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Investing in rural people

Report on the signing of the first individual loan agreement under the Framework Agreement with KfW Development Bank: KfW loan no. 27025

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For: Information

Report on the signing of the first individual loan agreement under the Framework Agreement with KfW Development Bank: KfW Loan no. 27025

1. The KfW loan no. 27025 for EUR 400 million was negotiated under the Framework Agreement with the KfW Development Bank, signed on 24 November 2014 by the President of IFAD. The loan represents a source of funding for the Ninth Replenishment of IFAD's Resources.
2. The first individual loan agreement (ILA), as provided for by the Framework Agreement, was signed on the same date by the President. The amount of that ILA was EUR 100 million.
3. At the time of the signing of the Framework Agreement, EUR 400 million was equivalent to approximately US\$499 million. It should be noted that in February 2015 EUR 400 million was equivalent to approximately US\$452 million.
4. IFAD is not bound to borrow the entire amount of the loan if revised projections for IFAD's operational and financial commitment capacity show no need. IFAD can request funds under ILAs at a minimum EUR 50 million per tranche.
5. No incremental operational, implementation and administrative costs will be incurred by IFAD in relation to the loan.
6. The main features of the loan are:
 - (i) Withdrawal of single loan agreements in tranches in order to ensure alignment with IFAD's commitments and avoid paying undue interest
 - (ii) Currency of denomination: Euros
 - (iii) Maturity: 20 years
 - (iv) Grace period: 5 years
 - (v) Interest rate: variable rate: Euribor 6 months + spread
7. IFAD dispatched all documentation on 29 January 2015 in order to fulfil the loan disbursement conditions for an ILA, including a request for disbursement of EUR 100 million for the first ILA.
8. IFAD paid a cost compensation fee of EUR 400,000 (equivalent to 0.4 per cent of EUR 100 million) to KfW on 10 February 2015, in order to fulfil one of the fee conditions associated with ILAs.
9. Loan disbursement conditions were confirmed as fulfilled by KfW on 18 February 2015.
10. A total of EUR 100 million was disbursed by KfW to IFAD on 19 February 2015.