



Applicable for the Second Quarter of 2022

Introduction

IFAD hereby publishes the following information for the second quarter (Q2) of 2022:

- A. Ordinary and intermediate term loans – approved before 1 January 2019: spread
- B. Ordinary term loans – approved between 1 January 2019 and 31 December 2021: spread
- C. Ordinary term loans – approved after 1 January 2022: spread
- D. Blend term loans – approved after 15 February 2019: service charge and interest rate
- E. Highly concessional loans - approved after 15 February 2019: service charge
- F. Super highly concessional loans – approved after 1 January 2022: service charge

Evolution of IFAD pricing

As of January 2019, IFAD recalculates its annual interest rate each quarter effective from the first day of January, April, July and October respectively.

As of February 2019, IFAD introduced differentiated currency-specific service charges and interest rates for blend term loans and currency-specific service charges for highly concessional term loans.

As of January 2022, IFAD introduced new country categories and respective maturity premium.

As of 1 April 2022, IFAD replaced USD LIBOR 6-months with daily-compounded overnight (O/N) SOFR rate for loans denominated in USD and SDR.

The O/N daily SOFR rate is published on the New York Fed site every day at 8 am ET for the previous day. As the daily compounded SOFR is a backward-looking rate, this reference is not available on the first business day of the respective quarter. IFAD is therefore publishing the spread to be applied over loans by currency of denomination.

Daily O/N SOFR rates can be found here: <https://www.newyorkfed.org/markets/reference-rates/sofr>

Elements of ordinary loan pricing

The IFAD reference rate applicable to loans on ordinary and intermediate terms is based on:

- A reference rate dependent on the currency denomination of the loan (daily-compounded O/N SOFR in arrears for USD, 6-months EURIBOR for EUR, SDR-weighted LIBOR for SDR).
- A spread that may contain adjustments for:
 - loan denomination currency;
 - average repayment maturity;
 - country income category.

For the purpose of determining the country income category of the borrower, IFAD will classify the borrower as follows:

- For loans approved between 1 January 2019 and 31 December 2021, by applying four income categories: A, B, C, D. This classification can be viewed using the following link: www.ifad.org/en/document-detail/asset/41030654)
- For loans approved from 1 January 2022, by applying four new income categories: 1, 2, 3, 4. This classification can be viewed using the following link: <https://www.ifad.org/en/-/document/ifad-financing-terms-fy22>
- Examples of how the IFAD interest rate for ordinary loans is calculated are presented in annex I.

New market reference rates for all ordinary loans

On 1 April 2022, IFAD replaced the following market reference rates:

- 6 month USD LIBOR replaced with the daily compounded O/N SOFR
- 6 month GBP LIBOR replaced with the daily compounded O/N SONIA
- 6 month JPY LIBOR replaced with the daily compounded O/N TONA

This affects all loans denominated in US\$ and SDR, therefore the change is applied also retroactively to all loans under sections A, B and C below.

The 6 months EURIBOR will continue to be applied for loans denominated in EUR.

The 6 months SHIBOR will continue to be applied for loans denominated in SDR for the SDR weighted market reference rate.

Table 1 - Market reference rates by loan denomination currency

SDR	US\$	EUR
SDR weighted rate based on, O/N SOFR, O/N TONA, O/N SONIA + applicable spread adjustment for O/N rates, EURIBOR 6m and SHIBOR 6m	Daily compounded O/N SOFR rate	EURIBOR 6 months

A. Spread for ordinary and intermediate term loans – approved before 1 January 2019

Table 2 - Ordinary and intermediate term loans – approved before 1 January 2019

Spread over market reference rate	SDR	US\$	EUR
Ordinary	0.96%	1.57%	0.96%
Intermediate	0.48%	0.79%	0.48%

- For loans approved before 1 January 2019, IFAD applies the IBRD maturity premium of Group A and average maturity bucket of Greater than 18 years to 20 years.

B. Spread for ordinary term loans – approved between 1 January 2019 and 31 December 2021 in USD and EUR¹

- The IFAD reference rate for ordinary loans consists of a variable market reference rate (O/NSOFR - EURIBOR) and a spread.
- The final interest rate for ordinary loans reflects the combination of the selected loan denomination currency, the nature of the spread (variable or fixed), the average repayment maturity premium and the country income categorization.
- IFAD no longer offers new loans on fixed spread. For the fixed spread loans approved between 1 January 2019 and 31 December 2021, all previously applied spreads remain fixed. The only variable element is the market reference rate that will be updated as per Table 1.

