IDA19 Scale-Up Window Financing

IDA has established a US$5.7 billion Scale-up Window (IDA19 SUW) for country-specific and/or regional operations during the IDA19 period. These resources are in addition to the regular concessional resources that countries will receive in IDA19, making them especially useful where core IDA allocations are insufficient to support transformational initiatives.

IDA19 SUW credits are offered to Blend and IDA-only countries at IBRD lending terms, i.e., non-concessional terms.

Eligibility
Current IDA client countries that are at low or medium risk of debt distress are eligible to access IDA19 SUW. Implementation will be consistent with the Sustainable Development Framework Policy (SDPF) and the IMF Debt Limit Policy. Both single country and regional operations are eligible.

IDA19 SUW Credits support 1) investment project financing in any sector, including the use of guarantees; 2) development policy financing, including the use of the Catastrophe Deferred Drawdown Option (CAT DDO); and 3) program-for-results financing. The proposed operation is expected to be consistent with IDA19 policy priorities and World Bank Group goals. Projects supported are expected to be of high-quality and transformational with strong development impact. Programs supported are expected to focus on interventions that will help clients remove critical constraints to development and mobilize private financing.

Currency
IDA19 SUW credits are committed and repayable in the following currencies: USD, EUR, GBP, and JPY. IDA may also be able to provide financing in other currencies that it can efficiently intermediate, including local currency.

Tenor
Maximum final maturity is 35 years, including grace period. The maximum weighted average maturity or average repayment maturity (ARM) is 20 years.

Repayment Schedule
Recipients have a choice of two types of repayment schedules:

Commitment-linked Repayment Schedule: The repayment schedule begins at credit commitment. Principal repayments are calculated as a share of the total credit amount disbursed and outstanding.

Disbursement-linked Repayment Schedule: The repayment schedule is linked to actual disbursements. Each semester’s group of disbursements is similar to a tranche with its own repayment terms (i.e., grace period, final maturity, and repayment pattern). Each semester’s group of disbursements will have the same repayment terms.

Credits under IDA19 SUW are not subject to IDA’s acceleration repayment clause.

Amortization Profile
The recipient may customize the repayment schedule of the credit as needed, subject to the average maturity and final maturity limits.

Interest Rate
The interest rate consists of a market-based floating reference rate and a spread. The reference rate varies by currency (6-Month LIBOR for USD, JPY and GBP and EURIBOR for EUR). Two types of spreads are available: Variable Spread and Fixed Spread.

Fees
Fees include front-end fee and commitment fee.

Interest rate and currency conversions
Currency and interest rate conversion options are embedded in the credit agreement and can be executed at the recipient’s request.
### Interest Rate

The interest rate is reset semi-annually, on each interest payment date, and applies to interest periods beginning on those dates. The interest rate is subject to a floor of zero. The reference rate is the value of the 6-Month LIBOR or EURIBOR at the start of an interest period for most currencies, or another recognized market rate. Recipients have a choice of spread:
- **Fixed Spread** which is fixed for the life of the credit and aligned to IBRD’s fixed spread.
- **Variable Spread** which is aligned to IBRD’s variable spread; resets semi-annually and applies to the interest period commencing on the Payment Date falling on, or immediately after such recalculation date.

### Fees

Front-end fee of 0.25% of credit amount is due within 60 days of effectiveness date of the project, but before the first withdrawal from the credit, and may be financed out of credit proceeds. Commitment fee of 0.25% is charged on undisbursed balances, and starts to accrue 60 days after signing date.

### Maturity Limits and Repayment Schedules

**Policy Limits:** Final maturity is 35 years including grace period (during which only interest is paid), while maximum weighted average maturity is 20 years.

Recipients have the flexibility to tailor the repayment schedule during credit preparation. Once the credit is approved, the repayment schedule cannot be changed, except for the Catastrophe Risk DDO (CAT DDO) for which the repayment schedule may be changed at the time of drawdown within prevailing maturity limits.

### Currencies

**Currency of Commitment:** Credits are offered in most major currencies like EUR, GBP, JPY and USD. Other currencies may be available if the IDA can fund itself efficiently in the market. Recipients may contract credits in more than one currency.

**Currency of Disbursement:** Disbursements may take place in any currency, as requested by the recipient. Currencies are acquired by IDA and passed on to the client at market terms. The credit obligation, however, remains in the currency of commitment.

**Currency of Repayment:** The principal, interest, and any other fees must be repaid in the currency(ies) of commitment. However, currency conversion options may be available as specified below.

### Currency Conversion

**Undisbursed Amounts:** All or part of the undisbursed balance may be converted from one major currency into another major currency which IDA can efficiently intermediate (see “Currency of Commitment” above).

**Disbursed Amounts:** All or part of the disbursed and outstanding balance may be converted into another currency, including the recipient’s local currency, subject to the availability of a liquid swap market for that currency.

### Interest Rate Conversion

**Credits with a Fixed Spread:** The variable lending rate (i.e. reference rate plus the fixed spread) may be converted to a fixed rate, and may be subsequently converted to a floating lending rate. This option may be exercised by the recipient at any time during the life of the credit for all or part of the disbursed and outstanding balance.

**Credits with a Variable Spread:** The variable spread on the entire Credit amount may be converted to a fixed spread, but not vice versa. The following options may be exercised by the recipient at any time during the life of the Credit for all or part of the disbursed and outstanding balance. The reference rate applicable to the disbursed balance may be converted to a fixed rate, and may be subsequently converted to a floating reference rate. The Variable Spread, however, will not be converted. The entire floating rate may also be converted to a fixed rate after first fixing the spread.

### Conversion Fees

Transaction fee(s) for currency and/or interest rate conversions may apply (see treasury.worldbank.org).

### Payment Dates

Debt service payment dates will be on the 1st or 15th day of a month and semi-annually thereafter, as decided by the recipient during negotiations.

### Prepayment

Recipients may prepay, at any time, all or part of the outstanding credit balance. Prepayment charges apply based on (i) IDA’s redeployment cost of the prepaid credit amount and (ii) the cost of unwinding any outstanding interest or currency conversions plus any transaction fees applicable to amounts that were previously converted.

The above is not necessarily a complete treatment of the terms and conditions of the credit. Borrowers should refer to Financing Agreements and General Conditions with respect to their individual loans.

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