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Enabling the rural poor  
to overcome poverty

## **Status report on arrears in principal, interest and service charge payments**

Executive Board — Ninetieth Session  
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For: **Information**

## **Note to Executive Board Directors**

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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 2006 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 US\$102.6 million as at 31 December 2006 (US\$100.9 million under the Regular Programme and US\$1.7 million under SPA), from US\$89.0 million at 31 December 2005 (US\$87.7 million under the Regular Programme and US\$1.3 million under SPA). This situation was concentrated mainly in Africa, with 60.5 per cent of total arrears (48.3 per cent in the Western and Central Africa region and 12.2 per cent in the Eastern and Southern Africa region); in one country of the Latin America and the Caribbean region (Cuba), which accounted for 22.9 per cent; and in one country of the Near East and North Africa region (Somalia), which accounted for 15.0 per cent. 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 and Zimbabwe) accounted for 80.3 per cent of the total arrears figure. It should be noted that the number of loans in arrears as at 31 December 2006 compared to 31 December 2005 increased from 55 to 70.

**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 US\$10,000 or its equivalent. Sanctions begin on the 75th day of arrears with the suspension of disbursements for any active loans in arrears. At 120 days of arrears, the entire portfolio of active loans is suspended for the borrower. At 180 days of arrears, 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 Heavily 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 13 at 31 December 2005 to 17 at 31 December 2006, and the total number of borrowers with arrears increased from 22 at 31 December 2005 to 23 at 31 December 2006.

**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 38) remains relatively stable at 6 per cent.

**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 2006 and total reflows for the period 1979-2006. As at 31 December 2006, arrears represented 3.4 per cent 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<sup>a</sup>**

(As at 31 December 2006)

	<i>Number of loans</i>	<i>Thousands of United States dollars</i>		
		<i>Principal</i>	<i>Interest and service charges</i>	<i>Total arrears</i>
<b>Regular Programme</b>				
Western and Central Africa	42	32 715	15 496	48 211
Eastern and Southern Africa	8	9 179	3 010	12 189
Asia and the Pacific	5	1 063	529	1 592
Latin America and the Caribbean	1	13 992	9 436	23 428
Near East and North Africa	7	11 542	3 906	15 448
<b>Subtotal</b>	<b>63</b>	<b>68 491</b>	<b>32 377</b>	<b>100 868</b>
<b>Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA)</b>				
Western and Central Africa	5	984	383	1 367
Eastern and Southern Africa	2	275	43	318
<b>Subtotal</b>	<b>7</b>	<b>1 259</b>	<b>426</b>	<b>1 685</b>
<b>Combined Regular Programme and SPA</b>				
Western and Central Africa	47	33 699	15 879	49 578
Eastern and Southern Africa	10	9 454	3 053	12 507
Asia and the Pacific	5	1 063	529	1 592
Latin America and the Caribbean	1	13 992	9 436	23 428
Near East and North Africa	7	11 542	3 906	15 448
<b>Total</b>	<b>70</b>	<b>69 750</b>	<b>32 803</b>	<b>102 553</b>

<sup>a</sup> Amounts reported were delinquent for 15 days or more. Delinquencies of US\$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 2006)

<i>Borrower</i>	<i>Thousands of United States dollars</i>						<i>Total amount overdue</i>
	<i>15 to 29 days</i>	<i>30 to 59 days</i>	<i>60 to 74 days</i>	<i>75 to 119 days</i>	<i>120 to 179 days</i>	<i>180 days and over</i>	
Burkina Faso	-	7	-	-	-	7	14 <sup>a</sup>
Burundi	122	-	-	-	-	-	122 <sup>a</sup>
Central African Republic	-	197	-	360	48	6 267	6 872
Chad	257	-	-	-	-	-	257
Comoros	-	-	-	-	71	330	401
Côte d'Ivoire	258	-	-	-	-	-	258
Cuba	-	-	-	-	259	23 169	23 428
Democratic People's Republic of Korea	-	90	781	-	-	5	876
Democratic Republic of the Congo	-	79	-	297	101	9 281	9 758 <sup>b,c</sup>
Djibouti	-	41	-	-	-	-	41
Equatorial Guinea	-	-	-	106	-	22	128
Gambia (The)	-	34	-	-	-	-	34 <sup>a</sup>
Guinea	-	-	932	-	-	-	932 <sup>a</sup>
Guinea-Bissau	55	-	131	-	-	2 700	2 886 <sup>b</sup>
Liberia	-	298	-	-	-	17 807	18 105
Mauritania	-	-	19	-	-	10	29
Palestine Liberation Organization/ Palestinian Authority	-	-	-	10	-	10	20
Sao Tome and Principe	-	149	-	-	-	6	155
Sierra Leone	-	-	-	-	587	3 723	4 310 <sup>b</sup>
Solomon Islands	-	-	-	63	-	654	717
Somalia	-	165	6	-	184	15 032	15 387
Togo	41	-	-	430	-	5 368	5 839
Zimbabwe	-	91	-	823	228	10 842	11 984
<b>Total</b>	<b>733</b>	<b>1 151</b>	<b>1 869</b>	<b>2 089</b>	<b>1 478</b>	<b>95 233</b>	<b>102 553</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 Heavily Indebted Poor Countries.

<sup>c</sup> Partially 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 2006)

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	Thousands of United States dollars		
				Principal in arrears	Interest and service charges in arrears	Total amount in arrears
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
31-Dec-06	587	38	6	67 502	31 290	98 800

Table 4  
**Principal, interest and service charge payments in arrears by lending terms**  
 (As at 31 December 2006)

<i>Thousands of United States dollars</i>				
<i>Lending terms</i>	<i>Principal</i>	<i>Interest and service charges</i>	<i>Total</i>	<i>Percentage</i>
Highly concessional	38 727	14 316	53 043	52
Intermediate	31 023	18 487	49 510	48
Ordinary	0	0	0	0
<b>Total</b>	<b>69 750</b>	<b>32 803</b>	<b>102 553</b>	<b>100</b>

**Percentage for previous years**

<i>Lending terms</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>
Highly concessional	42	44	45	46	50
Intermediate	55	52	52	53	49
Ordinary	3	4	3	1	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>



Table 5  
**Cumulative loan payments, arrears and reflows**  
 (As at 31 December 2006)

Year	<i>Thousands of United States dollars</i>		
	<i>Interest</i>	<i>Principal</i>	<i>Total</i>
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
2006	44 409	148 513	192 922
<b>Total paid</b>	<b>822 092</b>	<b>2 104 621</b>	<b>2 926 713</b>
Arrears as at 31 December 2006 <sup>a</sup>			102 553
<b>Total reflows</b>			<b>3 029 266</b>

<sup>a</sup> Total arrears were equivalent to 3.4 per cent of total reflows (principal and interest) since IFAD began operations.