



Applicable for the Third Quarter of 2024

Introduction

IFAD hereby publishes the following information for the third quarter (Q3) of 2024:

- 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

The spreads and interest rates provided below are applicable for the period 1 July 2024 to 30 September 2024.

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 premiums for ordinary loans, and a new financial product (super highly concessional loans).

As of 1 April 2022, IFAD replaced the 6-month USD LIBOR rate with an overnight (O/N) SOFR rate for loans denominated in USD and SDR. IFAD applies O/N SOFR on a one-day lookback basis on the available rate, with daily compounding.

The daily O/N SOFR rate is published on the Federal Reserve Bank of New York website every day at 8 a.m. (Eastern Time) for the previous day.¹ As the O/N SOFR is a backward-looking rate, this reference is not available on the first business day of the respective quarter.

IFAD is publishing the spread to be applied over loans by currency of denomination.

IFAD uses the latest published IBRD spreads when calculating its own spreads. If the IBRD spreads for that quarter are not yet available at the time of the spread approvals, IFAD uses the IBRD spreads from the previous quarter.

As of May 2023, IFAD's Executive Board has approved the update of IFAD's ordinary loans pricing. The main update is the introduction of IFAD's funding cost pass-through. This change is not implemented yet, and it will come into force on 1 January 2025.

¹ <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-month 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 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-fy23>.

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 USD and SDR; therefore, the change is applied also retroactively to all loans under sections A, B and C below.

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

The 6-month 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 | USD | EUR |
|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| SDR-weighted rate based on O/N SOFR, O/N TONA, O/N SONIA + applicable spread adjustment for O/N rates, 6-month EURIBOR and 6-month SHIBOR | Daily compounded O/N SOFR rate | 6-month EURIBOR |
| SDR reference rate applicable for Q3 2024: 4.34% | <u>For reference only:</u> average level for Q2 2024: 5.35% and level at the first business day of Q3 2024: 5.40% | 6-month EURIBOR rate applicable for Q3 2024: 3.68% |

Table 2 - Calculation of SDR market reference rate

| Currency | Market reference rate | Market reference rate value (first business day of the period) | ARRC spread adjustment ^a | Market reference rates after ARRC spread adjustment ^b | SDR weights ^c | Contributions to SDR market reference rate |
|----------------------------------|-----------------------|----------------------------------------------------------------|-------------------------------------|------------------------------------------------------------------|--------------------------|--------------------------------------------|
| EUR | EURIBOR 6m | 3.68% | | 3.68% | 30.50% | 1.12% |
| JPY | TONA ON | 0.08% | 0.06% | 0.14% | 6.34% | 0.01% |
| GBP | SONIA ON | 5.20% | 0.28% | 5.48% | 7.78% | 0.43% |
| USD | SOFR ON | 5.40% | 0.43% | 5.83% | 43.90% | 2.56% |
| CNY | SHIBOR 6m | 1.98% | | 1.98% | 11.48% | 0.23% |
| SDR market reference rate | | | | | 100.00% | 4.34% |

^a https://assets.bbhub.io/professional/sites/10/IBOR-Fallbacks-LIBOR-Cessation_Announcement_20210305.pdf.

^b Market reference rates are floored at 0% before the adjustment.

^c Based on the currency amounts in the SDR basket and IMF exchange rate for SDR at the beginning of the period (https://www.imf.org/external/np/fin/data/rms_five.aspx).

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

Table 3 - Ordinary and intermediate term loans – approved before 1 January 2019

| Spread over market reference rate | SDR | USD | EUR |
|-----------------------------------|-------|-------|-------|
| Ordinary | 1.01% | 1.45% | 1.01% |
| Intermediate | 0.51% | 0.73% | 0.51% |

- The spread for ordinary loans is calculated as a sum of: (i) IBRD average funding spread; (ii) IBRD maturity premium (see below); and (iii) IBRD contractual spread.
- 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”.
- Values for the above elements can be found [here](#).
- For all ordinary term loans interest accrues on an actual/360 day-count convention.

