

Bank Policy

Financial Terms and Conditions of Bank Financing

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Content

Sets out the terms of IBRD and IDA financial products.

Applicable to

IBRD,IDA

Issuer

Vice President, OPSVP

Sponsor

WBG Vice President and Treasurer, TREV; Vice President,
DFIVP

SECTION I – PURPOSE AND APPLICATION

1. The purpose of this Policy is to set out the key financial terms and conditions of (i) IBRD loans and IBRD Guarantees, (ii) IDA Financing, (iii) IBRD Enclave IPF, and (iv) other financial products, including hedging products. This Policy is to be read concurrently with the applicable General Conditions for IBRD or IDA Financing.
2. This Policy applies to the Bank.

SECTION II – DEFINITIONS

1. As used in this Policy, the following capitalized terms and acronyms have the meanings set out below:
 - a. **Above GDI or Above GDI Country:** means a country whose GNI per capita is above GDI as published in the Per Capita Income Guidelines for Operational Purposes.
 - b. **Bank:** means IBRD and IDA.
 - c. **Below GDI or Below GDI Country:** means a country whose GNI per capita is below GDI as published in the Per Capita Income Guidelines for Operational Purposes.
 - d. **Below GDI Discount:** means the maturity premium discount applicable to IBRD loans and IBRD Guarantees benefitting a Below GDI Country.
 - e. **Blend Country:** means a country determined: (a) by IDA to be eligible for IDA Credits; and (b) by IBRD to be creditworthy for borrowing IBRD loans.
 - f. **Board:** means the Executive Directors of IBRD or IDA, or both, as applicable.
 - g. **Borrower:** means the borrower of an IBRD loan.
 - h. **Conversion Directive:** means the Bank Directive, “Conversion of Financial Terms of IBRD and IDA Loans and Financing Instruments” updated from time to time and in effect at the time of the relevant conversion.
 - i. **CRDC or Climate Resilient Debt Clause:** has the meaning given to it in the CRDC Procedure.
 - j. **CRDC-eligible Country:** means a member country that is: (i) classified by the Bank as a Small State Economy; or (ii) classified by the United Nations as a Small Island Developing State (SIDS); or (iii) a member of the Small States Forum; as such classifications and memberships are from time to time amended or updated by their respective official sources.

- k. **CRDC-eligible Event:** means all natural catastrophes including public health emergencies caused by a biological event, as specified in more detail from time to time in the CRDC Procedure.
- l. **CRDC Procedure:** means the Bank Procedure, “Climate Resilient Debt Clause”.
- m. **Crisis Buffer:** means crisis response capacity required to be set aside under IBRD’s Financial Sustainability Framework. The size of the crisis buffer for a fiscal year is approved by the Board at the end of the previous fiscal year.
- n. **DPF Cat DDO:** means a DPF with a Deferred Drawdown Option for Catastrophic Risks (as defined in Bank Policy, “Development Policy Financing”).
- o. **DPF DDO:** means a DPF with a deferred drawdown option, as defined in Bank Policy, “Development Policy Financing”.
- p. **DPF:** means Development Policy Financing, as defined in Bank Policy, “Development Policy Financing”.
- q. **Effective Date:** means the date on which an IBRD loan, an IDA Grant or an IDA Credit becomes effective, as defined and specified in the Financing Agreement or Loan Agreement.
- r. **Enclave IPF:** means a type of IBRD IPF described in Section III.4 of this Policy.
- s. **FCS Country:** means a fragile and conflict-affected situations country as appearing in the List of Fragile and Conflict-affected Situations published annually by the World Bank Group.
- t. **FCVE RECA Allocation:** means a supplemental resource allocation under the Remaining Engaged in Conflict Allocation (RECA) of IDA’s Fragility, Conflict and Violence Envelope, to certain countries experiencing high-intensity conflict and having extremely limited government capacity.
- u. **Financing Agreement:** means the agreement between IDA and the Recipient providing for an IDA Grant or an IDA Credit.
- v. **Financial Sustainability Framework or FSF:** means the Financial Sustainability Framework applicable to IBRD as endorsed by the governors and approved by the Board in 2018. The implementation approach to the FSF was approved by the Board in December 2018.
- w. **Fragility, Conflict and Violence Envelope (or FCVE):** means a supplemental resource allocation to provide enhanced and tailored IDA support to certain IDA countries facing FCV risks.
- x. **Gap Country:** means a member country that is (a) determined by IDA to be eligible for IDA Credits; (b) determined by IDA to have a GNI per capita that has exceeded the operational cut-off for IDA eligibility for more than two consecutive

years; and (c) not currently determined by IBRD to be creditworthy to borrow from the IBRD.

- y. **GC+E Project:** means a project assessed by the Bank as providing a positive cross-border externality, or mitigating a negative cross-border externality, and addressing any of the global challenges as approved by the Board.
- z. **GDI or Graduation Discussion Income:** means the level of GNI per capita of a member country above which graduation from IBRD starts being discussed, as published annually in the Per Capita Income Guidelines for Operational Purposes.
- aa. **GNI:** means gross national income.
- bb. **Government:** means “Member Country” and “Political Sub-division”, as defined in Bank Policy, “Development Policy Financing”; or as defined in Bank Policy, “Investment Project Financing”, as the case may be.
- cc. **HIC or High-Income Member Country:** means a country whose GNI per capita is above the High-income Threshold as published annually in the Per Capita Income Guidelines for Operational Purposes.
- dd. **HIC Surcharge:** means the maturity premium surcharge payable in respect of IBRD loans and IBRD Guarantees by a High-Income Member Country.
- ee. **High-income Threshold:** means the per capita income above which a member country is categorized as a High-Income Member Country.
- ff. **IBRD:** means International Bank for Reconstruction and Development.
- gg. **IBRD General Conditions:** means the General Conditions, defined in the particular IBRD Loan Agreement as constituting an integral part of such Loan.
- hh. **IBRD Guarantee:** means a Guarantee provided by IBRD on terms as described in Section III.3.
- ii. **IDA:** means International Development Association.
- jj. **IDA Concessional Country Allocations (or “Country Allocations”):** means IDA resource allocations to IDA eligible countries based on the PBA system, and, as applicable, through the Fragility, Conflict and Violence Envelope (FCVE), the SDFP Incentive, or the IDA-GFPP.
- kk. **IDA Concessional Credit:** means an IDA credit on concessional terms as described in Section III.2.a.
- ll. **IDA Credit:** means an IDA Concessional Credit or an IDA Non-concessional Credit, as applicable.

- mm. **IDA Financing:** means an IDA Grant or an IDA Credit or an IDA Guarantee.
- nn. **IDA General Conditions:** means the General Conditions, defined in the particular IDA Financing Agreement as constituting an integral part of such Financing Agreement.
- oo. **IDA-GFPP:** means a supplemental Country Allocation under the Grant Facility for Project Preparation as set out in Annex 7 of the IDA21 Replenishment Report.
- pp. **IDA Graduate:** means a country mentioned in the IDA Replenishment Report of each new replenishment as ceasing to be IDA-eligible from July 1, following the publication of the relevant IDA Replenishment Report.
- qq. **IDA Grant:** means financing provided by IDA on the terms described in Section III.2.b.
- rr. **IDA Guarantee:** means a Guarantee provided by IDA on terms as described in Section III.3.
- ss. **IDA Non-concessional Credit:** means an IDA Credit provided under the Regular Scale-Up Window, on the terms described in Section III.2.c.
- tt. **IDA-only Countries:** means member countries that (a) have not exceeded the IDA operational cut-off GNI per capita for more than two consecutive years; and (b) are not creditworthy to borrow from IBRD.
- uu. **IDA21 Replenishment Report:** means the report entitled “IDA21 Additions to IDA Resources: Twenty-First Replenishment, Ending Poverty on a Livable Planet: Delivering Impact with Urgency and Ambition”, dated March 17, 2025.
- vv. **IDA Replenishment Report:** means the report that synthesizes the formal discussions among IDA Deputies (representatives of countries that contribute to IDA) and representatives of recipient countries regarding the policy directions and commitments for an IDA replenishment.
- ww. **IFL:** means IBRD Flexible Loan, the type of IBRD loan described in Section III.1 below.
- xx. **IPF:** means Investment Project Financing, as defined in Bank Policy, “Investment Project Financing”.
- yy. **IPF DDO:** means an IPF with a deferred drawdown option, as described in Bank Policy, “Investment Project Financing”.
- zz. **List of Fragile and Conflict-affected Situations:** means the list of fragile situations published annually by the World Bank Group.
- aaa. **Loan Agreement:** means the agreement between IBRD and the Borrower providing for an IBRD loan.

- bbb. **MAC-SRDSF:** means the International Monetary Fund's framework for assessing sovereign risk and debt sustainability for market access countries.
- ccc. **Management:** means the President or a Manager, or a chief officer whose functions and responsibilities include the authority to issue documents pursuant to the Bank's policy and procedure framework as set by Management through terms of reference or a delegation of authority, or some or all of these persons, as applicable.
- ddd. **Payment Date:** means each date specified in the Loan Agreement or Financing Agreement, as applicable, on which interest, service charges, commitment charges and commitment fees, or other charges, as applicable, are payable under a Loan Agreement, or an IDA Financing Agreement.
- eee. **PBA:** means the performance-based allocation envelope under IDA.
- fff. **Per Capita Income Guidelines for Operational Purposes:** means the document so named and updated annually by the World Bank, that sets out the per capita income of countries borrowing from the Bank.
- ggg. **PforR:** means Program-for-Results Financing, as defined in Bank Policy, "Program-for-Results Financing".
- hhh. **President:** means the President of the Bank.
- iii. **Principal Payment Date:** means each date specified in the Loan Agreement or Financing Agreement on which all or any portion of the principal amount of an IBRD loan or an IDA Credit is payable.
- jjj. **Recipient:** means the recipient of an IDA Grant or IDA Credit.
- kkk. **Regular SUW:** means financing offered by IDA on non-concessional terms under the SUW per the criteria stipulated in the IDA21 Replenishment Report with respect to the Scale-Up Window¹.
- lll. **Scale-Up Window or SUW:** means the IDA window for operations that qualify for financing as stipulated in IDA's policies on the Scale-Up Window.
- mmm. **Scalable DPF:** means a new DPF provided to scale up a DPF Cat DDO in response to an eligible event, as described in Bank Policy, "Development Policy Financing".

¹ The referred criteria for IDA windows will be reflected in an IDA Policy/ies to be issued soon.

- nnn. **SDFP:** means the IDA Sustainable Development Finance Policy, which replaced the IDA's Non-Concessional Borrowing Policy (NCBP) starting on July 1, 2020.
- ooo. **SDFP Incentive:** means a supplemental resource allocation under the SDFP.
- ppp. **SDPF:** means Special Development Policy Financing, as described in Bank Policy, "Development Policy Financing".
- qqq. **SDPG:** means SDPF in the form of an IBRD Guarantee.
- rrr. **SDPL:** means SDPF in the form of an IBRD loan.
- sss. **SDR:** means Special Drawing Rights.
- ttt. **Shorter Maturity Loans or SML(s):** means IDA's concessional financing offered under the SUW or the Crisis Response Window (CRW) during the IDA twenty-first replenishment cycle, as described in Section III.2.a below.
- uuu. **Single Borrower Limit or SBL:** means IBRD's exposure limit to an individual member country based on the member country's classification as an Above GDI Country or Below GDI Country, as specified in Annex 2 of this Policy.
- vvv. **Small Island Economy:** means an IDA or IBRD-eligible island state with a population of 1.5 million people or less.
- www. **Small State Economy:** means an IDA or IBRD country with a population of 1.5 million people or less. Small Island Economies are a sub-set of this broader category.
- xxx. **Small States Exception:** means the provision through which IDA accords special treatment to IBRD and IDA Small States as specified in Annex 5.
- yyy. **Step-up Loan:** means an eligible IFL with modified interest terms during the incentive period and the step-up period, as described in Section III.1.b.vii below.
- zzz. **SUW:** means Scale-Up Window.
- aaaa. **SUW-SML(s):** means financing offered by IDA on concessional terms under the SUW per the criteria stipulated in the IDA21 Replenishment Report with respect to the Scale-Up Window.²

² The referred criteria for IDA windows will be reflected in an IDA Policy/ies to be issued soon.

SECTION III – SCOPE

1. IBRD Loans. IBRD offers one loan product for eligible members, known as the IBRD Flexible Loan (IFL), with a wide choice of financial terms that are tailored to the needs of the purpose of the financing or the member country's overall debt management strategy. The standard financial terms for IFLs are set out in Section III.1.a below. Special financial terms, which apply to DPF DDOs, DPF Cat DDOs, IPF DDOs, SDPLs, and IFLs with CRDCs are set out in Section III.1.b below. Earlier IBRD loan products, which are no longer offered, are also described in Section III.1.c below. IBRD loan products which are suspended are described in Section III.1.d below.

a. Standard Terms. The standard terms of IFLs are available at <http://treasury.worldbank.org/>.

i. Currencies. IFLs are committed and repayable in the currency or currencies of the loan selected by the Borrower, provided IBRD can efficiently intermediate the currency or currencies requested.

ii. Pricing. This comprises the interest rate, front-end fee, and commitment fee.

