LOAN DISBURSEMENT HANDBOOK 2022
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6.1 Recommended Disbursement Procedures and Documentation
The Loan Disbursement Handbook is a compilation of the Asian Development Bank (ADB) disbursement policies, guidelines, procedures, and practices. The handbook 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 using an efficient disbursement operation that will support project implementation.

The four pillars of an efficient disbursement operation are (i) funds flow structure, (ii) disbursement arrangements, (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 ADB-financed loan and grant investment projects and provides separate chapters for disbursement of policy-based lending, results-based lending, and nonsovereign operations.

The handbook supersedes the 2017 and all other 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). The Controller’s Department will update the handbook as deemed necessary and publish the revised version on the aforementioned website. The handbook is designed to allow for updates by chapter, with the date of issuance indicated at the top of each page. Readers are advised to visit this site regularly to ensure they have the latest version of the handbook.
### ABBREVIATIONS

- **AAM**: Activity Administration Manual
- **ADB**: Asian Development Bank
- **APDRF**: Asia Pacific Disaster Response Fund
- **APFS**: audited project financial statements
- **BRF**: Beneficiary Registration Facility
- **CL**: Commitment Letter
- **CPD**: Client Portal for Disbursements
- **CTL**: Controller’s Department
- **CTLA**: Loan Administration Division of the Controller’s Department
- **DMC**: developing member country
- **FAM**: facility administration manual
- **FAW**: force account for works
- **FIL**: financial intermediation loan
- **GAR**: Grant Assistance Report
- **GFIS**: Grant Financial Information Services
- **JFPR**: Japan Fund for Prosperous and Resilient Asia and the Pacific
- **LC**: letter of credit
- **LFIS**: Loan Financial Information Services
- **MFF**: multitranche financing facility
- **PAI**: Project Administration Instructions
- **PAM**: project administration manual
PBL  policy-based lending
PID  Program Implementation Document
RBL  results-based lending
RRP  report and recommendation of the President
SDR  special drawing right
SEFF Small Expenditure Financing Facility
SOE  statement of expenditures
SWIFT Society for Worldwide Interbank Financial Telecommunication
USD  United States dollar
WA withdrawal application(s)
A. Purpose

1.1 This Loan Disbursement Handbook on the disbursement policies and procedures of the Asian Development Bank (ADB) primarily guides borrowers in withdrawing loan proceeds from the loan account.

B. Scope and Applicability

1.2 The policies and procedures described in this handbook apply to ADB's loan- and grant-funded investment projects and policy-based lending (PBL) and results-based lending (RBL), 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, except when ADB and the relevant cofinancier agree otherwise. Disbursements for nonsovereign operations (other than technical assistance) are exclusively covered in Chapter 15 of the handbook. Disbursements for technical assistance financing administered by ADB are covered by ADB’s Technical Assistance Disbursement Handbook, as amended from time to time.1

1.3 The terms “ADB loan,” “ADB share,” “ADB-financed,” and “ADB financing,” and other conceptually similar or related terms in this handbook include ADB-administered grants or loans, unless the context requires otherwise. The term “loan(s)” as used in this handbook also refers to grants for investment projects and programs that are implemented by borrowers unless the context requires otherwise. The term “borrower(s)” in this handbook refers to borrowers, recipients of grants, and/or their executing agencies and/or implementing agencies, unless the context requires otherwise.

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

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

C. Inquiries

1.6 For further information, visit the ADB website (http://www.adb.org), mail queries to the ADB Controller’s Department (CTL) to the following address, or contact ADB’s resident or regional missions and representative offices.

Controller’s Department
Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines

Tel: +632 8632-4444
E-mail: lfis@adb.org
SWIFT address: ASDBPHMM

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 (DMCs) in Asia and the Pacific (see the ADB website: http://www.adb.org/about/main).

2.2 ADB’s principal functions are
(i) lending funds,
(ii) providing grants,
(iii) providing technical assistance and advisory services,
(iv) promoting investments for development purposes, and
(v) assisting in coordinating the development policies and plans of DMCs.

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

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

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

(i) 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[ix]).

(ii) 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]).

(iii) 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[xi]).

3.2 The borrower can withdraw loan funds only for eligible expenditures incurred after the loan agreement becomes effective unless retroactive financing is approved in the loan documents.

B. Definitions

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

(i) Disbursement The withdrawal of proceeds from an ADB-financed or administered loan or grant account, authorized by ADB.

(ii) Eligible expenditures Project expenditures that can be financed through loans from ADB.

(iii) Expenditures incurred The borrower’s obligation to pay either as a result of contractual terms or after goods and services have been provided.

(iv) Loan account The account opened or to be opened by ADB on its books in the name of the borrower for the project or program, and to which the amount of the loan has been or will be credited.

C. Loan or Grant Regulations

3.4 Various regulations further set out general terms and conditions applicable to lending made by ADB or 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.

D. Loan Documents

3.5 Loan documents include the following documents and agreements:

(i) The report and recommendation of the President (RRP) (or other loan proposal) presents the project proposal for consideration by the ADB Board of Directors.

(ii) 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 serves as the main document describing implementation details.

(iii) The loan agreement is an agreement between ADB and a borrower and sets out the loan’s terms and conditions and primarily the obligations to be performed by the borrower of ADB-financed projects.

(iv) A guarantee agreement is an agreement between ADB and a member country as guarantor or counter-guarantor when ADB lends directly to or guarantees obligations of a nonmember entity.

(v) A project agreement is an agreement between ADB and the project executing agency 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.

E. Loan Milestone Event Dates

3.6 Major loan milestone event dates include the following:

(i) The approval date is the date the loan is approved by ADB. The expected approval date is used for determining the loan amortization schedule, as shown in the loan agreement.

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

3 ADB applies similar principles to those set out in Articles 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.

4 The RRP is prepared for project loans, multitranche financing facility (MFF), PBL, and RBL, Grant Assistance Report for Japan Fund for Prosperous and Resilient Asia and the Pacific (JFPR) grant; Activity Report for activities under Small Expenditure Financing Facility; Periodic Financing Request Report for tranches under MFF; and additional financing proposal for loans sourced fully from ADB-administered cofinancing. The term “RRP” in this handbook also refers to these (and similar) documents unless the context requires otherwise.

5 Project proposals may be in the form of RRP for Board or Report for President (or other Management or senior staff, as appropriate).

6 A PAM is prepared for project loans, Activity Administration Manual for SEFF, Facility Administration Manual (FAM) for MFF, and a Program Implementation Document (PID) for results-based lending. In this handbook, PAM also refers to these (and similar) documents unless the context requires otherwise.

7 For conversion of United States dollar (USD) amounts stated in the project documents (e.g., RRP, PAM, etc.) into the loan currency as stated in the loan agreement, the applicable ADB book rate on the first day of loan negotiations is used.
(ii) The **signing date** is the date the loan agreement is signed by the borrower and ADB. For regular loans made by ADB from its ordinary capital resources, commitment charges will start to accrue on the 60th day after the loan signing date.

(iii) 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.

(iv) The **project completion date** under investment projects is the date on which the project is expected to be physically completed. This date precedes the loan closing date (normally 6 months before).

(v) The **program completion date** under policy-based lending (PBL) and results-based lending (RBL) refers to the end of the (PBL or RBL) program implementation period as defined in the RRP or otherwise agreed between ADB and the borrower.
   (a) For the purposes of RBL, the program completion date is the same as the loan closing date.
   (b) For conventional PBL with prior actions, the program completion date reflects the date when prior actions have been completed and it typically precedes the approval date.

(vi) The **loan closing date** is the date on which ADB may terminate the right of the borrower to make withdrawals from the loan account as specified in the loan agreement (see sections 4.18–4.27 for matters related to loan closing).
   (a) For investment projects, expenditures incurred after this date are not eligible for ADB financing.
   (b) For PBLs, the loan closing date should typically not extend beyond 12 months from loan effectiveness.

(vii) The **financial closing date** is the date on which all project- or program-related financial transactions financed from the loan account are finalized and the respective loan account is closed in ADB’s books. For regular loans made by ADB from its ordinary capital resources, commitment fees are chargeable on the undisbursed balance until the financial closing date.

### F. Retroactive Financing

3.7 Retroactive financing is the financing of project expenditures incurred by the borrower prior to the effective date of the related loan agreement. Retroactive financing is specifically agreed by ADB and the borrower in the loan agreement, and only pursuant to the terms of the relevant agreement.

3.8 The borrower’s request for retroactive financing (period and amount in percentage) is presented and justified in the loan proposal. Expenditures financed under retroactive financing are 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 justification is provided.

3.9 The retroactive financing amount is up to 20% of the total ADB loan amount. For certain situations, such percentage may be revised upward as governed by the ADB-approved policy on the relevant subject matter from time to time.

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9 For example, for Emergency Assistance Loans, the retroactive financing amount is up to 30% of the total ADB loan amount. See ADB. 2022. Emergency Assistance Loan. Operations Manual. OM D19. Manila.
G. Loan Cancellation

3.10 The Loan Regulations (see section 3.4 for relevant regulations) 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 issued after consulting with ADB and obtaining the guarantor’s concurrence where needed.

3.11 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

(i) the borrower’s right to make withdrawals from the loan account has been suspended with respect to any amount of the loan for a continuous period of 30 days;

(ii) 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;

(iii) ADB determines, with respect to any contract to be financed in full or in part out of the proceeds of the loan, that corrupt, fraudulent, coercive, or collusive practices, as determined by ADB, were engaged in by representatives of the borrower, the guarantor, or any beneficiary of the loan during the procurement of goods and services, consultants’ selection, or the execution of the contract without the borrower or guarantor having taken timely and appropriate action satisfactory to ADB to remedy the situation;

(iv) ADB determines that the procurement of any goods or services to be financed out of the proceeds of the loan is inconsistent with the relevant procedure set out in the loan agreement; or

(v) an amount of the loan remains unwithdrawn from the loan account by loan closing date.

3.12 Upon giving such notice to the borrower, ADB cancels any unwithdrawn amount of the loan.

3.13 For fully disbursed loans, the last financial transaction (e.g., disbursement, refund, etc.) date is usually regarded as the financial closing date (i.e., effective date of financial closing of the loan). For loans with undisbursed balances, the financial closing date is the date of the final cancellation of the loan.

H. Suspension of Loans

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 during the term of the loan or guarantee agreement there is an event such as

(i) nonpayment of principal, interest, or any other charge;

(ii) nonperformance of any obligation under the loan, guarantee, or project agreements;

(iii) nonfulfillment by the borrower, the guarantor, or the executing agency of certain conditions necessary for carrying out its project successfully;


The cancellation is effective from the effective date specified in such notice to the borrower, or from the date of ADB’s notice to the borrower if not specifically indicated in such notice.

(iv) suspension or cessation of membership of the borrower;
(v) misrepresentations made by the borrower or the guarantor;
(vi) dissolution of the borrower or executing agency; or
(vii) any other event as specified in the loan agreement.

3.15 When a loan has been suspended, no further withdrawal can be made from that date until the event that gave rise to such suspension ceases to exist or until ADB notifies the borrower that the right to withdraw has been restored, whichever is earlier. The borrower’s right to withdraw may be restored, in whole or in part, if ADB decides to lift the suspension.

I. Accelerating Maturity

3.16 If certain events as indicated in the loan agreement or in the Loan Regulations occur and continue for the relevant period, ADB may declare as due and payable immediately the principal of the loan then outstanding, together with all accrued interest and other charges.

J. Prepayment

3.17 The Loan Regulations (see section 3.4 for relevant regulations) provide that the borrower may request for prepayment by giving not less than 45 days’ written notice to ADB and provided the borrower shall have paid all amounts due including prepayment premium in accordance with the loan agreement. The prepayment shall be applied in the inverse order of maturity of the loan, with the latest maturity being repaid first. In case of loans with disbursement-linked amortization schedule, the disbursed amount that has been withdrawn last should be repaid first. The undisbursed balance should be fully canceled, and loan account should be financially closed before requesting for prepayment.
A. General Guideline

4.1 The borrower is responsible for implementing the project according to the loan agreement and other loan documents. ADB monitors the project and reviews its progress to ensure that the loan proceeds are spent as agreed upon.

B. Loan Account

4.2 When a loan becomes effective, a loan account is opened in ADB’s books in the name of the borrower for the project and the loan amount is credited to the loan account. Withdrawal from the loan account is approved only after fulfillment of the requirements mentioned in section 4.5.

C. Discussion of Disbursement Arrangements during Project Preparation

4.3 During project preparation and loan negotiations, the disbursement arrangements are discussed in detail by the borrower and ADB and documented in the project administration manual (PAM). These discussions are important because these documents allow the borrower and ADB to identify the disbursement procedures most suitable for the project.

D. Loan Effectiveness Letter

4.4 After the loan agreement is signed, ADB sends an effectiveness letter to the borrower that will include a reminder to the borrower to submit sufficient evidence of the authority to sign withdrawal applications (WA) (Appendix 4A) to the Loan Administration Division of the Controller’s Department.

E. Basic Requirements for Disbursement

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

(i) ADB has declared the loan effective;

(ii) the borrower has submitted, and ADB has accepted, sufficient evidence of the authority of the person(s) who will sign WA (Chapter 5) on behalf of the borrower, together with the authenticated specimen signature of each authorized person (Appendix 4A); any subsequent change in the list of authorized representatives must be reported immediately to ADB and authenticated specimen signatures of new representatives must also be provided; and
(iii) conditions for withdrawal (i.e., disbursement conditions), if specified in the loan agreement, have been met as appropriate.

