Loan Disbursement Handbook

This handbook is a compilation of the disbursement policies, guidelines, procedures, and practices of the Asian Development Bank (ADB). It serves as a useful reference guide for developing member country borrowers and officials, project staff from executing agencies and project management units, as well as ADB staff in designing and operating an efficient disbursement operation that will support project implementation.

About the Asian Development Bank

ADB’s vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region’s many successes, it remains home to approximately two-thirds of the world’s poor: 1.6 billion people who live on less than $2 a day, with 733 million struggling on less than $1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.
CONTENTS

FOREWORD ix

ABBREVIATIONS x

1 THE HANDBOOK 1
  1.1 Purpose
  1.2 Scope and Applicability
  1.5 Inquiries

2 THE ASIAN DEVELOPMENT BANK 2
  2.3 Inquiries

3 DISBURSEMENT POLICIES 3
  3.1 Basic Principles
  3.3 Definitions
  3.4 Loan or Grant Regulations
  3.5 Loan Documents
  3.6 Loan Milestone Event Dates
  3.7 Retroactive Financing
  3.10 Reallocating Loan Proceeds
  3.11 Loan Cancellation
  3.14 Suspending Withdrawals
  3.15 Accelerating Maturity

4 DISBURSEMENT GUIDELINES AND PRACTICES 8
  4.1 General Guideline
  4.2 Loan Account
  4.3 Discussion of Disbursement Procedures during Project Preparation
  4.4 Disbursement Letter
  4.5 Actions to Be Taken by the Borrower
  4.6 Basic Requirements for Disbursement
  4.7 Eligible and Ineligible Expenditures
  4.8 Disbursement Percentage and Financing Percentage
  4.10 Disallowances and Nonpayments
  4.12 Capitalization of Interest, Commitment Charges, and Other Fees and Charges
  4.13 Changes during Project Implementation
CONTENTS

4.15 Loan Account Closing
   4.15 Project Completion Date and Loan Closing Date
   4.16 Final Disbursement
   4.17 Winding-Up Period
   4.19 Payment of Final Audit Fees
   4.20 Refunds
   4.24 Retention Money and Bank Guarantee
4.25 Audited Project Financial Statements
4.27 Follow-Up Action for Audit Findings of a Serious Nature
4.28 Delay in Submission of Audited Project Financial Statements
4.29 Retention Period of Supporting Documents
4.30 Disbursement under Suspension of Loan

5 INSTRUCTIONS FOR DISBURSEMENT 14
   5.1 Authorized Signatory
   5.2 Allocating Loan Proceeds
   5.4 Withdrawal Application
   5.8 Currency of Payment
   5.10 Payment Instructions
   5.11 ADB's Contract Reference Number:
       Procurement Contract Summary Sheet Number
   5.14 Sample Forms of Withdrawal Application

6 DISBURSEMENT PROCEDURES 17
   6.1 Four Major Types
   6.2 Simplified Documentation under the Reimbursement Procedure
   6.3 Disbursement Procedures and Suggested Types of Payment
   6.4 Modes of Loan Disbursement

7 DIRECT PAYMENT PROCEDURE 19
   7.1 Description
   7.2 Basic Requirements
   7.4 Supporting Documents

8 COMMITMENT PROCEDURE 21
   8.1 Description
   8.5 Basic Requirements
   8.6 Supporting Documents
   8.7 Issuing the Commitment Letter
   8.11 Accepting the Commitment Letter
   8.12 Payment to Commercial Banks
   8.14 Amendments Requiring ADB's Prior Approval
   8.16 Amendments to the Letter of Credit
# REIMBURSEMENT PROCEDURE

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1</td>
<td>Description</td>
</tr>
<tr>
<td>9.4</td>
<td>Basic Requirements</td>
</tr>
<tr>
<td>9.6</td>
<td>Supporting Documents</td>
</tr>
<tr>
<td>9.7</td>
<td>Simplified Documentation</td>
</tr>
<tr>
<td>9.8</td>
<td>Narrative Procedures</td>
</tr>
<tr>
<td>9.9</td>
<td>Statement of Expenditures Procedure</td>
</tr>
<tr>
<td>9.15</td>
<td>Conditions for Approval to Use the Statement of Expenditures Procedure</td>
</tr>
<tr>
<td>9.16</td>
<td>Approval of the Statement of Expenditures Procedure</td>
</tr>
<tr>
<td>9.18</td>
<td>Statement of Expenditures Ceiling</td>
</tr>
<tr>
<td>9.22</td>
<td>Ineligible Payments</td>
</tr>
<tr>
<td>9.23</td>
<td>Audit Arrangements</td>
</tr>
<tr>
<td>9.24</td>
<td>Review by ADB Staff</td>
</tr>
<tr>
<td>9.25</td>
<td>Suspending Use of the Statement of Expenditures Procedure</td>
</tr>
<tr>
<td>9.26</td>
<td>Force Account Works Procedure</td>
</tr>
<tr>
<td>9.28</td>
<td>Conditions for Approval to Use the Force Account Works Procedure</td>
</tr>
<tr>
<td>9.29</td>
<td>Details on the Certificates for Force Account Works</td>
</tr>
<tr>
<td>9.30</td>
<td>Mutually Exclusive Use of Simplified Documentation</td>
</tr>
</tbody>
</table>

# IMPREST FUND PROCEDURE

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>Description</td>
</tr>
<tr>
<td>10.2</td>
<td>Objectives</td>
</tr>
<tr>
<td>10.3</td>
<td>Conditions for Approval to Use the Imprest Fund Procedure</td>
</tr>
<tr>
<td>10.4</td>
<td>Approval of Procedure</td>
</tr>
<tr>
<td>10.5</td>
<td>Basic Requirements</td>
</tr>
<tr>
<td>10.6</td>
<td>Establishing the Imprest Account</td>
</tr>
<tr>
<td>10.8</td>
<td>Location of the Imprest Account</td>
</tr>
<tr>
<td>10.10</td>
<td>Currency of the Imprest Account</td>
</tr>
<tr>
<td>10.11</td>
<td>Using the Imprest Account</td>
</tr>
<tr>
<td>10.12</td>
<td>Request for Advances</td>
</tr>
<tr>
<td>10.15</td>
<td>Liquidation and Replenishment</td>
</tr>
<tr>
<td>10.20</td>
<td>Final Liquidation of Advances to the Imprest Account</td>
</tr>
<tr>
<td>10.22</td>
<td>Refund of Advance</td>
</tr>
<tr>
<td>10.24</td>
<td>Use of Subaccount(s) under the Imprest Account</td>
</tr>
<tr>
<td>10.28</td>
<td>Audit Arrangements</td>
</tr>
<tr>
<td>10.29</td>
<td>Review by ADB Staff</td>
</tr>
<tr>
<td>10.30</td>
<td>Suspending Replenishment</td>
</tr>
<tr>
<td>10.32</td>
<td>Narrative Procedures</td>
</tr>
<tr>
<td>10.33</td>
<td>Supporting Documents</td>
</tr>
</tbody>
</table>
CONTENTS

11 FINANCIAL INTERMEDIATION LOANS AND POLICY-BASED LOANS 37

FINANCIAL INTERMEDIATION LOANS
11.1 Description
11.4 Free Limit
11.5 Disbursement Procedures

POLICY-BASED LOANS
11.10 Purpose of the Policy-Based Loan
11.11 Fiduciary Safeguard
11.12 Loan Proceeds and Disbursement Procedures
11.17 Audit Arrangement

12 COFINANCING OPERATIONS 41

12.1 Description
12.2 Disbursement Procedures
12.4 Types of Cofinancing Disbursement

13 PRIVATE SECTOR (NONSOVEREIGN) OPERATIONS 43

13.1 Description
13.3 Disbursement Procedures
13.8 Trade Finance Program Disbursement Procedures for Revolving Credit Facilities
13.9 Trade Finance Program Disbursement Procedures for Revolving Partial Credit Guarantees

14 LOAN AND GRANT FINANCIAL INFORMATION SERVICES 46
APPENDIXES

CHAPTER 3. DISBURSEMENT POLICIES
3A ADB's Operations Manual Section J6: Disbursement
3B Illustrative Tables for Operations Manual Section J6

CHAPTER 4. DISBURSEMENT GUIDELINES AND PRACTICES
4A Sample of a Disbursement Letter
4B Evidence of Authority to Sign Withdrawal Applications
4C Eligible and Ineligible Expenditures
4D Payment of Final Audit Fees

CHAPTER 7. DIRECT PAYMENT PROCEDURE
7A Withdrawal Application for Direct Payment and Reimbursement (Form ADB-DRP/RMP)
7B Summary Sheet for Direct Payment/Reimbursement/Replenishment/Liquidation (Form ADB-DRP/RMP/IFP-SS)
7C Narrative Procedures and Check List for Direct Payment Procedure

CHAPTER 8. COMMITMENT PROCEDURE
8A Application for Issuance of Commitment Letter (Form ADB-CL)
8B Summary Sheet for Issuance of Commitment Letter (Form ADB-CL-SS)
8C Sample of SWIFT-Based Commitment Letter
8D Sample of Paper-Based Commitment Letter
8E Application for Approval of Amendment of Letter of Credit
8F Approval of Amendment of Letter of Credit
8G Borrower’s Advice of Extension of Letter of Credit Expiry and Shipping Dates
8H Narrative Procedures and Check List for the Commitment Procedure

CHAPTER 9. REIMBURSEMENT PROCEDURE
9A Narrative Procedures and Check List for the Reimbursement Procedure
9B Statement of Expenditures for Project Loans
9C Statement of Expenditures for Financial Intermediation Loans
9D Certificate (Parts I and II) for Force Account Works

CHAPTER 10. IMPREST FUND PROCEDURE
10A Withdrawal Application Form for Imprest Fund (Form ADB-IFP)
10B Estimate of Expenditures Sheet (Form ADB-IFP-EES)
10C Imprest Account Reconciliation Statement
Attachment to Imprest Account Reconciliation Statement,
Estimation of Imprest Account Turnover Ratio
10D Example of Subaccount Reconciliation Statement
10E Narrative Procedures and Check List for Imprest Fund Procedure
<table>
<thead>
<tr>
<th>CONTENTS</th>
</tr>
</thead>
</table>

**CHAPTER 11. FINANCIAL INTERMEDIATION LOANS, POLICY-BASED LOANS** 106

11A  Withdrawal Application for Policy-Based Loan
11B  Certificate under Policy-Based Loan (Format of Support Document Attached to a Withdrawal Application)

**CHAPTER 13. PRIVATE SECTOR (NONSOVEREIGN) OPERATIONS** 109

13A  Certificate of Incumbency and Authority
13B  Disbursement Request for Private Sector Loan
13C  Disbursement Receipt Form
13D  Promissory Note
13E  Form of Disbursement Request (Trade Finance Program)
13F  Subloan Summary Report
13G  Notice of Unpaid Claim
13H  Notice of Participation Contribution – Trade Finance Program Risk Participation Agreement

**CHAPTER 14. LOAN AND GRANT FINANCIAL INFORMATION SERVICES** 123

14A  Loan Financial Information System Reports
14B  Grant Financial Information System Reports
14C  Reference
14D  Downloads
14E  Request for LFIS/GFIS/LAS Web Access Definition/Renewal/Termination
FOREWORD

The Loan Disbursement Handbook is a compilation of Asian Development Bank (ADB) disbursement policies, guidelines, procedures, and practices. The handbook will serve as a useful reference guide for developing member country borrowers and officials, project staff from executing agencies and project management units, as well as ADB staff in designing and operating an efficient disbursement operation that will support project implementation.

The four pillars of an efficient disbursement operation are (i) funds flow structure, (ii) disbursement arrangement, (iii) staff capacity and systems, and (iv) internal controls. A good understanding of ADB’s disbursement policies, guidelines, procedures, and practices is instrumental for building these pillars. The handbook endeavors to complement this need and thereby support project implementation.

The handbook applies to loan and grant investment projects funded by ADB, and provides a separate chapter for disbursement of policy-based loans and grants funded by ADB.

The handbook supersedes all previous editions and takes effect immediately; however, it does not override the specific arrangements stipulated in loan, grant, and financing agreements and related project administration manuals. The handbook is available electronically from the ADB website (http://www.adb.org/documents/loan-disbursement-handbook) and the Loan Financial Information Services website (http://lfis.adb.org). The Controller’s Department will update the handbook as deemed necessary and publish the revised version on the aforementioned websites. The handbook is designed to allow for updates by chapter, with the date of issuance indicated at the top of each page. The reader is advised to visit these sites regularly to ensure they have the latest version of the handbook.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AFS</td>
<td>audited financial statements of project and/or executing agency</td>
</tr>
<tr>
<td>CTL</td>
<td>Controller’s Department</td>
</tr>
<tr>
<td>CTLA</td>
<td>Loan Administration Division of Controller’s Department</td>
</tr>
<tr>
<td>DFI</td>
<td>development finance institution</td>
</tr>
<tr>
<td>DMC</td>
<td>developing member country</td>
</tr>
<tr>
<td>EA</td>
<td>executing agency</td>
</tr>
<tr>
<td>FAM</td>
<td>facility administration manual (for MFF)</td>
</tr>
<tr>
<td>FAW</td>
<td>force account works</td>
</tr>
<tr>
<td>FIL</td>
<td>financial intermediation loan</td>
</tr>
<tr>
<td>GFIS</td>
<td>Grant Financial Information System</td>
</tr>
<tr>
<td>IA</td>
<td>implementing agency</td>
</tr>
<tr>
<td>LC</td>
<td>letter of credit</td>
</tr>
<tr>
<td>LFIS</td>
<td>Loan Financial Information System</td>
</tr>
<tr>
<td>MFF</td>
<td>multitranche financing facility</td>
</tr>
<tr>
<td>OM</td>
<td>Operations Manual</td>
</tr>
<tr>
<td>PAI</td>
<td>project administration instruction</td>
</tr>
<tr>
<td>PAM</td>
<td>project administration manual</td>
</tr>
<tr>
<td>PCSS</td>
<td>procurement contract summary sheet</td>
</tr>
<tr>
<td>PFI</td>
<td>participating financial intermediary</td>
</tr>
<tr>
<td>RRP</td>
<td>report and recommendation of the President</td>
</tr>
<tr>
<td>SDR</td>
<td>special drawing right</td>
</tr>
<tr>
<td>SOE</td>
<td>statement of expenditures</td>
</tr>
<tr>
<td>WA</td>
<td>withdrawal application</td>
</tr>
</tbody>
</table>
Purpose

1.1 This Loan Disbursement Handbook on the disbursement policies and procedures of the Asian Development Bank (ADB) primarily guide borrowers¹ and their executing agencies in withdrawing loan proceeds from the loan account.

Scope and Applicability

1.2 The principles and procedures described in this handbook apply equally to ADB’s loan- and grant-funded investment projects and policy-based loans and grants, in whole or in part from ADB’s ordinary capital resources, ADB’s special funds resources, and external funding sources that are administered by ADB. Chapter 13 of the handbook covers ADB’s private sector (nonsovereign) operations. The handbook does not apply to disbursements under technical assistance.

1.3 The handbook should be used in conjunction with the loan documents (Section 3.5) and relevant ADB regulations and guidelines.

1.4 This handbook supersedes all previous handbooks and guidelines on loan disbursement.

Inquiries

1.5 For further information, visit the ADB website (http://www.adb.org), inquire to the following address, or contact ADB’s resident or regional missions or representative offices.

Controller
Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel: (632) 632-4444
Telex: 42205 ADB PM (ITT)
Philippines Fax: (632) 636-2586/636-2595
E-mail: lfis@adb.org
SWIFT address: ASDBPHMM

¹ “Borrower(s)” in this handbook refers to borrowers, recipients (of grants), and/or their executing agencies, unless the context requires otherwise.

² The term “loan(s)” as used in this handbook refers to loan(s) and grant(s) for investment projects which are managed by executing agencies, unless the context requires otherwise. Disbursement procedures for policy-based loans and grants are described in Chapter 11. The reference to grant(s) does not include technical assistance grants.
2.1 The Asian Development Bank (ADB) is a multilateral development finance institution founded in 1966 to promote social and economic progress in its developing member countries in Asia and the Pacific (see ADB’s website: http://www.adb.org/about/main).

2.2 ADB’s principal functions are

- lending funds,
- providing grants,
- providing technical assistance and advisory services,
- promoting investments for development purposes, and
- assisting in coordinating the development policies and plans of developing member countries.

Inquiries

2.3 Loan disbursement is handled by the Loan Administration Division of the Controller’s Department.

2.4 For loan service payments and billing matters, inquiries are addressed to the Accounting Division of the Controller’s Department.
Basic Principles

3.1 The Agreement Establishing the Asian Development Bank (the ADB Charter)\(^1\) states three main principles of disbursement for development projects:

- The proceeds of any loan, investment, or other financing provided by the Asian Development Bank (ADB) shall be used only for procurement in member countries of goods and services produced in member countries unless specifically permitted by its Board of Directors (Article 14[x]).
- The borrower shall be permitted by ADB to draw its funds only to meet expenditures in connection with the project as they are actually incurred (Article 14[x]).
- Proceeds of any loan made, guaranteed, or participated by ADB are used only for the purposes for which the loan was granted and with due attention to considerations of economy and efficiency (Article 14[x]).

3.2 The borrower\(^2\) can withdraw loan funds only for eligible expenditures incurred after the loan agreement becomes effective, unless retroactive financing is provided in the loan agreement.

Definitions

3.3 The following terms are defined for the purpose of this handbook:

- **closing date** The date ADB may terminate the right of the borrower to make withdrawals from the loan\(^3\) account.
- **disbursement** The withdrawal of proceeds from an ADB-financed loan account.
- **eligible expenditures** Project expenditures that can be financed under an ADB loan.
- **expenditures incurred** The borrower’s obligation to pay either as a result of contractual terms or after goods and services have been provided.
- **loan account** The account opened or to be opened by ADB on its books in the name of the borrower, and to which the amount of the loan has been or will be credited.

---


\(^2\) “Borrower(s)” in this handbook refers to borrowers, recipients (of grants), and/or their executing agencies unless the context requires otherwise.

\(^3\) The term “loan(s)” as used in this handbook refers to loan(s) and grant(s) for investment projects which are managed by executing agencies unless the context requires otherwise.
Loan or Grant Regulations
3.4 The regulations further set out conditions for the use of loan or grant proceeds financed by ADB, or proceeds administered by ADB. These documents are expressly incorporated in the associated loan agreement, guarantee agreement, or grant agreement. If any provision of a loan agreement, guarantee agreement, or grant agreement is inconsistent with a provision of these regulations, the provision of the loan agreement, guarantee agreement, or grant agreement governs.

Loan Documents
3.5 Loan documents include the following documents and agreements:

- The report and recommendation of the President to the Board of Directors (RRP) presents the project proposal for consideration by the ADB Board.

- The project administration manual (PAM) includes all the information and schedules describing project implementation and project readiness filters covering major preproject implementation actions (e.g., government approvals, procurement, and resettlement) to ensure a rapid start-up and enable early disbursement. It is mandatory that the PAM be referenced in the RRP and in the loan (or facility) agreements, is presented as a stand-alone linked document to the RRP, and serves as the main document describing implementation details. The PAM is prepared in the course of loan processing and initially agreed with the government at the loan fact-finding stage. At loan negotiations, the borrower and ADB shall review and confirm the PAM agreed during loan fact-finding to ensure consistency with the loan agreement, and such confirmation shall be reflected in the minutes of the loan negotiations. The detailed cost estimate by financier (one schedule included in the PAM) is prepared based on Section J6 of the ADB Operations Manual (Appendix 3A). Related illustrative tables are also provided in this handbook (Appendix 3B).

---

4 Includes Ordinary Operations Loan Regulations, Special Operations Loan Regulations, Special Operations Grant Regulations, and Externally Financed Grant Regulations.
5 ADB in practice applies similar principles to those set out in Articles 13 and 14(ix), (x), and (xi) of the Charter to grants or loans from external funding sources that are administered by ADB, except when ADB and the cofinancier agree otherwise.
7 A PAM is prepared for project loans, and a facility administration manual (FAM) is prepared for multitranche financing facilities (MFFs). The term “PAM” in this handbook also refers to FAMs unless the context requires otherwise.
8 Except for program loans, policy-based loans, and technical assistance (TA). In the case of a program loan or a policy-based loan, the development policy letter and policy matrix presented as part of the RRP should specify required actions in the form of reform implementation, and the PAM would be optional. (ADB. 2010. Processing Sovereign and Sovereign-Guaranteed Loan Proposals. Operations Manual. OM D11/OP. Manila.)
The **loan agreement** is an agreement between ADB and a borrower and sets out the loan's terms and conditions.

- A **guarantee agreement** is an agreement between ADB and a borrowing member country as guarantor of the loan when ADB lends directly to a nonmember entity.
- A **project agreement** is an agreement between ADB and the project executing agency (EA) or implementing agency of the borrower specifying requirements related to, among other things, physical implementation of the project, procurement provisions, and financial aspects, including the maintenance of project financial statements and audit arrangements.

## Loan Milestone Event Dates

3.6 Major loan milestone event dates include the following:

- The **approval date** is the date the loan is approved by ADB’s Board of Directors. This date is also used for determining the loan amortization schedule as shown in Schedule 2 of the loan agreement. For a loan under a multitranché financing facility (MFF), the approval date is the date the subproject or loan is approved by Management.

- The **signing date** is the date the loan agreement is signed by the borrower and ADB. For ordinary capital resources loans, commitment charges will start to accrue on the 60th day after the loan signing date.

- The **effective date** is the date when ADB advised the borrower that all conditions of effectiveness of the loan agreement have been fulfilled by the borrower and disbursements may be made from the loan account (Section 4.6).

- The **project completion date** is the date on which the project is considered physically completed. This date precedes the loan closing date (normally 6 months before).

- The **loan closing date** is the date ADB may terminate the right of the borrower to make withdrawals from the loan account. Expenditures incurred after the loan closing date will not be financed under the loan (see Sections 4.15–4.24 for matters related to loan closing).

## Retroactive Financing

3.7 Retroactive financing is the financing of project expenditures incurred by the borrower before a loan agreement becomes effective.  

3.8 ADB may approve retroactive financing, at the borrower's request, to finance expenditures incurred prior to loan effective date but generally no earlier than 12 months before signing the loan agreement. A period longer than 12 months may be allowed if justified in the RRP.

---

3.9 Retroactive financing applies to eligible expenditures as agreed between ADB and the borrower. The loan agreement contains a specific provision indicating the amount and category of expenditures and the date from which the expenditures are considered eligible. The amount to be retroactively financed does not exceed 20% of the loan amount.

**Reallocating Loan Proceeds**

3.10 The proceeds of an ADB loan are used only for the purposes for which the loan was approved. No disbursements therefore are made directly from the “unallocated” category of the loan agreement. ADB may agree to a borrower’s request to reallocate funds from the “unallocated” or other categories to another allowable category for project purposes. Normally the loan proceeds are reallocated after project progress has been reviewed with the borrower during a review mission.

**Loan Cancellation**

3.11 Provisions for loan cancellation, suspension, and acceleration of maturity are contained in the Loan Regulations (see Section 3.4 for relevant regulations) which provide that, after consultation with ADB and with the concurrence of the guarantor, if any, the borrower may, by notice to ADB, cancel any amount of the loan which has not been withdrawn. The effective cancellation date is when ADB receives the borrower’s notice of such cancellation.

3.12 Under the Loan Regulations, ADB may also, by notice to the borrower and the guarantor, if any, cancel any unwithdrawn amount of the loan when

- the borrower’s right to make withdrawals from the loan account has been suspended for a continuous 30 days;
- ADB determines, at any time and after consultation with the borrower, that any amount of the loan will not be required for purposes of the project;
- ADB determines, with respect to any contract to be financed out of the proceeds of the loan, that corrupt or fraudulent practices were engaged in by representatives of the borrower, the guarantor, or any beneficiary of the loan during the procurement of goods or services, consultants’ selection, or the execution of the contract without the borrower or guarantor having taken appropriate action to remedy the situation;
- ADB determines that the procurement of any goods and services to be financed out of the proceeds of the loan is inconsistent with the procedure set out in the loan agreement; or
- an amount of the loan remains unwithdrawn from the loan account by loan closing date.

3.13 Upon giving such notice, ADB cancels any unwithdrawn amount of the loan.

---

*Note: The effective date of cancellation is the date of such notice by ADB to the borrower or the date specified in the notice to the borrower.*
Suspending Withdrawals

3.14 ADB may suspend in whole or in part the borrower’s right to withdraw from the loan account, as provided in the Loan Regulations, if after the date of the loan agreement there is

- nonpayment of principal, interest, or any other charge;
- nonperformance of any obligation under the loan, guarantee, or project agreements;
- nonfulfillment by the borrower, the guarantor, or the EA of certain conditions necessary for carrying out its project successfully;
- suspension or cessation of membership of the borrower;
- misrepresentations made by the borrower or the guarantor;
- dissolution of the borrower or EA; or
- any other event as specified in the loan agreement.

Accelerating Maturity

3.15 If certain events as indicated in the loan agreement or in the Loan Regulations occur and continue for the period, ADB may declare as due and payable immediately the principal of the loan then outstanding, together with all accrued interest and other charges.
General Guideline
4.1 The borrower\textsuperscript{1} is responsible for implementing the project according to the loan\textsuperscript{2} agreement and other loan documents. The Asian Development Bank (ADB) monitors the project and reviews its progress to ensure that the loan proceeds are spent as agreed upon.

Loan Account
4.2 When a loan becomes effective, a loan account is opened in ADB’s books in the name of the borrower and the loan amount is credited to that account. Withdrawal from the loan account is approved only after fulfillment of the requirements mentioned in Section 4.6.

Discussion of Disbursement Procedures during Project Preparation
4.3 During project preparation and loan negotiations, ADB’s different disbursement procedures are discussed in detail by the borrower and ADB and documented in the project administration manual (PAM) or facility administration manual (FAM).\textsuperscript{3} These discussions are important because they allow the borrower and ADB to identify the disbursement procedures most suitable for the project.

Disbursement Letter
4.4 After the loan agreement is signed, the Loan Administration Division of the Controller’s Department (CTLA) sends a disbursement letter (Appendix 4A) to the borrower to remind the borrower of the necessary actions to be taken to withdraw funds from the loan account. A web link to a copy of the handbook is provided in the letter.

Actions to Be Taken by the Borrower
4.5 As soon as the loan has become effective, and to expedite the disbursement, the borrower

- assigns qualified accountants and establishes sound internal control and accounting systems in executing agencies (EAs) and implementing agencies;

\textsuperscript{1} “Borrower(s)” in this handbook refers to borrowers, recipients (of grants), and/or their executing agencies (EAs) unless the context requires otherwise.

\textsuperscript{2} The term “loan(s)” as used in this handbook also refers to grant(s) for investment projects which are managed by EAs unless the context requires otherwise.

\textsuperscript{3} A PAM is prepared for a project loan, and a FAM is prepared for a multitranche financing facility (MFF). The term “PAM” in this handbook also refers to FAMs unless the context requires otherwise.
reviews Schedule 3 of the loan agreement\textsuperscript{4} which provides details of ADB financing such as amount, disbursement percentages (Sections 4.8–4.9), items of financing, and applicable conditions of financing;

- maintains records (see Section 4.29 for retention period) for all signed contracts in a contract ledger for reference; and

- takes proper actions for procurement in accordance with ADB guidelines.\textsuperscript{5}

**Basic Requirements for Disbursement**

4.6 The first withdrawal from the loan account requires the following:

- ADB declared the loan effective;

- the borrower submitted to ADB sufficient evidence of the authority of the person(s) who will sign withdrawal applications (WAs) (Chapter 5) on behalf of the borrower, together with the authenticated specimen signature of each authorized person (Appendix 4B); any subsequent change in the list of authorized representatives must be reported immediately and authenticated specimen signatures of new representatives must also be provided; and

- conditions for withdrawal (i.e., disbursement conditions [Appendix 3A]), if specified in the loan agreement, were met as appropriate.

**Eligible and Ineligible Expenditures**

4.7 ADB will only finance eligible expenditures (Appendix 4C). Expenditures eligible for financing are generally detailed in the loan agreement (e.g., attachment to Schedule 3, allocation and withdrawal of loan proceeds, also referred to as the “allocation table”) and the PAM.

**Disbursement Percentage and Financing Percentage**

4.8 The disbursement percentage\textsuperscript{6} is the ratio or proportion of ADB financing\textsuperscript{7} which is applied to expenditure claimed under a particular expenditure category, as specified in the allocation table or other part of the loan agreement.

4.9 The disbursement percentage in the allocation table is derived from ADB’s financing percentage as presented in the detailed cost estimate by financier provided in the PAM.

**Disallowances and Nonpayments**

4.10 Where ADB disallows or adjusts the amount of withdrawal the borrower requested, ADB sends an advice in writing by fax, email, or other means such as the Loan Financial Information System website (Chapter 14) to the borrower and/or EA citing

---

\textsuperscript{4} The reference to Schedule 3 of the loan agreement in this handbook also means similar schedule as provided in the grant agreement or the financing agreement.

\textsuperscript{5} Refer to ADB’s Procurement Guidelines (2010, as amended from time to time) and Guidelines on the Use of Consultants (2010, as amended from time to time).

\textsuperscript{6} Formerly, this was also called the “percentage for ADB financing” or “percentage and basis for withdrawal from loan account.”

\textsuperscript{7} It also applies to external funding sources administered by ADB.
the loan and WA number, amount applied for, amount paid, and reason for nonpayment or partial payment.

4.11 For nonpayment or adjusted settlement of claims under the commitment procedure (Chapter 8), ADB sends an advice to the negotiating or advising bank by authenticated SWIFT or tested telex citing the commitment letter number, letter of credit (LC) number, and reason for nonpayment or adjusted settlement. A copy of this advice is furnished to the EA for information.

