Guidelines for IFAD Financing Terms and Conditions

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I. Purpose

1. These Guidelines outline the lending terms eligibility criteria and the policies affecting them, along with providing details on the financial terms and conditions of IFAD's: (i) super highly concessional term loans (ii) highly concessional term loans; (iii) grants through the Debt Sustainability Framework; (vi) blend term loans; and (v) ordinary term loans. It is to be read concurrently with the Framework on Financing Conditions, the *General Conditions for Agricultural Development Financing* and the *Policies and Criteria for IFAD Financing*[1].

II. Definitions

2. The terms used in these Guidelines are defined as follows:

   a. "**Agreement**" means a Financing Agreement or other agreement subject to the General Conditions.

   b. "**Approval**" means the date on which the Executive Board approves a Financing.

   c. "**ARRC**" means Alternative Reference Rate Committee

   d. "**Average repayment maturity**" means the average of repayment period (the time between the end of the grace period and maturity) weighted by the principal repayments. It is dependent on the maturity and grace period chosen by the Borrower. There are currently six average repayment maturity buckets: (i) up to 8 years; (ii) more than 8 up to 10 years; (iii) more than 10 up to 12 years; (iv) more than 12 up to 15 years; (v) more than 15 up to 18 years; and (vi) more than 18 up to 20 years.

   e. "**Blend country**" means a country determined to be eligible for financing offered by both IDA and IBRD. Countries classified by the World Bank as such are only eligible for Blend terms at IFAD, not Ordinary terms.

   f. "**Blend terms**" means the terms on which IFAD offers loans to countries classified by IDA as a Blend or Gap country.

   g. "**BRAM**" means Borrowed Resources Access Mechanism.

   h. "**Borrower**" means the party designated as such in an Agreement.

   i. "**Debt Sustainability Framework**" means the overarching framework that determines whether a Borrower is eligible to receive all or a portion of their financing as a grant.

   j. "**Denomination Currency**" means, with respect to a Loan or Grant, the currency (which may also be the SDR) in which such Loan or Grant is denominated, as specified in the Financing Agreement.

[1] At the 134th Session of the Executive Board, the Framework on Financing Conditions was approved. The changes to the Policies and Criteria for IFAD Financing (PCIF) and General Conditions will be submitted to the 45th Session of the Governing Council.

k. "**Euro**" or "**EUR**" each means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

l. "**Executive Board**" means the entity that shall be responsible for the conduct of the general operations of the Fund, and for this purpose shall exercise the powers given to it by the Agreement Establishing IFAD or delegated to it by the Governing Council.

m. "**FCS Country**" means a fragile and conflict-affected situations country as appearing in the Harmonized List of Fragile Situations published annually by the World Bank Group.

n. "**Financing**" means a Loan, a Grant, or a combination thereof.

o. "**Financing Agreement**" means a Project Financing Agreement or Programme Financing Agreement, pursuant to which the Fund agrees to extend Financing to the Borrower/Recipient.

p. "**Freely convertible currency**" means any currency so designated by the Fund at any time.

q. "**Fund**" means the International Fund for Agricultural Development.

r. "**Gap country**" means a Member State that: (i) has a GNI per capita that has exceeded the IDA operational cut-off for more than two consecutive years, yet still determined eligible for IDA financing; and (ii) not currently determined by IBRD to be creditworthy to borrow from the IBRD. At IFAD, a Gap country is eligible for Blend terms.

s. "**General Conditions**" means the *General Conditions for IFAD Financing*.

t. "**GNI per capita**" means gross national income per capita, computed as per the World Bank Atlas methodology.

u. "**Governing Council**" means the IFAD governing body in which all powers of the Fund are vested in, and in which each Member State shall be represented by one Governor and one alternate.

v. "**Graduation Discussion Income**" or GDI means the level of GNI per capita, as published annually by the World Bank, from which a Member State is normally eligible for initiating the IBRD graduation process.

w. "**Grant**" means a grant extended to a Recipient pursuant to a Financing Agreement or other Agreement.

x. "**IBRD**" means the International Bank for Reconstruction and Development of the World Bank Group.

y. "**IDA**" means the International Development Association of the World Bank Group.

z. "**IDA-only countries**" means countries that are not eligible for IBRD financing, nor classified as Blend or Gap countries. They are subject to IFAD highly concessional terms.

aa. "**IDA operational cut-off**" means the level of GNI per capita, as published annually in the World Bank Per Capita Income Guidelines for Operational Purposes, up to which a Member State is normally eligible for highly concessional loans offered by IFAD.

bb. "**IFAD Reference Interest Rate**" means the rate determined periodically by the Fund as its reference rate for the computation of interest on its Loans.

cc. **Libor**" means London Interbank Offered Rate.

dd. "**Euribor**" means Euro Interbank Offered Rate.

ee. "**Loan**" means a loan extended by the Fund to the Borrower pursuant to a Financing Agreement.

ff. "**Loan Service Payment**" means any payment required or permitted to be made by the Borrower or the Guarantor to the Fund under a Financing Agreement, including (but not limited to) any payment of the principal of, or interest or service charge on any Loan.

gg. "**Loan Service Payment Currency**" means the freely convertible currency defined as such in a Financing Agreement.

hh. "**Market Based Reference Rate**" means the variable market benchmark rate that is the basis for the pricing of ordinary term loans

ii. "**Member State**" means any Member State of the Fund.

jj. "**NCBP**" means the Non-concessional Borrowing Policy.

kk. "**FRMC**" means the Financial Risk Management Committee.

ll. "**PBAS**" means performance-based allocation system.

mm. "**Phasing-out/phasing-in**" means the mechanism underpinning the Transition Framework, through which a country transitions to hardened lending terms.

nn. "**Project**" means the agricultural development project or programme described in an Agreement and financed, in whole or in part, by the Financing.

oo. "**Recipient**" means the party designated as such in an Agreement.

pp. "**Replenishment Period**" means a three year period over which Member States contribute additional resources to the Fund, which is subsequently allocated to Borrowers/Recipients through the PBAS.

qq. "**Shibor**" means Shanghai Interbank Offered Rate

rr. "**Small State Economy**" means a country with a population of 1.5 million people or less. Small State Economies that are eligible for IDA financing, regardless of their eligibility for IBRD borrowing, are eligible for loans on more concessional terms. Small State Economies that are only eligible for IBRD borrowing receive special treatment on their less concessional financing terms from IFAD as well.

ss. "**Special Drawing Rights**" or "**SDR**" mean special drawing rights as valued from time to time by the International Monetary Fund in accordance with its Articles of Agreement.

tt. "**Spread adjustment**" means the positive or negative addition to the applicable interest rate and shall be calculated by Lender in its sole discretion (and disclosed to Borrower) uu. "**SOFR**" means Secured Overnight Financing Rate

vv. "**SONIA**" means Sterling Overnight Index Average

ww. "**TONAR**" means Tokyo Overnight Average Rate

xx. "**Transition Framework**" means the principles and procedures for the processes of transition and reversal of a Member State's lending terms eligibility.

yy. "**US dollar**" or "**USD**" means the currency of the United States of America.