F. Eligible and Ineligible Expenditures

4.6 ADB will only finance eligible expenditures (Appendix 4B). Expenditures eligible for financing are generally detailed in the loan agreement (e.g., allocation and withdrawal of loan proceeds, also referred to as the “allocation table”) and the PAM. If funds withdrawn from the loan account are determined to be ineligible for ADB financing, ADB may offset the amount against subsequent withdrawal for reimbursement, or request the borrower to promptly refund the same amount to the loan account (sections 4.23–4.26) or to the advance account if the payment was made from the advance account (sections 8.21 and 8.22).

G. Allocation of Loan Proceeds

4.7 Project expenditures to be financed through ADB loans are usually grouped into expenditure categories. The loan agreement between the borrower and ADB presents the amount allocated to each expenditure category of project expenditure in the allocation table. The allocation amount for each expenditure category is derived from the detailed cost estimates by financier included in the PAM (refer to Appendix 4C for illustrative tables).

4.8 The allocation table is normally 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) and results-based lending (RBL) agreements. For financial intermediation loans (FILs), the allocation table may or may not be attached to the loan agreement.

4.9 The allocation table is inputted to the Loan Financial Information Services (LFIS) or Grant Financial Information Services (GFIS) website on http://lfis.adb.org (refer to section 13.9 for the access request). Disbursements are charged to the expenditure categories of the allocation table and recorded in the LFIS/GFIS website. The borrower must ensure that the balances of the expenditure categories in the LFIS/GFIS website are sufficient to cover the amounts to be disbursed or committed prior to submission of the WA to ADB. No disbursement is made in excess of the allocated balance of each expenditure category, unless otherwise agreed between ADB and the borrower.3

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2 For RBL, the allocation table is referred to as disbursement schedule.
3 Unless otherwise restricted in the loan agreement, by signing the WA, the borrower certifies and agrees that ADB may process the disbursement and, subsequently, reallocate to specific categories from other categories if the disbursement requested in the WA will result in the agreed allocation of the categories being exceeded.
H. Reallocating Loan Proceeds

4.10 Reallocation from one category to another may be allowed unless prohibited in the loan agreement. A part of the loan proceeds may be shown as “unallocated” in the allocation table to cover physical and price contingencies. No disbursement is made directly from the “unallocated” category. 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.

I. Disbursement Percentage and Financing Percentage

4.11 The disbursement percentage is the ratio or proportion of ADB financing that is applied to expenditures claimed under a particular expenditure category, as specified in the allocation table or other part of the loan agreement.

4.12 The disbursement percentage is derived from ADB’s financing percentage, as presented in the detailed cost estimates by financier included in the PAM (Appendix 4C).

J. Disallowances and Nonpayments

4.13 Where ADB disallows or adjusts the amount of withdrawal the borrower requested, ADB will notify the borrower in writing, by e-mail, or by other means such as through ADB’s Client Portal for Disbursements (CPD), citing the loan and WA number, amount applied for, amount paid, and reason for nonpayment or partial payment.

4.14 For nonpayment or adjusted settlement of claims under the commitment procedure (Chapter 10), ADB sends an advice to the negotiating or advising bank by authenticated SWIFT citing the commitment letter number, letter of credit number, and reason for nonpayment or adjusted settlement. A copy of this advice is furnished to the borrower for information.

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

4.15 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 (IDC), ADB withdraws from the loan account continuously and pays itself, on behalf of the borrower, the amounts due until the IDC budget is fully utilized. If the loan agreement does not provide for financing these items or the IDC budget is fully utilized, all charges are settled in cash as a part of loan service payment.

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4 See ADB. 2018. Reallocation of Loan Proceeds, Change in Counterpart Funding and Change in Disbursement Percentage. Project Administration Instructions. PAI 5.03. Manila.
5 Formerly, this was also called the “percentage for ADB financing” or “percentage and basis for withdrawal from the loan account.”
6 SWIFT means Society for Worldwide Interbank Financial Telecommunication.
7 When the IDC budget is fully utilized during the construction or implementation of the project, the borrower may request ADB to reallocate the loan proceeds before the loan closing date (refer to section 4.10 for reallocation of loan proceeds). Additional capitalization budget may be obtained from the reclassification of another loan category except when the loan is financially closed, fully disbursed, or when billing for the loan charges were generated and sent to the borrower.
L. Changes in Loan Projects

4.16 Changes in cost, financing plan, counterpart funding, disbursement arrangements, and changes in expenditures originally approved for ADB financing, reallocations, and changes in disbursement percentages should be approved by ADB. The approved change should be reflected in the PAM and/or in an appropriate document.

4.17 Changes in disbursement arrangements include, but are not limited to, the following:
(i) the use of the statement of expenditure (SOE) procedure (section 6.13);
(ii) a change, establishment, or removal of the ceiling of the SOE procedure (section 6.17); and
(iii) the use of the advance fund procedure (section 8.4).

M. Loan Account Closing for Project Loans

4.18 Project completion date, loan closing date, and financial closing date. Projects are expected to be physically completed by the project completion date, which is normally 6 months before the loan closing date. Any unutilized advance is refunded to ADB by the financial closing date, no withdrawal of proceeds is made from the loan account after the financial closing date, and no further financial transactions may be charged to the loan account (see section 4.25 for refund after the financial closing date).

4.19 Final disbursement. Preparation of WA for final disbursement(s) of a project loan should be closely coordinated between ADB and the borrower, particularly if the remaining unutilized balance is expected to be fully utilized.

4.20 Winding-up period. ADB may allow up to 4 months after the loan closing date (i) for the borrower’s WA 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, WA, including requests for liquidation, will not be accepted. The borrower must promptly inform ADB of any expected delay in submitting WA by the end of the winding-up period.

4.21 Within 2 months after the winding-up period, the borrower should fully refund any unliquidated advance 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 advance fund procedure under the borrower’s new projects until such time as the refund is received.

4.22 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. When the final audit is not completed before the loan closing date, special arrangements are 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, as expenditures incurred, under the conditions 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\textsuperscript{11} of audit within 6 months after the loan closing date. If the final audit fee cannot be paid during the winding-up period, the final audit fee may be paid through an escrow account, and required supporting documents should be attached to the WA for this purpose (see Appendix 4D for more details).

4.23 **Refunds.** All refunds to the loan account 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 should send an advice to ADB’s project officer or specialist in charge of administration of the project and/or CTLA once a refund is made.

4.24 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 charged to the loan account, as expenditures incurred.

4.25 After the financial closing date, ADB will apply any amounts refunded under a loan to debt service (e.g., interest or principal), unless otherwise agreed between the borrower and ADB.

4.26 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 withdrawal 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 8.21 and 8.22 for the refund of advance to the advance account).

4.27 **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. Where payment of retention money is due after the loan closing date, ADB may disburse the retention money to the contractor or supplier, as expenditures incurred, against an unconditional bank guarantee of equivalent amount provided by the contractor or supplier to the borrower, or based on other financial arrangements acceptable to ADB.\textsuperscript{12} The 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.

**N. Audited Project Financial Statements and Audit Report**

4.28 ADB loan proceeds will 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 provide assurance that these requirements are met, borrowers are to submit annual audited project financial statements (APFS)\textsuperscript{13} and reasonable assurance audit opinions during project implementation.\textsuperscript{14}

\textsuperscript{11} Completion of audit is defined as the receipt and acceptance of the final audit report by the borrower.

\textsuperscript{12} Such other arrangements should be approved by the Assistant Controller of CTLA.


\textsuperscript{14} In addition to the APFS, where applicable, the audited entity financial statements of the executing and/or implementing agency may also be required to be submitted to ADB.
4.29 Borrowers are required to submit APFS and audit report, usually within 6 months from the end of the fiscal year to sector division or resident mission for their review and necessary action. In accordance with ADB’s Access to Information Policy, APFS for sovereign projects will be disclosed by ADB on the ADB website.

O. Follow-Up Action for Audit Findings of a Serious Nature

4.30 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 should be immediately initiated or taken by the borrower, under intimation to the auditor and ADB.

P. Delay in Submission of Audited Project Financial Statements and Audit Report

4.31 In the event the APFS together with the reasonable assurance audit opinion are not received by the due date (see footnote 15), ADB takes follow-up actions in accordance with ADB regulations, instructions, and other rules.

Q. Retention Period of Supporting Documents

4.32 The borrower is required to retain all records (e.g., contracts, purchase orders, invoices, bills, receipts, subloan agreements, etc.) evidencing eligible expenditures and to enable ADB’s representative to examine such records. Such records should be retained for at least 1 year following receipt by ADB of the final APFS, 2 years after the financial closing date, or for the period required in the relevant contract’s bidding documents, whichever is later. Borrowers are responsible for ensuring that document retention also complies with their government’s laws and regulations.

R. Disbursement under Suspension of Loan

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

4.34 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 (section 10.4).

4.35 During the suspension, no additional funds will be advanced to the advance account (section 8.29).

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15 The due date can be extended to 9 months in exceptional cases.
17 Such as Ordinary Operations Loan Regulations, Ordinary Operations (Concessional) Loan Regulations, Special Operations Grant Regulations, Externally Financed Grant Regulations, and OM J7 (see footnote 13 of this chapter).
18 Accounts and records relating to the performance of the contract should also be retained for ADB’s review.
19 Following general business practices, ADB may accept digital form of the records, if appropriate controls are in place to avoid alteration to the original.
20 Different periods may apply for cofinanced loans and grants administered by ADB.
A. **Authorized Signatory**

5.1 Each withdrawal application (WA) or application for issuance of a commitment letter (hereinafter collectively referred to as “WA”) is signed by the borrower’s duly authorized representative(s). In accordance with the Loan Regulations and the loan agreement, 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 on behalf of the borrower, together with their authenticated specimen signatures (Appendix 4A). The evidence must be received and accepted by ADB before disbursement can be made.

B. **Withdrawal Application**

5.2 For all disbursements, ADB must receive the WA in the prescribed form. The WA is submitted online using ADB’s Client Portal for Disbursements or in original hard copy, signed by the authorized representative. A WA is a written request from the borrower to ADB to disburse funds from the borrower’s loan account. Withdrawal applications consist of the following:

(i) the application itself in letter form (Appendixes 5A and 10A);
(ii) summary/statement of expenditures (SOE) sheet(s) for each expenditure category claimed (Appendix 6A, 6B, or 10B);
(iii) certificates for force account for works (FAW), if the FAW certificate procedure (sections 6.22–6.25) is used; and/or
(iv) required supporting documents (section 7.6, 8.30, 9.5, or 10.6), if simplified documentation procedures (sections 6.3–6.26) are not used.

5.3 Summary/SOE sheet(s) should indicate ADB’s contract numbers—formerly called procurement contract summary sheets (PCSSs) (section 5.10).

5.4 Required supporting documents to be submitted to ADB for processing withdrawal applications are indicated in the relevant chapters of this handbook. Supporting documents submitted to ADB should be electronic or photocopies, with the originals retained by the borrower.

5.5 The minimum value per WA is USD200,000 equivalent or 1% of the ADB loan amount, whichever is lower, unless otherwise stipulated in the project administration manual (PAM). Individual payments

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1 This includes the authority to deliver WA by electronic means using ADB’s Client Portal for Disbursements (https://cpd.adb.org).

2 Except for capitalization of commitment and interest charges (collectively called financing charges) and other fees and charges (e.g., administration fees), as applicable.

3 Online submission of WA using the CPD (https://cpd.adb.org) is encouraged. See Chapter 14.

4 Alterations on WA submitted in original hard copy must be initialed by the borrower’s authorized representative.

5 Submitted documents that are not required for disbursement will delay disbursement, in which case ADB may discard the documents.
below this amount should be paid (i) by the borrower and subsequently claimed to ADB through reimbursement, or (ii) through the advance fund procedure (if such procedure is stipulated in the PAM), unless otherwise accepted by ADB.

5.6 ADB will return withdrawal applications that do not meet the requirements.6

C. Currency of Disbursement

5.7 In principle, disbursement is made (i) in the currency in which the cost of goods and services has been paid or is payable; or (ii) in the currency of the advance account, when providing advance to the advance account (Chapter 8). 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.

5.8 The amount disbursed is charged to the loan account, which is denominated in the loan currency. When the currency of disbursement is different from the loan currency, the amount disbursed is converted into the loan currency by ADB in accordance with its relevant regulations.

D. Payment Instructions

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

(i) full name and address of the payee for proper identification of payment;
(ii) full name and address of the payee’s bank, which may include a banker or branch designation;
(iii) SWIFT7 Bank Identifier Code (BIC) if the payee’s bank is a member of SWIFT;
(iv) payee’s account number;
(v) for payments to anywhere in Europe, the International Bank Account Number (IBAN) and the related SWIFT BIC of the payee’s bank;
(vi) if SWIFT BIC for the payee’s bank is not available, the national clearing system code such as Fedwire Routing number (FW), CHIPS8 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;
(vii) 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;
(viii) if SWIFT BIC for the correspondent bank is not available, Fedwire Routing Number for United States dollar payments; and
(ix) special instructions or references to facilitate payment or identification of payment, where applicable.

