

Presentation on Indicative Financing Terms by different Financial Institutions

Indicative Financing Terms by different Financial Institutions

Brief Indicative Financing Terms of following Financial Institutions is highlighted:

- Asian Infrastructure Investment Bank (AIIB)
- New Development Bank (NDB)
- Asian Development Bank (ADB)
- African Development Bank (AfDB)
- International Development Association (IDA)
- International Bank for Reconstruction and Development (IBRD)
- EXIM Bank of India

Asian Infrastructure Investment Bank (AIIB) (1/2)

Policy Mandate

Sustainable economic development, wealth creation and improvement of infrastructure connectivity in Asia. Promotion of regional cooperation and partnership to address development challenges

Focus Areas

- Rural infrastructure
- Energy and Power
- Environmental Protection
- Transportation & Telecommunication
- Water Supply and Sanitation
- Urban Development and Logistics

Instruments

Loans, guarantees and equity

Sovereign-Backed Loan Pricing

Maximum final maturity of 35 years, maximum average maturity of 20 years

Reference rate is LIBOR

Fees and lending spread applicable to sovereign-backed loan

Fee/Spread	Rate	Charged on	One-time/recurring
Front-end Fee	0.25%	Loan principal	One-time
Commitment Fee	0.25%	Undisbursed loan balances	Recurring
Lending Spread	Fixed spread or variable spread to Reference Rate	Disbursed and outstanding loan balances	Recurring

Asian Infrastructure Investment Bank (AIIB) (2/2)

Lending spread of Fixed Spread Loans (FSL)

Average Maturity	Up to 8 years	8 to 10 years	10 to 12 years	12 to 15 years	15 to 18 years	18 to 20 years
Contractual Lending Spread	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Maturity Premium	0	0.10%	0.20%	0.30%	0.40%	0.50%
Market Risk Premium	0.10%	0.10%	0.10%	0.10%	0.15%	0.15%
Projected Funding Spread to LIBOR	0.05%	0.15%	0.15%	0.20%	0.25%	0.25%
Lending Spread	0.65%	0.85%	0.95%	1.10%	1.30%	1.40%

Lending spread of Variable Spread Loans (VSL)

Average Maturity	Up to 8 years	8 to 10 years	10 to 12 years	12 to 15 years	15 to 18 years	18 to 20 years
Contractual Lending Spread	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Maturity Premium	0	0.10%	0.20%	0.30%	0.40%	0.50%
Borrowing Cost Margin, including Cross-Currency Basis Swap Adjustment	To be calculated for each hard currency					
Lending Spread (without Borrowing Cost Margin)	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%

New Development Bank (NDB)

Lending Spread for Sovereign Guaranteed Loans Denominated in USD

Floating Benchmark rate (6-Month LIBOR) + Fixed Spread						
Average Repayment Maturity	Up to 8 years	8 to 10 years	10 to 12 years	12 to 15 years	15 to 18 years	18 to 19 years
Contractual Lending Spread	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Maturity Premium	0.00%	0.05%	0.10%	0.20%	0.30%	0.35%
Market Risk Premium	0.05%	0.10%	0.10%	0.10%	0.15%	0.15%
Cost of Funds over Benchmark Rate	0.10%	0.20%	0.25%	0.25%	0.30%	0.35%
Lending Spread	0.65%	0.85%	0.95%	1.05%	1.25%	1.35%

Front end fee- 25 Basis points on approved amount

Commitment Fee- 25 Basis points on accrued portion of undisbursed net-loan balance

Policy Mandate

Mobilization of resources for infrastructure and sustainable development projects in **BRICS and other emerging economies**

Focus Areas

- Infrastructure
- Clean Energy
- Transport Infrastructure
- Irrigation
- Water Resource management & sanitation
- Sustainable Urban Development
- Economic Cooperation & Integration

Instruments

Loans, grants, lines of credit, technical assistance, guarantees, equity

Asian Development Bank (ADB)

ADB offers its sovereign and sovereign-guaranteed borrowers London Interbank Offered Rate (LIBOR)-based Loans (LBL) with a **floating rate based on 6-month LIBOR plus an effective contractual spread and a maturity premium** (where applicable) that are fixed over the life of the loan

Sl. No.	Parameter	Value	
1.	Cost base Rate	6-month LIBOR for USD and JPY; 6-month EURIBOR for EUR	
2.	Effective Contractual Spread	0.50% p.a. (A fixed spread of 0.60% net of a permanent credit of 0.10%)	
3.	Maturity Premium	Average Loan Maturity*	
		Less than or equal to 13 years	Nil
		Greater than 13 years and up to 16 years	0.10% p.a.
		Greater than 16 years and up to 19 years	0.20% p.a.