A. Interest. The interest rate consists of a market-based variable reference rate and a spread. The interest rate is subject to a floor of zero. Interest is paid on the disbursed and outstanding loan amount. The reference rate varies by currency and resets semi-annually on the 1st or 15th of the month and semi-annually thereafter. The offering of IFLs with a fixed spread is suspended with effect from (and including) April 1, 2021³. Accordingly, the IFL has a variable spread, which comprises the following elements: (a) the IBRD's average funding cost; (b) a contractual lending spread; and (c) depending on the Borrower and the average maturity of the loan, a maturity premium. The average funding cost element of the variable spread is recalculated quarterly and applies to the interest period commencing on the Payment Date falling on, or immediately after such recalculation date. A maturity premium discount is applied for shorter-maturity loans with a final maturity limit of up to 7 years.⁴ Interest may be financed out of the loan proceeds. A default interest rate is charged in addition to the above interest rate if any payment of principal becomes overdue by thirty (30) days, until the overdue amount is fully paid. IBRD does not charge interest on overdue interest on its loans.

³ See Section III.1.d.

⁴ Please see Annex 1.

- B. *Front-end Fee*. A one-time front-end fee is charged on the committed loan amount. At the option of the Borrower, the front-end fee may be paid out of the loan proceeds upon loan effectiveness, or the Borrower can pay the fee no later than sixty (60) days after the loan effectiveness. Payment of the front-end fee is required before the first withdrawal from the loan.
- C. *Commitment Fee*. A commitment fee, payable semi-annually, is charged on the undisbursed amount of the loan. For DPF, this fee starts to accrue sixty (60) days after the Loan Agreement is signed and is payable once the loan becomes effective. For IPF and PforR, with effect from October 15, 2024, the commitment fee starts to accrue: (i) from and including the date that falls four calendar years from the date of approval of the IPF or PforR; or (ii) from and including the signing date if four calendar years from the date of approval has already elapsed and the loan agreement is not yet signed. The commitment fee may be financed out of the loan proceeds. IBRD does not charge a commitment fee for loans that do not become effective.
- D. *SBL*. The levels of the SBL are reviewed annually by the Board and are specified in Annex 2.
- E. *Board Determination*. The contractual lending spread and maturity premium elements (including any exemption, discount or surcharge) of the lending rate, the front-end fee, the commitment fee, and the default interest rate are decided from time to time by the Board. The current levels of these fees are set forth in Annex 1.
- F. *Exemptions, Discount and Surcharge Applicable to the Maturity Premium*. When calculating the applicable maturity premium, IBRD uses the relevant country classifications in the Per Capita Income Guidelines for Operational Purposes, the List of Fragile and Conflict-affected Situations and Annex 2 of the Bank Directive “Financial Terms and Conditions of Bank Financing”, as bases for assessing and applying to each eligible Borrower, as appropriate, the relevant exemption, the Below GDI Discount or HIC Surcharge. Effective July 1, 2018, IBRD increased the maturity premium. The maturity premiums effective (a) from July 1, 2018 onwards; and (b) prior to July 1, 2018; are set forth in tables 1 and 2, respectively, in Annex 1. The classification of member countries is updated once a year and effective on July 1 of each year. The country-specific maturity premiums are set forth in Annex 2 of the Bank Directive “Financial Terms and Conditions of Bank Financing”.
- 1) Member countries falling in the following country classifications are exempt from the maturity premium increase applicable from July 1, 2018:
- (a) Blend Countries;
 - (b) FCS Countries;
 - (c) Small State Economies;
 - (d) IDA Graduates that have graduated from IDA for a period of six consecutive years or less; and

(e) with effect from October 15, 2024, CRDC-eligible Countries.⁵

- 2) Below GDI Countries receive the Below GDI Discount on the maturity premium increase applicable from July 1, 2018.
- 3) Subject to Section III 1. a. ii. F. 4) f. below, the HIC Surcharge is applied to HICs.
- 4) The exemptions, the Below GDI Discount and the HIC Surcharge are applied as follows:
 - a. If a Borrower is eligible for an exemption and either the Below GDI Discount or the HIC Surcharge, then IBRD applies the exemption and does not apply the discount or the surcharge.
 - b. Subject to Section III 1. a. ii. F. 4) c. and d. below, when IBRD reclassifies a member country into a category with a higher maturity premium, or the member country ceases to be eligible for the Below GDI Discount or an exemption, the higher maturity premium is applied effective July 1 in the calendar year occurring 12 months after such reclassification or change.
 - c. When IBRD reclassifies a member country into a category with a lower maturity premium, or the member country becomes eligible for the Below GDI Discount or an exemption, the lower maturity premium is applied with effect from July 1 of the calendar year of the reclassification.
 - d. When IBRD reclassifies a member country such that it is no longer a Small State Economy and the member country does not fall within another country classification that makes it eligible for the exemption, the exemption ceases to apply from July 1 of the same calendar year of the reclassification.
 - e. IBRD exempts IDA Graduates from the maturity premium increase applicable from July 1, 2018 for a period of two (2) IDA replenishment cycles from July 1 of the calendar year of IDA graduation.
 - f. IBRD applies the HIC Surcharge effective July 1 in the calendar year occurring 12 months after the member country becomes a HIC. IBRD stops applying the HIC Surcharge with effect from July 1 in the same calendar year that the member country is reclassified and ceases to be a HIC.

iii. Conversion Provisions. Subject to the next sentence, the IFL includes options to change the currency of undisbursed and/or disbursed loan balances, fix and unfix the

⁵ If the criteria for determining CRDC-eligible Countries are expanded, IBRD's maturity premium pricing for group A will not apply automatically.

interest rate or the reference rate, fix the variable spread, and cap or collar the interest rate or the variable reference rate. Notwithstanding the range of conversion options referred to in the previous sentence, the offering of fixed spread terms, and therefore also the offering of conversions or conversion features entailing spread-fixing of any kind, is suspended with effect from (and including) April 1, 2021. This suspension is applied to any request, whether on a stand-alone basis or in combination with other conversion features, received by IBRD on or after April 1, 2021. Borrower requests for conversions are subject to prevailing market terms, including the maximum maturity available in the swap or capital markets for the currency or currencies involved. Currency conversions into local currency at the time of loan disbursement are permitted, provided that IBRD is able to provide a market hedge for such conversion. Pricing of conversions is at market terms. Conversions are subject to transaction fees determined from time to time by Management. Such transaction fees may be either in the form of an annual or a one-time charge for each transaction. Details on the key terms applicable to conversions are set out in the IBRD General Conditions and in other Related Documents (see the Conversion Directive). The transaction fees are set forth in Annex 3 of the Bank Directive, “Financial Terms and Conditions of Bank Financing”.

iv. **Repayment Terms.** Subject to Section III.1.b below, Borrowers may configure the repayment schedules of IFLs in any manner consistent with the purpose of the loan, subject to an average maturity limit of up to 20 years and a final maturity limit of up to 35 years.⁶ When justified by particular project or program needs, the Board may decide to approve an exception to the average or final maturity limit. The first Principal Payment Date is set to fall six (6) months after the expected date of expiration of the grace period. Payment Dates fall on either the 1st or the 15th day of the month (at the Borrower’s option) and semi-annually thereafter.

A. **Types of Repayment Schedules.** Borrowers may choose between two types of repayment schedules: a commitment-linked schedule or a disbursement-linked schedule.

1. For a *commitment-linked* repayment schedule, the timing of the principal repayments is linked to the time of loan commitment. The first Payment Date is not more than six (6) months following the expected date of loan approval. The grace period starts running from the time of expected IBRD loan approval. Principal repayment amounts are linked pro rata to amounts disbursed. Principal repayments billed are determined as a percentage share of the loan amount outstanding. The average repayment maturity for an IFL with a commitment-linked repayment schedule is the weighted average period of time between the expected loan approval and the scheduled repayments.

⁶ For average and final maturity limits related to qualifying GC+E Projects, see Section III 1.b.vii.

2. Under a *disbursement-linked* repayment schedule, the timing of principal repayments depends on the timing of actual disbursements. Cumulative disbursements during each interest period (a “Disbursed Amount”) are repayable on a schedule that commences at the beginning of the interest period following the interest period in which such Disbursed Amount is withdrawn. The grace period and repayment period selected by the Borrower are the same for all Disbursed Amounts under the loan. For IFLs with a disbursement-linked repayment schedule, there is a limit on the sum of the loan’s expected average disbursement period and its average repayment maturity, calculated as follows: the expected average disbursement period is the weighted average period of time between loan approval and expected disbursements; the average repayment maturity is the weighted average period of time between the beginning of the interest period following the interest period in which the Disbursed Amount is withdrawn and the scheduled repayments for each Disbursed Amount.
- B. *Revisions to Approved Repayment Terms.* Borrowers choose the repayment terms at negotiations, and in any event, before the loan is presented to the Board. Repayment terms cannot be changed once IBRD has approved the loan. IBRD normally does not reschedule interest or principal payments on its loans or participate in debt rescheduling agreements with respect to its loans. However, under extraordinary country, project or program circumstances, IBRD loan repayment terms may be amended. For the avoidance of doubt, modification of repayment terms resulting from: (a) an authorized conversion; (b) activation of a deferral under a CRDC; or (c) the Borrower’s request in IPF DDO, DPF DDO, or DPF Cat DDO; all as described below; is permitted.
- v. **Prepayment.** IFLs may be prepaid in full or in part. IBRD does not charge a prepayment premium. To the extent that a prepayment premium is chargeable in accordance with an existing loan’s terms and such loan is prepaid, IBRD waives the prepayment premium.
 - vi. **Cancellation.** If a loan is fully cancelled prior to the loan’s Effective Date, no front-end fee is charged. If the loan is partially cancelled prior to its Effective Date, the amount of the front-end fee payable is reduced on a pro rata basis and the adjusted front-end fee is payable to the IBRD upon the loan’s Effective Date. If the loan is partially or fully cancelled on or after the loan’s Effective Date, no refund of the front-end fee is made.
 - vii. **Additional Fees for Private Sector Projects.** Initiation fees and processing fees, which are determined from time to time by Management, may be charged by IBRD, as appropriate, for specific private sector projects.
- b. **Special terms for DPF DDOs, DPF Cat DDOs, SDPLs, Buffer Usage under the IBRD Financial Sustainability Framework, IFLs with CRDCs, IPF DDOs, related to IFLs for qualifying GC+E Projects, and Step-up Loan.**

- i. **DPF DDO.** The DPF DDO allows a Borrower to defer withdrawal of a DPF for an initial deferral period of up to three years from loan effectiveness. Information on the terms and conditions, and pricing of DPF DDOs, which are decided from time to time by the Board, is available at <http://treasury.worldbank.org/>. The financial terms of a DPF DDO are the same as those set out in Section III.1.a above, with the exception of the following:
- A. *Front-end Fee.* The level of the front-end fee may be different.
 - B. *Standby Fee.* The DPF DDO pricing includes a standby fee paid on the undisbursed amount of the loan accruing from the date of effectiveness. There is no commitment fee.
 - C. *Spread.* The applicable spread to the reference rate is the variable spread⁷ in effect at the time of each withdrawal, except that the maturity premium (if any) is determined by reference to the time of effectiveness of the Loan Agreement. However, the maturity premium level (if any) applicable to each withdrawal is that in effect at the time of such withdrawal.
 - D. *Renewal of Withdrawal Period.* Deferral of the DPF DDO withdrawal period may be renewed for an additional period of up to three years. No fee is charged for renewal.
 - E. *Repayment Schedule.* The repayment schedule may, at the Borrower's request, be determined at, and commence from, the date of withdrawal, and each withdrawal may have a different repayment schedule, within the policy limits prevailing at the time of such withdrawal. Irrespective of whether a commitment-linked repayment schedule or a disbursement-linked repayment schedule is chosen, the average repayment maturity for a withdrawal under a DPF DDO is calculated at the time of such withdrawal (except for purposes of the maturity premium determination, as stated in Section III.1.b.i.C above).
- ii. **DPF Cat DDO.** The DPF Cat DDO provides a member country with immediately available liquidity following a natural catastrophe. The DPF Cat DDO includes an initial deferral period for withdrawal of the loan of up to three years from loan effectiveness. The volume of a DPF Cat DDO is limited to up to 0.50 percent of the country's GDP or up to USD 1 billion, whichever is smaller.⁸ Information on the terms and conditions, and pricing, which are decided from time to time by the Board, is available at <http://treasury.worldbank.org/>. The financial terms of a DPF Cat DDO are the same as those set out in Section III.1.b.i above with the exception of the following:

⁷ The offering of IFLs with a fixed spread is currently suspended (see Section III.1.a.ii.A above) with effect from (and including) April 1, 2021.

