

# Bank Policy

## Financial Terms and Conditions of Bank Financing

### **Bank Access to Information Policy Designation**

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### **Content**

Sets out the terms of IBRD and IDA financial products.

### **Applicable to**

IBRD, IDA

### **Issuer**

Vice President, OPSVP

### **Sponsor**

Vice President and Treasurer, TREVP; 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. **Cat DDO:** means Deferred Drawdown Option for Catastrophic Risks, as defined in Bank Policy, “Development Policy Financing” (formerly OP 8.60).
  - i. **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.
  - j. **DDO:** means Deferred Drawdown Option, as defined in Bank Policy, “Development Policy Financing” (formerly OP 8.60).

- k. **DPF:** means Development Policy Financing, as defined in Bank Policy, “Development Policy Financing” (formerly OP 8.60).
- l. **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.
- m. **Enclave IPF:** means a type of IBRD IPF described in Section III.4 of this Policy.
- n. **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.
- o. **Financing Agreement:** means the agreement between IDA and the Recipient providing for an IDA Grant or an IDA Credit.
- p. **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.
- q. **FS-eligible loan or Fixed Spread-eligible loan:** means a loan operation that meets both of the following conditions: (i) the invitation to negotiate was issued on or before January 26, 2021; and (ii) the Board approved the loan on or before June 30, 2021.
- r. **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.
- s. **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.
- t. **GNI:** means gross national income.
- u. **Government:** means “Member Country” and “Political Sub-division”, as defined in Bank Policy, “Development Policy Financing” (formerly OP 8.60); or “government”, as defined in Bank Policy, “Investment Project Financing” (formerly OP 10.00), as the case may be.
- v. **Hard Terms:** means terms on which IDA made credits available to Blend Countries (excluding Small Island Economies) prior to July 1, 2017 from IDA’s

'hard-term' lending window which was financed through the charge-related portion of the volume discount on IDA Grants.

- w. **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.
- x. **HIC Surcharge:** means the maturity premium surcharge payable in respect of IBRD loans and IBRD Guarantees by a High-Income Member Country.
- y. **High-income Threshold:** means the per capita income above which a member country is categorized as a High-Income Member Country.
- z. **IBRD:** means International Bank for Reconstruction and Development.
- aa. **IBRD 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.
- bb. **IBRD General Conditions:** means the General Conditions, defined in the particular IBRD Loan Agreement as constituting an integral part of such Loan Agreement.
- cc. **IBRD Guarantee:** means a Guarantee provided by IBRD on terms as described in Section III.3.
- dd. **IDA:** means International Development Association.
- ee. **IDA Concessional Country Allocations (or "Country Allocations"):** means IDA resource allocations to IDA eligible countries, based on the PBA or through any exceptional allocation regime, as applicable, including the Prevention and Resilience Allocation (PRA), Remaining Engaged During Conflict Allocation (RECA), and Turn Around Allocation (TAA) under the Fragility, Conflict and Violence (FCV) Envelope.
- ff. **IDA Concessional Credit:** means an IDA credit on concessional terms as described in Section III.2.a.
- gg. **IDA Credit:** means an IDA Concessional Credit or an IDA Non-concessional Credit, as applicable.
- hh. **IDA Deputies' Report:** means the report that synthesizes the formal discussions among IDA Deputies (representatives of countries that contribute to IDA) and representatives of borrower countries regarding the policy directions and commitments for an IDA replenishment.

- ii. **IDA20 Deputies' Report:** means the report entitled "Additions to IDA Resources: Twentieth Replenishment, IDA20: Building Back Better from the Crisis: Toward a Green, Resilient and Inclusive Future", dated February 17, 2022.
- jj. **IDA Financing:** means an IDA Grant or an IDA Credit or an IDA Guarantee.
- kk. **IDA General Conditions:** means the General Conditions, defined in the particular IDA Financing Agreement as constituting an integral part of such Financing Agreement.
- ll. **IDA Graduate:** means a country mentioned in the IDA Deputies' Report of each new replenishment as ceasing to be IDA-eligible from July 1, following the publication of the relevant IDA Deputies' Report.
- mm. **IDA Grant:** means financing provided by IDA on the terms described in Section III.2.b.
- nn. **IDA Non-concessional Credit:** means an IDA Credit provided under the Regular Scale-Up Window, on the terms described in Section III.2.c.
- oo. **IDA Guarantee:** means a Guarantee provided by IDA on terms as described in Section III.3.
- pp. **IDA-only Countries:** means (a) member countries that have not exceeded the IDA operational cut-off GNI per capita for more than two consecutive years; and (b) not creditworthy to borrow from IBRD.
- qq. **IFL:** means IBRD Flexible Loan, the type of IBRD loan described in Section III.1 below.
- rr. **IPF:** means Investment Project Financing, as defined in Bank Policy, "Investment Project Financing" (formerly OP 10.00).
- ss. **List of Fragile and Conflict-affected Situations:** means the list of fragile situations published annually by the World Bank Group.
- tt. **Loan Agreement:** means the agreement between IBRD and the Borrower providing for an IBRD loan.
- uu. **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.

- vv. **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.
- ww. **PBA:** means performance-based allocation.
- xx. **PBA-SML(s):** means SMLs offered as part of IDA Concessional Country Allocations, based on the PBA system.
- yy. **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.
- zz. **PforR:** means Program-for-Results Financing, as defined in Bank Policy, “Program-for-Results Financing”.
- aaa. **President:** means the President of the Bank.
- bbb. **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.
- ccc. **Recipient:** means the recipient of an IDA Grant or IDA Credit.
- ddd. **Window for Host Communities and Refugees or WHR:** means the IDA window for supporting operations that qualify for financing per the criteria stipulated in Annex 5 of the IDA20 Deputies’ Report (formerly, Refugee Sub-Window).
- eee. **Regional Window or RW:** means the IDA window for operations that qualify for financing per the criteria stipulated in Annex 6 of the IDA20 Deputies’ Report (formerly, IDA Regional Program).
- fff. **Regular SUW:** means financing offered on non-concessional terms per the criteria stipulated in Annex 9 of the IDA20 Deputies’ Report.
- ggg. **SBL Surcharge:** means the single borrower limit surcharge determined and applied in accordance with Section III.1.a.ii.D and Annex 2, and payable by a member country.
- hhh. **Scale-Up Window or SUW:** means the IDA window for operations that qualify for financing per the criteria stipulated in Annex 9 of the IDA20 Deputies’ Report (formerly Scale-up Facility), comprising the SUW-SML and the Regular SUW.
- iii. **SDFP:** means the Sustainable Development Finance Policy, which replaced the IDA’s Non-Concessional Borrowing Policy (NCBP) starting on July 1, 2020.

