

IBRD Banking Products in Asia

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Financial Terms Selected for New Loans, 1999-2006

	FSL	VSL	FSCL	Total
	37	138	19	194
China	5	69		74
India	1	33		34
Indonesia	1	24	11	36
Korea		2		2
Malaysia			3	3
Pakistan	8	1		9
Papua New Guinea	5		1	6
Philippines	17	8		25
Thailand		1	4	5



Asian Clients Have Used the Banking Products to...

- **China**
 - Blend IBRD and DFID funds to achieve concessionary funding and obtain longer grace period
 - Match IBRD debt service with projected revenues
- **Fiji**
 - Meet cash flow requirements
 - Lock in fixed rates



Asian Clients Have Used the Banking Products to...

- **Indonesia**

- Reserve the possibility of converting into local currency in the future

- **Philippines**

- Lock in low JPY interest rates
- Obtain a longer grace period
- Obtain a level debt service profile and a longer grace period
- Increase amount of fixed-rate debt in their portfolio
- Retain flexibility to manage currency and interest rate risk

- **Papua New Guinea, Pakistan**

- Retain flexibility to subsequently change currency and interest rates



China: Blending IBRD and Bilateral Funding to achieve concessionary financing

Borrower/Partnership Needs

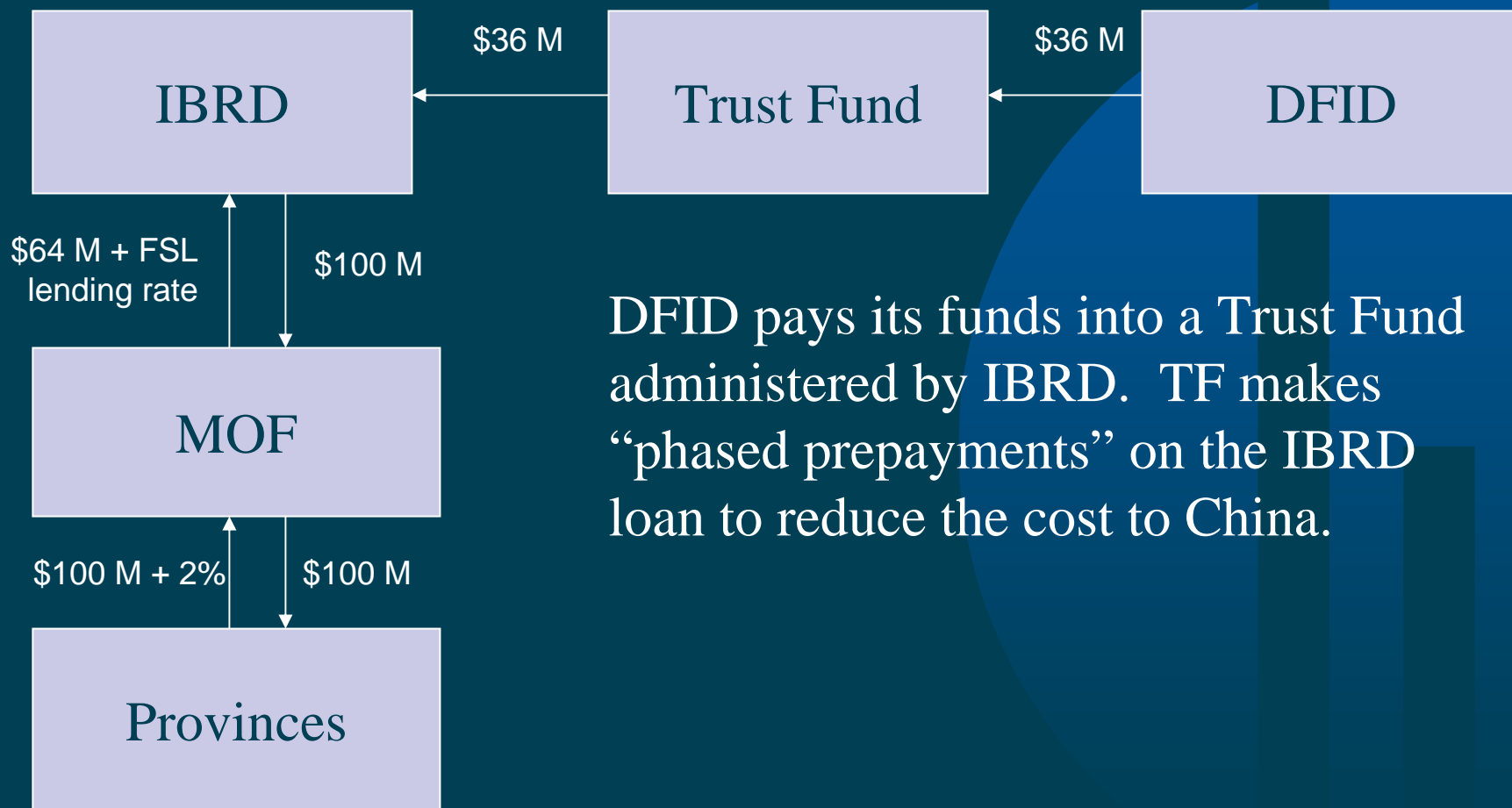
- China
 - Concessionality in funding for previously IDA-financed social projects
 - Grace period compatible with project implementation
- DFID
 - Leverage its grant funds
 - Access to the IBRD's project expertise
- IBRD
 - Mobilize additional funds to support poverty reduction in China



China: Blending IBRD and Bilateral Funding to achieve concessionary financing

- IBRD FSL for USD 100 million, with 8 years grace period, 20 year final maturity and level repayment of principal
- DFID grant of USD 36 million
- DFID pays its grant funds into a trust. At each disbursement, the trust will prepay a fixed percentage of each IBRD loan principal repayment installment (“phased prepayment”)
- Net IBRD loan = USD 64 million

China: Blending IBRD and Bilateral Funding to achieve concessionary financing



DFID pays its funds into a Trust Fund administered by IBRD. TF makes “phased prepayments” on the IBRD loan to reduce the cost to China.

Use of Banking Products May Increase With..

- Improved public debt management practice
- Increased decentralization in lending

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