Capitalization of Interest, Commitment Charges, and Other Fees and Charges

4.12 If the loan agreement provides for financing of interest, commitment charge, and/or other charges that may be charged by ADB during construction or implementation, ADB withdraws from the loan account and pays itself the amounts due. If the loan agreement does not provide for financing these items, all charges are settled in cash as a part of loan service payment.

Changes during Project Implementation

4.13 Changes in cost, financing plan, reduction in counterpart funding, disbursement arrangements, and changes in expenditures originally approved for ADB financing, particularly with regard to costs covered under Appendix 4C of this handbook, should be approved by the relevant director general or authorized director, after the matter is consulted and agreed with CTLA and other relevant offices and departments. The approved change should be reflected in the PAM and/or in an appropriate document.

4.14 Changes in disbursement arrangements include, but are not limited to, the following:

- the use of the statement of expenditure procedure (Section 9.17),
- an upward change, establishment, or removal of the ceiling of the statement of expenditure procedure (Sections 9.18–9.21),
- the use of the imprest fund procedure (Section 10.4),
- the use of subaccounts (Section 10.26), and
- extension of the winding-up period (Sections 4.17–4.18).

Loan Account Closing

4.15 Project completion date and loan closing date. Projects are expected to be physically completed by the project completion date, which is normally 6 months before the loan closing date. See Project Administration Instruction (PAI) No. 5.02.

Note for best practice: To be ready to close the loan account by the loan closing date, during the 6 months between the project completion date and the loan closing date, the EA should ensure that (i) project expenditures incurred are paid; (ii) project financial statements are compiled and audited; (iii) audit fees, if any, are paid (Section 4.19); (iv) advance(s) to the imprest account are fully liquidated; and (v) any refund, if needed, is returned to ADB.
4.16 **Final disbursement.** Preparation of WA(s) for final disbursement(s) of project loan and tranche disbursement of a policy-based loan should be closely coordinated between ADB and the borrower and/or EA, particularly if the remaining unutilized balance is expected to be fully utilized.

4.17 **Winding-up period.** The borrower may make withdrawals from the loan account for expenditures incurred on or before the loan closing date. Expenditures incurred after the loan closing date will not be financed under the loan. ADB may allow up to 4 months after the loan closing date (i) for the borrower’s WAs to be submitted to ADB for expenditures incurred on or before the loan closing date, and (ii) for the borrower to fully liquidate expenditures incurred on or before the loan closing date. After the winding-up period, WAs, including requests for liquidation, will not be accepted. Extension of the winding-up period, on an exceptional basis, may be approved by ADB (Section 4.14).

4.18 Within 2 months after the winding-up period for submission of documents, the borrower should fully refund any outstanding imprest account balances to ADB. If the borrower fails to fully refund such balances, ADB may, among other corrective actions, decide not to allow the use of the imprest fund procedure under the borrower’s new projects until such time as the refund is received.

4.19 **Payment of final audit fees.** If external auditor’s fees are financed by ADB, it is best practice to pay the audit fee before the loan closing date after completing the final audit (Section 4.15). When audit fees under a project need to be paid after the closing date, special arrangements may be required for payment of the final audit fee from the loan account. External auditor’s fees for the final fiscal year may be disbursed from the loan account, under condition that (i) the borrower signs a contract for the final audit prior to the loan closing date, and (ii) the contract is a lump-sum or fixed-price contract that requires completion of audit within 6 months after the loan closing date. If the audit work cannot be completed during the winding-up period, and the final audit fee will be paid through the escrow account, full supporting documents should be attached to the WA (see Appendix 4D for more details).

4.20 **Refunds.** All refunds must be paid to ADB’s accounts at its depository banks with payment details indicating (i) references such as loan number, (ii) description or nature of the refund, and (iii) currency and amount of refund. The borrower and/or EA should send advice to ADB’s Treasury Services Division (TDTS) and CTLA once a refund is made.

---

10 The winding-up period is allowed unless otherwise stipulated in the loan agreement or other applicable agreement, regulations, etc., e.g., this is not applicable to grants under the Asia Pacific Disaster Recovery Fund, as particular requirements for closing the grant account are stipulated in the grant agreement. The winding-up period is also allowed for projects financed by external funding sources administered by ADB, unless otherwise specified in the cofinancing, trust fund, or other appropriate agreement.

11 Completion of audit should be receipt and acceptance of audit report by the borrower or EA.
4.21 If funds withdrawn from the loan account are determined to be in excess or ineligible for ADB financing, the borrower must arrange a refund as instructed by ADB. The refund is normally credited to the borrower's loan account on the date of receipt in ADB's depository account. A money transfer fee or bank charge deducted from the refund amount, if any, may be absorbed by the loan account with due attention to considerations of economy and efficiency.

4.22 For closed loans, ADB may apply the amount refunded to debt service (e.g., interest or principal) if the amount of refund is small.

4.23 ADB applies the current value of the refund. In some cases it may convert the currency refunded into one of the currencies outstanding on the loan account. In the event there is exchange difference between the amount charged to the loan account when the original payment was made and the equivalent amount at the time of refund, the exchange difference may be absorbed by the borrower's loan account, if no restriction is imposed (see Sections 10.22–10.23 for the refund of advance to the imprest account).

4.24 **Retention money and bank guarantee.** Payments of retention money under civil works and supply contracts are usually made at the end of warranty or operational acceptance or after the issuance of a performance certificate by the employer and/or buyer. Where payment of retention money is due more than 4 months past the loan closing date, and no extension of the closing date is intended, ADB may disburse the retention money to the contractor or supplier against an unconditional bank guarantee of equivalent amount provided by the contractor or supplier to the EA, or based on other financial arrangements acceptable to ADB. The unconditional bank guarantee is issued in compliance with the borrowing government’s financial rules and regulations by a reputable bank in a manner acceptable to ADB.

**Audited Project Financial Statements**

4.25 ADB loan proceeds (and external funds from financing partners, if any) shall be used only for the purposes for which the loan was approved with due attention to considerations of economy and efficiency (Section 3.1). To meet these requirements, borrowers are to submit annual audited project financial statements (AFS) during project implementation.13

---

12 Such other arrangements should be approved by the Assistant Controller of CTLA.
13 Audited project financial statements (AFS) in this handbook also refer to the EA’s audited financial statements, where applicable. For comprehensive guidance, refer to PAI No. 5.07, Financial Reporting and Auditing of Loan and/or Grant Financed Projects.
4.26 Borrowers are required to submit AFS within 6 months\(^{14}\) after the close of the fiscal year or the loan closing date, whichever comes earlier, to sector division or resident mission for their review and necessary action. In accordance with ADB’s Public Communications Policy,\(^{15}\) AFS for sovereign projects need to be posted on the ADB website.

**Follow-Up Action for Audit Findings of a Serious Nature**

4.27 In case of audit findings of a serious nature—such as misappropriation or diversion of funds, nonsubmission of supporting documents, or use of funds for nonproject-related activities—suitable action shall be immediately initiated or taken by the borrower or the EA, under intimation to the auditor and ADB.

**Delay in Submission of Audited Project Financial Statements**

4.28 In the event the AFS are not received by the due date, ADB takes follow-up actions in accordance with ADB regulations, instructions, and other rules.\(^{16}\)

**Retention Period of Supporting Documents**

4.29 The borrower is required to retain all records (e.g., contracts, purchase orders, invoices, bills, receipts, subloan agreements) evidencing eligible expenditures and to enable ADB’s representative to examine such records. Such records\(^{17}\) should be retained for at least 1 year following receipt by ADB of the final AFS or 2 years after the loan closing date, whichever is later. Borrowers are responsible for ensuring that document retention also complies with their government’s laws and regulations.

**Disbursement under Suspension of Loan**

4.30 If the loan is fully or partially suspended, disbursement is also suspended to the extent the loan is suspended.

4.31 The suspension of withdrawal does not affect disbursements committed through outstanding letters of credit under ADB’s commitment procedure, as the commitments are irrevocable and ADB is obliged to disburse even after the loan has been suspended.

4.32 During the suspension, no additional funds will be advanced to the imprest account (Section 10.31).

---

\(^{14}\) The due date can be extended to 9 months in exceptional cases (PAI No. 5.07).


\(^{16}\) Such as Ordinary Operations Loan Regulations, Special Operations Loan Regulations, Special Operations Grant Regulations, PAI No. 5.07, and PAI No. 4.04.

\(^{17}\) Following general business practices, ADB may accept digital form of the records, if appropriate controls are in place to avoid alteration to the original.
Authorized Signatory
5.1 Each withdrawal application (WA) is signed by the borrower’s duly authorized representative(s). In accordance with the Loan Regulations and loan agreement, the Asian Development Bank (ADB) requires the borrower’s representative designated in the loan agreement to furnish sufficient evidence of the authority of the person(s) who will sign the WA, together with their authenticated specimen signatures (Appendix 4B). The evidence must reach ADB before the borrower submits the first WA.

Allocating Loan Proceeds
5.2 Items to be financed by ADB loans are usually grouped into cost categories. The loan agreement between the borrower and ADB presents the amount allocated to each category of project expenditure (normally, this is presented in “Attachment to Schedule 3” of the loan agreement). Reallocation from one category to another may be allowed unless prohibited in the loan agreement.

5.3 The allocation of loan proceeds to the various categories must be completed and inserted for all types of project loan agreements (including sector loans, unless the information necessary to complete the allocation is not available at the time of the approval). For financial intermediation loans, the allocation of loan proceeds may or may not be attached to the loan agreement.

Withdrawal Application
5.4 For all disbursement, ADB must receive a WA in the prescribed form. A WA is a written request from the borrower to ADB to disburse funds from the borrower’s loan account. A WA consists of

- the application itself in letter form (Appendices 7A, 8A, 10A, and 11A);
- summary sheet(s) for each cost category claimed (Appendices 7B and 8B);
- supporting documents; and
- summary sheet(s) and supporting documents, which may be substituted by simplified documentation, if approved (Sections 9.7–9.30).

---

1 Except for capitalization of commitment and interest charges (collectively called financing charges) and administration fees, as applicable.

2 “Borrower(s)” in this handbook refers to borrowers, recipients (of grants), and/or their executing agencies, unless the context requires otherwise.
5.5 The original of the WA signed by authorized representative(s) is submitted to ADB. Summary sheet(s) should indicate ADB’s contract reference numbers (called procurement contract summary sheets [PCSSs]) (Section 5.11). Supporting documents, which may be photocopies, to be submitted to ADB for processing WAs are shown in the relevant chapters of this handbook.

5.6 Alterations on the WA must be initialed by the borrower’s authorized representative.

5.7 The minimum value per WA is US$100,000 equivalent, unless otherwise stipulated in the PAM. Individual payments below this amount should be paid (i) by the borrower and subsequently claimed to ADB through reimbursement, or (ii) through the imprest fund procedure (if such procedure is stipulated in the PAM), unless otherwise accepted by ADB.

**Currency of Payment**

5.8 In principle, disbursement and/or payment is made in the currency in which the cost of goods and services has been paid or is payable. For expenditures incurred in the borrower’s currency (local currency), the amount requested in the WA must be in local currency. A separate WA is required for each currency of disbursement.

5.9 The amount paid is charged to the loan account, which is denominated in the loan currency. When the currency of payment is different from the loan currency, the amount paid is converted into the loan currency by ADB in accordance with relevant regulations.

**Payment Instructions**

5.10 To ensure prompt and secure remittance, the payment instructions should have the following details:

- full name and address of payee for proper identification of payment;
- full name and address of the payee’s bank, which may include a banker or branch designation;
- SWIFT Bank Identifier Code (BIC) if the payee’s bank is a member of SWIFT;
- payee’s account number (mandatory);
- for payments to anywhere in Europe, the International Bank Account Number (IBAN) and the related SWIFT BIC of the payee’s bank;
- if SWIFT BIC for the payee’s bank is not available, the national clearing system code such as Fedwire Routing number (FW), CHIPS Universal Identifier (CH), UK Domestic Sort Code (SC), Australian Bank State Branch Code (AU), or German Bankleitzahl (BL) account number with the correspondent bank, where applicable;
- full name and address of the correspondent bank, if payment is to be made to a bank not located in the country of the currency to be paid; SWIFT BIC if correspondent bank is a member of SWIFT;
if SWIFT BIC for the correspondent bank is not available, Fedwire ABA Number and CHIPS Participant Number for US dollar payments; and
- special instructions or references to facilitate payment or identification of payment, where applicable.

**ADB’s Contract Reference Number: Procurement Contract Summary Sheet Number**

5.11 The borrower is responsible for managing its contracts in accordance with ADB’s guidelines, and for maintaining records for all signed contracts in a contract ledger (Section 4.5). In principle, the borrower should obtain approval for contracts before requesting disbursements under the contracts. Disbursements are charged to the approved contracts and recorded in the contract ledger.

5.12 The PCSS number\(^3\) is assigned by ADB for identifying a particular contract approved by the borrower and submitted to ADB under a particular loan. The PCSS includes the following:
- ADB contract number;
- date of contract approval;
- mode of procurement and/or consultant selection method;
- name of contractor or supplier;
- terms of payment and currencies of contract;
- price escalation clause (yes/no);
- total amount of the contract;
- amount to be financed by ADB; and
- ADB’s disbursement percentage.

5.13 The PCSS number should be indicated on the summary sheet (Appendixes 7B and 8B). To find the number, refer to ADB’s monthly report named List of Contract by Executing Agency, which is available in the Loan Financial Information System (LFIS) or Grant Financial Information System (GFIS) website (Chapter 14).

**Sample Forms of Withdrawal Applications**

5.14 WA forms and summary sheets vary for different procedures (e.g., Appendix 7A for direct payment and reimbursement procedures, Appendix 8A for commitment procedure, Appendix 10A for imprest fund procedure, and Appendix 11A for policy-based loan). For the borrower’s convenience, these forms can be downloaded from the LFIS/GFIS website (http://lfis.adb.org).

\(^3\) For financial intermediation loans, the equivalent of the PCSS number is the subloan number, which should be shown in the statement of expenditures for financial intermediation loans (Appendix 9C).
Four Major Types
6.1 Procedures for withdrawal of loan proceeds are standardized to facilitate disbursements under most loans. There are four major types of disbursement procedure, described briefly as follows:

- **direct payment procedure**, where the Asian Development Bank (ADB), at the borrower’s request, pays a designated beneficiary directly (Chapter 7);  

- **commitment procedure**, where ADB, at the borrower’s request, provides an irrevocable undertaking to reimburse a commercial bank for payments made or to be made to a supplier against a letter of credit (LC) financed from the loan account (Chapter 8);  

- **reimbursement procedure**, where ADB pays from the loan account to the borrower’s account for eligible expenditures which have been incurred and paid for by the project out of its budget allocation or its own resources (Chapter 9); and  

- **imprest fund procedure**, where ADB makes an advance disbursement from the loan account for deposit to an imprest account to be used exclusively for ADB’s share of eligible expenditures (Chapter 10).

Simplified Documentation under the Reimbursement Procedure
6.2 While normally ADB requires submission of full supporting documentation, there are special cases where it accepts simplified documentation procedures:

- the statement of expenditures (SOE) procedure involves the borrower submitting a SOE to support an application (Sections 9.9–9.25), and  

- the force account works procedure involves the borrower submitting periodic certification of the progress or completion of civil works in support of its application for reimbursement (Sections 9.26–9.30).

---

1 “Borrower(s)” in this handbook refers to borrowers, recipients (of grants), and/or their executing agencies unless the context requires otherwise.
Disbursement Procedures and Suggested Types of Payment

6.3 The four procedures are normally used for the following kinds of payment:

<table>
<thead>
<tr>
<th>Disbursement Procedures</th>
<th>Suggested Types of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct payment</td>
<td>Mainly large civil works, progress payments, consultants’ fees, procurement of goods</td>
</tr>
<tr>
<td>Commitment</td>
<td>Importation costs</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>Local currency costs, petty purchases, and small civil works</td>
</tr>
<tr>
<td>Imprest fund</td>
<td>Contractors’ bills and suppliers’ invoices in local currency, numerous items of operating expenses, other relatively small eligible expenditures</td>
</tr>
</tbody>
</table>

Modes of Loan Disbursement

6.4 The following table presents the interrelationship of the different types of loan disbursement procedures.

<table>
<thead>
<tr>
<th>Approval Authority for the Procedures</th>
<th>Disbursement Procedures</th>
<th>Full or Simplified Documentation</th>
<th>Key Supporting Documents a</th>
</tr>
</thead>
<tbody>
<tr>
<td>No need for prior ADB approval</td>
<td>Direct payment</td>
<td>Full supporting documents</td>
<td>Invoice</td>
</tr>
<tr>
<td></td>
<td>Commitment</td>
<td></td>
<td>Contract, copy of letter of credit</td>
</tr>
<tr>
<td></td>
<td>Reimbursement,</td>
<td></td>
<td>Invoice, proof of payment such as receipt</td>
</tr>
<tr>
<td></td>
<td>with full supporting</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>documents (Chapter 9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Need prior ADB approval</td>
<td>Reimbursement,</td>
<td>Force account</td>
<td>Physical progress certificate, financial progress certificate</td>
</tr>
<tr>
<td>(description in project administration manual)</td>
<td>without full supporting documents (Chapter 9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOE</td>
<td></td>
<td>SOE</td>
</tr>
<tr>
<td></td>
<td>Imprest Fund</td>
<td>Force account</td>
<td>Estimate of expenditure (for initial and additional advance), imprest account reconciliation statement, bank statement (for liquidation and/or replenishment)</td>
</tr>
<tr>
<td></td>
<td>SOE</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Full supporting documents</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank, SOE = statement of expenditures.

a Refer to relevant chapters for more detailed requirements.
Description
7.1 The direct payment procedure is a disbursement procedure where the Asian Development Bank (ADB), at the borrower’s request, pays a designated beneficiary (e.g., supplier, contractor, or consultant) directly.

Basic Requirements
7.2 A signed withdrawal application (WA) (Appendix 7A) must be submitted to ADB together with a summary sheet (Appendix 7B) and the required supporting documents.

7.3 A separate WA is required for each different currency.

Supporting Documents
7.4 To prove the requested disbursement is for eligible project expenditures incurred, the supporting documents listed in the following table must be submitted to ADB together with the WA. ADB will return WAs that do not meet the requirements. Additional supporting documents may be required depending on the transaction involved.

<table>
<thead>
<tr>
<th>Payment for</th>
<th>Payment Type</th>
<th>Required Supporting Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>One time or installment payment</td>
<td>Supplier’s invoice, or purchase order (indicating date, amount, and bank account details)</td>
</tr>
<tr>
<td>Services</td>
<td>Advance payment</td>
<td>Consultant’s or service provider’s invoice (indicating amount of advance payment and bank account details)</td>
</tr>
<tr>
<td></td>
<td>Progress payment</td>
<td>Consultant’s or service provider’s invoice (indicating date, amount, and bank account details)</td>
</tr>
<tr>
<td>Civil works</td>
<td>Advance payment</td>
<td>Contractor’s invoice (indicating date, amount, and bank account details)</td>
</tr>
<tr>
<td></td>
<td>Progress payment</td>
<td>Contractor’s invoice and interim payment certificate or summary of work progress (indicating period covered, amount, and bank account details)</td>
</tr>
<tr>
<td></td>
<td>Release of retention money</td>
<td>Contractor’s invoice (indicating date, amount, and bank account details) and unconditional bank guarantee (if required under Section 4.24 of this handbook)</td>
</tr>
</tbody>
</table>

*a The interim payment certificate refers to the certificate issued by the engineer under civil works contracts which certifies the work performed by the particular contractor.

1 “Borrower(s)” in this handbook refers to borrowers, recipients (of grants), and/or their executing agencies unless the context requires otherwise.

2 If supporting documents are written in local language, there should be an English translation of important words and items in the documents (e.g., the title of the document, name of the supplier and/or contractor, description of goods and services, amounts, and dates).
7.5 In addition, supporting documents summarized in the following table should be retained by the borrower for annual audit of project financial statements and/or ADB’s review (see Section 4.29 for retention period of supporting documents). ADB reserves the right to request submission of such documents if deemed necessary.

<table>
<thead>
<tr>
<th>Payment for</th>
<th>Payment Type</th>
<th>Supporting Documents to be Retained by Executing and/or Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>One time or installment payments</td>
<td>Bill of lading or delivery receipts, bank guarantee if required under the contract, and other documents as required in the contract</td>
</tr>
<tr>
<td>Services</td>
<td>Advance payment</td>
<td>Contract terms and conditions which refer to payment of advance and progress payments, breakdown of amount due, and other documents as required in the contract</td>
</tr>
<tr>
<td>Civil works</td>
<td>Advance payment</td>
<td>Contract terms and conditions which refer to payment of advance, bank guarantee if required under the contract, and other documents as required in the contract</td>
</tr>
<tr>
<td>Civil works</td>
<td>Progress payment</td>
<td>Breakdown of amount due and other documents as required in the contract</td>
</tr>
<tr>
<td>Civil works</td>
<td>Release of retention money</td>
<td>Contract terms and conditions which refer to release of retention money, and other documents as required in the contract</td>
</tr>
</tbody>
</table>

7.6 The narrative procedures and the check list for the direct payment procedure are shown in Appendix 7C.
Description
8.1 Under the commitment procedure, the Asian Development Bank (ADB), at the borrower’s request, irrevocably agrees to reimburse a commercial bank for payments made or to be made to a supplier against a letter of credit (LC). ADB’s commitment procedure may not be used for cofinancier’s funds held by the cofinancier (Chapter 12).

8.2 ADB’s payment assurance under this procedure is limited to the amount available in the loan account.

8.3 Under this procedure, the LC issued by the borrower’s bank (LC issuing bank) becomes operative only if and when ADB issues its commitment letter to the advising or negotiating bank.

8.4 A commitment letter issued by ADB under this procedure is irrevocable in the sense that ADB’s obligation to make the disbursement from the loan account is not affected by the suspension or cancellation of the loan.

Basic Requirements
8.5 A signed application (Appendix 8A) for issuance of a commitment letter in the form ADB-CL is submitted to ADB together with a summary sheet (Appendix 8B) for the commitment letter and the required supporting documents. A separate application is required for each currency in which a commitment letter is requested.

Supporting Documents
8.6 Supporting documents to be submitted to ADB with the application for a commitment letter include (i) a contract or confirmed purchase order, if not yet submitted earlier to ADB; and (ii) a copy of the LC against which ADB’s commitment letter is requested (see Section 4.29 for retention period of supporting documents). ADB will return applications which do not meet the requirements.

Issuing the Commitment Letter
8.7 Upon approval of the borrower’s application for a commitment letter, ADB issues a commitment letter (Appendix 8C) to a commercial bank specified in the LC.

---

1 “Borrower(s)” in this handbook refers to borrowers, recipients (of grants), and/or their executing agencies unless the context requires otherwise.

2 Appendix 8C is a sample of a SWIFT-based commitment letter. Appendix 8D is a sample of a paper-based commitment letter which should be used only when the circumstances require.
Where the LC indicates a separate advising bank and nominated commercial bank, ADB will issue the commitment letter to the nominated commercial bank, with a copy provided to the advising bank. Indicating “negotiation with any bank” is not acceptable. ³

A “transferrable” LC that allows the rights and obligations of the LC beneficiary (i.e., manufacturer or exporter) to be transferred to another party, thereby creating a secondary beneficiary, is not acceptable under ADB’s commitment letter procedure. Therefore, the borrower or executing agency should not have the LC issuing bank approve a transferrable LC.

No commitment letter is issued if shipment or LC expiry date fall beyond the loan closing date.

Accepting the Commitment Letter

The nominated commercial bank’s first request for payment under the commitment letter constitutes its acceptance of the terms and conditions of ADB’s commitment.

Payment to Commercial Banks

ADB pays from the loan account after receipt of the confirmation from the supplier’s nominated commercial bank (normally a negotiating bank) which has paid for or agreed to pay in accordance with the LC terms.

Requests for reimbursement from the nominated commercial bank are made in authenticated SWIFT or tested telex. The word “condiment” or the words “(i) payment has been made or is due and will be promptly made to the beneficiary under and in full compliance with the terms and conditions of the LC; (ii) documents were presented within the original or extended expiry date; and (iii) discrepancies, if any, have been referred to and accepted by LC issuing bank” must be written on the request for reimbursement (Appendix 8C).

Amendments Requiring ADB’s Prior Approval

ADB’s prior approval is required for amendments to the LC involving changes such as:

- extension of the LC expiry date beyond the loan closing date of the loan account, as specified in the loan agreement, or otherwise extended by ADB;
- change in the LC’s value or currency;
- description or quantity of goods;
- country of origin;
- beneficiary; and
- terms of payment.

³ This is to keep the legal connection between the LC and ADB’s commitment letter, which is addressed to the specific bank or payee.
8.15 The nominated commercial bank(s) is (are) to copy all proposed amendments to ADB for its information or approval.

**Amendments to the Letter of Credit**

8.16 The borrower requests ADB's approval of amendments to the LC as soon as the LC amendment is obtained from the LC issuing bank (Appendix 8E). A copy of the signed amendment must be attached to the request.

8.17 ADB communicates its approval to the nominated commercial bank and the borrower by the form shown in Appendix 8F or by authenticated SWIFT, tested telex, or a formal letter of approval.

8.18 ADB can allow the borrower, in urgent cases, to send its application for approval to amend the LC by fax. The message is to include loan number, commitment letter number, LC number, and nature and reason for the amendment. A copy of the LC amendment should be attached to the application.

8.19 The message must state that the amendment has been made by the LC issuing bank and that the application for approval of amendment of the LC and a copy of the LC amendment are being airmailed to ADB.

8.20 Amendments to the LC for the following need not be submitted to ADB for approval: (i) extending the expiry date and shipping dates up to the loan closing date, and (ii) other amendments except those mentioned in Section 8.14. The borrower merely needs to inform ADB using the standard form (Appendix 8G) and submit a signed copy of the amendment. This will ensure ADB’s prompt payment of claims received from the nominated commercial bank.

**Limitation of ADB’s Commitment**

8.21 A borrower, when requesting a commitment letter, agrees in the application form that if the US dollar or special drawing right (SDR) equivalent as specified in ADB’s commitment is exceeded at the time of ADB’s payments due to currency fluctuations, ADB may use the uncommitted portion of the loan to cover the deficiency. If the uncommitted portion of the loan is insufficient, the borrower agrees to pay the remaining obligation promptly under the LC after receiving ADB’s notice.

---

4 The special drawing right (SDR) is an international reserve asset created by the International Monetary Fund in 1969 to supplement the official reserves of its member countries. Its value is based on a basket of four key international currencies—US dollar, yen, pound sterling, and euro. Source: http://www.imf.org/external/np/exr/facts/sdr.htm
Discrepancies
8.22 ADB is unable to honor the payment claim of the nominated commercial bank if there is any discrepancy between the shipping documents and the LC terms. In such event, the nominated commercial bank must seek, through the LC issuing bank, the borrower's authorization to pay despite such discrepancy.

Linking the Letter of Credit to the Commitment Letter
8.23 The LC is linked to ADB’s commitment letter with the following clause:

This letter of credit is established under Asian Development Bank Loan ____ (number) and becomes effective only if and when the Asian Development Bank issues its commitment letter to the nominated commercial bank. For payment, please follow the instructions contained in the commitment letter.

8.24 Alternatively, the LC need not have the clause. Instead, it is immediately operative on the strength of the LC issuing bank’s commitment to finance the transaction. ADB’s commitment, if and when issued, will shift the financing commitment from the LC issuing bank to ADB. In this case, the LC contains the following clause:

The financing of this letter of credit is undertaken by ____ (LC issuing bank). However, it is established under Asian Development Bank Loan ____ (number) and, if and when the Asian Development Bank issues its commitment letter to the advising or negotiating bank, the latter shall follow the provisions contained in the said commitment letter, and claim payment or reimbursement from the Asian Development Bank.

8.25 The narrative procedures and the check list for the commitment procedure are in Appendix 8H.
Description
9.1  The reimbursement procedure is a disbursement procedure where the Asian Development Bank (ADB) pays from the loan account to the borrower’s account for eligible expenditures which have been incurred and paid for by the borrower out of its budget allocation or its own resources.

9.2  Under this procedure, ADB’s payments are made only to the borrower and not to a third party (e.g., supplier or contractor).

9.3  This procedure requires submission of full supporting documentation, unless simplified documentation (Sections 9.7–9.30) is approved.

Basic Requirements
9.4  A signed withdrawal application (WA) (Appendix 7A) must be submitted to ADB together with a summary sheet (Appendix 7B) and the required supporting documents.

9.5  The expenditures should have been incurred and paid for by the borrower out of its own fund sources.

Supporting Documents
9.6  The evidence or receipt of payment (showing the amount paid, the date of receipt, and the payee) is required to be submitted together with the WA, in addition to the same supporting documents as required under direct payment (Section 7.4), unless simplified documentation (Sections 9.7–9.30) is approved. ADB will return WAs that do not meet the requirements. In addition, the borrower should retain the same supporting documents as required under the direct payment procedure (Sections 7.5 and 4.29).

1 “Borrower(s)” in this handbook refers to borrowers, recipients (of grants), and/or their executing agencies unless the context requires otherwise. Reimbursement may also be made to implementing agencies, if considered appropriate.