- jjj. **SDPF:** means Special Development Policy Financing, as described in Bank Policy, “Development Policy Financing” (formerly OP 8.60).
- kkk. **SDPG:** means SDPF in the form of an IBRD Guarantee.
- lll. **SDPL:** means SDPF in the form of an IBRD loan.
- mmm. **SDR:** means Special Drawing Rights.
- nnn. **Shorter Maturity Loans or SML(s):** means concessional financing offered in the form of PBA-SMLs or SUW-SMLs for the IDA twentieth replenishment cycle.
- ooo. **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.
- ppp. **Small Island Economy:** means an IDA or IBRD-eligible island state with a population of 1.5 million people or less.
- qqq. **Small Island Economies Exception:** means the provision through which IDA accords special treatment to IDA-eligible Small Island Economies.
- rrr. **Small State Economy:** means an IDA or IBRD-eligible country with a population of 1.5 million people or less. Small Island Economies are a sub-set of this broader category.
- sss. **SUW-SML(s):** means concessional resources offered through the Scale-Up Window per the criteria stipulated in Annex 9 of the IDA20 Deputies’ Report to enable eligible countries to further scale-up investments in the short and medium-term as part of their COVID-19 response.
- ttt. **Transitional Support Terms:** means terms on which IDA17 and IDA18 provided financing on an exceptional basis to eligible IDA Graduates.
- uuu. **50-year Credits:** means new financing terms introduced by the IDA20 Deputies’ Report to refine the financing conditions for IDA-only Countries at moderate risk of debt distress, with the exception of Small State Economies.

### 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 DDOs, Cat DDOs, and SDPLs 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.<sup>1</sup> The offering of IFLs with a fixed spread is suspended with effect from (and including) April 1, 2021 except that this suspension is not applied to FS-eligible loans, as defined in Section II.1.q. Accordingly, the IFL has a variable spread, but in the case of FS-eligible loans, the Borrower may choose between a variable or fixed spread. The variable spread 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. 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 may be financed out of the loan proceeds. A default interest rate is charged in lieu of 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.

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.

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<sup>1</sup> Different market reference rates may be applicable to IFLs based on the LIBOR transition plan and timeline approved by the Executive Directors in July 2021.



- C. *Commitment Fee.* A commitment fee, payable semi-annually, is charged on the undisbursed amount of the loan. This fee starts to accrue sixty (60) days after the Loan Agreement is signed and is payable once the loan becomes effective. 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 Surcharge.* A surcharge may be payable by a member country that has a portfolio representing a significant financial exposure to IBRD. The SBL Surcharge is determined by reference to the incremental exposure in excess of a specified threshold. The incremental exposure is calculated by IBRD on the basis of net exposure (See Section X Related documents for the Bank Directive “Financial Terms and Conditions of Bank Financing” for a description). The level of the SBL, the SBL Surcharge and the specified thresholds 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, the default interest rate and the SBL surcharge are decided from time to time by the Board. The current levels of these fees are set forth in Annexes 1 and 2.
- 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; and
    - (d) IDA Graduates that have graduated from IDA for a period of six consecutive years or less.
  
  - 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) g. 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. Subject to Section III 1. a. ii. F. 4) f. below, 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. The following IDA17 and IDA18 graduates are exempt from the maturity premium increase applicable from July 1, 2018 for six (6) consecutive years with effect from July 1, 2018: Angola, Armenia, Bosnia and Herzegovina, Georgia, India, Bolivia, Sri Lanka and Vietnam.
  - g. 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 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 the maximum maturity available in the swap 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 hedge any such conversion by effecting either a currency swap or a back-to-back IBRD bond issuance(s). 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 Section X Related Documents for the Bank Directive, “Conversion of Financial Terms of IBRD and IDA Loans and Financing Instruments”). 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.<sup>2</sup> 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.
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

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<sup>2</sup> See Annex 6 for specific terms approved by the Board for FY21, FY22 and FY23 with respect to certain IBRD operations.

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 an authorized conversion is permitted.
- v. *Prepayment.* IFLs may be prepaid in full or in part. IBRD may charge a prepayment premium to cover the cost to IBRD of redeploying prepaid funds, if applicable. If a conversion has been effected: (a) the Borrower pays a transaction fee as applicable for any early termination of such conversion; and (ii) the Borrower or IBRD, as the case may be, pays an unwinding amount, if, any, for the early termination of the conversion.<sup>3</sup> Notwithstanding the above, IBRD does not permit a Borrower to prepay, neither in part nor in full, an outstanding loan in connection with which a local currency conversion was effected and hedged by a back-to-back IBRD bond issuance.
- 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.

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<sup>3</sup> See Annex 4 of the Bank Directive, "Financial Terms and Conditions of Bank Financing".

**b. Special terms for DDOs, Cat DDOs, SDPLs, and for Buffer Usage under the IBRD Financial Sustainability Framework.<sup>4</sup>**

*i. DDO.* The DDO allows a Borrower to defer withdrawal of a DPF for an initial period of up to three years from loan effectiveness. Information on the terms and conditions, and pricing of DDOs, which are decided from time to time by the Board, is available at <http://treasury.worldbank.org/>. The financial terms of a 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 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 spread or fixed spread 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 DDO withdrawal period may be renewed for an additional period of up to three years.
- 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.

*ii. Cat DDO.* The Cat DDO provides a member country with immediately available liquidity following a natural disaster. The Cat DDO includes an initial deferral period for withdrawal of the loan of up to three years from loan effectiveness. The volume of a Cat DDO is limited to 0.25 percent of the country's GDP or USD 500 million, whichever is smaller.<sup>5</sup> 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 Cat DDO are the same as those set out in Section III.1.b.i above with the exception of the following:

- A. *Front-end Fee.* The level of the front-end fee may be different.

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<sup>4</sup> See Annex 6 for specific terms approved by the Board for FY21, FY22 and FY23 with respect to certain IBRD operations.

<sup>5</sup> The volume limit for Small States is considered on a case-by-case basis.

- B. *Standby Fee and Commitment Fee.* There is no stand-by fee or commitment fee.
  - C. *Renewals of Withdrawal Period.* The 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.* The Cat DDO has a revolving feature, i.e., amounts repaid or prepaid prior to the closing date are available for further drawdown.
- 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.<sup>6</sup>

For FY21, FY22 and FY23, the Board approved specific terms for IBRD operations that utilize funds from the crisis buffer under the FSF, in accordance with Annex 6.

- 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

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<sup>6</sup> 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.

