



Investing in rural people

## **IFAD Interest Rates Applicable for the Second Quarter 2020**

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# IFAD Interest Rates Applicable for the Second Quarter 2020

1. IFAD hereby publishes the interest rates and service charges for the second quarter (Q2) of 2020 inclusive of:
  - Ordinary and intermediate term loans – approved before 1 January 2019
  - Ordinary term loans – approved after 1 January 2019
  - The service charge for highly concessional loans and the interest rate and service charge for blend terms – approved after 15 February 2019
2. As of January 2019, IFAD recalculates its annual reference interest rate each quarter – effective from the first day of January, April, July and September respectively.
3. The IFAD reference rate applicable to loans on ordinary and intermediate terms is based on:
  - Special drawing rights (SDR) weighted and individual, LIBOR/EURIBOR 6-month composite rate of the five currencies that constitute the SDR basket (United States dollar, Japanese yen, euro, British pound sterling and Chinese renminbi), available on the first business day of the respective quarter
  - A spread that may contain adjustments for:
    - loan denomination currency
    - average repayment maturity
    - country income category

## I. Ordinary and intermediate term loans – approved before 1 January 2019<sup>1</sup>

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

<i>Lending terms</i>	<i>Q2 2020 SDR</i>	<i>Q2 2020 US\$</i>	<i>Q2 2020 EUR</i>
Ordinary	1.76%	2.18%	0.98%
Intermediate	0.88%	1.09%	0.49%

**Note:** For reference to IFAD historical rates for ordinary and intermediate term loans approved before 1 January 2019, please refer to **Annex I**.

## II. Ordinary term loans – approved after 1 January 2019<sup>2</sup>

4. IFAD no longer offers new loans on intermediate terms.

<sup>1</sup> These rates are inclusive of the spread applied by IFAD, being consistent with the International Bank for Reconstruction and Development (IBRD) spread applied to its variable loans with an average maturity of between 18 and 20 years and includes no adjustment for the increase in in maturity premium effective 01/07/2018.

<sup>2</sup> IFAD adopted a revised loan pricing methodology in 2018, endorsed by the Executive Board on 13 December 2018 (see EB 2018/125/R.45/Rev.1 – Update of Financing Terms) and subsequently approved by the Governing Council on 15 February 2019 (see GC 42/L.7 – Amendments to the Policies and Criteria for IFAD Financing). The IFAD reference rate for ordinary loans will vary on a loan-by-loan basis, reflecting the borrower-specific components of the IFAD reference rate, i.e.:

- The loan denomination currency
- The nature of the spread, being either variable or fixed, and inclusive of:
  - pricing by average repayment period
  - pricing adjustment by country income category

5. The IFAD reference rate on ordinary loans consists of a market-based (LIBOR/EURIBOR) variable rate and a spread.
6. The IFAD reference rate of interest for ordinary loans will vary on a loan-by-loan basis and reflect 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.
7. For the purpose of determining the income category of the borrower, IFAD will classify the borrower into one of four pricing groups (which can be viewed using the following link: [www.ifad.org/en/document-detail/asset/41030654](http://www.ifad.org/en/document-detail/asset/41030654)).
8. An example of how the IFAD reference rate for ordinary loans is calculated is presented in annex III.

## A. LIBOR/EURIBOR applicable for the Q2 of 2020

Table 2 - LIBOR/EURIBOR applicable for the Q2 of 2020

<i>Lending terms</i>	<i>Q2 2020 SDR</i>	<i>Q2 2020 US\$</i>	<i>Q2 2020 EUR</i>
Ordinary	0.78%	1.20%	0.00%

## B. IFAD applicable spread

Table 3

**Variable spread by loan denomination currency and average repayment maturity applicable for Q2 of 2020<sup>3</sup>**

Average maturity/ currency	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
SDR	0.48%	0.58%	0.68%	0.78%	0.88%	0.98%
US\$	0.48%	0.58%	0.68%	0.78%	0.88%	0.98%
EUR	0.48%	0.58%	0.68%	0.78%	0.88%	0.98%

Table 4

**Fixed spread by loan denomination currency and average repayment maturity applicable for Q2 of 2020<sup>3</sup>**

Average maturity/ currency	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
SDR	0.56%	0.76%	0.86%	1.01%	1.21%	1.31%
US\$	0.65%	0.85%	0.95%	1.10%	1.30%	1.40%
EUR	0.50%	0.70%	0.80%	0.95%	1.15%	1.25%

<sup>3</sup> Excludes the maturity premium increase introduced by International Bank for Reconstruction and Development (IBRD) effective on July 1, 2018.