2 If supporting documents are written in local language, there should be an English translation of important words and items in the documents (e.g., the title of the document, name of the supplier and/or contractor, description of goods and services, amounts, and dates).
Simplified Documentation

9.7 Where full documentation is impractical, burdensome, voluminous, or costly, and if the conditions (Sections 9.15 or 9.28) are met, ADB may accept simplified documentation using the following procedures:

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Simplified Documentation to Replace Full Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of expenditures procedure</td>
<td>Statement of expenditures</td>
</tr>
<tr>
<td>Force account works procedure</td>
<td>Certificates on the percentage of completed work and amount that can be withdrawn</td>
</tr>
</tbody>
</table>

Narrative Procedures

9.8 The narrative procedures and the check list for reimbursement procedures are shown in Appendix 9A.

Statement of Expenditures Procedure

9.9 The statement of expenditures (SOE) procedure is a simplified procedure requiring no submission of supporting documentation of expenditures.

9.10 The procedure derives its name from the SOE form which is submitted with the WA. The SOE replaces the usual supporting documents and the summary sheet.

9.11 The SOE form provides data on contracts and disbursements of individual payments (up to any applicable SOE ceiling).

9.12 In the SOE, the representative of the executing agency (EA) or implementing agency (IA) which prepared the SOE certifies the following:

- expenditures have been incurred and paid for proper execution of project activities under the terms and conditions of the loan agreement;
- all documentation authenticating these expenditures has been retained and will be made available for examination by auditors and ADB representatives upon request; and
- for projects with an SOE ceiling, payments have not been split to enable them to pass through such ceiling.

9.13 For the borrower’s convenience, this handbook provides the following SOE forms (a project-specific form approved by ADB [free format] is also acceptable):

- Statement of Expenditures for Project Loans (Appendix 9B); and
- Statement of Expenditures for Financial Intermediation Loans (Appendix 9C and Section 11.8).

9.14 SOE procedure may also be used when liquidating or replenishing advances under the imprest account, if provided in the project administration manual (PAM).
Conditions for Approval to Use the Statement of Expenditures Procedure

9.15 For approval to use the SOE procedure, the following conditions should be considered and met:

- **Impracticability of full documentation:** The SOE procedure is used where it is impractical to require full documentation. This may apply to, e.g., EA operating costs or expenditures related to contracts scattered over a wide area.

- **Borrower’s capacity:** The EA and/or IA must have adequate administrative and accounting capacity to prepare and maintain proper SOE records and make them readily available for examination. If the capacity of the EA/IAs is determined to be inadequate, the SOE procedure should not be used.

- **Audit arrangements:** The EA and/or IA must be capable of arranging for periodic or annual audits of SOE transactions as part of the project’s audit.

Approval of the Statement of Expenditures Procedure

9.16 During project preparation, ADB staff identifies the need for the SOE procedure. If the procedure is approved, it is provided for in the PAM.

9.17 If during project implementation the borrower needs to use the SOE procedure, it may request ADB’s approval (Sections 4.13–4.14).

Statement of Expenditures Ceiling

9.18 For loans where the EA/IA’s capacity is determined to be adequate, there is no ceiling on the use of the SOE procedure. A ceiling on the use of the SOE procedure may be established (either during project preparation or during implementation) when there is concern or uncertainty about the capacity of the EA/IA to administer the procedure.

9.19 The ceiling refers to the amount paid by the EA/IA, without taking into account ADB’s share of the expenditure. Such ceiling (e.g., USD equivalent $10,000, $50,000, $100,000, etc.) is determined by ADB on a case-by-case basis, depending on the specifics of the project and nature of expenditures to be financed, and should be indicated in the PAM. Required supporting documents should be submitted to ADB in accordance with applicable procedures, for any individual payment that exceeds such ceiling.

9.20 For financial intermediation loans, the ceiling, if any, may be established at the “free limit” (Chapter 11).

9.21 Any upward change, establishment, or removal of the SOE ceiling during project implementation should be approved by ADB (Sections 4.13–4.14).

---

3 An assessment of the borrower’s capacity should be based on the results of the Financial Management Assessment (FMA) performed on the relevant entity, review of current and prior audit reports for projects administered/implemented by the relevant EA/IA, internal audit reports, issues noted during project implementation (e.g., issues noted during the processing of WAs by ADB) for projects administered/implemented by the relevant EA/IA, and other relevant information, as deemed necessary.

4 In such case, “no ceiling” is considered to be the approved ceiling for the purposes of OM J6/OP.
Ineligible Payments

9.22 Where ADB subsequently finds any payment made under the SOE procedure to be insufficiently supported or ineligible for ADB financing, ADB may offset the amount of the unjustified or ineligible payment against subsequent withdrawals for reimbursement, or request the borrower or EA to refund the same amount to the loan account.

Audit Arrangements

9.23 SOE records must be audited regularly by independent and qualified auditors acceptable to ADB. The audit is carried out as part of the regular annual audit of project financial statements.\(^5\)

Review by ADB Staff

9.24 ADB reserves the right to conduct spot or random checks of expenditures covered by SOEs through disbursement missions or review missions. Documents are to be kept in the office of the EA or IA as appropriate (see Section 4.29 for retention period of supporting documents) and must be made readily available for checking by ADB’s disbursement and review missions or upon ADB’s request for submission of supporting documents on a sampling basis.

Suspending Use of the Statement of Expenditures Procedure

9.25 ADB may suspend the use of the SOE procedure when the EA/IA’s capacity is no longer deemed adequate. Examples of inadequate capacity, amongst others, are:

- the borrower continuously claims ineligible expenditures;
- the borrower fails to submit the audit report before the deadline;
- the audit report and/or the management letter indicates significant irregularities in financial management, accounting, internal control, or the use of the ADB funds in project implementation; or
- the disbursement or review mission finds significant irregularities in the use of ADB funds.

Force Account Works Procedure

9.26 The force account works (FAW) procedure is a procedure for reimbursing the borrower for expenditures in carrying out certain approved civil works required for the project. The FAW procedure may also be used under the imprest fund procedure. Two certificates are used instead of the usual supporting documents: the first on the project’s physical progress (Part 1) and the second on its financial progress (Part 2) (Appendix 9D).

9.27 To support the cumulative progress stated on the first certificate (Part 1 of Appendix 9D), information on the physical progress of civil works being undertaken under FAW is included in a periodic project progress report, which is provided to ADB separately from the WA and the certificates for FAW.

**Conditions for Approval to Use the Force Account Works Procedure**

9.28 This procedure is applicable to projects in which the borrower uses its own work force, equipment, and other resources. It is also applicable when the size, nature, and location of the works make competitive bidding unsuitable. ADB must also be satisfied that the borrower’s construction facilities are adequate and efficient and the borrower is capable of doing the work expeditiously at reasonable cost. The use of FAW procedure should be provided for in the PAM.

**Details on the Certificates for Force Account Works**

9.29 Details on the certificates are as shown in the following table.

<table>
<thead>
<tr>
<th>Item</th>
<th>First Certificate</th>
<th>Second Certificate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicates</td>
<td>Cumulative percentage of completion of physical progress of work</td>
<td>Cumulative amount in US dollars which can be withdrawn</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Current amount of claim based on the percentage of work completed</td>
</tr>
<tr>
<td>Certified and signed by</td>
<td>Project engineer or representative of executing agency or project consultant</td>
<td>Representative of executing or implementing agency</td>
</tr>
</tbody>
</table>

**Mutually Exclusive Use of Simplified Documentation**

9.30 The SOE and FAW procedures are separate simplified documentation procedures and, therefore, should not be used in combination. For instance, expenditures under FAW should not be listed in the SOE form for liquidation.

---

6 See Project Administration Instructions (PAI) No. 5.01.
Description
10.1 The imprest fund procedure is a disbursement procedure where the Asian Development Bank (ADB) makes an advance disbursement from the loan account for deposit to an imprest account to be used exclusively for ADB's share of eligible expenditures.

Objectives
10.2 The main objective of the imprest fund procedure is to help the borrower reduce cash flow difficulties in financing project expenditures, thereby facilitating project implementation. Other objectives are providing the borrower with more control over payments, and reducing the number of withdrawal applications (WAs), particularly for payments for small expenditures and related costs.

Conditions for Approval to Use the Imprest Fund Procedure
10.3 For approval to use the imprest fund procedure, the following conditions should be considered and met:

- **Need for the procedure:** The borrower must justify using the procedure, indicating the cash flow requirement for effective project implementation and need to make numerous payments for small expenditures.

- **Borrower's capacity:** The borrower, executing agency (EA), and/or implementing agency (IA), as appropriate, must have adequate administrative and accounting capacity to establish sufficient internal control, accounting, and auditing procedures to ensure efficient use and operation of the procedure. If the EA/IA's capacity is determined to be inadequate, the imprest fund procedure should not be used.

- **Audit arrangements:** The borrower, EA, and/or IA, as appropriate, must also have the capability to arrange for periodic and annual independent audits of the imprest fund procedure by auditors acceptable to ADB.

---

1 “Borrower(s)” in this handbook refers to borrowers, recipients (of grants), and/or their executing agencies unless the context requires otherwise. The imprest fund procedure may also be used by implementing agencies, if considered appropriate.

2 An assessment of the borrower's capacity should be based on the results of the Financial Management Assessment (FMA) performed on the relevant entity, review of current and prior audit reports for projects administered/implemented by the relevant EA/IA, internal audit reports, issues noted during project implementation (e.g., issues noted during the processing of WAs by ADB) for projects administered/implemented by the relevant EA/IA, and other relevant information, as deemed necessary.
Approval of Procedure

10.4 During project preparation, ADB staff assesses the need for the imprest fund procedure. Use of the procedure must be provided for in the project administration manual (PAM). If, during project implementation, the borrower finds it necessary to use the procedure, it may request ADB’s approval (Sections 4.13–4.14).

Basic Requirements

10.5 A signed WA for imprest fund (Appendix 10A) must be submitted to ADB, together with required supporting documents (Section 10.33).

Establishing the Imprest Account

10.6 The borrower, EA, or IA is required to open a separate bank account for depositing advances and for the exclusive use of the project (unless otherwise approved by ADB). The imprest account should be maintained in a bank account without restriction on withdrawing funds at any time (e.g., current account) and is opened in the name of the borrower, EA, IA, or project, as appropriate.

10.7 The borrower, EA, or IA who established the imprest account in its name shall be accountable and responsible for proper use of advances to the imprest account, including advances to the subaccounts, if approved and used (Sections 10.24–10.27).

Location of the Imprest Account

10.8 The imprest account may be opened at the central bank of the borrower’s country or in a commercial bank the borrower, EA, or IA designates as appropriate, provided that the institution chosen is capable of executing foreign exchange and local currency transactions; opening letters of credit (LCs) and handling a large volume of transactions; and issuing detailed monthly bank statements promptly.

10.9 ADB may decide not to accept a financial institution for the opening and/or maintenance of the imprest account if the institution retains the right to assert or asserts a claim to set off, seize, or attach amounts on deposits to the imprest account maintained by the financial institution in order to satisfy amounts due to the bank by the borrower, EA, or IA.

---

3 Some countries require transferring the ADB loan proceeds to the borrower’s bank account or budget account before transferring advances to the imprest account. Such borrower's account is not separately established for the purpose of a project and does not directly pay out project expenditures; therefore, it is considered as a “conduit” or “pass-through” purpose account, but not the imprest account. The conduit or pass-through purpose account should be identified and reflected in the fund flow chart and disbursement arrangements of the PAM.
Currency of the Imprest Account

10.10 The currency of the imprest account is agreed upon during loan negotiations and should be indicated in the PAM. To maintain the imprest account value against depreciation, it is to be maintained in a convertible and stable currency.

Using the Imprest Account

10.11 The borrower, EA, or IA, as appropriate, uses the imprest account to pay contractors, suppliers, and other third parties for ADB’s share of eligible project expenditures incurred in local and foreign currency. Imprest fund advances are strictly for the purposes of paying eligible project expenditures. Any use of the imprest funds (including any amounts advanced to subaccounts as described in Section 10.24) for activities other than eligible project activities will invoke corrective action deemed appropriate by ADB.

Request for Advances

10.12 The borrower, EA, or IA, as appropriate, may request initial and additional advances ⁴ from ADB based on its estimate ⁵ of ADB’s share of eligible project expenditures for the forthcoming 6 months which are to be paid through the imprest account (Appendix 10B). The borrower, EA, or IA, as appropriate, should not request advances for cost categories, components, or expenditures subject to conditions for withdrawal (commonly called “disbursement conditions”) which have not been met.

10.13 The total outstanding advance, in any event, should not exceed the estimate of ADB’s share of expenditures to be paid through the imprest account for the forthcoming 6 months, or appropriate level of the advance (Section 10.19). ⁶

10.14 All advances are deposited into the imprest account.

Liquidation and Replenishment

10.15 After eligible expenditures are incurred and paid ⁷ from the imprest account, the borrower requests liquidation and replenishment of the imprest account by submitting a WA (Appendix 10A) and summary sheet (Appendix 7B) if full documentation is required, or statement of expenditures (SOE) (Appendixes 9B and 9C) if SOE procedure is approved. In addition, if the force account works (FAW) procedure is approved and used, and the amounts requested to be withdrawn are paid from the imprest fund, the certificates for FAW (Appendix 9D) are required to be attached to

---

⁴ Additional advances are advances that result in an increase in the total outstanding advance.
⁵ The estimate should be endorsed by the relevant sector division or resident mission, normally, the project officer or specialist in charge of administration of the project.
⁶ In certain cases, a ceiling on the amount of the total outstanding imprest advance may be established (e.g., if there is concern or uncertainty about the capacity of the EA/IA to administer the procedure), if indicated in the PAM. The total outstanding advance should not exceed such ceiling.
⁷ Advances paid from the imprest account to EA or IA staff or subaccounts (Section 10.24) are not considered to be incurred, and such amounts are still subject to liquidation by project expenditures actually incurred.
the WA. The corresponding bank statement and the imprest account reconciliation statement (Appendix 10C) are also required to be submitted with the WA. The WA must be prepared in the currency of the imprest account.

10.16 Replenishment of advances is normally provided only until 6 months before the loan closing date.

10.17 As ADB provides advances to cover projected eligible expenditure for 6 months, the target turnover ratio of the imprest account is 2.0 per annum. If the turnover ratio of the imprest account is lower than the target, ADB may reduce the level of advance to the imprest account by adjusting the amount of replenishment or by requesting a refund to ADB, as appropriate.

10.18 If replenishment by ADB to the imprest account is less than the amount of the WA, ADB will notify the borrower in writing, by fax, email, or other means such as the Loan Financial Information System or Grant Financial Information System website (Section 4.10 and Chapter 14).

10.19 If the requested level of advance is larger than appropriate level of advance (items 7 and 8 of Appendix 10C) or additional advances are required for project activities, the borrower should submit the estimate of expenditures (Section 10.12 and Appendix 10B). If justified, replenishment and/or additional advance may be provided.

**Final Liquidation of Advances to the Imprest Account**

10.20 All advances to the imprest account are to be liquidated by ADB’s share of eligible expenditures incurred on or before the loan closing date.

10.21 Advances are normally liquidated without replenishment during the 6-month period prior to the loan closing date in order to ensure (i) refund of advance is zero or a minimal amount, and (ii) the borrower can obtain supporting documentation for clearing the outstanding advances before the end of the winding-up period (Sections 10.15–10.19).

**Refund of Advance**

10.22 Any unliquidated balance of the advance to the imprest account must be promptly refunded to ADB (Sections 4.18 and 4.20–4.22). Refund of imprest advance is normally in the currency of the imprest account. If the currency of the imprest account (e.g., US dollars) is different from the currency of loan account (e.g., special drawing right [SDR]), exchange difference between the amount charged to the loan account when the advance was originally made and the equivalent amount at the time of refund are absorbed in the borrower’s loan account.

---

8 The turnover ratio of the imprest account is calculated by the following formula: cumulative amount of liquidation divided by average of imprest advance amount (see Appendix 10C for sample calculations).
10.23 ADB applies the current value of the refund. As refund of imprest advance is normally in the currency of the imprest account (e.g., US dollars), if advance to the imprest account is further exchanged to another currency (e.g., a local currency) in order to pay expenditures in that currency, exchange difference between the date of currency exchange and the date of refund is borne by the borrower. If such exchange difference is to be borne by the borrower through absorption into its loan account, it should be agreed with ADB.\(^9\)

**Use of Subaccount(s) under the Imprest Account**

10.24 In some cases, project funds flow requires bank accounts (the “subaccount[s]” hereafter)\(^10\) opened in the name of an IA, unit, provincial government, village, or other entity (collectively “IA” hereafter), which receives advance from the imprest account, to meet project expenditures incurred by the IA. The subaccount is normally a separate bank account opened for the exclusive use of the project, unless otherwise approved by ADB.

10.25 The borrower should ensure the following matters for using the subaccount(s):
- there is a clearly defined need for the subaccount(s);
- the borrower, EA, and IA must have adequate administrative and accounting capabilities to establish sufficient internal control, accounting, and auditing procedures to ensure proper use and operation of the subaccount(s); and
- there is treatment of foreign exchange differences.

10.26 The use of subaccount(s) should be described in the PAM. The currency of the subaccount(s) may be a local currency. If, during project implementation, the borrower finds it necessary to use the subaccount(s), the request for using the subaccount(s) should be sent to ADB for approval (Sections 4.13–4.14).

10.27 The borrower, EA, and IA should ensure that every liquidation and replenishment of each subaccount is supported by (i) the statement of account (bank statement) prepared by the bank where the subaccount is maintained, and (ii) a subaccount reconciliation statement (Appendix 10D) reconciling the abovementioned bank statement against the subaccount’s records. These supporting documents should be retained by the borrower, EA, and/or IA, as appropriate, and be made available to ADB upon request.

---

\(^9\) This may be documented in the PAM or in an appropriate ADB approval (Sections 4.13–4.14).

\(^10\) Formerly called second generation imprest account (SGIA). The use of the SGIA, if so stipulated in a loan agreement, is not superseded by the revision of the handbook. The subaccount(s) should be distinguished from “petty cash,” which is a small amount (normally not exceeding US$1,000 equivalent) of funds held in the same office in the form of cash for the purpose of covering petty expenses, and is not the subaccount.
Audit Arrangements

10.28 The imprest fund procedure must be audited at least annually by independent and qualified auditors acceptable to ADB. The audits are carried out as part of the regular annual audits of the project financial statements prepared by the borrower, EA, or IA.11

Review by ADB Staff

10.29 ADB reserves the right to conduct spot or random checks of the imprest account and expenditures paid from the imprest account (including those expenditures paid from the subaccounts) through special disbursement missions or review missions, or upon ADB’s request for submission of supporting documents on a sampling basis.

Suspending Replenishment

10.30 ADB may suspend replenishment of the imprest account if
- the loan is declared suspended by ADB, partially12 or fully;
- audit reports, management letters, or ADB missions indicate significant irregularities in financial management, accounting, internal control, and/or the operation of the imprest account(s) and/or the subaccount(s); or
- the imprest account has been inactive for more than 6 months and no application for replenishment has been submitted.

10.31 During the suspension, no additional funds will be advanced to the imprest account. However, available funds in the imprest account (including the subaccounts) can be used to meet eligible expenditures, unless otherwise instructed by ADB.13 WAs submitted for these expenditures will be applied to liquidate the balance of advances.

Narrative Procedures

10.32 The narrative procedures and the check list for the imprest fund procedure are shown in Appendix 10E.

Supporting Documents

10.33 The supporting documents listed in the following table should be submitted to ADB together with the WA. If simplified documentation (i.e., SOE and/or FAW) is approved, supporting documents should be retained by the EA and/or IA for annual audit of project financial statements and/or ADB’s review (see Section 4.29 for the retention period of supporting documents). ADB reserves the right to request submission of such documents if deemed necessary. Additional supporting documents which are not listed in the following table may be required, depending on the transaction involved. ADB will return WAs that do not meet the requirements.

---

12 Suspension is applicable only to affected EA or component.
13 ADB may demand immediate refund of the available funds in cases where the suspension is due to significant irregularities in the operation of the imprest account and/or the subaccounts.
<table>
<thead>
<tr>
<th>Item</th>
<th>Required Supporting Documents&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial advance and additional advance</td>
<td>Estimate of expenditure (Appendix 10B) to support the amount of the initial advance and the additional advance (see also Sections 10.12 and 10.19).</td>
</tr>
</tbody>
</table>
| Liquidation and replenishment, or liquidation only | 1. IARS (Appendix 10C).  
   2. Bank statement.  
   3. Either one of the following, as applicable:  
      - (With SOE approved): SOE.  
      - (With full supporting documents, i.e., SOE is not approved): Summary sheet (Appendix 7B) and proof of payment and supporting documents as required under direct payment (Sections 7.4–7.5).  
      - (For expense items exceeding any applicable SOE ceiling): Same as the above with full supporting documents.  
   4. In addition, if FAW procedure is approved and used, and the amounts requested to be withdrawn are paid from the imprest fund, the certificates for FAW (Appendix 9D) need to be attached to the WA. |

ADB = Asian Development Bank, FAW = force account works, IARS = imprest account reconciliation statement, SOE = statement of expenditures, WA = withdrawal application.

<sup>a</sup> If supporting documents are written in local language, there should be an English translation of important words and items in the documents (e.g., the title of the document, name of the supplier and/or contractor, description of goods and services, amounts, and dates).
FINANCIAL INTERMEDIATION LOANS

Description

11.1 Financial intermediation loans (FILs) seek to help achieving the following objectives: (i) furthering policy reforms in the financial and real sectors; (ii) financing real sector investments through market-based allocation mechanisms; (iii) strengthening the capacity, governance, and sustainability of participating financial intermediaries; and (iv) helping increase the outreach, efficiency, infrastructure, and stability of the financial system.

11.2 Development finance institutions (DFIs) and participating financial intermediaries (PFIs) are autonomous financial intermediary entities authorized by the borrower to receive loans either directly from the Asian Development Bank (ADB) or through the borrower for passing on the loan amount to the final beneficiaries as subloans.

11.3 FILs are lent by DFIs and PFIs to sub-borrowers such as small- and medium-sized industries, enterprises, or individuals for eligible subprojects.

Free Limit

11.4 ADB generally allows financial intermediaries to enter into subloans meeting agreed criteria without submitting subloan proposals to ADB for amounts up to an agreed “free limit.” The requirement of a free limit, above which subloan proposals need to be submitted by the financial intermediary to ADB for prior approval, enables ADB to satisfy itself on the quality of the financial intermediary’s appraisal of projects and advise on appraisal techniques and methodology.

Disbursement Procedures

11.5 Under FILs, ADB provides funds to eligible DFIs and PFIs for onlending, at the financial intermediary’s credit risk, to final borrowers (sub-borrowers) for eligible subprojects. Disbursement arrangements and funds flow under FILs should be provided in the project administration manual (PAM), as they are determined with project-specific considerations.


11.6 Direct payment, commitment, and reimbursement procedures may be used, as appropriate (Chapters 7–9).

11.7 ADB may approve the use of the imprest fund procedure (Chapter 10) under FILs. The advance to the imprest account should not exceed 6 months’ estimated cash flow required for payments to be made to sub-borrowers for eligible subprojects. The imprest account may be maintained in a separate bank account, or separate account of DFIs or PFIs with fiduciary arrangements acceptable to ADB.

11.8 ADB may approve the use of the statement of expenditures (SOE) procedure (Chapter 9) to spare the borrower, DFI, or PFI the trouble of attaching voluminous documentation for numerous and small amounts of individual payments for subloans to WAs. The SOE ceiling, if any, for the nonsubmission of full supporting documentation may be established at the free limit agreed for the FIL. The SOE form for this purpose is shown in Appendix 9C.

11.9 If an individual payment amount exceeds the SOE ceiling, if any, appropriate supporting documents (e.g., invoices for subproject, subloan agreement) should be submitted to ADB.

### POLICY-BASED LOANS

#### Purpose of the Policy-Based Loan

11.10 ADB provides policy-based lending in the form of budget support in conjunction with structural reforms and development expenditure programs of a developing member country (DMC). It is also used to provide balance-of-payments assistance during economic and financial crises. ADB makes policy-based loans only to DMC/governments. In general, policy-based loans (i) are linked to the implementation of policy reforms and are disbursed quickly, and (ii) have sector-wide and economy-wide impacts.

---

3 For instance, direct payment (or commitment letter) to sub-borrowers may be used for paying subproject expenditures incurred.
4 For instance, reimbursement to EA, DFI, or PFI may be used if EA, DFI, or PFI has already paid subloans.
5 Formerly, the simultaneous authorization and withdrawal (SAW) procedure was also used. The use of the SAW procedure, if so stipulated in a loan agreement, is not superseded by the revision of this handbook.
Fiduciary Safeguard

11.11 Since general budget support under stand-alone policy-based lending and programmatic approach are absorbed into a DMC’s public expenditures in the form of counterpart funds of loan proceeds, fiduciary arrangements need to be in place to ensure efficient utilization of overall resources through sound public financial management.

Loan Proceeds and Disbursement Procedures

11.12 There is considerable flexibility in the use of policy-based loan proceeds to meet a DMC’s developmental needs. The loan proceeds may be utilized to finance economy-wide import requirements on the basis of a negative import list, or sector-specific import requirements on the basis of a positive import list.

11.13 A negative import list specifies imports that are excluded from financing under the loan, either by item or by specification of the Standard International Trade Classification. All items not listed may be financed under the loan. In contrast, a positive import list specifies eligible imports for financing under the loan.

11.14 The proceeds of a policy-based loan for which there is only a negative list of ineligible items may be disbursed without supporting import documentation if, during each year7 in which the proceeds of the policy-based loan are expected to be disbursed, the value of the DMC’s total imports minus (x) imports from nonmember countries, (y) ineligible imports, and (z) disbursements made under other official development assistance, is greater than the amounts expected to be disbursed during such year. The borrower will be required to submit with each withdrawal request a certification (Section 11.16) confirming the borrower’s compliance with the above formula in respect of the period covered by the withdrawal request. Otherwise, import documentation under existing procedures will still be required.8 Documentation in respect of specific imports will continue to be required for policy-based loans for which a positive list of eligible items is utilized.

11.15 Disbursement under policy-based loans normally takes the form of reimbursement to the central bank of the DMC acting as a depository. The central bank is generally responsible for administering policy-based loans in close consultation with the government and sector-specific entities responsible for implementing the sector program. Where appropriate, the central bank may disburse the loan through commercial banks or development finance institutions or both.

---

7 This will normally be the 1-year period for which trade statistics are maintained by the DMC concerned.
11.16 For policy-based loans with a list of ineligible items of imports (negative list), the borrower is required to submit a certificate (Appendix 11B) in support of the WA (Appendix 11A). The certificate confirms that

- the value of the eligible imports as defined in the loan agreement (Section 11.14) for the fiscal year is greater than the amount of requested withdrawal, and
- the requested withdrawal will be used to finance eligible items procured in accordance with the provisions of the loan agreement.

Audit Arrangement

11.17 Under all policy-based loans, an audit of policy-based loan proceeds will be undertaken only upon ADB's request. ADB retains its rights to audit any accounts or to verify the validity of the certification issued by the borrower with each WA.
COFINANCING OPERATIONS

Description
12.1 The term “cofinancing” refers to any transaction-specific arrangement under which funds or risk-sharing capacity provided by a third party (other than from the borrowing or host developing member country and its government agencies or the project sponsors) are associated with Asian Development Bank (ADB) funds, guarantees, or administrative involvement. Cofinancing is broadly categorized into “official cofinancing” and “commercial cofinancing.” For performance reporting purposes, ADB has introduced the concept of direct value-added cofinancing, which involves active coordination and formal agreements among financing partners that bring about defined client benefits, including contractual commitments by ADB (such as for credit enhancement, syndication, or financial administration) and other collaborative arrangements, to facilitate mobilization and administration of, or participation in, cofinancing. More information is available at http://www.adb.org/Cofinancing/. Inquiries on cofinancing operations should be addressed to ADB’s Office of Cofinancing Operations.

Disbursement Procedures
12.2 For cofinanced projects where ADB acts as administrator of the cofinanced component, the cofinanciers normally agree to follow ADB’s procurement guidelines and disbursement procedures to facilitate project implementation and administration.

12.3 The borrower is requested to submit a separate withdrawal application (WA) for withdrawal from the loan account provided by cofinanciers to pay eligible project expenditures.

---


3 When ADB provides financial administration of a cofinanced component, explicit Board approval is described in ADB’s Board documents. In addition, a cofinancing agreement is signed between ADB and the cofinancier indicating the project administration duties and responsibilities of the signing parties. If ADB does not act as administrator of the cofinancier’s fund, the cofinancier’s guidelines and procedures apply.
Types of Cofinancing Disbursement

12.4 There are two types of cofinancing disbursement:

- **Funds held by ADB (disbursement fully administered by ADB):**
  The cofinancier’s funds are entrusted and deposited with ADB. ADB reviews, authorizes, and executes payments in accordance with ADB’s *Loan Disbursement Handbook*.

- **Funds held by the cofinancier (disbursement partially administered by ADB):**
  ADB reviews WAs and advises the cofinancier to execute payments directly to beneficiaries, in accordance with ADB’s *Loan Disbursement Handbook*. The commitment procedure (Chapter 8) may not be used for cofinancier’s funds held by the cofinancier.

12.5 The imprest account and the subaccounts under cofinanciers’ funds should be maintained separately from the imprest account and the subaccounts under ADB loans and grants, unless otherwise approved by ADB. Detailed disbursement arrangements should be described in the project administration manual (PAM) with project-specific considerations. A cofinancier’s particular requirement, if any (e.g., closing date of the cofinancier’s fund), should also be described in the PAM.
Description

13.1 The Asian Development Bank (ADB) undertakes nonsovereign operations\(^1\) to provide direct financing and/or risk mitigation to entities, or for projects or business activities, in developing member countries. Nonsovereign operations refer to any loan, guarantee, equity investment, or other financing arrangement that (i) is not guaranteed by a government; or (ii) is guaranteed by a government under terms that do not allow ADB, upon default by the guarantor, to accelerate, suspend, or cancel any other loan or guarantee between ADB and the related sovereign.

