Bank Directive

Financial Terms and Conditions of Bank Financing

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Content
Elaborates on the terms and conditions 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 Directive 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 Directive is to be read concurrently with the applicable General Conditions for IBRD or IDA Financing.

2. This Directive applies to the Bank.

SECTION II – DEFINITIONS

As used in this Directive, the capitalized terms and acronyms have the meanings set out in the Bank Policy, "Financial Terms and Conditions of Bank Financing."

SECTION III – SCOPE

The key financial terms for IBRD loans, IDA Credits, IDA Grants, IBRD and IDA Guarantees and other financial products, are generally set out in the Bank Policy, "Financial Terms and Conditions of Bank Financing." Additional details of these terms are set out below.

1. Eligibility for Bank Financing

a. Eligibility for an IBRD loan, IBRD Guarantee and other financial products is determined primarily by the member country's per capita income and creditworthiness. Exceptionally, other factors may determine a country's eligibility for IBRD financing. Eligibility for, and the specific terms of, IDA Financing are determined primarily by the member country's GNI per capita, creditworthiness for IBRD borrowing, and risk of debt distress. In addition, certain Small Island Economies are afforded eligibility for IDA Financing under the Small Island Economies Exception.

b. Annex 1 to this Directive lists countries ranked by GNI. Annex 2 to this Directive lists the member countries eligible for Bank financing, their per capita GNI, the type of financing for which they are eligible, the applicable maturity premiums, and the repayment terms applicable to loans to or for the benefit of each member country.

2. IBRD Loan Financial Terms

a. IFL Pricing

i. *Variable Spread*. The average funding cost element of the variable spread is recalculated by Management quarterly every January 1, April 1, July 1 and October 1, and the new rate is effective for all rate reset dates falling on or after each recalculation date, as the case may be.

ii. *Fixed Spread.* The IBRD's projected funding cost, market risk premium, and basis swap adjustment may be revised by Management from time to time. Such pricing changes are applied prospectively to new loans. Current IFL pricing can be found at http://treasury.worldbank.org. As set out in the Bank Policy "Financial Terms and

Conditions of Bank Financing" the offering of IFLs with a fixed spread is suspended with effect from (and including) April 1, 2021.

iii. *Repayment Terms*. In the event that the Board's approval of the loan is significantly advanced or delayed from the date expected at negotiations, the grace period provided may no longer be in accordance with these terms. In that case, the first and final principal repayment dates may be changed prior to the loan approval date to comply with these terms.

iv. *Interest Rate Day-Count Convention*. The day count convention follows common market practice in the currency.

b. IBRD Loan Conversions[1]; Transaction Fees

i. Conversions of IBRD loans are governed by the applicable IBRD General Conditions and the Bank Directive "Conversion of Financial Terms of IBRD and IDA Loans and Financing Instruments" (Conversion Directive). The Conversion Directive is available at http://treasury.worldbank.org. Specific details applicable to particular types of conversions are also specified in the individual Loan Agreement, as applicable.

ii. Conversions of IBRD loans and early terminations of such conversions may be subject to transaction fees, which are determined by Management from time to time. The fees for IBRD loan conversions are set forth in Annex 3 of this Directive. Early terminations of conversions may also have costs associated with unwinding the relevant conversion.

c. Prepayment of IBRD Loans

i. The Borrower may prepay the principal amount of its loan in one or more installments, in accordance with the provisions of the Loan Agreement. In the case of IFLs and Fixed-Spread Loans (FSLs), the Borrower may specify which installments are to be prepaid. If the Borrower does not so specify, the prepayment is applied as follows: (a) if the Loan Agreement provides for the separate amortization of disbursed amounts, the prepayment is applied in the inverse order of such disbursed amounts, with the disbursed amount that was withdrawn last being prepaid first and with the latest maturity of such disbursed amount being prepaid first; and (b) in all other cases, the prepayment is applied in the inverse order of installments of principal of the loan, with the latest installment being repaid first.

ii. If the Borrower decides to prepay all or part of an IBRD loan, a prepayment premium, in an amount determined by Management based on the provisions in the applicable IBRD General Conditions, is charged. For IFLs, FSLs, and VSLs, the premium is based on: (A) IBRD's redeployment cost of the prepaid loan amount and (B) the cost of unwinding any outstanding interest or currency conversions plus (C) any transaction fees applicable to amounts that were previously converted. In the case of Variable

[1] As set out in the Bank Policy, "Financial Terms and Conditions of Bank Financing", 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.

Lending Rate 1989 (VLR89) Currency Pool Loan (CPLs), Single Currency Pool (SCP) loans, Variable Lending Rate 1982 (VLR82) Currency Pool Loans, and Fixed-Rate Single Currency Pool Loans, the method for determining the prepayment premium is based on the provisions in their respective Loan Agreements. Annex 4 of this Directive sets out the manner in which the prepayment premium for prepayment of IBRD loans is calculated.

iii. If the Bank determines that an extraordinary situation has arisen under which it is unable to provide the loan's currency for purposes of funding the loan, it may provide the Borrower with a substitute currency in accordance with the provisions of the applicable IBRD General Conditions. In such case, no prepayment premium is charged on the loan if it is prepaid while a substitute currency is outstanding unless an interest rate conversion was executed.

d. **Changes to Approved IBRD Repayment Terms.** Under the following exceptional circumstances, Management may, upon the Borrower's request, change existing repayment terms for an IBRD loan:

i. the principal amount of the loan disbursed and outstanding is less than the scheduled maturity payment; or

ii. extraordinary country, project or program circumstances have occurred.

3. IDA Financial Terms

a. **Acceleration of Concessional Credit Repayments to IDA.** IDA has included an accelerated repayment clause in the Financing Agreements of regular and blend credits approved since 1987. This clause allows IDA to double the principal repayments of the credit (i.e., shorten the maturity) if the Recipient's GNI per capita exceeds a threshold and the Recipient is IBRD creditworthy. Implementation is subject to approval by IDA's Board, after considering the Recipient's economic development. The Recipient has a choice to either (a) shorten the credit's maturity ('principal option'); (b) pay an interest rate that results in the same net present value as the principal option ('interest option'); or (c) establish a customized repayment schedule that results in the same net present value as the principal option ('customized option'). The GNI per capita threshold was originally set as exceeding the historic cut-off for 5 consecutive years (the 'old clause'), but in 1996 it was lowered for new credits approved to exceed the operational cut-off for 3 consecutive years (the 'new clause'). This feature is available for all IDA Concessional Credits. This feature is not available for IDA Non-concessional Credits.

b. **Voluntary Prepayment of IDA Concessional Credits.** In December 2010, IDA's Board approved a policy framework that allows IDA to offer IDA Graduates a discount to voluntarily prepay their outstanding IDA Credits beyond their contractual obligations. The policy framework is available to any IDA Graduate that (i) elects to voluntarily prepay all outstanding credits in full, or (ii) provides a partial prepayment applied to the latest maturities of its IDA portfolio, as determined by IDA. As an incentive to a graduate that voluntarily prepays its outstanding IDA Credits beyond its contractual obligations, IDA offers a discount.

