Applicable for
the Third Quarter of 2022

Introduction

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

The spreads and interest rates provided below are applicable for the period 1 July to 30 September 2022.

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 day count convention for IFAD's ordinary loan assets in USD, EUR and SDR was amended from 30/360 to actual/360 in line with market conventions. For all other loans IFAD continues to apply 30/360 day count.

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. 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.

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-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-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 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[1]	Daily compounded O/N SOFR rate	6-month EURIBOR
SDR reference rate applicable for Q3 2022: 1.29%	For reference only: average level for Q2: 0.70% and level at first business day of Q3: 1.52%	6-month EURIBOR rate applicable for Q3 2022: 0.24%

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	0.24%		0.24%	30.26%	0.07%
JPY	TONA ON	-0.03%	0.06%	0.06%	6.56%	0.00%
GBP	SONIA ON	1.19%	0.28%	1.47%	7.84%	0.12%
USD	SOFR ON	1.52%	0.43%	1.95%	43.89%	0.86%
CNY	SHIBOR 6m	2.14%		2.14%	11.45%	0.25%
SDR market reference rate					**100.00%**	**1.29%**

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

[b] *Market reference rates after adjustment are floored at 0%.*

[c] *Based on the currency weights in the SDR and IMF exchange rate for SDR at the beginning of the period (https://www.imf.org/external/np/fin/data/rms_sdrv.aspx).*

[1] Effective from 1 August 2022, the IMF will apply new amounts of each currency in the SDR basket. New SDR currency amounts and weights will be applied in IFAD's interest rate calculations starting from Q4 2022.

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	0.96%	1.57%	0.96%
Intermediate	0.48%	0.79%	0.48%

- 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".
- For loans denominated in SDR, IFAD applies the IBRD average funding spread for EUR, as IBRD does not publish an average funding spread for SDR.
- Values for the above elements can be found here.

B. Spread for ordinary term loans – approved between 1 January 2019 and 31 December 2021 in USD and EUR[2]

- 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.

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	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 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	0.46%	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

[2] IFAD no longer offers new loans on intermediate terms.

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.

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	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

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	0.46%	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 a service charge of 0.75%.

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

Currency	SDR	USD	EUR
Service charge	0.75%	1.26%	0.75%
Interest rate	1.25%	1.37%	0.86%
Total	**2.00%**	**2.63%**	**1.61%**

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

SDR	USD	EUR
0.75%	1.19%	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.

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

SDR	USD	EUR
0.10%	0.37%	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
Variable spread		
Reference	Table 4	
IFAD's spread over SOFR equals 1.37%		

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
Variable spread		
Reference	Table 7	
IFAD's spread over 6-month EURIBOR equals 0.51%		