III. Lending terms

3. **Overview**. IFAD's lending terms for Borrowers include loans on super highly concessional, highly concessional, blend, or ordinary terms. Additionally, the Fund determines whether a Borrower may be eligible for grants through the Debt Sustainability Framework.

4. **Criteria of lending terms for PBAS resources**. There are two primary criteria to determine a Borrower's lending terms: (i) its GNI per capita, as per the World Bank Atlas methodology; and (ii) a creditworthiness assessment by the President of IFAD, which takes into account the borrower's eligibility for IBRD borrowing. In allocating resources among countries eligible for loans on the same terms, priority shall be given to those countries characterized by low food security and severe poverty in rural areas and to fragile situations and Small State Economies.

5. **Criteria of lending terms for BRAM resources**. The access to the borrowed resources through the BRAM mechanism (EB-2021-134-R-50) will be provided only in ordinary terms loans.

6. **Establishment and review of lending terms**. The Fund determines the lending terms for its Borrower Member States before the start of a Replenishment Period, and they remain in effect for the entire Replenishment Period. If the Fund concludes in the establishment of lending terms prior to the Replenishment Period that a Borrower has become eligible for less concessional lending terms, the new terms shall be gradually applied through the Phasing-out/phasing-in mechanism illustrated below. The mechanism is only applicable for countries transitioning from highly concessional to blend terms, and from blend to ordinary terms.

7. In addition, the lending terms are reviewed annually during the Replenishment Period. In the annual review, if it is found that a Borrower has become eligible for more concessional lending terms, the new lending terms will be effective from 1 January of the following calendar year. If it is found that a Borrower is eligible for less concessional lending terms, then the new lending terms will be effective from the next replenishment period.

8. **Lending terms applicable to PBAS resources**. The bases for determining a Borrower's eligibility for the different lending terms and grants is described below.

   a. *Highly concessional terms loans.* The following Borrowers are eligible for loans on highly concessional terms:

      i. Those with GNI per capita less than or equal to the IDA operational cut-off;

      ii. Those with GNI per capita greater than the IDA operational cut-off but not classified by IDA as a Blend or Gap country; and

      iii. Small State Economies that are eligible for IDA financing.

b. *Blend terms loans.* Borrowers that are classified by IDA as a Blend Country or IDA Gap Country are eligible for loans on blend terms.

c. *Ordinary terms loans.* Borrowers that are not eligible for highly concessional loans or blend loans. Such Borrowers have a GNI per capita that has exceeded the IDA operational cut-off for at least two consecutive years and are considered creditworthy to borrow from IBRD. The GNI shall not exceed the UMICs threshold.

d. *Debt sustainability framework (DSF).* Under the DSF, low-income countries that are eligible for highly concessional terms undergo an annual Debt Sustainability Analysis (DSAs), which are carried out by the International Monetary Fund and/or the World Bank. An output of the DSA is the risk of debt distress, with the following categorisations:[2,3]

   i. Countries in debt distress or at high risk of debt distress. These countries will receive 100 per cent of their PBAS allocation as a grant[4];

   ii. Countries at moderate risk of debt distress with some or limited space to absorb shocks. These countries will receive 80 per cent of their PBAS allocation on super highly concessional terms and 20 per cent on highly concessional terms with amortization profile of the principal applicable to Small States Economies ;

   iii. Countries at moderate risk of debt distress with substantial space to absorb shocks. These countries will receive 100 per cent of their PBAS allocation on highly concessional terms with amortization profile of the principal applicable to Small States Economies; and

   iv. Countries at low risk of debt distress. These countries will receive 100 per cent of their PBAS financing as highly concessional terms loans.

9. **Lending terms applicable to BRAM resources:**

   a. *Ordinary terms loans.* The following Borrowers are eligible for loans on ordinary terms:

      i. Borrowers that are not eligible for highly concessional loans or blend loans. Such Borrowers have a GNI per capita that has exceeded the IDA operational cut-off for at least two consecutive years and are considered creditworthy to borrow from IBRD.

      ii. LICs and LMICs eligible for super highly concessional, highly concessional, blend terms may access to additional financing on Ordinary terms (Category 1) under the Borrowed Resources Access Mechanism, based on relevant financial criteria. Countries at high risk of or in debt distress will not be eligible to access borrowed resources.

10. **Phasing-out/phasing-in mechanism**. This mechanism, approved by the Executive Board for changes in lending terms effective 1 January 2019, guides the transition of Member States towards less concessional terms. If the Fund determines, prior to the start of a Replenishment

[2] A country may lose its eligibility for grant financing if its lending terms have been hardened through the NCBP.
[3] For the IFAD12 period, the Executive Board adjusted the applicable grant portion for countries in debt distress or at high-risk of debt distress and the financing package for countries at moderate risk of debt distress at its 128th Session held on 10-12 December 2019, in order to preserve the Fund's financial sustainability.
[4] Recipients that receive financing as grants under the DSF are not subject to any service charge or other fee.

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. The terms of the transition will be agreed upon by the Fund and the Member State. An illustrative example is provided below.

11. The phasing-out/phasing-in mechanism will not be applicable in the case of transition of lending terms accompanied by a transition from Low to Upper-middle income category (from LMIC to UMIC), as UMICs are eligible to resources under BRAM denominated in ordinary terms.

