**IFAD12 FINANCING CONDITIONS**

**EAST AND SOUTHERN AFRICA**

**Fiscal Year 2023**

**Phasing-out/Phasing-in mechanism.** It guides the transition of Member States towards less concessional terms. If the Fund determines, prior to the start of a Replenishment Period, that a Member State is newly eligible for less concessional lending terms, the Member State will be under transition to the less concessional lending terms over the Replenishment Period.

**Reversals.** If the Fund determines that a Member State is newly eligible for more concessional lending terms, the new terms will be effective from 1 January of the following calendar year.

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**Debt Sustainability Framework**

**RISK OF DEBT DISTRESS**

<table>
<thead>
<tr>
<th>High risk of debt distress or in debt distress</th>
<th>TERMS</th>
<th>LEVEL OF CONCESSIONALITY¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate risk of debt distress with limited or some space to absorb shocks</td>
<td><strong>100%</strong> grant</td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Moderate risk of debt distress with substantial space to absorb shocks</td>
<td><strong>80% SHC + 20% HC</strong>&lt;br&gt;Small States terms</td>
<td><strong>71%</strong></td>
</tr>
<tr>
<td>Moderate risk of debt distress with limited or some space to absorb shocks</td>
<td><strong>100% HC</strong>&lt;br&gt;Small States terms</td>
<td><strong>63%</strong></td>
</tr>
</tbody>
</table>

**Super highly concessional terms loan**

<table>
<thead>
<tr>
<th>MATURITY PERIOD</th>
<th>50 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRACE PERIOD</td>
<td>10 years</td>
</tr>
<tr>
<td>SERVICE CHARGE²</td>
<td>0.10% p.a. fixed rate&lt;br&gt;Adjustments for single currency loans</td>
</tr>
<tr>
<td>CURRENCY OPTIONS</td>
<td>SDR EUR USD</td>
</tr>
<tr>
<td>INTEREST RATE²</td>
<td>No interest rate</td>
</tr>
<tr>
<td>AMORTIZATION</td>
<td>2.5% of total principal&lt;br&gt;From year 11 to 50</td>
</tr>
</tbody>
</table>

¹ For borrowers at moderate risk of debt distress and eligible for highly concessional or blend terms, this refers to eligibility for additional resources on ordinary terms.

² Indicative value for SDR loans, a single currency loan may offer a different level of concessionality. For SHC terms, the level of concessionality refers to USD loans and rates approved in EB 2019/128/R.44.

² For applicable rates, see www.ifad.org/en/financial-products-and-terms
Highly concessional terms loan

- **Maturity Period**: 40 years
- **Service Charge**: 0.75% p.a. fixed rate
- **Interest Rate**: 0.75% p.a. fixed rate
- **Grace Period**: 10 years
- **Currency Options**: SDR, EUR, USD
- **Adjustments for Single Currency Loans**:
  - Year 11-20: 2%
  - Year 21-40: 4%
  - Year 31-40: 1%
- **No interest rate for Small States**
- **Small States Grace Period**: Up to 8 years
- **Non-Small States Grace Period**: Up to 10 years
- **Amortization**: Year 11-20: 5% of total principal

Blend terms loan

- **Maturity Period**: 25 years
- **Service Charge**: 0.75% p.a. fixed rate
- **Interest Rate**: 1.25% p.a. fixed rate
- **Grace Period**: 5 years
- **Currency Options**: SDR, EUR, USD
- **Adjustments for Single Currency Loans**:
  - From year 6 to 25: 1.25% p.a. fixed rate
- **5% of total principal for Non-Small States**

Ordinary terms loan

- **Category 1: LICs and LMICs Eligible for SHC, HC Terms and Blend Terms (Not Countries at High Risk or in Debt Distress)**
  - **Maturity Period**: Up to 35 years
  - **Grace Period**: Up to 10 years
  - **Arm**: Up to 20 years
  - **Pricing**: Minimum recovery of IFAD cost of borrowing

- **Category 2: LMICs and UMICs Eligible for Ordinary Terms and Classified as FCS, SSE or in Transition**
  - **Maturity Period**: Up to 30 years
  - **Grace Period**: Up to 8 years
  - **Arm**: Up to 18 years
  - **Pricing**: Pricing above plus premium

- **Category 3: UMICs With a GNIpc Below the GDI Threshold**
  - **Maturity Period**: Up to 20 years
  - **Grace Period**: Up to 5 years
  - **Arm**: Up to 15 years
  - **Pricing**: Pricing above plus premium

- **Category 4: UMICs With a GNIpc Above the GDI Threshold**
  - **Maturity Period**: Up to 18 years
  - **Grace Period**: Up to 3 years
  - **Arm**: Up to 12 years
  - **Pricing**: Pricing above plus premium

**Contacts**

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**Acronyms**

- ARM: average repayment maturity
- FCS: fragile and conflict-affected situations
- GDI: Graduation Discussion Income
- GNIPC: Gross National Income per capita
- HC: highly concessional
- LIC: low-income country
- LMIC: lower-middle-income country
- SHC: super highly concessional
- SSE: Small State Economy
- UMIC: upper-middle-income country