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Enabling poor rural people
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 — Ninety-second Session
Rome, 11-13 December 2007

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

Directors are invited to contact the following focal point with any technical questions about this document:

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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 2008 – 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) to the Republic of Guatemala on intermediate terms, to help finance the National Rural Development Programme: Central and Eastern Regions. The time limit for signature of the loan agreement expired on 1 December 2006 (two years after Executive Board approval [2 December 2004]).
2. The delay in loan signing was initially due to the fact that the cofinancing institution (the OPEC Fund for International Development) had reduced their cofinancing from US\$15.0 million to US\$11.0 million. At its eighty-seventh session in April 2006, the Executive Board approved the required modifications to the programme.
3. In applying the above modifications, the Government still required more time to complete its internal legal procedures for loan approval, and was unable to finalize them within the two-year time limit. As a result, management requested, in November 2006, the Executive Board's approval of a six-month extension of the time limit for signature of the loan agreement, up to 14 June 2007. This request was approved by the Executive Board at its eighty-ninth session (December 2006). During this additional period, the Government's national monetary fund approved the loan and submitted it to Congress for approval.
4. The Government requested a second extension of the deadline for signature of the loan agreement for the same reason mentioned in paragraph 3 above, and the Executive Board approved – at its ninety-first session – a second extension of six months, up to 14 December 2007.
5. However, although Congress approved the loan on 28 November 2007 (Decree No. 75-2007), the Government still needs to comply with some internal requirements before the signature of the loan agreement. In view of this delay, the Government has sent an official letter to IFAD requesting a third six-month extension of the deadline for signature in order to allow internal administrative procedures to be concluded (see attachment I).

II. Status of loan effectiveness

6. 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. The internal approval procedures of the Government leading to the formalization of loan signing are well under way in the country, but additional time is necessary in order to finalize them.

MINISTERIO DE FINANZAS PUBLICAS 000567
GUATEMALA, C. A.

5 de diciembre de 2007

Señor
Enrique Murguía Oropeza
Gerente de Programas
Fondo Internacional de
Desarrollo Agrícola -FIDA-
Roma, Italia

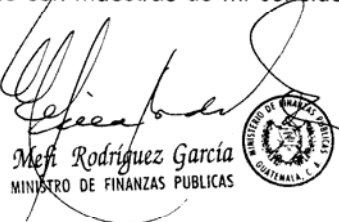

Señor Gerente:

Me dirijo a usted para hacer referencia al Convenio de Préstamo a suscribirse entre la República de Guatemala y el Fondo Internacional para el Desarrollo Agrícola -FIDA-, destinado a financiar parcialmente el "**Programa Nacional de Desarrollo Rural: Regiones Central, Nororiente y Suroriente**", hasta por DEG 11,350,000.00, cuya fecha de suscripción vence el 14 de diciembre de 2007.

Al respecto, me permito hacer de su conocimiento que por medio de Decreto No. 75-2007, pendiente de publicación en el Diario de Centro América, el Congreso de la República autorizó al Organismo Ejecutivo para que, por intermedio de este Ministerio, suscriba dicho Convenio; sin embargo, de acuerdo al ordenamiento legal de nuestro país, la publicación de dicho Decreto podría realizarse en la última semana del mes de diciembre de 2007.

En ese sentido, atentamente solicitó se sirva gestionar ante el FIDA una prórroga de 6 meses al plazo de suscripción de dicho Convenio, con el propósito de que en ese periodo el Gobierno cumpla con todos los procedimientos legales que permitan su formalización.

Aprovecho la oportunidad para suscribirme con muestras de mi consideración y estima.


Mef. Rodríguez García
MINISTRO DE FINANZAS PUBLICAS


c.c. Lic. Bernardo López Figueroa, Ministro de Agricultura, Ganadería y Alimentación

DCP/BERE/GyNA/VEdeM

7