Table 3 – Total spread over SOFR for Loans denominated in USD

Average maturity/ country group	8 years and below	Greater than 8 to 10 years	Greater than 10 to 12 years	Greater than 12 to 15 years	Greater than 15 to 18 years	Greater than 18 to 20 years	Note
Group A	1.07%	1.17%	1.27%	1.37%	1.47%	1.57%	Exempt
Group B	1.07%	1.17%	1.32%	1.47%	1.62%	1.77%	Discount
Group C	1.07%	1.17%	1.37%	1.57%	1.77%	1.97%	Standard
Group D	1.12%	1.22%	1.47%	1.72%	1.97%	2.22%	Surcharge

Table 4 – Total spread over Euribor 6 months for Loans denominated in EUR

Average maturity/ country group	8 years and below	Greater than 8 to 10 years	Greater than 10 to 12 years	Greater than 12 to 15 years	Greater than 15 to 18 years	Greater than 18 to 20 years	Note
Group A	0.46%	0.56%	0.66%	0.76%	0.86%	0.96%	Exempt
Group B	0.46%	0.56%	0.71%	0.86%	1.01%	1.16%	Discount
Group C	0.46%	0.56%	0.76%	0.96%	1.16%	1.36%	Standard
Group D	0.51%	0.61%	0.86%	1.11%	1.36%	1.61%	Surcharge

C. Spread for ordinary term loans – approved from 1 January 2022 in USD and EUR

- IFAD updated the differentiation of maturity premia.
- IFAD suspended the fixed spread for ordinary loans for the IFAD 12 period.
- IFAD discontinued offering ordinary term loans denominated in SDR.

Table 5 – Total spread over SOFR for Loans denominated in USD

Average maturity/ country group	8 years and below	Greater than 8 to 10 years	Greater than 10 to 12 years	Greater than 12 to 15 years	Greater than 15 to 18 years	Greater than 18 to 20 years
Category 1	1.07%	1.12%	1.22%	1.32%	1.42%	1.57%
Category 2	1.17%	1.27%	1.37%	1.47%	1.57%	n.a
Category 3	1.22%	1.32%	1.47%	1.57%	n.a	n.a
Category 4	1.32%	1.47%	1.67%	n.a	n.a	n.a

¹ IFAD no longer offers new loans on intermediate terms.

Table 6 – Total spread over Euribor 6 months for Loans denominated in EUR

Average maturity/ country group	8 years and below	Greater than 8 to 10 years	Greater than 10 to 12 years	Greater than 12 to 15 years	Greater than 15 to 18 years	Greater than 18 to 20 years
Category 1	0.46%	0.51%	0.61%	0.71%	0.81%	0.96%
Category 2	0.56%	0.66%	0.76%	0.86%	0.96%	n.a
Category 3	0.61%	0.71%	0.86%	0.96%	n.a	n.a
Category 4	0.71%	0.86%	1.06%	n.a	n.a	n.a

D. Blend term loans – approved after 15 February 2019

- Blend term loans approved before 15 February 2019 carry a fixed interest rate of 1.25% and service charge of 0.75%.

Table 7 - Blend term loans – approved after 15 February 2019

Currency	SDR	US\$	EUR
Service charge	0.75%	1.31%	0.75%
Interest rate	1.25%	1.35%	0.49%
Total	2.00%	2.66%	1.24%

E. Highly concessional term loans – approved after 15 February 2019

- The introduction of currency-specific service charges for highly concessional term loans commenced with the approval of GC 42/L.7 on 15 February 2019.
- Highly concessional term loans approved before 15 February 2019 will carry a fixed service charge of 0.75%.

Table 8 - Highly Concessional term loans – approved after 15 February 2019

SDR	US\$	EUR
0.75%	1.29%	0.75%

F. Super highly concessional term loans – approved after 1 January 2022

- The introduction of currency-specific service charges for super highly concessional term loans is approved (EB-2019-128-R-44) with immediate effect from 1 January 2022.

Table 9 – Super Highly Concessional term loans – approved after 1 January 2022

SDR	US\$	EUR
0.10%	0.42%	0.10%

Annex I:**Example for the calculation of IFAD's spread for ordinary loans approved between 1 January 2019 and 31 December 2021****Example:****Assumptions:**

- Loan amount: US\$2,000,000
- Maturity: 18 years
- Grace period: 3 years
- Average maturity: 10.75 years
- Spread (variable/fixed) selected by the borrower
- Country income categorization: Group C

Denomination currency	Average maturity	Country category
USD	10.75 years	Group C
<u>Variable spread</u>		
Reference	Table 3	
IFAD's spread equals 1.37%		

Annex II: Example for the calculation of IFAD's spread for ordinary loans approved after 1 January 2022**Example:****Assumptions:**

- Loan amount: EUR 5,000,000
- Maturity: 15 years
- Grace period: 3 years
- Average maturity: 8.75 years
- Spread (variable) selected by the borrower
- Country income category: 1

Denomination currency	Average maturity	Country category
EUR	8.75 years	Category 1
<u>Variable spread</u>		
Reference	Table 6	
IFAD's spread over Euribor 6 months equals 0.51%		