

World Bank Financial Products Overview

| | Product | Use | Key Terms and Fees | Product Notes | Case Studies |
|--|--|---|--|--|---|
| Financing (Loans) | IBRD Flexible Loan (IFL) ^{1,2} | IBRD loan product with flexible financial terms tailored to the needs of development financing or the client's debt management strategy. <ul style="list-style-type: none"> Committed and repayable in the currency or currencies of the loan selected by the borrower. Includes embedded risk management features – see financial risk management options below. | <ul style="list-style-type: none"> Maturity: final: ≤ 35 years, average repayment maturity: ≤20 Years Repayment schedule: Flexible Lending Rate: Reference Rate + variable spread Fees: <i>Front-end fee:</i> 25 bps one-time fee <i>Commitment fee:</i> 25 bps per annum (p.a.) on undisbursed balance <i>SBL Surcharge:</i> for some countries | IFL Product Note IFL Pricing Basics | Vietnam Colombia Kazakhstan Botswana |
| | IDA Concessional Financing ¹ | Lending from IDA on concessional terms (carrying no or low interest charges) to address primary education, basic health services, clean water and sanitation, environmental safeguards, business climate improvements, infrastructure and institutional reforms. | <ul style="list-style-type: none"> Maturity: 12/30/38/40 Blend/Regular/Small Repayment schedule: Fixed Lending Rate: Grants: zero; Credits: Fixed concessional rate | IDA Single Currency Lending | |
| | Scale Up Window (SUW) | Transitional support or additional lending offered to Blend and IDA countries (at low or medium risk of debt distress) on IFL terms. | See IFL | Financing Solutions for IDA | West Africa |
| | IBRD Enclave Loans for IDA borrowers | Additional lending for IDA countries on IFL lending terms for investment projects with foreign exchange revenues that can ringfence. | See IFL; rate may be higher than IFL (see Enclave Loans product note) | Enclave | Cote d'Ivoire |
| Contingent Financing (Loans) | IBRD DPL DDO | Contingent credit line that provides financing following adverse economic events such as a downturn in economic growth or unfavorable changes in commodity prices or terms of trade. It also provides a formal basis for continuing a policy-based engagement with the World Bank when no immediate need for funding exists. | <ul style="list-style-type: none"> Repayment Terms and Lending Rate: follow IFL terms at time of drawdown (except that average repayment maturity for maturity premium calculated from loan effectiveness). Fees: <i>Front-end fee:</i> 25 bps one-time fee <i>Stand-by fee:</i> 50 bps p.a. | DPL DDO | Indonesia |
| | IBRD and IDA DPL with CAT DDO ^{3,4} | Contingent credit line that provides financing following natural disaster events or health related emergencies, a time when liquidity constraints are usually highest. Cat DDOs enhance countries' capacity to plan for and manage crises by securing access to financing before disaster strikes and then disbursing quickly once the event occurs. | <ul style="list-style-type: none"> Repayment Terms and Lending Rates: follows IFL or IDA concessional financing at time of drawdown (except that average repayment maturity for maturity premium calculated at loan effectiveness). Fees: <i>IBRD:</i> Front-end fee: 50 bps one-time fee; renewal fee: 25 bps payable on each renewal; <i>IDA:</i> Zero fees Limits: <i>IBRD:</i> Lower of \$1bn or 0.50% of GDP; <i>IDA:</i> Lower of \$500m or 1% of GDP (or up to \$40m) | IBRD CAT DDO IDA CAT DDO | Colombia Cat DDO Kenya - IDA |
| | IBRD and IDA IPF DDO | Contingent credit line that provides financing following natural disaster events or economic shocks, a time when liquidity constraints are usually highest. IPF DDOs enhance borrowers' capacity to plan for and manage crises by securing access to financing before disaster strikes and then disbursing quickly once the event occurs. | <ul style="list-style-type: none"> Repayment Terms and Lending Rates: follows IFL or IDA concessional financing at time of drawdown (except that average repayment maturity for maturity premium calculated at loan effectiveness). Fees: <i>IBRD:</i> Front-end fee: 25 bps one-time fee; standby fee: 50 bps p.a. on unwithdrawn balances; no renewal fee. <i>IDA:</i> Zero fees | IPF DDO | IPF DDO |
| Financial Risk Management | Currency risk in IFL | Convert currency of an IFL between the four lending currencies, USD, EUR, GBP, JPY, using options embedded in the loan agreement ⁵ . Convert disbursed amounts into 25 liquid local currencies. | <ul style="list-style-type: none"> Fee⁵: Disbursed amounts from 6 bps p.a. from USD, 11 bps p.a. from EUR/JPY Fee: Undisbursed amounts, <i>lending currencies</i>, one-time 12.5 bps | Local currency financing | Turkiye Indonesia South Africa Mexico 1 & 2 Uruguay |
| | Interest rate risk in IFL | Fix, unfix, cap, or collar the interest rate using options embedded in the loan agreement ⁵ . | <ul style="list-style-type: none"> Fee⁵: Rate fixing 5 bps p.a. for USD, 10 bps p.a. for EUR/JPY Fee⁵: Caps and collar on a case-by-case basis | Interest Rate Risk | Philippines Sri Lanka Angola |
| | Hedging non-IBRD exposure | Non-IBRD exposures to currency and interest rate risks can be hedged similarly to IFL loans using free standing derivatives. Hedging Non-IBRD exposure requires a client to have an ISDA Master Derivatives Agreement with IBRD. | <ul style="list-style-type: none"> IBRD countries are eligible Currency Swap Fee: <i>Major / local currency:</i> 10 bps p.a. / 2 bps p.a. Interest Rate Swap Fee: <i>Major / local currency:</i> 3 bps p.a. / 1 bp p.a. | Hedging Products Hedging Guidelines | Morocco |
| Insurance for Disaster Risk Management | Catastrophe Bonds | Provides insurance against natural disasters by transferring risks to capital markets. | IBRD and IDA countries are eligible to avail of these products through the World Bank Treasury's disaster risk intermediation platform. The underlying risk is passed to the market (capital market, reinsurance market or private investors) such that pricing depends on individual risk metrics and market conditions. | Disaster Risk Insurance Platform | Chile CatBond Jamaica Pacific All. Philippines PCRAFI Mexico |
| | Insurance/ Reinsurance | Provides insurance against natural disasters (e.g. geological events) and weather events by transferring risks to insurance markets. | | Weather Derivative | Uruguay Malawi |
| | Derivatives | Provides insurance against natural disasters and weather events by transferring risks to markets in derivative form. | | | |

