-Dec-04	571	36	6	55 594	25 149	80 743

**TABLE 4: PRINCIPAL, INTEREST AND SERVICE CHARGE PAYMENTS IN ARREARS BY LENDING TERMS
(as at 31 December 2004)**

Lending Terms	Principal (USD '000)	Interest and Service Charges (USD '000)	Total (USD '000)	Percentage
Highly concessional	27 925	10 728	38 653	46
Intermediate	28 414	15 556	43 970	53
Ordinary	361	183	544	1
Total	56 700	26 467	83 167	100

TABLE 5: CUMULATIVE LOAN PAYMENTS, ARREARS AND REFLWS
(as at 31 December 2004)

Year	Interest (USD '000)	Principal (USD '000)	Total (USD '000)
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
Total paid	729 853	1 801 166	2 531 019
Arrears as at 31 December 2004*			83 167
Total reflows			2 614 186

* Total arrears were equivalent to 3.2% of total reflows (principal and interest) since IFAD began operations.