The discount that IDA may offer depends on three factors: (a) an estimate of the discount rate; (b) the amount the Recipient elects to prepay; and (c) how the Recipient elects to treat the discount. The Recipient has an option to redirect the prepayment discount as a contribution to IDA. A discount is not available for prepayments of individual IDA Credits specified by Recipients.

c. Prepayment of IDA Non-concessional Credits. If the Recipient decides to prepay all or part of an IDA Non-concessional Credit, a prepayment premium, in an amount determined by Management based on the provisions in the applicable IDA General Conditions, is charged. The premium is based on: (A) IDA's redeployment cost of the prepaid amount and (B) the cost of unwinding any outstanding interest or currency conversions plus (C) any transaction fees applicable to amounts that were previously converted. The prepayment premium for prepayment of IDA Non-concessional Credits is calculated in the same manner as it is calculated for IFLs as set out in Annex 4 of this Directive.

d. IDA Non-concessional Credits Conversions; Transaction Fees

i. Conversions of IDA Non-concessional Credits are governed by the applicable IDA General Conditions and the Conversion Directive. The Conversion Directive is available at http://treasury.worldbank.org. Specific details applicable to particular types of conversions are also specified in the individual Financing Agreement, as applicable.

ii. Conversions of IDA Non-concessional Credits and early termination of such conversions may be subject to transaction fees, which are determined by Management from time to time and are expected to be in line with the transaction fees applicable to IBRD. The fees for IDA Non-concessional Credit conversions are set forth in Table 1 in Annex 3 of this Directive. Early terminations of conversions may also have costs associated with unwinding the relevant conversion.

4. **Additional Fees for Private Sector Projects Involving IBRD Loans, IDA Credits, IDA Grants, and IBRD and IDA Guarantees.** To cover the additional cost of preparing IBRD and IDA support for private sector projects, the Bank charges additional up-front fees, consisting of initiation fees and processing fees usually payable by the private sector implementing entity, project sponsors or developers, or other relevant private sector participants. Initiation and processing fees are not usually payable by the Borrower or Government. The currently applicable up-front fee levels are determined by Management and are available at http://treasury.worldbank.org. The initiation and processing fees are non-refundable.

a. The initiation fee is charged to offset the Bank's internal preparation and development costs for private sector projects.

b. The processing fee is charged to reimburse the Bank for direct or indirect costs of external support (including external advisors) and other out-of-pocket expenses incurred by the Bank.[2]

5. **Invoicing of Up-front Fees.** Management determines appropriate timing of the invoicing of up-front fees, and Management may, taking into account the project circumstances and

[2] Costs and expenses may also be recovered through the processing fee for other forms of support from IBRD and IDA that are explicitly designed to facilitate the private sector project.

development and preparation costs, reduce, increase, adjust the timing of, or decide not to charge, upfront fees.

6. **World Bank Hedging Products.** Detailed information on the use of hedging products is set out in the Bank's relevant policies and procedures (see the list in Section X of the Bank Policy "Financial Terms and Conditions of Bank Financing"), including the IBRD Guidelines for Using Hedging Products, which are available at http://treasury.worldbank.org. Transaction fees for hedging products are determined by Management from time to time, to cover the Bank's incremental operational costs, and, where applicable, incremental risks. The transaction fees for hedging products are set forth in Annex 3 of this Directive.

7. **Bank and Borrower or Recipient Responsibilities.** As described in the Bank Policy, "Financial Terms and Conditions of Bank Financing", the Borrower of an IBRD loan has a number of choices of financial terms for the loan. The Recipient of an IDA Financing may in some cases also have a choice from among different financial terms. The Bank is responsible for ensuring that the Borrower/Recipient is aware of available financing options at the appropriate time. The Bank provides information but does not recommend specific loan terms or advise the Borrower/Recipient in the selection. The Borrower/Recipient is solely responsible for choosing the financial terms of the loan.

8. **Management's Prerogative to Adjust Financial Terms.** As stated in Section IV of the Bank Policy, "Financial Terms and Conditions of Bank Financing", Management adjusts the IBRD/IDA financing terms set out in Annex 2 of this Directive, in the following circumstances:

    i. On July 1 of each year, to reflect changes arising from the annual assessment carried out in accordance with the Policy; and

    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 the 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.

9. **SBL Surcharge.** The SBL Surcharge is computed based on the incremental exposure in excess of the SBL Surcharge threshold. Incremental exposure is calculated based on the aggregate of net exposure arising from loans, guarantees and other relevant IBRD financial products. Net exposure in this context also takes into account any risk transfer mechanisms, including special private placement bonds and third-party bilateral guarantees of a member country's obligations to IBRD; but does not take into account multilateral exposure exchange agreements.

    For the purpose of computing the incremental exposure in excess of the SBL Surcharge threshold, the following operations are excluded: all IBRD operations approved on or after May 20, 2021 and on or before June 30, 2022, including but not limited to: (a) additional financings approved during this period that relate to previously-approved operations; (b) additional phases approved during this period that are in respect of previously-approved multiphase programmatic approach operations; and (c) operations with a deferred drawdown feature. Operations excluded under this paragraph for the purpose of computing incremental exposure in excess of the SBL Surcharge threshold nonetheless continue to count towards compliance with the applicable country exposure limits including SBL.

The modality by which the SBL Surcharge is levied on the member country and its sub-national borrowers, if applicable, is set out in the IBRD General Conditions or in the Loan Agreement, as applicable.

SECTION IV – WAIVER

A waiver of any provision of this Directive 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 V – EFFECTIVE DATE

This Directive is effective as of the date on its cover.

SECTION VI – ISSUER

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

SECTION VII – SPONSOR

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

SECTION VIII – RELATED DOCUMENTS

1. Bank Policy, "Financial Terms and Conditions of Bank Financing"

2. Bank Directive, "Conversion of Financial Terms of IBRD and IDA Loans and Financing Instruments"

3. Bank Guidance, "Conversion of Financial Terms of IBRD and IDA Loans and Financing Instruments (illustrative examples)"

4. Guidelines for Using Hedging Products

5. IDA/R2022-0022, "Additions to IDA Resources: Twentieth Replenishment, IDA20: Building Back Better from the Crisis Toward a Green, Resilient and Inclusive Future", February 17, 2022 [For Public Disclosure]

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

Questions regarding this Directive should be addressed to the Sponsor.

