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## Cooperation with Australia: Additional Contribution to the Australian Grant Fund

Attached for information is a paper on the above subject.

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**COOPERATION WITH AUSTRALIA:  
ADDITIONAL CONTRIBUTION TO THE  
AUSTRALIAN GRANT FUND**

1. The Government of Australia, through the Australian Agency for International Development (AusAID), has informed the Asian Development Bank (ADB) that it will make an additional contribution of A\$5.22 million to the Australian Grant Fund. It will be an initial grant contribution to cofinance ADB-administered technical assistance and ADB loan and grant projects under the Pacific Region Infrastructure Facility (PRIF). AusAID has indicated its intention to replenish the grant fund annually, with additional contributions to the PRIF, which will be separately agreed upon with ADB.

2. In October 1993, the Board approved cooperation arrangements between the Government and the ADB.<sup>1</sup> Subsequently, the Government and ADB signed the memorandum of understanding (MOU) on channel financing on 8 October 1993. The MOU was revised through side letters of 12 October 1993, 17 March 1999, and 2 June 2003. The grant financing under the MOU has been provided on an untied basis to finance a program of technical assistance and other activities that the Government and ADB have agreed upon. The original contribution to the fund was A\$200,000. Additional contributions were made, resulting in US\$40.0 million being channeled through the fund for ADB-administered technical assistance and related projects in Asia and the Pacific.

3. The use of this additional contribution will be governed by the terms of the MOU on channel financing. All ADB members eligible for the PRIF Program in the Pacific Region are eligible for the assistance under the PRIF. The amount and administration of the AusAID cofinancing for each technical assistance project or grant component of a loan project will be processed and approved in accordance with ADB standard procedures. For administering the fund, ADB will be paid a fee in accordance with ADB's policy on service charges for the administration of grant cofinancing from bilateral sources.<sup>2</sup>

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<sup>1</sup> R159-93: *Cooperation with Australia, Australian Technical Assistance Grant, 24 September 1993*

<sup>2</sup> R68-00: *Review of Service Charges for the Administration of Grant Cofinancing from Bilateral Sources, 22 February, 2000*