13.2 More information is available at http://www.adb.org/About/Private-Sector/default.asp. Inquiries on private sector operations not discussed in this handbook should be addressed to ADB’s Private Sector Operations Department (PSOD).

Disbursement Procedures

13.3 In all cases, the disbursement procedures should be specified in the contractual agreement with ADB, i.e., loan, investment, issuing bank, or revolving credit agreement.\(^2\)

13.4 After the receipt of the borrower’s disbursement request in accordance with the specific loan agreement, PSOD will prepare the authorization for private sector disbursements together with a complete set of loan or investment documents as attachments, to initiate the disbursement process. The Controller’s Department (CTL) should receive the authorization (i) at least 3 working days prior to the proposed disbursement date for US dollar-denominated loans, and (ii) at least 7 working days prior to the proposed disbursement date for local currency loans.\(^3\) For disbursement of local currency, PSOD coordinates with the Treasury Department, as appropriate, before the proposed disbursement date.

13.5 These disbursements may take place in predetermined tranches on specified dates, or at call. The disbursement may also be made through reimbursement to the investee company for expenditures incurred, or to confirming banks against letters of credit in favor of suppliers.

---


\(^2\) Technical assistance is not covered by this handbook, but is covered by the Technical Assistance Disbursement Handbook (2010, amended from time to time).

\(^3\) Before CTL receives the authorization, the Office of the General Counsel endorses the initial authorizations for all private sector operations disbursements and, where required by CTL, for subsequent equity investment disbursements.
13.6 ADB’s disbursement for private sector loans, equity investments, and revolving credit facility (RCF) of Trade Finance Program (TFP) are subject to

- the loan, equity investment, or RCF agreement having been declared effective by ADB;
- the borrower or recipient, as applicable, having submitted to ADB a certificate of incumbency sufficiently evidencing the authority of the person(s) who will sign the disbursement request (substantially in the form shown in Appendix 13A); and
- any conditions for withdrawal as specified in the loan, equity investment, or RCF agreement having been met.

13.7 Before disbursement can be made, ADB requires the following:

**Private Sector Loans:**
- form of disbursement request (substantially in the form shown in Appendix 13B) signed by an authorized representative of the borrower;
- a signed undated disbursement receipt, if required by the loan agreement, indicating the amount received by the borrower with the date to be filled in by ADB after the disbursement is value-dated (substantially in the form shown in Appendix 13C);
- a promissory note, if required by the loan agreement in the case of B-loans⁴ (substantially in the form shown in Appendix 13D); and
- any other documents specified in the loan agreement.

**Equity Investment:**
- capital call request signed by an authorized representative of the borrower; and
- any other documents specified in the equity investment agreement.

**Trade Finance Program Disbursement Procedures for Revolving Credit Facilities**

13.8 Before disbursement can be made, ADB requires the following:

- form of disbursement request (substantially in the form shown in Appendix 13E) signed by an authorized representative of the borrower;
- a bank’s acknowledgement of the receipt of funds by email within 3 business days from the date of disbursement;
- a subloan summary report on each subloan that is proposed to be financed out of the proceeds of the disbursement (substantially in the form shown in Appendix 13F); and
- any other documents specified in the revolving credit agreement.

---

⁴ B-loan means a loan made by ADB funded by a third party or parties without the borrower or third parties having any recourse to ADB. It involves the prearranged transfer to commercial lenders of participation in an ADB complementary loan, but without credit recourse to ADB for debt service. ADB is the lender-of-record as the B-loan is made in the name of ADB.
Trade Finance Program Disbursement Procedures for Revolving Partial Credit Guarantees

13.9 Before reimbursement of claims by confirming banks can be made under the TFP partial credit guarantee facility, ADB requires the following:

- a claim disbursement request form (this form will be developed when needed);
- a notice of unpaid claim form (substantially in the form shown in Appendix 13G) to be delivered by authenticated SWIFT or tested telex and followed by hard copy; and
- any other documents specified in the confirming bank agreement.

13.10 Before ADB makes a participation contribution to confirming banks under a TFP risk participation agreement, ADB requires the following:

- a notice of participation contribution (substantially in the form shown in Appendix 13H); and
- any other documents specified in such notice.
14.1 The Loan Financial Information System (LFIS)/Grant Financial Information System (GFIS) website (http://lfis.adb.org) is an internet-based system that provides authorized users the essential data and financial information on the sovereign loan and grant operations of the Asian Development Bank (ADB). Borrowers; executing, implementing, and other agencies; and ADB staff can search, retrieve, download, and print reports and queries from the LFIS and GFIS systems of ADB. The following reports and downloaded data can be analyzed by different parameters such as fund, borrowing country, sector, type, individual loan or grant, and loan or grant categories during specified periods:

- loan and grant portfolio,
- contract awards,
- disbursement data,
- status of withdrawal application, and
- separate reports for loan and grants.

14.2 In addition, the following reference materials are available on the website:

- the Loan Disbursement Handbook,
- the Asian Development Fund - Currency Management Proposal,
- Cost Sharing and Eligibility of Expenditures for ADB Financing, and
- local currency loan products.

14.3 The LFIS/GFIS Web has five sections:

- Loan Data,
- Grant Data,
- Reports,
- Reference, and
- Downloads.

---

1 This chapter applies to sovereign operations.
14.4 **Loan Data.** This section provides information on loan portfolios such as principal amount, number of closed loans, cancellation, number of effective loans, contracts awarded, disbursements, and undisbursed loan balance for active and closed loans. The information by loan level can also be viewed as follows:

Basic Data: Loan Profile
- Category List
- Category Ledger
- Partial Cancellation
- Borrower, Executing, and Implementing Agencies
- Addresses

Loan Summaries: Status of Loan
- Contract and Disbursement Projections

Contracts: Contract Listing
- PCSS Listing
- Contract Ledger

Commitment Letters: List of Commitment Letters
- Commitment Letters Ledger

Disbursements: Track Applications Paid—by WA, by EA, by Category, by Procedure, and by Kind
- Pending
- Rejected
- Disbursement Details
- Paid for the Period

Advances: Statement of Advances and Liquidation
- Imprest Disbursement
- Outstanding Advance

Project Picture

14.5 **Grant Data.** This section provides information on grant portfolios such as approved amount, number of grants, supplementary amount, cancellation amount, net grant amount, number of effective grants, contracts awarded, disbursements, and undisbursed grant balance by country for active and closed grants. The information by grant level can also be viewed as follows:

Basic Data: Grant Profile
- Category List
- Category Ledger
- Partial Cancellation
- Supplementary
- Grant Recipient, Executing, and Implementing Agencies
- Addresses
Grant Summaries: Status of Loan
Contracts: ADB Contract Listing
EA Contract Listing
PCSS Contract Listing
PCSS Ledger
Commitment Letters: List of Commitment Letters
Commitment Ledger
Disbursements: Track Applications
Paid
Pending
Rejected
Disbursement Details
Advances: Statement of Advances and Liquidation
Imprest Advance
Outstanding Imprest Advance Summary

14.6 Reports. Available reports may vary depending on the level of access given to the user. The reports can be viewed, printed, and downloaded from the website (Appendixes 14A and 14B). Authorized users are given restricted access for reports relevant to projects under their respective country or agency. The following are the available regular reports:

(i) Loan Financial Information System Reports

- Country Reports:
  - Summary Disbursement Ratio (ALR511): This report provides information on the rate of disbursement during the period or year by country and by fund. The report is updated monthly.
  - Imprest Fund Turnover Ratio (ALR573): This report provides information on the operational efficiency of imprest accounts of the borrowers, using the turnover as the efficiency indicator. This report is updated monthly.
  - Statement of Loans (ALR900): This report provides the status of loan utilization for the country of the borrower by source of fund. This report is updated monthly.
  - Statement of Contract Awards (ALR917): This report provides information on contract awards for loans by source of fund and by project division. The disbursements are in cumulative amounts for the week, for the year, and the total to date. The report is updated weekly.
  - Statement of Disbursements (ALR922): This report provides disbursements for all active loans (including loans closed during the year) by source of fund and by project division, for the country of the borrower. The disbursements are in cumulative amounts for the month, for the year, and total to date.
Monthly Contracts and Disbursement Report (ALR928): This report provides information on contracts awarded, subloan commitments, and disbursements for each loan, by country and by source of fund. The disbursements are in cumulative amounts for the month, for the year, and total to date.

Contract Awards Information on Goods, Related Services, and Civil Works (ALR984): This report provides contract awards information on goods, related services, and civil works above $100,000 by borrowing country entered into ADB’s books. It provides detailed descriptions of the contracts. The report is updated monthly.

Executing Agency Reports:

List of Contracts by Executing Agency (ALR558): This report provides information on contracts awarded and utilized under all loans for the particular executing agency (EA). The report is updated monthly.

Semi-Monthly Listing of Loan Disbursements (ALR967): This chronological listing provides information on loan disbursement transactions and status of withdrawal applications under a given loan every 15 days for the period from the 1st to the 14th of the month and the period from the 15th to the end of the month. The listing is available only if there are disbursements during the reporting period. The status of category balances and imprest advances in US dollars and/or special drawing rights under the semi-monthly listing of loan disbursements contains the basic information on categories and imprest advances. The report is uploaded semi-monthly.

Statement of Withdrawal Vouchers (ALR929): This report provides information on confirmed disbursement transactions sorted by withdrawal application and by authorization number. This report does not include transactions relating to (i) application for issuance of commitment letters, and (ii) loan repayment. The report is updated monthly.
(ii) **Grant Financial Information System Reports**
- Country Reports:
  - **Statement of Grants (GRP910):** This report shows the status of grant utilization for the country of the recipient. The information in the report is uploaded monthly.
- Executing Agency Reports:
  - **Semi-Monthly Listing of Grant Disbursements (GRP967):** This report provides information on grant disbursement transactions during the semi-monthly period for every grant under the particular recipients’ representative and executing agency. The report is uploaded semi-monthly.

(iii) **Other Loan or Grant Financial Information System Reports.** Other LFIS/GFIS reports such as statement of loans, monthly summary statement of loan disbursements, and monthly financial report, among others, are available for internal users only.

(iv) **Loan Accounting Reports.** Loan accounting reports, such as billing statements and capitalization statements, are available at the Loan Accounting and Services (LAS) website, a link for which is also available from the LFIS/GFIS website.

### 14.7 Reference

This section shows a list of information for reference (Appendix 14C).

(i) **Loan Financial Information System Reference**
- List of Loans by ADB Project Division
- List of Loans by Disbursement Section
- List of Loans by Executing Agency
- List of Loans with SOE
- List of Loans with Imprest Advance
- List of Loans with SOE and Advance
- List of Agencies for a Given Country
- Loan Disbursement Handbook

(ii) **ADB Reference**
- ADB Departments, Offices, and Missions
- ADB Holidays
- Organizational Chart – Controller's Department

(iii) **Others**
- Procurement: Guidelines and Bidding Documents
- Consultant: Guidelines, Registration, FAQs
- Project Profile and Completion Reports
14.8 **Downloads.** This section provides options to download items, including the following ADB forms (Appendix 14D):

- Withdrawal Application for Direct Payment and Reimbursement
- Application for Issuance of Commitment Letter
- Withdrawal Application for Imprest Fund
- Summary Sheet for Direct Payment/Reimbursement/Replenishment/Liquidation
- Summary Sheet for Issuance of Commitment Letter
- Application for Approval of Amendment of Letter of Credit (LC)
- Statement of Expenditures (SOE) for Project Loans
- Statement of Expenditures (SOE) for Financial Intermediation Loans
- Imprest Fund Estimate of Expenditures Sheet
- Imprest Account Reconciliation Statement
- Example of Subaccount Reconciliation Statement
- Request for LFIS/GFIS Web Access
- Request for Access Form to the Loan Accounting Reports Website
- Request for eC-LAS Installer

14.9 **Access to the LFIS/GFIS website.** To obtain access to the LFIS/GFIS website, a request form for LFIS web access must be filled out and submitted to ADB. Upon receipt of application, ADB will email the confidential user ID and password to the requesting user. (Refer to Appendix 14E for the access request form.)

14.10 **Inquiries.** Inquiries should be made to the following:

- LFIS Webmaster
- CTL-CTOC-System Support Group (SSG)
- Controller’s Department
  E-mail address: lfis@adb.org
NOTE: The term “loan(s)” as used in this handbook also refers to grants, for investment projects that are managed by executing agencies (EAs) unless the context requires otherwise. Disbursement procedures for policy-based loans and grants are described in Chapter 11 and related appendix. The reference to grant(s) does not include technical assistance (TA) grants. The term “borrower(s)” in this handbook refers to borrowers, recipients of grants, and/or their executing agencies (EAs). Please use those terms as applicable to each project when model forms in the appendixes are actually used.
These policies were prepared for use by ADB staff and are not necessarily a complete treatment of the subject.

DISBURSEMENT

A. Definitions

“Closing date”  The date the Asian Development Bank (ADB) may terminate the right of the recipient or borrower to make withdrawals from a grant or loan account.

“Disbursement”  The withdrawal of proceeds from an ADB-financed grant or loan account.

“Eligible expenditures”  Project expenditures that can be financed under an ADB-financed grant or loan.

“Expenditures incurred”  The recipient of a grant or borrower’s obligation to pay either as a result of contractual terms or after goods and services have been provided.

“Financing agreement”  A grant agreement, loan agreement, or combined grant and loan agreement, as appropriate; the related counterparty is referred to as the “recipient” for a grant and the “borrower” for a loan.

“Grant account” or “loan account”  The account opened or to be opened by ADB on its books in the name of the recipient or borrower, and to which the amount of the grant or loan has been or will be credited.

B. Introduction

1. Articles 13 and 14(ix), (x), and (xi) of the Agreement Establishing the Asian Development Bank (the Charter) stipulate conditions for the use of loan proceeds financed by the Asian Development Bank (ADB). ADB’s policy on disbursement is a key element in meeting these conditions of the Charter. The Regulations further set out conditions for the use of loan or grant proceeds financed by ADB, or proceeds administered by ADB.3

---

1 In this Operations Manual section J6/BP, the term “ADB-financed” or “ADB financing” includes ADB-administered grants or loans, unless the context requires otherwise. This Operations Manual section J6 does not cover technical assistance grants.

2 Includes Ordinary Operations Loan Regulations, Special Operations Loan Regulations, Special Operations Grant Regulations, and Externally Financed Grant Regulations.

3 ADB in practice applies similar principles to those set out in Articles 13 and 14(ix), (x), and (xi) of the Charter to grants or loans from external funding sources that are administered by ADB, except when ADB and the relevant cofinancier agree otherwise.
C. The Policy

2. The Charter sets out the principles to be followed in disbursement:
   
   (i) The proceeds of any loan, investment, or other financing provided by ADB shall be used only for procurement in member countries of goods and services produced in member countries unless the Board of Directors specifically permits otherwise (Article 14[ix]).
   
   (ii) The borrower shall be permitted to draw its funds only to meet expenditures in connection with the project as they are actually incurred (Article 14[x]).
   
   (iii) The proceeds of any ADB loan are to be used only for the purposes for which the loan was approved, with due attention to considerations of economy and efficiency (Article 14[xi]).

D. Eligibility of Expenditure

3. The eligibility of expenditures for ADB financing is governed by Article 14(ix), (x), and (xi), and the relevant operational policies, including the one on cost sharing and eligibility of expenditures. For grants or loans from external funding sources that are administered by ADB, cofinanciers and ADB may discuss and agree on additional eligibility conditions.

4. Disbursements can begin only after the financing agreement becomes effective and relevant conditions for withdrawal, if any, are met. Expenditures incurred before the effective date of the agreement are not eligible for ADB financing, except when ADB has agreed to retroactive financing.

5. Expenditures incurred after the closing date stipulated in the financing agreement should not be financed from the grant or loan proceeds. If a review of the disbursement and project implementation status of a project suggests that an extension of the closing date is necessary and justified, and will help to achieve the project objectives within a reasonable time, ADB may extend the closing date.

E. Conditions for Withdrawal

6. The financing agreement may include “conditions for withdrawal from the grant or loan account,” which are conditions to be met before the loan or grant proceeds can be disbursed. These may include certain actions that the borrower, the recipient and/or the executing and/or implementing agencies are required to undertake.

---

4 Operations Manual section J 3 (Procurement).
5 Disbursement may precede the incurrence of eligible expenditure as long as the disbursement is related to the incurrence of such an expenditure (e.g., providing advance subject to liquidation by eligible expenditure incurred).
9 These are commonly called “disbursement conditions.”
Basics: This OM section is based on:
ADB. 2005. Cost Sharing and Eligibility of Expenditures for Asian Development
This OM section is to be read with OM Section J 6/OP.

For other background information and references, see:
ADB. Project Administration Instructions (amended from time to time). Manila.

Compliance: This OM section is subject to compliance review.

For inquiries: Questions may be directed to the Assistant Controller, Loan Administration
Division, Controller’s Department.

04 May 2012         Prepared by the Controller’s Department

This supersedes OM Section J 6/BP and issued by the Controller’s Department on 22 October
2008, with the approval of the President.
These procedures were prepared for use by ADB staff and are not necessarily a complete
treatment of the subject.

DISBURSEMENT

A. Introduction

1. The procedures for withdrawing grant or loan proceeds for the purpose of carrying out a
project as specified in the applicable financing agreement (in general “disbursement
procedures”) are set forth in this section. This policy applies only to Asian Development Bank
(ADB)’s sovereign grants and loans. For nonsovereign operations, the disbursement
arrangements are specified in their respective financing agreements. Further details are
contained in the Project Administration Instructions and the Loan Disbursement Handbook.

B. Application of the Policy

1. Grant or Loan Account, Conditions for Withdrawal, Authorization of
   Payment

2. Disbursements can begin only after the financing agreement becomes effective and
   relevant conditions for withdrawal (i.e., the disbursement conditions), if any, are met. When the
   agreement becomes effective, a grant account is opened in the name of the recipient or a loan
   account is opened in the name of the borrower, and the agreed amount is credited to that
   account.

3. Conditions for withdrawal, if any are stated in the financing agreement, and the
   expenditures subject to such conditions are clearly separated, to the extent possible, from the
   rest of the expenditures under the project and designated in a separate expenditure category, as
   the conditions for withdrawal should not prevent implementation of other portions of the project.

4. Withdrawal from the account (i.e., disbursement) is subject to the approval of the
   Controller’s Department of a withdrawal application. In approving a withdrawal application, the
   Controller’s Department may consult the concerned regional department, or the resident or
   regional mission supervising the project, the Office of the General Counsel, and other concerned
   departments and offices, where necessary. Upon approval of disbursement, the Treasury
   Department makes the payment. The Controller’s Department advises the recipient or the
   borrower of the disbursements through internet or other means.

2. Disbursement Procedures

---

1 These procedures also apply to grants or loans from external funding sources that are administered by ADB, except
   when ADB and the relevant cofinancier agree otherwise.

2 For example, conditions for withdrawal on a portion of a loan and a grant may be used in the following cases: (i)
   establishment of a particular implementing unit for a portion of the loan, and (ii) execution of a subsidiary legal
   agreement for a portion of the loan.

3 In this Operations Manual section J 6/OP, the term “recipient” and “borrower” may also mean the relevant executing
   and/or implementing agencies, as the context requires.
5. The recipient or borrower may use any of the following disbursement procedures for payment of expenditures related to projects financed by ADB, subject to ADB’s prior approval in the case of procedure (iv):

   (i) **Direct Payment.** This procedure provides for ADB to make the payment directly to the supplier, contractor, or consultant on the basis of a withdrawal application submitted by the recipient or the borrower.

   (ii) **Commitment.** This procedure involves a commercial letter of credit to pay a supplier. The letter of credit is usually established by a commercial bank (issuing bank) and is advised and paid usually by another commercial bank (advising, negotiating, or paying bank depending on the actual arrangements) in accordance with the terms of the letter of credit. ADB does not open the letter of credit nor does it become a party to it, but ADB, on behalf of the recipient or the borrower, assures payment from the related grant or loan proceeds to the paying bank.

   (iii) **Reimbursement.** This procedure, wherein the recipient or the borrower effects payments and then requests reimbursement from ADB, is generally suitable when the recipient or the borrower has sufficient funds to pay for project expenditures first.

   (iv) **Imprest Fund.** Under this procedure, ADB provides the executing and/or implementing agency with funds in advance (replenished from time to time as necessary) for financing eligible expenditures to help the borrower reduce cash flow difficulties thereby facilitating project implementation. Any advance not liquidated by eligible expenditures shall be refunded to ADB. The procedure may be allowed if the executing and/or implementing agency (i) needs to make numerous payments for small expenditures, (ii) has sufficient administrative and accounting capabilities, and (iii) can arrange for periodic independent audits. Imprest accounts may be in any currency, including the borrower’s local currency, so long as the currency is freely convertible and stable. The currency of the imprest account should be indicated in the Project Administration Manual (PAM), or other appropriate loan or grant document.

6. To facilitate efficient disbursement operations, the following simplified documentation procedures may be used under the Reimbursement and the Imprest Fund procedures, subject to ADB’s prior approval.

   (i) **Statement of Expenditures.** This procedure, which involves submission by the executing and/or implementing agency of a statement of expenditures (SOE) in lieu of the usually required supporting documentation (such as invoices, bills, and receipts), is used when applying for reimbursement or liquidation and/or

---

4 Disbursement procedures for policy-based loans are set out in Operations Manual section D4 (Policy-Based Lending).

5 In this Operations Manual section J 6/OP, the term PAM also refers to Facility Administration Manual (FAM) prepared for Multitranche Financing Facility (MFF) unless the context requires otherwise. See Operations Manual section D14.
replenishment under the imprest fund procedure. The SOE procedure is available when (a) it is impractical or unduly burdensome for the executing and/or implementing agency to submit full documentation of small expenditures below the approved ceiling to ADB in support of applications for withdrawal of grant or loan proceeds; (b) the executing and implementing agency has sufficient administrative and accounting capabilities; and (c) the executing and implementing agency is able to arrange periodic audits.

(ii) **Force Account Works.** This procedure is used when ADB and the recipient or the borrower consider it appropriate for the executing and/or implementing agency to employ its own work-force, equipment, and other resources to carry out civil works required for the project. As the supporting documentation usually required (such as invoices, bills, and receipts) is not available, the executing and/or implementing agency is required to submit periodic certification of progress or completion of such civil works in support of applications for withdrawal of funds.

7. To use the imprest fund, SOE, or force account works procedures, the Controller's Department and the regional department, or the resident or regional mission responsible for project administration, have to be satisfied with the capacity of the executing and/or implementing agency, the nature of project expenditures, and other matters considered. ADB staff and the recipient or the borrower should identify the need for the appropriate procedures early in project processing and specify arrangements in the applicable PAM.

3. **Financing Plan, Financing Percentage and Detailed Cost Estimate by Financier**

8. **Financing Plan.** The financing plan will identify the different sources of financing for the project, the amounts to be provided by each financier, and the overall percentage of total project cost that each financier will finance. The financing plan is included in the Report and Recommendation of the President (RRP).

9. Based on the financing plan, the detailed cost estimate by financier may be prepared in a variety of ways, including the following three options:

(i) **Option 1.** ADB finances eligible expenditures on a pro rata basis with the cofinanciers, i.e., the eligible expenditures will be financed only up to an amount equivalent to ADB’s financing ratio for the entire project. For example, if ADB finances 60% of the project, only 60% of the eligible expenditures under each claim will be financed.

(ii) **Option 2.** ADB finances eligible expenditures up to 100% of every claim it receives, as long as sufficient undisbursed grant or loan amounts remain. If the remaining amount is not sufficient to cover 100% of the claim, only the remaining amount will be disbursed.

---

6 Under such an arrangement, allocation of amounts by expenditure category may not be determined.
(iii) **Option 3.** ADB finances eligible expenditures in accordance with different ratios specified for each cost category and/or subcategory. For example, the financing ratio for civil works may be 20% and for equipment 90%.

10. The RRP and PAM will explain the manner in which the eligible expenditures will be financed. Moreover, for all financing plans other than the options 1 and 3, the RRP and PAM will indicate the risks associated with it and the control mechanisms, if any, that will be put in place to address them. Such a plan and the control mechanisms will be raised at the management review meeting or the staff review meeting for endorsement.

11. **Financing Percentage.** ADB’s financing percentage is (i) the overall share of ADB’s financing for the project, as presented in the financing plan; and (ii) the share of ADB’s financing for expenditure categories, as presented in the detailed cost estimate by financier.

12. **Detailed Cost Estimate by Financier.** The detailed cost estimate by financier should exhibit (i) the expenditure category, (ii) the amounts allocated to each expenditure category by financier, and (iii) the financing percentage for each category by financier.\(^7\) This table must be included in the PAM.

4. **Expenditure Categories, Allocation of Amounts and Disbursement Percentage**

13. As a basis for disbursement operations during project implementation, the following are summarized in a table as an attachment to one of the schedules in the financing agreement (hereinafter referred to as the “attachment to schedule”) for all ADB-financed projects: \(^8\) (i) expenditure categories, \(^9\) (ii) their corresponding allocation of amounts, (iii) disbursement percentages, and (iv) other applicable conditions.

14. The amount of ADB financing and disbursement percentage for each expenditure category is derived from the detailed cost estimates by financier.

15. The project team leader is responsible for ensuring that the attachment to schedule is accurately prepared, in consultation with the project counsel and financial control specialist.\(^10\)

   a. **Expenditure Categories**

16. The project expenditures to be financed by ADB are grouped into expenditure categories.

---

\(^7\) Such as ADB ordinary capital resources loan, Asian Development Fund (ADF) loan, ADF grant, a co-financier’s loan, co-financier’s grant, a trust fund and/or the government contribution.

\(^8\) The attachment to schedule must be completed and inserted for all types of loan, grant and financing agreements (including sector loans, unless the information necessary to complete the attachment is not available at the time of Board approval). For financial intermediation grants or loans, the attachment to schedule may or may not be attached to the financing agreement.

\(^9\) In this Operations Manual, the expenditure category also refers to expenditure subcategory, unless otherwise specified.

\(^10\) The accuracy is ensured through the peer review process during processing of loans. In case any changes are proposed to the attachment to the schedule during the loan negotiation, the financial control specialist should be consulted before the loan negotiation is completed.
17. Each expenditure category is given in the attachment to schedule. The Office of General Counsel must furnish to the Controller’s Department a copy of the financing agreement, including the attachment to schedule, as soon as it is signed by the recipient or the borrower.

b. Allocation of Amounts

18. The attachment to schedule specifies the amount allocated to each expenditure category. A part of the grant or loan may be shown as unallocated. From this category, reallocation may be made to other specified categories to cover cost increases. Amounts no longer required for disbursement in an expenditure category may also be reallocated to another category.

c. Disbursement Percentage

19. The disbursement percentage is the ratio or proportion of ADB financing which is applied to expenditures claimed under a particular expenditure category as specified in the attachment to schedule. The disbursement percentage is derived from the detailed cost estimate by financier, in consideration of the financing options, treatment of local taxes and duties, and other project specific requirements.

d. Treatment of Local Taxes and Duties

20. ADB’s standard practice is to include local taxes and duties in the total project expenditure amount, in the detailed cost estimate by financier.

21. Where ADB finances taxes and duties. ADB may finance the local taxes and duties, subject to the criteria described in the policy related to eligibility of expenditures under ADB financing.

22. Where ADB does not finance taxes and duties. When ADB does not finance local taxes and duties, those to be excluded from ADB financing are value-added tax (VAT), gross sales taxes (GST), and other similar types of taxes and duties that are identifiable and determinable as the final tax amount at the time of transaction. On the other hand, income tax and other taxes and duties that are not identifiable and determinable as a final tax amount at the time of transaction are not excluded from the amount to be financed by ADB. If a country has a particular type of tax that requires clarification on its nature and treatment under an ADB project, the RRP and PAM should describe that tax and indicate whether ADB will finance it, or not.

---

11 This is presented in the financing agreement as “Basis for Withdrawal from Loan/Grant Account”.
12 The criteria include a threshold identified in the Country Partnership Strategy (CPS). See Operations Manual section H3/OP, for detailed requirements.
13 VAT or GST-type taxes and duties are levied by borrowing countries on specific goods, works, and services, by adding the relevant taxes to the costs.
14 Income tax is a tax levied by tax authorities on the total income of all business activities of the contractor during a fiscal year, including ADB-financed activities. Income tax withheld by the executing agency from a contractor's invoice is temporary, subject to adjustments at the time of declaring annual income tax returns. Actual income tax cannot be determined at the time of payment of individual invoices.
23. When ADB does not finance local taxes and duties, particular attention should be paid in determining the financing percentage for each expenditure category and disbursement percentage. In such cases, one of the following two methods should be used:

(i) **Gross basis.** ADB’s financing percentage and disbursement percentage must be set at levels that will exclude local taxes and duties. For example, if the estimated local tax is 10% for a category, ADB’s financing percentage and disbursement percentage for the category must not exceed 91% (= 1/1.1). The gross basis presentation is generally preferred as (a) it does not require the Government’s particular tax exemption, and (b) it is helpful in streamlining disbursement processing. The local taxes and duties must be broken down further into the expenditure categories in the detailed cost estimate by financier included in the PAM.