ANNEX 1

Countries Ranked by Per Capita Income

The financing terms below are effective for all IBRD loans and IDA Financing that are approved by the Board on or after July 1, 2022

A. IBRD Only [1]			
Category iv (over $7,445)			
St. Kitts and Nevis	18,560	Mauritius	10,860
Croatia	17,150	Bulgaria	10,720
Poland	16,670	Argentina	10,050
Uruguay	15,800	Türkiye	9,830
Trinidad and Tobago	15,070	Mexico	9,380
Chile	15,000	Montenegro	9,300
Antigua and Barbuda	14,900	Kazakhstan	8,720
Romania	14,170	Serbia	8,440
Panama	14,010	Libya	8,430
Seychelles	13,260	Dominican Republic	8,220
Costa Rica	12,310	Brazil	7,720
China	11,890	Nauru	NA
Russian Federation [5]	11,600	Palau	NA
Malaysia	10,930	Turkmenistan	NA
Category iii ($1,256 - $7,445)			
Thailand	7,260	Jordan [6]	4,480
Gabon	7,100	Suriname	4,440
Belarus	6,950	Belize	4,290
Botswana	6,940	El Salvador	4,140
Bosnia and Herzegovina	6,770	Indonesia	4,140
Peru	6,520	Ukraine [5]	4,120
South Africa	6,440	Sri Lanka	3,820
Colombia	6,160	Mongolia	3,760
North Macedonia	6,130	Eswatini	3,680
Albania	6,110	Algeria	3,660
Ecuador	5,930	Philippines	3,640
Equatorial Guinea	5,810	Tunisia	3,630
Moldova	5,460	Vietnam	3,560
Paraguay	5,340	Egypt, Arab Republic of	3,510
Iraq [6]	5,040	Iran, Islamic Republic of	3,480
Guatemala	4,940	Lebanon [6]	3,450
Azerbaijan	4,880	Bolivia	3,360
Jamaica	4,800	Morocco	3,350
Georgia	4,740	India	2,170

Armenia	4,560	Angola	1,770
Namibia	4,550	Venezuela, RB de	NA
B. Blend [2]			
Category iv (over $7,445)			
St. Lucia [4]	9,680	St. Vincent and the Grenadines [4]	8,100
Grenada [4]	9,630	Dominica [4]	7,760
Category iii ($1,256 - $7,445)			
Fiji [4]	4,860	Timor-Leste [7]	1,940
Cabo Verde [4]	3,330	Congo, Republic of	1,630
Papua New Guinea	2,790	Cameroon	1,590
Nigeria	2,100	Pakistan	1,500
Kenya	2,010	Zimbabwe [3, 8]	1,400
Uzbekistan	1,960		
C. IDA Only (Gap Countries and IDA-only Countries)[2]			
Category iv (over $7,445)			
Guyana [7]	9,380	Maldives [4]	8,400
Category iii ($1,256 - $7,445)			
Tuvalu [4]	6,760	Nicaragua	2,010
Kosovo	4,970	Mauritania	1,730
Samoa, Independent State of [4]	3,860	Cambodia	1,550
Djibouti [7]	3,300	Senegal	1,540
Vanuatu [4]	3,140	Comoros [4]	1,460
Kiribati [4]	2,920	Haiti	1,420
Bangladesh	2,620	Benin	1,370
Honduras	2,540	Lesotho	1,270
Lao PDR	2,520	Bhutan [7]	NA
Cote d'Ivoire	2,450	Marshall Islands [4]	NA
Ghana	2,360	Micronesia, Fed. Sts. Of [4]	NA
Solomon Islands [4]	2,300	Tonga [4]	NA
Sao Tome and Principe [4]	2,280		
Category ii ($1,086 - $1,255)			
Nepal	1,230	Myanmar	1,140
Kyrgyz Republic	1,180	Tanzania	1,140
Tajikistan	1,150		
Category i ($1,085 or less)			
Zambia	1,040	Niger	590
Guinea	1,010	Congo, Democratic Republic of	580
Togo	980	Central African Republic	530
Ethiopia	960	Sierra Leone	510
Mali	870	Madagascar	500

Burkina Faso	860	Mozambique	480
Rwanda	850	Somalia	450
Uganda	840	Burundi	240
Gambia, The	800	Afghanistan	NA
Guinea-Bissau	780	Eritrea [3]	NA
Sudan	670	South Sudan	NA
Chad	650	Syrian Arab Republic [3, 6]	NA
Malawi	630	Yemen, Republic of	NA
Liberia	620		

Key
NA = Estimates are available in ranges only

Changes during current fiscal year

None

Changes during previous fiscal year

1. Comoros was granted the status of an IDA-only Country under the Small Island Economies Exception, effective July 1, 2021.

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1. World Bank Atlas methodology; 2021 per capita GNI (Gross National Income, formerly GNP) figures are in U.S. dollars.
2. Countries are eligible for IDA resources on the basis of (a) relative poverty and (b) lack of creditworthiness. The operational cut-off for IDA eligibility for FY23 is a 2021 GNI per capita of US$1,255, using Atlas methodology. To receive IDA resources, countries also meet tests of performance. An exception is made for some Small Island Economies. In addition to GNI per capita, decisions to graduate countries from IDA are based on an assessment of a country's macroeconomic prospects, creditworthiness, risk of debt distress, vulnerability to shocks, institutional constraints, and levels of poverty and social indicators.
3. Loans/credits in nonaccrual status as of July 1, 2022. General information on IBRD and IDA countries with loan/credits in nonaccrual status is available from the IBRD Credit Risk (CROCR) and Development Finance Corporate IDA and IBRD (DFCII) Departments, respectively.
4. The country is granted the status of an IDA-only Country under the Small Island Economies Exception and receives financing on IDA Small Economy Terms.
5. These calculations are based on numbers and data from official statistics of Ukraine and the Russian Federation; by relying on those numbers and data, the Bank does not intend to make any judgment on the legal or other status of the territories concerned or to prejudice the final determination of the parties' claims.
6. Refugees are included in the population estimates of host country.
7. The country is an IDA-eligible Small State Economy that is not an island state. If IBRD financing is provided, Small State Economies receive an exemption from the FY19 increase in IBRD's maturity premium in accordance with Section III.1.a.ii.F of the Bank Policy, "Financial Terms and Conditions of Bank Financing."
8. Lending eligibility of Zimbabwe as "Blend" is per its FY22 classification and subject to change if the country is removed from the list of countries with loans/credits in nonaccrual status.

