

OPERATIONS MANUAL BANK POLICIES (BP)

These policies were prepared for use by ADB staff and are not necessarily a complete treatment of the subject.

COOPERATION ARRANGEMENTS FOR DEVELOPMENT PARTNERSHIP¹

A. Introduction

1. Article 2(v) of the *Agreement Establishing the Asian Development Bank* (The Charter) provides that one of the functions of the Asian Development Bank (ADB) is to cooperate, in such manner as ADB may deem appropriate within the terms of the Charter, with the United Nations (UN), the UN's organs and subsidiary bodies, and other public or private international and national institutions and entities concerned with the investment of development funds in the Asia and Pacific region; and to interest such institutions and entities in new opportunities for investment and assistance.

B. The Policy

2. To address the risks and challenges facing the region, and to meet the many different requirements for achieving inclusive growth, environmentally sustainable growth, and regional integration, ADB will engage in partnerships with a diverse group of institutions. Partnerships with international development agencies, multilateral and bilateral institutions, the private sector, nongovernment organizations (NGOs), community-based organizations, and foundations will become central to planning, financing, and implementing ADB operations. It will make use of all its natural attributes as the Asia and the Pacific's home development institution, including on-the-ground capabilities provided by resident missions across the region. ADB has developed productive relationships with governments of its developing member countries (DMCs), World Bank, International Monetary Fund, World Trade Organization, UN agencies, and other major multilateral and bilateral institutions.

3. Strategy 2020² expands the scope of ADB's partnership agenda beyond official development finance partners to include endeavors with the private sector and private institutions. ADB will be open to a new range of future partnership activities that can deliver aid effectively, improve development results, and strengthen disaster and emergency assistance. Underpinning these partnerships are likely to be the promotion of new assistance modes, greater use of DMCs' technical and managerial skills, and closer collaboration with the private sector and use of market-based investment instruments.

4. Partnerships with a diverse range of institutions are a core element of ADB's business model. These partnerships will mobilize financial resources, pool knowledge, put ADB's unique abilities to wider and better use, meet special needs for specialized development projects, and improve aid effectiveness throughout the Asia and Pacific region. Partnerships will be central to ADB's planning, financing, and implementing operations. The partnership agenda under

¹ OM Section E3 is intended to cover broad administrative arrangements for forming development partnerships, but is not applicable to general agreements for cooperation with other international organizations referred to in Article 28.2 (v) of the Charter. Cofinancing is covered mainly by the separate OM Section E1.

² ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008-2020*. Manila.

OPERATIONS MANUAL BANK POLICIES (BP)

Strategy 2020 will be designed to increase resource flows, disseminate new technology, and enrich networking expertise.

5. Partnering with its DMCs and other development agencies, ADB will share responsibilities in a defined, transparent, harmonized, and mutually accountable manner to improve aid effectiveness. It will continue to report operational and institutional performance under the annual common performance assessment system, as well as in the annual Global Monitoring Report, both of which were developed through collaboration between the multilateral development banks and other international financial institutions. ADB is committed to meeting all major commitments under the Paris Declaration on Aid Effectiveness by the target of 2012.

6. The partnership development category under the ADB Results Framework³ assesses the extent to which development partners are associated with ADB operations. Two indicators in this category—program-based approaches, and joint country partnership strategy and country portfolio review missions—directly correspond to Paris Declaration indicators (use of common arrangements or procedures and shared analysis). ADB will also participate in interagency exercises coordinated by the Organisation of Economic Co-operation and Development aimed at reporting progress on the implementation of Paris Declaration commitments, using the full set of monitoring indicators.

Basis: This OM section is based on:

ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008-2020*. Manila.

ADB. 2008. *ADB Results Framework*. Manila.

For other background information and references, see:

ADB. 1998. *Cooperation Between the Asian Development Bank and Nongovernment Organizations*. Manila.

ADB. 2006. *ADB's Financing Partnership Strategy*. Manila.

ADB. 2006. *Review of ADB's Credit Enhancement Operations*. Manila.

Compliance: This OM section is subject to compliance review.

For inquiries: Questions may be directed to the Director of the Strategy, Policy, and Interagency Relations Division, Strategy and Policy Department.

³ ADB. 2008. *ADB Results Framework*. Manila.

OPERATIONS MANUAL OPERATIONAL PROCEDURES (OP)

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COOPERATION ARRANGEMENTS FOR DEVELOPMENT PARTNERSHIP

A. Application of the Policy

1. Cooperation arrangements can emerge in different ways. In some cases, the idea of putting in place a formal institutional cooperation framework is based on previous collaboration on a particular project that the Asian Development Bank (ADB) and a development partner wish to extend through a strategic framework that will provide clearer and more coherent procedures and practices. The earlier project experience can be a useful starting point for defining implementation arrangements. In this context, the process of formulating a formal cooperation arrangement may be relatively straightforward, as ADB and the partner organization will know each other well and there will be well-established points of communication.

2. However, in other cases, a strategic interest in establishing a formal cooperation arrangement may be based on little or no previous operational collaboration. In such circumstances, concerned staff should initiate the process by contacting the Strategy and Policy Department (SPD) and/or any other relevant unit in ADB to explain the background and context for considering a new institution-wide cooperation arrangement and to ascertain their views on the potential partner. This may then be followed by contacts (e.g., videoconferences or consultation missions) between ADB and the potential partner to discuss the scope of collaboration, identify potential administrative difficulties (e.g., procurement), manage differences in the organizations' policies and memberships, and set out the next steps.

3. A cooperation arrangement is to be concluded as either:

- (i) a memorandum of understanding or administrative arrangement established at the organizational or institutional level; or
- (ii) a letter of intent, usually applied to cooperation at the sector, thematic, and/or operational level.

B. Roles and Responsibilities

4. The main ADB units involved in preparing an institutional cooperation arrangement are: (i) SPD; (ii) Regional and Sustainable Development Department; (iii) Office of the General Counsel; (iv) Central Operations Services Office; (v) Budget, Personnel, and Management Systems Department (if there are issues such as staff exchanges); (vi) Office of Cofinancing Operations; and (vii) the other main user department(s) and office(s).¹ These arrangements will include a planned timetable to review and assess the results of the collaboration (usually after 3

¹ Officers who may sign letters of intent and memorandums of understanding for administrative or cooperation arrangements between ADB and a national or international organization are designated in Administrative Order No. 1.03.

**OPERATIONS MANUAL
OPERATIONAL PROCEDURES (OP)**

years) and to determine whether it needs to be amended. Designation of the custodian of the final cooperation arrangement within ADB will depend on the purpose and scope of the arrangement.

Basis: This OM section is based on OM Section E3/BP and the documents cited therein.

For other background information and references, see:

Administrative Order No. 1.03 (signature of written instruments).

Compliance: This OM section is subject to compliance review.

For inquiries: Questions may be directed to the Director of the Strategy, Policy, and Interagency Relations Division, Strategy and Policy Department.