Table 1

Example of phased approach to transition
(Millions of United States dollars)

Year of replenishment period	*Financing terms*		*Numerical example: financing of US$60 million*	
	Highly concessional/ blend	*Blend/ ordinary*	*Old financing terms (US$ million)*	*New financing terms (US$ million)*
Year 0 (prior to start)	Discussions with borrower			
Year 1	67%	33%	40	20
Year 2	50%	50%	30	30
Year 3	33%	67%	20	40

Box 1

Example of how phasing-out/phasing-in works

Scenario: As of 1 January 2022, a country's financing terms with IFAD change from highly concessional to blend terms due to a change in its GNI threshold.

IFAD engages in discussions with the borrower country regarding its lending programme for the next replenishment cycle 2022-2024.

If the country's lending programme (i.e. performance-based allocation system [PBAS] allocation) amounts to US$60 million, IFAD will offer the following financing terms to the country:

- If the project is submitted for Executive Board approval during 2022, 67 per cent of the allocation (US$40 million) will be granted on highly concessional terms and 33 per cent on blend terms (US$20 million);
- If the project is submitted for Executive Board approval during 2023, 50 per cent of the allocation (US$30 million) will be granted on highly concessional terms and 50 per cent on blend terms (US$30 million);

- If the project is submitted for Executive Board approval during 2024, 33 per cent of the allocation (US$20 million) will be granted on highly concessional terms and 67 per cent on blend terms (US$40 million).

12. **Non-Concessional Borrowing Policy (NCBP).** Member States eligible for Super Highly Concessional loans, Highly Concessional loans and grants under the DSF are subject to this policy. For NCBP related issues, the Operational Risk Committee (ORC) will meet at least annually, specifically at the time of determining financing terms and after conducting outreach with other IFIs to gather data on their non-concessional borrowing disincentives. In accordance with the Policy, the ORC will report and make recommendations to the President of the Fund, who may apply the following disincentive mechanisms for countries that are assessed to be borrowing excessively on non-concessional terms: (i) reduce the volume of assistance offered by the Fund; (ii) harden the terms of lending; and (iii) a combination of both the above.
13. Management adjusts the lending terms in the following circumstances:
    a. On January 1 of each year, to reflect
        i. changes arising from the annual income level and creditworthiness assessments carried out by the World Bank; and
        ii. any changes in debt distress ratings, based on an updated debt sustainability analysis conducted by the WB or IMF.
    b. At any point in time to reflect:
        i. any application of disincentive mechanisms under the Non-Concessional Borrowing Policy.

IV. Financing terms

14. The latest financing terms are available here. The characteristics of each of the financing terms is outlined below.
15. **Super Highly concessional terms loans.**
    a. *Maturity period*. The maturity period is normally fixed at 50 years. Borrowers may choose a shorter period prior to the submission of approval to the Executive Board.
    b. *Grace period*. The grace period is fixed at 10 years, starting from the Approval date.
    c. *Currencies.* Super Highly concessional terms financing is offered in SDR, USD, and EUR.
    d. *Service charge*. A service charge is payable semi-annually on the principal amount disbursed by the Fund and not yet repaid by the Borrower. For loans denominated in EUR or USD, the Executive Board adjusts the service charges each quarter to account for the differences in notional interest rates between the relevant currency and the SDR, subject to a floor of 0.1 per cent. The rate is fixed for the life of the loan based on the related service charge in force at the time of approval of the loan.

e. *Interest rate*. No interest is charged on super highly concessional loans.

f. *Amortization.* Repayments are payable semi-annually, starting from the first Payment Date falling within six months of the grace period. Principal is repaid at 2.5 per cent of the total principal per annum from years 11 to 50.

g. *Accelerated Repayment*. Effective January 2022, IFAD introduced an accelerated repayment clause in the Financing Agreements that allows IFAD to double the principal repayments of the loan with no change to the service charge and/or interest rate, if:

   i. the borrower is considered creditworthy and completed its transition to the new lending terms (i.e. ordinary terms) after the finalization of the phasing out–phasing in mechanism.
   ii. the borrower's GNIpc remains above the IFAD operational cut-off for the entire period of the phasing out–phasing in mechanism.
   iii. the loans is fully disbursed and the entire grace period has elapsed.

IFAD may reverse the repayment terms if the Borrower faces significant economic deterioration (especially if concentrated in rural areas).

16. **Highly concessional terms loans.**

a. *Maturity period*. The maturity period is normally fixed at forty (40) years. Borrowers may choose a shorter period prior to the submission of approval to the Executive Board.

b. *Grace period*. The grace period is fixed at ten (10) years, starting from the Approval date.

c. *Currencies.* Highly concessional terms financing is offered in SDR, USD, and EUR.

d. *Service charge*. A service charge is payable semi-annually on the principal amount disbursed by the Fund and not yet repaid by the Borrower. For loans denominated in EUR or USD, the Executive Board adjusts the service charges each quarter to account for the differences in notional interest rates between the relevant currency and the SDR, subject to a floor of 0.75 per cent. The rate is fixed for the life of the loan based on the related service charge in force at the time of approval of the loan.

e. *Interest rate*. No interest is charged on highly concessional loans.

f. *Amortization.* Repayments are payable semi-annually, starting from the first Payment Date falling within six months of the grace period. The amortization of a highly concessional loan is dependent on whether the Borrower is a Small State Economy or not.

   i. *Borrowers that are not classified as a Small State Economy*. Principal is to be repaid at 4.5 per cent of the total principal per annum for years 11 to 30, and 1 per cent of the total principal per annum for years 31 to 40.

   ii. *Borrowers that are classified as a Small State Economy*. Principal is to be repaid at 2 per cent of the total principal per annum for years 11 to 20, and 4 per cent of the total principal per annum for years 21 to 40.

g. *Accelerated Repayment*. Effective January 2022, IFAD introduced an accelerated repayment clause in the Financing Agreements that allows IFAD to double the principal repayments of the loan with no change to the service charge and/or interest rate, if:

i. the borrower is considered creditworthy and completed its transition to the new lending terms (i.e. ordinary terms) after the finalization of the phasing out–phasing in mechanism.
ii. the borrower's GNIpc remains above the IFAD operational cut-off for the entire period of the phasing out–phasing in mechanism.
iii. the loans is fully disbursed and the entire grace period has elapsed.