ANNEX 2

IBRD, IDA and Blend Countries: Per Capita Income, Lending Eligibility, Maturity Premiums, and Repayment Terms

The financing terms below are effective for all IBRD loans and IDA Financings that are approved by the Board on or after July 1, 2022

- For questions on per capita income estimates, please contact the Director, DECDG
- For questions on IDA eligibility and IDA terms, and IBRD maturity premiums, the Director, DFCII
- For questions on creditworthiness and IBRD terms, the Director, CROCR
- For questions on customized IBRD repayment terms, the Director, FABDR

The following 2021 per capita income guidelines apply for operational purposes:

i. US$1,085 or less for granting civil works preference to eligible domestic contractors in evaluating civil works bids procured under international competitive bidding (see "World Bank Procurement Regulations for IPF Borrowers").
ii. US$1,255 or less as the operational cut-off for IDA eligibility. [US$2,045 as the historical ceiling for IDA eligibility.]
iii. Over US$1,255 for IBRD terms.
iv. Over US$7,445 for initiating the IBRD graduation process.

IBRD Maturity premium pricing groups are as follows:

a. Group A: Blend Countries; Small State Economies; FCS Countries; and recent 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).
b. Group B: Countries not in Group A with a GNI per capita below or equal to GDI (Graduation Discussion Income).
c. Group C: Countries not in Group A or D with a GNI per capita above GDI (Graduation Discussion Income).
d. Group D: Countries not in Group A and classified as High-Income Member Countries (HICs).

The applicable maturity premiums for pricing groups A, B, C and D are set forth in Tables 2, 3, 4 and 5 below, respectively

TABLE 1.

Country	GNI per Capita [1] (US$)	Income Category	Lending Eligibility	LDC [4]	IBRD Terms[13]		IDA Repayment Terms[16,17]		
					Average maturity limit / Final maturity limit (years)	Maturity premium pricing group	Grace Period (years) [5]	Years to maturity[6]	Grant (%) [12]
Afghanistan	NA	i	IDA[2,3]	LDC	-	-	6	38	100%
Albania	6,110	iii	IBRD		20 / 35	B	-	-	-
Algeria	3,660	iii	IBRD		20 / 35	B	-	-	-
Angola	1,770	iii	IBRD	LDC	20 / 35	A	-	-	-
Antigua and Barbuda	14,900	iv	IBRD		20 / 35	A	-	-	-
Argentina	10,050	iv	IBRD		20 / 35	C	-	-	-
Armenia	4,560	iii	IBRD		20 / 35	A	-	-	-
Azerbaijan	4,880	iii	IBRD		20 / 35	B	-	-	-

Country	GNI per Capita [1] (US$)	Income Category	Lending Eligibility	LDC[4]	IBRD Terms[13]		IDA Repayment Terms[16,17]		
					Average maturity limit / Final maturity limit (years)	Maturity premium pricing group	Grace Period (years)[5]	Years to maturity[6]	Grant (%) [12]
Bangladesh [9,21]	2,620	iii	IDA[2,3]	LDC	-	-	5	30	0%
Belarus	6,950	iii	IBRD		20 / 35	B	-	-	-
Belize	4,290	iii	IBRD		20 / 35	A	-	-	-
Benin [9, 21]	1,370	iii	IDA[2,3]	LDC	-	-	5	30	0%
Bhutan [9, 11, 21]	NA	iii	IDA[2,3]	LDC	-	-	10	40	0%
Bolivia	3,360	iii	IBRD		20 / 35	A	-	-	-
Bosnia and Herzegovina	6,770	iii	IBRD		20 / 35	A	-	-	-
Botswana	6,940	iii	IBRD		20 / 35	B	-	-	-
Brazil	7,720	iv	IBRD		20 / 35	C	-	-	-
Bulgaria	10,720	iv	IBRD		20 / 35	C	-	-	-
Burkina Faso [21]	860	i	IDA[2,3]	LDC	-	-	10	50	0%
Burundi	240	i	IDA[2,3]	LDC	-	-	6	38	100%
Cabo Verde [8, 21]	3,330	iii	Blend[2]		20 / 35	A	10	40	0%
Cambodia [9, 21]	1,550	iii	IDA[2,3]	LDC	-	-	5	30	0%
Cameroon [21]	1,590	iii	Blend[2]		20 / 35	A	5	30	0%
Central African Republic	530	i	IDA[2,3]	LDC	-	-	6	38	100%
Chad	650	i	IDA[2,3]	LDC	-	-	6	38	100%
Chile	15,000	iv	IBRD		20 / 35	D	-	-	-
China	11,890	iv	IBRD		20 / 35	C	-	-	-
Colombia	6,160	iii	IBRD		20 / 35	B	-	-	-
Comoros [8]	1,460	iii	IDA[2,3]	LDC	-	-	10	40	100%
Congo, Democratic Republic [21]	580	i	IDA[2,3]	LDC	-	-	10	50	0%
Congo, Republic of [21]	1,630	iii	Blend[2]		20 / 35	A	5	30	0%
Costa Rica	12,310	iv	IBRD		20 / 35	C	-	-	-
Cote d'Ivoire [9, 21]	2,450	iii	IDA[2,3]		-	-	5	30	0%
Croatia	17,150	iv	IBRD		20 / 35	D	-	-	-
Djibouti [9, 11]	3,300	iii	IDA[2,3]	LDC	-	-	10	40	0%
Dominica [8]	7,760	iv	Blend[2]		20 / 35	A	10	40	0%
Dominican Republic	8,220	iv	IBRD		20 / 35	C	-	-	-
Ecuador	5,930	iii	IBRD		20 / 35	B	-	-	-
Egypt, Arab Republic of	3,510	iii	IBRD		20 / 35	B	-	-	-
El Salvador	4,140	iii	IBRD		20 / 35	B	-	-	-
Equatorial Guinea [17]	5,810	iii	IBRD		20 / 35	A	-	-	-