(ii) **Net-of-tax basis.** If ADB intends to finance 100% or part of the cost under a certain category except the local taxes and duties, then ADB’s disbursement percentage can be presented on a net-of-tax basis, i.e., “100% excluding local taxes and duties.” An asterisk [*] that indicates “exclusive of taxes and duties imposed within the territory of the Borrower” must be placed on the expenditure category in the attachment to schedule.\(^{15}\) If all expenditure categories are financed on a net-of-tax basis, the detailed cost estimate by financier may indicate estimated taxes and duties amount in one line item, and all individual cost amounts excluding taxes and duties. Typically, the net-of-tax basis presentation is appropriate when the government’s counterpart funding for an expenditure category is in the form of tax exemption.\(^ {16}\) If the government does not provide tax exemption and requires disbursement by 100% excluding local taxes and duties, supporting documents of each withdrawal application should indicate the amount of the local taxes and duties that should be excluded from disbursement. As these additional considerations in disbursement operations are required, the net-of-tax basis presentation should be used only when the circumstances require.

5. **Grant and Loan Closing**

24. The borrower may make withdrawals from the grant or loan account only for the expenditures incurred on or before the grant or loan closing date. Expenditures incurred after the grant or loan closing date will not be financed under the grant or loan. If a review of the disbursement and project implementation status of a project suggests that an extension of the closing date is necessary, justified, and will help to attain the project objectives within a reasonable time, ADB may extend the closing date.

\(^{15}\) Different expenditure categories within the same attachment to schedule may be presented on a gross or net-of-tax basis, if appropriate.

\(^{16}\) If taxes are exempted, each invoice or claim will not indicate the amount of taxes, but shows only the amount of costs; therefore, the net-of-tax basis disbursement percentages should be used, in order for ADB to finance the project costs as envisaged.
Basis: This OM section is based on OM Section J6/BP and the documents cited therein.

Other background information and references:

This OM section is to be read with Project Administration Instructions and the documents cited therein; and ADB. 2007. Loan Disbursement Handbook. Manila (amended from time to time).

Compliance: This OM section is subject to compliance review.

For inquiries: Questions may be directed to the Assistant Controller, Loan Administration Division, Controller's Department.

04 May 2012

Prepared by the Controller’s Department

This supersedes OM Section J6/OP and issued by the Controller’s Department on 22 October 2008. with the approval of the President.
### Detailed Cost Estimates by Financier

**Example 1: Financing Option 3 with ADB Financing Taxes and Duties**

($ million)

<table>
<thead>
<tr>
<th>Item</th>
<th>ADB</th>
<th>Government</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Financing% of Cost</td>
<td>Amount</td>
</tr>
<tr>
<td></td>
<td>{A}</td>
<td>{A/C}</td>
<td>{B}</td>
</tr>
<tr>
<td><strong>A. Investment Costs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Civil Works</td>
<td>140.00</td>
<td>100% (Note 3)</td>
<td>0.00</td>
</tr>
<tr>
<td>2 Equipment</td>
<td>30.00</td>
<td>100% (Note 3)</td>
<td>0.00</td>
</tr>
<tr>
<td>3 Land Acquisition and Resettlement</td>
<td>0.00</td>
<td>0%</td>
<td>20.00</td>
</tr>
<tr>
<td>4 Consultants</td>
<td>10.00</td>
<td>100% (Note 3)</td>
<td>0.00</td>
</tr>
<tr>
<td>5 Training</td>
<td>2.00</td>
<td>100% (Note 3)</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Subtotal (A)</strong></td>
<td>182.00</td>
<td></td>
<td>20.00</td>
</tr>
<tr>
<td><strong>B. Recurrent Costs (Note 2)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Project Management</td>
<td>0.00</td>
<td>0%</td>
<td>15.00</td>
</tr>
<tr>
<td>2 Equipment Operation and Maintenance</td>
<td>0.00</td>
<td>0%</td>
<td>12.00</td>
</tr>
<tr>
<td><strong>Subtotal (B)</strong></td>
<td>0.00</td>
<td></td>
<td>27.00</td>
</tr>
<tr>
<td><strong>Total Base Cost</strong></td>
<td>182.00</td>
<td></td>
<td>47.00</td>
</tr>
<tr>
<td><strong>C. Contingencies</strong></td>
<td>15.00</td>
<td></td>
<td>3.00</td>
</tr>
<tr>
<td><strong>D. Financing Charges During Implementation (Note 2)</strong></td>
<td>3.00</td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Project Cost (A+B+C+D)</strong></td>
<td>200.00</td>
<td>80%</td>
<td>50.00</td>
</tr>
</tbody>
</table>

| % Total Project Cost                      | 80%              | 20%               | 100%       |

**Notes for the Purpose of Operations Manual (OM) Section J6**

1. This table is prepared based on the financing option 3 described in para 9(iii) of Section J 6/OP of the Operations Manual (OM). The amounts for each expenditure item include the local taxes and duties. Under the financing option 2 (para. 9(ii)), the breakdown of the financing percentage by each financier may not be determined, as any claim may be front-loaded by ADB financing up to 100%, up to the loan or grant amount.
2. Requirements under OM Section H3 should be met for ADB financing.
3. Requirements under OM Section H3 should be met for ADB financing of local taxes and duties.
4. The schedule in page 2 of 6 is derived from this table.
5. All information, including format, is for illustration purposes.
### Allocation and Withdrawal of Loan Proceeds

<table>
<thead>
<tr>
<th>Number</th>
<th>Item</th>
<th>Total Amount Allocated for ADB Financing (S or SDR equivalent)</th>
<th>Basis for Withdrawal from the Loan Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Civil Works</td>
<td>140,000,000</td>
<td>100 percent of total expenditure claimed</td>
</tr>
<tr>
<td>2</td>
<td>Equipment</td>
<td>30,000,000</td>
<td>100 percent of total expenditure claimed</td>
</tr>
<tr>
<td>3</td>
<td>Consulting Services</td>
<td>10,000,000</td>
<td>100 percent of total expenditure claimed</td>
</tr>
<tr>
<td>4</td>
<td>Training</td>
<td>2,000,000</td>
<td>100 percent of total expenditure claimed</td>
</tr>
<tr>
<td>5</td>
<td>Financing Charges During Implementation</td>
<td>3,000,000</td>
<td>100 percent of total amount due</td>
</tr>
<tr>
<td>6</td>
<td>Unallocated</td>
<td>15,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>200,000,000</td>
<td></td>
</tr>
</tbody>
</table>

**Notes for the Purpose of Operations Manual (OM) Section J6**

1. As ADB finances project expenditures including taxes and duties, the footnote “Exclusive of taxes and duties imposed within the territory of the Borrower” is not indicated.
2. This table is derived from page 1 of 6.
3. The percentages indicated in the column “Basis for Withdrawal from the Loan Account” are disbursement percentage.
4. All information, including format, is for illustration purposes.
### Detailed Cost Estimates by Financier

**Example 2: Financing Option 3 with ADB Not Financing Taxes and Duties (Gross Basis)**

($ million)

<table>
<thead>
<tr>
<th>Item</th>
<th>ADB</th>
<th>Government</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Investment Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Civil Works</td>
<td>140.00</td>
<td>17.50</td>
<td>177.00</td>
</tr>
<tr>
<td>2 Equipment</td>
<td>20.00</td>
<td>2.00</td>
<td>22.00</td>
</tr>
<tr>
<td>3 Land Acquisition and Resettlement (Note 2)</td>
<td>0.00</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td>4 Consultants</td>
<td>12.00</td>
<td>3.00</td>
<td>15.00</td>
</tr>
<tr>
<td>5 Training</td>
<td>1.00</td>
<td>0.10</td>
<td>1.10</td>
</tr>
<tr>
<td><strong>Subtotal (A)</strong></td>
<td><strong>173.00</strong></td>
<td><strong>22.50</strong></td>
<td><strong>217.10</strong></td>
</tr>
<tr>
<td>B. Recurrent Costs (Note 2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Project Management</td>
<td>5.00</td>
<td>1.70</td>
<td>6.90</td>
</tr>
<tr>
<td>2 Equipment Operation and Maintenance</td>
<td>4.00</td>
<td>0.90</td>
<td>5.00</td>
</tr>
<tr>
<td><strong>Subtotal (B)</strong></td>
<td><strong>9.00</strong></td>
<td><strong>2.60</strong></td>
<td><strong>11.90</strong></td>
</tr>
<tr>
<td><strong>Total Base Cost</strong></td>
<td><strong>182.00</strong></td>
<td><strong>25.10</strong></td>
<td><strong>229.00</strong></td>
</tr>
<tr>
<td>C. Contingencies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.00</td>
<td></td>
<td></td>
<td>18.00</td>
</tr>
<tr>
<td>D. Financing Charges During Implementation (Note 2)</td>
<td>3.00</td>
<td>0.00</td>
<td>3.00</td>
</tr>
<tr>
<td><strong>Total Project Cost (A+B+C+D)</strong></td>
<td><strong>200.00</strong></td>
<td><strong>28.10</strong></td>
<td><strong>250.00</strong></td>
</tr>
</tbody>
</table>

| % Total Project Cost          | 80%          | 20%        | 100%       |

**Notes for the Purpose of Operations Manual (OM) Section J6**

1. This table is prepared based on the financing option 3 described in OM J6/OP para 9(iii).
2. Requirements under OM Section H3 should be met for ADB financing.
3. The schedule in page 4 of 6 is derived from this table.
4. All information, including format, is for illustration purposes.
### Illustrative Tables for OM Section J6

**Page 4 of 6**

**Attachment to Schedule of Financing Agreement**

Example 2: Financing Option 3 with ADB Not Finance Taxes and Duties (Gross Basis)

#### Allocation and Withdrawal of Loan Proceeds

<table>
<thead>
<tr>
<th>Number</th>
<th>Item</th>
<th>Category</th>
<th>Subcategory</th>
<th>Total Amount Allocated for ADB Financing ($ or SDR equivalent)</th>
<th>Basis for Withdrawal from the Loan Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Civil Works</td>
<td></td>
<td></td>
<td>140,000,000</td>
<td>79 percent of total expenditure claimed</td>
</tr>
<tr>
<td>2</td>
<td>Equipment</td>
<td></td>
<td></td>
<td>20,000,000</td>
<td>91 percent of total expenditure claimed</td>
</tr>
<tr>
<td>3</td>
<td>Consulting Services</td>
<td></td>
<td></td>
<td>12,000,000</td>
<td>80 percent of total expenditure claimed</td>
</tr>
<tr>
<td>4</td>
<td>Training</td>
<td></td>
<td></td>
<td>1,000,000</td>
<td>91 percent of total expenditure claimed</td>
</tr>
<tr>
<td>5</td>
<td>Recurrent Costs</td>
<td></td>
<td></td>
<td>9,000,000</td>
<td></td>
</tr>
<tr>
<td>5A</td>
<td>Project Management</td>
<td></td>
<td>5,000,000</td>
<td>72 percent of total expenditure claimed</td>
<td></td>
</tr>
<tr>
<td>5B</td>
<td>Equipment Operations and Maintenance</td>
<td></td>
<td>4,000,000</td>
<td>80 percent of total expenditure claimed</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Financing Charges During Implementation</td>
<td>3,000,000</td>
<td></td>
<td>100 percent of total amount due</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Unallocated</td>
<td></td>
<td></td>
<td>15,000,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td>200,000,000</td>
<td></td>
</tr>
</tbody>
</table>

**Notes for the Purpose of Operations Manual (OM) Section J6**

1. This table is derived from page 3 of 6, and assumes financing option 3 ([J 6/OP para 9(iii)]), the financing by different percentage by expenditure category, and the gross basis to exclude taxes and duties from ADB financing ([J 6/OP para 23(i)]).
2. Disbursement percentage may be presented on a net-of-tax basis ([J 6/OP para 23(ii)]) for categories 2 and 4 in order to exclude taxes and duties from ADB financing. See the following presentation and calculations. Typically, the net-of-tax basis presentation is appropriate when the government's counterpart funding for a category is in the form of tax exemption. If taxes are exempted, each invoice or claim will not indicate the amount of taxes but shows only amount of costs; therefore, the net-of-tax basis disbursement percentage (i.e., 100%*) is used in order for ADB to finance the projects costs as envisaged. The net-of-tax basis presentation should be used only when the circumstances require.

<table>
<thead>
<tr>
<th>Number</th>
<th>Item</th>
<th>Category</th>
<th>Subcategory</th>
<th>Total Amount Allocated for ADB Financing ($ or SDR equivalent)</th>
<th>Basis for Withdrawal from the Loan Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Equipment</td>
<td></td>
<td></td>
<td>20,000,000</td>
<td>100 percent of total expenditure claimed*</td>
</tr>
<tr>
<td>4</td>
<td>Training</td>
<td></td>
<td></td>
<td>1,000,000</td>
<td>100 percent of total expenditure claimed*</td>
</tr>
</tbody>
</table>

* Exclusive of taxes and duties imposed within the territory of the Borrower.

3. The percentages indicated in the column “Basis for Withdrawal from the Loan Account” are disbursement percentage.
4. All information, including format, is for illustration purposes.
### Detailed Cost Estimates by Financier

#### Example 3: Financing Option 3 with ADB Not Financing Taxes and Duties (Net-of-tax Basis)

($ million)

<table>
<thead>
<tr>
<th>Item</th>
<th>ADB Financing % of Cost</th>
<th>Government Financing % of Cost</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount (A)</td>
<td>Category {A/C}</td>
<td></td>
</tr>
<tr>
<td><strong>A. Investment Costs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Civil Works</td>
<td>140.00</td>
<td>100%</td>
<td>140.00</td>
</tr>
<tr>
<td>2 Equipment</td>
<td>20.00</td>
<td>100%</td>
<td>20.00</td>
</tr>
<tr>
<td>3 Land Acquisition and Resettlement</td>
<td>0.00</td>
<td>0%</td>
<td>0.00</td>
</tr>
<tr>
<td>4 Consultants</td>
<td>12.00</td>
<td>100%</td>
<td>12.00</td>
</tr>
<tr>
<td>5 Training</td>
<td>1.00</td>
<td>100%</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>Subtotal (A)</strong></td>
<td>173.00</td>
<td>13.00</td>
<td>186.00</td>
</tr>
<tr>
<td><strong>B. Recurrent Costs (Note 2)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Project Management</td>
<td>5.00</td>
<td>100%</td>
<td>5.00</td>
</tr>
<tr>
<td>2 Equipment Operation and Maintenance</td>
<td>0.00</td>
<td>0%</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Subtotal (B)</strong></td>
<td>5.00</td>
<td>7.10</td>
<td>12.10</td>
</tr>
<tr>
<td><strong>Total Base Cost</strong></td>
<td>178.00</td>
<td>20.10</td>
<td>198.10</td>
</tr>
<tr>
<td><strong>C. Taxes and duties (Note 3)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>0%</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>D. Contingencies</strong></td>
<td>17.00</td>
<td>5.00</td>
<td>22.00</td>
</tr>
<tr>
<td><strong>E. Financing Charges During Implementation (Note 2)</strong></td>
<td>5.00</td>
<td>0.00</td>
<td>5.00</td>
</tr>
<tr>
<td><strong>Total Project Cost (A+B+C+D)</strong></td>
<td>200.00</td>
<td>80%</td>
<td>250.00</td>
</tr>
<tr>
<td><strong>% Total Project Cost</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>20%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Notes for the Purpose of Operations Manual (OM) Section J6**

1. This table is prepared based on the financing option 3 described in OM Section J6/OP para 9(iii).
2. Requirements under OM Section H3 should be met for ADB financing.
3. This way of presentation may be appropriate when the government will finance all taxes and duties, and the Attachment to Schedule will state 100%*Exclusive of taxes and duties imposed within the territory of the Borrower for all cost categories. Typically, the net-of-tax basis presentation is appropriate when the government's counterpart funding is in the form of tax exemption. If taxes are exempted, each invoice or claim will not indicate the amount of taxes but shows only amount of costs; therefore, the net-of-tax basis disbursement percentage (i.e., 100%*Exclusive of taxes and duties imposed within the territory of the Borrower) is used in order for ADB to finance the project costs as envisaged. The net-of-tax basis presentation should be used only when the circumstances require.
4. The schedule in page 6 of 6 is derived from this table.
5. All information, including format, is for illustration purposes.
**Attachment to Schedule of Financing Agreement**

Example 3: Financing Option 3 with ADB Not Financing Taxes and Duties (Net-of-tax Basis)

**Allocation and Withdrawal of Loan Proceeds**

<table>
<thead>
<tr>
<th>Number</th>
<th>Item</th>
<th>Total Amount Allocated for ADB Financing ($ or SDR equivalent)</th>
<th>Basis for Withdrawal from the Loan Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Civil Works</td>
<td>140,000,000</td>
<td>100 percent of total expenditure claimed*</td>
</tr>
<tr>
<td>2</td>
<td>Equipment</td>
<td>20,000,000</td>
<td>100 percent of total expenditure claimed*</td>
</tr>
<tr>
<td>3</td>
<td>Consulting Services</td>
<td>12,000,000</td>
<td>100 percent of total expenditure claimed*</td>
</tr>
<tr>
<td>4</td>
<td>Training</td>
<td>1,000,000</td>
<td>100 percent of total expenditure claimed*</td>
</tr>
<tr>
<td>5</td>
<td>Recurrent Costs - Project Management</td>
<td>5,000,000</td>
<td>100 percent of total expenditure claimed*</td>
</tr>
<tr>
<td>6</td>
<td>Financing Charges During Implementation</td>
<td>5,000,000</td>
<td>100 percent of total amount due</td>
</tr>
<tr>
<td>7</td>
<td>Unallocated</td>
<td>17,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>200,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Exclusive of taxes and duties imposed within the territory of the Borrower.

Notes for the Purpose of Operations Manual (OM) Section J6:

1. This table is derived from page 5 of 6, and assumes financing option 3 (see J6/OP para 9[iii]), the financing by different percentage by expenditure category. To determine disbursement percentage, the net-of-tax basis (see J6/OP para 23[ii]) is used for all categories in order to exclude taxes and duties from ADB financing.

2. Typically, the net-of-tax basis presentation is appropriate when the government's counterpart funding is in the form of tax exemption. If taxes are exempted, each invoice/claim will not indicate the amount of taxes but shows only amount of costs; therefore, the net-of-tax basis disbursement percentage (i.e., 100%* Exclusive of taxes and duties imposed within the territory of the Borrower) is used in order for ADB to finance the project costs as envisaged. The net-of-tax basis presentation should be used only when the circumstances require.

3. The percentages indicated in the column “Basis for Withdrawal from the Loan Account” are disbursement percentage.

4. All information, including format, is for illustration purposes.
Name of the Borrower
[Street address]
[City] [Country]

Dear Sir/Madam:

Loan {Grant} No.____ : (Project name)

1. We draw your attention to the Loan {Grant} Agreement, Project Administration Manual (PAM), and other related documents of the above Loan {Grant}. The Loan {Grant} account will be credited with the amount indicated in the Loan {Grant} Agreement when such agreement becomes effective.

Withdrawal of Loan {Grant} Proceeds

2. For withdrawal of Loan {Grant} proceeds, please comply with ADB’s Loan Disbursement Handbook (hereinafter referred to as the “Handbook”) available at http://www.adb.org/documents/loan-disbursement-handbook. For the specific disbursement arrangements for the project, please see Schedule 3 (2) of the Loan {Grant} Agreement and the PAM.

3. In order to withdraw the amount indicated in the Loan {Grant} Agreement, withdrawal applications should be submitted. Incomplete withdrawal applications which do not substantially meet the requirements for disbursement will be returned to you. To promote efficiency in processing disbursements, a minimum value per withdrawal application is set at US$100,000.00 (One Hundred Thousand U.S. Dollars) equivalent, unless otherwise stipulated in the PAM. Individual payments below this amount should be paid (i) by the Government and subsequently claimed to ADB through reimbursement, or (ii) through the imprest fund procedure (if such procedure is stipulated in the PAM), unless otherwise accepted by ADB.

4. The Handbook describes what you must do before disbursement commences. We suggest that the procedures contained in the Loan {Grant} Agreement, PAM, and the Handbook be studied thoroughly by the officials responsible for administering the Loan {Grant}. In particular, to avoid delays in disbursement after the Loan {Grant} becomes effective, please

   a) submit the evidence of authority to sign withdrawal applications (see attached) duly signed by the representative of the borrower (Recipient) as designated in Article [put appropriate Article number] of the Loan {Grant} Agreement together with the specimen

   Sample withdrawal application forms are in the appendixes of the Handbook.
signature(s) of person(s) who are authorized to sign withdrawal applications on behalf of the borrower (Recipient); and

b) ensure that disbursement conditions stipulated in Schedule 3 (2), para. XX of the Loan (Grant) Agreement, have been met, as appropriate, and submit required evidence to ADB.

Advice of Withdrawals

5. Advice of withdrawals and other Loan (Grant) disbursement information are available at the ADB Controller’s website at https://lfis.adb.org. For password access to this website, please fill out the request form for LFIS/GFIS web access (in Appendix 14E of the Handbook) and send it to Systems Support Group (CTOC-SSG) Section, Controller’s Department at lfis@adb.org. Please also provide us the updated address, telephone number, and email address of the Executing/Implementing Agency(ies) concerned.

Online Training on Disbursement

6. Online training for project staff on disbursement policies and procedures is available at http://wpqr4.adb.org/disbursement_elearning. We encourage relevant project staff to avail of this training to help ensure efficient disbursement and fiduciary control.

7. For any questions regarding disbursement of Loan (Grant) proceeds, please feel free to contact us.

Sincerely yours,

[Name of Assistant Controller]
Assistant Controller
Loan Administration Division
Controller’s Department

Attachment: Model form of Evidence of Authority to Sign Withdrawal Applications.

cc:
Name of Executing / Implementing Agency(ies)
Address(es)

bcc:
Country Director (ADB Resident / Regional Mission concerned)
Project Specialist / Project Officer
EVIDENCE OF AUTHORITY TO SIGN WITHDRAWAL APPLICATIONS
(This model form is used when a blanket authorization has not been provided.)

[Letterhead of
The representative of the Borrower/Recipient]
[Street address]
[City] [Country]

DATE

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Attention: Controller’s Department, Loan Administration Division (CTL/CTLA)

Dear Sir/Madam:

Subject: Loan {Grant} No. _____-____ (Project Name)

I refer to the Loan {Grant} Agreement (the “Agreement”) between the Asian Development Bank (“ADB”) and [name of borrower {recipient}](the “borrower” {the “recipient”}), dated ________,
providing the above Loan {Grant}. For the purposes of Article [put appropriate Article number]
as defined in the Agreement, the person(s) whose authenticated specimen signature(s) appear
below is authorized on behalf of the borrower {recipient} to sign withdrawal application(s) and
applications for issuance of commitment letter(s) under this Loan {Grant}:

[Name], [position] Specimen Signature: ___________ ___________ ___________

[Name], [position] Specimen Signature: ___________ ___________ ___________

[Name], [position] Specimen Signature: ___________ ___________ ___________

(Stipulate if more than one person needs to sign withdrawal applications, and how many or which positions, and if
any thresholds apply.)

Yours faithfully,

/ signed /

______________________________
Signed by:
[Title of the Borrower/Recipient’s
Designated Representative,
as provided in the Loan {Grant} Agreement]
ELIGIBLE AND INELIGIBLE EXPENDITURES

1. Expenditures eligible for ADB financing are generally detailed in Loan Documents such as the Loan Agreement (e.g., Attachment to Schedule 3, Allocation and Withdrawal of Loan Proceeds) and the Project Administration Manual (PAM), with consideration to the following ADB’s policies and guidelines.

2. Eligibility of Expenditures for ADB Financing: ADB’s policy on eligibility of expenditures became effective upon issuance of Staff Instructions dated 15 March 2006 (amended from time to time). The policy is applicable to new loans approved on and after the date, subject to proper documentation in the Report and Recommendation of the President (RRP), Project/Loan Agreement, and/or PAM or other project documents.

3. According to the policy, the following are no longer ineligible for ADB financing: acquisition of land and rights-of-way, resettlement expenses, late payment charges imposed by suppliers and contractors, recurrent costs, severance pay, bank charges, food expenditures, interest during construction on non-ADB loans, secondhand goods, lease financing costs, taxes and duties, and local transport and insurance costs related to project expenditures.

4. According to the policy, the eligibility of these items must be assessed, documented, and justified in the RRP. If the eligibility of these items needs to be approved during project implementation, proper approval should be sought in accordance with other policies, including the Safeguard Policy Statement (2009) and Section F1 of Operations Manual (OM), and the procedures for changes in project scope. The criteria for determining eligibility for ADB financing are described in OM Section H3/OP, particularly for acquisition of land and rights-of-way, resettlement expenses, and taxes and duties.


6. Other Financier’s Requirement: For grants or loans from external funding sources that are administered by ADB, cofinancers and ADB may discuss and agree on additional eligibility conditions. Such specific requirements, if any, should be properly documented in the loan documents.

7. Eligible and Ineligible Expenditures per Japan Fund for Poverty Reduction guidelines: The JFPR Guidelines specify eligible expenditures and ineligible expenditures under Japan Fund for Poverty Reduction (JFPR) grants (as the guidelines are amended from time to time, please visit http://www.adb.org/jfpr/ for more details).

---

1 Other policies govern the extent to which particular expenditures may be financed. For example, under Section D7/BP of the Operations Manual (Disaster and Emergency Assistance), ADB’s mandate does not allow it to engage in peacemaking, peacekeeping, or humanitarian relief.

2 The Operational Guidelines for Application, Approval and Execution of Japan Fund for Poverty Reduction Project Grants (2011, amended from time to time).
PAYMENT OF FINAL AUDIT FEES

1. Eligibility. The costs of annual audits may be included in the project cost estimates and are eligible for financing under the ADB loan. It is important for the borrower to ensure proper cost category and allocation of amounts are provided in the loan agreement, if the costs of audits are to be financed by ADB loan.

2. Best Practice. It is best practice to pay the audit fees before the loan closing date after completing the final audit (Section 4.13 of the Handbook).

3. Conditions. When audit fees under a project need to be paid after the closing date, special arrangements may be required for payment of the final audit fee from the loan account. External auditor's fees for the final fiscal year or reporting period may be disbursed from the loan account, under condition that (a) the borrower should sign a contract or audit engagement for the final audit prior to the loan closing date and (b) the contract should be lump-sum or fixed price contract that requires completion of audit within 6 months after the loan closing date.

4. Payment during the Winding-up Period. If the audit work is completed and billed during the winding-up period (Section 4.14), the final audit fees may be disbursed through direct payment to the auditor, reimbursement if the borrower has already paid, or the imprest fund which is subject to proper liquidation of advance to the imprest account.

5. Payment after the Winding-up Period. If the audit work cannot be completed during the winding-up period, payment may be made into an escrow account during the winding-up period. After establishing the escrow account, the borrower sends a withdrawal application together with full supporting documentation, including a copy of contract or audit engagement for the final audit, the terms of reference for the final audit, and the letter of agreement establishing the escrow account (i.e., simplified documentation is not allowed for this purpose). If ADB does not receive the audited financial statements within the time stipulated, it may request a refund of the fee and/or deposit to the escrow account. ADB notifies the borrower of the amount to be refunded.

6. If the borrower does not have access to an escrow mechanism, the relevant sector division and Loan Administration Division of Controller's Department (CTLA) should be contacted to discuss available options before the closing date.

7. Procedures for Making Payment through the Escrow Account. Procedures for establishing an escrow account, and paying the final audit fee through an escrow account are described as follows;

---

2. The completion of audit means receipt and acceptance of the final audit report by the borrower or executing agency.
3. An escrow account is an account into which funds are deposited and held to pay for specific contracts, fees, or expenditures. Establishment of an escrow account ensures that expenditures are paid in a timely fashion: it is a guarantee that funds are available to pay the bills when they come due. Normally, the account owner initiates the establishment of an escrow account into which the funds will be deposited and subsequently paid to a third party with an escrow agent. The rights and obligations of the account owner and the escrow agent are specified in a letter of agreement or other binding document.
(i) A letter of agreement for setting up an escrow account is signed between the account owner, in this case the borrower, and the escrow agent, normally the commercial bank that will maintain the escrow account. In most cases, the bank maintaining the project's imprest account would be selected, but another commercial bank could also be considered if it is acceptable to ADB.

(ii) The letter of agreement should indicate the agreed lump sum needed to pay for the audit (or the remaining portion thereof if an advance has been paid) in accordance with the contract for the final audit, and should define the respective responsibilities of the commercial bank and the borrower.

(iii) The borrower may deposit the agreed amount into the escrow account from the imprest account if the imprest account has a sufficient balance remaining or submit a direct payment application (Chapter 7) to enable ADB to deposit the amount directly in the escrow account. The deposit to the escrow account may be made prior to the end of the winding-up period.

(iv) The commercial bank will make the payment to the auditor upon completion of the audit. The borrower maintains a copy of the invoice and receipt provided by the auditor. The borrower refunds to ADB any amount deposited in the escrow account that exceeds the amount actually paid to the auditor.

---

4 The letter of agreement should include the following elements: (i) the purpose of the escrow account is for the payment of the [attached] final audit contract, (ii) the escrow agent confirms that it will not assert any claim to set off, seize, or attach amounts on deposit in the escrow account, and (iii) the escrow agent will provide a monthly account statement. On receipt of the claim for the contract payment from the auditor, the escrow agent will notify the account holder (i.e., the borrower of ADB loan) immediately. The account holder will authorize the escrow agent to make payment within 5 working days, and (iv) the account will be closed once the auditor's claims have been paid in accordance with the terms of the contract. Any unutilized amount will be refunded by the escrow agent to the account holder, and subsequently refunded to ADB.
WITHDRAWAL APPLICATION FOR DIRECT PAYMENT
AND REIMBURSEMENT

Date: ____________________________

To: Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines

Attention: Loan Administration Division, Controller’s Department (CTLA)

Sir/Madam:

1. In connection with the Loan Agreement dated between the Asian Development Bank and the
(Borrower) ____________________________, please pay from the Loan Account:

<table>
<thead>
<tr>
<th>Currency</th>
<th>Amount to be paid (in figures)</th>
<th>Amount to be paid (in words)</th>
</tr>
</thead>
</table>

The said amount is required for payment or reimbursement of eligible expenditures in the said currency as described in the attached summary sheet(s) or the statement of expenditures (SOE).

