

BLEND TERMS LOAN PRODUCT NOTE

Updated as of January 2025



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IFAD13 Financing conditions

Loans on blend terms have a maturity period of 25 years including a grace period of 5 years starting from the date of approval by IFAD's Executive Board. Blend terms loans include a service charge on the principal amount outstanding. The service charge is subject to a floor of 0.75 per cent per annum for loans that are denominated in SDR, with adjustments made for loans in USD and EUR. Blend terms loans also include a fixed interest rate on the principal amount outstanding. The interest rate is fixed to 1.25 per cent per annum for loans denominated in SDR, with adjustments made for loans in USD and EUR, subject to a floor of zero per cent. Amortization of the principal of a blend terms loan is 5 per cent of the total principal per annum from year 6 to 25.

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

Accelerated repayment clause

IFAD loans on blend 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 term 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 loan on blend 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 and/or interest.

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	25 years
GRACE PERIOD	5 years
INTEREST RATE	1.25% for SDR loans
SERVICE CHARGE	0.75% for SDR loans
AMORTIZATION	5% per annum for years 6-25
GRANT ELEMENT	37%
CURRENCY	EUR, SDR, USD
ARC	Applicable for loans approved after 1/1/2022

FOR MORE INFORMATION

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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](#)