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 Commitment Fee and Interest.** Borrowers may be eligible for partial waivers of the interest charges and commitment charges on certain loans in the financial year following the approval of such waivers. 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.<sup>7</sup>
  - iii. **Board Determination.** The partial waivers of commitment fees and interest are decided by the Board from time to time.
- d. **Suspended IBRD Products/Features.** With effect from (and including) April 1, 2021, the offering of IFLs with a fixed spread is suspended until further notice, except that the suspension is not applied to FS-eligible loans as outlined in Section III.1.a.ii.A above. As outlined in Section III.1.a.iii above, the offering of conversions or conversion features entailing spread-fixing of any kind is also suspended with effect from (and including) April 1, 2021.
2. **IDA Credits and IDA Grants.**<sup>8</sup> 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. The financing terms for such loans (known as "IDA Non-concessional Credits") are set out in Section III.2.c below. In addition, IDA offers a deferred drawdown option that provides immediate liquidity to Recipients after a catastrophe, as set out in Section III.2.d below.

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<sup>7</sup> 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.

<sup>8</sup> The financing terms for the IDA Private Sector Window are based on the financing terms of International Finance Corporation and Multilateral Investment Guarantee Agency, hence not included in this Policy.

a. **IDA Concessional Credits.** IDA offers concessional credits on five sets of terms: Regular Terms, Blend Terms, Small Economy Terms, 50-year Credit Terms, and Shorter Maturity Loan Terms.

i. **Eligibility:**

- A. *Regular Terms.* (1) IDA-only Countries at low risk of debt-distress, except those that meet the definition of an IDA-eligible Small State Economy; and (2) Credits provided to Regional Organizations through the Regional Window.
- B. *Blend Terms.* Gap Countries or Blend Countries except: (1) those that have been granted the Small Island Economies Exception (Annex 5); and (2) Small State Economies that are not island states.
- C. *Small Economy Terms.* (1) Small Island Economies classified as an IDA-only Country pursuant to the Small Island Economies Exception (Annex 5) and assessed to be at low or moderate risk of debt distress; (2) Blend Countries that have been granted the Small Island Economies Exception (Annex 5); and (3) IDA-eligible Small State Economies that are not island states.<sup>9</sup>
- D. *50-year Credit Terms.* IDA-only Countries at moderate risk of debt distress, except Small State Economies.
- E. *Shorter Maturity Loan (SML) Terms.* (1) IDA-only Countries at low risk of debt distress; (2) IDA-only Countries at moderate risk of debt distress, if an *ex-ante* debt sustainability analysis (DSA) demonstrates that SML financing will not have a negative impact on a country's risk of debt distress; and (3) Gap Countries and Blend countries, with the exception of Small States in debt distress or at high risk of debt distress.<sup>10</sup> In addition, countries that are facing debt vulnerabilities (as defined for the purposes of the SDFP) can receive SUW-SMLs only if the agreed performance and policy actions (PPAs) have been implemented satisfactorily for the last Fiscal Year in accordance with the SDFP; and if any non-concessional borrowing ceiling (if applicable) has not been exceeded in the current Fiscal Year.

ii. **Currencies.** IDA Concessional Credits are offered in either SDRs 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

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<sup>9</sup> Effective July 1, 2017, Small Economy Terms were extended to all Small State Economies that are not island states.

<sup>10</sup> For Small States subject to a Market Access Country Debt Sustainability Analysis (MAC-DSA), determination of access to SMLs is made on a case-by-case basis.



Recipient bears the foreign exchange risk between the currency of payment and the SDR.<sup>11</sup>

- B. *Single Currency Concessional Credits.* IDA offers single currency credits that may be denominated in U.S. dollars, pounds sterling, yen, or euros.
  
- iii. **Service Charges.** A service charge is payable semi-annually on the principal amount withdrawn and outstanding for every IDA Concessional Credit except for SMLs and 50-year Credits. 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.
  
- iv. **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).
  
- v. **Interest Charges:**
  - A. *Regular Terms.* No interest charges.
  
  - B. *Blend Terms.* A fixed interest charge (in addition to the service and commitment charges described in Sections III.2.a.iii and III.2.a.iv) 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 percent.
  
  - C. *Small Economy Terms.* No interest charges.
  
  - D. *50-year Credit Terms.* No interest charges.
  
  - E. *Shorter Maturity Loan (SML) Terms.* No interest charges.

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<sup>11</sup> 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.

- vi. Repayment:**<sup>12</sup> The repayment schedules (including the grace period) for IDA Concessional Credits are as follows. Principal repayments are payable semi-annually.
- A. *Regular Terms.* 38 years' amortization with a grace period of 6 years; principal to be repaid at 3.125 percent of the total principal per annum for years 7-38.
  - B. *Blend Terms.* 30 years' amortization with a grace period of 5 years; principal to be repaid at 3.3 percent of the total principal per annum for years 6-25 and 6.8 percent of the total principal per annum for years 26-30.
  - C. *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.
  - D. *50-year Credit Terms.* 50 years' amortization with a grace period of 10 years; principal to be repaid at 2.5 percent of the total principal per annum for years 11-50.
  - E. *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.
- vii. 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,<sup>13</sup> (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.

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<sup>12</sup> These terms are effective as of July 1, 2017, except for SMLs and 50-year Credits which are offered as part of the IDA twentieth replenishment cycle with terms effective as of July 1, 2022.

<sup>13</sup> 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.

- viii. 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 amount of any discount is determined by IDA, based on IDA's funding cost and the prepayment terms proposed by the Recipient.
- ix. 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.<sup>14</sup>
- i. Eligibility:**
- A. IDA-only Countries and countries that have been granted the status of an IDA-only Country pursuant to the Small Island Economies 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. Countries in debt distress or at a high risk of debt distress are eligible to receive 100 percent of financing as grants, subject to a ceiling of US\$1 billion under the Country Allocations, per Fiscal Year, per country.<sup>15</sup>
  2. IDA-only Countries classified as Small State Economies 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 and SML Terms.
- B. All IDA countries (including Blend Countries and Gap Countries) that are eligible to receive financing from the Window for Host Communities and Refugees (WHR) are eligible for WHR-funded grants as follows:

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<sup>14</sup> The Bank provides grants from the following main sources: (a) the IBRD administrative budget, (b) IBRD net income, and (c) IDA resources. Refer to OP 8.45, *Grants*, for the policy on grants financed out of the IBRD administrative budget and IBRD net income.

<sup>15</sup> Eligibility for IDA Grants may be affected for countries that are subject to hardening of terms under the SDFP. The ceiling of US\$1 billion applies only to grant allocations under the Country Allocations and does not apply to grants from IDA windows. Country Allocations beyond the US\$1 billion ceiling would be on credit terms applicable to the country, or as determined under the SDFP.