Country	GNI per Capita [1] (US$)	Income Category	Lending Eligibility	LDC[4]	IBRD Terms[13]		IDA Repayment Terms[16,17]		
					Average maturity limit / Final maturity limit (years)	Maturity premium pricing group	Grace Period (years)[5]	Years to maturity[6]	Grant (%) [12]
Eritrea [7]	NA	i	IDA[2,3]	LDC	-	-	-	-	-
Eswatini	3,680	iii	IBRD		20 / 35	A	-	-	-
Ethiopia [18]	960	i	IDA[2,3]	LDC	-	-	6	38	100%
Fiji [8, 21]	4,860	iii	Blend[2]		20 / 35	A	10	40	0%
Gabon	7,100	iii	IBRD		20 / 35	B	-	-	-
Gambia, The	800	i	IDA[2,3]	LDC	-	-	6	38	100%
Georgia	4,740	iii	IBRD		20 / 35	A	-	-	-
Ghana [9, 21]	2,360	iii	IDA[2,3]		-	-	5	30	0%
Grenada [8]	9,630	iv	Blend[2]		20 / 35	A	10	40	0%
Guatemala	4,940	iii	IBRD		20 / 35	B	-	-	-
Guinea [21]	1,010	i	IDA[2,3]	LDC	-	-	10	50	0%
Guinea-Bissau	780	i	IDA[2,3]	LDC	-	-	6	38	100%
Guyana [9, 11, 21]	9,380	iv	IDA[2,3]		-	-	10	40	0%
Haiti [10]	1,420	iii	IDA[2,3]	LDC	-	-	6	38	100%
Honduras [9, 21]	2,540	iii	IDA[2,3]		-	-	5	30	0%
India	2,170	iii	IBRD		20 / 35	A	-	-	-
Indonesia	4,140	iii	IBRD		20 / 35	B	-	-	-
Iran, Islamic Republic of	3,480	iii	IBRD		20 / 35	B	-	-	-
Iraq [15]	5,040	iii	IBRD		20 / 35	A	-	-	-
Jamaica	4,800	iii	IBRD		20 / 35	B	-	-	-
Jordan [15]	4,480	iii	IBRD		20 / 35	B	-	-	-
Kazakhstan	8,720	iv	IBRD		20 / 35	C	-	-	-
Kenya [21]	2,010	iii	Blend[2]		20 / 35	A	5	30	0%
Kiribati [8]	2,920	iii	IDA[2,3]	LDC	-	-	10	40	100%
Kosovo, Republic of [9, 21]	4,970	iii	IDA[2,3]		-	-	5	30	0%
Kyrgyz Republic [21]	1,180	ii	IDA[2,3]		-	-	10	50	0%
Lao PDR [9, 21]	2,520	iii	IDA[2,3]	LDC	-	-	5	30	0%
Lebanon [15]	3,450	iii	IBRD		20 / 35	A	-	-	-
Lesotho [9, 21]	1,270	iii	IDA[2,3]	LDC	-	-	5	30	0%
Liberia [21]	620	i	IDA[2,3]	LDC	-	-	10	50	0%
Libya [17]	8,430	iv	IBRD		20 / 35	A	-	-	-
Madagascar [21]	500	i	IDA[2,3]	LDC	-	-	10	50	0%
Malawi	630	i	IDA[2,3]	LDC	-	-	6	38	100%
Malaysia	10,930	iv	IBRD		20 / 35	C	-	-	-
Maldives [8]	8,400	iv	IDA[2,3]		-	-	10	40	100%
Mali [21]	870	i	IDA[2,3]	LDC	-	-	10	50	0%
Marshall Islands [8]	NA	iii	IDA[2,3]		-	-	10	40	100%

Country	GNI per Capita [1] (US$)	Income Category	Lending Eligibility	LDC [4]	IBRD Terms[13]		IDA Repayment Terms[16,17]		
					Average maturity limit / Final maturity limit (years)	Maturity premium pricing group	Grace Period (years)[5]	Years to maturity [6]	Grant (%) [12]
Mauritania [9, 21]	1,730	iii	IDA[2,3]	LDC	-	-	5	30	0%
Mauritius	10,860	iv	IBRD		20 / 35	A	-	-	-
Mexico	9,380	iv	IBRD		20 / 35	C	-	-	-
Micronesia, Fed. Sts. Of [8]	NA	iii	IDA[2,3]		-	-	10	40	100%
Moldova	5,460	iii	IBRD		20 / 35	A	-	-	-
Mongolia	3,760	iii	IBRD		20 / 35	A	-	-	-
Montenegro	9,300	iv	IBRD		20 / 35	A	-	-	-
Morocco	3,350	iii	IBRD		20 / 35	B	-	-	-
Mozambique	480	i	IDA[2,3]	LDC	-	-	6	38	100%
Myanmar [9, 20, 21]	1,140	ii	IDA[2,3]	LDC	-	-	5	30	0%
Namibia	4,550	iii	IBRD		20 / 35	B	-	-	-
Nauru [15, 17]	NA	iv	IBRD		20 / 35	A	-	-	-
Nepal [21]	1,230	ii	IDA[2,3]	LDC	-	-	6	38	0%
Nicaragua [9, 21]	2,010	iii	IDA[2,3]		-	-	5	30	0%
Niger [21]	590	i	IDA[2,3]	LDC	-	-	10	50	0%
Nigeria [21]	2,100	iii	Blend[2]		20 / 35	A	5	30	0%
North Macedonia	6,130	iii	IBRD		20 / 35	B	-	-	-
Pakistan [21]	1,500	iii	Blend[2]		20 / 35	A	5	30	0%
Palau	NA	iv	IBRD		20 / 35	A	-	-	-
Panama	14,010	iv	IBRD		20 / 35	C	-	-	-
Papua New Guinea [21]	2,790	iii	Blend[2]		20 / 35	A	5	30	0%
Paraguay	5,340	iii	IBRD		20 / 35	B	-	-	-
Peru	6,520	iii	IBRD		20 / 35	B	-	-	-
Philippines	3,640	iii	IBRD		20 / 35	B	-	-	-
Poland	16,670	iv	IBRD		20 / 35	D	-	-	-
Romania	14,170	iv	IBRD		20 / 35	C	-	-	-
Russian Federation [14]	11,600	iv	IBRD		20 / 35	C	-	-	-
Rwanda [21]	850	i	IDA[2,3]	LDC	-	-	10	50	0%
Samoa, Independent State of [8]	3,860	iii	IDA[2,3]		-	-	10	40	100%
Sao Tome and Principe [8]	2,280	iii	IDA[2,3]	LDC	-	-	10	40	100%
Senegal [9, 21]	1,540	iii	IDA[2,3]	LDC	-	-	5	30	0%
Serbia	8,440	iv	IBRD		20 / 35	C	-	-	-
Seychelles	13,260	iv	IBRD		20 / 35	A	-	-	-
Sierra Leone	510	i	IDA[2,3]	LDC	-	-	6	38	100%
Solomon Islands [8, 21]	2,300	iii	IDA[2,3]	LDC	-	-	10	40	50%
Somalia	450	i	IDA[2,3]	LDC	-	-	6	38	100%
South Africa	6,440	iii	IBRD		20 / 35	B	-	-	-