*The average loan maturity is subject to a limit of 19 years

Commitment Fee- 0.15% based on undisbursed balance of loan

Policy Mandate

Promoting economic growth and cooperation in **Asia and the Far East** and contribution to the acceleration of the process of economic development of the **developing member countries** in the region, collectively and individually

Focus Areas

- Infrastructure
- Environment
- Regional Cooperation and Integration
- Finance-Sector Development and education

Instruments

Loans, grants, lines of credit, technical assistance, guarantees and equity

African Development Bank (AfDB)

Instrument	Maturity	Grace Period	Interest Rate and other features
Fully flexible loan	Up to 25 years	Up to 8 years	Interest rate flexibly determined in light of maturity and grace period; Sovereign guaranteed only
Fixed spread loan	Up to 15 years	Up to 5 years	Floating (6-month LIBOR) or fixed base rate and risk-based lending spread. Fees apply.
AfDF Loan	40 years	5 to 10 years	No interest rate; 0.75% service charge and 0.50% commitment fee. Blending available.

Interest Rate=Base Rate +Funding Cost Margin+ Lending Margin + Maturity Premium

Parameter	Value
Base rate	Floating Base Rate (6-month USD LIBOR, 6m JPY LIBOR or 6m EURIBOR)
Funding Cost Margin	Determined for each currency every 1st January and 1st July
Lending Margin	80 basis points (0.8%)
Maturity Premium	0% if Average Loan Maturity ≤ 12.75 years 0.10% if 12.75 < Average Loan Maturity ≤ 15 0.20% if Average Loan Maturity >15 years

Fully flexible loan

Front end fee- 0.25% of the loan amount due at loan effectiveness

Commitment fees- 0.25% per annum of the undisbursed amount

Policy Mandate

Sustainable economic development and social progress of its regional members individually and jointly

Focus Areas

- Infrastructure
- Regional Integration
- Private-sector Development
- Governance and Accountability
- Skills and Technology

Instruments

Loans, grants, lines of credit, technical assistance, guarantees and equity

Source: A guide to multilateral development banks, 2018 by Overseas Development Institute
<https://www.afdb.org/en/projects-operations-financial-products-african-development-bank-loans/fli-terms-and-conditions>

International Development Association (IDA) (1/2)

Instrument	Maturity	Grace Period	Principal Repayments		Acceleration Clause
Grants	NA	NA	NA	NA	NA
Small Economy	40	10	2% for 11-20 years	4% for 21-40 years	Yes
Regular	38	6	3.125% for 7-38 years	3.125% for 7-38 years	Yes
Blend	30	5	3.3% for 6-25 years	6.8% for 26-30 years	Yes
Non-concessional financing	Upto 35 yrs. Maximum maturity; upto 20 years average maturity		Flexible	Flexible	NA

Effective as of April 1, 2020

IDA's regional focus includes Sub-Saharan Africa, East Asia and Pacific, Europe and Central Asia, Latin American and Caribbean, Middle East and North Africa, South Asia

Source: <https://treasury.worldbank.org/en/about/unit/treasury/ida-financial-products/lending-rates-and-fees>

Policy Mandate

Promotion of economic development, increased productivity and thus raised standards of living in the **less-developed areas of the world** included within the Association's membership

Focus Areas

- Extreme poverty & shared prosperity
- Gender equality & empowerment
- Access to clean water and sanitation
- Climate change mitigation & adaptation
- Development of infrastructure
- Improvement of education
- Healthcare
- Conflict and Fragility

Instruments

Loans, grants, guarantees, equity and technical assistance

International Development Association (IDA) (2/2)

Fixed Spreads as on April 1, 2020					
Average Maturity Bucket					
Up to 8 years	8 + to 10 years	10+ to 12 years	12+ to 15 years	15 + to 18 years	18 + to 20 years
LIBOR + 0.65%	LIBOR + 0.85%	LIBOR + 0.95%	LIBOR + 1.10%	LIBOR + 1.30%	LIBOR + 1.40%

Variable Spreads as on April 1, 2020					
Average Maturity Bucket					
Up to 8 years	8 + to 10 years	10+ to 12 years	12+ to 15 years	15 + to 18 years	18 + to 20 years
LIBOR + 0.49%	LIBOR + 0.59%	LIBOR + 0.69%	LIBOR + 0.79%	LIBOR + 0.89%	LIBOR + 0.99%