1. Countries that are subject to the Low-income Country Debt Sustainability Framework (LIC-DSF) and in debt distress or at high risk of debt distress receive 100 percent of the WHR financing as IDA Grants.<sup>16</sup>
2. IDA-only Countries that are subject to the LIC-DSF and at moderate risk of debt distress receive 50 percent of the WHR financing as IDA Grants; and 50 percent as 50-year Credits.
3. IDA-only Countries that are subject to a LIC-DSF and at low risk of debt distress receive 50 percent of the WHR financing as IDA Grants; and 50 percent as IDA Concessional Credits on Regular Terms or Small Economy Terms, as applicable.
4. Blend Countries and Gap Countries that are subject to a LIC-DSF and at low or moderate risk of debt distress receive 50 percent of the WHR financing as IDA Grants; and 50 percent as IDA Concessional Credits on Blend Terms or Small Economy Terms, as applicable.
5. Countries that are subject to the Market Access Country Debt Sustainability Analysis (MAC-DSA) receive 50 percent of the WHR financing as IDA Grants and 50 percent as IDA Concessional Credits on terms applicable to the non-SML portion of the Country Allocation.
6. Host countries that experience a sudden massive inflow of refugees during the IDA20 cycle—defined as receiving at least 250,000 new refugees or at least 1 percent of the country’s population within a 12-month period—are eligible to receive 100 percent of the WHR finance as IDA Grants. Once the threshold of a sudden massive inflow is reached, the country may access 100 percent grants for new operations for the remainder of IDA20. The required minimum 10 percent of the cost from the Country Allocation is also provided as IDA Grants.<sup>17</sup>

C. *Regional Organizations.* Certain regional organizations may be eligible to directly receive grants from the Regional Window if they meet all of the following criteria:

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<sup>16</sup> Financing terms may be hardened under the SDFP.

<sup>17</sup> Financing terms may be hardened under the SDFP.

1. The entity is a bona fide regional organization<sup>18</sup> that has the legal status and fiduciary capacity to receive grant funding and the legal authority to carry out the activities financed.
2. The entity does not meet eligibility requirements to receive an IDA Credit.
3. The costs and benefits of activities to be financed with an IDA Grant cannot be easily attributed to national programs.
4. The activities to be financed with an IDA Grant are related to regional infrastructure development, institutional cooperation for economic integration, or coordinated interventions to provide regional public goods or mitigate public “bads”.
5. Grant co-financing for the activity is not readily available from other development partners.
6. The entity is associated with an IDA-funded regional operation or otherwise supports the strategic objectives of IDA on regional integration.

*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.iv 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, in alignment with IDA’s SDFP and the IMF’s Debt Limit Policy:

*i. Eligibility:*

- A. Countries subject to the LIC-DSF are eligible if they are at low or moderate risk of debt distress.
- B. Countries not subject to the LIC-DSF are considered on a case-by-case basis, subject to:

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<sup>18</sup> The requirement that the entity being a bona fide regional organization does not apply to proposed provision of funding to third party organizations that are allowed under the Remaining Engaged in Conflict Allocation (RECA) exception.

1. confirmation of alignment with IDA's SDFP and the IMF's Debt Limit Policy; and
  2. consultation across the Chief Risk Officer (CRO), Macroeconomics, Trade and Investment Global Practice (MTI-GP), Operations Policy and Country Servicers (OPCS), and Development Finance (DFi).
- 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 Group A pricing) as set out in Section III.1.a and the IBRD special terms as set out under Section III.1.b as applicable.<sup>19</sup> 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".
- d. Cat DDO.** IDA offers a deferred drawdown option that provides immediate liquidity to countries after a natural catastrophe.<sup>20</sup> The volume of committed and undisbursed Cat DDOs financed by IDA is limited to 0.5 percent of the country's GDP or USD 250 million, whichever is lower. If 0.5 percent of a country's GDP falls below USD 20 million, the country may request Cat DDO financing up to a maximum of USD 20 million. Three funding options are available for financing a Cat DDO: IDA Concessional Country Allocations supplemented by the Crisis Response Window,<sup>21</sup> the country's undisbursed IDA balances, and the SUW (for countries eligible for SUW). The financing terms of a 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,<sup>22</sup> except if financed by the Regular SUW, in which case same as for IBRD Cat DDOs.

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<sup>19</sup> 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>.

<sup>20</sup> This policy is set out in Bank Policy, "Development Policy Financing" (formerly OP 8.60).

<sup>21</sup> Effective July 1, 2022, when a Cat-DDO is financed from the Country Allocation, the Crisis Response Window will finance 25 percent of the Cat-DDO amount with another 25 percent financed by the Country Allocation and the remaining 50 percent financed by IDA general resources.

<sup>22</sup> See <https://treasury.worldbank.org/en/about/unit/treasury/ida-financial-products> for the latest Cat DDO fees for IDA.

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

**3. IBRD and IDA Guarantees.** IBRD<sup>23</sup> 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.<sup>24</sup> 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**

*i. General.* Project-based Bank guarantees support projects with defined development objectives, activities, and results in accordance with the Bank Policy, “Investment Project Financing” (formerly OP 10.00). 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

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<sup>23</sup> IBRD Guarantees count towards the calculation of the exposure in relation to which any SBL Surcharge is levied.

<sup>24</sup> 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.

guarantees include coverage for debt service defaults on: (i) commercial debt,<sup>25</sup> 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 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.<sup>26</sup>

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<sup>25</sup> 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).

<sup>26</sup> 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.



## 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" (formerly OP 8.60). 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

- 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.<sup>27</sup> When justified by particular project or program needs, the Board may decide to approve an exception to the average or final maturity limits.
  - 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.vi, 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.

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<sup>27</sup> See Annex 6 for specific terms approved by the Board for FY21, FY22 and FY23 with respect to certain IBRD operations.

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. For FY21, FY22 and FY23 the Board approved specific terms for IBRD operations that utilize funds from the crisis buffer under the FSF, in accordance with Annex 6.

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.<sup>28</sup> 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 that IBRD has contractually committed and for which IBRD has financial exposure under the guarantee.
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. 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. The IBRD standby fee is payable no later than the effective date of the guarantee. 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

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<sup>28</sup> See Annex 4 of this Policy.

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. *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. For FY21, FY22 and FY23 the Board approved specific terms for IBRD operations that utilize funds from the crisis buffer under the FSF, in accordance with Annex 6.
- 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;<sup>29</sup> and
- C. IDA Guarantees are non-accelerable.

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.

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<sup>29</sup> Requiring the approval of the Managing Director, Operations.

## 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.<sup>30</sup> 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.
- 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 sub-national entities<sup>31</sup> that are in good standing with respect to debt service obligations to the Bank, if any, or are otherwise eligible for new IBRD financing.<sup>32</sup> 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. These products are available for IBRD and IDA member countries eligible to receive Bank financing, their sub-national entities, and regional and international organizations.<sup>33</sup>

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<sup>30</sup> IFL and FSL (Fixed-Spread Loans – see Section III.1.a. iii above) risk management options (currency conversions, interest rate conversions, caps and collars) are embedded in the Loan Agreement.

<sup>31</sup> 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.)

<sup>32</sup> An existing loan portfolio with IBRD is not a pre-requisite for this product offering.

