

# *Product Note of the Japanese ODA Loans for Least Developed Countries or Low-Income Countries*

## **1. 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.
- Least Developed Countries are not eligible for STEP terms.

<source> [http://www.jica.go.jp/english/our\\_work/types\\_of\\_assistance/oda\\_loans/step/index.html](http://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/step/index.html)

## **2. 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](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		TORF+50bp	40	10	Untied
	Standard	0.70%	TORF+40bp	30	10	
	Option 1	0.60%	TORF+35bp	25	7	
	Option 2	0.45%	TORF+30bp	20	6	
	Option 3	0.30%	TORF+25bp	15	5	
Preferential Terms	Longer option		TORF+40bp	40	10	
	Standard	0.60%	TORF+30bp	30	10	
	Option 1	0.50%	TORF+25bp	25	7	
	Option 2	0.35%	TORF+20bp	20	6	
	Option 3	0.20%	TORF+15bp	15	5	
Preferential Terms for High Specification	Standard	0.25%		30	10	
	Option 1	0.20%		25	7	
	Option 2	0.15%		20	6	
	Option 3	0.10%		15	5	
STEP	Standard	0.10%		40	10	Tied
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](http://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/standard/index.html)

### 3. Miscellaneous

Ceiling Ratio	<ul style="list-style-type: none"> <li>● A ceiling ratio of the coverage of a loan over total costs of a project is 100%.</li> </ul>
Loan Currency	<ul style="list-style-type: none"> <li>● The currency of commitment and disbursement is Japanese Yen.</li> <li>● The currency of repayment of principal and payment of interest and any other fees is Japanese Yen.</li> </ul>
Repayment / Payment	<ul style="list-style-type: none"> <li>● The dates for repayment of principal and payment of interest will be 20th day of a month and semi-annually thereafter.</li> <li>● Equal principal payment applied for all loans.</li> </ul>
Revisions on Terms and Conditions	<ul style="list-style-type: none"> <li>● Revisions on Terms and Conditions take place twice a year, April and October.</li> </ul>
Fixed Terms	<ul style="list-style-type: none"> <li>● Interest rate is fixed for the life of the loan.</li> </ul>
Floating Terms	<ul style="list-style-type: none"> <li>● The interest rate consists of (a) floating reference rate of six-month TORF in respect of each interest period; and (b) spread, fixed for the life of the loan.</li> <li>● Unless otherwise specified, TORF is reset every six month on two Tokyo Banking Days prior to the first day of the relevant interest period.</li> <li>● If the reference rate plus fixed spread is lower than 0.1%, the interest shall be 0.1% (Floor).</li> </ul>
Front End Fee	<ul style="list-style-type: none"> <li>● 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.</li> </ul>
Disbursement	<ul style="list-style-type: none"> <li>● JICA will make a disbursement within 15 business days when JICA receives a request for disbursement from the borrower.</li> </ul>
Currency Conversion	<ul style="list-style-type: none"> <li>● The Currency Conversion Option shall be stipulated in the L/A for a loan that meets the requirements.</li> <li>● JICA will not accept the request if: <ul style="list-style-type: none"> <li>✓ 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</li> <li>✓ 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.</li> </ul> </li> </ul>