Country	GNI per Capita [1] (US$)	Income Category	Lending Eligibility	LDC[4]	IBRD Terms[13]		IDA Repayment Terms[16,17]		
					Average maturity limit / Final maturity limit (years)	Maturity premium pricing group	Grace Period (years)[5]	Years to maturity[6]	Grant (%) [12]
South Sudan	NA	i	IDA[2,3]	LDC	-	-	6	38	100%
Sri Lanka	3,820	iii	IBRD		20 / 35	A	-	-	-
St. Kitts and Nevis	18,560	iv	IBRD		20 / 35	A	-	-	-
St. Lucia [8, 21]	9,680	iv	Blend[2]		20 / 35	A	10	40	0%
St. Vincent and the Grenadines [8]	8,100	iv	Blend[2]		20 / 35	A	10	40	0%
Sudan	670	i	IDA[2,3]	LDC	-	-	6	38	100%
Suriname	4,440	iii	IBRD		20 / 35	A	-	-	-
Syrian Arab Republic [7, 15]	NA	i	IDA[2,3]		-	-	-	-	-
Tajikistan	1,150	ii	IDA[2,3]		-	-	6	38	100%
Tanzania [21]	1,140	ii	IDA[2,3]	LDC	-	-	10	50	0%
Thailand	7,260	iii	IBRD		20 / 35	B	-	-	-
Timor-Leste [11, 21]	1,940	iii	Blend[2]	LDC	20 / 35	A	10	40	0%
Togo [21]	980	i	IDA[2,3]	LDC	-	-	10	50	0%
Tonga [8]	NA	iii	IDA[2,3]		-	-	10	40	100%
Trinidad and Tobago	15,070	iv	IBRD		20 / 35	A	-	-	-
Tunisia	3,630	iii	IBRD		20 / 35	B	-	-	-
Türkiye	9,830	iv	IBRD		20 / 35	C	-	-	-
Turkmenistan	NA	iv	IBRD		20 / 35	C	-	-	-
Tuvalu [8]	6,760	iii	IDA[2,3]	LDC	-	-	10	40	100%
Uganda [21]	840	i	IDA[2,3]	LDC	-	-	10	50	0%
Ukraine [14]	4,120	iii	IBRD		20 / 35	B	-	-	-
Uruguay	15,800	iv	IBRD		20 / 35	D	-	-	-
Uzbekistan [21]	1,960	iii	Blend[2]		20 / 35	A	5	30	0%
Vanuatu [8, 21]	3,140	iii	IDA[2,3]		-	-	10	40	50%
Venezuela, RB de	NA	iii	IBRD		20 / 35	A	-	-	-
Vietnam	3,560	iii	IBRD		20 / 35	A	-	-	-
Yemen, Republic of	NA	i	IDA[2,3]	LDC	-	-	6	38	100%
Zambia [9, 20, 21]	1,040	i	IDA[2,3]	LDC	-	-	5	30	0%
Zimbabwe [7, 19]	1,400	iii	Blend[2]		20 / 35	A	-	-	-

Key
NA = Estimates are available in ranges only

1. World Bank Atlas methodology; 2021 per capita GNI (Gross National Income, formerly GNP) figures are in U.S. dollars.
2. Countries are eligible for IDA resources on the basis of (a) relative poverty and (b) lack of creditworthiness. The operational cut-off for IDA eligibility for FY23 is a 2021 GNI per capita of US$1,255, using Atlas methodology. To receive IDA resources, countries also meet tests of performance. An exception is made for some Small Island Economies (see footnote 8). In addition to GNI per capita, decisions to graduate countries from IDA are based on an assessment of a country's macroeconomic prospects, creditworthiness, risk of debt distress, vulnerability to shocks, institutional constraints, and levels of poverty and social indicators.
3. Countries eligible only for IDA resources except for limited IBRD Enclave support.
4. Countries that are classified as least developed countries (LDCs) by the United Nations.
5. IDA Credits on Regular Terms approved on or after July 1, 2017 have a 6-year grace period. IDA Credits on Blend Terms continue to have a 5-year grace period, and IDA Credits on Small Economy Terms continue to have a 10-year grace period. Shorter Maturity Loans (SMLs) have a 6-year grace period, and 50-year Credits have a 10-year grace period.
6. Effective July 1, 2017, the maturity for IDA Credits on Regular Terms is 38 years with principal repayable at 3.125 percent per annum for years 7-38, with a service charge of 0.75 percent in SDR terms. The maturity for IDA Credits on Small Economy Terms continues to be 40 years with principal repayable at 2 percent per annum for years 11-20 and 4 percent per annum for years 21-40. Effective July 1, 2017, IDA Credits on Blend Terms have a maturity of 30 years, a grace period of 5 years, a 0.75 percent service charge and 1.25 percent interest charge, both in SDR terms, and with principal repayable at 3.3 percent per annum for years 6-25 and 6.8 percent per annum for years 26-30. The maturity for SMLs is 12 years with principal repayable at 16.67 percent per annum for years 7-12 and no interest or service charge. The maturity for 50-year Credits is 50 years with principal repayable at 2.5 percent per annum for years 11-50 and no interest or service charge. IDA Concessional Credits include an acceleration clause, providing for the possibility of doubling of principal payments from creditworthy borrowers where per capita income remains above eligibility thresholds. IDA Credits on hardened terms (approved during IDA13-IDA15) and IDA Non-concessional Credits are exempt from the accelerated repayment provisions.
7. Loans/credits in nonaccrual status as of July 1, 2021. IDA/IBRD financing terms are determined when the country reengages with IDA/IBRD. General information on IBRD and IDA countries with loan/credits in nonaccrual status is available from the IBRD Credit Risk (CROCR) and Development Finance Corporate IDA and IBRD (DFCII) Departments, respectively.
8. Countries that are granted the status of an IDA-only Country under the Small Island Economies Exception.
9. The IDA-eligible country's GNI per capita has been above the operational cut-off for IDA eligibility for more than two consecutive years (Gap Country). It receives IDA Financing on Blend Terms, Small Economy Terms or SML Terms as applicable.
10. The country's GNI per capita has been above the IDA operational cut-off for either one or two consecutive years, and the country continues to access IDA resources on Regular Terms, 50-year Credits or Small Economy Terms, as applicable.
11. IDA-eligible Small State Economy that is not an island state. If IBRD financing is provided, Small State Economies receive an exemption from the FY19 increase in IBRD's maturity premium in accordance with Section III.1.a.ii.F of the Bank Policy, "Financial Terms and Conditions of Bank Financing."
12. Grant eligibility varies by fiscal year and is based on the IDA grant framework in accordance with the IDA16 Agreement entitled "Additions to IDA Resources: Sixteenth Replenishment – IDA16: Delivering Development Results" (February 15, 2011). IDA-only Countries at high risk of debt distress or in debt distress are eligible only for grant financing. Gap (footnote 9) and Blend Countries that are eligible to receive financing from the Window for Host Communities and Refugees (WHR) are eligible for WHR-funded grants as set out in Section III 2.b.i.B of the of Bank Policy, "Financial Terms and Conditions of Bank Financing". 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.
13. Current financing terms by country are available on the World Bank Treasury website (http://www.worldbank.org/en/about/unit/treasury/financial-products/ibrd/ibrd-lending-rates-and-fees#2). The maturity premium levels effective on or after July 1, 2018 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. Note that the maturity premium level (if any) applicable to DDOs and Cat DDOs is that in effect at the time of each withdrawal. The maturity premium levels effective on or after July 1, 2018 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. The SBL Surcharge may apply to member countries as described in Section III.10.

of this Directive, and in Section III.1.a.ii.D. and Annex 2 of the Bank Policy, "Financial Terms and Conditions of Bank Financing."

