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IFAD
Investing in rural people

Update to IFAD's Financing Conditions

Addendum

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For: **Approval**

Update to IFAD's Financing Conditions

Addendum

The attention of the Executive Board is drawn to the following addendum to the Update to IFAD's Financing Conditions (EB 2021/132/R.10). For ease of reference, insertions are underlined, while strikethrough indicates deleted text.

Page 2, paragraph 11 should read:

"In order to reflect the latest discussions on graduation and related financial pillars, it is proposed that IFAD borrowers eligible for IFAD loans on a semi-concessional basis be classified into one of four groups:

- **Category 1,** to include **LICs and LMICs eligible for IFAD concessional loans. These countries will, in addition, now be able to access semi-concessional loans.** They will be subject to standard premium maturity differentiation, which will ensure a minimum recovery of IFAD's costs of funding from borrowed resources.
- **Category 2,** to include **LMICs non-eligible for category 1** (already accessing semi-concessional loans), borrowers **transitioning** ~~from blend terms to IFAD semi-concessional loans, UMICs~~, **creditworthy fragile and conflict-affected states and small state economies irrespective of their GNIpc** ~~eligible for IFAD semi-concessional loans~~. These countries will be subject to a premium maturity higher than category 1.
- **Category 3,** to include **UMIC borrowers with a GNIpc below GDI threshold** which do not qualify for an exemption listed in category 2. These countries will be subject to a premium maturity higher than category 2.
- **Category 4,** to include **UMICs with GNIpc above the GDI threshold.** These countries will be subject to a premium maturity higher than category 3."

Page 3, table 1 should read:

Table 1
Comparison of current and proposed definition of premium maturity differentiation by income category for IFAD loans

Income category	*Current composition*	*Proposed composition*
Category A (current)/1 (proposed)	(i) Borrowers transitioning from blend terms to ordinary terms during the replenishment period in which they transition and the next replenishment period (ii) Fragile and conflict-affected states (iii) Small state economies that are eligible for IFAD semi-concessional loans (iv) During IFAD11, Member States that became eligible for ordinary terms in IFAD9 or IFAD10	LICs and LMICs eligible for IFAD concessional loans, which can access IFAD semi-concessional loans from borrowed resources
Category B (current)/2 (proposed)	Countries with a GNIpc less than or equal to US$6,975 (GDI threshold)	(i) LMICs non-eligible for category 1 (ii) Borrowers transitioning ~~from blend terms to IFAD semi-concessional loans~~ (iii) Creditworthy conflict-affected states~~, UMICs~~ and small state economies irrespective of their GNIpc ~~eligible for IFAD semi-concessional loans~~
Category C (current)/3 (proposed)	Countries with a GNIpc above US$6,975 and less than US$12,375 (high-income countries threshold) and not eligible for category A or B	UMIC borrowers with a GNIpc below GDI
Category D (current)/4 (proposed)	Countries with a GNIpc greater than US$12,375, unless they are eligible for an exemption as described above	UMICs with GNIpc above the GDI threshold