<sup>33</sup> 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.

- d. Transactions for the above hedging products are documented through standard derivatives agreements. Transactions for the disaster risk management may also be documented through insurance/reinsurance and other similar contracts. 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 and conditions, and transaction fees of hedging products, is also available at <http://treasury.worldbank.org/>.

## SECTION IV – EXCEPTIONS

Management adjusts the IBRD/IDA financing terms set out in Annex 2 of the 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.

## 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

The offering of IFLs with a fixed spread is suspended with effect from (and including) April 1, 2021 except that the suspension is not applied to FS-eligible loans. Due to the suspension of fixed spread terms, the offering of conversions or conversion features entailing spread-fixing of any kind is suspended with effect from (and including) April 1, 2021.

The revised maturity premium levels set forth in Annex 1 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 Board approves the loan on or before September 30, 2018. For those loans, the maturity premium is the one in force on June 30, 2018. Notwithstanding the foregoing, the maturity premium level (if any) applicable to DDOs and Cat DDOs is that in effect at the time of each withdrawal and is determined as described in Section III.1.b.i of this Policy.

The revised maturity premium levels set forth in Annex 4 do not apply to Bank guarantees approved by the Board on or before September 30, 2018. For those Bank guarantees, the applicable maturity premium is the one in force on June 30, 2018.

As part of the Bank's COVID-19 emergency response, the commitment fee and standby fee set forth in Annex 1 for IBRD loans and the commitment charge for IDA non-concessional credits on Transitional Support Terms set forth in Annex 3 are waived for the first year of relevant operations; and the front-end fee for IBRD Cat-DDOs is reduced for relevant operations. These waivers are applied only to relevant operations approved on or before March 31, 2021.

For IBRD operations approved under the Additional Financing to the COVID-19 Strategic Preparedness and Response Program (SPRP) using the Multiphase Programmatic Approach (MPA), the commitment fee set forth in Annex 1 for IBRD loans is waived for a period of up to 18 months which begins from the date of approval of the relevant operation. This waiver is applied only to relevant operations approved on or before October 1, 2022.

For FY21, FY22 and FY23 the Board approved specific terms that apply to IBRD Fast-disbursing loan operations,<sup>34</sup> and IBRD loan operations that utilize funds from the crisis buffer under the FSF, in accordance with Annex 6. The specific terms approved by the Board with respect to FY21, FY22 and FY23 apply to IBRD Guarantees on a loan equivalency basis as indicated in Annex 6.

## 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.

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<sup>34</sup> “Fast-disbursing loan operation” means (i) all DPF loans (except SDPLs); and (ii) any IPF or PforR loan operation that has cumulative disbursements equal to or greater than 60 percent, prior to, or as of, the date that falls 2 calendar years following commitment of the loan.

## SECTION X – RELATED DOCUMENTS

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

Bank Policy, “Investment Project Financing” (formerly OP 10.00)

Bank Policy, “Development Policy Financing” (formerly OP 8.60)

Bank Policy, “Program-for-Results Financing”

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

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)

R2022-0120, “IBRD Sustainable Annual Lending Level for FY23 and Size of Crisis Buffer”, May 24, 2022 [Confidential]

IDA/R2022-0022/1, “Additions to IDA Resources: Twentieth Replenishment, IDA20: Building Back Better from the Crisis: Toward a Green, Resilient and Inclusive Future”

IDA/R2022-0123, “Providing Exceptional IDA19 Support to Ukraine and Moldova” [Confidential]

R2021-0129, “Proposed Modifications to IBRD and IDA New Loan Offers and Proposed Timeline for the Existing Loans Switch-over to New Market Reference Rates in the Context of LIBOR Transition”, June 23, 2021 [Official Use Only]

R2021-0107/1, “IBRD Sustainable Annual Lending Level for FY22 and Size of Crisis Buffer”, June 16, 2021 [Confidential]

R2021-0096/1, “Temporary Relief from SBL Surcharge”, June 9, 2021 [Confidential]

R2021-0016/2, “IBRD Financial Sustainability Framework Preliminary SALL and Crisis Buffer for FY22, and Recalibrating Maturity Restriction on Fast-Disbursing Operations”, February 25, 2021 [Confidential]



R2020-0243/2, "Proposal to Suspend the Offering of Fixed Spread Loans and Spread-Fixing Conversions in the Context of LIBOR Transition", January 20, 2021 [Confidential]

R2020-0193, IDA/R2020-0352, "Proposed Additional Financing (AF) to the COVID-19 Strategic Preparedness and Response Program (SPRP) using the Multiphase Programmatic Approach (MPA), October 2, 2020 [Official Use Only]

R2020-0183/2, "Review of IBRD's Single Borrower Limit (SBL)", September 25, 2020 [Confidential]

R2020-0126, "IBRD Sustainable Annual Lending Level and Size of Crisis Buffer", June 30, 2020 [Confidential]

IDA/R2020-0140/4, "Sustainable Development Finance Policy (SDFP) of the International Development Association", April 23, 2020 [For Public Disclosure]

R2020-0079/1, IDA/R2020-0098/1, "COVID-19 Strategic Preparedness and Response Program (SPRP) Utilizing the Multiphase Programmatic Approach", March 27, 2020 [Official Use Only]

R2020-0068, IDA/R2020-0087, "Proposal for a World Bank COVID-19 Response under the Fast Track COVID-19 Facility", March 12, 2020 [Official Use Only]

R2020-0029/1, IDA/R2020-0040/1, "Proposal to Manage IBOR Transition Risks in IBRD Loan and IDA Non-concessional Financing agreements Governed by General Conditions Prior to December 2018", dated March 3, 2020 [Official Use Only]

R2019-0146/2, IDA/R2019-0176/2, "Annual Risk Report and FY20 Single Borrower Limit – Revised", July 10, 2019 [Confidential]

IDA/R2019-0062/1, "IDA18 Post-Mid-Term Review Amendments: Review of the Small Island Economies Exception and IDA18 Exceptional Allocation to Jordan and Lebanon", April 8, 2019

IDA/R2018-0401, "IDA18: Post-Mid-Term Review Amendments", December 17, 2018

R2018-0251/1, "IBRD Financial Sustainability Framework – Implementation Approach", December 6, 2018 [Confidential]

R2018-0235, IDA/R2018-0343, "Proposed Modifications to the IBRD and IDA General Conditions to add flexibility in reference rate replacement provisions", dated October 18, 2018 [Confidential]

R2018-0163, "IBRD FY19 Single Borrower Limit: Analysis and Recommendation", June 26, 2018 [Confidential]

R2018-0128, "Implementation of IBRD Pricing Measures included in 2018 Capital Package", May 31, 2018 [Official Use Only]

DC2018-0002/P, "Report to Governors at 2018 Spring Meetings - Sustainable Financing for Sustainable Development: World Bank Group Capital Package Proposal", April 21, 2018 [For Public Disclosure]