14. These calculations are based on numbers and data from official statistics of Ukraine and the Russian Federation; by relying on those numbers and data, the Bank does not intend to make any judgment on the legal or other status of the territories concerned or to prejudice the final determination of the parties' claims.

15. Refugees are included in the population estimates of host country.

16. The financing terms for countries eligible under the Regular Scale-Up Window (SUW) are identical to the IBRD Flexible Loan terms; the currencies available are USD, EUR, GBP, and JPY. The maturity premium applicable to the Regular SUW is set forth in Table 2 below, which corresponds to the maturity premiums for IBRD Borrowers belonging to pricing group A. Current IBRD Flexible Loan terms are available on the World Bank Treasury website (https://treasury.worldbank.org/en/about/unit/treasury/ibrd-financial-products/lending-rates-and-fees).

17. IBRD Lending subject to Bank Policy, "Lending Operations: Choice of Borrower and Contractual Agreements."

18. Country's allocation beyond the US$1 billion ceiling is offered as IDA Credits on Regular Terms or as determined under the SDFP (see footnote 12 above).

19. Lending eligibility of Zimbabwe as "Blend" is per its FY22 classification and subject to change if the country is removed from the list of countries with loans/credits in nonaccrual status.

20. The country's GNI per capita has been below the IDA operational cut-off for either one or two consecutive years, and the country continues to access IDA resources on Blend Terms.

21. The country is eligible to receive a portion of its Country Allocation as PBA-SMLs in FY23 (see footnote 5 and 6 above on SML Terms). Set-asides applied under the SDFP (if any) would be first deducted from PBA-SML portion of a Country Allocation. IDA-only countries at moderate risk of debt distress receive SMLs only if an ex-ante DSA demonstrates that PBA-SML or SUW-SML financing will not have a negative impact on a country's risk of debt distress.

Changes during current fiscal year

1. Effective July 1, 2022, two new financing terms are introduced: (i) 50-year Credit Terms and (ii) Shorter-Maturity Loan (SMLs) Terms.
2. The official name of "Republic of Turkey" has changed to "Republic of Türkiye".
3. Serbia and Turkmenistan's GNI per capita remained above GDI for two consecutive years resulting in a move from Group B to Group C.
4. Current classification of IBRD eligible borrowers under Group A is based on FY22 FCS list. Latest list of FCS countries is available on the following link: (https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations).

Changes during previous fiscal year

1. The temporary adjustment of IDA grant eligibility that was in effect in FY21 due to COVID-19 expired on June 30, 2021.
2. Comoros was granted the status of an IDA-only Country under the Small Island Economies Exception, effective July 1, 2021.
3. Moldova and Mongolia were granted access to IDA financing from the CRW on Blend Terms in FY22.
4. Panama's GNI per capita dropped below High-Income Country (HIC) threshold resulting in a move from Group D to Group C.
5. Botswana's GNI per capita dropped below Graduation Discussion Income (GDI) and hence, moved from Group C to Group B.
6. Ukraine was authorized to receive exceptional US$1 billion non-concessional short-term maturity financing on IBRD terms from IDA19 in FY22.

TABLE 2

Group A: Blend Countries, Small State Economies, FCS Countries and relevant recent IDA Graduates	
Average Maturity	**Maturity Premium (bps)**
Up to 8 year average	0
8+ to 10 year average	10
10+ to 12 year average	20
12+ to 15 year average	30
15+ to 18 year average	40
18+ to 20 year average	50

TABLE 3

Group B: Countries not in Group A with a GNI per capita below or equal to GDI	
Average Maturity	**Maturity Premium (bps)**
Up to 8 year average	0
8+ to 10 year average	10
10+ to 12 year average	25
12+ to 15 year average	40
15+ to 18 year average	55
18+ to 20 year average	70

TABLE 4

Group C: Countries not in Group A or D with a GNI per capita above GDI	
Average Maturity	**Maturity Premium (bps)**
Up to 8 year average	0
8+ to 10 year average	10
10+ to 12 year average	30
12+ to 15 year average	50
15+ to 18 year average	70
18+ to 20 year average	90

TABLE 5

Group D: Countries not in Group A and classified as High-Income Member Countries (HICs)	
Average Maturity	**Maturity Premium (bps)**
Up to 8 year average	5
8+ to 10 year average	15
10+ to 12 year average	40
12+ to 15 year average	65
15+ to 18 year average	90
18+ to 20 year average	115

ANNEX 3

Table 1: Transaction Fees on Conversions

Expressed as a percentage per annum on the outstanding loan amount unless otherwise indicated.

The offering of conversions or conversion features entailing spread-fixing of any kind is suspended with effect from (and including) July 1, 2021.

Transaction Type	For Fixed and Variable Spread Loans	
Interest Rate Conversion	**USD[1]**	**EUR[1], JPY[1], GBP[1]**
Reference rate fixings of disbursed amounts	0.05%	0.10%
Interest Rate Caps/Collars of disbursed amounts	On a case-by-case basis	
Currency Conversion		
Of undisbursed loan amounts [2]	0.125%	
Of disbursed loan amounts	0.06%	0.11%
Automatic currency conversion to local currency		
Early termination of any conversion[3]	0.02%	

[1] Currency of the loan prior to the Conversion.
[2] Expressed as a percentage of the principal amount involved, and payable as a lump sum.
[3] Transaction fees expressed as a percentage per annum are converted to a one-time lump sum.

Table 2: Transaction Fees on Hedging Products

Transaction Type	Transaction Fee	
Hedges on Liabilities to IBRD		
Currency Swaps	0.02%	
Interest Rate Swaps	0.01%	
Interest Rate Caps/Collars	0.125% one time	
Commodity Swaps	0.375% one time	
Hedges on Liabilities to Others		
	Major Currencies	**Local Currencies**
Currency Swaps	0.10%	0.02%
Interest Rate Swaps	0.03%	0.01%
Hedges on commodities and indices	Case-by-case	Case-by-case

Table 3: Transaction Fees on Natural Disaster Risk Management Products

Transaction Type	Transaction Fee
Natural Disaster Risk Management Products	case-by-case

ANNEX 4

IBRD Loan Prepayment Premium

IBRD Flexible Loans (IFLs), Fixed Spread Loans (FSLs) and Variable Spread Loans (VSLs)

1. IBRD may charge a prepayment premium to cover the cost to IBRD of redeploying prepaid funds. The calculation of the redeployment cost for all or any portion of a loan that has not been converted is carried out in accordance with para.1. a. below and, for all or any portion of a loan that has been converted, in accordance with para.1. b. below.

