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Enabling poor rural people
to overcome poverty

**IFAD's lending terms and conditions:
Interest rate for the year 2009 for
loans on ordinary and intermediate
terms**

Executive Board — Ninety-fourth Session
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For: **Information**

Note to Executive Board Directors

This document is submitted for the information of the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

Charalambos Constantinides

Controller

telephone: +39 06 5459 2054

e-mail: c.constantinides@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra

Governing Bodies Officer

telephone: +39 06 5459 2374

e-mail: d.mcgrenra@ifad.org

IFAD's lending terms and conditions: Interest rate for the year 2009 for loans on ordinary and intermediate terms

1. In September 1995, the fifty-fifth session of the Executive Board approved document EB 95/55/R.45 authorizing the President to establish the IFAD rates of interest for the following year without prior Board approval, but on the understanding that the Board would be notified of the rates so established. Rates were established routinely on the basis of the July-December variable interest rates of the International Bank for Reconstruction and Development (IBRD).
2. On 27 September 2007, the IBRD executive board approved a significant simplification and reduction in IBRD loan and guarantee pricing. The IBRD variable interest rate is now set at the London Interbank Offered Rate (LIBOR) minus 4 basis points. IBRD loans are subject to a front-end fee equivalent to 4 basis points per annum during the life of the loan; as a result, the effective interest rate is LIBOR.
3. On 1 July 2008, the LIBOR SDR composite was at 4.27 per cent. Accordingly, the Executive Board is hereby informed that the IFAD interest rate for SDR loans for the year 2009 has been set at 4.27 per cent for loans on ordinary terms and 2.14 per cent for loans on intermediate terms.