Table 5

**Average maturity premium by country income category classification applicable for Q2 of 2020**

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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Exempt
Group B	0.00%	0.00%	0.05%	0.10%	0.15%	0.20%	Discount
Group C	0.00%	0.00%	0.10%	0.20%	0.30%	0.40%	Standard
Group D	0.05%	0.05%	0.20%	0.35%	0.50%	0.65%	Surcharge

**III. Blend term loans – approved after 15 February 2019**

9. The introduction of currency-specific service charges and interest rates for blend term loans commenced with the approval of GC 42/L.7 on the 15 February 2019.

Table 6 - Blend term loans – approved after 15 February 2019

Currency	Q2 2020 SDR	Q2 2020 US\$	Q2 2020 EUR
Service Charge	0.75%	1.29%	0.75%
Interest Rate	1.25%	1.35%	0.45%
Total	2.00%	2.64%	1.20%

**IV. Highly Concessional term loans – approved after 15 February 2019**

10. The introduction of currency-specific service charges for highly concessional term loans commenced with the approval of GC 42/L.7 on the 15 February 2019.

Table 7- Highly Concessional term loans – approved after 15 February 2019

Q2 2020 SDR	Q2 2020 US\$	Q2 2020 EUR
0.75%	1.30%	0.75%

## Historical IFAD interest rates applicable for all lending types – approved before 1 January 2019

Year/ semester/ quarter	Interest %							Service charge % highly concessional/ hardened terms
	IFAD SDR loans		IFAD euro loans <sup>4</sup>		IFAD US\$ loans		Blend	
	Ordinary	Intermediate	Ordinary	Intermediate	Ordinary	Intermediate		
1994	7.27	3.64	N/A	N/A	N/A	N/A	N/A	Fixed at 0.75
1995	7.09	3.55	N/A	N/A	N/A	N/A	N/A	0.75
1996	7.07	3.54	N/A	N/A	N/A	N/A	N/A	0.75
1997	6.94	3.47	N/A	N/A	N/A	N/A	N/A	0.75
1998	6.54	3.27	N/A	N/A	N/A	N/A	N/A	0.75
1999	6.18	3.09	N/A	N/A	N/A	N/A	N/A	0.75
2000	5.84	2.92	N/A	N/A	N/A	N/A	N/A	0.75
2001	5.36	2.68	N/A	N/A	N/A	N/A	N/A	0.75
2002	5.57	2.79	N/A	N/A	N/A	N/A	N/A	0.75
2003	5.27	2.64	N/A	N/A	N/A	N/A	N/A	0.75
2004	5.10	2.55	N/A	N/A	N/A	N/A	N/A	0.75
2005	4.36	2.18	N/A	N/A	N/A	N/A	N/A	0.75
2006	5.09	2.55	N/A	N/A	N/A	N/A	N/A	0.75
2007	5.68	2.84	N/A	N/A	N/A	N/A	N/A	0.75
2008	7.07	3.54	N/A	N/A	N/A	N/A	N/A	0.75
2009	4.27	2.14	N/A	N/A	N/A	N/A	N/A	0.75
2010/1	0.92	0.46	N/A	N/A	N/A	N/A	N/A	0.75
2010/2	1.10	0.55	N/A	N/A	N/A	N/A	N/A	0.75
2011/1	1.06	0.53	N/A	N/A	N/A	N/A	N/A	0.75
2011/2	1.30	0.65	2.09	1.04	N/A	N/A	N/A	0.75
2012/1	1.39	0.69	1.89	0.94	N/A	N/A	N/A	0.75
2012/2	1.08	0.54	1.20	0.60	N/A	N/A	N/A	0.75
2013/1	0.90	0.45	0.78	0.39	N/A	N/A	Fixed at 2%	0.75
2013/2	0.85	0.43	0.80	0.40	N/A	N/A	Fixed at 2%	0.75
2014/1	0.85	0.43	0.86	0.43	N/A	N/A	Fixed at 2%	0.75
2014/2	1.12	0.56	1.07	0.54	N/A	N/A	Fixed at 2%	0.75
2015/1	1.12	0.56	0.97	0.49	N/A	N/A	Fixed at 2%	0.75
2015/2	1.16	0.58	0.88	0.44	N/A	N/A	Fixed at 2%	0.75
2016/1	1.34	0.67	0.81	0.41	N/A	N/A	Fixed at 2%	0.75
2016/2	1.31	0.66	0.69	0.34	1.79	N/A	Fixed at 2%	0.75
2017/1	1.89	0.95	0.91	0.46	2.23	N/A	Fixed at 2%	0.75
2017/2	2.08	1.04	0.95	0.48	2.41	1.20	Fixed at 2%	0.75
2018/1	2.29	1.15	0.96	0.48	2.80	1.40	Fixed at 2%	0.75
2018/2	2.53	1.26	0.97	0.49	3.48	1.74	Fixed at 2%	0.75
2019/Q1	2.63	1.32	0.99	0.50	3.86	1.93	Fixed at 2%	0.75
2019/Q2	2.51	1.25	1.00	0.50	3.67	1.83	Fixed at 2%	<b>0.75</b>
2019/Q3	2.29	1.15	1.00	0.50	3.22	1.61	Fixed at 2%	0.75
2019/Q4	2.23	1.12	0.99	0.50	3.05	1.53	Fixed at 2%	0.75
2020/Q1	2.19	1.10	0.99	0.50	2.90	1.45	Fixed at 2%	0.75