⁸ The volume limit for Small States is considered on a case-by-case basis.

- A. *Front-end Fee*. The level of the front-end fee may be different.
 - B. *Standby Fee and Commitment Fee*. There is no stand-by fee or commitment fee.
 - C. *Renewals of Withdrawal Period*. The DPF Cat DDO may be renewed up to four times, for an additional period of up to three years for each renewal, for a total deferment of 15 years.
 - D. *Renewal Fee*. A renewal fee is payable for each renewal. The renewal fee is charged against the amount available for withdrawal, if any, at the time of extension.
 - E. *Revolving Feature*. If selected by the Borrower, the DPF Cat DDO has a revolving feature, i.e., amounts repaid or prepaid prior to the closing date are available for further drawdown.
 - F. *Scalable DPF*. An active DPF Cat DDO may be scaled up by a maximum of 100 percent of the amount of the initial DPF Cat DDO. The sum of the DPF Cat DDO and the scaled-up DPF cannot exceed the DPF Cat DDO volume limit. The pricing for Scalable DPFs is the same as for DPFs.
- iii. SDPL*. SDPLs are offered on an exceptional basis to eligible IBRD Borrowers that are approaching or are in a crisis with substantial structural and social dimensions, and that have extraordinary and urgent financial needs. Information on the terms and conditions, and pricing are decided from time to time by the Board. The pricing of SDPLs is described at <http://treasury.worldbank.org/>. The financial terms of SDPLs are the same as those set out in Section III.1.a. with the exception of the following:
- A. *Front-end Fee*. A higher front-end fee is charged.
 - B. *Interest*. Interest is charged at a fixed spread that is higher than the spread applicable to DPF loans and that is set by the Board from time to time. The default interest provisions do not apply to SDPLs.
 - C. *Repayment Terms*. The principal amount of the loan is repayable over 5 to 10 years, inclusive of a grace period of up to 5 years.
- iv. Buffer Usage under the IBRD Financial Sustainability Framework*. Except as may otherwise be determined by the Board on a case-by-case basis, when funds from the Crisis Buffer under the FSF are utilized, IBRD applies pricing and financial terms in the same way and at the same levels as the pricing and financial terms applied for

SDPLs.⁹

- v. ***IFLs with CRDCs.*** CRDCs¹⁰ are available to Borrowers in CRDC-eligible Countries.¹¹ In addition, subject to the provisions in this Section III 1.b.v., an IBRD Borrower that is not in active borrower status with IBRD and that has loans outstanding, may request the insertion of a CRDC into an existing loan provided that such Borrower is a CRDC-eligible Country at the time of the request to include the CRDC into the relevant existing loan. If a country is no longer a CRDC-eligible Country, the Borrowers in such country may nonetheless request deferral in accordance with a CRDC that was included in a legal agreement prior to the country becoming no longer eligible. A CRDC is a mechanism for a one-time deferral of certain loan-related payments upon occurrence of a CRDC-eligible Event.¹² The financial terms of a loan with a CRDC are the same as the applicable terms set out in Section III.1.a. above, subject to the following:
- A. ***Insertion of CRDC into an Existing IBRD Loan.*** IBRD does not offer CRDCs for insertion into an existing loan if, at the time of signing: (a) the Bank reasonably determines that the country is undergoing a debt restructuring with its other creditors; (b) the country or the sub-sovereign Borrower is 30 or more days overdue in connection with any amount payable to IBRD or IDA as provided under the IPF, DPF, or PforR Policy (as applicable); or (c) less than 5 (five) years remain until final maturity of the loan.
 - B. ***Maximum Length of CRDC Deferral Period.*** CRDC deferral may be activated for a period of up to 2 (two) calendar years.
 - C. ***Availability of CRDC Deferral Activation.*** Except as specified in the next sentence, following the occurrence of a CRDC-eligible Event, activation of the deferral under a CRDC may be made on any Payment Date occurring on or after the first Principal Payment Date and up until the date that falls no later than 5 (five) calendar years prior to the loan's final maturity date. Where a CRDC is incorporated into an existing IBRD loan, activation of the deferral may be made on any Payment Date

⁹ This applies to all three financing instruments (DPF, IPF and PforR). The circumstances in which there may be case-by-case exemptions from the harder financial terms (that is, to apply regular terms) are set out in R2018-0251/1 "IBRD Financial Sustainability Framework – Implementation Approach", December 6, 2018 [Confidential]. Such exemptions from the harder financial terms would be approved by the Board and are capped in aggregate at 20 percent of the value of the Crisis Buffer.

¹⁰ The Board approved the offering of CRDCs for an initial period of two (2) years ending on December 31, 2025.

¹¹ For convenience purposes, a list of CRDC-eligible Countries is annexed to the CRDC Procedure. The list is updated from time to time by the Bank subject to updates to the three constituent lists on which it is based. The Directive on Financial Terms and Conditions elaborates on timing considerations related to CRDC-eligible Country status and new loans.

¹² Detailed technical information about CRDC event coverage, as well as the process and legal terms for CRDCs, including activation of deferral, are set out in the CRDC Procedure.

occurring on or after the first Principal Payment Date following effectiveness of the amendment, and no later than the date that falls 5 (five) calendar years prior to the loan's final maturity date. Deferral may only be activated once over the life of the loan irrespective of the combination of principal, interest, or loan charges that the Borrower requests to defer. The Bank does not accept a CRDC deferral request, if the relevant Borrower or country is overdue in connection with any amount payable to IBRD or IDA. An event that is already occurring or has occurred at the time of inserting the CRDC into an existing IBRD loan is not eligible for deferral.

- D. *Amounts that may be Deferred.* Principal amounts and/or interest amounts and/or certain loan charges may be deferred under the CRDC, at the choice and request of the Borrower. Regular interest under the loan accrues on all amounts deferred and default interest does not apply to such deferred amounts.
- E. *Adjustment of the Amortization Schedule.* Principal amounts, interest amounts, and loan charge amounts that are deferred under the CRDC are amortized following the expiry of the deferral period. The Borrower's amortization schedule is adjusted to reflect amounts payable following expiry of the deferral period provided that: (a) the average repayment maturity of the loan remains the same; (b) the final maturity of the loan is not extended; and (c) present value neutrality is maintained.
- F. *IBRD loans with Bullet Repayment Profile.* CRDC deferral under IBRD loans with a bullet repayment profile may only be activated in respect of interest amounts and certain loan charges. Principal cannot be deferred under such loans.
- G. *CRDC Charge.* A CRDC charge accrues on the disbursed and outstanding balance of the loan. The level of the CRDC charge is determined from time to time by Management. For CRDCs incorporated into a new IBRD loan, the CRDC charge accrues from the date that falls 1 (one) calendar year prior to the first Principal Payment Date and stops accruing on the earlier of: (a) the date of the Bank's acceptance of the Borrower's deferral request; and (b) the date that falls no later than five (5) calendar years prior to the loan's final maturity date. For CRDCs incorporated into an existing IBRD loan, the CRDC charge accrues from the later of: (w) the date of effectiveness of the amendment incorporating the CRDC into the loan; and (x) the date that falls 1 (one) calendar year prior to the first Principal Payment Date; and stops accruing on the earlier of: (y) the date of the Bank's acceptance of the Borrower's request to defer; and (z) the date that falls five (5) calendar years prior to the loan's final maturity date. The CRDC charge is not payable by the Borrower. The Bank recovers the CRDC charge from trust fund and donor resources identified for such purposes.
- H. *CRDC Deferral Activation in an IBRD Loan with an Existing Conversion.* The Borrower pays any additional costs (including early termination costs) arising in connection with the CRDC deferral at the time that such costs are incurred, and such amounts are not subject to deferral.

- I. *Deferral of Interest under a CRDC that Results in an Increased IBRD Loan Balance.* To the extent that the deferral of interest under a CRDC incorporated into an existing loan, results in the loan balance increasing to a level that exceeds the loan amount originally approved by IBRD, such increased loan amount is authorized and is treated as having been already approved by IBRD.
- vi. **IPF DDO.** The IPF DDO includes an initial deferral period for withdrawal of the loan of up to five (5) years from the date of approval of the loan. Information on the terms and conditions, and pricing, which are decided from time to time by the Board, is available at <http://treasury.worldbank.org/>. The financial terms of an IPF DDO are the same as those set out in Section III.1.a. above, except for the following:
 - A. *Standby Fee.* IPF DDO pricing includes a standby fee paid on the undisbursed amount of the loan, accruing from the date of effectiveness. There is no commitment fee.
 - B. *Spread.* The applicable spread to the reference rate is the variable spread¹³ in effect at the time of each withdrawal. The maturity premium (if any) is determined by reference to the maturity premium levels prevailing at the time of withdrawal but is calculated from the date of effectiveness of the loan.
 - C. *Renewal of Withdrawal Period.* An IPF DDO may be renewed once, for a period of up to 3 (three) years. No fee is charged for renewal.
 - D. *Repayment Schedule.* The repayment schedule may, at the Borrower's request, be determined at, and commence from, the date of withdrawal. Each withdrawal may have a different repayment schedule, within the policy limits prevailing at the time of such withdrawal. Irrespective of whether a commitment-linked repayment schedule or a disbursement-linked repayment schedule is chosen, the average repayment maturity for a withdrawal under an IPF DDO is calculated at the time of such withdrawal (except for purposes of the maturity premium determination, as stated in Section III.1.b.vi.B above).
- vii. **GC+E Project IFLs.** Qualifying GC+E Projects may be eligible, as determined by the Bank, for an IFL with an average maturity limit of up to 25 years and a final maturity limit of up to 50 years. The maturity premium applicable to such IFLs is the prevailing maturity premium applicable to IFLs with the longest average maturities for the country category.

¹³ The offering of IFLs with a fixed spread is currently suspended (see Section III.1.a.ii.A above).

- viii. **Step-up Loan.** Step-up Loans are available for eligible IPF and PforR in infrastructure projects¹⁴ with a minimum size of \$100m. The financial terms of a Step-up Loan are the same as those set out in Section III.1.a. above, except for the following:
- A. **Interest.** The Step-up Loan interest features all components as set out in Section III.1.a.ii.A above, except the applicable maturity premium is not charged during the first 8 years from the date of approval of the loan (the “incentive period”). Instead, during the incentive period, the Bank charges (a) zero maturity premium for borrowers in countries of IBRD’s maturity premium pricing groups A through C (as set out in Annex 2 of the Bank Directive “Financial Terms and Conditions of Bank Financing”), and (b) a maturity premium of 5 basis points for borrowers in country pricing group D (as set out in Annex 2 of the Bank Directive “Financial Terms and Conditions of Bank Financing”). After the end of the incentive period, the standard maturity premium for 20-year ARM IFL applies as described in Section III.1.a.ii.A above, plus a fixed adjustment spread, to ensure the Step-up Loan remains NPV-neutral to an IFL of 20-year ARM of a comparable maturity. The adjustment spread is determined by Management and defined in the loan agreement.
- c. **Withdrawn IBRD Products.** IBRD financial products no longer available to clients include the Fixed-Spread Loan (FSL), the Variable Spread Loan (VSL), the Variable Lending Rate 1989 (VLR89) Currency Pool Loan (CPL), and the Single Currency Pool (SCP) loan, and the Variable Lending Rate 1982 (VLR82) Currency Pool Loan. Information on the terms, the current interest rates, transaction fees, conversions and prepayments on these withdrawn products is available at <http://treasury.worldbank.org/>.
- i. **VSLs** may also gain access to currency conversions, interest rate conversions, and interest rate caps and collars while maintaining the variable spread of the loan by amending certain provisions of their Loan Agreements.
 - ii. **Partial Waiver of Interest.** Borrowers may be eligible for partial waivers of the interest charges on certain loans.¹⁵ Eligibility for the waivers is based on whether a Borrower has serviced all of its IBRD loans and has paid all amounts under IBRD Guarantees and hedging products during the preceding six-month period within thirty (30) calendar days of their due dates.¹⁶

¹⁴ Management defines the scope of “infrastructure” sectors for this purpose.

¹⁵ Details about the relevant loans and borrowers are set out in IBRD Policy “Waivers of Loan Charges.”

¹⁶ Except for any overdue payments that the Vice President and WBG Controller (WFAVP) determines to be minor in nature or beyond the Borrower’s control.

d. Suspended IBRD Products/Features. With effect from (and including) April 1, 2021, the offering of IFLs with a fixed spread¹⁷ and of IFL conversions or conversion features entailing spread-fixing of any kind is suspended until further notice.