IFAD may reverse the repayment terms if the Borrower faces significant economic deterioration (especially if concentrated in rural areas).

17. **Blend terms loans.**

a. *Maturity period*. The maturity period is normally fixed at twenty-five (25) years. Borrowers may choose a shorter period prior to the submission of approval to the Executive Board.

b. *Grace period*. The grace period is fixed at five (5) years, starting from the Approval date.

c. *Currencies.* Blend terms financing is offered in SDR, USD, and EUR.

d. *Service charge.* A service charge is payable semi-annually on the principal amount disbursed by the Fund and not yet repaid by the Borrower. For loans denominated in EUR or USD, the Executive Board adjusts the service charges each quarter to account for the differences in notional interest rates between the relevant currency and the SDR, subject to a floor of 0.75 per cent. The rate is fixed for the life of the loan based on the related charge in force at the time of approval of the loan.

e. *Interest rate.* A fixed interest charge is payable semi-annually on the principal amount disbursed by the Fund and not yet repaid by the Borrower. The interest rate for SDR-denominated credits is approved by the Executive Board for each IFAD replenishment cycle and is fixed for the duration of the loan. The interest charge for single currency credits is based on the SDR-denominated rate; it is adjusted each quarter to account for the differences in notional interest rates between the relevant currency and the SDR, subject to a floor of 0 per cent.

f. *Amortization.* Repayments are payable semi-annually, starting from the first Payment Date falling within six months of the grace period. Principal is repaid at 5 per cent of the total principal per annum from years 6 to 25.

g. *Accelerated Repayment*. Effective January 2022, IFAD introduced an accelerated repayment clause in the Financing Agreements that allows IFAD to double the principal repayments of the loan with no change to the service charge and/or interest rate, if:

i. the borrower is considered creditworthy and completed its transition to the new lending terms (i.e., ordinary terms) after the finalization of the phasing out–phasing in mechanism.
ii. the borrower's GNIpc remains above the IFAD operational cut-off for the entire period of the phasing out–phasing in mechanism.
iii. the loans are fully disbursed and the entire grace period has elapsed.

IFAD may reverse the repayment terms if the Borrower faces significant economic deterioration (especially if concentrated in rural areas).

18. **Ordinary terms loans**.

a. Loans on ordinary terms are provided in variable maturity, variable grace period and variable interest rates. The variable interest consists of a market-based variable reference rate, a variable spread, and a maturity premium. The variable spread will be determined quarterly and applied over market-based rate (that together form the IFAD reference interest rate).

b. Effective 1st January 2022, IFAD introduced differentiation according to a country's per capita income or classification for access to average repayment maturity buckets and application of maturity premium for loans approved after January 2022. The ordinary terms loans approved from 1st January 2022 will be categorized as follows:

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

      1. *Maturity period.* The maturity period is variable at the choice of the borrower, to a maximum of thirty-five (35) years maturity. The maturity period is initiated when the Fund determines that all general conditions precedent to withdrawal have been met by the Borrower.

      2. *Grace period.* The grace period is variable at the choice of the borrower, subject to a ceiling of ten (10) years. It is initiated when the Fund determines that all general conditions precedent to withdrawal have been met by the Borrower.

      3. *Maximum average maturity.* The maximum average repayment maturity is twenty (20) years.

   ii. Category 2 will include LMICs non-eligible for Category 1, borrowers transitioning from blend terms to semi-concessional terms loans, creditworthy fragile and conflict-affected states, and small state economies that are eligible for borrowing from the International Bank for Reconstruction and Development.

      1. *Maturity period.* The maturity period is variable at the choice of the borrower, to a maximum of thirty (30) years maturity. The maturity period is initiated when the Fund determines that all general conditions precedent to withdrawal have been met by the Borrower.

      2. *Grace period.* The grace period is variable at the choice of the borrower, subject to a ceiling of eight (8) years. It is initiated when the Fund determines that all general conditions precedent to withdrawal have been met by the Borrower.

      3. *Maximum average maturity.* The maximum average repayment maturity is eighteen (18) years.

iii. Category 3 will include 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.

4. *Maturity period.* The maturity period is variable at the choice of the borrower, to a maximum of twenty (20) years maturity. The maturity period is initiated when the Fund determines that all general conditions precedent to withdrawal have been met by the Borrower.

5. *Grace period.* The grace period is variable at the choice of the borrower, subject to a ceiling of five (5) years. It is initiated when the Fund determines that all general conditions precedent to withdrawal have been met by the Borrower.

6. *Maximum average maturity.* The maximum average repayment maturity is fifteen (15) years.

iv. Category 4 will include 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).

1. *Maturity period.* The maturity period is variable at the choice of the borrower, to a maximum of eighteen (18) years maturity. The maturity period is initiated when the Fund determines that all general conditions precedent to withdrawal have been met by the Borrower.

2. *Grace period.* The grace period is variable at the choice of the borrower, subject to a ceiling of three (3) years. It is initiated when the Fund determines that all general conditions precedent to withdrawal have been met by the Borrower.

3. *Maximum average maturity.* The maximum average repayment maturity is twelve (12) years.

c. *Currencies.* Ordinary terms financing is offered in USD and EUR.

d. *Interest*. The IFAD reference rate consists of a market-based variable reference rate and a variable spread. The market-based variable reference rate is subject to a floor of zero. Interest is paid on the loan principal disbursed and not yet repaid by the Borrower. The IFAD reference rate varies by currency and it is reflected in Annex 2. The variable spread resets quarterly, and are applicable for the following three months.

e. *Maturity premium*. Maturity premiums increases with each average repayment maturity bucket. The applicable maturity premium adjustment between income categories is reflected in the Table 2 below: Category 1 will be subject to the standard maturity premium differentiation, which together with the other elements of the pricing structure, will ensure a minimum cost recovery of IFAD's cost of funding of the borrowed resources. Category 2, Category 3 and Category 4 will be subject to an increased maturity premium than the precedent category.