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6 Partial payment may be made for the portion(s) of the claim that meets ADB requirements.
7 SWIFT means Society for Worldwide Interbank Financial Telecommunication.
8 CHIPS means The Clearing House Interbank Payments System.
E. **ADB’s Contract Number**

5.10 The contract number\(^9\) is assigned by ADB and the information is used for identifying a particular contract approved by the borrower and submitted to ADB under a particular loan.

5.11 The contract number should be indicated on the summary/SOE sheet (Appendix 6A, 6B, or 10B). To find the number, refer to ADB’s monthly report named List of Contracts by Executing Agency (section 13.6), which is available on the LFIS/GFIS website (http://lfis.adb.org).

5.12 The borrower is responsible for managing its contracts, including contract balances, in accordance with ADB guidelines, and for maintaining records for all signed contracts in a contract ledger in its financial systems. The borrower should ensure sufficient contract balances before requesting disbursements.

F. **Forms of Withdrawal Applications**

5.13 Withdrawal application forms vary for different procedures (e.g., Appendix 5A for WA form for reimbursement, advance fund, and direct payment procedures as well as policy-based and results-based loans; Appendix 10A for WA for commitment procedure). For the borrower’s convenience, these forms can be downloaded from the LFIS/GFIS website.

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\(^9\) See ADB. 2022. Creating and Updating Executing Agency-Administered Contract Record. Project Administration Instructions PAI 312. Manila. For financial intermediation loans, the equivalent of the contract number is the subloan number, which should be shown in the summary/SOE sheet for financial intermediation loans (Appendix 6B).
A. 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 procedures, described briefly as follows:

(i) **Reimbursement procedure.** ADB pays from the loan account to the borrower’s account for eligible expenditures that have been incurred and paid for by the project out of its budget allocation or its own resources (Chapter 7).

(ii) **Advance fund procedure.** ADB makes an advance disbursement from the loan account for deposit to an advance account to be used exclusively for ADB’s share of eligible expenditures (Chapter 8).

(iii) **Direct payment procedure.** ADB, at the borrower’s request, pays a designated beneficiary directly (Chapter 9).

(iv) **Commitment procedure.** 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 financed from the loan account (Chapter 10).

B. Disbursement Procedures and Recommended Types of Payment

6.2 The four major types of disbursement procedures are normally used for the following types of payment (Table 6.1).

<table>
<thead>
<tr>
<th>Disbursement Procedures</th>
<th>Types of Payment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursement</td>
<td>Encouraged for all eligible project expenditures when the borrower has sufficient resources</td>
<td></td>
</tr>
<tr>
<td>Advance fund</td>
<td>Expected for all eligible ADB-financed project expenditures when the procedure is approved for a project</td>
<td></td>
</tr>
<tr>
<td>Direct payment</td>
<td>Mainly large value payments when there are insufficient borrower resources to prefinance an expenditure and there is no provision of advance fund procedure for the project; may also be used when payments are required to be made in currencies that the borrower may have difficulty obtaining</td>
<td></td>
</tr>
<tr>
<td>Commitment</td>
<td>Large importation costs</td>
<td></td>
</tr>
</tbody>
</table>

Source: Asian Development Bank Controller’s Department.

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1. Formerly called imprest fund procedure.
C. **Simplified Documentation under the Reimbursement and Advance Fund Procedures**

6.3 Under reimbursement and advance fund procedures, ADB requires submission of supporting documents by the borrower (sections 7.6 and 8.30), unless the following simplified documentation procedures are approved:

(i) **the statement of expenditures (SOE) procedure** involves the borrower submitting an SOE to support an application (sections 6.5–6.21), and

(ii) **the force account for works certificate procedure** involves the borrower submitting periodic certification of the progress or completion of civil works in support of its application for withdrawal of loan proceeds (sections 6.22–6.25).

6.4 When certain conditions (section 6.11 or 6.24) are met, ADB may accept simplified documentation using the following procedures (Table 6.2).

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

Source: Asian Development Bank Controller’s Department.

D. **Statement of Expenditures Procedure**

6.5 The SOE procedure is a simplified procedure requiring no submission of supporting documentation of expenditures.

6.6 The SOE sheet replaces the usual supporting documents of expenditures (hereinafter referred to as “SOE records”), which should be retained by the borrower and made available for examination by auditors and ADB representatives upon request.²

6.7 The SOE sheet provides information on contracts and disbursements of individual payments (up to any applicable SOE ceiling; see sections 6.14–6.17).

6.8 The purpose of the SOE procedure is to streamline disbursement processing for the borrower and ADB. The use of SOE procedure is expected in projects where certain conditions are met (section 6.11).

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² English translation of SOE records written in local language may be omitted under the SOE procedure, unless otherwise requested by ADB.
6.9 For the borrower’s convenience, this handbook provides the following summary/SOE sheets (a project-specific form approved by ADB [free format] is also acceptable):

(i) Summary/Statement of Expenditures Sheet for Project Loans (Appendix 6A); and
(ii) Summary/Statement of Expenditures Sheet for Financial Intermediation Loans (Appendix 6B).

6.10 The SOE procedure may be used under reimbursement procedure and when liquidating advances under the advance account, if provided in the project administration manual (PAM).

E. **Conditions for Approval to Use the Statement of Expenditures Procedure**

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

(i) **Borrower’s capacity.** The executing agency and/or implementing agency 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 executing agency and/or implementing agency is determined to be inadequate, the SOE procedure should not be used.

(ii) **Audit arrangements.** The executing agency and/or implementing agency must be capable of arranging periodic and annual audits of SOE transactions as part of the project’s audit.

F. **Approval of the Statement of Expenditures Procedure**

6.12 During project preparation, ADB and the borrower consider the use of the SOE procedure to facilitate disbursement. If the procedure is approved, it is provided for in the PAM.

6.13 If the SOE procedure was not provided for in the PAM, during project implementation, the borrower may request ADB’s approval to use the procedure (sections 4.16 and 4.17).

G. **Statement of Expenditures Ceiling**

6.14 For loans where the capacity of the executing agency and/or implementing agency 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 (“SOE ceiling” hereinafter) may be established (either during project preparation or during implementation) when there is concern or uncertainty about the capacity of the executing agency and/or implementing agency to administer the procedure.

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3 An assessment of the borrower’s capacity should be based on the results of the Financial Management Assessment performed on the relevant entity prepared in compliance with ADB’s Technical Guidance Note on Financial Management Assessment; review of current and prior audit reports for projects administered and/or implemented by the relevant executing agency and/or implementing agency; internal audit reports; issues noted during project implementation (e.g., issues noted during the processing of WA by ADB) for projects administered and/or implemented by the relevant executing agency and/or implementing agency; findings of assessments or reviews undertaken by ADB on projects administered and/or implemented by the relevant executing agency and/or implementing agency; and other relevant information, as deemed necessary.
6.15 The SOE ceiling is a threshold below which the borrower is not required to submit supporting documents to ADB, and is based on the total amount of individual expenditure paid for by the executing agency or implementing agency without taking into account ADB’s share of the expenditure. The amount paid by the executing agency or implementing agency should not be split to enable the claims to circumvent the SOE ceiling. The SOE ceiling, if any, 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.

6.16 For financial intermediation loans, the SOE ceiling, if any, may be established at the “free limit” (section 11.8).

6.17 Any change, establishment, or removal of the SOE ceiling during project implementation must be approved by ADB (sections 4.16 and 4.17).

H. Ineligible Payments

6.18 Where ADB subsequently finds any expenditure reimbursed or liquidated under the SOE procedure to be insufficiently supported or ineligible for ADB financing, ADB may offset the amount of the unjustified or ineligible expenditure against subsequent withdrawals for reimbursement, or request the borrower to promptly refund the same amount to (i) the loan account, or (ii) the advance account if the payment was made from the advance account.

I. Audit Arrangements

6.19 The 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.4

J. Review by ADB

6.20 ADB reserves the right to conduct spot or random checks of expenditures under the SOE procedure through review missions. Documents are to be kept in the office of the executing agency and/or implementing agency as appropriate (see section 4.32 for the 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.5

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5 The borrower has 30 calendar days to submit the supporting documents requested by ADB for review. Failure to submit the supporting documents within this period may result in ineligibility of the expenditures selected for review, and/or suspension of the use of SOE procedure.
K. **Suspending Use of the Statement of Expenditures Procedure**

6.21 ADB may suspend the use of the SOE procedure when the capacity of the executing agency and/or implementing agency is no longer deemed adequate. Among others, examples of inadequate capacity may include

(i) the borrower fails to timely submit the supporting documents requested by ADB for review;
(ii) the borrower continuously claims ineligible expenditures;
(iii) the borrower fails to submit the audit report within 6 months after the due date;
(iv) audit reports, management letters, and/or ADB reviews or missions indicate irregularities in financial management, accounting, internal control, or the use of the ADB funds in project implementation; or
(v) the disbursement or review mission finds irregularities in the use of ADB funds.

L. **Force Account for Works Certificate Procedure**

6.22 The force account for works (FAW) is a procurement method that involves the use of the borrower’s own workforce, equipment, and other resources to carry out civil works required for the project. This method is employed when the size, nature, and location of the works make it unsuitable to adopt competitive bidding. As the supporting documentation usually required (such as invoices, bills, and receipts) is not available, the FAW certificate procedure may be used. 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 6C). The FAW certificate procedure may be used under the reimbursement or advance fund procedures.

6.23 To support the cumulative progress stated on the first certificate (Part 1 of Appendix 6C), 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. ADB reserves the right to verify the percentage of physical completion stated in the certificates submitted by the borrower.

M. **Conditions for Approval to Use the Force Account for Works Certificate Procedure**

6.24 ADB must be satisfied that the borrower’s construction facilities are adequate and efficient, and the borrower can undertake the works expeditiously and to the required quality at a reasonable cost. The use of FAW and the FAW certificate procedure should be provided for in the procurement plan and the disbursement arrangement of the PAM, respectively.

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N. Details on the Certificates for Force Account for Works

6.25 Details on the certificates are as shown in Table 6.3.

Table 6.3: Certificates for Force Account for Works

<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 that can be withdrawn</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>

Source: Asian Development Bank Controller’s Department.

O. Mutually Exclusive Use of Simplified Documentation

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

P. Modes of Loan Disbursement

6.27 Table 6.4 presents the interrelationship of the different types of loan disbursement procedures.

Table 6.4: Disbursement Procedures and Required Approvals

<table>
<thead>
<tr>
<th>Approval Authority for the Procedures</th>
<th>Disbursement Procedures</th>
<th>Required Supporting Documents or Simplified Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>No need for prior ADB approval</td>
<td>Reimbursement, with required supporting documents (Chapter 7)</td>
<td>Required supporting documents</td>
</tr>
<tr>
<td></td>
<td>Direct payment (Chapter 9)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commitment (Chapter 10)</td>
<td></td>
</tr>
<tr>
<td>Need prior ADB approval (must be provided for in the Project Administration Manual)</td>
<td>Reimbursement, without required supporting documents (Chapter 7)</td>
<td>FAW certificate, SOE sheet</td>
</tr>
<tr>
<td></td>
<td>Advance Fund (Chapter 8)</td>
<td>FAW certificate, SOE sheet, Required supporting documents</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank, FAW = force account for works, SOE = statement of expenditures. 
Source: Asian Development Bank Controller’s Department.
Q. **Recommended Disbursement Procedures and Documentation**

Figure 6.1 presents a decision tree for generally recommended disbursement procedures and documentation.

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**Figure 6.1: Recommended Disbursement Procedures and Documentation**

![Decision Tree Diagram]

**DISBURSEMENT TYPE**

- Eligible Expenditures
  - Large Importation?
    - NO
    - YES
      - Borrower has sufficient resources?
        - NO
        - YES
          - Advance fund is approved?
            - NO
            - YES
              - Reimbursement (Chapter 7)
              - Direct Payment (Chapter 9)
            - NO
              - Advance Fund (Chapter 8)
              - Commitment (Chapter 10)

**DOCUMENTATION TYPE**

- Simplified documentation is applicable?
  - YES
  - Required Documentation
    - (Invoices, bills, receipts, letter of credit, etc.)
  - NO
    - Simplified Documentation (SOE sheets, FAW certificates) (Chapter 6)

**Notes:**

FAW = force account for works, SOE = statement of expenditures.

Source: Asian Development Bank Controller’s Department.
A. Description

7.1 Reimbursement is a disbursement procedure where ADB pays from the loan account to the borrower’s account for eligible expenditures that have been incurred and paid for by the borrower out of its budget allocation or its own resources. Use of the procedure is encouraged for all eligible project expenditures when the borrower has sufficient resources.

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

7.3 This procedure requires submission of supporting documents unless simplified documentation (sections 6.3–6.26) is approved.

B. Basic Requirements

7.4 A signed withdrawal application (WA) (Appendix 5A) must be submitted to ADB together with a summary/statement of expenditures (SOE) sheet (Appendix 6A or 6B); certificates for force account for works (FAW), if the FAW certificate procedure is used; and/or the required supporting documents (section 7.6), if simplified documentation procedures are not used.

