**IDA Graduation**

**Transition Finance Toolkit**

**TRANSITION PROCESS**

- **Graduation Criteria**
  - Transition starts when income per capita exceeds for two consecutive years IDA's operational cutoff (USD 1 175 Atlas method) for FY2020.
  - IDA decision to graduate a Blend country to IBRD-only status is based on an assessment of the country's macroeconomic prospects, risk of debt distress, vulnerability to shocks, institutional constraints, and levels of poverty and social indicators.
  - Countries can request a creditworthiness assessment by the International Bank for Reconstruction and Development (IBRD) to be classified as “Blend”.

**TRANSITION IMPACT**

- **Concessionality**
  - Graduation from IDA implies a gradual increase in lending costs from the World Bank (see table below).
  - After completed transition to “IBRD only,” countries can only access IBRD resources (see lending terms below).

<table>
<thead>
<tr>
<th>Terms</th>
<th>IDA Small Economy</th>
<th>IDA Regular</th>
<th>Blend*</th>
<th>IBRD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity (years)</td>
<td>40</td>
<td>38</td>
<td>30</td>
<td>Up to 35 years maximum maturity; up to 20 years average maturity</td>
</tr>
<tr>
<td>Grace period (years)</td>
<td>10</td>
<td>6</td>
<td>5</td>
<td>Reference rate + spread</td>
</tr>
<tr>
<td>Lending rate</td>
<td>Fixed concessional rate</td>
<td></td>
<td></td>
<td>Flexible</td>
</tr>
<tr>
<td>Repayment schedule</td>
<td>Fixed</td>
<td>Fixed</td>
<td>Fixed/Flexible</td>
<td>Flexible</td>
</tr>
</tbody>
</table>

*Blend terms apply to blend countries and IDA countries with GNI per capita above the operational cut-off for more than two consecutive years, known as “gap” countries.

- **External Financing Mix**
  - ODA: 22%
  - OOF: 21%
  - FDI: 2%
  - Remittances: 18%

- **Other Implications**
  - IBRD’s 2018 capital package prioritises support to IDA graduates and new blend countries aiming to make resources available to replace IDA financing.

**RECENT GRADUATES**


The International Development Association (IDA) is the part of the World Bank Group that offers concessional loans and grants to the world’s poorest countries. IDA commitments in the fiscal year 2017/2018 totalled USD 24 billion.

- **59 countries** are classified as IDA-only; **17 countries have Blend status** (IDA and IBRD)
- **44 countries** have graduated from IDA since its founding; **9 countries** have re-gained access

*Note: All statistics as of 2018*

**Key Resources**

- [Viet Nam Transition Finance Pilot](#)
- [IDA Borrowing Countries](#)
- [IDA Graduates](#)
- [IDA18 Midterm Review](#)
- [The Transition Finance Toolkit](https://oe.cd/TF-toolkit)