2. The undersigned certifies and agrees as follows:
   a. These expenditures were/are/will be made for the purposes specified in the Loan Agreement and the undersigned has not previously withdrawn from the Loan Account or obtained or will obtain any other loan, credit, or grant for the purpose of fully or partially meeting these expenditures.
   b. The goods or services have been procured in accordance with the Loan Agreement and the cost and terms of the purchase thereof are reasonable and in accordance with the relevant contract(s).
   c. The goods or services were or will be produced in and supplied by a member country of ADB as specified in the attached summary sheet(s) or SOE, unless specifically permitted otherwise by ADB’s Board of Directors.
   d. For expenditures claimed under SOE or a certificate for force account works (FAW) procedures, all authenticating documents have been retained in the location shown on the individual SOE and will be made available for examination by auditors and ADB representatives upon request.
   e. As of the date of this application, there is no existing default under the Loan Agreement, the Project Agreement or the Guarantee Agreement, if any.
   f. If any funds withdrawn pursuant to this application are returned, the current value of such funds will be applied as credit to the Loan Account or, if the amount is small, applied to the next loan service payment due.

3. Payment Instructions:
   A. Payee’s Name and Address
      Payee’s Name
      Payee’s Address
   B. Name and Address of Payee’s Bank and Account No.
      Bank Name
      Bank Address
      Payee’s Account No.
      SWIFT Code (see note 11 of Appendix 7A)
   C. Correspondent Bank (If payee’s bank is not located in the country whose currency is claimed, enter the name and address of their bank’s correspondent in the country whose currency is to be paid)
      Bank Name
      Bank Address
      Account No. of
      Payee’s Bank
      SWIFT Code (see note 13 of Appendix 7A)
   D. Special Payment Instructions and Other References

        ____________________________________________________________________________

4. This application consists of ________ pages including _____ pages of summary sheets or SOE.

From:

__________________________
Signature of Authorized Representative(s)

__________________________
Printed Name/Position Title of Authorized Representative(s)

ADB Form No. ADB-DRP/RMP
Instructions in preparing the Withdrawal Application Form for Direct Payment and Reimbursement (ADB Form ADB-DRP/RMP)

General Instructions

1. Submit original Withdrawal Application (WA) to the Asian Development Bank (ADB) (or to its Resident/Regional Mission, if instructed).

2. Prepare a separate WA for each currency of payment and for each payee.

3. Number WAs consecutively, not exceeding five digits and/or characters.

4. The minimum value per WA is US$100,000 equivalent, unless otherwise stipulated in the PAM. Individual payments below this amount should be paid (i) by the EA/IÁ and subsequently claimed to ADB through reimbursement, or (ii) through the imprest fund procedure (if such procedure is approved for the project), unless otherwise accepted by ADB.

5. When completed, verify the application for completeness of supporting documentation and accuracy of details before passing to the Authorized Representative(s) for signature. Mistakes and omissions result in delayed payment.

Withdrawal References

6. Date: Enter the date the WA is signed by Authorized Representative(s), not the date it was prepared.

7. Loan Number: Show ADB loan number clearly.

8. Application Number: Number WAs consecutively. If the project has more than one executing agency (EA) or implementing agency, the project coordinator should assign an alpha identification for each (EA, e.g., A0001 to A9999 for EA no. 1 and B0001 to B9999 for EA no. 2.

9. Type of Disbursement: Indicate in the appropriate box the type of WA claim, whether for Direct Payment or Reimbursement Procedure.

Payment Instructions

10. Payee Name and Address: Indicate full name and address of Payee for identification of payment.

11. Name and Address of Payee’s Bank and Account No.: Indicate full name and address of the Payee’s bank, which may include a banker and/or branch designation. Account number is important. Give SWIFT code if Payee’s bank is a member of SWIFT.

For payments to anywhere in Europe, the International Bank Account Number (IBAN) and the related SWIFT Bank Identification Code (BIC) of payee’s bank should be provided. If SWIFT BIC for the payee’s bank is not available, provide the national clearing system code such as Fedwire Routing number (FW), CHIPS Universal Identifier (CH), UK Domestic Sort Code (SC), Australian Bank State Branch Code (AU), German Bankleitzahl (BL) account number with the correspondent bank, where applicable.

12. Correspondent Bank: Where payment is to be made to a bank not located in the country of the currency to be paid, indicate its full name and address. Provide SWIFT code if the bank is a member of SWIFT.

13. Special Payment Instructions: Indicate any particulars, special instructions, or references to facilitate payment or identification of payment.

If SWIFT BIC for the correspondent bank is not available, provide Fedwire ABA Number and CHIPS Participant Number for US dollar payments; and special instructions or references to facilitate payment or identification of payment, where applicable.

14. Name of Borrower: Fill in name as it appears in the Loan Agreement.

15. Authorized Representative(s): Pass this application only to Authorized Representative(s) for signature. Verify if the list of Authorized Representative(s) has been changed.
### SUMMARY SHEET FOR DIRECT PAYMENT/REIMBURSEMENT/REPLENISHMENT/LIQUIDATION

Mark appropriate box:  
- Direct Payment (ADB-DRP-SS)  (ADB-Direct Payment Procedure-Summary Sheet)  
- Reimbursement (ADB-RMP-SS)  (ADB-Reimbursement Procedure-Summary Sheet)  
- Replenishment/Liquidation (ADB-IFP-SS)  (ADB-Imprest Fund Procedure-Summary Sheet)

#### Summary Sheet No.:  
Date:  
ADB Loan No.:  
Supporting Documents Attached  
(please mark with an X)

<table>
<thead>
<tr>
<th>Item No.</th>
<th>No. &amp; Date of Contract/PO</th>
<th>PCSS No.</th>
<th>Description of Goods and Services</th>
<th>Name and Address of Supplier</th>
<th>Date of Payment (Due)</th>
<th>Total Amount Paid/Payable</th>
<th>ADB Disbursement %</th>
<th>Amount Requested for Withdrawal</th>
<th>Remarks</th>
<th>Contract/PO No. &amp; Date of PCSS</th>
<th>Description of Goods and Services</th>
<th>Invoices/Bills Claim</th>
<th>Receipt or Evidence of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total** ____________  **Total (d)______________

**PO:** Purchase Order; **PCSS:** Procurement Contract Summary Sheet.

---

**Notes:**

- a) Indicate against each item whether the payment is a down payment, or an installment payment (if so, the number of installment).
- b) In case this was sent earlier, reference the earlier letter in a footnote using an asterisk (*).
- c) In case of civil works contract, a duly signed progress or interim certificate should be submitted.
- d) Ensure that amount agrees with the sum indicated in the withdrawal application. Indicate the actual foreign exchange rate used for each item if needed.

ADB Form No. ADB-DRP/RMP/IFP-SS
**NARRATIVE PROCEDURES FOR DIRECT PAYMENT PROCEDURE**

<table>
<thead>
<tr>
<th>Responsible Person / Unit</th>
<th>Activity</th>
</tr>
</thead>
</table>
| Borrower                  | • completes the withdrawal application using form ADB-DRP/RMP (Appendix 7A) for each payment in different currency;  
                          • completes the corresponding Summary Sheet using form ADB-DRP/RMP/IFP-SS (Appendix 7B) using a separate form for each category or subcategory; and  
                          • attaches proper supporting documents to each withdrawal application. |
| ADB                       | • receives the completed ADB-DRP/RMP, ADB-DRP-SS, and related supporting documents. |

**CHECK LIST FOR SUBMITTING WITHDRAWAL APPLICATIONS DIRECT PAYMENT**

1. Has the pertinent contract been sent to ADB?
2. Is the withdrawal application signed by an authorized signatory?
3. Are expenditures eligible for financing in accordance with terms and conditions of the loan agreement?
4. Has a separate application been filled out for each payee and currency?
5. Has a separate summary sheet been prepared for each category or subcategory?
6. Has a Procurement Contract Summary Sheet (PCSS) number been indicated on the summary sheet?
7. Are the payment instructions complete?
8. Are the required supporting documents attached?
APPLICATION FOR ISSUANCE OF COMMITMENT LETTER

ADB Loan No.  
Application No. 

ADB Form No. ADB-CL

Asian Development Bank

Date

To: Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines

Attention: Loan Administration Division, Controller's Department (CTLA)

Sir/Madam:

In connection with the Loan Agreement dated [date] between the Asian Development Bank and the [Borrower], we apply for a Commitment Letter and subsequent withdrawal from the Loan Account opened under the Loan Agreement in: [details]

<table>
<thead>
<tr>
<th>Currency</th>
<th>Amount in Figures</th>
<th>Amount in Words</th>
</tr>
</thead>
</table>

and certify and agree as follows:

1. The undersigned requests that Commitment Letter(s) be issued to the nominated commercial bank(s) listed in the attached Summary Sheet(s) in accordance with the terms of the Loan Agreement in order to make payment to the nominated commercial bank(s) from the Loan Account. The undersigned irrevocably authorizes such withdrawal on the basis of a written statement by the nominated commercial bank that payment has been made or is due, and will be promptly made under and in accordance with the terms of the Letter of Credit as amended from time to time.

2. Amendments involving an extension of the letter of credit (LC) expiry date beyond the closing date of the Loan Agreement or a change in the value or currency of the LC, the description or quantity of goods, country of origin, the beneficiary, or terms of payment are subject to your prior approval. The undersigned will further ensure that all proposed amendments will be furnished to you by the nominated commercial bank(s) for your information or approval as appropriate.

3. You may limit your total obligation to make payments under the Commitment Letter by inserting a limitation clause denominated in the currency of the Loan Account sufficient to cover exchange rate fluctuations. If the uncommitted portion of the loan is insufficient, the undersigned agrees to pay the remaining obligation promptly under the LC after receiving ADB’s notice.

4. Your obligation under the Commitment Letter shall terminate
   a. except as the Asian Development Bank (ADB) shall otherwise agree, on the expiry date of the LC or on the closing date of the Loan Agreement (whichever is earlier);
   b. upon payment by ADB to the nominated commercial bank(s) of the full value of the LC, in accordance with the terms and conditions of the Commitment Letter;
   c. upon receipt by ADB of written notice from the negotiating bank, the LC Accountee, or LC issuing bank specifying that the Commitment Letter may be cancelled.

5. The undersigned has not previously withdrawn from the Loan Account to meet these expenditures. The undersigned has not and does not intend to obtain funds for this purpose out of the proceeds of any other loan, credit, or grant.

6. The goods or services covered by this application are being purchased in accordance with the terms of the Loan Agreement and relevant contract(s).

7. The expenditures are being made only for goods or services produced and procured from a member country of ADB, unless specifically permitted otherwise by ADB's Board of Directors.

8. As of the date of this application, there is no existing default under the Loan Agreement, the Project Agreement, or the Guarantee Agreement, if any.

9. If any funds withdrawn pursuant to this application are returned, the current value of such funds will be applied as the Loan Account or, if the amount is small, applied to the next loan service payment due.

From:

Signature of Authorized Representative(s)

Printed Name/Position/Title of Authorized Representative(s)

ADB Form No. ADB-CL
Instructions for preparing Application for Issuance of Commitment Letter
(ADB Form ADB-CL)

General Instructions
1. Submit original application to the Asian Development Bank (ADB) (or to its Resident/Regional Mission, if instructed).
2. Prepare a separate summary sheet for each currency of Letter of Credit (LC) and for each payee.
3. Number applications consecutively, not exceeding five digits or characters.
4. Submit an application only for an LC with amount not less than US$100,000 equivalent unless otherwise advised by ADB. An LC with an amount less than US$100,000 should be paid (i) by the EA/IA and subsequently claimed to ADB through reimbursement, or (ii) through the imprest fund procedure (if such procedure is approved for the project), unless otherwise accepted by ADB.
5. When completed, verify this application for completeness of supporting documentation and accuracy of details before passing it to the Authorized Representative(s) for signature. Mistakes and omissions result in delayed payment.

Withdrawal References
1. Date: Enter the date the authorized representative(s) signed the application, not the date the application was prepared.
2. Loan Number: Show the ADB loan number clearly.
3. Application Number: Number applications consecutively. If the project has more than one executing agency (EA) or implementing agency, the project coordinator assigns an alpha identification for each EA, e.g., A0001 to A9999 for EA 1 and B0001 to B9999 for EA 2.

Supporting Documents
Attach the following supporting documents:
a. Contract or confirmed purchase order (PO), if not yet submitted to ADB.
b. A copy of the LC against which the Commitment Letter (CL) is requested.

Summary Sheet
1. Name and Address of Beneficiary (Supplier): Give the full name and mailing address, including city and country.
2. Name of LC Accountee: Give the name of the borrower’s or EA.
3. Name and Address of LC Issuing Bank: Give the name of the LC opening or issuing bank.
4. Name and Address of Nominated Commercial Bank: State the bank to which the CL is to be issued as shown in the LC. Indicate the SWIFT code, if available.
5. Name and Address of LC Advising Bank: Obtain this from the LC, where applicable or different from 4 above.
6. LC Amount and Currency: Obtain this from the LC.
7. US$/SDR Equivalent: Leave this blank; it will be completed by ADB.
8. LC Expiry Date: Obtain this from the LC.
9. LC Shipping Date: Obtain this from the LC.
10. Terms of Payment: Obtain this from the LC. Give details as shown in the LC.
11. Brief Description of Goods and Services: Summarize the items to be purchased as shown in the LC.
12. EA Contract No./PO Ref. No. and Date: Enter contract or purchase order numbers assigned by the EA for reference.
13. ADB Contract No. (PCSS), where available: Enter the ADB contract number assigned by ADB for reference. This number, called Procurement Contract Summary Sheet (PCSS), is usually known after a signed contract is sent to ADB.
14. Category Reference No: Enter loan category reference number as shown in Schedule 3 of the Loan Agreement for the goods or services whose purchase is to be covered by the CL.
15. For DFI loans: Give the subloan number and country of procurement.
16. Remarks: Give special instructions or other references for easy identification in issuing the CL.
## SUMMARY SHEET FOR ISSUANCE OF COMMITMENT LETTER

### Beneficiary (Supplier)
- **Name:**
- **Address:**

### Name of Letter of Credit (LC) Accountee - Borrower or Executing Agency

### LC Issuing Bank
- **Name:**
- **Address:**
- **Bank Code:**

### LC Advising Bank (if applicable)
- **Name:**
- **Address:**
- **Bank Code:**

### LC Paying Bank or LC Negotiating Bank (Bank to which the Commitment Letter is to be issued)
- **Name:**
- **Address:**
- **Bank Code:**

### Remarks

## LETTER OF CREDIT DETAILS

<table>
<thead>
<tr>
<th>LC Currency and Amount</th>
<th>LC Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>US$/SDR Equivalent</th>
<th>LC Shipping Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Terms of Payment

### Brief Description of Goods and Services

## REFERENCES

<table>
<thead>
<tr>
<th>EA Contract No./PO Reference No.</th>
<th>EA Contract/PO Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ADB Contract No. (PCSS No.)</th>
<th>Category Reference No.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### FOR Financial Intermediation Loans (FILs) Only

<table>
<thead>
<tr>
<th>Country of Procurement</th>
<th>Subloan No.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank, EA = Executing Agency, LC = Letter of Credit, PCSS = Procurement Contract Summary Sheet
PO = Purchase Order, SDR = Special Drawing Right.

1 Copy of signed LC should be attached to this form.

**ADB Form No. ADB-CL-SS**
(Sample of SWIFT-based Commitment Letter)

Asian Development Bank
Commitment Letter

Negotiating/Advising Bank Name
Address line1
Address line2
Address line3

Date: DD MONTH YEAR
ADB CL No.: XXXX-XXX(XX)-XXX
LC No.: 1234567890 ABCDEFGHJLMNOPQRSTUVWXYZ
LC Expiry Date: DD MONTH YEAR
Category or Subloan No.: XXX
Contract No.: XXXX

1. We issue this ADB Commitment Letter (CL) to make the above mentioned Letter of Credit (LC) issued in favor of (name of supplier) in the amount of (currency and CL amount) (equivalent to loan/grant currency and amount) operative. This is an irrevocable commitment to promptly (i) reimburse you for payments made to or on order of the beneficiary, and (ii) pay to you amounts that are due or to be made to the beneficiary, under and in full compliance with the terms and conditions of the LC and its appropriately approved amendments, if any. In the latter case you agree to make prompt payment due or to be made to the beneficiary upon receipt of our remittance. We will accept the request for payment directly from the LC nominated commercial bank, and its affiliated branches, whom we issued this CL. The authenticated request for payment by SWIFT must be submitted in the following format:

Claim Sequence No.: _____________________________
ADB CL No.: XXXX-XXX(XX)-XXX
Condiment: (Currency and Amount of Claim)
LC No.: 1234567890 ABCDEFGHJLMNOPQRSTUVWXYZ
LC Expiry Date: DD MONTH YEAR
Balance of LC After This Claim: (Currency and Amount in figures). (Please indicate if it has been cancelled or will be utilized.)
Payment Instructions: (Please indicate your correspondent bank in the country of the LC currency with whom you maintain a depository account)
Discrepancy, if any: Accepted and authorized by LC Issuing Bank
Other Instructions: ____________________________

2. The word ‘Condiment’ should always be stated in your claim by authenticated SWIFT and it represents your certification on the following:

   A. Payment has been made or is due and will be promptly made to the beneficiary under and in full compliance with the terms and conditions of the LC;

   B. Documents were presented within the original or extended LC expiry date; and

   C. Discrepancies, if any, have been referred to and accepted by LC Issuing Bank.
3. This CL is issued under ADB Loan/Grant Financing Agreement and is subject to the following terms and conditions:

A. You agree to negotiate the LC on the receipt of this CL. Your first request for payment under the CL constitutes your acceptance of the terms and conditions of the ADB Commitment.

B. Amendments to the LC involving the terms of payment including currency and amount, description or quantity of goods, beneficiary, country of origin, and extension of the expiry date of the LC beyond the loan/grant closing date will not be effective unless and until you receive our written approval thereof. All other LC amendments must be furnished to ADB for information.

C. Our payment assurance is limited to the available LC Balance after this claim or amount of (loan/grant currency) equivalent as determined by us at the time of the payment. Our obligation under this CL shall be terminated (DD MMM Year), the last day of the borrower's/recipient's right to withdraw from the loan/grant account including final payment of retention money, if any. Any extension beyond this date should be approved by ADB. This date may be extended by agreement between ADB and borrower/recipient, in which case you will be informed accordingly. We will bear any payment deficiency under the CL due to the relevant currency rate fluctuation rate or otherwise only if the loan/grant amount is available for that purpose. Otherwise, it will be borne by the LC Accountee who will arrange to make such payment to you after receipt of our notification.

D. We will not accept a letter of indemnity covering any discrepancy(ies) between the shipping documents and terms of the LC. Discrepancy(ies) should be referred to the LC Issuing Bank for its authorization for payment before your request for reimbursement is submitted to us. Such authorization for payment should be clearly indicated in your reimbursement claim. This should also apply to LC negotiations after LC expiry date.

E. We are not obligated to you for the payment of any interest, commission, expenses or other charges in connection with the LC.

F. You agree to promptly advise us of any cancellation in whole or in part, expiration or final payment of the LC including the amount of unused balance, if any.

ASIAN DEVELOPMENT BANK

BY: 1. Authorized CTLA-LGD IS1
   2. Authorized CTLA-LGD IS2
Sample of Paper-based Commitment Letter

This form should be used only when the circumstances require.

Asian Development Bank
Commitment Letter

ASIAN DEVELOPMENT BANK
No. 6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
SWIFT BIC: ASDBPHMM
Telex No. 42205 ADB PM (ITT)
Facsimile (632) 636 2606

Commitment Letter No.: ___________________________
Date: ___________________________
Letter of Credit No.: ___________________________
Loan No.: ___________________________
Subloan No.: ___________________________
ADB Contract No.: ___________________________
Loan Category Reference No.: ___________________________

(LC Negotiating or Advising Bank)

Sir/Madam:

1. We transmit herewith copy of Letter of Credit (LC) which we understand you are prepared to advise, negotiate or confirm in favor of _____________________________________________________________ in the amount of ___________________________ (equivalent to US dollar/Special Drawing Rights (SDR)) expiring on ___________________________.

2. In consideration of your acceptance hereof as provided below, we hereby agree to
   (a) reimburse you for any payment made to or on the order of the beneficiary under and in accordance with the terms of the LC, or
   (b) pay to you amounts that have become due to the beneficiary under and in accordance with the LC terms in which case you agree to make prompt payment to or on the order of the beneficiary upon receipt of our remittance.

Payment shall be made by us promptly after receipt by us of written request thereof as hereinafter provided.

3. This Commitment Letter is issued under an Asian Development Bank Loan Agreement and is subject to the following terms and conditions.
   (a) You will advise, negotiate or confirm the LC on receipt of this letter.
   (b) Amendments to the LC involving the terms of payment including currency and amount; description or quantity of goods, beneficiary, country of origin, and extension of the expiry date of the LC beyond (loan closing date) will not be effective unless and until you receive our written approval thereof.
   (c) We shall not be obligated to pay you unless an authenticated SWIFT message or tested telex message in accordance with the form printed on the back hereof shall have been received by us. Our obligation under this Commitment Letter shall be terminated on the date stated in para. 3(b) above, unless otherwise agreed to by us.
   (d) In case there is any discrepancy between the terms of the LC and the shipping or other documents submitted by the beneficiary under the LC, you will obtain authorization to make payments, despite such discrepancy, from the LC issuing bank and inform us of such authorization.
(e) We shall not be obligated to you in respect of interest, commission, expenses or other charges in connection with the L/C.

(f) You agree that upon cancellation in whole or in part, expiration or final payment of the LC, you will advise us promptly thereof including the amount of unused balance thereunder, if any.

(g) Since our Loan is denominated in US$/SDR, we have valued the US$/SDR equivalent of this commitment as indicated above, on the basis of currency translation rate as determined by us. In the event of this US$/SDR equivalent being exceeded at the time of our payment, on account of a change in such translation rate through a currency purchase transaction, we will suitably increase the above specified US$/SDR equivalent if we can absorb the increase involved from within the amount of the Loan then available for such purpose. However, if we are unable to so accommodate such increase wholly or partly, our payment to you under this commitment will be limited to such amount of the currency of the LC as we can accommodate in terms of its US$/SDR equivalent and you may have to arrange with said Borrower for payment of the remaining balance, if any. Our Borrower will arrange to make such payment promptly to you after receipt of our notification.

4. Your first request for payment shall constitute your acceptance of this Commitment Letter including all the terms and conditions set forth in this letter and attachment as evidenced by the copy of this agreement on our files.

Yours sincerely,

ASIAN DEVELOPMENT BANK

By: 1. ________________________________

2. ________________________________

(Authorized Signatories)
ADB PAYMENT OR REIMBURSEMENT AND OTHER INSTRUCTIONS
(This forms an integral part of the paper-based Commitment Letter)

Format of Claim
1. We will accept your request(s) for payment by an authenticated SWIFT or a tested telex message submitted in the following form: (Please use only these three telex numbers: 29066 ADB PH, 42205 ADB PM, or 63587 ADB PN)

TEST No. (For the currency and amount claimed) (not required for SWIFT messages)
Condiment: (currency and amount of claim)
LC No.: ADB CL No.: 
Payment Instructions:
Reference No.: LC Expiry Date:
LC Balance: will be utilized/canceled.
Discrepant documents, if applicable, accepted by:
Other Instructions or Remarks:

The word “Condiment” in the above cable form shall represent your certification that
(a) payment has been made, or is due and will be promptly made to the beneficiary under and in full compliance, with the terms and conditions of the said Letter of Credit (LC) and amendments, if any, appropriately approved;
(b) documents were presented within the original expiry date or expiry date as extended;
(c) discrepancy(ies) in documents have been referred to and accepted by LC issuing bank.

Written confirmation of SWIFT or telex claim is not required.

2. We shall entertain claims for payment or reimbursement received directly from the LC advising bank or the LC negotiating bank named in the LC and to whom this Commitment Letter has been issued. All other commercial banks are required to course their claims through the said bank.

3. (a) To assist us in making a prompt payment, your SWIFT or cable or telex should always mentioned the word “Condiment” whenever all three conditions stated in para. 1 above are met.
(b) Although a telex is acceptable, it is preferable for you to use SWIFT to facilitate faster processing.
(c) As for the test number to be assigned in the telex request, the test key arrangement existing between us should be used. Where there is no SWIFT authenticator key or a test key arrangement presently in existence, we are arranging an exchange with you of SWIFT Authenticator and Test Keys under separate cover. We shall not entertain an authentication on the basis of your test key arrangement with another bank in the Philippines, as this entails additional cost and delay unless our test key arrangement has been forwarded to you on time.

4. The payment instructions in your claim should indicate your correspondent bank in the country of the currency of the LC with whom you maintain a depository account.

5. Please do not include in the amount to be claimed for payment, any interest, commission, expenses or any other banking charges in connection with the LC (see para. 3(e) of the Commitment Letter).

Discrepancy in Documents
6. We will not be in a position to accept a letter of indemnity covering any discrepancy(ies) between the shipping documents and the terms of the LC. In such cases, discrepancy(ies) should be referred to the LC opening bank for its authorization for payment before your request for reimbursement is submitted to us. Existence of such authorization for payment should be clearly indicated in your reimbursement claim. This should also apply to LC negotiations after LC expiry date.

7. With respect to para. 3(b) of the Commitment Letter, the date up to which the shipping and expiry dates can be extended without our approval, is the last day of the Borrower’s right to withdraw from the Loan Account including final payment of retention money, if any. Any extension beyond this date should be approved by ADB. This date may be extended by agreement between ADB and the Borrower, in which case you will be informed accordingly.
APPLICATION FOR APPROVAL OF AMENDMENT OF LETTER OF CREDIT

Date : __________________________
ADB Loan No. : __________________________
Letter of Credit : __________________________
Commitment Letter No. : __________________________

To: Asian Development Bank
No. 6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines

ATTENTION: Loan Administration Division, Controller’s Department (CTLA)

Dear Sir/Madam:

Application for Approval of Amendment of Letter of Credit

We request your written approval for a proposed amendment of (date) under Letter of Credit (number) covered by ADB Commitment Letter (number). A copy of the proposed amendment is attached.

We consider the proposed amendment necessary and reasonable and therefore request that you advise the commercial bank of your approval of the amendment.

By: __________________________________
   (Signature of Authorized Representative)

   (Printed Name / Position / Title of Authorized Representative)
APPROVAL OF AMENDMENT OF LETTER OF CREDIT

Date: ____________
ADB Loan No.: ____________
Letter of Credit No.: ____________
Commitment Letter No.: ____________

(Name of commercial bank)
(address)

Dear Sir/Madam:

Approval of Amendment of Letter of Credit

We approve the proposed amendment of (date) under Letter of Credit (number), in accordance with the copy of the attached amendment.

Yours faithfully,

ASIAN DEVELOPMENT BANK

(Authorized Signatories)
BORROWER’S ADVICE OF EXTENSION OF LETTER OF CREDIT EXPIRY AND SHIPPING DATES

Date: ____________________________
ADB Loan No.: ____________________________
Letter of Credit: ____________________________
Commitment Letter No.: ____________________________

To: Asian Development Bank
No. 6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines

ATTENTION: Loan Administration Division, Controller’s Department (CTLA)

Dear Sir/Madam:

The expiry date and shipping date(s) of Letter of Credit (LC) [number] covered by ADB Commitment Letter (number) have been extended as in the attached copy of the amendment.

We certify that the expiry date and shipping date(s), as extended, fall within the loan closing date. The amendment has been agreed to by the LC issuing bank.

By: __________________________________
(Signature of Authorized Representative)

____________________________
(Printed Name / Position / Title of Authorized Representative)
### NARRATIVE PROCEDURES FOR COMMITMENT PROCEDURE

<table>
<thead>
<tr>
<th>Responsible Person / Unit</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Borrower’s Application for Commitment Letter</strong></td>
<td></td>
</tr>
</tbody>
</table>
| Borrower                 | • applies to a commercial bank in its own country, before importation, to open a Letter of Credit (LC) in favor of the supplier;  
  • completes an application for the Commitment Letter (CL) using form ADB-CL (see Appendix 8A) of each CL requested in a different currency;  
  • completes the corresponding Summary Sheet for the CL (see Appendix 8B) using a separate form for each category or subcategory;  
  • attaches the supporting documents to each application; and  
  • receives the completed ADB-CL and the related Summary Sheets and LCs. |
| ADB                      |          |

| **B. ADB’s Issuance of Commitment Letter** |
| ADB                      | • Upon approval of the borrower’s application for a CL, ADB issues a CL (see Appendixes 8C and 8D) to the designated commercial bank and sends a copy to the borrower and the issuing bank.  
  • ADB’s CL for private sector operation is slightly different (see Appendix 13E). |

| **C. Negotiating Bank’s Submission of Request for Reimbursement** |
| Nominated Commercial Bank | • After confirming that it has paid or agrees to pay for the transaction under the LC terms, the nominated commercial bank submits a request for payment of claim in the prescribed format to ADB. |

| **D. Amending the LC** |
| Borrower               | • After receiving the proposed amendment to the LC from its issuing bank, the borrower completes an application for approval of amendment to the LC (see Appendix 8E) and sends this to ADB with a copy of the proposed amendment.  
  • After approving the amendment(s), ADB informs the Borrower and negotiating bank by SWIFT, telex, or a formal letter (see Appendix 8F).  
  • ADB sends the second copy of the amendment to the nominated commercial bank. |
| ADB                     |          |

| **E. Handling Discrepancies between the LC and Shipping Documents** |
| Nominated Commercial Bank | • The nominated commercial bank requests the borrower through the LC issuing bank for authorization to pay despite such discrepancies.  
  • After authorizing the payment in consultation with the LC issuing bank, the borrower informs ADB of the discrepancy and payment authorization given to the nominated commercial bank. |
| Borrower                |          |
CHECKLIST FOR SUBMITTING APPLICATION
FOR ISSUANCE OF COMMITMENT LETTER

The Letter of Credit
1. Are the contract terms reflected correctly in the letter of credit (LC)?
2. Does the LC contain a clause relating it to the commitment letter?
3. Is the LC free of any restrictive clause against or in favor of any ADB member country (e.g., shipping restriction or preference)?
4. Are the LC expiry date and/or shipping date and warranty period within the loan closing date?
5. Does the LC indicate only one advising bank? (Note: indicating “any bank by negotiation” is not acceptable. [Section 8.8])
6. Does the LC indicate only one beneficiary? (Note: indicating “transferrable” is not acceptable. [Section 8.9])

The Application
1. Are the goods being procured from ADB member countries?¹
2. Has the pertinent contract been sent to ADB?
3. Is the application for commitment letter signed by an authorized signatory?
4. Are expenditures eligible for financing in accordance with the terms and conditions of the loan agreement?
5. Has a separate application been completed for each currency?

