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

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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 2008 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 decreased to US\$104.6 million as at 31 December 2008 (US\$103.2 million under the Regular Programme and US\$1.4 million under the SPA), from US\$105.0 million as at 31 December 2007 (US\$103.5 million under the Regular Programme and US\$1.5 million under the SPA). The Western and Central Africa region and the Eastern and Southern Africa region accounted for 63.6 per cent of total arrears (47.4 per cent in the Western and Central Africa region and 16.2 per cent in the Eastern and Southern Africa region); the Latin America and the Caribbean region accounted for 17.9 per cent; and the Near East and North Africa region accounted for 17.5 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: Cuba, Somalia, Togo and Zimbabwe) accounted for 56.9 per cent of the total arrears figure. It should be noted that the number of loans in arrears as at 31 December 2008 compared with 31 December 2007 increased from 55 to 69.

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 as at 31 December 2007 to 16 as at 31 December 2008, and the total number of borrowers with arrears decreased from 24 at 31 December 2007 to 23 at 31 December 2008.

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 46) remains relatively stable at 7.2 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 2008 and total reflows for the period 1979-2008. As at 31 December 2008, arrears represented 3.0 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^a**
 (As at 31 December 2008 at historical exchange rates)

	<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>
Regular Programme				
Western and Central Africa	33	32 189	15 999	48 188
Eastern and Southern Africa	12	12 560	4 348	16 908
Asia and the Pacific	3	881	254	1 135
Latin America and the Caribbean	4	10 814	7 892	18 706
Near East and North Africa	13	13 539	4 726	18 265
Subtotal	65	69 983	33 219	103 202
Special Programme for Sub-Saharan African Countries (SPA)				
Eastern and Southern Africa	1	54	11	65
Western and Central Africa	3	984	362	1 346
Subtotal	4	1 038	373	1 411
Combined Regular Programme and SPA				
Western and Central Africa	36	33 173	16 361	49 534
Eastern and Southern Africa	13	12 614	4 359	16 973
Asia and the Pacific	2	881	254	1 135
Latin America and the Caribbean	4	10 814	7 892	18 706
Near East and North Africa	14	13 539	4 726	18 265
Total	69	71 021	33 592	104 613

^a Amounts reported were delinquent for 15 days or more. Arrears 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 2008 at historical exchange rates)

<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>	
Central African Republic ^b	-	197	-	337	45	8 984	9 563
Comoros	-	-	-	-	65	94	159
Côte d'Ivoire ^a	406	-	-	-	-	-	406
Cuba	-	-	-	-	204	17 954	18 158
Democratic Republic of the Congo ^b	-	76	-	313	115	6 780	7 284
Djibouti ^a	-	41	-	-	-	-	41
Equatorial Guinea	-	-	-	95	-	-	95
Eritrea	-	-	-	41	275	-	316
Gambia (The) ^a	-	11	-	-	-	-	11
Guinea ^a	-	-	127	-	-	-	127
Guinea-Bissau ^b	55	-	135	-	-	3 465	3 655
Democratic People's Republic of Korea	-	108	1 027	-	-	-	1 135
Liberia ^b	-	298	-	-	-	19 026	19 324
Mali	-	425	917	167	-	-	1 509
Mozambique	-	16	-	-	-	-	16
Nicaragua ^c	-	-	-	-	500	48	548
Niger	-	11	-	-	-	-	11
The Palestinian Authority ^a	-	-	-	167	-	56	223
Seychelles ^a	-	-	-	-	5	155	160
Somalia	-	166	6	-	197	17 145	17 514
Sudan ^a	65	22	55	345	-	-	487
Togo	-	-	-	-	-	7 549	7 549
Zimbabwe	-	87	-	901	134	15 200	16 322
Total	526	1 458	2 267	2 366	1 540	96 456	104 613

^a Paid as of the date of this report.^b Borrowers with debt settlement plans or arrears covered under the Debt Initiative for Heavily Indebted Poor Countries (HIPC).^c In January 2009, the President approved a recalculation of Nicaragua's actual HIPC relief provided to date in net present value. The recalculation resulted in extra relief due to Nicaragua; therefore, arrears will be fully covered by HIPC.

Table 3
**Historical data on loans with principal, interest and service charge payments in arrears
for 75 days or more**

(As at 31 December 2008 at historical exchange rates)

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	8.1	671	792	1 463
31-Dec-88	211	21	10.0	4 558	3 076	7 634
31-Dec-89	228	28	12.3	6 667	5 028	11 695
31-Dec-90	250	33	13.2	15 267	7 710	22 977
31-Dec-91	275	34	12.4	15 054	8 400	23 454
31-Dec-92	287	38	13.2	15 870	5 602	21 472
31-Dec-93	313	28	9.0	16 731	7 916	24 647
31-Dec-94	341	37	11.0	23 305	10 045	33 350
31-Dec-95	369	44	12.0	27 635	12 120	39 755
31-Dec-96	395	41	10.4	29 775	12 797	42 572
31-Dec-97	425	40	9.4	30 011	12 886	42 897
31-Dec-98	464	35	7.5	34 179	13 352	47 531
31-Dec-99	488	29	6.0	35 426	15 737	51 163
31-Dec-00	510	44	9.0	38 585	17 034	55 619
31-Dec-01	530	43	8.1	38 907	18 682	57 589
31-Dec-02	549	47	9.0	47 049	21 092	68 141
31-Dec-03	561	42	7.5	51 212	23 093	74 305
31-Dec-04	571	36	6.3	55 594	25 149	80 743
31-Dec-05	575	39	7.0	59 002	27 184	86 186
31-Dec-06	587	38	6.5	67 502	31 290	98 800
31-Dec-07	604	34	6.0	66 767	32 521	99 288
31-Dec 08	635	46	7.2	68 014	32 346	100 360

Table 4
Principal, interest and service charge payments in arrears by lending terms
 (As at 31 December 2008 at historical exchange rates)

<i>Lending terms</i>	<i>Thousands of United States dollars</i>			
	<i>Principal</i>	<i>Interest and service charges</i>	<i>Total</i>	<i>Percentage</i>
Highly concessional	40 981	14 941	55 922	53
Intermediate	29 915	18 616	48 531	46
Ordinary	125	35	160	1
Total	71 021	33 592	104 613	100

Percentage for previous years

<i>Lending terms</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>
Highly concessional	45	46	50	52	48
Intermediate	52	53	49	48	51
Ordinary	3	1	1	0	1
Total	100	100	100	100	100

Table 5
Cumulative loan payments, arrears and reflows
 (As at 31 December 2008 at historical exchange rates)

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
2007	49 967	171 991	221 958
2008	55 708	186 451	242 159
Total paid	927 767	2 463 063	3 390 830
Arrears as at 31 December 2008 ^a			104 613
Total reflows			3 495 443

^a Total arrears were equivalent to 3.0 per cent of total reflows (principal and interest) since IFAD began operations.