Table 2

Maturity premium for ordinary terms loans approved after January 2022

New category / average maturity	*Up to 8 years*	*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: LICs and LMICs eligible for super highly concessional, highly concessional and blend terms. No high risk of debt distress	0.00%	0.05%	0.15%	0.25%	0.35%	0.50%
Category 2: LMICs non-eligible for Category 1 and classified as fragile and conflict-affected states, small state economies or in transition	0.10%	0.20%	0.30%	0.40%	0.50%	N/A
Category 3: UMICs with a GNI per capita below the GDI threshold	0.15%	0.25%	0.40%	0.50%	N/A	N/A
Category 4: UMICs with GNI per capita above the GDI threshold and less than the HIC threshold, or those considered eligible for ODA	0.25%	0.40%	0.60%	N/A	N/A	N/A

i. Loans approved in IFAD11 (2019-2021) will maintain IBRD maturity premiums applicable at the time of the approval (Annex 2).

f. *Transition and reversal*. If a Borrower is reclassified to a lower maturity premium category, then the new maturity premium is effective the next calendar year. If a Borrower is reclassified to a higher maturity premium category, the higher maturity premium is effective in the next replenishment period.

g. *Amortization.* Repayments are payable semi-annually, starting from the first Payment Date falling within six months of the grace period. A draft amortization schedule is shared with the Borrower with an estimate of when the disbursement conditions will be fulfilled. As soon as the general conditions of withdrawal have been fulfilled by the Borrower, the Fund will send an amortization schedule to the borrower. Repayments of principal are usually in equal amounts, however the option of varying repayment instalments is available and should be discussed with the Fund during negotiations. The average repayment maturity in both cases is the sum of weighted principal repayments divided by the sum of principal repayments.

i. Revisions to the Amortization Schedule. The amortization schedule is initially prepared based on the entire loan principal. It can only be revised in the case of cancellation of an unwithdrawn loan balance. In such a case, the Fund will prepare a revised amortization schedule for the borrower, unless the cancelled amount is less than 1,000 units of currency of the loan agreement, where such an amount is reduced from the final instalment due.

h. *IFAD reference rate*. Since 2009, IFAD's loan pricing has been pegged to the IBRD. The IBRD Board determine the contractual lending spread and actual funding cost of the composite lending rate.

i. Further notes regarding ordinary loan pricing components are provided in Annex 2 of this document. Details on country-specific maturity premiums is provided in Annex 3 of this document.

19. **Provisions applicable to all loans.**

a. *Repayment*. The Borrower's repayment obligation is in the denomination currency of the loan; however, the loan-service payment currency is the freely convertible currency defined in section B of the Financing Agreement. The Fund normally restricts the loan-service payment currency to those included in the composition of the SDR. The currency selected remains the sole currency of payment throughout the life of the loan, although in special circumstances, the Borrower may make payments in a currency other than the loan-service payment currency, as agreed with IFAD on an exceptional basis.

b. The Borrower bears the foreign exchange risk between the currency of repayment and the denomination currency of the loan.

c. The first Principal Payment Date is set to fall within six (6) months after the expected date of expiration of the grace period. Payment Dates fall on either the 1st or the 15th day of the month (at the Borrower's option) and semi-annually thereafter.

d. The Fund does not charge interest on overdue interest.

e. *Fees*. The Fund does not charge its Borrowers any fees in excess of the service charge, such as front-end fees or commitment fees. There are also no fees levied for loan cancellation or prepayment.

f. *Prepayment*. In accordance with the General Conditions, the Borrower has the right to prepay all or a portion of the loan principal, provided that all accrued and unpaid interest is also paid on the prepayment date. The Borrower may: (i) reduce the instalment amount, maintaining the same maturity period; or (ii) accelerate the final maturity date, keeping the instalment amount the same.

g. *Voluntary Prepayment*. If the prepayment of a super highly concessional terms loan or highly concessional terms loan is made in the form of a one-off, lump sum payment amount, IFAD shall offer a discount computed as the difference, if positive, between the nominal value of the loan eligible for prepayment and the present value of the loan's remaining payments. The discount will depend on the following factors:

   i. The loan amount the borrower proposes to voluntarily prepay;

   ii. The financial terms of the loan to be prepaid (currency, maturity and repayment schedule);

   iii. The foregone loan service charges;

   iv. The applicable discount rate.

The borrower may also voluntarily choose to pay the full nominal amount of the outstanding loan. Any additional amount paid in cash above the discounted loan amount (the difference between the nominal and discounted amount of the loan) could be accounted for as an additional core contribution to the Fund, subject to fulfilment of the required conditions. In such cases, the borrower would determine, in consultation with Management, which replenishment the additional amount would be credited to, and the contribution would be treated in accordance with the related replenishment resolution, including with regard to voting rights. Members are encouraged to provide such contributions in addition to their normal core replenishment contribution.

V. Approving authorities

20. This document outlines the updated lending and financing terms offered by IFAD.

21. At the 128th Session of the Executive Board[5], the DSF Reform for IFAD12 has been approved, adding Super Highly concessional terms loans.

22. At the 130th Session of the Executive Board[6], the following items have been approved as part of the Accelerated Repayment and Voluntary Prepayment Framework:

    a. Introduction of accelerated repayment clauses in IFAD's loan agreements for loans on super highly concessional, highly concessional and blend terms.

    b. Introduction of a discount for the borrower that prepays all or an agreed partial amount of its fully disbursed outstanding highly concessional loans.

23. At the 132nd Session of the Executive Board[7], the following items have been approved as part of the Borrowed Resources Access Mechanism and revision to IFAD differentiation methodology:

    a. Access to borrowed resources for eligible LICs and LMICs, as well as UMICs, based on relevant financial criteria.

    b. Differentiation of financing conditions based on countries' economic trajectories so that UMICs with a gross national income per capita (GNIpc) above the graduation discussion income threshold pay more than those with a GNIpc below the threshold, and UMICs pay slightly more than LICs and LMICs.

    c. Access to higher maturities restricted for UMICs to ensure that lower-income countries have higher levels of concessionality.

    d. New categorisation of IFAD's borrowers eligible to Ordinary terms.

