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## IFAD

### INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

#### Executive Board – Eighty-seventh Session

Rome, 19-20 April 2006

### 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 2005 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 89.0 million as at 31 December 2005 (USD 87.7 million under the Regular Programme and USD 1.3 million under SPA), from USD 83.2 million at 31 December 2004 (USD 82.2 million under the Regular Programme and USD 1.0 million under SPA). This delinquency situation was concentrated mainly in Africa, with 59.5% of total arrears (47.9% in the Western and Central Africa region and 11.6% in the Eastern and Southern Africa region); in one country of the Latin America and the Caribbean region (Cuba), which accounted for 22.6%; and in one country of the Near East and North Africa region (Somalia), which accounted for 16.2%. The amount for countries with outstanding arrears in excess of three years for which there was no settlement plan (by length of time: Liberia, Cuba, Somalia, Togo, Solomon Islands, Central African Republic, Zimbabwe and Seychelles) accounted for 81.4% of the total arrears figure. It should be noted that the number of loans in arrears as at 31 December 2005 compared to 31 December 2004 remained stable at 55.

**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 debt relief approved under the Debt Initiative for Highly 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 increased from 12 at 31 December 2004 to 13 at 31 December 2005, and the total number of borrowers with arrears increased from 19 at 31 December 2004 to 22 at 31 December 2005.

**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, although the amount in arrears continued to rise, the number of loans with arrears of over 75 days (total of 39) remains relatively stable at 7%.

**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 2005 and total reflows for the period 1979-2005. As at 31 December 2005, arrears represented 3.2% of total loan reflows (principal plus interest) since IFAD began operations.

**TABLE 1: PRINCIPAL, INTEREST AND SERVICE CHARGE PAYMENTS IN ARREARS  
BY REGION AND LENDING PROGRAMME\***  
(as at 31 December 2005)

	Number of Loans	Principal (USD '000)	Interest and Service Charges (USD '000)	Total Arrears (USD '000)
<b>Regular Programme</b>				
Western and Central Africa	28	28 073	13 422	41 495
Eastern and Southern Africa	9	7 629	2 597	10 226
Asia and the Pacific	6	954	482	1 436
Latin America and the Caribbean	1	12 274	7 813	20 087
Near East and North Africa	6	10 803	3 636	14 439
<b>Subtotal</b>	<b>50</b>	<b>59 733</b>	<b>27 950</b>	<b>87 683</b>
<b>Special Programme for Sub-Saharan African Countries (SPA)</b>				
Western and Central Africa	4	833	332	1 165
Eastern and Southern Africa	1	110	13	123
<b>Subtotal</b>	<b>5</b>	<b>943</b>	<b>345</b>	<b>1 288</b>
<b>Combined Regular Programme and SPA</b>				
Western and Central Africa	32	28 906	13 754	42 660
Eastern and Southern Africa	10	7 739	2 610	10 349
Asia and the Pacific	6	954	482	1 436
Latin America and the Caribbean	1	12 274	7 813	20 087
Near East and North Africa	6	10 803	3 636	14 439
<b>Total</b>	<b>55</b>	<b>60 676</b>	<b>28 295</b>	<b>88 971</b>

\* Amounts reported were delinquent for 15 days or more. Delinquencies of USD 10 000 or less were not included in this report.

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**TABLE 2: PRINCIPAL, INTEREST AND SERVICE CHARGE PAYMENTS IN ARREARS  
BY BORROWER AND NUMBER OF DAYS OVERDUE  
(as at 31 December 2005)  
(USD '000)**