DC2018-002/2, "Report to Governors at 2018 Spring Meetings - Sustainable Financing for Sustainable Development: World Bank Group Capital Package Proposal", April 17, 2018 [Confidential]

SecM2018-0182, "IDA/SecM2018-0102 - Per Capita Income Guidelines for Operational Purposes", May 25, 2018 [Official Use Only]

SecM2017-0174, "IDA/SecM2017-0081 - Per Capita Income Guidelines for Operational Purposes", June 2, 2017 [Official Use Only]

IDA/SecM2017-0024/1, "Additions to IDA Resources: Eighteenth Replenishment, Towards 2030: Investing in Growth, Resilience and Opportunity". (IDA 18 Deputies' Report), February 8, 2017

R2017-0034/1, "Increasing the Frequency of Variable Spread Reset for IBRD IFL, March 8, 2017 [Official Use Only]

R2016-0185, "Technical Amendment to Risk Management Practices in the Provision of Conversions and Hedges", September 20, 2016 [Official Use Only]

IDA/R2016-0141, "The Demand for IDA18 Resources and the Strategy for their Effective Use", May 31, 2016

R2016-0019/1, "Enhancing IDA's Financial Support in IDA17", March 2, 2016

IDA/R2015-0176, "IDA Commitment Charge for FY16", June 12, 2015 [Official Use Only]

R2015-0111, "Allocation of FY15 Net Income and Waivers of Loan Charges for FY16", June 3, 2015

IDA/R2015-0085, "Extension of the IDA Single-Currency Lending Pilot Program", April 13, 2015 [Official Use Only]

R2015-0015/1, IDA/R2015-0010/1, "Proposal to Extend Intermediation of Disaster Risk Management Products to Include New Instruments and Perils", March 17, 2015 [Official Use Only]

R2015-0016, "Proposal to Expand the Offering of Hedging Products to IBRD Clients", February 3, 2015 [Official Use Only]

IDA/R2014-0077/1, "Additions to IDA Resources: Seventeenth Replenishment, Maximizing Development Impact", March 27, 2014

R2014-0012/1, "Improving Margins for Manoeuvre", February 4, 2014 [Confidential]

R2013-0206, "Enhancing the World Bank's Operational Policy Framework on Guarantees", November 20, 2013 [Official Use Only]

R2012-0203, IDA/R2012-0247, "Proposal to Extend Intermediation of Natural Disaster Risk Management Products", September 14, 2012 [Official Use Only]

IDA/R2012-0140, "IDA Single-Currency Lending Pilot Program", May 16, 2012 [Official Use Only]

R2012-0042, "Proposal to Offer IBRD Borrowers Additional Flexibility to Convert Loans with a Variable Spread", March 1, 2012 [Official Use Only]

R2012-0005, IDA/R2012-0010, "Review of DPL-DDO Pricing Structure", January 10, 2012 [Official Use Only]

R2010-0194, IDA/R2010-0264, "Adoption of EURIBOR as Index for Euro-denominated Loans and Other Proposed Modifications and Updates to the IBRD and IDA General Conditions", July 21, 2010 [Official Use Only]

R2010-0151, "2010 Review of New Loan Pricing", June 1, 2010 [Official Use Only]

R2009-0187, IDA/R2009-0217, "World Bank Response to Financial Crises: The Special Development Policy Lending Option", July 31, 2009 [Official Use Only]

R2009-0182/1, "2009 Review of New Loan Pricing", July 30, 2009 [Official Use Only]

R2008-0156, "2008 Review of New Loan Pricing", July 7, 2008 [Official Use Only]

R2008-0101 "Enhancing the Value of IBRD Financial Products: Proposal to Provide Local Currency Conversion through Back-to-Back Borrowing and On-Lending Arrangements", May 12, 2008 [Official Use Only]

R2008-0077, "Proposal to Offer Weather Derivatives Intermediation to IBRD and IDA Countries", April 21, 2008 [Official Use Only]

R2008-0018, "Proposal to Enhance the IBRD Deferred Drawdown Option (DDO) and to Introduce a DDO Option for Catastrophic Risk", February 4, 2008 [Official Use Only]

R2008-0007, "Proposal to Extend Maturity Limits for New IBRD Loans and Guarantees and to Simplify and Consolidate IBRD Loans into a Unified Single Product Line", January 18, 2008 [Official Use Only]

R2007-0196, "Recommendations for Simplifying and Improving the Competitiveness of IBRD New Loan Pricing", September 19, 2007 [Official Use Only]

R2007-136, IDA/2007-0194, "Review of Interest Charges on Overdue Principal Payments of Fixed Rate Loans and Special Treatment for Countries with Fixed Rate Loans Presently in Non-Accrual", June 18, 2007 [Official Use Only]

R2007-0130, "Proposal to Authorize the Amendment of Variable Spread Loans and Fixed-Single Currency Loans", June 11, 2007 [Official Use Only]

IDA/R2006-0137/1, "IDA Countries and Non-Concessional Debt: Dealing with the Free-Rider Problem in IDA14 Grant-Recipient and Post-MDRI Countries", August 7, 2006

R2006-0051, "Proposal to Manage Phase-Out of Pool Loans", April 5, 2006 [Confidential]

R2005-0233, "Re-aligning IDA Guarantee Fees with IDA Credit Charges", November 28, 2005

R2005-0113, "Expanding Opportunities for Clients' Use of IBRD Hedging Products", May 17, 2005 [Official Use Only]

R2005-0078, "Simplifying the Pricing Framework and Improving Competitiveness for IBRD Partial Risk Guarantees", April 6, 2005 [Official Use Only]

IDA/R2004-0057, "IDA Guarantees Amendments to Pilot Program", March 17, 2004

R2001-0174, "Proposal to Introduce a Deferred Drawdown Option (DDO) for Use with IBRD Adjustment Loans", October 18, 2001 [Official Use Only]

SecM2000-625, "Estimating Per Capita Income for Operational Purposes", October 30, 2000

R2000-232, "Proposal to Introduce Local Currency Financial Products", December 19, 2000 [Official Use Only]

R2000-231, "Proposal to Withdraw the Currency Pool Loan", December 19, 2000 [Official Use Only]

R2000-215, IDA/R2000-215, "Enhancing the Use of World Bank Guarantees as an Operational Tool – A Review of the World Bank Guarantee Program", November 27, 2000

SecM2000-156 "Front-end Fees", March 27, 2000 [Official Use Only]

R2000-1/2, "Aligning the Charges on IBRD Guarantees and Loans – Second Revision", September 11, 2000 [Official Use Only]

R2000-1, "Aligning the Charges on IBRD Guarantees and Loans", January 4, 2000 [Official Use Only]