Notes

1. IFL loans and IDA concessional financing can be blended with other concessional financing (for example, through trust funds or grants). See case studies: [Jordan and Lebanon](#), [China](#), [Mexico 1](#), [Mexico 2](#)
2. General conditions and instructions for IFL's:
 - a. [Development Policy Financing](#)
 - b. [Investment Project Financing](#)
 - c. [Program for Results](#)
 - d. [Flexible Loan Choice Worksheet](#)
 - e. [Flexible Loan Choice Worksheet instructions](#)
3. For IDA borrowers 50% of the CAT DDO can be funded through Country Allocation/IDAs overall resources. Eligible IDA countries can fund the CAT DDO using SUW financing.
4. Other crisis financing options available to IDA countries include:
 - a. [Crisis Response Window](#)
 - b. [Immediate Response Mechanism](#)
 - c. [Pandemic Emergency Financing Facility](#)
5. Standalone hedges (currency and interest rate swaps) are also available on IBRD loans. Fees quoted here are for currency and interest rate embedded conversion options only. Fees for standalone hedges will differ for currency and interest rate swaps.
6. IBRD and IDA guarantees are also available to cover defaults on non-loan related Government payment obligations, to private entities and foreign public entities arising from contract, law or regulation.

IBRD Eligibility Criteria

Eligibility for IBRD products is determined primarily by the member country's per capita income and creditworthiness. Exceptionally, other factors (such as size, for certain small island economies) may determine a country's eligibility for IBRD products.

IDA Eligibility criteria

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.

IDA also supports some countries, including several small island economies, that are above the operational cutoff but lack the creditworthiness needed to borrow from IBRD. Some countries are IDA-eligible based on per capita income levels and are also creditworthy for some IBRD borrowing. They are referred to as "blend" countries.

Additional Reference Material

[Bank Directive: Financial Terms and Conditions of Bank Financing](#)

[Bank Policy: Financing Terms and Conditions of Bank Financing](#)

[Bank Directive: Conversion of Financial Terms of IBRD and IDA Loans and Financing Instruments](#)

Acronyms

CAT DDO: Catastrophe Deferred Drawdown Option

DDO: Deferred Drawdown Option

DPL: Development Policy Loan

GDP: Gross Domestic Product

IBRD: International Bank for Reconstruction and Development

IDA: International Development Association

IFL: IBRD Flexible Loan

IPF: Investment Project Financing

ISDA: International Swaps and Derivatives Association

SBL: Single Borrower Limit

SUW: Scale Up Window

Disclaimer

Information in this handout might be subject to change. Refer to [World Bank Treasury](#) for up to date product information.

This handout does not represent, and shall not be interpreted as, legal advice or a recommendation as to any particular matter covered herein.

This handout serves as marketing material and does not provide the complete terms and conditions of the World Bank's financial products. Borrowers should refer to legal agreements and General Conditions with respect to individual loans.

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