¹ Unless nonmember country procurement is specifically permitted otherwise by ADB’s Board of Directors.
## NARRATIVE PROCEDURES
FOR THE REIMBURSEMENT PROCEDURE

<table>
<thead>
<tr>
<th>Responsible Person / Unit</th>
<th>Activity</th>
</tr>
</thead>
</table>
| Borrower                  | For all Reimbursement Procedures  
• completes the withdrawal application on form ADB-DRP/RMP (Appendix 7A).  

For Reimbursement with Documentation  
• completes the corresponding summary sheet using form ADB-RMP-SS (Appendix 7B);  
• attaches the contract or confirmed purchase order indicating the amount and due date, if not yet submitted to ADB;  
• attaches a copy of invoice, bill, or claim; and  
• attaches a copy of the receipt or evidence of payment.  

For Statement of Expenditures (SOE)  
• completes and signs the appropriate SOE form (sample form provided as follows):  
  • SOE form for Project Loans (Appendix 9B);  
  • SOE form for Financial Intermediation Loans (Appendix 9C).  

For Force Account Works  
• completes the corresponding summary sheet using form ADB-RMP-SS (Appendix 7B); and  
• attaches signed certificates parts 1 and 2 (Appendix 9D) to the signed withdrawal application and summary sheet(s). |
| ADB                        | For all Reimbursement Procedures  
• receives the completed forms and related documentation. |
CHECKLIST FOR SUBMITTING WITHDRAWAL APPLICATIONS
REIMBURSEMENT

For Reimbursement Procedures in General
1. Has the pertinent contract been sent to ADB?
2. Is the withdrawal application signed by an authorized signatory?
3. Has a separate application been completed for each currency?
4. Has a separate application been completed for each payee, as appropriate?
5. Has a separate summary sheet been prepared for each category or subcategory and are items grouped by contract number?
6. Has ADB’s procurement contract summary sheet (PCSS) number been indicated in the summary sheet for each contract?
7. Are expenditures eligible for financing in accordance with the terms and conditions of the loan agreement?
8. Are the borrower’s bank account number, name of bank, and correspondent bank (if applicable) shown on the payment instructions?
9. Are the supporting documents attached, as appropriate?

For Statement of Expenditures Procedure
1. Is the SOE procedure provided for in the project administration manual (PAM)?
2. Is the SOE signed by the representative?
3. Is the format of the SOE correct, with SOE certification included?
4. Are all expenditures listed in the SOE within the applicable SOE ceiling, if any?
5. If any individual payment exceeds the SOE ceiling, if any, are the required supporting documents and the summary sheet attached to the withdrawal application?
## STATEMENT OF EXPENDITURES (SOE) FOR PROJECT LOANS

For the Period __________ to __________

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Description of Goods &amp; Services</th>
<th>Contract/PO No. for EA</th>
<th>PCSS Record No.</th>
<th>Name &amp; Address of Supplier</th>
<th>Total Amount of Bill/Paid/payable</th>
<th>ADB Disbursement %</th>
<th>Amount Requested for Withdrawal</th>
<th>Payment Check No.</th>
<th>Currency &amp; Amount Charged to Imprest Fund</th>
<th>Exchange Rate</th>
<th>US Dollar Equivalent</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTALS**

* EA = Executing Agency, PCSS = Procurement Contract Summary Sheet, PO = Purchase Order

---

**CERTIFICATION**

It is hereby certified that (i) the above amounts have been incurred and paid for proper execution of project activities under the terms and conditions of the Loan Agreement, (ii) all documentation authenticating these expenditures has been retained by the Borrower and will be made available for examination by auditors and ADB representatives upon request, and (iii) payments have not been split to enable them to pass through any applicable SOE ceiling.

Representative's Signature, Name and Position

---

**Notes:**

a. Prepare separate SOE for each category or subcategory.
b. For all individual payments exceeding any applicable SOE ceiling, prepare a separate summary sheet (Appendix B) and attach the required supporting documents.
c. Ensure that the total amount or the aggregate of all SOE agrees with the sum indicated in the withdrawal application.
d. Applicable for liquidation/replenishment of advance under the imprest fund procedure. Indicate the actual foreign exchange rates used for each transaction (see additional notes and illustration on the next page).
e. Indicate downpayment, advance payment, an installment payment number, interim Payment Certificate number or other relevant information.
f. Representative of executing/Implementing agency which prepared the SOE.
Additional Notes on Foreign Exchange Rate to Calculate Amount to be Charged to Imprest Account, SOE's footnote (d)

1. Related to Note (d) of the SOE Sheet, if imprest account currency (e.g., US$) is converted to a local currency (e.g., som) for a particular transaction, the foreign exchange rate is the actual foreign exchange rate used for each transaction. It is inappropriate to use foreign exchange rates that are not used for actual transaction, such as reference rate published by a bank or a government agency, because accumulation of foreign currency translation differences should be avoided.

2. If the imprest account currency (e.g., US$) is converted to a local currency (e.g., som) in a certain batch to cover several local currency payments, the standard practice is to record local currency transactions on a first-in-first-out basis (see illustration below), because it is considered to be the actual foreign exchange rate used for the transaction. It is inappropriate to use foreign exchange rates that are not used for actual transaction, such as reference rate published by a bank or a government agency, because accumulation of foreign currency translation differences should be avoided. Following this standard practice is important to avoid any reconciliation and/or account closing issues.

<table>
<thead>
<tr>
<th>№</th>
<th>Balance (as of the beginning)</th>
<th>Received</th>
<th>Utilized</th>
<th>Balance (as of the end)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0 som</td>
<td>10,000 som @ 44 som/1$</td>
<td>5,000 som @ 44 som/1$</td>
<td>5,000 som @ 44 som/1$</td>
</tr>
<tr>
<td>2</td>
<td>5,000 som @ 44 som/1$</td>
<td>15,000 som @ 43.5 som/1$</td>
<td>10,000 som</td>
<td>10,000 som @ 43.5 som/1$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.) 5,000 som @ 44 som/1$</td>
<td>2.) 5,000 som @ 43.5 som/1$</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>10,000 som @ 43.5 som/1$</td>
<td>20,000 som @ 43 som/1$</td>
<td>25,000 som</td>
<td>5,000 som @ 43 som/1$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.) 10,000 som @ 43.5 som/1$</td>
<td>2.) 15,000 som @ 43 som/1$</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>5,000 som @ 43 som/1$</td>
<td>0 som</td>
<td>5,000 som @ 43 som/1$</td>
<td>0 som</td>
</tr>
</tbody>
</table>

The amount and exchange rates are only for illustration purposes.
Statement of Expenditures (SOE) for Financial Intermediation Loans

This form is intended to be used under financial intermediation loans to list individual payments for subloans.

<table>
<thead>
<tr>
<th>Subloan No.</th>
<th>Sub-Borrower</th>
<th>Industry Sector/ISIC Code</th>
<th>Project Purpose and Description</th>
<th>Country of Origin</th>
<th>Subproject Cost</th>
<th>Subloan Amount Approved</th>
<th>ADB's Disbursement %</th>
<th>Subloan Amount to be Financed by ADB</th>
<th>Amount of Individual Payment Claimed</th>
<th>Date Paid</th>
<th>Cumulative Amount of Disbursement for the Sublend</th>
<th>Remarks (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12 (should be = or &lt; column 9)</td>
<td>13</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank, SOE = statement of expenditures, ISIC = International Standard Industrial Classification Code

TOTAL CLAIM

CERTIFICATION

It is hereby certified that (i) the above amounts have been incurred and paid for proper execution of project activities under the terms and conditions of the Loan Agreement, (ii) all documentation authenticating these expenditures has been retained by the Borrower and will be made available for examination by auditors and ADB representatives upon request, and (iii) payments have not been split to enable them to pass through any applicable SOE ceiling.

Notes:

(a) Other information such as maturity, grace period, interest rate, security taken, and any other relevant data may be indicated.

(b) Representative of executing/implementing agency that prepared the SOE.
CERTIFICATE (PART I) FOR FORCE ACCOUNT WORKS

ADB Loan No.: ________________________________

Date: ________________________________

It is certified that as of ________________________________ (date) the cumulative progress on the work relating to ________________________________ was ________________________________ %.

Signature: ________________________________
Name: ________________________________
Title or Designation*: ________________________________
Executing Agency: ________________________________

* Project Consultant, Project Engineer, or Representative of Executing Agency or Implementing Agency, as appropriate.

CERTIFICATE (PART II) FOR FORCE ACCOUNT WORKS

ADB Loan No.

The amount of ADB loan allocated for financing this force account works is US$ __________. On the basis of the percentage of work completed as certified in Part I above, the cumulative amount that could be withdrawn is US$ _________________. The amount of US$ ________________ has already been withdrawn under withdrawal applications up to and including application no. ________________ and the balance of US$ ________________ is now requested to be withdrawn under application no. ________________.

Amount calculated for financing this force account works US$ ________________
Cumulative amount that could be withdrawn (percentage of work completed in Part I) ________________
Less: Amount already withdrawn up to withdrawal application (latest application paid) ________________
Amount now requested for withdrawal (this application) US$ ________________

It is hereby certified that (i) expenditures have been incurred and paid for proper execution of project activities under the terms and conditions of the Loan Agreement, and (ii) all documentation authenticating these expenditures has been retained in [SPECIFY LOCATION] and will be made available for examination by auditors and ADB representatives upon request.

By: ________________________________
(Signature of Representative[s])*

(Printed Name / Position Title of Representative[s])*

* Representative of executing agency or implementing agency, as appropriate.
WITHDRAWAL APPLICATION FORM FOR IMPREST FUND

To: Asian Development Bank
   6 ADB Avenue, Mandaluyong City
   1550 Metro Manila, Philippines

Attention: Loan Administration Division, Controller’s Department (CTLA)

Sir/Madam:

1. In connection with the Loan Agreement dated ___________ between the Asian Development Bank and the Borrower, please pay from the loan account for the purpose of establishing/replenishing the imprest account.

<table>
<thead>
<tr>
<th>Currency</th>
<th>Amount to be paid (in figures)</th>
<th>Amount to be paid (in words)</th>
</tr>
</thead>
</table>

2. The undersigned certifies and agrees as follows:
   a. The said amount is required for payment of eligible expenditures as described in the attached estimate of expenditures sheet(s) from ___________ (date/month/year) to ___________ (date/month/year).
   b. Any advances by the Asian Development Bank (ADB) to the imprest account may be limited to a sum equal to or smaller than the amount requested for advances or replenishment.
   c. The undersigned has not previously withdrawn or applied for withdrawal of any amounts from said loan account nor obtained or will obtain any loan, credit, or grant for the purpose of fully or partially meeting the expenditures described in the estimate of expenditures sheet(s), summary sheet(s), and/or statement of expenditures (SOE).
   d. The goods or services have been procured in accordance with the Loan Agreement and the cost and terms of the purchase thereof are reasonable and in accordance with the relevant contract(s).
   e. The goods or services were or will be produced in and supplied by a member country of ADB as specified in the attached summary sheet(s) or SOE, unless specifically permitted otherwise by ADB’s Board of Directors.
   f. The expenditures described in the attached estimate of expenditures sheet(s), summary sheet(s), and/or SOE are to be made for the purposes specified in the Loan Agreement and in accordance with its terms and conditions.
   g. The undersigned will furnish supporting documents satisfactory to ADB to liquidate the advance, or will refund any unliquidated advance.
   h. For expenditures to be liquidated on the basis of an SOE, all authenticating documents will be retained in the appropriate location (e.g., executing/implementing agency’s office) and will be made available for examination by auditors and ADB representatives upon request.
   i. As of the date of this application, there is no existing default under the Loan Agreement, the Project Agreement, or the Guarantee Agreement, if any.
   j. If any funds withdrawn pursuant to this application are returned, the current value of such funds will be applied as credit to the loan account or, if the amount is small, applied to the next loan service payment due.

3. Payment Instructions (*Not required in the case of liquidation only):
   A. Payee’s Name and Address
      Payee’s Name
      Payee’s Address
   B. Name and Address of Payee’s Bank and Account No.
      Bank Name
      Bank Address
      Payee’s Account No.
      SWIFT Code
   C. Correspondent Bank (If payee’s bank is not located in the country whose currency is claimed, enter the name and address of their correspondent in the country whose currency is to be paid.)
      Bank Name
      Bank Address
      Account No. of Payee’s Bank
      SWIFT Code
   D. Special Payment Instructions and Other References

4. This application consists of ____ pages including ____ pages of summary sheets or SOE.

From:

Signature of Authorized Representative(s)

Printed Name/Position/Title of Authorized Representative(s)

ADB Form No. ADB-IFP
Instructions for preparing the Withdrawal Application Form for Imprest Fund (ADB Form No. ADB-IFP)

General Instructions
1. Submit original withdrawal application (WA) form to the Asian Development Bank (ADB) (or to its resident/regional Mission, if instructed).
2. Number WAs consecutively, not exceeding five digits or characters.
3. For replenishment of advances, consolidate claims until the amount being withdrawn is at least US$100,000 equivalent unless otherwise advised by ADB.
4. When the application is completed, verify completeness of supporting documentation and accuracy of details before passing to the authorized representative(s) for signature. Mistakes and omissions result in delayed payment.

Withdrawal References
5. Date: Enter the date WA is signed by authorized representative(s), not the date it was prepared.
6. Loan Number: Show ADB loan number clearly.
7. Application Number: Number WAs consecutively. If the project has more than one executing agency (EA) or implementing agency, the project coordinator should assign an alpha identification for each EA, e.g., A0001 to A9999 for EA no. 1 and B0001 to B9999 for EA no. 2.
8. Type of Disbursement: Indicate in the appropriate box the type of WA claim, whether for initial advance, additional advance, liquidation and replenishment, or liquidation only.

Estimate of Expenditures Sheet (ADB Form No. ADB-IFP-EES)

For Initial Advance and Additional Advance:
9. Provide all details as required in form ADB-IFP-EES. Estimated expenditures should normally be based on the amount of contracts awarded and to be awarded.
10. For expenditures related to operational costs, the amount should be linked to the project’s annual budget provision.

For Liquidation and Replenishment:
11. In addition to 1 and 2 above, before submitting the WA, obtain appropriate procurement contract summary sheet (PCSS) numbers from ADB’s sector division/resident mission concerned.
12. Where the statement of expenditures (SOE) is not allowed, submit full supporting documents required under section 10.33 of the handbook.

Payment Instructions
13. Payee’s Name and Address: Indicate full name and address of payee for identification of payment.
14. Name and Address of Payee’s Bank and Account No.: Indicate full name and address of the payee’s bank, which may include a banker and/or branch designation. Account number is important. Give SWIFT code if payee’s bank is a member of SWIFT.
15. Correspondent Bank: Where payment is to be made to a bank not located in the country of the currency to be paid, indicate its full name and address. Provide SWIFT code if the bank is a member of SWIFT.
16. Special Payment Instructions: Indicate any particulars, special instructions, or references to facilitate payment or identification of payment.
17. Name of Borrower: Fill in the name as it appears in the Loan Agreement.
18. Authorized Representative(s): Pass this application to authorized representative(s) for signature. Verify if the list of authorized representative(s) has been changed.
### ESTIMATE OF EXPENDITURES TO BE FINANCED FROM THE IMPREST ACCOUNT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total this page**

<table>
<thead>
<tr>
<th>Contract Date</th>
<th>Description of Goods and Services</th>
<th>Contract Amount</th>
<th>Estimated Amount of Expenditures</th>
<th>Exchange Rate</th>
<th>Estimated Amount in US$ Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ADB’s disbursement percentage for the cost category**

**Amount eligible for ADB financing**

**From previous page**

**Total estimated expenditures to be financed from the imprest account**

**Account balance**

**Amount requested**

---

By: ____________________________

(Representative Name and Signature)  

(Position / Title of Representative)

---

**Notes:**

a. Estimate of expenditures should normally be for the forthcoming 6-month period.

b. A separate estimate of expenditure should be used for each cost category. The borrower, executing agency, or implementing agency, as appropriate, should not request advances for the cost categories, components, or expenditures subject to conditions for withdrawal (or disbursement conditions) which have not been met.

c. Refer to terms of payment for each contract and indicate the amount needed in the currency of expenditure. The amount in this column should not exceed the corresponding amount in the column “Contract Amount.”

d. Representative of executing agency or implementing agency which prepared the estimate.

ADB Form No. ADB-IFP-EES
IMPREST ACCOUNT RECONCILIATION STATEMENT (IARS)

LOAN NO:__________________

Application Number:__________________________ With (Bank):__________________________
Bank Account Number:__________________________ Bank Address:__________________________

1 PRESENT OUTSTANDING AMOUNT ADVANCED
TO THE IMPREST ACCOUNT NOT YET RECOVERED

US$ 4,000,000.00

2 BALANCE of imprest account as of
per bank statement (copy attached)
US$ XXX.XXX.XX

3 ADD: Amount of eligible expenditures claimed in attached
application (WA no. ____________)
US$ XXX.XXX.XX

4 ADD: Amount claimed in previous applications not yet credited
at date of bank statement
US$ XXX.XXX.XX

<table>
<thead>
<tr>
<th>Withdrawal Application No.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>XXXX</td>
<td>US$ XXX.XXX.XX</td>
</tr>
<tr>
<td>XXXX</td>
<td>US$ XXX.XXX.XX</td>
</tr>
<tr>
<td>XXXX</td>
<td>US$ XXX.XXX.XX</td>
</tr>
</tbody>
</table>

5 TOTAL expenditures withdrawn from imprest account but not yet
claimed for replenishment

a. Sub-accounts

a.1 Total sub-account balance accounted for PIU#1
US$ XXX.XXX.XX

a.2 Total sub-account balance accounted for PIU#2
US$ XXX.XXX.XX

a.3 Total sub-account balance accounted for PIU#3
US$ XXX.XXX.XX

a.4 Total sub-account balance accounted for PIU#4
US$ XXX.XXX.XX

a.5 Total sub-account balance accounted for PIU#5
US$ XXX.XXX.XX

Total sub-account balances accounted for

US$ XXX.XXX.XX

b. Transfer in transit
US$ XXX.XXX.XX

c. Petty cash balance
US$ XXX.XXX.XX

d. Unliquidated expenses (itemize expenses)
US$ XXX.XXX.XX

e. Others (please specify)
US$ XXX.XXX.XX

US$ XXX.XXX.XX

6 TOTAL ADVANCE ACCOUNTED FOR
US$ 4,000,000.00

Explanation of any discrepancy between totals appearing in lines 1 and 6 above (e.g., earned interest credited to the account, bank charges, etc.):

7 IMPREST ACCOUNT TURNOVER RATIO, estimate (see attachment to IARS) 1.60

8 APPROPRIATE LEVEL OF IMPREST ACCOUNT ADVANCE (item 1 x item 7 x 6/12)
US$ 3,200,000.00

9 REQUESTED LEVEL OF IMPREST ACCOUNT ADVANCE
US$ 4,000,000.00

Attach the latest estimate of expenditures (use the form of Appendix 10B) if the amount of Item 9 is larger than the lower of Item 1 or Item 8. (Read Loan Disbursement Handbook sections 10.17 and 10.19.)

Signature, name, and title of representative of the entity
(e.g., EA, IA) which hold the title of the imprest account

NOTES:
1 List all existing sub-accounts with corresponding amount advanced. Reconciliation statements and bank statements for sub-accounts should be retained at the office of the borrower and/or EA.

2 All figures are indicated only for illustration purposes.
Attachment to Imprest Account Reconciliation Statement (IARS)

ESTIMATION OF IMPREST ACCOUNT TURNOVER RATIO

[Table filled with data]

10 CALCULATION OF AVERAGE OF ADVANCE

<table>
<thead>
<tr>
<th>Date of Advance as of the latest month-end</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug-11 $4,000,000</td>
<td></td>
</tr>
<tr>
<td>Jul-11 $4,000,000</td>
<td></td>
</tr>
<tr>
<td>Jun-11 $2,000,000</td>
<td></td>
</tr>
<tr>
<td>May-11 $2,000,000</td>
<td></td>
</tr>
<tr>
<td>Apr-11 $2,000,000</td>
<td></td>
</tr>
<tr>
<td>Mar-11 $2,000,000</td>
<td></td>
</tr>
<tr>
<td>Feb-11 $2,000,000</td>
<td></td>
</tr>
<tr>
<td>Jan-11 $2,000,000</td>
<td></td>
</tr>
<tr>
<td>Dec-10 $2,000,000</td>
<td></td>
</tr>
<tr>
<td>Nov-10 $2,000,000</td>
<td></td>
</tr>
<tr>
<td>Oct-10 $2,000,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL $30,000,000</td>
<td></td>
</tr>
</tbody>
</table>

AVERAGE OF ADVANCE IN THE PAST 1-YEAR (A) $2,500,000

12 IMPREST ACCOUNT TURNOVER RATIO = amounts (B)/(A) (to be stated in item 7 of IARS)

This estimate is for the purpose of the borrower/EA’s monitoring of the turnover ratio.

NOTES:

1. All amounts and date of liquidation should be based on data available at the LFIS/GFIS.
2. All figures are indicated only for illustration purposes. Other free format may be acceptable, if calculation of turnover ratio is substantially the same as the ADB’s information system (e.g., LFIS) or the above.
## EXAMPLE OF SUB-ACCOUNT RECONCILIATION STATEMENT

**LOAN/GRANT NO.**

---

**Project Implementation Unit:** ____________________________  **With (Bank)** ____________________________

**Bank Account Number** _______________  **Bank Address** ____________________________

---

### 1. PRESENT OUTSTANDING AMOUNT ADVANCED TO THE SUB-ACCOUNT NOT YET RECOVERED

<table>
<thead>
<tr>
<th>LC</th>
<th>X,XXX,XXX</th>
<th>US$</th>
<th>XXX, XXX.XX</th>
</tr>
</thead>
</table>

### 2. BALANCE of sub-account as of _______________ per bank statement (copy attached)

<table>
<thead>
<tr>
<th>Date</th>
<th>Reference</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>dd/mmm/yyyy</td>
<td>xxxxx</td>
<td>xxxxx</td>
</tr>
<tr>
<td>dd/mmm/yyyy</td>
<td>xxxxx</td>
<td>xxxxx</td>
</tr>
<tr>
<td>dd/mmm/yyyy</td>
<td>xxxxx</td>
<td>xxxxx</td>
</tr>
</tbody>
</table>

### 3. ADD: Amounts submitted for PIU for liquidation but not yet replenished at date of bank statement

| LC | X,XXX,XXX | US$ | XXX, XXX.XX |

### 4. ADD: Petty Cash balance at date

| LC | X,XXX,XXX | US$ | XXX, XXX.XX |

### 5. UNLIQUIDATED EXPENSES - expenditures withdrawn from sub-account but not yet claimed for replenishment (Itemize expenses)

| LC | X,XXX,XXX | US$ | XXX, XXX.XX |

| 5.1 |                      |
| 5.2 |                      |
| 5.3 |                      |
| 5.4 |                      |

### 6. TOTAL ADVANCE ACCOUNTED FOR

| LC | X,XXX,XXX | USD | XXX,XXX.XX |

Explanation of any discrepancy between totals appearing in lines 1 and 6 above (e.g., earned interest credited to the account, bank charges, etc.):

---

Signature, name, and title of Representative of the entity (e.g., EA, IA) which hold the title of the sub-account

---

**NOTES:**

1. *This statement is recommended for proper internal control of EA and IA and not required as attachment to Withdrawal Application for submission to ADB. This is submitted to ADB upon its request.*

2. *Total amount advanced should tally with amount shown in item no. 5 (a) of the main Imprest Account Reconciliation Statement (IARS).*

3. *If the sub-account is maintained in local currency, indicate exchange rates used at the time of advance/replenishment from the main Imprest Account.*
# NARRATIVE PROCEDURES FOR IMPREST FUND PROCEDURE

<table>
<thead>
<tr>
<th>Responsible Person / Unit</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. ADB’s Initial and Additional Advance to the Imprest Account</strong></td>
<td></td>
</tr>
<tr>
<td>Borrower</td>
<td>• completes the withdrawal application for imprest fund (Appendix 10A) and an estimate of expenditure sheet using form ADB-IFP-EES (Appendix 10B).</td>
</tr>
<tr>
<td>ADB</td>
<td>• receives the completed forms and disburses the initial 6-month advance for deposit to the borrower’s imprest account.</td>
</tr>
<tr>
<td><strong>B. Liquidation or Replenishment of the Imprest Account</strong></td>
<td></td>
</tr>
<tr>
<td>Borrower</td>
<td>• completes the withdrawal application for imprest fund (Appendix 10A) and the applicable summary sheet using form ADB-IFP-SS or SOE (Appendix 7B, 9B, or 9C), or certificate for force account works (Appendix 9D) to replenish the account as frequently as possible, provided the amount of the application reaches the minimum ceiling of US$100,000 equivalent; and</td>
</tr>
<tr>
<td></td>
<td>• prepares the necessary imprest account reconciliation statements (Appendixes 10C) and attaches the bank statements.</td>
</tr>
<tr>
<td>ADB</td>
<td>• receives the completed forms and disburses the value of eligible expenditures for replenishment of the account balance, and</td>
</tr>
<tr>
<td>Borrower</td>
<td>• refunds the disallowed amount to the imprest account.</td>
</tr>
<tr>
<td><strong>C. Final Liquidation or Recovery of Advances</strong></td>
<td></td>
</tr>
<tr>
<td>Borrower</td>
<td>• completes the withdrawal application (Appendix 10A) and the applicable summary sheet or statement of expenditures, and</td>
</tr>
<tr>
<td></td>
<td>• prepares the imprest account reconciliation statements (Appendixes 10C) and attaches the bank statement(s).</td>
</tr>
<tr>
<td>ADB</td>
<td>• receives the completed forms and deducts the amount of eligible expenditures incurred from the outstanding balances of advances until the imprest account reaches a zero balance, and</td>
</tr>
<tr>
<td></td>
<td>• requests the borrower to refund the unliquidated balance if the account still has unliquidated advance after the loan closing date.</td>
</tr>
<tr>
<td>Borrower</td>
<td>• refunds promptly to the loan account any amount that remains outstanding in the imprest account after the loan closing date, as specified in the Loan Agreement.</td>
</tr>
</tbody>
</table>
CHECKLIST FOR SUBMITTING WITHDRAWAL APPLICATIONS
IMPREST FUND PROCEDURE

1. Is the imprest fund procedure authorized by ADB for this loan and described in the project administration manual?

2. Is the withdrawal application signed by an authorized signatory?

3. Are bank statements and a bank reconciliation statement included to support the request for liquidation or replenishment?

4. Are expenditures eligible for liquidation or replenishment?

5. Has a separate summary sheet or the statement of expenditures (SOE) been prepared for each category or subcategory?

6. Are supporting documents attached, as appropriate?

7. If the loan closing date is within the next 6 months, has consideration been given to whether the account should be replenished or treated as liquidation only (Section 10.21)?

8. Is an appropriate level of advance requested after review of the turnover ratio of the imprest advance?

9. Is the estimate of project expenditure for the next 6 months for initial or additional advance attached to the withdrawal application (Sections 10.12 and 10.19)?

10. Is the currency of withdrawal application the same as the currency of the imprest account?
WITHDRAWAL APPLICATION FOR
POLICY-BASED LOAN

Date: __________________________

To: Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines

Attention: Loan Administration Division, Controller’s Department (CTLA)

Sir/Madam:

1. In connection with the Loan Agreement dated between the Asian Development Bank and the (Borrower), please pay from the Loan Account:

<table>
<thead>
<tr>
<th>Currency</th>
<th>Amount to be paid (in figures)</th>
<th>Amount to be paid (in words)</th>
</tr>
</thead>
</table>

2. The undersigned certifies and agrees as follows:
   a. These expenditures were/are/will be made for the purposes specified in the Loan Agreement and the undersigned has not previously withdrawn from the Loan Account or obtained or will obtain any other loan, credit, or grant for the purpose of fully or partially meeting these expenditures.
   b. As of the date of this application, there is no existing default under the Loan Agreement, the Project Agreement or the Guarantee Agreement, if any.
   c. If any funds withdrawn pursuant to this application are returned, the current value of such funds will be applied as credit to the Loan Account or, if the amount is small, applied to the next loan service payment due.