SecM99-140, "Enhancing the Value of IBRD Financial Products: Proposal to Introduce New Loan and Hedging Products", March 1, 1999 [Official Use Only]

IDA/R97-135, "A Proposal for IDA Guarantees in IDA-Only Countries", October 31, 1997

R97-204, "Proposal to Charge Fees for Processing World Bank Guarantees and Other Support to Project Finance Operations", August 15, 1997 [Official Use Only]

R97-85, IDA/R97-36, "Use of IBRD Guarantees to Support Private Enclave Projects in IDA-Only Countries", April 28, 1997

R96-214, "Enclave Guarantees: World Bank Support for Private Projects and Role of IBRD Guarantees in IDA-Only Countries", October 25, 1996

R94-145, "Mainstreaming of Guarantees as an Operational Tool of the World Bank", July 14, 1994

R87-6, "Financial Aspects of Guarantees", January 13, 1987

R84-252, "Statement on Graduation", submitted for consideration by the Board on September 11, 1984

R82-1, "Graduation from the Bank", January 6, 1982 [Confidential]

Questions regarding this Policy should be addressed to the Sponsor.

## ANNEX 1

### Board-approved Pricing Elements of IBRD Loan Products

**As of July 1, 2022**

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

**Table 1**

IBRD Flexible Loan (IFL) <sup>1</sup>	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 <sup>2</sup>	25	25	25	25	25	25
Front-end Fee <sup>3</sup>	25	25	25	25	25	25
Contractual Spread	50	50	50	50	50	50
Maturity Premium <sup>4, 5</sup>	0	10	30	50	70	90
Default Interest Rate	50	50	50	50	50	50

<sup>1</sup> Excludes the surcharge on excess exposure (see Annex 2).

<sup>2</sup> Certain waivers of commitment fee payable during the first year of financing for health-related COVID-19 operations were approved under the Fast Track COVID-19 Facility. For IBRD operations approved under the Additional Financing to the COVID-19 Strategic Preparedness and Response Program (SPRP) using the Multiphase Programmatic Approach (MPA), the commitment fee is waived for a period of up to 18 months which begins from the date of approval of the relevant operation.

<sup>3</sup> One-time fee.

<sup>4</sup> 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 Board approves the loan 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; 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 and Cat DDOs is that in effect at the time of each withdrawal.

<sup>5</sup> The country-specific maturity premiums are set forth in Annex 2 of the Bank Directive, "Financial Terms and Conditions of Bank Financing".

**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<sup>a</sup>**

Average Maturity	Below GDI Discount <sup>b, c</sup>	HIC Surcharge <sup>d</sup>
8 years and below	0	+5
Greater than 8 and up to 10 years	0	+5
Greater than 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

<sup>a</sup> 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.

<sup>b</sup> 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.

<sup>c</sup> 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.

<sup>d</sup> 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 DDOs, Cat DDOs and SDPLs**

Development Policy Loan with Deferred Drawdown Option (DPL DDO)	
Front-end Fee <sup>1</sup>	25
Standby Fee <sup>2</sup>	50

Development Policy Loan with Catastrophe Deferred Drawdown Option (Cat DDO)	
Front-end Fee <sup>1, 3</sup>	50
Renewal Fee <sup>4</sup>	25

Special Development Policy Loan (SDPL)	
Front-end Fee <sup>1</sup>	100
Commitment Fee	25
A fixed spread over the applicable reference rate (including any applicable reference rate adjustment spread) <sup>35</sup>	min. 200

<sup>1</sup> One-time fee.

<sup>4</sup> 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.**

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<sup>35</sup> Due to the transition away from LIBOR, beginning January 1, 2022 until (and including) June 30, 2023, the new reference rate will include an adjustment spread, if applicable, as calculated on the relevant date. The adjustment spread represents a spread between the applicable reference rate and 6-month LIBOR.



## ANNEX 2

### Single Borrower Limits and Surcharge on Excess Exposure for FY22

1. **Single Borrower Limits.** US\$24.9 billion for member countries that are Below GDI and US\$21.2 billion for member countries that are Above GDI.
2. **SBL Surcharge.** 0.50 percent per annum applied on incremental exposure in excess of the applicable SBL Surcharge threshold.

The SBL Surcharge threshold is set at a level US\$2.5 billion below the relevant SBL and is currently US\$22.4 billion for member countries that are Below GDI and US\$18.7 billion for member countries that are Above GDI.

3. The levels of the Single Borrower Limits, SBL Surcharge and SBL Surcharge thresholds are each determined by the Board.
4. Incremental exposure referred to in paragraph 2 of this Annex 2 is calculated on the basis of net exposure as described in Section III 1.a.ii.D. of this Policy and in the Bank Directive "Financial Terms and Conditions of Bank Financing."
5. 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, 2022)

	Maturity <sup>b/</sup>	Grace Period	Principal Repayments		Acceleration Clause <sup>c/</sup>	Service Charge for Credits (SDR) <sup>d/e/</sup>	Interest Rate (SDR) <sup>i/</sup>
Grants <sup>a/</sup>	NA	NA	NA		NA	NA	NA
Regular <sup>h/</sup>	38	6	3.125% for yrs. 7-38		Yes	0.75%	NA
Small Economy Terms <sup>f/h</sup>	40	10	2% for yrs. 11- 20	4% for yrs. 21-40	Yes	0.75%	NA
Blend <sup>g/h/</sup>	30	5	3.3% for yrs. 6-25	6.8% for yrs. 26-30	Yes	0.75%	1.25%
50-year Credits <sup>j/</sup>	50	10	2.5% for yrs. 11 to 50		Yes	NA	NA
SMLs <sup>k/</sup>	12	6	16.67% for yrs. 7-12		Yes	NA	NA
Non- Concessio- nal Credits <sup>m/</sup>	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/ Eligibility to grants is determined under the Scope of the Policy, in section III.2.b.

b/ The maturity of all IDA Credits approved by the Board through June 30, 1987 is 50 years. The maturity of IDA Credits approved by the Board between June 30, 1987 and June 30, 2011 are 35

or 40 years. The maturity of credits approved between July 1, 2011 and June 30, 2014 are 25 or 40 years.

c/ 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.

d/ All IDA Concessional Credits and IDA Grants excluding those financing a 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.

e/ 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 0 percent for the interest charge for all currencies. The service charge is applied as a percentage of the disbursed and outstanding credit balance.

f/ Eligibility for Small Economy Terms is limited to countries that meet the definition of a Small Island Economy or a Small State Economy per Section II of this Policy.

g/ Blend Terms apply to Blend Countries and Gap Countries.

h/ 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/ 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>.

j/ 50-year Credit Terms apply to IDA-only Countries at moderate risk of debt distress (except Small State Economies). Under the WHR window, IDA-only Countries that are subject to a LIC-DSF and at moderate risk of debt distress receive 50 percent of the WHR financing as IDA Grants and 50 percent as 50-year Credits.

k/ SMLs are only offered during the IDA twentieth replenishment cycle and are not intended to be available in future replenishments. These terms are applicable to both PBA-SMLs and SUW-SMLs.

m/ IDA Non-concessional Credits 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, except that the suspension is not applied to FS-eligible loans as outlined in Section III.1.a.ii.A above.