2. IDA Credits and IDA Grants. The terms of IDA financing for each member country vary, based on an annual assessment of the country's GNI per capita, creditworthiness for IBRD borrowing, risk of debt distress, and size (in terms of population). The majority of IDA resources is offered at highly concessional terms to eligible IDA Recipients in the form of highly concessional loans (known as "IDA Concessional Credits") or IDA Grants. Financing terms for IDA Concessional Credits and IDA Grants are set out respectively in Sections III.2.a and III.2.b below. A portion of IDA resources is offered at non-concessional terms to eligible IDA Recipients under the Regular SUW. The financing terms for such loans (known as "IDA Non-concessional Credits") are set out in Section III.2.c below. IDA offers a deferred drawdown option in certain financings, as set out in Sections III.2.d. and III.2.f. below. In addition, IDA offers Climate Resilient Debt Clauses, as set out in Section III.2.e. below.

a. IDA Concessional Credits. IDA offers concessional credits on seven sets of terms: 60-year Credit Terms, 40-year Credit Terms, Regular Terms, Blend Terms with Fixed Interest Rate, Blend Terms with Floating Interest Rate, Small Economy Terms, and Shorter Maturity Loan Terms.

i. Eligibility:

A. *60-year Credit Terms.* Available to certain IDA-only Countries at high risk of debt distress as determined by Management, except Small State Economies.

B. *40-year Credit Terms.* Available to IDA-only Countries at moderate risk of debt distress, except Small State Economies.

C. *Regular Terms.* Available to IDA-only Countries at low risk of debt-distress, except Small State Economies.

D. *Blend Terms with Fixed Interest Rate.* Available to (1) Gap Countries and Blend Countries (except Small State Economies) that are at high risk of debt distress or in debt distress; and (2) Gap Countries and Blend Countries (except Small State Economies) at high risk subject to the MAC-SRDSF, with no market access. Countries specified in 2.a.i.E below may also receive Blend Terms with Fixed

¹⁷ The fixed spread comprises the following elements: (a) IBRD's projected funding cost over the life of the loan; (b) a contractual lending spread; (c) a market risk premium; (d) depending on the Borrower and the average maturity of the loan, a maturity premium; and (e) if the loan is denominated in a currency other than U.S. dollars, a basis swap adjustment. The fixed spread is set for the life of the loan.

Interest Rate terms subject to a 15 percent volume discount in the Country Allocation for Blend Terms with Floating Interest Rate¹⁸.

- E. *Blend Terms with Floating Interest Rate*. Available to: (1) Gap Countries and Blend Countries (except Small State Economies) at low risk of debt distress or at moderate risk of debt distress; and (2) Gap Countries and Blend Countries (except Small State Economies) at low, moderate, or high risk subject to the MAC-SRDSF, with market access.
 - F. *Small Economy Terms*. Available to Small State Economies except for (1) Small State Economies classified as IDA-only Countries at high risk of debt distress or in debt distress; or (2) Small State Economies that are no longer eligible to continue receiving the Small States Exception.¹⁹
 - G. *Shorter Maturity Loan (SML) Terms*. Available only pursuant to the criteria established in the IDA21 Replenishment Report with respect to the SUW and in the Crisis Response Window (CRW).²⁰
- ii. **Currencies**. IDA Concessional Credits are offered in either SDRs (except for Credits on Blend Terms with Floating Interest Rate) or as single currency credits.
- A. *Concessional Credits Denominated in SDR*. Repayments are due in one of five currencies (U.S. dollars, pounds sterling, yen, euros, or Chinese yuan). The Recipient bears the foreign exchange risk between the currency of payment and the SDR.²¹
 - B. *Single Currency Concessional Credits*. IDA offers single currency credits that may be denominated in U.S. dollars, pounds sterling, yen, or euros. Credits on Blend Terms with Floating Interest Rate are only offered in single currency denominations.

¹⁸ The 15 percent volume discount applies to the sum of the PBA, FCV, and SDFP Incentive portions of the Country Allocation.

¹⁹ Effective July 1, 2024, the Small Island Economies Exception (introduced in 1985 and as amended in 2019) has been replaced with the Small States Exception (SSE). A Small State classified as an IDA-only Country, Gap Country, or a Blend Country is eligible for the SSE if its GNI per capita is above the IDA operational cut-off, but below the High-Income Threshold.

²⁰ The referred criteria for IDA windows will be reflected in an IDA Policy/ies to be issued soon.

²¹ Before August 1, 1980, IDA Credits were denominated in current U.S. dollars and were repayable in amounts equivalent, at their repayment dates, to the value at the time of disbursements of the currencies disbursed in terms of 1960 U.S. dollars.

- iii. **Conversion Provisions.** IDA Concessional Credits include options to change the currency of disbursed Credit balances.²² Additionally, Credits on Blend Terms with Floating Interest Rate include an interest rate fixing conversion option, subject to their pricing terms (see the Conversion Directive).²³ Recipient requests for conversions are subject to prevailing market terms, including the maximum maturity available in the swap or capital markets for the currency or currencies involved. Currency conversions into local or authorized currencies at the time of Credit disbursement are permitted, provided that IDA is able to provide a market hedge for such conversion. In case of currency conversions, the aggregated Interest Charges and Service Charges, if applicable, after the currency conversion is executed, cannot be less than zero. Pricing of conversions is at market terms. Conversions are subject to transaction fees determined from time to time by Management. Such transaction fees may be either in the form of an annual or a one-time charge for each transaction. Details on the key terms applicable to conversions are set out in the IDA General Conditions and in other Related Documents (See the Conversion Directive). The transaction fees are set forth in Annex 3 of the Bank Directive “Financial Terms and Conditions of Bank Financing”.
- iv. **Service Charges.** A service charge is payable semi-annually on the principal amount withdrawn and outstanding for Credits on Regular Terms and Small Economy Terms exclusively. For single currency concessional credits, Management adjusts the applicable service charges each quarter to account for the differences in notional interest rates between the relevant currency and the SDR, subject to a floor of 0.75 percent. In case of a currency conversion, refer to Section III.2.a.iii above.
- v. **Commitment Charges.** For every IDA Concessional Credit, a commitment charge is payable semi-annually on the undisbursed amount and starts to accrue sixty (60) days after the Financing Agreement is signed. The Board determines the commitment charges applicable for each fiscal year (from 0% up to a maximum of 0.50% per annum).
- vi. **Interest Charges:**
- A. *60-year Credit Terms.* No interest charges.
- B. *40-year Credit Terms.* No interest charges.

²² Currency conversion options may be introduced into existing IDA Concessional Credits by amending the relevant Financing Agreements. Feasibility of currency conversions for Credits on Blend Terms with Floating Interest Rates is under evaluation.

²³ Interest rate conversions for Credits on Blend Terms with Floating Interest Rates are offered on the same principles as applicable for IBRD Flexible Loans conversions, but subject to constraints imposed by the pricing terms of such Credits.

- C. *Regular Terms*. No interest charges.
- D. *Blend Terms with Fixed Interest Rate*. A fixed interest charge (in addition to the commitment charge described in Section III.2.a.v) is payable semi-annually on the principal amount withdrawn and outstanding. The interest rate for SDR-denominated credits is approved by the Board for each IDA replenishment and is fixed for the duration of the IDA Concessional Credits. The interest charge for single currency credits is based on the SDR-denominated rate; it is adjusted each quarter to account for the differences in notional interest rates between the relevant currency and the SDR, subject to a floor of 0.75 percent.
- E. *Blend Terms with Floating Interest Rate*. Interest charges apply equivalent to the interest rate applicable for countries that fall in IBRD's maturity premium pricing group A (as set out in Annex 2 of the Bank Directive "Financial Terms and Conditions of Bank Financing") *minus* 250 basis points;²⁴ and subject to an interest rate ceiling of 5 percent, and an interest rate floor of 0.75 percent.
- F. *Small Economy Terms*. No interest charges.
- G. *Shorter Maturity Loan (SML) Terms*. No interest charges.

In case of interest charges for a conversion, refer to Section III.2.a.iii above.

- vii. **Repayment:** The repayment schedules (including the grace period) for IDA Concessional Credits are as follows. Principal repayments are payable semi-annually. For the avoidance of doubt, modification of currency in repayment terms resulting from an authorized conversion is permitted.
 - A. *60-year Credit Terms*. 60 years' amortization with a grace period of 20 years; principal to be repaid at 2.5 percent of the total principal per annum for years 21-60.
 - B. *40-year Credit Terms*. 40 years' amortization with a grace period of 11 years; principal to be repaid at 3.45 percent of the total principal per annum for years 12-40.
 - C. *Regular Terms*. 31 years' amortization with a grace period of 6 years; principal to be repaid at 4 percent of the total principal per annum for years 7-31.

²⁴ The 250 basis point level may be adjusted from time to time by Management to maintain financial equivalency with the relevant component(s) of IBRD pricing.

- D. *Blend Terms with Fixed Interest Rate*. 25 years' amortization with a grace period of 5 years; principal to be repaid at 5 percent of the total principal per annum for years 6-25.
- E. *Blend Terms with Floating Interest Rate*. 25 years' amortization with a grace period of 5 years; principal to be repaid at 5 percent of the total principal per annum for years 6-25.
- F. *Small Economy Terms*. 40 years' amortization with a grace period of 10 years; principal to be repaid at 2 percent of the total principal per annum for years 11-20 and 4 percent of the total principal per annum for years 21-40.
- G. *Shorter Maturity Loan (SML) Terms*. 12 years' amortization with a grace period of 6 years; principal to be repaid at 16.67 percent of the total principal per annum for years 7-12.
- viii. ***Accelerated Repayment***. IDA may modify the terms of an outstanding IDA Concessional Credit in accordance with the provisions of the Financing Agreement if all of the following conditions are met: (A) the country's annual GNI per capita has exceeded for three (3) consecutive years the level established annually by IDA for determining eligibility to access IDA's resources,²⁵ (B) the Bank considers the country creditworthy for IBRD borrowing; and (C) after due consideration of the development of the country's economy, the IDA Board has reviewed and approved such modification. When these conditions have been met, IDA requires the Recipient to repay twice the amount of each principal installment not yet due, until the credit is fully repaid, subject to a minimum grace period of five (5) years. Alternatively, the Recipient may request that IDA substitute an interest charge for some or all of the higher principal repayments or develop a customized repayment schedule that meets the Recipient's budgetary needs, provided that in IDA's opinion, the new terms have a present value equivalent to that resulting from doubling of the principal payments alone. If IDA determines that a Recipient's economic condition has deteriorated significantly after the terms have been so adjusted, IDA may, if the Recipient requests, revert to the original repayment schedule.
- ix. ***Prepayment***. All IDA Concessional Credits may be prepaid in full or in part. IDA Graduates are encouraged to prepay their outstanding IDA Concessional Credits beyond their contractual obligation so that the funds can be directed to current IDA Recipients. IDA may provide a discount on the principal amount prepaid in order to incentivize voluntary prepayments to a Recipient that: (A) elects to voluntarily prepay all its outstanding IDA Credits in full, or (B) provides a partial prepayment for IDA to apply to the latest maturities of its IDA Credits, as determined by IDA. A discount is not available for prepayments of individual credits specified by a Recipient. The

²⁵ For Credits approved between June 30, 1987 and August 1, 1996, the applicable threshold is that the Recipient's GNI per capita has exceeded the historical cut-off for five consecutive years.

amount of any discount is determined by IDA, based on IDA's funding cost and the prepayment terms proposed by the Recipient.

- x. **Additional Fees for Private Sector Projects.** Initiation fees and processing fees, which are determined from time to time by Management, may be charged by IDA, as appropriate, for specific private sector projects.
- b. **IDA Grants.** IDA may provide financial assistance in the form of grants based on certain eligibility criteria.
- i. **Eligibility:**
 - A. IDA-only Countries and countries that have been granted the status of an IDA-only Country pursuant to the Small States Exception, assessed to be in debt distress or at high or moderate risk of debt distress, are eligible to receive some or all of their IDA Financing in the form of grants as follows:
 - 1. IDA-only Countries (including IDA-only Countries classified as Small State Economies) in debt distress or at a high risk of debt distress are eligible to receive 100 percent of financing as grants, subject to a cap of US\$650 million on the combined PBA and FCVE components of the Country Allocations, per Fiscal Year, per country.²⁶ Grant allocations are subject to a 10 percent volume discount in the PBA component of the Country Allocation, except for (a) IDA-only Countries under the Small States Exception; (b) IDA-only Countries eligible for FCVE RECA Allocations; and (c) countries subject to annual cap on Grants²⁷.
 - 2. Small State Economies classified as IDA-only Countries at moderate risk of debt distress are eligible to receive 50 percent of financing as Grants and the remaining 50 percent as credits on Small Economy Terms.
 - B. All IDA countries are eligible to receive Grant financing under (i) the Sub-Window for Host Communities and Refugees (WHR) of the Global and Regional Opportunities Window (GROW) per the criteria stipulated in the Sub-Window for

²⁶ Eligibility for IDA Grants may be affected for countries that are subject to hardening of terms under the SDFP. The cap of US\$650 million applies only to Grant allocations under the combined PBA and FCVE components of the Country Allocations and does not apply to Grants from IDA windows or the IDA-GFPP. Country Allocations (only in respect to the PBA component and FCV Envelope allocations) beyond the US\$650 million ceiling would be on Regular Terms, or as determined under the SDFP.

²⁷ A Grant eligible country that qualifies to borrow on 60-year Credit Terms receives the full volume of its PBA allocation without a discount.