7.5 The expenditures should have been incurred and paid for by the borrower out of its own resources.

C. Supporting Documents

7.6 To substantiate that the requested disbursement is for eligible project expenditures incurred and paid, the required supporting documents listed in Table 7.1 must be submitted to ADB together with the WA, unless simplified documentation (sections 6.3–6.26) is used. ADB will return a WA that does not meet the requirements. Additional supporting documents may be required depending on the transaction involved.

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1 Either electronically using ADB’s Client Portal for Disbursements or in original hard copy.
2 If supporting documents are written in the 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).
3 Partial payment may be made for the portion(s) of the claim that meet ADB requirements.
### Table 7.1: Reimbursement Procedure—Required Supporting Documents

<table>
<thead>
<tr>
<th>Payment for</th>
<th>Payment Type</th>
<th>Required Supporting Documents&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>One time or installment payment</td>
<td>Supplier’s invoice (indicating date, amount, and bank account details) with proof of payment (e.g., official receipt, bank transfer record, acknowledgment receipt)</td>
</tr>
<tr>
<td>Services</td>
<td>One time or advance payment</td>
<td>Consultant’s or service provider’s invoice or request for payment (indicating amount of advance payment and bank account details) with proof of payment (e.g., official receipt, bank transfer record, acknowledgment receipt)</td>
</tr>
<tr>
<td></td>
<td>Progress payment</td>
<td>Consultant’s or service provider’s invoice (indicating date, amount, and bank account details) with proof of payment (e.g., official receipt, bank transfer record, acknowledgment receipt)</td>
</tr>
<tr>
<td>Civil works</td>
<td>One time or advance payment</td>
<td>Contractor’s invoice or request for payment (indicating date, amount, and bank account details) with proof of payment (e.g., official receipt, bank transfer record, acknowledgment receipt)</td>
</tr>
<tr>
<td></td>
<td>Progress payment</td>
<td>Contractor’s invoice and interim payment certificate&lt;sup&gt;b&lt;/sup&gt; or summary of work progress (indicating period covered, amount, and bank account details) with proof of payment (e.g., official receipt, bank transfer record, acknowledgment receipt)</td>
</tr>
<tr>
<td></td>
<td>Release of retention money</td>
<td>Contractor’s invoice or request for payment (indicating date, amount, and bank account details) and unconditional bank guarantee (if required under section 4.27 of this handbook) with proof of payment (e.g., official receipt, bank transfer record, acknowledgment receipt)</td>
</tr>
<tr>
<td>Subloans under Financial Intermediation Loan</td>
<td></td>
<td>Invoices for subproject, subloan agreement, and/or other documents required in the PAM with proof of payment (e.g., official receipt, bank transfer record, acknowledgment receipt)</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>Depending on project-specific requirements provided in the PAM, the contract or other legal document, or other fiduciary evidence that may be requested by ADB</td>
</tr>
</tbody>
</table>

<sup>a</sup> “Invoice” in this table refers to the final invoice. A proforma or preliminary invoice is not acceptable.

<sup>b</sup> The interim payment certificate refers to the certificate issued by the engineer under civil works contracts that certifies the work performed by the particular contractor.

Source: Asian Development Bank Controller’s Department.

7.7 Other supporting documents as summarized in Table 7.2 should not be submitted to ADB unless specifically requested. These documents should be retained by the borrower for the annual audit of project financial statements and/or ADB’s review (see section 4.32 for the retention period of supporting documents).

### Table 7.2: Reimbursement Procedure—Other Supporting Documents

<table>
<thead>
<tr>
<th>Payment for</th>
<th>Payment Type</th>
<th>Other Supporting Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>One time or installment payments</td>
<td>Bill of lading or delivery receipt, bank guarantee if required under the contract, documents substantiating the amounts invoiced, and other documents as required in the contract</td>
</tr>
<tr>
<td>Services</td>
<td>One time or advance payment</td>
<td>Contract terms and conditions that refer to payment of advance and progress payments, breakdown of amount due, documents substantiating the amounts invoiced, and other documents as required in the contract</td>
</tr>
<tr>
<td></td>
<td>Progress payment</td>
<td></td>
</tr>
</tbody>
</table>

*continued on next page*
Table 7.2 continued

<table>
<thead>
<tr>
<th>Payment for</th>
<th>Payment Type</th>
<th>Other Supporting Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil works</td>
<td>One time or advance payment</td>
<td>Contract terms and conditions that refer to payment of advance, bank guarantee if required under the contract, documents substantiating the amounts paid, and other documents as required in the contract</td>
</tr>
<tr>
<td></td>
<td>Progress payment</td>
<td>Breakdown of amount due, documents substantiating the amounts invoiced, and other documents as required in the contract</td>
</tr>
<tr>
<td></td>
<td>Release of retention money</td>
<td>Contract terms and conditions that refer to release of retention money, documents substantiating the amounts invoiced, and other documents as required in the contract</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>Depending on project-specific requirements provided in the project administration manual, the contract or other legal documents, or other fiduciary evidence that may be requested by ADB</td>
</tr>
</tbody>
</table>

Source: Asian Development Bank Controller’s Department.

D. Checklist and Narrative Procedures

7.8 The checklist and narrative procedures for reimbursement procedures are shown in Appendix 7A.
A. Description

8.1 Advance fund is a disbursement procedure wherein ADB makes an advance disbursement from the loan account for deposit to an advance account to be used exclusively for ADB’s share of eligible expenditures.

B. Objectives

8.2 The main objective of the advance fund procedure is to provide the borrower with more control over payments and reduce the number of withdrawal applications (WA), thereby facilitating project implementation. Where certain conditions are met (section 8.3), the use of the advance fund procedure is expected for disbursement of all eligible project expenditures.

C. Conditions for Approval to Use the Advance Fund Procedure

8.3 For approval to use the advance fund procedure, the following conditions should be considered and met:

(i) Borrower’s capacity. The borrower, executing agency, and/or implementing agency, 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 capacity of the executing agency and/or implementing agency is determined to be inadequate, the advance fund procedure should not be used.

(ii) Audit arrangements. The borrower, executing agency, and/or implementing agency, as appropriate, must also have the capability to arrange periodic and annual independent audits of the advance fund procedure by auditors acceptable to ADB.

D. Approval of Procedure

8.4 During project preparation, ADB and the borrower consider the use of the advance fund procedure to facilitate disbursement. Use of the procedure must be provided for in the project administration manual (PAM). If the procedure was not provided for in the PAM, during project implementation, the borrower may request ADB’s approval to use the procedure (sections 4.16 and 4.17).

1 Formerly called the imprest fund procedure or imprest account.

2 An assessment of the borrower’s capacity should be based on the results of the financial management assessment performed on the relevant entity prepared in compliance with ADB’s Technical Guidance Note on Financial Management Assessment; review of current and prior audit reports for projects administered and/or implemented by the relevant executing agency and/or implementing agency; internal audit reports; issues noted during project implementation (e.g., issues noted during the processing of WA by ADB) for projects administered and/or implemented by the relevant executing agency and/or implementing agency; findings of assessments or reviews undertaken by ADB on projects administered and/or implemented by the relevant executing agency and/or implementing agency; and other relevant information, as deemed necessary.
E. **Basic Requirements**

8.5 A signed WA (Appendix 5A) must be submitted to ADB together with a summary/statement of expenditures (SOE) sheet (Appendix 6A or 6B); certificates for force account for works (FAW), if the FAW certificate procedure is used and the amount to be liquidated was paid from the advance account; and/or the required supporting documents (section 8.30), if simplified documentation procedures are not used.

F. **Establishing the Advance Account**

8.6 The borrower, executing agency, and/or implementing agency are required to open a separate bank account (unless otherwise approved by ADB) for depositing advances. The advance 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, executing agency, implementing agency, or the project, as appropriate.

8.7 The borrower, executing agency, and/or implementing agency that established the advance account are accountable and responsible for proper use of advances to the advance account, including advances to the subaccount(s), if used (sections 8.23–8.25).

G. **Location of the Advance Account**

8.8 The advance account may be opened at the central bank of the borrower’s country or in a commercial bank that the borrower, executing agency, and/or implementing agency designate as appropriate. If the advance account is opened in a commercial bank, the institution must be capable of:

(i) executing foreign exchange and local currency transactions,
(ii) handling a large volume of transactions, and
(iii) issuing detailed monthly bank statements promptly.

8.9 ADB may decide not to accept a financial institution for the opening and/or maintenance of the advance account if the institution retains the right to assert or asserts a claim to set off, seize, or attach amounts on deposits to the advance account maintained by the financial institution to satisfy amounts due to the bank by the borrower, executing agency, and/or implementing agency.

H. **Currency of the Advance Account**

8.10 The currency of the advance account should be indicated in the PAM. The currency may be in any currency, including the borrower’s local currency, as long as the currency is freely convertible.

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3 Either electronically using ADB’s Client Portal for Disbursements or in original hard copy.

4 Some countries require disbursement of ADB loan proceeds to the borrower’s bank account or budget account at the central or local (i.e., state, provincial, district, etc.) levels before transferring advances to the advance account. Such borrower’s account is not separately established for the purpose of a project and does not maintain a standing balance in the account as the fund is transferred to the advance account or subaccount(s), therefore, it is considered as a “conduit” or “pass-through” purpose account, but not the advance account. The conduit or pass-through purpose account should be identified and reflected in the fund flow diagram and disbursement arrangements of the PAM.

5 The bank account may be opened by establishing a separate accounting ledger in the borrower’s financial systems (e.g., a treasury single account).
I. Using the Advance Account

8.11 The borrower, executing agency, and/or implementing agency, as appropriate, uses the advance account to pay contractors, suppliers, and other third parties, or to reimburse the borrower, executing agency, and/or implementing agency accounts for ADB’s share of eligible project expenditures incurred. Any use of the advance funds (including any amounts advanced to subaccount(s), as described in section 8.23) for activities other than ADB’s share of eligible project activities will invoke corrective action that ADB deems appropriate.

J. Request for Advances

8.12 The borrower, executing agency, and/or implementing agency, as appropriate, may request initial and additional advances6 from ADB based on its estimate of ADB’s share of eligible project expenditures for the forthcoming 6 months to be paid through the advance account7 (Appendix 8A). The borrower, executing agency, and/or implementing agency, as appropriate, should not request advances for expenditure categories subject to conditions for withdrawal (commonly called “disbursement conditions”) that have not been met.

8.13 The total outstanding advance, in any event, should not exceed the estimate of ADB’s share of expenditures to be paid through the advance account for the forthcoming 6 months, or the appropriate level of the advance (section 8.18).8

8.14 All advances are deposited into the advance account.

K. Liquidation and Replenishment

8.15 After eligible expenditures are incurred and paid9 from the advance account, the borrower needs to liquidate the advance and may request corresponding replenishment of advance by submitting WA (Appendix 5A), summary/SOE sheet (Appendix 6A or 6B), and supporting documents, if the SOE procedure is not used. In addition, if the FAW certificate procedure is used, and the amounts requested to be withdrawn are paid from the advance account, the certificates for FAW (Appendix 6C) are required to be attached to the WA. The advance account reconciliation statement (Appendix 8B) and the ending balance per the corresponding bank statement are also required to be submitted with the WA. The WA must be prepared in the currency of the advance account.

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6 Additional advances are advances that result in an increase in the total outstanding advance.
7 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. Estimated expenditures for the forthcoming 6 months should normally be based on the amount of contracts awarded and to be awarded. For expenditures related to operational costs, the amount should be linked to the project’s annual budget provision. Estimated expenditures for a period longer than 6 months will not be accepted.
8 In certain cases, a ceiling on the amount of the total outstanding advance may be established (e.g., if there is concern or uncertainty about the capacity of the executing agency and/or implementing agency to administer the procedure), if indicated in the PAM. The total outstanding advance should not exceed such ceiling.
9 Advances paid from the advance account to executing agency and/or implementing agency staff or subaccount(s) (section 8.23) are not considered to be incurred, and such amounts are still subject to liquidation by project expenditures actually incurred.
8.16 As ADB provides advances to cover projected eligible expenditure for 6 months, the target turnover ratio of the advance account is 2.0 per annum.\(^{10}\) If the turnover ratio of the advance account is lower than the target, ADB may reduce the level of advance to the advance account by adjusting the amount of replenishment or by requesting a refund to ADB, as appropriate.

8.17 If replenishment by ADB to the advance account is less than the amount of the WA, ADB will notify the borrower in writing, by e-mail, or by other means such as through ADB’s Client Portal for Disbursements (section 4.13).

8.18 If the requested level of advance is larger than the appropriate level of advance (items 8 and 9 of Appendix 8B) or additional advances are required for project activities, the borrower should submit the estimate of expenditures (section 8.12 and Appendix 8A).\(^{11}\) If justified, replenishment and/or additional advance may be provided.

L. **Final Liquidation of Advances to the Advance Account**

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

8.20 Advances are normally liquidated without replenishment during the 6-month period prior to the loan closing date to ensure that (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 loan closing date. Any unliquidated balance of advances to the advance account must be promptly refunded to ADB (sections 4.21 and 4.23–4.26).

M. **Refund of Advance to ADB**

8.21 Refund of advance is normally in the currency of the advance account. If the currency of the advance account (e.g., United States dollars [USD]) is different from the currency of loan account (e.g., SDR\(^{12}\)), any 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 is absorbed by the borrower’s loan account.