International Bank for Reconstruction and Development (IBRD) (1/2)

Fixed Spreads as on April 1, 2020

Pricing Group	Country Classification	Average Maturity Bucket					
		Up to 8 years	8 + to 10 years	10+ to 12 years	12+ to 15 years	15 + to 18 years	18 + to 20 years
A*	Blends, small states, countries in fragile and conflict-affected situations (FCS) and recent IDA graduates	LIBOR + 0.65%	LIBOR + 0.85%	LIBOR + 0.95%	LIBOR + 1.10%	LIBOR + 1.30%	LIBOR + 1.40%
B	Countries below-GDI which do not qualify for an exemption listed in Group A	LIBOR + 0.65%	LIBOR + 0.85%	LIBOR + 1.00%	LIBOR + 1.20%	LIBOR + 1.45%	LIBOR + 1.60%
C	Countries above-GDI, but below HIC status (high-income countries), and which do not qualify for an exemption listed in Group A	LIBOR + 0.65%	LIBOR + 0.85%	LIBOR + 1.05%	LIBOR + 1.30%	LIBOR + 1.60%	LIBOR + 1.80%
D	Countries with high income status (HIC) and which do not qualify for an exemption listed in Group A	LIBOR + 0.70%	LIBOR + 0.90%	LIBOR + 1.15%	LIBOR + 1.45%	LIBOR + 1.80%	LIBOR + 2.05%

*These countries are exempt from the maturity premium increase regardless of their income levels

Front end fee- 0.25%

Commitment fee- 0.25%

IBRD's typically assists middle-income and creditworthy poorer countries

Source: <https://treasury.worldbank.org/en/about/unit/treasury/ibrd-financial-products/lending-rates-and-fees>

Policy Mandate

Reconstruction & development of member territories by facilitating capital investment for productive purposes and promotion of private foreign investment

Focus Areas

- Extreme poverty and shared prosperity
- Urban infrastructure & transportation
- Climate change mitigation & adaptation
- Water and sanitation
- Fragility, conflict and violence
- Employment and stability
- Access to education

Instruments

Grants, loans and technical assistance

International Bank for Reconstruction and Development (IBRD) (2/2)

Variable Spreads as on April 1, 2020							
Pricing Group	Country Classification	Average Maturity Bucket					
		Up to 8 years	8 + to 10 years	10+ to 12 years	12+ to 15 years	15 + to 18 years	18 + to 20 years
A*	Blends, small states, countries in fragile and conflict-affected situations (FCS) and recent IDA graduates	LIBOR + 0.49%	LIBOR + 0.59%	LIBOR + 0.69%	LIBOR + 0.79%	LIBOR + 0.89%	LIBOR + 0.99%
B	Countries below-GDI which do not qualify for an exemption listed in Group A	LIBOR + 0.49%	LIBOR + 0.59%	LIBOR + 0.74%	LIBOR + 0.89%	LIBOR + 1.04%	LIBOR + 1.19%
C	Countries above-GDI, but below HIC status (high-income countries), and which do not qualify for an exemption listed in Group A	LIBOR + 0.49%	LIBOR + 0.59%	LIBOR + 0.79%	LIBOR + 0.99%	LIBOR + 1.19%	LIBOR + 1.39%
D	Countries with high income status (HIC) and which do not qualify for an exemption listed in Group A	LIBOR + 0.54%	LIBOR + 0.64%	LIBOR + 0.89%	LIBOR + 1.14%	LIBOR + 1.39%	LIBOR + 1.64%

*These countries are exempt from the maturity premium increase regardless of their income levels

Front end fee- 0.25%

Commitment fee- 0.25%

EXIM Bank Lines of Credit (LoC)

Category	Country Classification	Maturity	Moratorium	Interest Rate
I	L&MI countries with minimum binding concessional requirement	25 years	5 years	1.50%
II	L&MI countries with no minimum binding concessional requirement	20 years	5 years	1.75%
III	Other developing countries	15 years	5 years	Libor +1.5%

Exim Bank's regional focus is particularly in African, Asian and Latin American and Caribbean countries

Policy Mandate

Concessional Lines of Credit under the Indian Development and Economic Assistance Scheme (IDEAS) will be provided by EXIM Bank or any other Public Sector Bank approved by GoI

Focus Areas

- Rural and Urban Infrastructure
- Power transmission & distribution
- Telecommunications
- Transportation
- Agricultural development & irrigation
- Water Supply and Sanitation
- Capacity Building
- Climate change mitigation & adaptation

Instruments

Line of credit, Buyer's credit

THANK YOU