Host Communities and Refugees Policy; and (ii) the IDA-GFPP as set out in Annex 7 of the IDA21 Replenishment Report.

1. Certain public regional organizations may be eligible for Grant financing under the Global and Regional Opportunities Window (GROW) per the criteria stipulated in the IDA21 Replenishment report²⁸.
 - ii. **Currency.*** Grants are denominated in SDRs.
 - iii. **Service Charges.*** None.
 - iv. **Commitment Charges.*** Grants are subject to a commitment charge, payable on the same terms as applicable to IDA Concessional Credits (Section III 2.a.v. above).
- c. IDA Non-concessional Credits.** A portion of IDA resources is offered at non-concessional terms for operations financed by the Regular SUW as follows:
- i. **Eligibility.*** IDA countries and creditworthy public regional organizations may receive Regular SUW financing per the criteria stipulated in the IDA's policies on the Scale-Up Window.
 - ii. **Currency.*** Offered only in single currency denominations: in U.S. dollars, pounds sterling, yen, or euros.
 - iii. **Pricing, Conversion Options, Repayment Terms, and Prepayments.*** Same as for current IBRD Flexible Loans (based on IBRD's maturity premium pricing group A (as set out in Annex 2 of the Bank Directive "Financial Terms and Conditions of Bank Financing")) as set out in Section III.1.a. above and the IBRD special terms as set out under Section III.1.b above, as applicable.²⁹ In addition to the countries falling in the country classifications listed in Section III.1.a.ii.F.1), IDA-only Countries and Gap Countries are exempt from the maturity premium increase applicable from July 1, 2018. The country-specific maturity premiums are set forth in Annex 2 of the Bank Directive "Financial Terms and Conditions of Bank Financing".
 - iv. **Step-up Loan.*** The Step-up Loan terms, as described in Section III.1.b.vii above, are available for eligible IDA Non-concessional Credits.

²⁸ The referred criteria for IDA windows will be reflected in an IDA Policy/ies to be issued soon.

²⁹ IDA lending terms for IDA Non-concessional Credits are updated quarterly and are available on IDA's website at <https://ida.worldbank.org/financing/ida-lending-terms>.

d. **DPF Cat DDO.** IDA offers a deferred drawdown option that provides immediate liquidity to countries after a natural catastrophe.³⁰ The terms for IDA DPF Cat DDO on non-concessional terms are the same as for IBRD in Section III.1.b.ii. The DPF Cat DDO includes an initial deferral period for withdrawal of the IDA Credit or IDA Grant of up to three years from effectiveness. The volume of committed and undisbursed DPF Cat DDOs financed by IDA is limited to 1 percent of the country's GDP or USD 500 million, whichever is lower. If 1 percent of a country's GDP falls below USD 40 million, the country may request DPF Cat DDO financing up to a maximum of USD 40 million. Three funding options are available for financing a new DPF Cat DDO: IDA Concessional Country Allocations supplemented by the Crisis Response Window,³¹ the country's undisbursed IDA balances, and the SUW (for countries eligible for SUW). The financing terms of a DPF Cat DDO financed by IDA are as follows:

i. **Currency:** Same as for IDA Concessional Credits or IDA Grants, as applicable to the country, except if financed by the Regular SUW, in which case same as for other financing from the Regular SUW.

ii. **Commitment Charges:** None.

iii. **Front-end and Renewal Fees:** Subject to periodic review,³² except if financed by the Regular SUW, in which case same as for IBRD DPF Cat DDOs.

iv. **Pricing Upon Drawdown; Repayment:** Same as for IDA Concessional Credits, as applicable to the country, except if financed by the Regular SUW, in which case same as for IDA Non-concessional Credits.

v. **Renewal.** The DPF Cat DDO may be renewed once, for a maximum of six years in total.

vi. **Scalable DPF.**³³ An active DPF Cat DDO may be scaled up by a maximum of 100 percent of the amount of the initial DPF Cat DDO. The sum of the DPF Cat DDO and the scaled-up DPF cannot exceed the DPF Cat DDO volume limit. The pricing for Scalable DPFs is the same as for DPFs.

³⁰ This policy is set out in Bank Policy, "Development Policy Financing".

³¹ Effective July 1, 2022, when a DPF Cat DDO is financed from the Country Allocation, the Crisis Response Window finances 25 percent of the DPF Cat DDO amount with another 25 percent financed by the Country Allocation and the remaining 50 percent financed by IDA general resources. This provision does not apply to the Scalable DPF.

³² See <https://treasury.worldbank.org/en/about/unit/treasury/ida-financial-products> for the latest DPF Cat DDO fees for IDA.

³³ The availability of the Scalable DPF feature for IDA SMLs is subject to prevailing SML terms.

e. **IDA Credits with CRDCs.** CRDCs³⁴ are available to Recipients in CRDC-eligible Countries.³⁵ CRDCs are available only in connection with IDA Credits and not IDA Grants. In respect of IDA Non-concessional Credits (see above at Section III.2.c.), CRDCs are offered on the same terms as described above in Section III.1.b.v. for IBRD. If a country is no longer a CRDC-eligible Country, it may nonetheless request deferral in accordance with a CRDC that was included in a legal agreement prior to the country becoming no longer eligible. CRDCs are incorporated at the request of the IDA Credit Recipient into the Financing Agreement for new IDA Credits, and for an existing IDA Credit via an amendment to the Financing Agreement. A CRDC is a mechanism for a one-time deferral of certain IDA Credit-related payments upon occurrence of a CRDC-eligible Event.³⁶ The financial terms of an IDA Concessional Credit with a CRDC are the same as the terms set out in Section III.2.a. above, as applicable, subject to the following:

i. **Insertion of CRDC into an Existing IDA Concessional Credit:** IDA does not offer CRDCs for insertion into an existing IDA Concessional Credit if, at the time of signing: (a) the Bank reasonably determines that the country is undergoing a debt restructuring with its other creditors; (b) the IDA Credit Recipient is 30 or more days overdue in connection with any amount payable to IBRD or IDA as provided under the IPF, DPF, or PforR Policy (as applicable); or (c) less than 5 (five) years remain until final maturity of the IDA Concessional Credit.

ii. **Maximum Length of CRDC Deferral Period:** CRDC deferral may be activated for a period of up to 2 (two) calendar years.

iii. **Availability of CRDC Deferral Activation:** Except as specified in the next sentence, following the occurrence of a CRDC-eligible Event, activation of the deferral under a CRDC may be made on any Payment Date occurring on or after the first Principal Payment Date and up until the date that falls no later than five (5) calendar years prior to the IDA Concessional Credit's final maturity date. Where a CRDC is incorporated into an existing IDA Concessional Credit, activation of the deferral may be made on any Payment Date occurring on or after the first Principal Payment Date following effectiveness of the amendment, and no later than the date that falls five (5) calendar years prior to the IDA Concessional Credit's final maturity date. Deferral may only be activated once over the life of the IDA Concessional Credit irrespective of the combination of principal, and/or service charge/interest that the IDA Credit Recipient requests to defer. The Bank does not accept CRDC deferral, if the IDA Credit

³⁴ The Board approved the offering of CRDCs for an initial period of two (2) years ending on December 31, 2025.

³⁵ For convenience purposes, a list of CRDC-eligible Countries is annexed to the CRDC Procedure. The list is updated from time to time by the Bank subject to updates to the three constituent lists on which it is based. The Directive on Financial Terms and Conditions of Bank Financing elaborates on timing considerations related to CRDC-eligible Country status and new IDA Credits.

³⁶ Detailed technical information about CRDC event coverage, as well as the process and legal terms for CRDCs, including activation of deferral, are set out in the CRDC Procedure.

Recipient is overdue in connection with any amount payable to IBRD or IDA. An event that is already occurring or has occurred at the time of inserting the CRDC into an existing IDA Credit is not eligible for deferral.

- iv. Amounts that may be Deferred:** Principal amounts and/or service charge/interest amounts and/or other charges may be deferred under the CRDC, at the choice and request of the IDA Credit Recipient. Regular service and interest charges (if applicable) under the IDA Concessional Credit accrue on all amounts deferred.
- v. Adjustment of the Amortization Schedule:** Principal amounts, service charge/interest amounts, and other charges that are deferred under the CRDC are amortized following the expiry of the deferral period. The IDA Credit Recipient's amortization schedule is adjusted to reflect amounts payable following expiry of the deferral period, provided that: (a) the average repayment maturity of the IDA Concessional Credit remains the same; (b) the final maturity of the IDA Concessional Credit is not extended; and (c) present value neutrality is maintained.
- vi. CRDC Charge:** A CRDC charge accrues on the disbursed and outstanding balance of the IDA Concessional Credit. The level of the CRDC charge is determined from time to time by Management. For CRDCs incorporated into a new IDA Concessional Credit, the CRDC charge accrues from the date that falls 1 (one) calendar year prior to the first Principal Payment Date and stops accruing on the earlier of: (a) the date of the Bank's acceptance of the Recipient's deferral request; and (b) the date that falls no later than five (5) calendar years prior to the IDA Concessional Credit's final maturity date. For CRDCs incorporated into an existing IDA Concessional Credit, the CRDC charge accrues from the later of: (w) the date of effectiveness of the amendment incorporating the CRDC into the IDA Concessional Credit; and (x) the date that falls 1 (one) calendar year prior to the first Principal Payment Date; and stops accruing on the earlier of: (y) the date of the Bank's acceptance of the IDA Credit Recipient's request to defer; and (z) the date that falls 5 (five) calendar years prior to the IDA Concessional Credit's final maturity date. The CRDC charge is not payable by the Recipient. The Bank recovers the CRDC charge from trust fund and donor resources identified for such purposes.
- vii. CRDC Deferral Activation in an IDA Concessional Credit with an Existing Conversion:** The IDA Credit Recipient pays any additional costs (including early termination costs) arising in connection with the CRDC deferral at the time that such costs are incurred, and such amounts are not subject to deferral.
- viii. Deferral of Service Charges/ Interest under a CRDC that Results in an Increased IDA Concessional Credit Balance.** To the extent that the deferral of service charges/interest under a CRDC incorporated into an existing IDA Concessional Credit results in the balance increasing to a level that exceeds the IDA Concessional Credit amount originally approved by IDA, such increased IDA Concessional Credit amount is authorized and is treated as having been already approved by IDA.

- f. **IPF DDO.**³⁷ The IPF DDO includes an initial deferral period for withdrawal of the IDA Credit or IDA Grant of up to five (5) years from the date of approval of the IDA Credit or IDA Grant. The financial terms of an IPF DDO are the same as those set out Section III.2.a., Section III.2.b. and Section III.2.c. above (as applicable), except for the following:
- i. **Front-end Fee:** For IPF DDO financed using IDA Non-concessional Credits, the same as for IBRD above in Section III.1.a.ii.B. For IPF DDO financed using IDA Concessional Credits or IDA Grants, there is no front-end fee.
 - ii. **Standby Fee:** For IPF DDO financed using IDA Non-concessional Credits, the same as for IBRD above in Section III.1.vi.A. For IPF DDO financed using IDA Concessional Credits or IDA Grants, the standby fee charged is set at the same level as the prevailing level of the commitment charge for IDA Concessional Credits and IDA Grants respectively.
 - iii. **Renewal of Withdrawal Period:** For an IPF DDO financed using IDA Non-concessional Credits, the same as for IBRD above in Section III.1.vi.C. An IPF DDO financed using IDA Concessional Credits or IDA Grants may be renewed once, for a period of up to three (3) years. No fee is charged for renewal.
 - iv. **Pricing and Repayment Terms:** For an IPF DDO financed using IDA Non-concessional Credits, the same as for IBRD above in Section III.1.vi.D. Pricing and repayment terms for IPF DDO financed using IDA Concessional Credits³⁸ are set at the time of commitment and not at the time of disbursement.

3. **IBRD and IDA Guarantees.** IBRD³⁹ and IDA offer project-based guarantees as IPF and policy-based guarantees as DPF. IDA provides guarantees on concessional terms to IDA-only Countries. In addition, where IBRD resources are not available, IDA may provide guarantees on concessional terms to Blend Countries.⁴⁰ IDA also provides guarantees on Non-concessional terms to countries eligible for IDA Non-concessional Credits, using the same eligibility criteria set out in Section III.2.c.i of this Policy.

a. Project-Based Guarantees

³⁷ For IPF DDO operations financed by an IDA Concessional Credit or an IDA Grant and confirmed by Management to have a specific crisis or emergency preparedness objective, IDA covers half the cost of the IPF DDO, where 50 percent of the funds would come from a country's PBA and 50 percent from the IDA General Pool.

³⁸ Availability of IPF DDO for IDA Concessional financing on SML terms will be subject to the prevailing IDA SML terms.

³⁹ IBRD Guarantees count towards the calculation of the exposure in relation to which any SBL Surcharge is levied.

⁴⁰ IBRD Guarantees to Blend Countries are reflected on the IBRD balance sheet except in the case of Blend Countries where IBRD resources are not available, in which case, IDA Guarantees may be available to these countries.