8.22 ADB applies the current value of the refund. As refund of the advance is normally in the currency of the advance account (e.g., USD), if the advance to the advance account is further exchanged to another currency (e.g., a local currency) to pay expenditures in that currency, the 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, this should be agreed with ADB.\(^{13}\)

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\(^{10}\) The turnover ratio of the advance account is calculated by the following formula: cumulative amount of liquidation over the past 12 months, divided by average outstanding advance amount over the same period. The advance account turnover ratio is available on the Loan Financial Information Services (LFIS) or Grant Financial Information Services (GFIS) website (http://lfis.adb.org/).

\(^{11}\) If the date of submission of the request for replenishment is still within the period covered by the latest estimate of expenditures submitted to ADB, a new estimate of expenditures is not required.

\(^{12}\) 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 five international currencies—the United States dollar, euro, Chinese renminbi, Japanese yen, and British pound sterling (as per International Monetary Fund. 2022. Special Drawing Rights. http://www.imf.org/external/np/ext/ facts/sdr.htm).

\(^{13}\) This may be documented with appropriate ADB approval.
N. Use of Subaccount(s) under the Advance Account

8.23 In some cases, the project funds flow requires bank accounts (the “subaccount[s]” hereinafter)\(^{14}\) to be opened in the name of an implementing agency, unit, provincial government, village, or other entity (collectively “IAs” hereinafter), which receive advances from the advance account, to meet project expenditures the IAs incurred.

8.24 The borrower should ensure the following matters for using the subaccount(s):

(i) a need for the subaccount(s) is clearly defined;
(ii) the borrower, executing agency, and/or implementing agency 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);
(iii) a separate bank account is opened (see section 8.6), unless otherwise approved by ADB; and
(iv) the currency of the subaccount(s) (e.g., a local currency) is determined.

8.25 The borrower, executing agency, and/or implementing agency 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 8C) reconciling the abovementioned bank statement against the subaccount’s records. Any foreign exchange difference in the use of subaccount 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.\(^{15}\) All supporting documents pertaining to the use of subaccount(s) should be retained by the borrower, executing agency, and/or implementing agency, as appropriate, and be made available to ADB upon request.

O. Audit Arrangements

8.26 The advance 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, executing agency, and/or implementing agency.\(^{16}\)

P. Review by ADB

8.27 ADB reserves the right to conduct spot or random checks of the advance account (including bank statements of the advance account and/or subaccounts) and expenditures paid from the advance account through review missions, or upon ADB’s request for submission of supporting documents on a sampling basis.

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\(^{14}\) 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 USD1,000 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.

\(^{15}\) This may be documented in an appropriate ADB approval.

Q. Withholding Replenishment

8.28 ADB may withhold replenishment of the advance account if

(i) the loan is declared suspended by ADB, whether partially\(^\text{17}\) or fully;

(ii) audit reports, management letters, or ADB reviews or missions indicate irregularities in financial management, accounting, internal control, and/or the operation of the advance account(s) and/or the subaccount(s);

(iii) the advance account has been inactive for more than 6 months; or

(iv) the borrower fails to submit audited project financial statements within 6 months after the due date.

8.29 When ADB withholds replenishment, no additional funds will be advanced to the advance account. However, available funds in the advance account (including any subaccount[s]) can be used to meet eligible expenditures, unless otherwise instructed by ADB.\(^\text{18}\) Withdrawal applications submitted for these expenditures will be applied to liquidate the balance of advances.

R. Supporting Documents

8.30 The required supporting documents to be submitted to ADB together with the WA are listed in Table 8.1.

<table>
<thead>
<tr>
<th>Item</th>
<th>Advance Fund Required Supporting Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial advance and additional advance</td>
<td>Estimate of expenditure (Appendix 8A) to support the amount of the initial advance and the additional advance (see also sections 8.12 and 8.18)</td>
</tr>
<tr>
<td>Liquidation and replenishment, or liquidation only</td>
<td>Advance account reconciliation statement (Appendix 8B)</td>
</tr>
<tr>
<td></td>
<td>Ending balance per the corresponding bank statement</td>
</tr>
</tbody>
</table>

Source: Asian Development Bank Controller’s Department.

8.31 To substantiate that amounts submitted to ADB for liquidation are for eligible project expenditures incurred and paid, the required supporting documents\(^\text{19}\) listed in Table 8.2 must be submitted to ADB together with the WA, unless simplified documentation is used (sections 6.3–6.26).

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\(^{17}\) For example, suspension is applicable only to a particular executing agency or component.

\(^{18}\) ADB may demand immediate refund of the available funds in cases where the suspension is due to irregularities in the operation of the advance account and/or the subaccount(s).

\(^{19}\) 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).
Table 8.2: Advance Fund Procedure—Required Supporting Documents

<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 (indicating date, amount, and bank account details) with proof of payment (e.g., official receipt, bank transfer record, acknowledgment receipt)</td>
</tr>
<tr>
<td>Services</td>
<td>One time or advance payment</td>
<td>Consultant’s or service provider’s invoice or request for payment (indicating amount of advance payment and bank account details) with proof of payment (e.g., official receipt, bank transfer record, acknowledgment receipt)</td>
</tr>
<tr>
<td></td>
<td>Progress payment</td>
<td>Consultant’s or service provider’s invoice (indicating date, amount, and bank account details) with proof of payment (e.g., official receipt, bank transfer record, acknowledgment receipt)</td>
</tr>
<tr>
<td>Civil works</td>
<td>One time or advance payment</td>
<td>Contractor’s invoice or request for payment (indicating date, amount, and bank account details) with proof of payment (e.g., official receipt, bank transfer record, acknowledgment receipt)</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) with proof of payment (e.g., official receipt, bank transfer record, acknowledgment receipt)</td>
</tr>
<tr>
<td></td>
<td>Release of retention money</td>
<td>Contractor’s invoice or request for payment (indicating date, amount, and bank account details) and unconditional bank guarantee (if required under section 4.27 of this handbook) with proof of payment (e.g., official receipt, bank transfer record, acknowledgment receipt)</td>
</tr>
<tr>
<td>Subloans under Financial Intermediation Loan</td>
<td>Invoices for subproject, subloan agreement, and/or other documents required in the PAM, with proof of payment (e.g., official receipt, bank transfer record, acknowledgment receipt)</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>Depending on project-specific requirements provided in the PAM, the contract or other legal document, or other fiduciary evidence that may be requested by ADB</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank, PAM = project administration manual.

a Reference to “invoice” in this table refers to the final invoice. A proforma or preliminary invoice is not acceptable.
b 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.

Source: Asian Development Bank Controller’s Department.

8.32 ADB will return a WA that does not meet the requirements. Additional supporting documents may be required depending on the transaction involved.

8.33 Other supporting documents as summarized in Table 8.3 should not be submitted to ADB unless specifically requested. These documents should be retained by the borrower for the annual audit of project financial statements and/or ADB’s review (see section 4.32 for the retention period of supporting documents).

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Partial payment may be made for the portion(s) of the claim that meet ADB requirements.
Table 8.3: Advance Fund Procedure—Other Supporting Documents

<table>
<thead>
<tr>
<th>Payment for</th>
<th>Payment Type</th>
<th>Other Supporting Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>One time or installment payments</td>
<td>Bill of lading or delivery receipt, bank guarantee if required under the contract, documents substantiating the amounts invoiced, and other documents as required in the contract</td>
</tr>
<tr>
<td>Services</td>
<td>One time or advance payment</td>
<td>Contract terms and conditions that refer to payment of advance and progress payments, breakdown of amount due, documents substantiating the amounts invoiced, and other documents as required in the contract</td>
</tr>
<tr>
<td></td>
<td>Progress payment</td>
<td></td>
</tr>
<tr>
<td>Civil works</td>
<td>One time or advance payment</td>
<td>Contract terms and conditions that refer to payment of advance, bank guarantee if required under the contract, documents substantiating the amounts invoiced, and other documents as required in the contract</td>
</tr>
<tr>
<td></td>
<td>Progress payment</td>
<td>Breakdown of amount due, documents substantiating the amounts invoiced, and other documents as required in the contract</td>
</tr>
<tr>
<td>Release of retention money</td>
<td></td>
<td>Contract terms and conditions that refer to release of retention money, documents substantiating the amounts invoiced, and other documents as required in the contract</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>Depending on project-specific requirements provided in the project administration manual, the contract, or other legal documents; or other fiduciary evidence that may be requested by ADB</td>
</tr>
</tbody>
</table>

Source: Asian Development Bank Controller’s Department.

S. Checklist and Narrative Procedures

8.34 The checklist and narrative procedures for the advance fund procedure are shown in Appendix 8D.
A. Description

9.1 The direct payment procedure is a disbursement procedure where ADB, at the borrower’s request, directly pays a designated beneficiary¹ stipulated in the contract and approved by ADB (e.g., supplier, contractor, or consultant).

9.2 The procedure is normally used for large value payments when the borrower has insufficient resources to prefinance an expenditure and there is no provision in the project administration manual for use of the advance fund procedure. It may also be used when payments are required to be made in currencies that the borrower may have difficulty obtaining.

B. Basic Requirements

9.3 A signed withdrawal application (WA) (Appendix 5A) must be submitted to ADB² together with a summary sheet (Appendix 6A or 6B) and the required supporting documents (section 9.5).

9.4 A separate WA is required for each different currency of disbursement requested.

C. Supporting Documents

9.5 To substantiate that the requested disbursement are for eligible project expenditures incurred, the required supporting documents³ listed in Table 9.1 must be submitted to ADB together with the WA. Simplified documentation (Chapter 6) may not be used with direct payment procedure. ADB will return a WA that does not meet the requirements. Additional supporting documents may be required depending on the transaction involved.

Table 9.1: Direct Payment Procedure—Required Supporting Documents

<table>
<thead>
<tr>
<th>Payment for</th>
<th>Payment Type</th>
<th>Required Supporting Documents¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>One time or installment payment</td>
<td>Supplier’s invoice (indicating date, amount, and bank account details)</td>
</tr>
<tr>
<td>Services</td>
<td>One time or advance payment</td>
<td>Consultant’s or service provider’s invoice or request for payment (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>
</tbody>
</table>

¹ Payment to a trust is not permitted.
² Either electronically using ADB’s Client Portal for Disbursements or in original hard copy.
³ If supporting documents are written in the 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).
Table 9.1 continued

<table>
<thead>
<tr>
<th>Payment for</th>
<th>Payment Type</th>
<th>Required Supporting Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil works</td>
<td>One time or advance payment</td>
<td>Contractor’s invoice or request for payment (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>
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<td>Contractor’s invoice or request for payment (indicating date, amount, and bank account details) and unconditional bank guarantee (if required under section 4.27 of this handbook)</td>
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<tr>
<td>Subloans under Financial Intermediation Loan</td>
<td></td>
<td>Invoices for subproject, subloan agreement, and/or other documents required in the PAM</td>
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<td>Others</td>
<td></td>
<td>Depending on project-specific requirements provided in the PAM, the contract or other legal documents, or other fiduciary evidence that may be requested by ADB</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank, PAM = project administration manual.

9.6 Other supporting documents as summarized in Table 9.2 should not be submitted to ADB unless specifically requested. These documents should be retained by the borrower for the annual audit of project financial statements and/or ADB’s review (see section 4.32 for the retention period of supporting documents).

Table 9.2: Direct Payment Procedure—Other Supporting Documents

<table>
<thead>
<tr>
<th>Payment for</th>
<th>Payment Type</th>
<th>Other Supporting Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>One time or installment payments</td>
<td>Bill of lading or delivery receipt, bank guarantee if required under the contract, documents substantiating the amounts invoiced, and other documents as required in the contract</td>
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<tr>
<td>Services</td>
<td>One time or advance payment</td>
<td>Contract terms and conditions that refer to payment of advance and progress payments, breakdown of amount due, documents substantiating the amounts invoiced, and other documents as required in the contract</td>
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<td>Civil works</td>
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<td>Contract terms and conditions that refer to payment of advance, bank guarantee if required under the contract, documents substantiating the amounts invoiced, and other documents as required in the contract</td>
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<td>Contract terms and conditions that refer to the release of retention money, documents substantiating the amounts invoiced, and other documents as required in the contract</td>
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<td>Others</td>
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<td>Depending on project-specific requirements provided in the PAM, the contract or other legal documents, or other fiduciary evidence that may be requested by ADB</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank, PAM = project administration manual.

Source: Asian Development Bank Controller’s Department.

D. Checklist and Narrative Procedures

9.7 The checklist and narrative procedures for the direct payment procedure are shown in Appendix 9A.
A. Description

10.1 Under the commitment procedure, 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). This procedure is normally applicable for large importation costs, the amount of which is not less than the minimum value of the withdrawal application (section 5.5).

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

10.3 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.

10.4 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.

B. Basic Requirements

10.5 A signed application (Appendix 10A) for issuance of a commitment letter in the form ADB-CL is submitted to ADB\(^1\) together with a summary sheet (Appendix 10B) for the commitment letter and the required supporting documents (section 10.6). A separate application is required for each currency in which a commitment letter is requested.

C. Supporting Documents

10.6 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. ADB will return applications that do not meet the requirements.

D. Issuing the Commitment Letter

10.7 Upon approval of the borrower’s application for issuance of a commitment letter, ADB issues a commitment letter\(^2\) to the nominated commercial bank (normally the negotiating bank) specified in the LC.

