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Investing in rural people

President's memorandum

Modification to the terms of the loan to the Republic of Ecuador for the Project to Strengthen Rural Actors in the Popular and Solidary Economy (FAREPS)

Note to Executive Board representatives

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For: Approval

Recommendation for approval

The Executive Board is invited to approve the modification to the terms of the loan to the Republic of Ecuador for the Project to Strengthen Rural Actors in the Popular and Solidary Economy (FAREPS), as contained in paragraph 7.

Modification to the terms of the loan to the Republic of Ecuador for the Project to Strengthen Rural Actors in the Popular and Solidary Economy (FAREPS)

I. Background

1. At its 115th session, in September 2015, the Executive Board approved a loan and a grant to the Republic of Ecuador to finance the Project to Strengthen Rural Actors in the Popular and Solidary Economy (FAREPS).
2. The IFAD loan of EUR 14.25 million (equivalent to approximately US\$15.90 million) was provided on ordinary terms with a maturity period of 18 years, including a grace period of three years, and was complemented by a component grant of SDR 2.85 million (equivalent to approximately US\$4.00 million).
3. The project will be implemented in the south-eastern part of Ecuador, in the Costa, Sierra Sur and Amazonia regions. The development objective of the project is to increase incomes and employment among rural families living in conditions of poverty and vulnerability within the project area.

II. Proposed modifications to the terms of the loan

4. Negotiations were held in Rome between representatives of the Republic of Ecuador and IFAD on 14 and 15 July 2015.
5. During the negotiations, the Republic of Ecuador asked IFAD to consider an extension of the grace period from three to six years. A formal request for this change was subsequently made by the Republic of Ecuador on 21 July 2015.
6. Upon the approval of the Executive Board, the project financing agreement between the Republic of Ecuador and IFAD – which constitutes the legal instrument for extending the proposed financing to the borrower – will be revised in order to reflect the extension of the grace period to six years.

III. Recommendation

7. I recommend that the Executive Board approve the proposed modification to the terms of the loan in terms of the following resolution:

RESOLVED: that the loan on ordinary terms to the Republic of Ecuador in the amount equivalent to fourteen million, two hundred fifty thousand euros (EUR 14,250,000, equivalent to approximately US\$15.90 million) for the Project to Strengthen Rural Actors in the Popular and Solidary Economy (FAREPS) shall have a maturity period of 18 years, including a grace period of six years and an interest rate per annum equal to 100 per cent of the IFAD reference interest rate.

Kanayo F. Nwanze
President