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Enabling the rural poor
to overcome poverty

President's memorandum

Republic of Guatemala

National Rural Development Programme: Central and Eastern Regions (Loan No. 651-GT)

Extension of time limit for signature of the loan agreement

Executive Board — Eighty-ninth Session
Rome, 12-14 December 2006

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

Enrique Murguía Oropeza

Country Programme Manager
telephone: +39 06 5459 2341
e-mail: e.murguia@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra

Governing Bodies Officer
telephone: +39 06 5459 2374
e-mail: d.mcgrenra@ifad.org

Recommendation for approval

Given the role of this programme in the national strategy to reduce rural poverty as expressed by the Government, it is recommended that the Executive Board approve an extension of six months – to 14 June 2007 – of the period for signature of the loan agreement for the National Rural Development Programme: Central and Eastern Regions.

President's memorandum

National Rural Development Programme: Central and Eastern Regions (Loan No. 651-GT)

Extension of the time limit for signature of the loan agreement

I. Background

1. At its eighty-third session in December 2004, the Executive Board approved a loan of SDR 11.35 million (equivalent to approximately US\$17.0 million), on intermediate terms, to the Republic of Guatemala to help finance the National Rural Development Programme: Central and Eastern Regions. The time limit for signature of the loan agreement expires two years after Executive Board approval (i.e. on 14 December 2006). In this connection, it is noted that the loan agreement has not yet been signed.
2. The delay has been due to the need to amend the loan agreement inasmuch as the cofinancing institution (OPEC Fund) has reduced its participation from US\$15.0 million to US\$11.0 million. These changes were submitted to the Executive Board – for approval at its eighty-seventh session – in a President's memorandum reflecting the modifications made to the programme.
3. As a consequence of these changes, the Government of Guatemala sent an official request to IFAD for a six-month extension in order to allow sufficient time for the National Monetary Fund and the Congress to comply with all internal legal requirements for signature of the loan agreement.

II. Status of loan effectiveness

4. Since September 2006, the Latin America and the Caribbean Division has been following up closely and continuously with the country authorities in view of the urgent need for loan signing, loan effectiveness and programme start-up. Internal approval procedures leading to the formalization of loan signing are well under way in the country, but additional time is necessary in order to obtain approval from the National Monetary Fund and the Congress.