## 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, 2022.

Charge	Fee	IBRD Guarantees and IDA Guarantees on Non-concessional Terms <sup>1</sup>		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 <sup>2</sup>	Up to 50 bps of guarantee amount	N.A.	Up to 50 bps of guarantee amount	N.A.
Recurring	Standby <sup>3</sup>	25 bps		0 bps	
	Guarantee <sup>4</sup>	50 bps (+ premium as applicable) <sup>5,6</sup>		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. Excludes the surcharge on excess exposure (see Annex 2).
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.
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 <sup>a</sup>	Below GDI Discount <sup>b</sup> on Maturity Premium	HIC Surcharge <sup>c</sup>
8 years and below	0	0	+5
Greater than 8 and up to 10 years	10	0	+5
Greater than 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

<sup>a</sup> This maturity premium does not apply to

- Bank guarantees approved by the Board on or before September 30, 2018. For those Bank guarantees, the applicable maturity premium is the one in force on June 30, 2018.
- Bank Guarantees to FCS Countries; Blend Countries; Small State Economies; 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 these guarantees and countries, the maturity premium that applies is set forth in the following table:

	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 (in basis points)	0	10	20	30	40	50

<sup>b</sup> 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.

<sup>c</sup> 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.

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 Island Economies Exception

1. Country-eligibility for exceptional treatment from IDA pursuant to the Small Island Economies Exception is determined by Management as follows:
  - a. An IBRD-only Small Island Economy is eligible to be reclassified as a Blend Country or an IDA-only Country if all of the following four conditions are satisfied (membership in IDA is a pre-condition):
    - i. its 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 affordability<sup>36</sup> considerations.
  - b. A Small Island Economy that meets the definition of a Gap Country or a Blend Country is eligible (or continue to be eligible) for the Small Island Economies Exception if:
    - i. its GNI per capita has not been at or above the High-Income Threshold for three consecutive years; or
    - ii. its GNI per capita has been at or above the High-Income Threshold for three consecutive years, but
      - A. it is in debt distress or at high or moderate risk of debt distress;
      - B. its debt distress is high owing to exogeneous shocks or the high costs of adaptation and preparedness to natural disasters or climate change; and
      - C. its debt reporting practices and SDFP compliance are adequate.
  - c. A Gap Country that is eligible for the Small Island Economies Exception is granted the status of an IDA-only Country, and may be eligible for IDA Grants as set out in Section III, paragraph 2.b of this Policy.
  - d. A Small Island Economy that is not eligible for continuation of special treatment under the Small Island Economies Exception and not ready for graduation from IDA:

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<sup>36</sup> Affordability means a country's ability to borrow non-concessional resources sustainably, as informed by a World Bank-IMF Debt Sustainability Analysis.

- i.* is classified as a Gap Country or a Blend Country, as appropriate,<sup>37</sup>
  - ii.* receives IDA Concessional Credits on Blend Terms; and
  - iii.* is not eligible for IDA Grants (except possibly through the WHR).
- e. All IDA-eligible Small Island Economies (regardless of their eligibility for the Small Island Economies Exception) are subject to IDA's Graduation Policy.

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<sup>37</sup> A country that immediately graduates from IDA is re-classified as an IBRD-only borrower and will be subject to the appropriate IBRD terms.

## ANNEX 6

### **Board-approved Pricing and Financial Terms Applicable to Certain IBRD Operations that are either: (i) approved in FY21 and signed<sup>38</sup> on or after March 5, 2021; or (ii) approved in FY22 or FY23.**

1. The following pricing and financial terms<sup>39</sup> apply to all DPF (except SDPLs),<sup>40</sup> IPF and PforR loan operations that are either: (i) approved in FY21 and signed on or after March 5, 2021; or (ii) approved in FY22 or FY23; and that utilize funds from the crisis buffer under IBRD's FSF:
  - a. instead of applying the hardened pricing applicable to SDPLs, regular IBRD pricing applicable to the relevant financing instrument is applied; and
  - b. the aggregate cap referred to in Section III.1.b.iv at footnote 5 of this Policy is disappplied; and
  - c. the final maturity limit of 10 years is disappplied, and instead an average maturity limit of up to 12 years is applied such that the principal amount of the loan is repayable based on an average maturity of up to 12 years, inclusive of a grace period of up to 5 years.
2. The following repayment and pricing terms<sup>41</sup> apply to all Fast-disbursing loan operations that are either: (i) approved in FY21 and signed on or after March 5, 2021; or (ii) approved in FY22 or FY23; and that are funded under IBRD's regular lending program:
  - a. the principal amount of the loan is repayable based on an average maturity of up to 12<sup>42</sup> years, inclusive of a grace period of up to 5 years; and
  - b. regular IBRD pricing applicable to the relevant financing instrument is applied.

For the purposes of this Annex 6, "**Fast-disbursing loan operation**" means (i) all DPF loans (except SDPLs); and (ii) any IPF or PforR loan operation that has cumulative disbursements equal to or greater than 60 percent, prior to, or as of, the date that falls 2 calendar years following commitment of the loan.

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<sup>38</sup> Reference to an operation being "signed" refers to signature of the relevant IBRD Loan Agreement or guarantee agreement.

<sup>39</sup> This paragraph 1 applies to IBRD Guarantees on a loan equivalency basis.

<sup>40</sup> The provisions of this Annex 6 do not alter the pricing and financial terms applicable to IBRD SDPLs (irrespective of funding source) nor to IBRD SDPGs. The financial terms and pricing applicable to SDPLs are those specified in Section III.1.b.iii and to SDPGs are those specified in Section III.3.c.ii.A.4 of this Policy.

<sup>41</sup> This paragraph 2 applies to IBRD Guarantees on a loan equivalency basis. The repayment and pricing terms in sub-paragraphs 2.a and 2.b are applied to the IBRD Guarantee itself, where the underlying loan that is supported by the IBRD Guarantee has cumulative disbursements equal to or greater than 60 percent, prior to, or as of, the date that falls 2 calendar years following commitment of the loan.

<sup>42</sup> Small State Economies that are IBRD-eligible are exempt from the application of this 12-year limit with respect to average maturity, and instead are subject to regularly applicable maturity terms. Notwithstanding any other provision in this Annex 6, this exemption applies to operations for Small State Economies that are IBRD-eligible where the operation is: (i) approved in FY21 on or after June 16, 2021 and signed during FY22; or (ii) approved in FY22 or FY23.