<b>Borrower</b>	<b>15 to 29 Days</b>	<b>30 to 59 Days</b>	<b>60 to 74 Days</b>	<b>75 to 119 Days</b>	<b>120 to 179 Days</b>	<b>180 Days and Over</b>	<b>Total Amount Overdue</b>
Central African Republic	-	183	-	334	45	4 695	5 257
Chad	268	-	-	-	-	-	268 <sup>a</sup>
Comoros	-	-	-	-	67	114	181
Cuba	-	-	-	-	232	19 855	20 087
Democratic People's Republic of Korea	-	71	740	-	-	5	816 <sup>a</sup>
Democratic Republic of the Congo	-	73	-	292	99	8 364	8 828 <sup>b</sup>
Djibouti	-	36	-	-	-	-	36
Equatorial Guinea	-	-	-	60	-	58	118
Gabon	113	-	-	-	-	-	113 <sup>a</sup>
Gambia	-	-	23	-	-	-	23
Guinea	-	-	384	-	-	-	384 <sup>a</sup>
Guinea-Bissau	52	-	125	-	-	2 349	2 526 <sup>b</sup>
Liberia	-	276	-	-	-	17 260	17 536
Sao Tome and Principe	-	36	-	-	-	-	36
Seychelles	-	-	-	-	62	406	468
Sierra Leone	-	-	-	-	572	2 596	3 168 <sup>b</sup>
Solomon Islands	-	-	-	62	-	532	594
Somalia	-	153	6	-	183	14 061	14 403
Togo	7	-	-	354	-	4 041	4 402
Uganda	-	23	-	-	-	-	23 <sup>a</sup>
Viet Nam	-	26	-	-	-	-	26 <sup>a</sup>
Zimbabwe	-	190	-	805	226	8 457	9 678
<b>Total</b>	<b>440</b>	<b>1 067</b>	<b>1 278</b>	<b>1 907</b>	<b>1 486</b>	<b>82 793</b>	<b>88 971</b>

<sup>a</sup> Paid as of the date of this report

<sup>b</sup> Borrowers with debt settlement plans or arrears covered under the Debt Initiative for Highly Indebted Poor Countries.

**TABLE 3: HISTORICAL DATA ON LOANS WITH PRINCIPAL, INTEREST AND SERVICE CHARGE PAYMENTS  
IN ARREARS FOR 75 DAYS OR MORE  
(as at 31 December 2005)**

<b>Reporting Date</b>	<b>Total Loans Billed</b>	<b>Number of Loans Billed with Arrears of 75 Days or More</b>	<b>Loans in Arrears 75 Days or More as a Percentage of Total Number of Loans Billed</b>	<b>Principal in Arrears (USD '000)</b>	<b>Interest and Service Charges in Arrears (USD '000)</b>	<b>Total Amount in Arrears (USD '000)</b>
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
31-Dec-05	575	39	7	59 002	27 184	86 186

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**TABLE 4: PRINCIPAL, INTEREST AND SERVICE CHARGE PAYMENTS IN ARREARS BY LENDING TERMS  
(as at 31 December 2005)**

<b>Lending Terms</b>	<b>Principal (USD '000)</b>	<b>Interest and Service Charges (USD '000)</b>	<b>Total (USD '000)</b>	<b>Percentage</b>
Highly concessional	32 182	12 075	44 257	50
Intermediate	28 118	16 015	44 133	49
Ordinary	376	205	581	1
<b>Total</b>	<b>60 676</b>	<b>28 295</b>	<b>88 971</b>	<b>100</b>

**PERCENTAGE FOR PREVIOUS YEARS**

<b>Lending Terms</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Highly concessional	42	44	45	46
Intermediate	55	52	52	53
Ordinary	3	4	3	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**TABLE 5: CUMULATIVE LOAN PAYMENTS, ARREARS AND REFLWS**  
(as at 31 December 2005)

<b>Year</b>	<b>Interest (USD '000)</b>	<b>Principal (USD '000)</b>	<b>Total (USD '000)</b>
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
<b>Total paid</b>	<b>777 683</b>	<b>1 956 108</b>	<b>2 733 791</b>
<b>Arrears as at 31 December 2005*</b>			<b>88 971</b>
<b>Total reflows</b>			<b>2 822 762</b>

\* Total arrears were equivalent to 3.2% of total reflows (principal and interest) since IFAD began operations, same percentage as at 31 December 2004.