- i. **General.** Project-based Bank guarantees support projects with defined development objectives, activities, and results in accordance with the Bank Policy, “Investment Project Financing”. A project-based Bank guarantee may be structured to combine multiple guarantees, as appropriate for the project supported. In providing guarantee coverage, the Bank assesses the appropriateness of the Government undertakings, taking into account country, market and project circumstances. All project-based Bank guarantees require an adequate dispute resolution framework so as to avoid entangling the Bank in the substance of any dispute between the parties, including any dispute between two Governments. Bank guarantees do not support bilateral debt or debt extended by publicly owned entities that operate under public law for public policy purposes (e.g., bilateral financiers, Government-owned-policy banks and export/import agencies). Bank guaranteed debt itself is ineligible for any kind of debt restructuring without the consent of the Bank. The Bank does not provide guarantees for sovereign international borrowings for public sector projects in countries undergoing external debt restructuring until the country completes a debt restructuring agreement with commercial lenders and has in place a macroeconomic framework acceptable to the Bank.
- ii. **Types.** Project-based Bank guarantees may be of the following types:
 - A. **Loan Guarantees.** These guarantees cover loan-related debt service defaults caused by Government failure to meet specific payment and/or performance obligations arising from contract, law or regulation, in relation to a project. Loan guarantees include coverage for debt service defaults on: (i) commercial debt,⁴¹ normally for a private sector project where the cause of debt service default is specifically covered by the Bank’s guarantee; and (ii) a specified portion of commercial debt irrespective of the cause of such default, normally for a public sector project.
 - B. **Payment Guarantees.** These guarantees cover defaults on non-loan related Government payment obligations, to private entities and foreign public entities arising from contract, law or regulation.
- iii. **Special Requirements for IDA Loan Guarantees in Support of Commercial Debt Owed by Governments for Public Sector Projects.** Commercial debt owed by Governments and guaranteed by IDA in support of public sector projects are required to comply with the Bank policies relating to non-concessional borrowing. IDA makes available such loan guarantees in IDA countries at low or moderate risk of debt distress. IDA may also consider providing such loan guarantees in other IDA countries, provided that: (i) the project is expected to generate revenues that are strong and sufficiently robust to withstand economy-wide shocks; and (ii) expected project

⁴¹ Commercial debt means debt provided by a lender that is wholly or predominantly privately owned, or a lender that is publicly owned but is an autonomous entity established and operating under commercial law for the purposes of pursuing profit (such as a state-owned commercial bank).

revenues are anticipated to be at all times sufficient for debt service and if necessary, arrangements for setting aside revenues for that purpose are adequate.

- iv. **Special Requirements for Payment Guarantees.** Payment guarantees may not be offered if the payment obligations are owed to a member country that is under payment arrears to the Bank.
- v. **Trust-Funded Guarantees.** Guarantees backed by trust fund resources are subject to Bank policies and procedures applicable to Bank guarantees, except that, on a case-by-case basis and to the extent expressly permitted by a trust fund's constituent documents: (a) the specific financial terms of guarantees backed by trust fund resources, including the fee regime, maturity limits and accelerability provisions, may differ from the terms specified in this Policy; and (b) as appropriate for the purpose of assisting member countries to mobilize financing, the financial structure of guarantees may differ from the structure(s) contemplated in this Policy. In all cases of (a) and (b) above: (i) the relevant trust fund's donors, through the trust fund's constituent documents, agree that the trust fund bears any associated financial and/or credit risks resulting from deviations from the financial terms and structures contemplated in this Policy; and (ii) where a different fee regime is proposed, the principle of full cost recovery for the Bank applies.⁴²

b. Policy-Based Guarantees

- i. **General.** Policy-based guarantees cover debt service defaults, irrespective of the cause of such default, on a specified portion of commercial debt owed by Government and associated with the supported Government's program of policy and institutional actions, in accordance with the Bank Policy, "Development Policy Financing". In providing guarantee coverage, the Bank assesses the appropriateness of the Government undertakings, taking into account country, market and program circumstances. Policy-based guarantees do not support bilateral debt or debt extended by publicly owned entities that operate under public law for public policy purposes (e.g., bilateral financiers, government owned-policy banks and export/import agencies).
- ii. **Special Requirements for IDA Policy-based Guarantees.** IDA only provides policy-based guarantees for IDA countries at low or moderate risk of debt distress, provided they comply with Bank policies relating to non-concessional borrowing.

c. Financial Terms of Bank Guarantees

⁴² The Bank's legal agreements and/or the guarantee structure include appropriate risk mitigation measures; and limit the payment obligation of the Bank in the event of a call on the guarantee to the amount of funds made available to the Bank in the relevant trust fund.

- i. **Maturity Limits.** Guarantee maturity calculations are determined, based on the type and structure of the guarantee, and are subject to the following overall limitations:
 - A. *IBRD Guarantees.* Except as provided in sub-paragraph D below, IBRD’s financial exposure under IBRD Guarantees is subject to the same average and final maturity limits as those applicable to IBRD Flexible Loans. When justified by particular project or program needs, the Board may decide to approve an exception to the average or final maturity limits. For maturity-related terms in connection with GC+E Projects, see Section III.1.b.vii. above.
 - B. *IDA Guarantees Provided on Concessional Terms.* IDA’s financial exposure under these guarantees is subject to the same maximum allowable final maturity limits as those applicable to IDA Concessional Credits as set out under Section III.2.a.vii, as applicable to the member country.
 - C. *IDA Guarantees Provided on Non-concessional Terms.* IDA’s financial exposure under these guarantees is subject to the same average and final maturity limits as those applicable to IDA Non-concessional Credits as set out under Section III.2.c.iii.
 - D. *SDPGs.* IBRD’s financial exposure under SDPGs is subject to the same maturity limits as those applicable to SDPLs.
 - E. *Buffer Usage under the IBRD Financial Sustainability Framework.* Except as may otherwise be determined by the Board on a case-by-case basis, when funds from the Crisis Buffer under the FSF are utilized, IBRD applies the same maturity limits as those applied for SDPLs.
- ii. **Pricing.** The pricing of IBRD Guarantees and IDA Guarantees includes several fees and is determined based on the concept of loan equivalency with IBRD loans and IDA Credits, respectively.⁴³ These fees are generally paid by the implementing entity in the case of project-based guarantees, and by the Government in the case of policy-based guarantees. The current applicable Bank guarantee-related fee levels are available at <http://treasury.worldbank.org/>. Once the Bank guarantee-related fees are fixed for a specific guarantee, they remain unchanged for the life of that guarantee.
 - A. *IBRD Guarantee Pricing.* IBRD guarantee pricing comprises three components: a guarantee fee, standby fee and a front-end fee.
 - 1. *Guarantee Fee.* IBRD Guarantee fees are determined from time to time by the Board. The guarantee fee is set at the same level as the contractual lending spread for IBRD loans, and may include, as applicable, a maturity premium. The IBRD guarantee fee is charged on that portion of the guaranteed amount

⁴³ See Annex 4 of this Policy.

that IBRD has contractually committed and for which IBRD has financial exposure under the guarantee. A maturity premium discount is applied for shorter-maturity guarantees with a final maturity limit of up to 7 years.⁴⁴

2. *Standby Fee.* IBRD standby fees are determined from time to time by the Board. The standby fee is set at the same level as the commitment fee on IBRD loans. The standby fee is calculated periodically and applied to that portion of the guaranteed amount that IBRD has contractually committed and for which IBRD does not yet have financial exposure under the guarantee. Other than in respect of certain IPF operations (as described in the next sentence), the IBRD standby fee is normally charged semi-annually and accrues sixty (60) days after the date of signing of the agreement providing for IBRD's guarantee. For IPF operations, with effect from October 15, 2024 and in accordance with the transitional provisions in Section VI below, the standby fee starts to accrue: (i) from and including the date that falls four calendar years from the date of approval of the guarantee; or (ii) from and including the guarantee signing date if four calendar years from the date of approval has already elapsed and the guarantee agreement is not yet signed. IBRD does not charge a standby fee in respect of an IBRD guarantee that does not become effective.
3. *Front-End Fee.* The IBRD front-end fee is a one-time fee set at the same level as the front-end fee on IBRD loans and is charged up-front on the maximum amount of the IBRD guarantee.
4. *Pricing of SDPGs.* SDPGs are offered on an exceptional basis to eligible IBRD member countries that are approaching or are in a crisis with substantial structural and social dimensions, and that have extraordinary and urgent financial needs. The pricing of SDPGs is decided from time to time by the Board, and is described at <http://treasury.worldbank.org/>. A higher guarantee fee and front-end fee are charged in respect of SDPGs than under normal policy-based guarantees. The IBRD standby fee is applied to SDPGs.
5. *Crisis Buffer Usage under the IBRD Financial Sustainability Framework.* Except as may otherwise be determined by the Board on a case-by-case basis, when funds from the Crisis Buffer under the FSF are utilized, IBRD applies the same guarantee fee and front-end fee as those applied for SDPGs. The IBRD standby fee is applied to guarantees funded from the Crisis Buffer under the FSF.

⁴⁴ Please see Annex 4.

- B. *Pricing of IDA Guarantees Provided on Concessional Terms.* The pricing of IDA Guarantees comprises two components, a guarantee fee and a stand-by fee.
1. *Guarantee Fee.* The guarantee fee is set at the same level as the service charge on IDA Concessional Credits. The guarantee fee is charged on that portion of the guaranteed amount that IDA has contractually committed and for which IDA has financial exposure under the guarantee.
 2. *Standby Fee.* The IDA standby fee is set at the same level as the commitment charge for IDA Concessional Credits. The IDA Standby fee is charged on that portion of the guaranteed amount that IDA has contractually committed and for which IDA does not yet have financial exposure under the guarantee. The IDA standby fee is normally charged semi-annually and accrues sixty (60) days after the date of signing of the agreement providing for IDA's guarantee. The IDA standby fee is payable no later than the effective date of the guarantee.
- C. *Pricing of IDA Guarantees Provided on Non-concessional Terms.* Same as for current IBRD Guarantees as set out in Section III.3.c.ii.A.
- D. *Payment of Fees.* Guarantee fees and standby fees are payable in advance; either charged and collected in advance of each fee period, or charged in a single lump sum amount upfront calculated on a present value basis. The IBRD front-end fee is payable as a condition to effectiveness of the specific guarantee.
- E. *Refund of Guarantee Fee.* If, during the life of a Bank guarantee, the Bank's financial exposure under its guarantee is reduced or canceled, the Bank may, in its discretion, refund to the paying party a portion of any guarantee fee that the Bank has already received in advance, commensurate with the reduction in exposure.
- F. *Additional Fees for Private Sector Projects.* Initiation fees and processing fees, which are determined from time to time by Management, may be charged by the Bank, as appropriate, for specific private sector projects.
- iii. **Accelerability.** Accelerability of guarantees is applied as follows:
- A. Subject to B below, IBRD project-based guarantees may be accelerable;
 - B. Enclave IPF guarantees and IBRD policy-based guarantees may be accelerable only under exceptional circumstances;⁴⁵ and
 - C. IDA Guarantees are non-accelerable.

⁴⁵ Requiring the approval of the Managing Director, Operations.

If an IBRD Guarantee is accelerable, the unpaid balance of the guarantee may be payable by IBRD: (1) if the underlying debt guaranteed by IBRD is accelerated and becomes due and payable; and (2) upon call of the guarantee during a guarantee callable period. If a Bank guarantee is not accelerable, the Bank's payment obligations to the lenders (including bond holders) are limited to the principal and interest obligations in accordance with the original schedule of the guaranteed debt.

- iv. **Allocations.** When extending an IDA Guarantee, IDA reduces the IDA country's available allocation by a minimum of 25 percent of the face value of the guarantee.

4. IBRD Enclave IPF. IBRD extends IPF in the form of loans and guarantees for projects in IDA-only Countries, subject to credit enhancement features that adequately mitigate IBRD's credit risk, on the following terms and conditions:

- a. **Requirements.** IBRD provides Enclave IPF subject to credit enhancement that adequately mitigates IBRD's credit risk: (i) for projects that are expected to generate large economic benefits with significant developmental impact in the member country; and (ii) for projects that cannot be fully financed out of the country's own resources, IDA resources, and other concessional financing resources. IBRD provides Enclave IPF only for an IDA-only Country which will have the resources necessary to meet its repayment obligations to IBRD, including sufficient foreign exchange to cover the country's foreign exchange-related payment obligations to IBRD under the Enclave IPF. Consequently, Enclave IPF may be provided in the following circumstances: (a) in an IDA-only Country at low or moderate risk of debt distress, for a project that does not itself generate foreign exchange, but has clear economic and financial benefits with strong financial flows in local currency and the IDA-only Country has sufficient alternative non project related foreign exchange to cover the country's obligations to IBRD under the Enclave IPF; or (b) in any IDA-only Country, for a foreign-exchange-earning project that generates sufficient foreign exchange to cover the country's obligations to IBRD under the Enclave IPF.
- b. **Pricing.** Pricing of Enclave IPF is based on the pricing of IBRD IPF. In certain cases, pricing of Enclave IPF may be higher than IBRD IPF pricing as Enclave IPF is provided for IDA-only Countries, which have a higher credit risk for IBRD.

