

SUPER HIGHLY CONCESSIONAL LOANS

PRODUCT NOTE

Updated as of January 2024



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Financing conditions

Loans on super highly concessional (SHC) terms have a maturity period of 50 years, including a grace period of 10 years starting from the date of approval by IFAD's Executive Board. SHC loans are interest-free, although they include an annual service charge on the principal amount outstanding. The service charge is subject to a floor of 0.10 per cent per annum for loans that are denominated in SDR, with adjustments made for loans in USD and EUR.

Amortization of the principle of a SHC loan is 2.5 per cent of the principle per annum from year 11 to 50. IFAD does not apply a commitment fee or upfront fee on any type of IFAD loan. IFAD also does not apply any additional fee upon loan cancellation, or on the early repayment of loan principal.

Accelerated repayment clause

IFAD loans on SHC terms that are approved after 1st January 2022, may be subject to the accelerated repayment clause (ARC), provided the following conditions are met:

- The borrower is considered creditworthy and has completed its transition to the new lending terms category (i.e. ordinary terms) upon completion of the phasing out-phasing in mechanism.
- The borrower's GNIpc remains above the IFAD operational cut-off for the entire period of the phasing out-phasing in mechanism.
- The loans on SHC terms has been fully disbursed and the entire grace period has elapsed.

When the ARC is triggered for eligible loans, the principal repayment will be doubled with no change to the service charge.

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

MATURITY	50 years
GRACE PERIOD	10 years
INTEREST RATE	n/a
SERVICE CHARGE	0.1% for SDR loans
AMORTIZATION	2.5% per annum
GRANT ELEMENT	73%
CURRENCY	EUR, SDR, USD
ARC	Applicable for loans approved after 1/1/2022

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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](#)

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This product note does not constitute complete terms and conditions of IFAD's loans.