B. Spread for ordinary term loans – approved between 1 January 2019 and 31 December 2021 in USD and EUR²

- The IFAD reference rate for ordinary loans consists of a variable market reference rate (O/N SOFR - 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, which will be updated as per table 1.
- The spreads indicated below for loans denominated in USD and EUR are calculated as a sum of: (i) IBRD average funding spread; (ii) IBRD contractual spread; and (iii) the corresponding IBRD maturity premium.
- Values for the above elements can be found [here](#).
- For all ordinary term loans interest accrues on an actual/360 day-count convention.

² IFAD no longer offers new loans on intermediate terms.

Table 4 - 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 | 0.95% | 1.05% | 1.15% | 1.25% | 1.35% | 1.45% | Exempt |
| Group B | 0.95% | 1.05% | 1.20% | 1.35% | 1.50% | 1.65% | Discount |
| Group C | 0.95% | 1.05% | 1.25% | 1.45% | 1.65% | 1.85% | Standard |
| Group D | 1.00% | 1.10% | 1.35% | 1.60% | 1.85% | 2.10% | Surcharge |

* Refers to IBRD's maturity premium

Table 5 - Total spread over 6-month EURIBOR 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 | 0.51% | 0.61% | 0.71% | 0.81% | 0.91% | 1.01% | Exempt |
| Group B | 0.51% | 0.61% | 0.76% | 0.91% | 1.06% | 1.21% | Discount |
| Group C | 0.51% | 0.61% | 0.81% | 1.01% | 1.21% | 1.41% | Standard |
| Group D | 0.56% | 0.66% | 0.91% | 1.16% | 1.41% | 1.66% | Surcharge |

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

- IFAD updated the differentiation of maturity premia.
- IFAD suspended the fixed spread for ordinary loans for the IFAD12 period.
- IFAD discontinued the offer of ordinary term loans denominated in SDR.
- The spreads indicated below for loans denominated in USD and EUR are calculated as a sum of: (i) IBRD average funding spread; (ii) IBRD contractual spread; and (iii) the corresponding IFAD maturity premium.
- Values for the IBRD average funding spread and contractual spread can be found [here](#).
- Values for the corresponding IFAD maturity premium can be found [here](#).
- For all ordinary term loans interest accrues on an actual/360 day-count convention.

Table 6 - 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 | 0.95% | 1.00% | 1.10% | 1.20% | 1.30% | 1.45% |
| Category 2 | 1.05% | 1.15% | 1.25% | 1.35% | 1.45% | n.a |
| Category 3 | 1.10% | 1.20% | 1.35% | 1.45% | n.a | n.a |
| Category 4 | 1.20% | 1.35% | 1.55% | n.a | n.a | n.a |

Table 7 - Total spread over 6-month EURIBOR 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 | 0.51% | 0.56% | 0.66% | 0.76% | 0.86% | 1.01% |
| Category 2 | 0.61% | 0.71% | 0.81% | 0.91% | 1.01% | n.a |
| Category 3 | 0.66% | 0.76% | 0.91% | 1.01% | n.a | n.a |
| Category 4 | 0.76% | 0.91% | 1.11% | 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 a service charge of 0.75%.
- Interest and service charges for blend term loans accrue on a 30/360 day-count convention.

Table 8 - **Blend term loans – approved after 15 February 2019**

| Currency | SDR | USD | EUR |
|----------------|--------------|--------------|--------------|
| Service charge | 0.75% | 1.39% | 0.75% |
| Interest rate | 1.25% | 1.41% | 0.65% |
| Total | 2.00% | 2.80% | 1.40% |

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%.
- Interest and service charges for highly concessional term loans accrue on a 30/360 day-count convention.

Table 9 - **Highly concessional term loans – approved after 15 February 2019**

| SDR | USD | EUR |
|-------|-------|-------|
| 0.75% | 1.34% | 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 has been approved (EB 2021/134/R.50) with immediate effect from 1 January 2022.
- Interest and service charges for super highly concessional term loans accrue on a 30/360 day-count convention.

Table 10 - **Super highly concessional term loans – approved after 1 January 2022**

| SDR | USD | EUR |
|-------|-------|-------|
| 0.10% | 0.53% | 0.10% |

Annex I:

Example of the calculation of IFAD’s reference rate 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 4 | |
| IFAD’s spread over SOFR equals 1.25% | | |

Example of 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 7 | |
| IFAD’s spread over 6-month EURIBOR equals 0.56% | | |