<sup>4</sup> Including Spanish Food Security Cofinancing Facility Trust Fund, KfW Development Bank and Agence Française de Développement.

## Historical IFAD interest rates applicable for blend term loans and highly concessional term loans – approved after 15 February 2019

Year/ quarter	Interest %					
	IFAD SDR loans		IFAD Euro loans		IFAD US\$ loans	
	Blend	Highly concessional	Blend	Highly concessional	Blend	Highly concessional
2019/Q1	2.00	0.75	1.35	0.75	2.85	1.36
2019/Q2	2.00	0.75	1.27	0.75	2.92	1.46
2019/Q3	2.00	0.75	1.21	0.75	2.89	1.46
2019/Q4	2.00	0.75	1.00	0.75	2.94	1.54
2020/Q1	2.00	0.75	1.20	0.75	2.64	1.30

## Example for the calculation of IFAD's reference rate for the second quarter 2020 for ordinary loans approved after 1<sup>st</sup> January 2019

### Example 1:

- Loan: 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: C

	Denomination currency	Average maturity	Country category
	US\$	10.75 years	Category C
<b>Variable spread</b>			
Interest rate component	1.20%	0.68%	0.10%
Reference	Table 2	Table 3	Table 5
IFAD reference interest rate equals 1.98% (1.20% + 0.68% + 0.10%)			
<b>Fixed spread</b>			
Interest rate component	1.20%	0.95%	0.10%
Reference	Table 2	Table 4	Table 5
IFAD reference interest rate equals 2.25% (1.20% + 0.95% + 0.10%)			

### Example 2:

- Loan: SDR 5,000,000
- Maturity: 18 years
- Grace period: 3 years
- Average maturity: 10.75 years
- Spread (variable/fixed) selected by the borrower
- Country income categorization: D

	Denomination currency	Average maturity	Country category
	SDR	10.75 years	Category D
<b>Variable spread</b>			
Interest rate component	0.78%	0.68%	0.20%
Reference	Table 2	Table 3	Table 5
IFAD reference interest rate equals 1.66% (0.78% + 0.68% + 0.20%)			
<b>Fixed spread</b>			
Interest rate component	0.78%	0.86%	0.20%
Reference	Table 2	Table 4	Table 5
IFAD reference interest rate equals 1.84% (0.78% + 0.86% + 0.20%)			