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\(^1\) Either electronically using ADB’s Client Portal for Disbursements or in original hard copy.

\(^2\) Appendix 10C is a sample of a SWIFT-based commitment letter (SWIFT means Society for Worldwide Interbank Financial Telecommunication). Appendix 10D is a sample of a paper-based commitment letter, which should be used only as required by the circumstances.
10.8 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

10.9 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 procedure.

10.10 No commitment letter is issued if shipment date falls beyond the loan closing date. The expiry date of an LC normally falls on or before the loan closing date, unless otherwise approved by ADB.

E. Accepting the Commitment Letter

10.11 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.

F. Payment to Commercial Banks

10.12 ADB pays from the loan account to the nominated commercial bank after receipt of the confirmation from the nominated commercial bank that has paid for or agreed to pay in accordance with the LC terms.

10.13 Requests for reimbursement from the nominated commercial bank are made in authenticated SWIFT.4 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 10C).

G. Amendments Requiring ADB’s Prior Approval

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

(i) 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;5
(ii) change in the LC’s value or currency;
(iii) description or quantity of goods;
(iv) country of origin;
(v) beneficiary; and
(vi) terms of payment.

10.15 The nominated commercial bank is to copy all proposed amendments to ADB for its information or approval.

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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.
4 SWIFT means Society for Worldwide Interbank Financial Telecommunication.
5 Extension of the LC expiry date beyond the winding-up period is not allowed unless the winding-up period is extended to cover the extension of the LC expiry date.
**H. Amendments to the Letter of Credit**

10.16 The borrower requests ADB’s approval of amendments to the LC (Appendix 10E) as soon as the LC amendment is obtained from the LC issuing bank. A copy of the signed amendment must be attached to the request.

10.17 ADB communicates its approval to the nominated commercial bank and the borrower using the form shown in Appendix 10F, by authenticated SWIFT, or through a formal letter of approval.

10.18 ADB may allow the borrower, in urgent cases, to send its application for approval to amend the LC by e-mail. 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.

10.19 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.

10.20 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 10.14. The borrower merely needs to inform ADB using the standard form (Appendix 10G) and submit a signed copy of the amendment, or advise ADB via authenticated SWIFT sent by the LC issuing bank. This will ensure ADB’s prompt payment of claims received from the nominated commercial bank.

**I. Limitation of ADB’s Commitment**

10.21 A borrower, when requesting a commitment letter, agrees in the application form that if the amount 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.

**J. Discrepancies**

10.22 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.

**K. Linking the Letter of Credit to the Commitment Letter**

10.23 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.*
10.24 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.

L. Checklist and Narrative Procedures

10.25 The checklist and narrative procedures for the commitment procedure are in Appendix 10H.
A. General

11.1 This section covers financial intermediation loans (FILs), policy-based lending (PBL), results-based lending (RBL), and Asia Pacific Disaster Response Fund (APDRF) grants. Special situations not covered in this handbook requiring different disbursement processes or procedures would be governed by the related ADB policies as approved from time to time (e.g., disbursement under the Asia Pacific Vaccine Access Facility [APVAX]).

FINANCIAL INTERMEDIATION LOANS

B. Description

11.2 FILs help to achieve 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.

11.3 Participating financial intermediaries are autonomous financial intermediary entities authorized by the borrower to receive loans either directly from ADB or through the borrower for passing on the loan amount to the final beneficiaries as subloans.

11.4 FILs are re-lent by participating financial intermediaries to sub-borrowers such as small and medium-sized industries, enterprises, or individuals for eligible subprojects.

C. Disbursement Procedures

11.5 Under FILs, ADB provides funds to eligible participating financial intermediaries 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, as they are determined with project-specific considerations.

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11.6 Reimbursement,\textsuperscript{2} direct payment, and commitment\textsuperscript{3} procedures may be used, as appropriate (Chapters 7, 9, and 10).

11.7 ADB may approve the use of the advance fund procedure (Chapter 8) under FILs. The advance to the advance account should not exceed 6 months’ estimated cash flow required for payments to be made to sub-borrowers for eligible subprojects. A separate account or ledger in the participating financial intermediaries’ accounting systems may be used in lieu of a separate bank account, with fiduciary arrangements acceptable to ADB.

11.8 ADB may approve the use of the statement of expenditures (SOE) procedure (Chapter 6).\textsuperscript{4} The SOE ceiling, if any, for the nonsubmission of required supporting documents may be established at the “free limit”\textsuperscript{5} agreed for the FIL. The SOE sheet for this purpose is shown in Appendix 6B.

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

D. Audit Arrangement

11.10 For FILs where the ADB loan is onlent through a participating financial intermediary to sub-borrowers, ADB requires the annual submission of an audited statement on the utilization of funds instead of APFS together with a reasonable assurance audit opinion during implementation, within 6 months from the end of each fiscal year. The Statement of Utilization of Loan Proceeds together with the reasonable assurance audit opinion will be disclosed by ADB on its website in accordance with ADB’s Access to Information Policy.\textsuperscript{6} Please also see sections 4.28–4.31.

POLICY-BASED LENDING

E. Purpose of Policy-Based Lending

11.11 ADB provides PBL in the form of budget support in conjunction with structural reforms and development expenditure programs of a developing member country (DMC).\textsuperscript{7} Under certain circumstances, it is also used to provide balance-of-payments assistance or countercyclical fiscal support during economic and financial crises. ADB makes policy-based loans\textsuperscript{8} available only to

\textsuperscript{2} For instance, reimbursement to executing agency or participating financial institutions may be used if the executing agency or participating financial institution has already paid subloans.

\textsuperscript{3} For instance, direct payment (or commitment letter) to sub-borrowers may be used for paying subproject expenditures incurred.

\textsuperscript{4} 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.

\textsuperscript{5} ADB generally allows financial intermediaries to enter into subloans meeting agreed criteria for amounts up to an agreed “free limit” without submitting subloan proposals to ADB. 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. See OM D6 (see footnote 1 of this chapter).


\textsuperscript{8} The term “policy-based loan” as used in this chapter also refers to policy-based grants unless the context requires otherwise.
DMC governments. In general, policy-based loans (i) are linked to the implementation of policy reforms and are typically disbursed in a single tranche and within 12 months of loan effectiveness, and (ii) have sector-wide and economy-wide impacts.

F. **Fiduciary Safeguard**

11.12 Since general budget support under stand-alone PBL 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.

G. **Loan Proceeds and Disbursement Procedures**

11.13 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 based on a negative import list, or when necessary and appropriate, sector-specific import requirements based on a positive import list.

11.14 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, Revision 3. All items not listed may be financed under the loan. In contrast, a positive import list specifies eligible imports for financing under the loan.

11.15 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. Documentation for specific imports is required for policy-based loans for which a positive list of eligible items is used.

11.16 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 program. Where appropriate, the central bank may disburse the loan through commercial banks or development finance institutions or both.

H. **Loan Account Closing under Policy-Based Lending**

11.17 **Program completion date, loan closing date, and financial closing date.** For conventional PBL with prior actions, the program completion date reflects the date when prior actions have been completed and it typically precedes the approval date. For PBLs, the loan closing date should typically not extend beyond 12 months from loan effectiveness. After the financial closing date, no further financial transactions may be charged to the loan account.

11.18 **Final disbursement.** Preparation of withdrawal applications for final disbursement(s) of a policy-based loan should be closely coordinated between ADB and the borrower, particularly if the remaining unutilized balance is expected to be fully utilized.

11.19 **Winding-up period.** There is no winding-up period for policy-based loans and no withdrawals may be made from the loan account after the loan closing date.
I. Audit Arrangement

11.20 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 if there is any doubt as to the proper use of the policy-based loan proceeds.

RESULTS-BASED LENDING

J. Description

11.21 RBL is a performance-based form of financing, where disbursements are linked to the achievement of program results as measured by disbursement-linked indicators (DLIs) agreed with the borrower, rather than to individual expenditures or transactions, as is the case with traditional investment lending.

K. Basic Requirements

11.22 A signed withdrawal application (WA) (Appendix 5A) must be submitted to ADB together with a summary sheet for RBL (Appendix 11A).

L. Disbursement Procedures

11.23 The disbursement arrangements for the RBL program are described in the program documents. ADB’s disbursement is conditional upon verification that the DLIs have been achieved. RBL does not link disbursements to individual expenditures or transactions for a DLI. If a DLI is not achieved or not fully achieved by the RBL program completion date, the amount allocated to the portion of the DLI not achieved or not fully achieved will be canceled.

11.24 RBL allows partial disbursements if DLIs are partially met. ADB agrees with the borrower on the protocols for partial disbursement, which is specific to an RBL program. For example, partial disbursement could occur after a certain number or percentage of DLIs have been achieved, or a set of particularly important DLIs has been met.

11.25 **Advance financing.** ADB may agree to provide advance financing ("advances") of up to 25% of ADB financing. Advances may be considered to achieve the initial set of DLIs as well as subsequent DLIs during RBL program implementation. When the borrower submits a disbursement request for the achieved DLIs, any outstanding advances should be liquidated first before any disbursement.

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10 DLIs are the specific results linked to the disbursement of ADB financing and are determined by the RBL program’s objectives, results framework, program systems assessments, and program action plan agreed between the DMC and ADB.
11 Submission is either electronically using ADB’s Client Portal for Disbursements or in original hard copy.
12 The program completion date refers to the end of the RBL program implementation period as defined in the report and recommendation of the President or otherwise agreed between ADB and the borrower.
13 The disbursement request is in the form of a WA.
can be made.\textsuperscript{14} The amount of liquidated advances is then available, as needed, for further advances (revolving advances).\textsuperscript{15} The borrower must refund any unliquidated advances within 2 months after the winding-up period. The need for and justification for advance financing is indicated in the report and recommendation of the President, and the percentage available for advance financing is specified in the legal agreement.

11.26 **Financing prior results.** Some DLIs may need to be achieved before an RBL loan is approved. In such situations, ADB may agree to disburse up to 20% of the amount of the loan proceeds against DLIs achieved before the effectiveness of the loan, but no earlier than 12 months before the signing date of the loan agreement. Financing for prior results is agreed at negotiations between ADB and the borrower and indicated in the loan agreement. Such financing for prior results can be withdrawn upon loan effectiveness.

11.27 **Ceilings.** The combined outstanding balance of advance financing and amount for financing prior results may not exceed 30% of total ADB financing, and the advance financing and financing prior results may not exceed their respective ceilings as described in sections 11.25 and 11.26.

M. **Loan Account Closing under Results-Based Lending**

11.28 **Program completion date, loan closing date, and financial closing date.** All DLIs must be achieved on or before the program’s completion date, which is the same date as the loan closing date under RBL. Disbursement must be completed within 6 months after the RBL program’s completion date. After the financial closing date, no further financial transactions may be charged to the loan account.

11.29 **Final disbursement.** Preparation of WA for final disbursement(s) of an RBL loan should be closely coordinated between ADB and the borrower, particularly if the remaining unutilized balance is expected to be fully utilized.

11.30 **Winding-up period.** The borrower will have a winding-up period, which ends 4 months after the RBL program’s completion date, to consolidate and submit to ADB the necessary evidence to support the achievement of the results as defined in the DLI Verification Protocol, and the related disbursement request. Verification of the results must be completed within the winding-up period.

11.31 **Reconciliation.** Although RBL programs do not link disbursements to individual expenditure transactions, the aggregate disbursements of ADB financing under RBL programs should not exceed the total expenditures by the government under the RBL program during its implementation period, excluding expenditure pertaining to procurement from nonmember countries (unless universal procurement applies).

\textsuperscript{14} If the amount(s) allocated to the DLI(s) achieved exceeds the amount of outstanding advance, such excess will be treated as reimbursement to the government.

\textsuperscript{15} If the government requires replenishment of the liquidated advance amount and/or further advances (i.e., revolving advances), this should be indicated in the disbursement request.
11.32 If the amount of ADB financing disbursed exceeds the total amount of the government-owned program’s expenditures (excluding expenditure pertaining to procurement from nonmember countries, unless universal procurement has been approved), after the winding-up period and final disbursement has been made, the borrower should refund the difference to ADB within 6 months after the RBL program completion date.

11.33 **Refunds.** All refunds to the loan account 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 should send an advice to ADB’s project officer or specialist in charge of administration of the RBL program and/or the Loan Administration Division of the Controller’s Department once a refund is made.

11.34 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 charged to the loan account.

11.35 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 withdrawal 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.

**N. Audit Arrangement**

11.36 ADB and the borrower will agree on the approach for financial auditing. The audits are conducted by experienced and independent auditors whose capacity is acceptable to ADB; the auditor’s terms of reference should also be acceptable to ADB considering the nature of the RBL program, country context, and risk assessment. The borrower will submit annual audited program financial statements to ADB within the agreed time frame after the close of the DMC’s financial year.⁶

**ASIA PACIFIC DISASTER RESPONSE FUND GRANTS**

11.37 The APDRF provides quick-disbursing grants to assist DMCs meet immediate expenses to restore life-saving services to affected populations following a disaster and to augment aid provided by other donors in times of national crisis.

