

ORDINARY TERMS OF SOVEREIGN PUBLIC SECTOR LOAN PRODUCT NOTE



Updated as of May 2023



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Financing conditions

Loans on ordinary terms are provided:

- On variable interest rate
- In EUR and USD
- With maturity and grace period based on income category differentiation

IFAD does not apply a commitment fee or upfront fee on any type of IFAD loan. IFAD also does not apply any additional fees upon loan cancellation or on early repayment of loan principal.

Borrower categories

Category 1 includes LICs and LMICs eligible to super highly concessional, highly concessional and blend terms (not countries at high risk or in debt distress).

Category 2 includes LMICs not eligible for Category 1, borrowers transitioning from blend terms to semi-concessional terms, creditworthy fragile and conflict-affected states, and small state economies that are eligible to borrow from the International Bank for Reconstruction and Development (IBRD).

Category 3 includes UMIC borrowers with a GNI per capita below the Graduation Discussion Income (GDI) threshold that do not qualify for an exemption listed within Category 2.

Category 4 includes UMICs with GNI per capita above the GDI threshold and less than the threshold for high-income countries (HICs), or those considered eligible for official development assistance (ODA).

AT A GLANCE

Lending terms are determined in accordance with the Policies and Criteria for IFAD Financing and the Framework on Financing conditions, primarily based on a country's gross national income (GNI) per capita (as per World Bank calculation using the Atlas methodology), the level of debt distress and a creditworthiness assessment.

At the beginning of a replenishment cycle, if a country has become eligible for less concessional terms, the new terms are applied gradually over the replenishment period using a phasing-out/phasing-in mechanism. If a country has become eligible for a reversal to more concessional terms, the reversal is effective the following calendar year.

KEY CHARACTERISTICS

CATEGORY 1

MATURITY	Up to 35 years
GRACE PERIOD	Up to 10 years
AVERAGE MATURITY	Up to 20 years
AMORTIZATION	Linear
CURRENCY	EUR, USD

See Categories 2-4 on the next page



CATEGORY 2

MATURITY	Up to 30 years
GRACE PERIOD	Up to 8 years
AVERAGE MATURITY	Up to 18 years
AMORTIZATION	Linear
CURRENCY	EUR, USD

CATEGORY 3

MATURITY	Up to 20 years
GRACE PERIOD	Up to 5 years
AVERAGE MATURITY	Up to 15 years
AMORTIZATION	Linear
CURRENCY	EUR, USD

CATEGORY 4

MATURITY	Up to 18 years
GRACE PERIOD	Up to 3 years
AVERAGE MATURITY	Up to 12 years
AMORTIZATION	Linear
CURRENCY	EUR, USD

Pricing structure from 1 January 2022

Pricing of loans on ordinary terms is based on a floating market reference rate plus a variable spread, a contractual spread and a maturity premium (MP). The applicable MP will vary according to average repayment maturity and country income category.

From 1 April 2022, due to the LIBOR discontinuation, the market reference rate for ordinary terms loans denominated in USD will be the Secured Overnight Financing Rate (SOFR).

For ordinary terms loans denominated in EUR, the market reference rate will remain EURIBOR 6m. For the latest on IFAD lending rates and LIBOR discontinuation, please visit the IFAD website: www.ifad.org/en/financial-products-and-terms and LIBOR replacement and impact on IFAD: FAQs

Interest rates components	USD loans	EUR loans
Variable market base	<ul style="list-style-type: none"> 6 months LIBOR until <u>March 31st, 2022</u> Daily compounded O/NSOFR from April 1st, 2022 	<ul style="list-style-type: none"> 6 months EURIBOR
Variable spread	IBRD funding cost over LIBOR/SOFR (variable) + contractual spread (fixed)	IBRD funding cost over EURIBOR (variable) + contractual spread (fixed)
IFAD Maturity premium	See table below	See table below

Average maturity	IFAD Maturity premium					
	8 years and below	Greater than 8 to 10 years	Greater than 10 to 12 years	Greater than 12 to 15 years	Greater than 15 to 18 years	Greater than 18 to 20 years
Category 1	0.00%	0.05%	0.15%	0.25%	0.35%	0.50%
Category 2	0.10%	0.20%	0.30%	0.40%	0.50%	NA
Category 3	0.15%	0.25%	0.40%	0.50%	NA	NA
Category 4	0.25%	0.40%	0.60%	NA	NA	NA

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FOR MORE INFORMATION

Publicly available documents

[Policies and Criteria for IFAD Financing Framework on Financing conditions](#)
[Guidelines for IFAD lending terms and financing conditions](#)
[Accelerated repayment and voluntary prepayment framework](#)