24. At the 134th Session of the Executive Board[8], the following items have been approved as part of the updating of elements of pricing for Ordinary terms:

[5] EB 2019/128/R.44
[6] EB 2020/130/R.34
[7] EB 2021/132/R.9/Rev.1; EB 2021/132/R.10/Rev.1
[8] EB 2021/134/R.50

a. Adjustment of maturity premium differentiation still based on income categories and the length of the maturity of the loan

b. Suspension of ordinary terms loan on fixed spread

c. Discontinuation of ordinary terms loans denominated in Special Drawing Rights (SDR)

25. At the 133rd Session of the Executive Board[9], the following items have been approved:

a. Amendments to the Policies and Criteria for IFAD Financing, and

b. The adoption of a Framework on Financing Conditions, in order to reflect: (i) the introduction of the Borrowed Resource Access Mechanism and Update to IFAD's Financing Conditions; (ii) efforts to streamline the Policies and Criteria for IFAD Financing, and ensure it remains a high-level, principles-based document; and (iii) the Executive Board's existing delegation of authority to IFAD Management

26. At the 43rd and 44th Session of the Governing Council[10] the following items have been approved as changes to the Policies and Criteria for IFAD Financing (PCIF) and General Conditions:

a. Introduction of a new lending term with a high concessionality level to be known as the super highly concessional loan.

b. Implementation of the Debt Sustainability Framework Reform and the Accelerated Repayment and Voluntary Prepayment Framework;

c. Incorporating voting rights for early encashment.

27. At the 45th Session of the Governing Council the following items will be submitted as changes to the Policies and Criteria for IFAD Financing (PCIF) and General Conditions:

a. The introduction of the Borrowed Resource Access Mechanism and Update to IFAD's Financing Conditions;

b. The efforts to streamline the Policies and Criteria for IFAD Financing, and ensure it remains a high-level, principles-based document; and

c. The Executive Board's existing delegation of authority to IFAD Management.

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[9] EB 2021/133/R.12

[10] GC 43/L.9; GC 44/L.10

Annex 1

Terms of IFAD Super Highly Concessional Loans, Highly Concessional Loans and Blend Loans

Table 1 – Lending Rates of Super Highly Concessional, Highly Concessional and Blend Terms Loans (As of 1 January 2022)

Lending Term	Maturity (years)	Grace Period (years)	Principal Repayments		Service Charge (SDR)[1]	Interest Rate (SDR)[1,4]
Super Highly Concessional	50	10	2.5% for years 11 – 50		0.10%	NA
Highly Concessional - Regular	40	10	4.5% for years 11 – 30	1% for years 31 – 40	0.75%	NA
Highly Concessional - Small Economy[2]	40	10	2% for years 11 – 20	4% for years 21 – 40	0.75%	NA
Blend[3]	25	5	5% for years 6 – 25		0.75%	1.25%

Notes:

1 The service charge and interest rates for single-currency loans are set quarterly.

2 Eligibility for Highly Concessional – Small Economy terms is limited to IDA-eligible Small State Economies.

3 Blend terms apply to Blend Countries and Gap Countries.

4 To prevent a negative interest charge due to pre-existing negative interest rate market conditions, the Fund applies a floor of 0 percent for the interest charge for all currencies to mitigate financial risk to IFAD's resources.

To see the current pricing for super highly concessional, highly concessional and blend terms loans, visit https://www.ifad.org/web/guest/financial-products-and-terms.

Annex 2

Pricing of IFAD Ordinary Loans approved after January 2022

Loans with a variable spread over a market reference rate

The composite rate consists of the following components:

(i) Variable market reference rate
   a. Loans denominated in USD use SOFR[11], determined and compounded daily and applicable for the previous business day
   b. Loans denominated in EUR use six-month EURIBOR, determined on each interest rate reset date (quarterly) and applicable for the following three months
   c. Existing loans denominated in SDR use the SDR weighted average of market reference rates of the five SDR currencies. These are SOFR for USD, EURIBOR for EUR, SONIA for GBP, TONAR for JPY and SHIBOR for CNY. An ARRC/ISDA[12] recommended adjustment spread is applied to the market reference rates for USD, GBP and JPY to account for the discontinuation of USD LIBOR, GBP LIBOR and JPY LIBOR[13].

(ii) Variable spread comprises the following elements:
   a. IBRD Average actual funding cost determined on each interest rate reset date (quarterly) and applicable for the following three months.
   b. Contractual lending spread
      i. Approved by IBRD Executive Directors and reviewed annually.
      ii. Determined at loan signing and fixed over the life of the loan.

(iii) Maturity premium
   a. Approved by IFAD Executive Board and reviewed annually.
   b. Determined at loan signing and fixed over the life of the loan

Visit LIBOR replacement and impact on IFAD: FAQs for additional information on interest rate components of ordinary terms loans.

To see the current pricing for ordinary loans, visit https://www.ifad.org/web/guest/financial-products-and-terms. See Table 1 and 2 below for the maturity premiums applied on IFAD ordinary term loans (approved in 2019-2021 and after 2022). Country-specific maturity premiums for ordinary terms loans approved after January 2022 are available in Annex 3.

Table 1 – Maturity Premium Categories for ordinary terms loans approved after January 2022[1, 2]

Average Repayment Maturity	8 years and below	More than 8 up to 10 years	More than 10 up to 12 years	More than 12 up to 15 years	More than 15 up to 18 years	More than 18 up 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%	
Category 3	0.15%	0.25%	0.40%	0.50%		
Category 4	0.25%	0.40%	0.60%			

[11] The SOFR is a secured interbank overnight (daily) interest rate. SOFR is derived from actual costs of transactions in the overnight repo market. It is an ex-post rate.
[12] IBOR-Fallbacks-LIBOR-Cessation_Announcement_20210305.pdf (bbhub.io).
13 From 1 April 2022, due to the cessation of IBOR rates in USD, GBP and JPY the respective IBOR market reference rates for loans in USD and SDR were replaced with the ARRC recommended replacement rates.

Notes:

1 If a Member State ceases to be eligible for the Category 1, Category 2 or Category 3, the higher maturity premium is applied effective January 1 of the next replenishment cycle.

2 If a Member State becomes eligible for the Category 1, Category 2 or Category 3, the lower maturity premium is applied with effect from January 1 following the reclassification.