**O. Disbursement Procedures**

11.38 The APDRF grant proceeds are disbursed upon receipt by ADB of

(i) the APDRF Grant Agreement duly signed by the recipient; and

(ii) the WA (Appendix 11B) duly completed and signed by the recipient.

⁶ As the ADB loan proceeds will be commingled with the government’s resources, the auditor should provide an opinion on the RBL program financial statements. A separate opinion on the use of loan proceeds will not be required.
11.39 Disbursements are allowed up to 100% of eligible costs (including applicable taxes and duties). An advance account is used to expedite disbursements and the entire grant will be disbursed to the advance account in a single advance (see sections 8.6–8.9 for establishment and location of the advance account). The recipient is not required to submit an estimate of ADB’s share of eligible project expenditures to be paid through the advance account. The use of advance account and statement of expenditures (SOE) procedures is in accordance with the relevant chapters of this handbook and arrangements agreed upon between ADB and the recipient.

11.40 Retroactive financing of disaster relief costs totaling up to 30% of grant will be permitted where such expenditure has been incurred after the disaster occurred and before grant effectiveness.17

11.41 **Liquidation of advance.** To liquidate the advance, the recipient should submit a WA (Appendix 11B), SOE sheet (Appendix 11C), advance account reconciliation statement (Appendix 8B), and ending balance per the corresponding bank statement to ADB within 4 months of the grant closing date. Any outstanding advances should be refunded within a further 2 months. The recipient should retain underlying documentation, such as contracts, invoices, and receipts (see section 4.32 for the retention period of supporting documents). ADB reserves the right to review these documents.

**P. Audit Arrangement**

11.42 **Audit.** Within 6 months of the grant closing date, the recipient of an APDRF grant will provide an audit report on the use of the grant, including the advance fund and SOE procedures. The audit will be conducted by an auditor acceptable to ADB.

11.43 The cost for auditing completed after the grant closing date may be financed by the grant, subject to the requirements indicated in section 4.22.

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A. 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 ADB funds, guarantees, or administrative involvement.

B. Types of ADB Administration of Cofinancing Disbursement

12.2 There are two types of ADB administration of cofinancing disbursement:

(i) 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.1

(ii) Funds held by the cofinancier (disbursement partially administered by ADB): ADB reviews withdrawal applications (WA) in accordance with ADB’s Loan Disbursement Handbook and advises the cofinancier to execute the necessary payments directly to beneficiaries. The commitment procedure (Chapter 10) may not be used for cofinancier’s funds held by the cofinancier.

C. Disbursement Arrangement for ADB-Administered Cofinanced Funds

12.3 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.2

12.4 When ADB administers cofinanced funds, eligible expenditures are typically financed and disbursed based on one of three disbursement arrangement options: (i) pro rata; (ii) front-loading of cofinanced funds (i.e., cofinancing funds are disbursed before ADB funds); or (iii) different ratios specified for each expenditure category and/or subcategory.

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1 For cofinancier’s funds held by ADB but provided in tranches based on a specific schedule, the use of commitment procedure needs to be consulted first with the Loan Administration Division of the Controller’s Department.

2 When ADB provides financial administration of a cofinanced component, explicit ADB approval is described in ADB’s project 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. For further details, see ADB. 2020. Financing Partnerships. Operations Manual. OM E1. Manila.
12.5 The report and recommendation of the President (RRP) and project administration manual must specify the preferred disbursement arrangement option for the project.

12.6 Any advance account or subaccount under cofinanciers’ funds should be maintained separately from any advance account or subaccount under ADB funds, unless otherwise approved by ADB.

12.7 For projects financed by multiple financing sources comprising both ADB and cofinanced funds, disbursements follow the cofinancing agreement and ADB’s financing rules. All special arrangements, including any specific items ineligible for the financing partner’s financing, should be disclosed in the RRP, in line with ADB’s related policies and procedures.

12.8 For the disbursement of cofinanced funds under partial administration, two sets of WA are prepared by the borrower or recipient; one set is sent to ADB and the other to the financing partner. ADB reviews the WA submitted by the borrower or recipient and advises the financing partner to make the requested payment, as appropriate.

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13.1 The Loan Financial Information Services (LFIS) and Grant Financial Information Services (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 ADB. Borrowers, executing, implementing, and other agencies; and ADB staff can search, retrieve, download, and print reports and queries from the LFIS/GFIS website 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:

(i) loan and grant portfolio,
(ii) contract awards,
(iii) disbursement data,
(iv) status of withdrawal application, and
(v) separate reports for loan and grants.

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

(i) Loan Disbursement Handbook
(ii) Flexible Loan Product
(iii) Indicative rates for Flexible Loan Product

13.3 The LFIS/GFIS website has five sections:

(i) loan data,
(ii) grant data,
(iii) reports,
(iv) reference, and
(v) downloads.

13.4 **Loan data.** This section provides information on loan portfolios such as principal amount, number of loans, cancellations, net loan amount, number of effective loans, contract awards, disbursements, and undisbursed loan balance for active and closed loans.

13.5 **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.

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1 This chapter applies to sovereign operations, including cofinancing operations in which disbursement is fully or partially administered by ADB (Chapter 12).
13.6 **Reports.** This section provides information on available reports, which may vary, depending on the level of access given to the user. The reports can be viewed, printed, and downloaded from the website (see Appendixes 13A and 13B). Authorized users are given restricted access for reports relevant to projects under their respective country or agency.

13.7 **Reference.** This section shows a list of information available for reference (Appendix 13C).

13.8 **Downloads.** This section provides options to download items, including the following ADB forms (Appendix 13D):

(i) Evidence of Authorized Persons to Sign Withdrawal Applications
(ii) Withdrawal Application (Form ADB-WA)
(iii) Summary/Statement of Expenditures (SOE) Sheet for Project Loans/Grants (Form ADB-SS/SOE)
(iv) Summary/SOE Sheet for Financial Intermediation Loans (Form ADB-FI-SS/SOE)
(v) Certificate (Parts I and II) for Force Account for Works
(vi) Estimate of Expenditures Sheet (Form ADB-AF-EES)
(vii) Advance Account Reconciliation Statement (Form ADB-AF-AARS)
(viii) Example of Subaccount Reconciliation Statement (Form ADB-AF-SARS)
(ix) Application for Issuance of Commitment Letter (Form ADB-CL)
(x) Summary Sheet for Issuance of Commitment Letter (Form ADB-CL-SS)
(xi) Application for Approval of Amendment of Letter of Credit
(xii) Borrower’s Advice of Extension of Letter of Credit Expiry and Shipping Dates
(xiii) Summary Sheet for Results-Based Lending (Form ADB-RBL-SS)
(xiv) Withdrawal Application Form for APDRF (Form ADB-WA-APDRF)
(xv) Statement of Expenditures (SOE) Sheet for APDRF (Form ADB-SOE-APDRF)
(xvi) Request for LFIS/GFIS/LAS Web Access Definition/Renewal/Termination
(xvii) Registration Form for Client Portal for Disbursements
(xviii) Revocation of Authority of Authorized Persons

13.9 **Access to the LFIS/GFIS website.** To obtain access to the LFIS/GFIS website, a request form for LFIS web access (Appendix 13E) must be filled out and submitted to ADB. Upon receipt of application, ADB will e-mail the confidential user identification (ID) and password to the requesting user.

13.10 Inquiries should be directed to the following:

LFIS Webmaster  
Systems Support Group  
Controller’s Department  
E-mail address: lfis@adb.org

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2 Access to LFIS/GFIS website is valid for 1 year, after which a renewal request (Appendix 13E) should be sent to ADB.
A. **Overview**

14.1 The Client Portal for Disbursements (CPD) ([https://cpd.adb.org](https://cpd.adb.org)) is ADB's secure web-based application that allows the borrower to prepare and submit withdrawal applications (WA) online to ADB. With the use of CPD, (i) the preparation and submission of WA is paperless, eliminating the time and cost of mailing hard copies of WA to ADB; (ii) errors in WA preparation are reduced and the disbursement process is expedited due to automated data validation; (iii) the status of WA (preparation, delivery, and processing) can be tracked in the system; and (iv) the borrower has access to reference documents (e.g., manuals, quick reference guides, product brochures, legal forms, etc.) inside the system.

B. **Withdrawal Application Submission**

14.2 The CPD allows online creation and submission of WA covering the four major disbursement procedures (i.e., reimbursement, advance fund, direct payment, and commitment procedure). It integrates basic information from the Loan Financial Information Services (LFIS) and Grant Financial Information Services (GFIS) website such as loan profile, loan balance, milestone event dates, contracts, and WA number. WA data is automatically validated to ensure correctness and integrity of the data and reduce errors during WA preparation.

14.3 The CPD has two workflow options: 3-touch workflow and 2-touch workflow (Table 14.1). The 3-touch workflow is comprised of three roles: WA Creator, WA Verifier, and WA Approver, while the 2-touch workflow is comprised of two roles: WA Creator and WA Approver.

<table>
<thead>
<tr>
<th>Workflow</th>
<th>Roles</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3-touch</strong></td>
<td><strong>2-touch</strong></td>
<td><strong>Roles</strong></td>
</tr>
<tr>
<td>1st touch</td>
<td>1st touch</td>
<td>WA Creator</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd touch</td>
<td></td>
<td>WA Verifier</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
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</tbody>
</table>

Table 14.1: Workflow Options in the Client Portal for Disbursements

*continued on next page*
<table>
<thead>
<tr>
<th>Workflow</th>
<th>Roles</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-touch</td>
<td>2-touch</td>
<td>WA Approver</td>
</tr>
<tr>
<td>3rd touch</td>
<td>2nd touch</td>
<td>Reviews the draft WA, approves it using a security token, and submits the WA to ADB</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Can return the draft WA to the creator for modification (as approvers cannot amend any data on the draft WA)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Can respond to queries from ADB via CPD’s messaging functionality</td>
</tr>
<tr>
<td>WA Viewer</td>
<td></td>
<td>Can only view the WA in CPD</td>
</tr>
</tbody>
</table>

**ADB =** Asian Development Bank, **CPD =** Client Portal for Disbursements, **WA =** withdrawal application.

**Source:** Asian Development Bank Controller’s Department.

## C. Application and Registration

14.4 To obtain access to CPD, the following completed forms in Table 14.2 should be submitted to ADB. The table provides a detailed description of these forms and their applicability. These forms are also available for download on the LFIS/GFIS website.

(i) Registration Form for Client Portal for Disbursements (Appendix 14A)—to register WA Creators, Verifiers, and Viewers

(ii) Evidence of Authorized Persons to Sign WA (Appendix 4A)—to authenticate signatures of WA Approvers.

### Table 14.2: Required Forms for the Client Portal for Disbursements

<table>
<thead>
<tr>
<th>Roles</th>
<th>Required Form</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>WA Creator, Verifier, and Viewer</td>
<td>Registration Form for Client Portal for Disbursements (Appendix 14A)</td>
<td>This form, indicating the persons to be given country access or project access in Client Portal for Disbursements, is to be signed by a competent authority in the particular executing or implementing agency</td>
</tr>
<tr>
<td>WA Approver</td>
<td>Evidence of Authorized Persons to Sign WA (Appendix 4A)</td>
<td>This form, indicating the persons authorized to (i) deliver the WA by electronic means and (ii) manually sign hard copy WA, is to be signed by the borrower’s designated representative indicated in the loan agreement This form may also include the persons whose authority is requested to be revoked, as applicable</td>
</tr>
</tbody>
</table>

**WA =** withdrawal application.

**Source:** Asian Development Bank Controller’s Department.
14.5 Upon receipt of the forms, ADB (through CPD) will send an activation link, valid for 24 hours,1 to the registered e-mail address of the user (WA Creator, Verifier, Viewer, or Approver) to complete the registration process. Once the user’s account is activated, the user can proceed to log on to the portal.2

14.6 To revoke the WA Approver’s access, the borrower should submit a form for Revocation of Authority of Authorized Persons (Appendix 14B3) to ADB.

D. Key Features of the Client Portal for Disbursements

14.7 The following features are built into the design of CPD to benefit the borrower:

(i) Automated validations, such as duplicate WA number warning and insufficient contract or loan balances
(ii) Auto-generation of information, such as contract name and description, contract balances, and contract currencies and cost categories
(iii) Auto-population of payment instructions, available upon creation of Beneficiary Registration Facility (BRF) record (section 14.8)
(iv) E-mail notifications, for updates on WA status
(v) Workflow history, for tracking the WA status
(vi) Messaging function, where ADB and the executing agency can communicate for queries, and upload supporting documents, if requested
(vii) Preview, export, and search facility, where the executing agency can preview the WA in PDF; export the summary sheet in Excel format; and search WA by various parameters such as loan or grant number, disbursement type, WA status, and date created or submitted
(viii) Multilingual interface, available in Bahasa Indonesia, Chinese, Khmer, Mongolian, Russian, and Vietnamese

E. Beneficiary Registration Facility

14.8 The BRF is a module inside CPD that allows the borrower to create a one-time registration of payment beneficiaries. This facility is designed to strengthen internal control over the payment information provided by the borrower. A BRF record must be submitted to and activated by ADB before the first payment to the beneficiary can be made.

14.9 Once the BRF record is activated, the payment instruction section will automatically be populated when creating WA in CPD. For direct payments, WA Creators have the option to select from a list of BRF records created under the same Loan, Grant, Agency, Currency, and Contract.

