

Product Note of the Japanese ODA Loans for

Upper Middle Income Countries

1. Eligible Fields and Sectors

(1) Upper Middle Income Countries (GNI per capita US\$3,996 – 6,975 in 2018)

The following fields and sectors will be eligible, in addition to the projects for which Japanese technologies and know-how are substantially utilized.

- Environment
- Human Resource Development
- Measures to Reduce Disparities
- Disaster Prevention and Recovery Measures
- Regional Infrastructure
- Agriculture

(2) Uppermost-Middle-Income Countries (GNI per capita US\$6,976 – in 2018)

The projects such as substantially utilizing Japanese technologies and know-how will be considered on a case-by-case basis until the country graduates from the World Bank (IBRD) lending.

2. Terms and Conditions

(1) General Terms

- General Terms are applied for the general cases.

(2) Preferential Terms

- Preferential Terms are applied for the following sectors and fields:
 - (i) Global Environmental Problems and Climate Change
 - (ii) Health and Medical Care and Services
 - (iii) Disaster Prevention and Reduction
 - (iv) Human Resource Development

(3) Preferential Terms for High Specification

- Preferential Terms for High Specification will be applicable to projects promoting quality infrastructure. The applicability of the terms will be decided on a case-by-case basis.

(4) STEP (Special Terms for Economic Partnership)

- STEP is extended to the projects for which Japanese technologies and know-how are substantially utilized, based on the recipient countries' request to utilize and transfer

excellent technologies of Japan. Countries, which are eligible for tied aid under Arrangement on Officially Supported Export Credits issued by OECD, are eligible for STEP terms.

<source> http://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/step/index.html

(5) SECURE (Stand-by Emergency Credit for Urgent Recovery)

- SECURE will provide quick disbursement for recovering from the natural disaster by signing Exchange of Notes and Loan Agreement in advance.
- Prerequisites are as follows;
 - sound macroeconomic and public financial management
 - Having experience / plan of utilizing Japan's technical cooperation for disaster prevention
- Ceiling amount is 10 billion JPY or 0.25% of GDP, whichever is less.
- Disbursement period is 3 years in principle and will be extended up to a maximum of 15 years by conducting the relevant extension procedures every 3 years.
- The term and condition of 20-year repayment period including 6-year grace period, or 15-year repayment period including 5-year grace period are also available, in order to apply the Currency Conversion Option.
- Front End Fee will be imposed by 0.5% of the commitment amount, and 0.25% will be charged for the undisbursed amount when extending the disbursement period.

3. Options

(1) Currency Conversion Option

- The Currency Conversion Option is a product that offers the borrower an option to convert the currency denomination of the loan from JPY to USD after the completion of disbursement.
- Based on the request by the borrower, the Currency Conversion Option is to be given to the loans with the repayment period of 15 years (including 5 years of grace period) or 20 years (including 6 years of grace period).

<source> http://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/currency/index.html

| Terms | Standard / Option | Interest Rate | | Repayment Period (years) | | Conditions for Procurement |
|---|-------------------|---------------|--------------|-----------------------------------|--------------|----------------------------|
| | | (Fixed) | (Floating) | | Grace Period | |
| General Terms | Longer option | | ¥LIBOR+125bp | 40 | 12 | Untied |
| | Standard | 1.40% | ¥LIBOR+105bp | 30 | 10 | |
| | Option 1 | 1.25% | ¥LIBOR+95bp | 25 | 7 | |
| | Option 2 | 1.10% | ¥LIBOR+85bp | 20 | 6 | |
| | Option 3 | 0.90% | ¥LIBOR+75bp | 15 | 5 | |
| Preferential Terms | Longer option | | ¥LIBOR+105bp | 40 | 12 | |
| | Standard | 1.20% | ¥LIBOR+85bp | 30 | 10 | |
| | Option 1 | 1.05% | ¥LIBOR+75bp | 25 | 7 | |
| | Option 2 | 0.85% | ¥LIBOR+65bp | 20 | 6 | |
| | Option 3 | 0.70% | ¥LIBOR+55bp | 15 | 5 | |
| Preferential Terms for High Specification | Standard | 0.70% | | 30 | 10 | |
| | Option 1 | 0.65% | | 25 | 7 | |
| | Option 2 | 0.60% | | 20 | 6 | |
| | Option 3 | 0.55% | | 15 | 5 | |
| STEP | Standard | 0.10% | | 40 | 13 | |
| Consulting Services | | 0.01% | | same as those for main components | | |

<source> http://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/standard/index.html

4. Miscellaneous

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| Ceiling Ratio | <p>(1) Upper Middle Income Countries (GNI per capita US \$ US\$3,996 – 6,975 in 2018)</p> <ul style="list-style-type: none"> ● A ceiling ratio of the coverage of a loan over total costs of a project is 85% for the usual project. ● Furthermore, where it is difficult for a recipient to allocate sufficient local counterpart funds owing to exceptional circumstances such as recovery from a conflict or an extensive disaster, the ratio may increase to 100% regardless of income levels of recipients. <p>(2) Uppermost-Middle-Income Countries (GNI per capita US \$6,976 – in 2018)</p> <ul style="list-style-type: none"> ● A ceiling ratio of the coverage of a loan over total costs of a project is 70%. |
| Loan Currency | <ul style="list-style-type: none"> ● The currency of commitment and disbursement is Japanese Yen. ● The currency of repayment of principal and payment of interest and any other fees is Japanese Yen. |
| Repayment / Payment | <ul style="list-style-type: none"> ● The dates for repayment of principal and payment of interest will be 20th day of a month and semi-annually thereafter. ● Equal principal payment applied for all loans. |
| Revisions on T&C | <ul style="list-style-type: none"> ● Revisions on Terms and Conditions take place twice a year, April and October. |
| Fixed Terms | <ul style="list-style-type: none"> ● Interest rate is fixed for the life of the loan. |
| Floating Terms | <ul style="list-style-type: none"> ● The interest rate consists of (a) floating base rate of six-month Yen LIBOR in respect of each interest period; and (b) spread, fixed for the life of the loan. ● Unless otherwise specified, LIBOR is reset every six month on two London Banking Days prior to the first day of the relevant interest period. ● If the base rate plus fixed spread is lower than 0.1%, the interest shall be 0.1% (Floor). |
| Front End Fee | <ul style="list-style-type: none"> ● Front End Fee will be imposed by 0.2% of the commitment amount, but the rate of 0.1% will retroactively be applied instead of 0.2% in the event that all disbursement is completed within the original disbursement period. |
| Disbursement | <ul style="list-style-type: none"> ● JICA will make a disbursement within 15 business days when JICA receives a request for disbursement from the borrower. |
| Currency Conversion | <ul style="list-style-type: none"> ● The Currency Conversion Option shall be stipulated in the L/A for a loan that meets the requirements. ● JICA will not accept the request if: <ul style="list-style-type: none"> ✓ the Borrower or any other borrower(s) in the Borrower's country is in arrears with principal repayment and/or interest payment of any Japanese ODA loan on the date of receipt of the Request by JICA; or ✓ the Borrower or any other borrower(s) in the Borrower's country has caused delay in principal repayment and/or interest payment of any Japanese ODA loan for thirty one (31) calendar days or more within the last ten (10) years from and including the date of receipt of the Request by JICA. |