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Enabling poor rural people
to overcome poverty

**Interest rate for the period 1 January
2010 – 30 June 2010 for loans on
ordinary and intermediate terms**

Executive Board — Ninety-ninth Session
Rome, 21-22 April 2010

For: **Information**

Note to Executive Board members

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

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

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IFAD's lending terms and conditions: Interest rate for the period 1 January 2010 – 30 June 2010 for loans on ordinary and intermediate terms

1. In September 2009, the ninety-seventh session of the Executive Board approved document EB 97/R.46/Rev.2 introducing the following modifications to the previous lending terms:
 - (a) That the periodicity of the update of the IFAD reference interest rate be amended from 12 months to 6 months on the basis that IFAD is moving into line with practices currently applied by other international financial institutions;
 - (b) That the applicable rate will be based on the SDR LIBOR six-month composite rate, with due regard for IFAD's unique mandate;
 - (c) That the Board will henceforth be informed of the applicable interest rate through publication on the IFAD website; and
 - (d) That the amendment will take effect as of January 2010.

Methodology for determining the IFAD reference interest rate for 2010

2. In accordance with the above modifications and applying the methodology described in document EB 2009/98/R.14, which was presented to the Executive Board in December 2009 at its ninety-eighth session, the annual interest rate for ordinary terms loans for the period 1 January 2010 – 30 June 2010 is 0.92 per cent (SDR LIBOR at 0.68 per cent plus the IFAD composite SDR variable spread of 0.24 per cent). The annual interest rate for intermediate terms loans is 0.46 per cent.
3. Table 1 provides details on the calculation of the interest rate for ordinary and intermediate terms loans.

Table 1
Calculation of interest rates for the first semester of 2010 for loans on ordinary and intermediate terms

	<i>Six-month LIBOR Fixing (04/01/2010)</i>	<i>IMF exchange rate SDR per currency unit (04/01/2010)</i>	<i>SDR units (01/01/2006)</i>	<i>SDR weights of each currency at 30 June 2009 (percentage)</i>	<i>Weighted average (percentage)</i>
US\$	0.43400	0.638176	0.632	40	0.18
EUR	0.97700	0.918271	0.41	38	0.37
JPY	0.47800	0.00685842	18.4	13	0.06
GBP	0.84400	1.03531	0.0903	9	0.08
				100	0.68
Spread: Equal to the IBRD Variable Rate, Variable Spread Loan spread for the first semester of 2010 applicable to SDR currencies					0.24
Calculated IFAD reference rate for period 1/1/2010-30/06/2010					0.92
Period 1 January 2010 – 30 June 2010					
<i>Terms</i>					<i>Annual interest rate (percentage)</i>
Ordinary (SDR six-month LIBOR + spread)					0.92
Intermediate					0.46

4. Information on the IFAD interest rates is also available on the IFAD website at <http://www.ifad.org/operations/projects/lending.htm>.