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1 In case the activation link expires before the user can complete the registration process, the user can send an e-mail to adbcpd@adb.org to request a reactivation link.
2 If a user exceeds the maximum number of attempts allowed to log on to CPD, the account will be locked. A web link for guidance on how to unlock CPD account is available on the CPD login page, on the ADB website (see section 14.12), or by sending an e-mail to adbcpd@adb.org for further assistance. Forgotten passwords can be reset by following the web link also available on the CPD login page.
3 If revocation of authority of authorized persons is done in conjunction with authorization of new signatories, Annex 3 of Appendix 4A may be used.
F. Security and System Requirements

14.10 **Security.** The CPD employs the use of a security token⁴ to secure the process of approval and submission of WA to ADB. The security token electronically authenticates the WA Approver’s identity. This serves as the authorized WA Approver’s digital signature to be used exclusively for approving and submitting BRFs and WA in the portal.

14.11 **System requirements.** The CPD system specifications are presented in Table 14.3. Problems may be experienced when specifications fall below the minimum requirements. Uploading of documents and sending of messages may also not work with lower versions of internet browsers.

<table>
<thead>
<tr>
<th>IT Resource</th>
<th>Minimum Specification</th>
<th>Recommended Specification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central processing unit</td>
<td>Dual Core 2.5 MHz</td>
<td>Quad Core 3.1 MHz or faster</td>
</tr>
<tr>
<td>Random access memory</td>
<td>1 GB</td>
<td>1 GB or higher</td>
</tr>
<tr>
<td>Hard drive (free space)</td>
<td>500 MB of free space</td>
<td>1 GB of free space</td>
</tr>
<tr>
<td>Internet speed</td>
<td>2 Mbps</td>
<td>5 Mbps</td>
</tr>
<tr>
<td>Internet browser</td>
<td>Chrome v32, Firefox v32, IE v11</td>
<td>Chrome v33, Firefox v37.0.2, IE v11</td>
</tr>
</tbody>
</table>

⁴ The security token is either a physical device (i.e., “physical” token) or software-based application (i.e., “soft” token).

G. Inquiries and Web Link for Detailed Guidelines

14.12 For further information, visit the ADB website ([http://www.adb.org/documents/client-portal-disbursements-guide](http://www.adb.org/documents/client-portal-disbursements-guide)). Inquiries should be addressed to

ADB CPD Help Desk  
Tel: +632 8632–4422  
E-mail address: adbcpd@adb.org

14.13 For users (WA Creators, Verifiers, Approvers, or Viewers) already registered in CPD, go to [https://cpd.adb.org](https://cpd.adb.org) and type in the log in identification (e-mail address) and password. Detailed guides on how to use CPD, reference documents such as user manuals, product brochures, quick reference guides, and legal forms are available for download under the references tab inside the portal.

H. Tutorial Videos

14.14 Video tutorials for WA creation, verification, and submission using CPD are available at [https://elearn.adb.org](https://elearn.adb.org). To enroll, an e-mail should be sent to elearning@adb.org.

14.15 Video tutorials for BRF creation, verification, and submission are available under the CPD references tab.
A. **Description**

15.1 ADB undertakes nonsovereign operations (NSO)\(^1\) to provide financing to eligible recipients in developing member countries. Nonsovereign operations refer to any of the following:

(i) loans;\(^2\)
(ii) other debt investments such as bonds,\(^3\) notes, and nonconvertible debentures;
(iii) equity investment;\(^4\)
(iv) guarantee\(^5\) or risk participation; or
(v) credit enhancement product\(^6\) under ADB’s NSO Programs\(^7\)

that are not guaranteed by a government or 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.

15.2 ADB may also enter into risk transfer arrangements, that is, credit insurance or risk participation agreements (RPAs), pursuant to which ADB distributes to risk transferees the risk of nonpayment that ADB has assumed under its loans, guarantees, or other financing arrangements described above.

B. **Basic Principles**

15.3 The principles set out in section 3.1 of this handbook apply.

(i) **Procurement.** ADB member country eligibility requirements will only be applicable if\(^8\)

(a) there is no co-lender providing a parallel loan and ADB is not providing either a B Loan,\(^9\)

a C Loan,\(^10\) or a Third Party Fund (TPF) Loan;\(^11\)

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\(^2\) Loans include revolving credit agreements (RCAs) issued under any ADB NSO Program.
\(^3\) ADB invests in bonds issued by nonfinancial institution clients.
\(^4\) Equity investments include direct equity and indirect equity (through an investment in a private equity fund), including direct equity certain debt instruments that are convertible to equity such as compulsorily convertible debentures.
\(^5\) Guarantees include credit guarantees in favor of commercial lenders and political risk guarantees in favor of commercial lenders, including participants under an ADB B Loan.
\(^6\) Credit enhancement products include guarantees, funded or unfunded risk participation agreements, and standby letters of credit.
\(^7\) Nonsovereign programs include ADB’s Trade Finance Program (TFP), Supply Chain Finance Program (SCFP), and Microfinance Program (MFP).
\(^9\) B Loans are loans made by ADB in its own name in United States dollars, which are funded by third-party participants and are provided only where ADB provides a loan (an A Loan) to the same borrower funded from ADB’s own resources.
\(^10\) C Loans are loans made by ADB in its own name in local currency, which are funded by third-party participants and are provided only where ADB provides a loan (an A Loan) to the same borrower funded from ADB’s own resources.
\(^11\) TPF Loans are loans funded by third party financiers (cofinanciers) and administered by ADB.
(b) where there is a TPF Loan, a cofinancier (providing resources to a single-donor ADB-administered trust fund) notifies ADB that it has different requirements, including that ADB’s member country procurement eligibility restrictions will continue to apply, or that only certain countries must be added as eligible sources of procurement;
(c) the loan is for the purpose of procuring goods and services;\(^\text{12}\) and
(d) the ADB investment instrument is not equity.

(ii) Refinancing. ADB can refinance existing debt or equity where expenditures have been incurred before ADB’s financing existed, if such refinancing supports ADB’s development goals, directions, and priorities as articulated in ADB Charter, policies, and procedures.\(^\text{13}\)

15.4 Disbursement procedures. In all NSO, the disbursement procedures should be specified in the relevant finance document, investment document, or credit enhancement agreement entered into by ADB with the relevant counterparty or counterparties (contractual agreement). If any provisions of a finance document, investment document, or credit enhancement agreement are inconsistent with a provision of this Chapter 15, the provision of the finance document, investment document, or credit enhancement agreement governs.

15.5 Conditions for Disbursement. ADB’s disbursements for NSOs are subject to these conditions:

(i) In all cases, the relevant contractual agreement has been signed and has become legally effective.

(ii) Where required under the relevant contractual agreement,\(^\text{14}\) the borrower, investee, or other relevant counterparty has submitted to ADB evidence of persons who are authorized to sign the applicable disbursement request document. If the evidence is in the form of a certificate of incumbency, this should be substantially in the form shown in Appendix 15A.

(iii) For credit enhancement products, any supporting evidence and document required to be submitted have been provided together with any demand, claim, or notice of participation contribution, as required under the terms of the relevant contractual agreement.

C. Authorization for Nonsovereign Disbursements

15.6 ADB’s Private Sector Operations Department (PSOD) will initiate the authorization for nonsovereign disbursements, which it will send to the Controller’s Department (CTL) together with any requisite attachments\(^\text{15}\) after receipt of the applicable disbursement request documents.

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\(^{12}\) This would not include, for example, loans for working capital purposes or loans to financial intermediaries, including for the provision of tier 2 capital.


\(^{14}\) A minority of transactions will have no evidence of authorized signatories, for example, some investments in an initial public offering and bond investments.

\(^{15}\) Attachments may include a copy of (i) the relevant finance or investment documents, (ii) the applicable disbursement request document, and (iii) any other required supporting documentation specified in the relevant finance or investment documents.
D. **Applicable Disbursement Request Documents**

15.7 Applicable disbursement request documents must be submitted in accordance with the relevant finance or investment documents. An electronic copy of these documents may be provided by e-mail or such other means as may be specified under the relevant finance or investment documents.

E. **ADB’s Credit Enhancement Products**

15.8 Payments for these products will arise following a claim or demand under any credit enhancement product, and are made to a confirming bank, grantor, beneficiary, or ADB guaranteed lender. Depending on the product type, and the requirements of the relevant agreement, a written demand notice or funding notice along with such other evidence and documentation as may be required pursuant to the terms of the relevant agreement must be submitted for payment to be made.
NOTES: The term “loan(s)” as used in this handbook also refers to grants for investment projects that are implemented by borrowers, unless the context requires otherwise. Disbursement procedures for policy-based and results-based lending are described in Chapter 11 and related appendixes. The reference to grant(s) does not include technical assistance grants. The term “borrower(s)” in this handbook refers to borrowers, recipients of grants, and/or their executing agencies and/or implementing agencies, unless the context requires otherwise. Please use those terms, as applicable, to each project when the model forms in the appendixes are actually used.
EVIDENCE OF AUTHORIZED PERSONS TO SIGN WITHDRAWAL APPLICATIONS

[Use the name of the Borrower as indicated in the loan and/or grant agreement. “Borrower” also refers to Grant Recipient or Beneficiary.]

[Borrower’s Letterhead or Logo]

{NAME OF BORROWER}

{DATE}

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

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

Subject: Authorized Person(s) to Sign Withdrawal Application

Dear Sir/Madam:

In accordance with Section 4.5 of ADB’s Loan Disbursement Handbook (2022, as amended from time to time), I hereby submit:

- {List of Authorized Person(s) to sign Withdrawal Applications (Annex 1)}

{and/or}

- {Revocation of Authority of Authorized Person(s) to sign Withdrawal Applications (Annex 3)}

for the indicated loan(s) and/or grant(s), as applicable, between the Asian Development Bank and {Name of Borrower}.

Sincerely,

/signed/

[Please print full name and title of the Borrower’s Designated Representative as provided in the loan and/or grant agreement(s), or the full name and title of the person(s) to whom such Designated Representative has delegated such authority]
Annex 1: List and Details of Authorized Person(s)

{Name of Borrower} ("Borrower") hereby authorizes the person(s) listed here in Annex 1 ("Authorized Person(s)") to utilize a Secure Token,¹ on behalf of the Borrower, to electronically sign and deliver by electronic means to the Asian Development Bank (ADB) withdrawal applications² and supporting documents related to disbursements of the respective loan and/or grant proceeds. The Authorized Person(s) are also authorized on behalf of the Borrower to manually sign the withdrawal applications and applications for the issuance of commitment letters, as applicable, related to disbursements of the respective loan(s) and/or grant(s). In undertaking this responsibility, the Borrower shall hereby abide and cause the Authorized Person(s) to abide by the Terms and Conditions of Use of Secure Token to Process Withdrawal Applications and Supporting Documentation (Annex 2). This authorization will be effective on the date of receipt by ADB of this Evidence of Authority (or XXXXXXX,³ whichever is later).

Sincerely,

/signed/

[Please print full name and title of the Borrower’s Designated Representative as provided in the loan and/or grant agreements, or the full name and title of the person(s) to whom such Designated Representative has delegated such authority]

<table>
<thead>
<tr>
<th>No.</th>
<th>Loan/Grant Number⁴</th>
<th>Loan/Grant Title</th>
<th>Details of Authorized Person(s)¹</th>
<th>Individual / Joint Authorization⁴</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Full Name⁵</td>
<td>Position</td>
</tr>
<tr>
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<td></td>
<td></td>
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<tr>
<td>2</td>
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<tr>
<td>5</td>
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</tr>
</tbody>
</table>

¹ For countries with centralized approvers, please indicate if the Authorized Person(s) are for all current and future ADB loans and/or grants.
² Details of Authorized Person(s) for each authorized person should be indicated in this Annex. In case of joint delivery, all of the authorized persons who will need to jointly deliver the withdrawal applications should be indicated. The users will also have access to the disbursement and related information of the loan on ADB’s Loan and Grant Financial Information Services (LFIS/GFIS) website. The LFIS/GFIS/Loan Accounting and Servicing (LAS) Web Access Request Form can be found in Appendix 13E of this handbook.
³ Use the following format: First, Middle (if any), and Last Name.
⁴ Indicate “Joint” if withdrawal applications will be delivered by more than one Authorized Person; otherwise, indicate “Individual.”

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¹ “Secure Token” is defined in Annex 2.
² Including Beneficiary Registration Forms.
³ Indicate preferred effectivity date, as applicable.
# Details of Authorized Person(s)

<table>
<thead>
<tr>
<th>Full Name**</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
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<table>
<thead>
<tr>
<th>E-mail Address***</th>
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<table>
<thead>
<tr>
<th>Postal Address***</th>
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<tbody>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Telephone Number*</th>
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</thead>
<tbody>
<tr>
<td></td>
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<table>
<thead>
<tr>
<th>Signature</th>
<th>(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Please sign three times in the spaces provided</em></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>(2)</th>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>(3)</th>
</tr>
</thead>
</table>

*Required fields.

* Use the following format: Mr./Ms. First, Middle (if any), and Last Name.

* Provide official e-mail address instead of group e-mail address.

* Provide the complete address where the authorized person receives official mail, including the country name and any required postal codes as appropriate for addressing international postal mail.

Note: Supply details for each person authorized by replicating this page. