

# World Bank Financial Products Overview

	Product	Use	Key Terms and Fees	Product Notes	Case Studies
Financing (Loans)	IBRD Flexible Loan (IFL) <sup>1,2</sup>	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"> <li>Committed and repayable in the currency or currencies of the loan selected by the borrower.</li> <li>Includes embedded risk management features – see financial risk management options below.</li> </ul>	<ul style="list-style-type: none"> <li><b>Maturity:</b> final: ≤ 35 years, average repayment maturity: ≤20 Years</li> <li><b>Repayment schedule:</b> Flexible</li> <li><b>Lending Rate:</b> Reference Rate + variable spread</li> <li><b>Fees:</b> <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</li> </ul>	<a href="#">IFL Product Note</a>  <a href="#">IFL Pricing Basics</a>	<a href="#">Vietnam</a> <a href="#">Brazil</a> <a href="#">Colombia</a> <a href="#">Botswana</a>
	IDA Concessional Financing <sup>1</sup>	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"> <li><b>Maturity:</b> 30/38/40 Blend/Regular/Small</li> <li><b>Repayment schedule:</b> Fixed</li> <li><b>Lending Rate:</b> Grants: zero; Credits: Fixed concessional rate</li> </ul>	<a href="#">IDA Single Currency Lending</a>	
	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	<a href="#">SUW</a>	<a href="#">West Africa</a>
	IBRD Enclave Loans for IDA borrowers	Additional lending for IDA countries on IFL lending terms for investment projects with foreign exchange revenues that can ringfenced.	See IFL; rate may be higher than IFL (see Enclave Loans product note)	<a href="#">Enclave</a>	<a href="#">Cote d'Ivoire</a>
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"> <li><b>Repayment Terms and Lending Rate:</b> follow IFL terms at time of drawdown (except that average repayment maturity for maturity premium calculated from loan effectiveness).</li> <li><b>Fees:</b> <i>Front-end fee:</i> 25 bps one-time fee <i>Stand-by fee:</i> 50 bps p.a.</li> </ul>	<a href="#">DPL DDO</a>	<a href="#">Indonesia</a>
	IBRD and IDA DPL with CAT DDO <sup>3,4</sup>	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"> <li><b>Repayment Terms and Lending Rates:</b> follows IFL or IDA concessional financing at time of drawdown (except that average repayment maturity for maturity premium calculated at loan effectiveness).</li> <li><b>Fees:</b> <i>IBRD:</i> Front-end fee: 50 bps one-time fee; renewal fee: 25 bps payable on each renewal; <i>IDA:</i> Zero fees</li> <li><b>Limits:</b> <i>IBRD:</i> Lower of \$500m or 0.25% of GDP; <i>IDA:</i> Lower of \$250m or 0.5% GDP (or up to \$20m)</li> </ul>	<a href="#">IBRD CAT DDO</a> <a href="#">IDA CAT DDO</a>	<a href="#">Kenya - IDA</a>
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 <sup>5</sup> . Convert disbursed amounts into 25 liquid local currencies.	<ul style="list-style-type: none"> <li><b>Fee<sup>5</sup>:</b> Disbursed amounts from 6 bps p.a. from USD, 11 bps p.a. from EUR/JPY</li> <li><b>Fee:</b> Undisbursed amounts, <i>lending currencies</i>, one-time 12.5 bps</li> </ul>	<a href="#">Local currency financing</a>	<a href="#">South Africa</a> <a href="#">Mexico 1 &amp; 2</a> <a href="#">Uruguay</a> <a href="#">Turkey</a>
	Interest rate risk in IFL	Fix, unfix, cap, or collar the interest rate using options embedded in the loan agreement <sup>6</sup> .	<ul style="list-style-type: none"> <li><b>Fee<sup>5</sup>:</b> Rate fixing 5 bps p.a. for USD, 10 bps p.a. for EUR/JPY</li> <li><b>Fee<sup>5</sup>:</b> Caps and collar on a case-by-case basis</li> </ul>	<a href="#">Interest Rate Risk</a>	<a href="#">Colombia General</a>
	Commodity price risk	Reduce exposure to changes in commodity prices (e.g. oil prices) through World Bank intermediated derivative transactions.	<ul style="list-style-type: none"> <li>IBRD countries are eligible</li> </ul>	<a href="#">Hedging Products</a>	<a href="#">Uruguay</a>
	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"> <li>IBRD countries are eligible</li> <li><b>Currency Swap Fee:</b> <i>Major / local currency:</i> 10 bps p.a. / 2 bps p.a.</li> <li><b>Interest Rate Swap Fee:</b> <i>Major / local currency:</i> 3 bps p.a. / 1 bp p.a.</li> </ul>	<a href="#">Hedging Guidelines</a>	<a href="#">Morocco</a>
Credit Enhancement	IBRD or IDA Guarantees	Guarantees a portion of the public-sector borrower's debt service obligations to private sector investors <sup>8</sup> . Project-based guarantees: for investment projects. Policy-based guarantees: for general budget support.	<ul style="list-style-type: none"> <li><b>Upfront Fees:</b> Front-end fee: IBRD 25 bps / IDA 0; Initiation fee: Greater of 15 bps of \$100k; Processing fee: 50 bps.</li> <li><b>Recurring Charges:</b> Standby fee: IBRD 25 bps/IDA 0; Guarantee fee: IBRD 50-165 bps / IDA 75 bps</li> </ul>	<a href="#">Credit Guarantee Product Matrix</a>	<a href="#">Montenegro</a> <a href="#">Albania</a> <a href="#">Serbia</a> <a href="#">Turkey</a>
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.	<a href="#">Disaster Risk Insurance Platform</a>	<a href="#">Pacific All. Philippines</a> <a href="#">Philippines</a> <a href="#">Bond</a> <a href="#">PCRAFI</a> <a href="#">Mexico</a> <a href="#">Jamaica</a>
	Insurance/ Reinsurance	Provides insurance against natural disasters (e.g. geological events) and weather events by transferring risks to insurance markets.			<a href="#">Uruguay</a> <a href="#">Malawi</a>
	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](#) general conditions
  - b. [Investment Project Financing](#) general conditions
  - c. [Program for Results](#) general conditions
  - d. [Flexible Loan Choice Worksheet](#) instructions
  - e. [Flexible Loan Choice Worksheet](#)
3. For IDA borrowers 50%/50% of the CAT DDO can be funded through Country Allocation/IDAs overall resources. Eligible IDA countries can fund the CAT DDO using SUF 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

**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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