Table 2 – Maturity Premium Categories for ordinary terms loans approved in IFAD11 (2019-2021)

Average Repayment Maturity	8 years and below	More than 8 up to 10 years	More than 10 up to 12 years	More than 12 up to 15 years	More than 15 up to 18 years	More than 18 up to 20 years
Category A[3]	0.00%	0.10%	0.20%	0.30%	0.40%	0.50%
Category B[4]	0.00%	0.10%	0.25%	0.40%	0.55%	0.70%
Category C[5]	0.00%	0.10%	0.30%	0.50%	0.70%	0.90%
Category D[6]	0.05%	0.15%	0.40%	0.65%	0.90%	1.15%

Notes:

3 Borrowers that in the fiscal year of the approval: (a) were transitioning from blend terms to ordinary terms; (b) were Fragile and conflict-affected (FCS) Countries; (c) were Small State Economies eligible for IBRD borrowing; (d) became eligible for ordinary terms in IFAD9 or IFAD10.

4 Borrowers that in the fiscal year of the approval had a GNI per capita less than or equal to the applicable GDI.

5 Borrowers that in the fiscal year of the approval had a GNI per capita above the applicable GDI but lower than the applicable GNI threshold for High Income Countries.

6 Borrowers that in the fiscal year of the approval had a GNI per capita greater than the applicable GNI threshold for High Income Countries.

Annex 3

Lending Terms and Maturity Premiums applicable to IFAD Member States

For the 2024 calendar, the operational cut-off for highly concessional financing is USD 1,315; the GDI threshold is USD 7,805.

Maturity premiums are classified as follows:

- Category 1: LICs and LMICs eligible to DSF, HC terms and Blend terms (not countries at high risk or in debt distress)
- Category 2: LMICs and UMICs eligible to Ordinary terms and classified as Small State Economies, FCS Countries, countries in transition
- Category 3: UMICs with GNI per capita less than or equal to GDI threshold
- Category 4: UMICs with GNI per capita above the GDI threshold

Lending Terms Legend

D	100% grant
DHC	
80-20	80% Super highly concessional terms loan + 20% Highly concessional terms loan with small states repayment terms
HC SSE	100% Highly concessional terms loan with small states repayment terms
HC	Highly concessional terms loan
Blend	Blend terms loan
O	Ordinary terms loan

Income category legend

LIC	Low-income country	GNI < US$ 1,135
LMIC	Lower middle-income country	US$ 1,136 > GNI ≤ US$ 4,465
UMIC	Upper middle-income country	US$ 4,466 > GNI ≤ US$ 13,845
HIC	High income country	GNI > 13,846

Country	GNI per capita 2022 (World Bank Atlas Method)	Income category classification 2024	Lending terms 2024[4]	Maturity premium classification 2024[5]
Afghanistan[1,9]	N/A	LIC	D	n/a
Angola[9]	1900	LMIC	O	C2
Antigua and Barbuda[3]	18,280	HIC	N/A (HIC)	N/A (HIC)
Argentina	11620	UMIC	O	C4
Armenia	5960	UMIC	O	C3
Azerbaijan	5630	UMIC	O	C3
Bangladesh[7,9]	2820	LMIC	Blend	C1
Belize[3]	6800	UMIC	O	C2
Benin[2,8,9]	1400	LMIC	80% SHC / 20% HC	C1
Bhutan[3,7,9]	N/A	LMIC	HC	C1
Bolivia	3450	LMIC	O	C2
Bosnia and Herzegovina	7660	UMIC	O	C3
Botswana	7350	UMIC	O	C3
Brazil	8140	UMIC	O	C4
Burkina Faso[1,9]	840	LIC	HC SSE	C1
Burundi[1,9]	240	LIC	D	n/a
Cambodia[7,9,10]	1700	LMIC	Blend	C1
Cameroon[1]	1660	LMIC	Blend	n/a
Cabo Verde[3]	4140	LMIC	HC	C1
Central African Republic[1,9]	480	LIC	D	n/a
Chad[1,9]	690	LIC	D	n/a
Chile	15360	HIC	N/A (HIC)	N/A (HIC)
China	12850	UMIC	O	C4
Colombia	6510	UMIC	O	C3
Comoros[1,2,3,9]	1610	LMIC	D	n/a
Costa Rica	12670	UMIC	O	C4
Côte d'Ivoire[7]	2620	LMIC	Blend	C1
Cuba	N/A	UMIC	O	C4
Congo, Dem. Rep.[1,2,9]	590	LIC	HC SSE	C1
Djibouti[3,7,9]	3180	LMIC	HC	n/a
Dominica[3]	8460	UMIC	HC	n/a
Dominican Republic	9050	UMIC	O	C4
Ecuador	6310	UMIC	O	C3
Egypt	4100	LMIC	O	C2
El Salvador	4720	UMIC	O	C3
Equatorial Guinea[3]	5320	UMIC	O	C2
Eritrea[1,9]	N/A	LIC	D	n/a
Eswatini[3]	3800	LMIC	O	C2
Ethiopia[1,6,9]	1020	LIC	D	n/a

Country	GNI per capita 2022 (World Bank Atlas Method)	Income category classification 2024	Lending terms 2024[4]	Maturity premium classification 2024[5]
Fiji[3]	5270	UMIC	HC	C1
Gabon	7540	UMIC	O	C3
Gambia, The[9]	810	LIC	D	n/a
Georgia	5620	UMIC	O	C3
Ghana[7,]	2350	LMIC	Blend	n/a
Grenada[3]	9340	UMIC	HC	n/a
Guatemala	5350	UMIC	O	C3
Guinea[2,9]	1180	LMIC	80% SHC / 20% HC	C1
Guinea-Bissau[1,9]	820	LIC	D	n/a
Guyana[3,7]	15050	HIC	HC	C1
Haiti[1,8,9]	1610	LMIC	D	n/a
Honduras[7]	2740	LMIC	Blend	C1
India	2380	LMIC	O	C2
Indonesia	4580	UMIC	O	C3
Iraq[1]	5270	UMIC	O	C2
Jamaica	5670	UMIC	O	C3
Jordan	4260	LMIC	O	C2
Kazakhstan	9470	UMIC	O	C4
Kenya	2170	LMIC	Blend	n/a
Kiribati[1,3,9]	3280	LMIC	D	n/a
Kyrgyzstan[2]	1410	LMIC	80% SHC / 20% HC	C1
Laos[7,9]	2360	LMIC	Blend	n/a
Lebanon[1]	N/A	LMIC	O	C2
Lesotho[7,9]	1260	LMIC	Blend	C1
Liberia[2,9]	680	LIC	80% SHC / 20% HC	C1
Libya[1]	7260	UMIC	O	n/a
Madagascar[2,9]	510	LIC	80% SHC / 20% HC	C1
Malawi[2,9]	640	LIC	D	n/a
Malaysia	11780	UMIC	O	C4
Maldives[3]	11030	UMIC	D	n/a
Mali[1,2,9]	850	LIC	80% SHC / 20% HC	C1
Marshall Islands[1,3]	7920	UMIC	D	n/a
Mauritania[7,9,10]	2160	LMIC	Blend	C1
Mauritius[3]	10760	UMIC	O	C2
Mexico	10410	UMIC	O	C4
Micronesia	4130	LMIC	N/A	n/a
Moldova [10]	5340	UMIC	O	C2
Mongolia [10]	4210	LMIC	O	C2
Montenegro[3]	10400	UMIC	O	C2
Morocco	3710	LMIC	O	C2