3. Payment Instructions:
   A. Payee’s Name and Address
      Payee’s Name
      Payee’s Address
   B. Name and Address of Payee’s Bank and Account No.
      Bank Name
      Bank Address
      Payee’s Account No.
      SWIFT Code (see note 9 of Appendix 11A)
   C. Correspondent Bank (If payee’s bank is not located in the country whose currency is claimed, enter the name and address of their bank’s correspondent in the country whose currency is to be paid.)
      Bank Name
      Bank Address
      Account No. of Payee’s Bank
      SWIFT Code (see note 11 of Appendix 11A)
   D. Special Payment Instructions and Other References

4. This application consists of _______ pages including ____ pages of Certificate

From:

Signature of Authorized Representative(s)

Printed Name/Position Title of Authorized Representative(s)
Instructions in preparing the Withdrawal Application Form for Reimbursement

General Instructions

1. Submit original Withdrawal Application (WA) to the Asian Development Bank (ADB) (or to its Resident/Regional Mission, if instructed).
2. Prepare a separate WA for each currency of payment and for each payee.
3. Number WAs consecutively, not exceeding five digits and/or characters.
4. When completed, verify the application for completeness of supporting documentation and accuracy of details before passing to the Authorized Representative(s) for signature. Mistakes and omissions result in delayed payment.

Withdrawal References

5. Date: Enter the date the WA is signed by Authorized Representative(s), not the date it was prepared.
6. Loan Number: Show ADB loan number clearly.
7. Application Number: Number WAs consecutively.

Payment Instructions

8. Payee Name and Address: Indicate full name and address of Payee for identification of payment.
9. Name and Address of Payee’s Bank and Account No.: Indicate full name and address of the Payee’s bank, which may include a banker and/or branch designation. Account number is important. Give SWIFT code if Payee’s bank is a member of SWIFT.
   For payments to anywhere in Europe, the International Bank Account Number (IBAN) and the related SWIFT Bank Identification Code (BIC) of payee’s bank should be provided. If SWIFT BIC for the payee’s bank is not available, provide the national clearing system code such as Fedwire Routing number (FW), CHIPS Universal Identifier (CH), UK Domestic Sort Code (SC), Australian Bank State Branch Code (AU), German Bankleitzahl (BL) account number with the correspondent bank, where applicable.
10. Correspondent Bank: Where payment is to be made to a bank not located in the country of the currency to be paid, indicate its full name and address. Provide SWIFT code if the bank is a member of SWIFT.
11. Special Payment Instructions: Indicate any particulars, special instructions, or references to facilitate payment or identification of payment.
   If SWIFT BIC for the correspondent bank is not available, provide Fedwire ABA Number and CHIPS Participant Number for US dollar payments; and special instructions or references to facilitate payment or identification of payment, where applicable.
12. Name of Borrower: Fill in name as it appears in the Loan Agreement.
13. Authorized Representative(s): Pass this application only to Authorized Representative(s) for signature. Verify if the list of Authorized Representative(s) has been changed.
CERTIFICATE UNDER POLICY-BASED LOAN
(Format of Support Document Attached to a Withdrawal Application)

MINISTRY OF FINANCE
(Name of Borrower)

__________________________
(Date)

CERTIFICATE

This certificate is issued in support of the withdrawal application by ___(Name of Borrower)____ dated ________________ for the amount of [currency, amount in figure] [and amount in words] under the Loan Agreement dated ________________ between the ___(Name of Borrower)____ and the Asian Development Bank for ____ (Loan No. and Program Name)__. I hereby confirm that:

(i) the value of the eligible imports as defined in the Loan Agreement for this fiscal year is greater than the amount requested for withdrawal; and

(ii) the requested withdrawal will be used to finance eligible items procured in accordance with the provisions of the Loan Agreement.

(Signature Authorized Representative of the Borrower)

__________________________
(Printed Name / Position
Title of Authorized Representative)
FORM OF CERTIFICATE OF INCUMBENCY AND AUTHORITY
[Borrower Company’s Letterhead]

[Date]

Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines

Attention: [Assistant Controller, Loan Administration Division]

Dear Sir/Madam:

ADB Investment No. [ ]
Certificate of Incumbency and Authority No. [ ]

With reference to the Loan Agreement between us dated [ ] (the “Loan Agreement”), I, the undersigned [chair/director] of [borrower company’s name], (the “Company”), duly authorized to do so, hereby certify that the following are the names, offices, and true specimen signatures of the persons [each / any two] who are, and will continue to be, authorized

(a) to sign on behalf of the Company requests for the disbursement of funds provided for in [clause/section] of the Loan Agreement;

(b) to sign the certifications provided for in [clause/section] of the Loan Agreement; and

(c) to take any other action required or permitted to be taken, done, signed, or executed by or on behalf of the Company under the Loan Agreement or any other agreement to which ADB, [the Company, and/or other parties involved] may be parties.

<table>
<thead>
<tr>
<th>Name</th>
<th>Office/Designation</th>
<th>Specimen Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

You may assume that any such person continues to be so authorized until you receive an authorized written notice from the Company [borrower] that they, or any of them, is no longer so authorized.

Yours faithfully,

NAME OF COMPANY

By:

______________________
[Chair/Director]
DISBURSEMENT REQUEST FOR
PRIVATE SECTOR LOAN

(Letterhead of the Company)

Date __________________

Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines

ATTENTION: Director, Private Sector Operations Division

Sir/Madam:

Private Sector Loan No. _______________
Application for Withdrawal No. _______________

1. Please refer to the Loan Agreement (the Investment Agreement) dated ____________ between the Asian Development Bank (ADB) and ______________________ (the Company).

2. Expressions defined in the Loan Agreement shall bear the same meanings herein.

3. The Company hereby requests the withdrawal from the Company's loan account, on or before ________________, of US$ _______________. You are requested to pay such amount to

   a. Payee's Name and Address
      • Payee's Name
      • Payee's Address
   b. Name and Address of Payee's Bank and Account Number
      • Bank Name
      • Bank Address
      • Payee's Account No.
      • SWIFT Code
   c. Correspondent Bank
      • Bank Name
      • Bank Address
      • Payee's Account No.
      • SWIFT Code

4. We attach a signed but undated receipt for the amount hereby requested to be withdrawn and hereby authorize ADB to date such receipt.

5. The Company hereby certifies that

   a. the conditions stated in ________________ of the Loan Agreement have been fully met; and
   b. the proceeds of the withdrawal hereby requested are needed immediately by the Company for the purposes of the project as follows: (state purpose for which withdrawal is needed).
6. The certifications in para. 5 above are effective as of the date of this request for withdrawal and will continue to be effective as of the date of any withdrawal made pursuant to this application. If any of these certifications is no longer valid as of or prior to the date of the withdrawal or withdrawals hereby requested, the Company will immediately notify ADB and will repay the amount withdrawn upon demand by ADB if withdrawal is made prior to the receipt of such notice.

Yours faithfully,

NAME OF COMPANY

By: ________________________________
   (Signature of Authorized Representative[s])

   (Printed Name / Position /
   Title of Authorized Representative[s])
(Letterhead of Borrower)

DISBURSEMENT RECEIPT FORM

To: Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines

Attention: Trade Finance Program (TFP) Team,
Private Sector Operations Division (PSOD)

Withdrawal Receipt No. ________ 1

We, [Name of Borrower] (the “Borrower”), hereby acknowledge receipt of the sum of US$ _______________ disbursed to us on ______________ 2 (value date) by the Asian Development Bank (ADB) under the facility provided for in the ________________ [Revolving Credit/Loan] Agreement dated ________ signed between ADB and the Borrower, as may be amended from time to time.

Yours faithfully,

[Name of Borrower]

______________________________
By: (Signature of Authorized Representative[s])

______________________________
Printed Name / Position / Title of Authorized Representative(s)

1 Each receipt must be numbered in series, the number corresponding to the number in the heading of the relevant disbursement request.

2 Please leave the space for the valuation date blank. ADB will insert the date.
PROMISSORY NOTE

(To Be Used in Conjunction with Complementary Loan)

For value received, _______ (name of company) _______ (the “Borrower”) unconditionally promises to pay to or to the order of the Asian Development Bank (ADB) at _______ (ADB depository bank) , _______ (ADB account no.) _______ , the principal sum of _______ (US $ equivalent of amount requested in words and in figures) _______ , in lawful currency of the United States of America, in installments as provided below, and to pay interest in like currency on any and all amounts remaining unpaid from the date hereof until paid in full at the rates and the manner and calculated in accordance with the provisions of the Loan Agreement dated _______ (the “Complementary Loan Agreement”) between the Borrower and the Asian Development Bank.

The principal sum of this note shall be payable in _______ equal (or as nearly equal as possible) consecutive semiannual installments, payable on each interest payment date. The first installment shall be due and payable on the first interest payment date on _______ (date) _______ and the remaining _______ installments each shall be due and payable successively semiannually thereafter on _______ and _______ of each year provided that if any such date is not a banking day (as defined in the Complementary Loan Agreement) the relevant installment shall be due on the immediately preceding banking day.

This note is one of a series of notes issued pursuant to the terms of the Complementary Loan Agreement. It may be prepaid and payment may be accelerated as provided in the Complementary Loan Agreement. The Borrower hereby waives diligence, presentment, demand, protest, and notice of any kind in the enforcement of this note.

The principal and interest on this note shall be payable without set-off or counterclaim and clear of, and without deduction for, any present or future taxes, restrictions, or conditions of any nature.

Date: _______ 

NAME OF COMPANY

By: ____________________________

Signature of Authorized Representative

______________________________
Printed Name / Position / Title of Authorized Representative
Form of Disbursement Request
[To be typed on letterhead of the Borrower]

The disbursement request may be submitted by authenticated SWIFT or tested telex. The presentation of the disbursement request will be dependent on the form of transmission selected.

[Date]

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Attention: Private Sector Operations Department/
Trade Finance Program Team

Subject: Revolving Credit Facility
Disbursement Request No:¹

Dear Sir/Madam:

1. Please refer to the revolving credit agreement dated [ ] (the “Agreement”) between [name of Borrower] (the “Borrower”) and the Asian Development Bank (ADB). Expressions defined in the Agreement shall bear the same meanings herein.

2. We hereby irrevocably request the following disbursement in accordance with the terms of the Agreement:²

Disbursement Amount and Currency: _________________________
(in figures and words)    _________________________
Disbursement Value Date:   _________________________
Repayment Date:    _________________________
Margin:     _________________________

All sums shall be disbursed by ADB to the Borrower in accordance with the following payment instructions:

Borrower's Account Name:   _________________________
Borrower's Account Number:   _________________________
Correspondent Bank Name:    _________________________
Correspondent Bank Address:   _________________________
Payment Reference:     _________________________

¹ Each disbursement request shall be numbered in series.

² To be agreed in writing by ADB and the Borrower before the submission of the disbursement request.
3. The disbursement is requested to finance subloans which are described in the attached subloan summary report(s) and which comply with the eligibility criteria set out in Annex 1 to the Agreement.

4. For the purposes of Sections 3.1, 3.2, and 4.2 of the Agreement, we hereby confirm that

(a) the representations and warranties made by the Borrower in the Agreement are true on and as of the date hereof with the same effect as though such representations and warranties had been made on and as of the date hereof;

(b) we are in compliance with the financial covenants set forth in Section [5.3] of the Agreement;

(c) this disbursement request has been duly authorized and executed by us; and

(d) no event of material adverse change and no event which, with the giving of notice, the passage of time, or the making of any determination, or any combination of the above, would become an event of material adverse change, has occurred and is continuing or is imminent.

Yours faithfully,

[Name of the Borrower]

By: ___________________________
Authorized Representative
Form of Subloan Summary Report

Date:

Disbursement No:

Sub-Loan No:

| Name and address of the Sub-Borrower |  |
| Industry and brief description of business |  |
| Ownership of the Sub-Borrower |  |
| Sub-Borrower is a small or medium-sized enterprise? (Y/N) |  |
| Currency and amount of the subloan in dollars |  |
| Amount to be financed by Asian Development Bank (ADB) disbursement |  |
| Purpose of the subloan (use of proceeds), including confirmation that proceeds will be used for procurement from ADB member countries[^1] as such countries are listed on the ADB website ([www.adb.org](http://www.adb.org)) on the date of this report |  |
| Sub-Loan maturity, repayment schedule, and disbursement date |  |
| Description of goods |  |
| Source and/or destination country of goods |  |
| Source of repayment (e.g., Sub-Borrower’s net cash flow, sale of current assets, etc.) |  |
| Interest rate |  |
| Collateral and/or security |  |
| Risk rating assigned by the Borrower |  |
| Loan approving authority (e.g., Credit Committee, etc.) |  |
| Confirmation of compliance with the ADB Environmental Exclusion List, Environment Policy, Involuntary Resettlement Policy, Policy on Indigenous Peoples, and Anticorruption Policy |  |

[^1]: Unless nonmember country procurement is specifically permitted otherwise by ADB’s Board of Directors.
Form of Notice of Unpaid Claim - Part A

[For use when the confirming bank is not the beneficiary of the eligible instrument]

[To be delivered by authenticated SWIFT or tested telex and followed by hard copy (with enclosures) on letterhead of the confirming bank]

(Date)

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Attention: Private Sector Operations Department/
Trade Finance Facilitation Program Team

Telex no.: [   ]
SWIFT no.: [   ]

URGENT

Dear Sir/Madam,

We refer to the letter of agreement dated [   ], between yourselves and ourselves (the “Confirming Bank Agreement”) and the Asian Development Bank (ADB) Guarantee No. [   ] for [amount and currency] issued by you in our favor on [date], (the “ADB Guarantee”). Terms defined in the Confirming Bank Agreement have the same meaning when used in this notice unless otherwise defined in this notice. This notice is furnished pursuant to the Confirming Bank Agreement and the above-referenced ADB Guarantee. We hereby certify as follows:

(1) [The beneficiary of the eligible instrument reference no.   , the subject of the ADB Guarantee (the “Eligible Instrument”) duly presented conforming documents to us in accordance with the terms of such eligible instrument.] [The beneficiary of the eligible instrument reference no.   , the subject of the ADB Guarantee (the “Eligible Instrument”) presented documents which did not conform to the terms of that eligible instrument and, notwithstanding such nonconformity, (i) the issuing bank has taken up those documents; and (ii) so far as we are aware, the eligible instrument specified below continues to satisfy all the conditions of an eligible instrument pursuant to the Confirming Bank Agreement.]*

(2) [Following presentation of conforming documents to us, we duly met our obligations to such beneficiary as a confirming bank under the eligible instrument because we were not aware of sufficient grounds to refuse to do so.] [Following the issuing bank’s agreement to take up those documents, we made payment to such beneficiary of the amount which, but for the nonconformity of those documents, was due from us as confirming bank under the eligible instrument.]*

* Delete as appropriate.
(3) The issuing bank has failed to reimburse us within seven (7) days of the date of our claim for reimbursement to the issuing bank for the full amount paid by us to the beneficiary pursuant to the eligible instrument.

(4) The eligible instrument complies with the terms specified in the ADB Guarantee and has not, without your prior written consent, been subject to a material amendment.

The details of nonpayment upon due presentation of a valid reimbursement claim by the undersigned to the issuing bank for payment under an eligible instrument are as follows:

1. Eligible instrument issue date:
2. Eligible instrument expiry date:
3. Value date specified in relevant reimbursement claim:
4. Amount paid to beneficiary:
5. Amount received from issuing bank of which:
   XXXX is cash collateral received prior to the confirmation of the eligible instrument by the confirming bank; and
   XXXX is the amount in respect of interest, fees, and other charges (if any) related to the eligible instrument;
6. Amount of unpaid claim:
7. Percentage cover:
8. ADB claim amount:

A copy of the eligible instrument under which this ADB claim amount has arisen together with copies of the documents presented under it, are enclosed.

We hereby claim reimbursement of the ADB claim amount on or before [date] to the following account:

[INSERT FULL ACCOUNT DETAILS]

Faithfully,

[NAME OF CONFIRMING BANK]

By _________________

Name: _________________________

Title: _________________________

Enclosures: Copies of (1) the eligible instrument under which this ADB claim amount has arisen, and
             (2) the documents presented under the eligible instrument.

If an original certificate is transmitted to ADB via authenticated SWIFT or tested telex, ADB may accept enclosures transmitted by facsimile or email, on or as close to the SWIFT or telex transmission date as possible, if they accompany a cross-referenced facsimile or email copy of such certificate.
Form of Notice of Unpaid Claim - Part B

[For use when the confirming bank is the beneficiary of the eligible instrument]

[To be delivered by authenticated SWIFT or tested telex and followed by hard copy (with enclosures) on letterhead of the confirming bank]

[Date]

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Attention: Private Sector Operations Department/
Trade Finance Facilitation Program Team

Telex no.: [ ]
SWIFT no.: [ ]

URGENT

Dear Sir/Madam,

We refer to the letter of agreement dated [ ], between yourselves and ourselves (the "Confirming Bank Agreement") and the Asian Development Bank (ADB) Guarantee No. [ ] for [amount and currency] issued by you in our favor on [date] (the "ADB Guarantee"). Terms defined in the Confirming Bank Agreement have the same meaning when used in this notice unless otherwise defined in this notice. This notice is furnished pursuant to the Confirming Bank Agreement and the above-referenced ADB Guarantee. We hereby certify as follows:

(1) We are the beneficiary of the eligible instrument specified below.

(2) On [date] we made a payment of [currency and amount] to [specify the beneficiary of the payment].

(3) We duly presented to the issuing bank in accordance with the terms of such eligible instrument conforming documents in respect of principal [and interest] due and unpaid.

(4) The issuing bank or its correspondent bank has failed to pay us within seven (7) days of the value date specified in the attached payment claim by us to the issuing bank or its correspondent bank for the full amount of principal due to us.

(5) The eligible instrument specified below complies with the terms specified in the ADB Guarantee and has not, without your prior written consent, been amended by a material amendment.
Following are the details of nonpayment upon due presentation of a valid payment claim by the undersigned to the issuing bank or its correspondent bank for payment under an eligible instrument.

1. Eligible instrument issue date:
2. Eligible instrument expiry date:
3. Value date specified in relevant reimbursement claim:
4. Principal amount due:
5. Amount received from issuing bank, of which
   XXXX is cash collateral received prior to the confirmation [discount/acceptance, etc.] of the eligible instrument by the Confirming Bank; and
   XXXX is the amount in respect of interest, fees, and other charges (if any) related to the eligible instrument;
6. Amount of unpaid claim:
7. Percentage cover:
8. ADB claim amount:

A copy of the eligible instrument under which this ADB claim amount has arisen, together with copies of the documents presented under it, are enclosed.

We hereby claim reimbursement of the ADB claim amount on or before [date] to the following account:

[INSERT FULL ACCOUNT DETAILS]

Faithfully,

[NAME OF CONFIRMING BANK]

By _________________________

Name: _________________________
Title: _________________________

* delete as appropriate

Enclosures: Copies of (1) the eligible instrument under which this unpaid claim has arisen; and (2) the documents presented under the eligible instrument.

If an original certificate is transmitted to ADB via authenticated SWIFT or tested telex, ADB may accept enclosures transmitted by facsimile or email, on or as close to the SWIFT or telex transmission date as possible, if they accompany a cross-referenced facsimile or email copy of such certificate.
NOTICE OF PARTICIPATION CONTRIBUTION

To: Asian Development Bank

From: [ ] (the "Confirming Bank")

Date: [  ]

Dear Sirs

Re: Notice of Participation Contribution

1. This is a Notice of Participation Contribution as referred to in the Risk Participation Agreement made between you and us and dated [ ] (the "Agreement"). Terms defined in the Agreement shall have the same meanings in this Notice of Participation Contribution.

2. The details are as follows.

   (a) This Notice of Participation Contribution relates to [name of nominated issuing bank] in respect of [describe eligible instrument] with an expiry date of [date].

   (b) The default was due to a [political event/nonpayment event], details of which are as follows:

      [Specify details]

   (c) The unpaid amount is [ ] and the US dollar equivalent is [ ]. [The spot rate used to determine this amount is [ ].

   (d) [The political event limit/nonpayment event limit] for this nominated issuing bank is [ ], therefore the pro rata share is [ ] and the US dollar equivalent is [ ]. The spot rate used to determine this amount is [ ].

   (e) We have taken and/or will take the following actions to recover the unpaid amount from the nominated issuing bank or the applicant [specify details and timing].

   (f) We represent and warrant that we are continuing to diligently take actions to recover, or in a timely manner continuing to pursue recovery, from this nominated issuing bank of the unpaid amount.

3. We certify that

   (a) we have paid the unpaid amount to the beneficiary of the relevant eligible instrument in accordance with the terms of the confirmation and that eligible instrument;

   (b) the relevant nominated issuing bank has failed to reimburse us within
[number] Business Days for [the whole] [part], being US$ [   ] of the unpaid amount following a valid written demand for payment therefore by us, a copy of which is attached;

(c) [we have made a demand for payment from the applicant and the applicant has failed to pay [the whole] [part], being US$ [   ] of that unpaid amount on the date specified therefore; ]

(d) as at today's date, the [US dollar equivalent] of any set-off and/or other remedies available to us against the relevant nominated issuing bank for application in reduction of that unpaid amount in accordance with Clause [7.5] (Set-off) of the Agreement is [   ]; and

(e) as at today's date, the US dollar equivalent of aggregate value of all eligible instruments of this nominated issuing bank over which you have agreed to take a risk participation is [   ].

Yours faithfully,

For and on behalf of

[CONFIRMING BANK NAME]

[Signature of Duly Authorized Representative]

[Position/Title of Authorized Representative]

[Copy of demand for payment to be attached in accordance with 3(b)]
## LFIS REPORTS

<table>
<thead>
<tr>
<th>LFIS REPORTS</th>
<th>OTHER LFIS REPORTS</th>
<th>CFIS REPORTS</th>
<th>OTHER CFIS REPORTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COUNTRY REPORTS</strong></td>
<td><strong>Choose a Country</strong></td>
<td><strong>Choose a Country</strong></td>
<td><strong>Choose a Country</strong></td>
</tr>
<tr>
<td>Summary Disbursement Ratio (ALR611)</td>
<td>This report provides information on the rate of disbursement during a period by country and by fund. The report is updated monthly.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement of Loans (ALR980)</td>
<td>This report shows the status of loan utilization for the Country of the Borrower. The information in the report is updated monthly. Information on Private Sector loans is not available.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement of Disbursements (ALR622)</td>
<td>This report shows disbursements for all active loans (including loans closed during the year) by Source of Fund and by project division of the Bank, for the country of the Borrower.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Awards Information on Goods, Related Services and Civil Works (ALR884)</td>
<td>The Contract Awards Information on goods and Related Services, Civil Works presents a summary of all contracts and a listing of contracts above US$100,000 by borrowing country entered into ADB’s books. The report is updated every month.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Imprest Fund Turnover Ratio (ALR672)
- This report provides information on the operational efficiency of Imprest Accounts (IA) of the Borrowers, using the turnover (how many times in one year) as the efficiency indicator.

### Statement of Contract Awards (ALR917)
- The report shows cumulative contract awards for loans by Source of Fund and by project division of the Bank. The information available are cumulative amounts for the week, the year and the total-to-date. The report is updated weekly.

### Monthly Contracts and Disbursement Report (ALR828)
- The report shows information on contracts awarded, disbursement commitments, and disbursements for each loan, by Country and by Source of Fund. The amounts shown are Cumulative for the month, for the Year, and Total-to-Date. The report is updated every month.

### BILLING REPORTS
- LR8001 - Billing Statement - ADF Loan
- LR8001A - Summary Statements of Amounts
- LOR5000 - Consolidated Billing Statements - OCR Loans
- LOR511 - Billing Statement - OCR Loans (ERPS)
- LOR801 - Billing Statement - OCR LOAN (Code-ARPS)

### EXECUTING AGENCY REPORTS
- Choose a Country
- No active Agency

**List of Contracts by E.A (ALR655)**
- Lists the contracts awarded and utilized for the particular Executing Agency and for all loans under the Executing Agency. The report is updated every month.

**Statement of Withdrawal Vouchers (ALR29)**
- This report provides information on confirmed disbursement transactions for the given period. The report is updated every month.

**Semi-Monthly Listing of Loan Disbursements (ALR897)**
- This report provides information on loan disbursement transactions during the semi-month period, for every loan under the particular Executing Agency. The report is updated semi-monthly.
GFIS REPORTS

ADB

Loan and Grant Financial Information Services

COUNTRY REPORTS

Statement of Grants (GRP910)
This report shows the status of grant utilization for the Country of the Recipient. The information in the report is updated monthly.

EXECUTING AGENCY REPORTS

Semi-Monthly Listing of Grant Disbursements (GRP907)
This report provides information on grant disbursement transactions during the semi-month period, for every grant under the particular Recipient’s Representative and Executing Agency. The report is updated semi-monthly.
REFERENCE

![ADB Loan and Grant Financial Information Services]

---

**LFS Reference**
- List of Loans by ADB Project Division
- List of Loans by Disbursement Section
- List of Loans by Executing Agency
- List of Loans with SOE
- List of Loans with Interest Advance
- List of Loans with SOE & Advances
- List of Agencies for a Given Country
- Loan Disbursement Handbook
- Currency Book Rates
- OCR Lending Rates, Rebate and Waiver
- Loan Service Payments Collected/Received
- Billing and Capitalization Statements

**LDR Reference**
- LIBOR-Based Loan (LDR) Products
- LIBOR-Based Loan (LDR) Indicative Rates

**ADB Reference**
- ADB Departments, Offices, and Missions
- ADB Holidays
- Organizational Chart - Controllers Department

**Others**
- Procurement: Guidelines & Bidding Documents
- Consultant: Guidelines, Registration, FAQs
- Project Profile and Completion Reports
DOWNLOADS

To download the forms, you need Microsoft Office Suite 98 or higher version.
If you don’t have MS Office Suite, you can install the free version from this link -> Download Office Suite.

1. Withdrawal Application for Direct Payment and Reimbursement [Xls]
2. Application for Issuance of Commitment Letter [Xls]
3. Withdrawal Application for Impept Fund [Xls]
4. Summary Sheet for Direct Payment/Reimbursement/Replenishment/Liquidation [Xls]
5. Summary Sheet for Issuance of Commitment Letter [Xls]
6. Application for Approval of Amendment of LC [Doc]
7. SOE for Contracts of $100,000 and Below [Xls]
8. SOE for Contracts Over $100,000 [Xls]
9. SOE for Operating Costs [Xls]
10. SOE - Free Format [Xls]
11. SAW Summary Sheet [Xls]
12. Impept Fund Estimate of Expenditures Sheet [Xls]
13. Impept Account Reconciliation Statement [Xls]
14. Second Generation Impept Account Reconciliation Statement [Xls]
15. Request for LIFS / GFSIS / LAS Web Access or eC-LAS Installer [Doc]

The information on this site is provided for ease of reference only and does not replace or alter any information in official reports and statements of Asian Development Bank (ADB). ADB does not provide warranty of any kind and accepts no responsibility for its accuracy or for any consequences of its use.
Request for LFIS / GFIS / LAS Web Access Definition / Renewal / Termination
Website: https://lfis.adb.org

DATE: DD – Month – Year

TO: ASIAN DEVELOPMENT BANK
6 ADB Avenue, Mandaluyong City
1500 Metro Manila, Philippines

ATTENTION: Webmaster
Systems Support Group (CTOC-SSG)
Controller’s Department
Fax: +632 636 2606
Email: LfisGfisLas@adb.org

Indicate a request type:
[  ] New [  ] Access Renewal [  ] Termination

Completely fill out the following access details:

User Details
First Name [  ] Mr. [  ] Ms.
Last Name
Email Address
Organization or Executing Agency Name
Address
Fax Number

Access Details
Fill this out only if request is for New Access or Access Renewal

Indicate the applicable box:
[  ] LFIS Web [  ] GFIS Web [  ] LFIS and GFIS Web [  ] LAS Web*
[  ] LFIS and LAS Web* [  ] LFIS, GFIS, and LAS Web*

*For LAS Web requests, indicate the applicable box:
[  ] Install eC-LAS only
[  ] Install eC-LAS and request data of specific loan(s) listed below**

**,ADB provides historical accounting data at loan level only.
Select the level of access. Indicate the applicable box.

Note: 1. The display of loan / grant data and downloading of reports will depend on the access.
   2. LFIS / GFIS Web displays active loans and grants; LAS Web displays all loans.

[ ] **Country Level** (can view loans and grants under the county portfolio)
   This must be signed by an authorized signatory from the finance department or ministry.

[ ] **Executing Agency Level** (can view loans and grants under specific state, province, organization, or executing agency [EA] name)
   Access request under a specific state, province, or organization must be signed by an authorized signatory from the finance department or ministry.
   Access request under an EA must be signed by an authorized signatory from the finance department or ministry, or the EA.

[ ] **Specific Loan or Grant** (can view specific loans and grants)
   This must be signed by an authorized signatory from the finance department or ministry, or the EA.

<table>
<thead>
<tr>
<th>Loan / Grant No.</th>
<th>Project Name</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Attach a separate sheet if there are more loan and/or grant records requested.)

**Authorized by:**

__________
Signature over Printed Name of Authorized Signatory

__________
Name of Borrower / Recipient or Executing Agency
Loan Disbursement Handbook

This handbook is a compilation of the disbursement policies, guidelines, procedures, and practices of the Asian Development Bank (ADB). It serves as a useful reference guide for developing member country borrowers and officials, project staff from executing agencies and project management units, as well as ADB staff in designing and operating an efficient disbursement operation that will support project implementation.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to approximately two-thirds of the world's poor: 1.6 billion people who live on less than $2 a day, with 733 million struggling on less than $1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.