5. Other Financial Products

- a. **IBRD Hedges.** IBRD offers the following stand-alone hedging products for IBRD loans, to help Borrowers manage their financial risks: interest rate swaps, interest rate caps and collars, currency swaps, and on a case-by-case basis, commodity swaps.⁴⁶ Borrowers have the option to execute interest rate swaps and/or currency swaps with or without a floor on the floating leg of the swap.

⁴⁶ If an IFL has risk management options (currency conversions, interest rate conversions, caps and collars) embedded in the Loan Agreement, the Bank uses such conversion options (and not IBRD Hedges).

- b. Non-IBRD Hedges.** IBRD also offers intermediation of hedges on currencies, interest rates, commodities and indices that are of a type that has been, is presently or in the future becomes the subject of dealings in the financial markets, in connection with clients' non-IBRD debt. These products may be used for sovereign liability management, as well as for asset and liability management. Clients eligible to use these products are member countries and their sub-national entities⁴⁷ that are in good standing with respect to debt service obligations to the Bank, if any, or are otherwise eligible for new IBRD financing.⁴⁸ The availability of hedges relating to non-IBRD debt is subject to an overall program limit decided by the Board, currently USD equivalent 18 billion of hedges on currencies, commodities and indices and USD equivalent 50 billion of interest rate swaps, as well as country specific limits and the country's position in the risk classification system as decided by Management.
- c. Disaster Risk Management Products.** The Bank offers intermediation of disaster risk management products to hedge the following natural disaster risks: (1) those derived from meteorological or geological events, including, without limitation, earthquakes and tsunami, and (2) pandemics, epidemics and other events affecting health issues like morbidity, mortality and longevity. In addition to derivatives, IBRD and IDA may offer the following products: (a) insurance and reinsurance contracts with clients; (b) collateralized bonds linked to disasters (catastrophe bonds) issued by (as the case may be) client countries, their sub-national entities and regional and international organizations, and purchased by the Bank; and (c) any mechanism to make premium payments to the Bank which, through the above instruments, enables clients to receive protection from certain disaster risks, with an equivalent function and risk profile as the instruments listed above that receives the required Management-level finance and risk approvals. The Bank intermediates these disaster risk transfers on prevailing market terms, intermediating Borrower's/Recipient's risk coverage in the insurance, derivatives and/or capital markets. These products are available for IBRD and IDA member countries eligible to receive Bank financing, their sub-national entities, and regional and international organizations.^{49,50}
- d.** Transactions for the above hedging products are documented through standard derivatives agreements. Transactions for disaster risk management may also be documented through insurance/reinsurance and other similar contracts, customized on a case-by-case basis. Management determines the transaction fees charged in connection with these hedging products. The transaction fees are set forth in Annex 3 of Bank Directive "Financial Terms and Conditions of Bank Financing". Information on the terms

⁴⁷ Hedges on IBRD Borrowers' non-IBRD debt may be offered to sub-national entities subject to the transaction being structured such that IBRD is not exposed to any subnational credit risk (e.g., through a sovereign guarantee, upfront premium payments, etc.)

⁴⁸ An existing loan portfolio with IBRD is not a pre-requisite for this product offering.

⁴⁹ IDA intermediates index-based weather derivatives for IDA-only Countries, and IBRD intermediates index-based weather derivatives for all member countries for whom such transactions would not otherwise be intermediated by IDA.

⁵⁰ IDA is also authorized to offer commodity hedges, but this has not been operationalized.

and conditions, and transaction fees of hedging products, is also available at <http://treasury.worldbank.org/>.

- e. Amounts payable by a Borrower or Recipient in connection with disaster risk transfers and Bank intermediation services described in Section III.5.c. above may be financed out of the proceeds of IBRD loans, IDA Credits, IDA Grants, and as appropriate, donor resources, under an IPF, DPF or PforR operation.

SECTION IV – EXCEPTIONS

Management adjusts the IBRD/IDA financing terms set out in Annex 2 of the Bank Directive: “Financial Terms and Conditions of Bank Financing”, in the following circumstances:

- i. On July 1 of each year, to reflect changes arising from the annual assessments carried out in accordance with this Policy;
- ii. At any point in time: (a) to reflect decisions responding to severe or repeated breaches of performance and policy actions under the SDFP; (b) to reflect any changes in IBRD or IDA eligibility; (c) for countries exposed to severe natural disasters leading to significant damage and losses equivalent to over a third of a country’s GDP in the aftermath of the crisis, based on an updated debt sustainability analysis; and (d) as appropriate, during any financial year, to reflect changes or decisions approved from time to time by the Board in connection with financial terms and conditions; and
- iii. In accordance with the IBRD Framework for Restoration Measures (FRM) for Capital Adequacy, Management may increase the loan pricing by up to 50 basis points as one of the FRM backstop measures.

SECTION V – WAIVER

A waiver of any provision of this Policy may be granted only in accordance with the provisions of Bank Policy “Operational Policy Waivers” and the Bank Procedure “Operational Policy Waivers and Waivers of Operational Requirements”.

SECTION VI – TRANSITIONAL PROVISIONS

With effect from December 11, 2025, Step-up Loan (described in Section III.1.b.vii above) is offered on all new eligible loans. Any loans under preparation with Step-up loan features on the date of approval of the Step-up Loan terms must incorporate the terms of the Step-up Loan approved as of December 11, 2025 (with one exception – refer to the relevant Board paper listed in Section X – Related Documents below).

SECTION VII – EFFECTIVE DATE

This Policy is effective as of the date on its cover page.

SECTION VIII – ISSUER

The Issuer of this Policy is the Vice President – Operations Policy and Country Services.

SECTION IX – SPONSOR

The Sponsors of this Policy are the Vice President and Treasurer and the Vice President, Development Finance. The Sponsor – Vice President and Treasurer – is responsible for the day-to-day management of this Policy as it relates to IBRD, and the Sponsor – Vice President, Development Finance – is responsible for the day-to-day management of this Policy as it relates to IDA.

SECTION X – RELATED DOCUMENTS

Bank Directive, “Financial Terms and Conditions of Bank Financing”

Bank Policy, “Waivers of Loan Charges”

Bank Policy, “Investment Project Financing”

Bank Policy, “Development Policy Financing”

Bank Policy, “Program-for-Results Financing”

Bank Directive, “Conversion of Financial Terms of IBRD and IDA Loans and Financing Instruments”

Bank Procedure, “Climate Resilient Debt Clauses”

Bank Guidance, “Conversion of Financial Terms of IBRD and IDA Loans and Financing Instruments (illustrative examples)”

Guidelines for Using Hedging Products

OP 8.45 – Grants

OP 3.10 – Financial Terms and Conditions of IBRD Loans, IBRD Hedging Products, and IDA Credits (archived)

OP 14.25 – Guarantees, December 2005 (archived)

R2025-0151, “IBRD’s FY26 Single Borrower Limit”, July 1, 2025 [Confidential]

R2025-0243, “Proposal for IBRD Step up Loan”, November 20, 2025 [Official Use Only]

IDA/R2025-0239, “Update on IDA Financial Outlook, Recommendation on the FY26 Commitment Charge, and IDA21 Blend Term Credit Interest Rate Conversions,” July 23, 2025 [Confidential]

IDA-R2025-0023-2, “IDA21 Additions to IDA Resources: Twenty-First Replenishment Ending Poverty on a Livable Planet: Delivering Impact with Urgency and Ambition”, March 17, 2025
R2024-0240/ IDA/R2024-0291, “Climate Resilient Debt Clause Expansion of Eligible Events whilst keeping focus on Small States”, October 21, 2024 [Confidential]

R2024-0226/4, “Revised Proposal on Adjustments to IBRD Loan Pricing”, Corrigendum, October 17, 2024 [Strictly Confidential]

R2024-0210/1, “Proposal to Establish an IBRD Framework of Restoration Measures (FRM) for Capital Adequacy”, September 26, 2024 [Confidential]

SecM2024-0096, “Barbados: Resuming IBRD Lending”, June 7, 2024 [Official Use Only]

R2024-0125/ IDA/R2024-0175, “Livable Planet Fund”, June 4, 2024 [Confidential]

R2024-0122/ IDA/R2024-0171, “Climate Resilient Debt Clause (CRDC) CRDC Charge Recovery”, May 31, 2024 [Confidential]

R2024-0066/2, “IBRD Framework for Financial Incentives (FFI) for Projects that address Global Challenges with Cross Border Externalities”, April 25, 2024 [Official Use Only]

IDA/R2024-0010/2, “Adjustments to IDA20”, February 6, 2024 [Official Use Only]

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Questions regarding this Policy should be addressed to the Sponsor.

ANNEX 1

Board-approved Pricing Elements of IBRD Loan Products

As of July 1, 2025

Figures in basis points (bps) per annum, unless otherwise noted

Table 1

IBRD Flexible Loan (IFL) ¹	Average Maturity					
	8 years and below	Greater than 8 and up to 10 years	Greater and 10 and up to 12 years	Greater than 12 and up to 15 years	Greater than 15 and up to 18 years	Greater than 18 and up to 20 years
Commitment Fee ⁶	25	25	25	25	25	25
Front-end Fee ²	25	25	25	25	25	25
Contractual Spread	50	50	50	50	50	50
Maturity Premium ^{3, 4, 5, 7,8}	0	10	30	50	70	90
Default Interest Rate	50	50	50	50	50	50

¹ Excludes the surcharge on excess exposure (see Annex 2).

² One-time fee.

³ These maturity premiums do not apply to loans that:

- meet both the following conditions: (i) the invitation to negotiate is issued on or before June 30, 2018; and (ii) the loan is approved on or before September 30, 2018. For those loans, the maturity premium is the one in force on June 30, 2018;
- are extended to FCS Countries; Blend Countries; Small State Economies; CRDC-eligible Countries; and IDA Graduates (for a period of two (2) IDA replenishment cycles beginning from July 1 of the calendar year of IDA graduation; and for the following IDA17 and IDA18 graduates for six consecutive years beginning from July 1, 2018: Angola, Armenia, Bosnia and Herzegovina, Georgia, India, Bolivia, Sri Lanka and Vietnam).

For such loans, the maturity premiums that apply are set forth in Table 2 of this Annex. Note that the maturity premium level (if any) applicable to DDOs, IPF DDOs, and DPF Cat DDOs is that in effect at the time of each withdrawal.

⁴ The country-specific maturity premiums are set forth in Annex 2 of the Bank Directive, "Financial Terms and Conditions of Bank Financing".

⁵ Qualifying GC+E Projects may be eligible for an average maturity limit of up to 25 years and a final maturity limit of up to 50 years. The maturity premium applicable to such IFLs is the prevailing maturity premium applicable to IFLs with the longest average maturity premium for the relevant country category.

⁶ See Section III.1.a.ii.C above in relation to the application of the commitment fee.

⁷ For IBRD loans with a final maturity of up to 7 years (shorter-maturity loans), there is a maturity premium discount of 20 bps. This discount is applied to the overall lending spread.

⁸ For Step-up Loans, the applicable maturity premium is not charged during the first 8 years from the date of approval of the loan (incentive period). Instead, the Bank will charge (a) zero maturity premium for borrowers in countries of IBRD's maturity premium pricing groups A through C, and (b) a maturity premium of 5 basis points for borrowers in country pricing group D. After the end of the incentive period, the standard maturity premium for 20-year ARM IFL applies, plus a fixed adjustment spread, to ensure the Step-up Loan remains NPV-neutral to an IFL of 20-year ARM of a comparable maturity.

Table 2: Maturity Premiums Prior to July 1, 2018

	Average Maturity					
	Up to 8 years	8+ to 10 years	10+ to 12 yrs	12+ to 15 yrs	15+ to 18 yrs	18+ to 20 yrs
Maturity Premium	0	10	20	30	40	50

Table 3: Discount and Surcharge relative to Maturity Premiums^a

Average Maturity	Below GDI Discount ^{b, c}	HIC Surcharge ^d
8 years and below	0	+5
Greater than 8 and up to 10 years	0	+5
Greater and 10 and up to 12 years	-5	+10
Greater than 12 and up to 15 years	-10	+15
Greater than 15 and up to 18 years	-15	+20
Greater than 18 and up to 20 years	-20	+25

^a If a Borrower is exempt from the maturity premium increase applicable from July 1, 2018, then IBRD applies the exemption, and does not apply the Below GDI Discount nor HIC Surcharge even if the member country also meets the conditions for such discount or surcharge.

^b When IBRD reclassifies a member country into a category with a higher maturity premium, or the member country ceases to be eligible for the Below GDI Discount or an exemption (with the exception of Small State Economies as per Section III 1. a. ii. F. 4. D. of the Policy), the higher maturity premium is applied effective July 1 in the calendar year occurring 12 months after such reclassification or change.