Country	GNI per capita 2022 (World Bank Atlas Method)	Income category classification 2024	Lending terms 2024[4]	Maturity premium classification 2024[5]
Mozambique[1,9]	500	LIC	D	n/a
Myanmar[1,7,9]	1210	LMIC	Blend	C1
Namibia	4880	UMIC	O	C3
Nepal[9]	1340	LMIC	HC	C1
Nicaragua[7]	2090	LMIC	Blend	C1
Niger[1,2,9]	610	LIC	80% SHC / 20% HC	C1
Nigeria[1]	2140	LMIC	Blend	C1
Pakistan	1580	LMIC	Blend	C1
Panama	16750	HIC	N/A (HIC)	C4
Papua New Guinea[1]	2730	LMIC	Blend	n/a
Paraguay	5920	UMIC	O	C3
Peru	6770	UMIC	O	C3
Philippines	3950	LMIC	O	C2
Republic of the Congo	2060	LMIC	Blend	n/a
Rwanda[9]	930	LIC	80% SHC / 20% HC	C1
Samoa[3]	3630	LMIC	D	n/a
Sao Tome and Principe [1,3,9]	2410	LMIC	D	n/a
Senegal[7,9,10]	1640	LMIC	Blend	C1
Seychelles[3]	14340	HIC	N/A (HIC)	N/A (HIC)
Sierra Leone[9]	510	LIC	D	n/a
Solomon Islands[1,2,3,9]	2220	LMIC	HC SSE	C1
Somalia[1,9]	470	LIC	D	C1
South Africa	6780	UMIC	O	C3
South Sudan[1,9]	N/A	LIC	D	n/a
Sri Lanka	3610	LMIC	Blend	C1
St Kitts and Nevis[3]	19730	HIC	N/A (HIC)	N/A (HIC)
St Vincent – Grenadines[3]	9110	UMIC	HC	n/a
Sudan[1,9]	760	LIC	D	n/a
Suriname[3]	4880	UMIC	O	C2
Syria[1]	N/A	LIC	HC	C1
Tajikistan	1210	LMIC	D	n/a
Tanzania[9]	1200	LMIC	HC	C1
Thailand	7230	UMIC	O	C3
Timor-Leste[1,3,9]	1970	LMIC	HC	C1
Togo[2,9]	990	LIC	HC SSE	C1
Tonga[3]	N/A	UMIC	D	n/a
Trinidad and Tobago[3]	16330	HIC	N/A (HIC)	N/A (HIC)
Tunisia	3840	LMIC	O	C2
Turkiye	10590	UMIC	O	C4

Country	GNI per capita 2022 (World Bank Atlas Method)	Income category classification 2024	Lending terms 2024[4]	Maturity premium classification 2024[5]
Tuvalu[1,3,9]	7210	UMIC	D	n/a
Uganda[9]	930	LIC	80% SHC / 20% HC	C1
Ukraine	4270	LMIC	O	C2
Uruguay	18030	HIC	N/A (HIC)	N/A (HIC)
Uzbekistan	2190	LMIC	Blend	C1
Vanuatu[2,3]	3560	LMIC	80% SHC / 20% HC	C1
Venezuela[1]	N/A	Unclassified	O	C2
Vietnam	4010	LMIC	O	C2
Yemen[1,9]	N/A	LIC	N/A	n/a
Zambia [7,9]	1170	LMIC	HC	n/a
Zimbabwe [1]	1500	LMIC	HC	n/a

Notes:

1 Country is classified as a Fragile and Conflict-affected Situation (FCS) Country as per the World Bank Harmonized List. Countries eligible for ordinary terms are exempt from the maturity premium increase.

2 Change of financing terms is due to the DSF reform EB 2019/128/R.44

3 Country is classified as a Small State Economy. If the country would normally be eligible for blend terms, it instead receives IFAD financing on highly concessional terms. If the country is eligible for ordinary terms, Category 2 is applied.

4 The grant portion for countries eligible for highly concessional terms is determined through the DSF Reform (EB 2019/128/R.44). Changes during the calendar year may reflect the application of the Non-Concessional Borrowing Policy. For IFAD12, the Executive Board determined the percentage of grant financing as described above in par. III, point 8, letter d).

5 Subject to additional and internal analysis, reclassifications to a different maturity premium category could be effective the following calendar year, while reclassifications to a higher maturity premium category could be effective in the first calendar year of the next replenishment period.

6 Lending terms may be subject to change pending IDA's forthcoming application of its Sustainable Development Finance Policy (SDFP), subsequently to be reviewed by IFAD's FRMC for the Fund's decision.

7 Country's GNI per capita has been above the IFAD operational cut-off for more than two years, but not considered creditworthy for ordinary terms financing. Unless also classified as a Small State Economy and therefore eligible for highly concessional terms, it receives financing on blend terms.

8 Country's GNI per capita has been above the IFAD operational cut-off for one or two years, but still eligible for highly concessional terms.

9 Country is classified as a Least Developed Country by the United Nations.

10 The country's lending terms have hardened in the IFAD12 replenishment period; therefore, the country will transition to the new lending terms with the phasing-out/phasing-in mechanism. Moldova is not eligible to the phasing-in/out mechanism as the country had graduated from 1/7/2021 to UMIC classification therefore eligible to BRAM resources only in ordinary terms loans.