Loan

Non-Sovereign Loans
Financing for public entities

Non-sovereign loans are intended for companies, public institutions and local authorities when they do not benefit from a State guarantee, to finance projects that contribute to the development of the country.

Non-sovereign loans represent approximately 20% of AFD's active portfolio.

Objectives

Finance development projects implemented by public companies not guaranteed by the State.

Depending on the nature of the project, the French State may subsidize part of the loan in order to allow AFD to propose "concessional" interest rates according to the criteria established by the OECD Development Assistance Committee.

Beneficiaries

Public enterprises not guaranteed by the State

Development banks

Local authorities not covered by a State guarantee, in the countries listed by the OECD Development Assistance Committee, classified by income level:

- Least Developed Countries (LDCs)
- Lower-Middle-Income Countries (LMICs)
- Upper-Middle-Income Countries (UMICs)

Link to the full list of countries concerned on the OECD website – click here

Characteristics

Type of instrument: Loan

Duration: 5 to 20 years

Grace period: 0 to 7 years

Interest rate: Euribor 6 months + margin

Disbursements: At each disbursement, the borrower has the choice between a fixed or variable rate, and the possibility, throughout the term of the loan, to convert the variable rate tranches into fixed rate tranches without charge

Currencies: EUR/USD(1)

Schedule/ periodicity: Constant capital/half-yearly

Commissions: Commitment fee (0.5%)/investigation fee (0.5%)

Possible options: Stand-by loan (stand-by credit line with a right of confirmation for a fixed period), multi-tranche facility (financing of projects with several components or phases)

(1) In certain cases may be granted in local currency.

Examples

Far South Regional Development Bank (BRDE), Brazil (€50 M): Support to the Bank's "Sustainable Production and Consumption" program, which finances local projects with positive environmental and climate impacts.

Municipality of Istanbul, Turkey (€350 M): Support for the development of the metro (extension of the existing network and creation of new lines).