^c When IBRD reclassifies a member country into a category with a lower maturity premium, or the member country becomes eligible for the Below GDI Discount or an exemption, the lower maturity premium is applied with effect from July 1 of the calendar year of the reclassification.

^d IBRD applies the HIC Surcharge effective July 1 in the calendar year occurring 12 months after the member country becomes a HIC. The HIC Surcharge stops applying with effect on July 1, in the same calendar year that the member country is reclassified and ceases to be a HIC.

Table 4: Fees and Spreads of IBRD DDOs, IPF DDOs, DPF Cat DDOs and SDPLs

Development Policy Loan and Investment Project Financing Loan with Deferred Drawdown Option (DPL DDO)	
Front-end Fee *	25
Standby Fee	50

Development Policy Loan with Catastrophe Deferred Drawdown Option (DPF Cat DDO)	
Front-end Fee *	50
Renewal Fee **	25

Special Development Policy Loan (SDPL)	
Front-end Fee *	100
Commitment Fee	25
A fixed spread over the applicable reference rate	min. 200

* One-time fee.

** Payable upon each renewal.

Note: This table excludes pricing elements which are approved by Management. Please refer to <http://www.treasury.worldbank.org/> for current IBRD loan pricing.

ANNEX 2

Single Borrower Limits for FY26

1. **Single Borrower Limits.** US\$31.7 billion for member countries that are Below GDI and US\$22.6 billion for member countries that are Above GDI.
2. **SBL Surcharge.** With effect from April 9, 2024, the SBL surcharge is removed and is no longer charged.
3. The levels of the Single Borrower Limits are determined by the Board.
4. The Single Borrower Limit constitutes a maximum exposure limit and is not an entitlement to exposure.

ANNEX 3

Terms of IDA Financing in the Form of a Grant or a Credit (effective as of July 1, 2025)

	Maturity	Grace Period	Principal Repayments	Acceleration Clause ^{a/}	Service Charge for Credits (SDR) ^{b/ c/}	Interest Charge (SDR) ^{d/}
Grants ^{e/}	NA	NA	NA	NA	NA	NA
60-year Credits ^{f/}	60	20	2.5% for yrs. 21-60	Yes	NA	NA
40-year Credits ^{g/}	40	11	3.45% for yrs. 12-40	Yes	NA	NA
Regular Terms ^{h/}	31	6	4% for yrs. 7-31	Yes	0.75%	NA
Blend Terms with Fixed Interest Rate ^{i/}	25	5	5% for yrs. 6 to 25	Yes	NA	1.5%
Blend Terms with Floating Interest Rate ^{i/}	25	5	5% for yrs. 6-25	Yes	NA	IBRD reference rate + IBRD variable spread minus 250 basis points (with an option to fix the reference rate); and subject to a rate ceiling of 5 percent, and a rate floor of 0.75 percent

Small Economy Terms ^{j/}	40	10	2% for yrs. 11-20	4% for yrs. 21-40	Yes	0.75%	NA
SML Terms ^{k/}	12	6	16.67% for yrs. 7-12		Yes	NA	NA
Non-Concessional Credits ^{l/}	Up to 35 yrs. maximum; up to 20 yrs. average maturity		Flexible		NA	NA	IBRD reference rate + IBRD variable spread with an option to fix the reference rate

Notes:

a/ IDA Concessional Credits include an acceleration clause, providing for doubling of principal payments from creditworthy borrowers where per capita income remains above eligibility thresholds. IDA Credits on hardened terms (approved during IDA13-IDA15) are exempt from the accelerated repayment provisions.

b/ All IDA Concessional Credits and IDA Grants excluding those financing a DPF Cat DDO are subject to a commitment charge. IDA's commitment charge is a variable charge set within a range of 0-0.5 percent of the undisbursed balance of IDA's credits and grants. The Board reviews and approves the level of the commitment charge annually. The commitment charge for FY26 is set at zero.

c/ To ensure that IDA covers its administrative expenses and to prevent a negative interest charge, IDA applies a floor of 0.75 percent for the service charge and a floor of zero percent for the interest charge for all currencies (except for Credits on Blend Terms with Fixed Interest Rate and for Credits on Blend Terms with a Floating Interest Rate, both of which are subject to a minimum rate of 0.75 percent). The service charge is applied as a percentage of the disbursed and outstanding credit balance. In case of currency conversions in Concessional Credits, the aggregated Interest Charges and Service Charges, if applicable, after the currency conversion is executed, cannot be less than zero.

d/ The up-to-date interest rate information and IDA lending terms are published at <https://ida.worldbank.org/financing/ida-lending-terms> and <https://treasury.worldbank.org/en/about/unit/treasury/ida-financial-products>. In case of currency conversions, the aggregated Interest Charges and Service Charges, if applicable, after the currency conversion is executed, cannot be less than zero.

e/ Eligibility to Grants is determined in section III.2.b of this Policy.

f/ Eligibility to 60-year Credits is determined in section III.2.a.i.A of this Policy. In case of currency conversions, the aggregated Interest Charges and Service Charges, if applicable, after the currency conversion is executed, cannot be less than zero.

g/ Eligibility to 40-year Credits is determined in section III.2.a.i.B of this Policy. In case of currency conversions, the aggregated Interest Charges and Service Charges, if applicable, after the currency conversion is executed, cannot be less than zero.

h/ Eligibility to Regular Term Credits is determined in section III.2.a.i.C of this Policy. The rates for single currency credits are set quarterly. Credits approved in each quarter are subject to the rates published in the beginning of that quarter.

i/ Blend Terms with Fixed Interest Rate and Blend Terms with Floating Interest Rate apply to Blend Countries and Gap Countries as described in section III.2.a.i.D and III.2.a.i.E of this Policy. The rates for single currency Credits on Blend Terms with Fixed Interest Rate are set quarterly. Credits approved in each quarter are subject to the rates published in the beginning of that quarter. For Credits on Blend Terms with Floating Interest Rate, the 250 basis point level may be adjusted from time to time by Management to maintain financial equivalency with the relevant component(s) of IBRD pricing.

j/ Eligibility for Small Economy Terms is limited to Small State Economies as described in section III.2.a.i.F. of this Policy. The rates for single currency credits are set quarterly. Credits approved in each quarter are subject to the rates published in the beginning of that quarter.

k/ As described in section III.2.a.i.G SMLs during the IDA twenty-first replenishment are only offered under the CRW and the SUW. In case of currency conversions, the Service Charge and the Interest Charge is adjusted to the applicable rate, if any, following a currency conversion.

l/ IDA Non-concessional Credits are offered on IBRD Flexible Loan terms and are subject to a one-time front-end fee of 0.25 percent and a commitment fee of 0.25 percent. The front-end fee is charged on the committed amount. The commitment fee is charged on the undisbursed balances. With effect from (and including) April 1, 2021, the offering of the fixed spread loans by IBRD is suspended until further notice.

ANNEX 4

IBRD and IDA Guarantee Pricing

The pricing of IBRD and IDA guarantees includes several fees and is determined based on the concept of loan equivalency with IBRD loans and IDA Credits, respectively. The following table presents IBRD and IDA guarantee pricing as of July 1, 2025.

Charge	Fee	IBRD Guarantees and IDA Guarantees on Non-concessional Terms ¹		IDA Guarantees on Concessional Terms	
		Private Projects	Public Projects (Project or Policy Based)	Private Projects	Public Projects (Project or Policy Based)
Up-Front	Front-End	25 bps of guarantee amount		N.A.	
(One-time)	Initiation	Greater of 15 bps of guarantee amount or USD100,000	N.A.	Greater of 15 bps of guarantee amount or USD100,000	N.A.
	Processing ²	Up to 50 bps of guarantee amount	N.A.	Up to 50 bps of guarantee amount	N.A.
Recurring	Standby ³	25 bps		0 bps	
	Guarantee ⁴	50 bps (+ premium as applicable) ^{5,6}		Up to 75 bps	

Note: This table includes pricing elements – initiation and processing fees – which are determined by Management. The information in this table is intended to provide readers with a comprehensive picture of all fees applicable to IBRD and IDA Guarantees.

1. Includes IBRD Enclave Guarantees for IDA countries.
2. Determined on a case-by-case basis. In exceptional cases, projects can be charged over 50 bps of the guarantee amount.
3. Set at the same level as the commitment charge on IBRD loans and IDA Credits, respectively. For IBRD IPF guarantees and IDA IPF guarantees on Non-concessional terms, see Section 3.c.ii.A.2 above in respect of the application of the standby fee.
4. The guarantee fee is charged on Bank's financial exposure under the guarantee, i.e., the present value of the guarantee (which is typically equal to outstanding guarantee amount during a callable period).
5. Guarantee maturity calculations are determined based on the type and structure of a guarantee. For IBRD, the maximum final maturity is 35 years, and fees include an annual premium based on average maturity and member country classification, as follows:

Average Maturity	Maturity Premium ^{a d}	Below GDI Discount ^b on Maturity Premium	HIC Surcharge ^c
8 years and below ^e	0	0	+5
Greater than 8 and up to 10 years	10	0	+5
Greater and 10 and up to 12 years	30	-5	+10
Greater than 12 and up to 15 years	50	-10	+15
Greater than 15 and up to 18 years	70	-15	+20
Greater than 18 and up to 20 years	90	-20	+25

^a This maturity premium does not apply to:

- Bank guarantees approved on or before September 30, 2018. For those Bank guarantees, the applicable maturity premium is the one in force on June 30, 2018.

^b If a member country is exempt from the maturity premium increase applicable from July 1, 2018, then IBRD applies the exemption and does not apply the Below GDI Discount nor the HIC Surcharge even if the member country also meets the conditions for such discount or surcharge. When IBRD reclassifies a member country into a category with a higher maturity premium, or the member country ceases to be eligible for the Below GDI Discount or an exemption (with the exception of Small State Economies as per Section III.1.a.ii.F.4.d of the Policy), the higher maturity premium is applied effective July 1 in the calendar year occurring 12 months after such reclassification or change. When IBRD reclassifies a member country into a category with a lower maturity premium, or the member country becomes eligible for the Below GDI Discount or an exemption, the lower maturity premium is applied with effect from July 1 of the calendar year of the reclassification.

^c IBRD applies the HIC Surcharge effective July 1 in the calendar year occurring twelve months after the member country becomes a HIC. The HIC Surcharge stops applying with effect on July 1 in the same calendar year that the member country is reclassified and ceases to be an HIC.

^d Qualifying GC+E Projects may be eligible for an average maturity limit of up to 25 years and a final maturity limit of up to 50 years. The maturity premium applicable to such IFLs is the prevailing maturity premium applicable to IFLs with the longest average maturity premium for the relevant country category.

^e For IBRD guarantees (and IDA guarantees on Non-concessional terms) with a final maturity of up to 7 years, there is a maturity premium discount of 20 bps. This discount is applied to the recurring guarantee fee element of the overall guarantee pricing.

6. In certain cases, IBRD enclave guarantees for IDA-only Countries may have higher pricing than the above IBRD prices.

ANNEX 5

Eligibility for the Small States Exception

1. Country-eligibility to receive exceptional treatment from IDA pursuant to the Small States Exception (SSE) is determined by Management as follows:
 - a. An IDA Small State is eligible for the SSE if its GNI per capita is above the IDA operational cut-off but below the High-Income Threshold. Financing terms of IDA Small States are determined as follows:⁵¹
 - i.* A Gap Country that has been granted the SSE is reclassified as an IDA-only Country and is therefore eligible for IDA financing on Grant and/or Small Economy Terms, as applicable.
 - ii.* A Blend Country that has been granted the SSE is not reclassified but receives IDA financing on Small Economy Terms.
 - b. An IBRD-only Small State is eligible for the SSE and therefore subject to reclassification as an IDA-only Country or a Blend Country as applicable if all of the following four conditions are satisfied (membership in IDA is a pre-condition):
 - i.* the per capita income is at or below the Graduation Discussion Income (GDI);
 - ii.* it is highly vulnerable to natural disasters or long-term impact of climate change;
 - iii.* it has limited creditworthiness for accessing commercial credit; and
 - iv.* its access to IBRD resources is constrained by creditworthiness or affordability⁵² considerations.
2. A Small State that has been granted the SSE remains eligible for the exception if:
 - a. the GNI per capita has not been at or above the High-Income Threshold for three consecutive years; or
 - b. the GNI per capita has been at or above the High-Income Threshold for three consecutive years, but
 - i.* the country is in debt distress or at high or moderate risk of debt distress;

⁵¹ IDA Small States that are not granted the SSE (due to having a GNI per capita above the High-Income Threshold or below the operational cut-off) remain eligible for IDA financing on Grant or Small Economy Terms, as applicable. Certain Small States may also be eligible for SMLs depending on their risk of debt distress status.

⁵² Affordability means a country's ability to borrow non-concessional resources sustainably, as informed by a World Bank-IMF Debt Sustainability Analysis.

