# World Bank Financial Products Overview

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| **IBRD Flexible Loan (IFL)** | IBRD loan product with flexible financial terms tailored to the needs of development financing or the client’s debt management strategy. | - Maturity: final ≤ 35 years, average repayment maturity: ≤20 Years  
- Repayment schedule: Flexible  
- Lending Rate: Reference Rate + variable spread  
- Fees: Front-end fee: 25 bps one-time fee  
- Commitment fee: 25 bps per annum (p.a.) on undisbursed balance  
- SBL Surcharge: for some countries | IFL Product Note | Vietnam Nepal Kazakhstan Botswana |
| **IDA Concessional Financing** | 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, institutional and infrastructural reforms. | - 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 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 ringfenced. | See IFL; rate may be higher than IFL (see Enclave Loans product note) | Enclave | Cote d’Ivoire |

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<th>Contingent Financing (Loans)</th>
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| **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. | - 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: Front-end fee: 25 bps one-time fee  
- Stand-by fee: 50 bps p.a.  
- 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: IFRD: Front-end fee: 50 bps one-time fee; renewal fee: 25 bps payable on each renewal; IDA: Zero fees  
- Limits: IBRD: Lower of $1bn or 0.5% of GDP; IDA: Lower of $500m or 1% of GDP (or up to $40m) | DPL DDO | Indonesia |
| **IBRD and IDA DPL with CAT DDO** | 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. | - 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: IFRD: Front-end fee: 25 bps one-time fee; standby fee: 50 bps p.a. on undisbursed balances; no renewal fee. IDA: Zero fees | IFRD 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. | - 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: IFRD: Front-end fee: 25 bps one-time fee; standby fee: 50 bps p.a. on undisbursed balances; no renewal fee. IDA: Zero fees | IPF DDO | |

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| **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. Convert disbursed amounts into 25 liquid local currencies. | - Fee: Disbursed amounts from 6 bps p.a. from USD, 11 bps p.a. from EURJPY  
- Fee: Undisbursed amounts, lending currencies, one-time 12.5 bps | Local currency financing | Turkey Indonesia South Africa Mexico 1 & 2 |
| **Interest rate risk in IFL** | Fix, unfix, cap, or collar the interest rate using options embedded in the loan agreement. | - Fee: Rate fixing 5 bps p.a. for USD, 10 bps p.a. for EURJPY  
- Fee: Caps and collar on a case-by-case basis | Interest Rate Risk Hedging Products Hedging Guidelines | Uruguay Philippines Sri Lanka Angola Morocco |
| **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. | IBRD countries are eligible  
- Interest Rate Swap Fee: Major / local currency: 3 bps p.a. / 1 bps p.a. | Disaster Risk Insurance Platform Weather Derivative | Chile Calibond Jamaica Pacific All. Philippines PGRPAF Mexico Uruguay Malawi |

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<th>Insurance for Disaster Risk Management</th>
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<td><strong>Catastrophe Bonds</strong></td>
<td>Provides insurance against natural disasters by transferring risks to capital markets.</td>
<td>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.</td>
<td>Disaster Risk Insurance Platform</td>
<td>Chile Calibond Jamaica Pacific All. Philippines PGRPAF Mexico Uruguay Malawi</td>
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<td><strong>Insurance/Reinsurance</strong></td>
<td>Provides insurance against natural disasters (e.g. geological events) and weather events by transferring risks to insurance markets.</td>
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<td><strong>Derivatives</strong></td>
<td>Provides insurance against natural disasters and weather events by transferring risks to markets in derivative form.</td>
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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.

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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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