   a. For prepayments of unconverted portions of a loan, loans with conversions of unwithdrawn amounts and no additional conversions, and loans with a conversion to fix the spread and no additional conversions, the prepayment premium is calculated as follows:

      i. The amount of the prepayment premium is based on the difference between: (i) the fixed or variable spread net of waivers[1], if any, payable, on the prepaid loan and (ii) the fixed or variable spread net of waivers[1], respectively, in effect for the relevant loan currency with an average repayment maturity equivalent to the remaining average repayment maturity of the prepaid cash flows of the loan at the date of prepayment.

      ii. The prepayment premium is equal to the present value of the prepaid cash flows multiplied by the difference in the spread computed in sub-paragraph (i), with an assumed floor value of zero.

      iii. The present value computed in (ii) is the premium the Borrower is charged by the Bank.

   b. Prepayment of converted portions of loans

   If all or any portion of a loan has been converted, the prepayment premium is calculated based on the following components:

      i. The prepayment premium as outlined in paragraph (a) above;

      ii. An "Unwinding Amount"[2] in connection with the early termination of any conversion. The "Unwinding Amount" is the cost or gain to the Bank in relation to the termination of any swap effected for the relevant conversion.[3] Any such cost results in an additional

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[1] The redeployment cost of unconverted portions of loans with fixed spread accounts for differences in the contractual spread, projected funding cost, market risk premium, basis swap adjustment and maturity premium, if applicable. The calculation of the redeployment premium uses the fixed spread in effect at loan prepayment based on the average remaining maturity of the prepaying loan, assuming redeployment into a loan with the same maturity/country classification/risk characteristics as the prepaid loan at the time of prepayment. The redeployment cost of unconverted portions of loans with variable spread accounts for differences in the contractual spread and maturity premium, if applicable.

[2] "Unwinding Amount" has the meaning given to it in the applicable IBRD General Conditions.

[3] The Bank may have effected the relevant conversion by entering into a hedge transaction with a market counterparty or, by applying a screen rate (in the circumstances described in the Conversion Directive). In both cases an

amount payable by the Borrower to the Bank, and any such gain is subtracted from the amount to be prepaid by the Borrower or is paid to the Borrower in the absence of any redeployment cost;[4]

iii. A transaction fee, which is applied to the amount of the principal that is being prepaid on a per annum basis, and discounted to the date of prepayment[5] (see TRE website for transaction fee information: http://treasury.worldbank.org).

2. In the case of IFLs or FSLs, partial prepaid amounts are applied as directed by the Borrower. In the case of VSLs, partial prepaid amounts are applied first to the latest maturities due on the loan.

Pre-Pool Loans, Currency Pool Loans (CPLs), and Single Currency Pool Loans (SCPs)

3. Assessment of the prepayment premium waiver on Currency Pool Loans (CPLs), Single Currency Pool Loans (SCPs), and pre-pool loans is based on the following procedure:

   a. The latest available carrying values and estimated values for loans in various categories, as reported annually in IBRD's audited financial statements, are the basis for assessing whether to grant a waiver of the contractual prepayment premium.[6]

   b. The prepayment premium on the loan is waived in its entirety if the estimated value of all loans in a particular category is less than or equal to the carrying value. However, the premium is applied if the estimated value is greater than the carrying value – with the added proviso that it is the smaller of the computed contractual premium on the loan and the premium over the carrying value as determined by the estimated value. If interest rates rise, the "off-marketness" of the lending rates are narrowed, and the contractual prepayment premium on these loans may be higher than the premium of the estimated value over the carrying value. In that case, the Borrower pays the latter as the premium, thus receiving a partial prepayment premium waiver.

   c. For financial intermediary loans with flexible amortization schedules, IBRD waives the premium if the financial intermediaries make the prepayments after receiving the prepayments from the sub-Borrowers.

Unwinding Amount may be payable either by the Bank or the borrower as the Bank would have taken a position in order to effect the conversion that would have to be reversed or undone because of a loan prepayment.

4 The Bank effects a market transaction or uses a screen rate calculation on the prepayment date, or shortly thereafter, and it generally takes two business days to settle a swap. "Unwinding Amount" is calculated based on the assumption that the Bank swapped 100% of the converted portion of the prepaid loan.

5 The transaction fee is not applicable for prepayments of portions of loans whose currency was converted prior to withdrawal, provided no subsequent conversions of withdrawn amounts took place.

6 "Carrying" value and "estimated" value are terms used in IBRD's financial statements. The "carrying" value of an IBRD loan is synonymous with the book value of the loan and is expressed in USD equivalent terms. It is usually defined as the historical value of currencies in USD equivalents outstanding on the loan, plus the translation adjustment on the loan. IBRD loans do not have a secondary market. "Estimated" values of IBRD loans published in IBRD's financial statements are used as a proxy for the market-to-market value of IBRD loans.

4. Prepayment premium schedules for pre-pool loans, CPLs, and SCPs are included in the Loan Agreements for those loans. Premia are calculated in accordance with these schedules as illustrated below.

Variable-Rate CPL and Variable-Rate SCPs[7]

5. For a variable rate CPL or SCP, for each of the maturities being prepaid, the premium rate is calculated by multiplying the current interest rate on the loan with the appropriate factor from the "Premiums on Prepayment" schedule in the Loan Agreement. The premium rate so computed is then applied to the appropriate maturity to arrive at the prepayment premium for that maturity. Premia computed for all maturities being prepaid are added together to arrive at the prepayment premium for the loan.

6. As an illustration, assume a Category III country prepays any variable-rate pool loan with four remaining maturities. Each maturity is US$1 million, and the total prepayment is US$4 million. Assume further that the current interest rate on the loan is 6.5 percent and the factor from the "Premiums on Prepayment" schedule in the Loan Agreement is 0.18. The premium rate for the maturities being prepaid is (065*.18), which is .0117, or 1.17 percent. Multiplying US$4 million by the premium rate of 1.17 percent, produces the total premium of US$46,800 for the loan.

Converted Variable-Rate CPL and Variable-Rate SCPs

7. For CPLs and SCPs with an interest rate of LIBOR[8] plus 1% or a swap rate-based fixed rate, the prepayment premium payable is an amount reasonably determined by Management to represent any cost of redeploying the amount to be prepaid at the London interbank offered rate for six-month deposits in United States Dollars from the date of its prepayment to its maturity date.

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[7] From May 2006 to June 30, 2009, the Bank offered borrowers of variable-rate CPLs and SCPs the option to convert the interest rate to either a LIBOR-based rate or a swap rate-based fixed rate. The prepayment policy for these converted loans is set forth in paragraph 7.

[8] During the transition out of LIBOR, IBRD follows the principle of equivalence in respect of deriving the interest rate from the relevant reference rate.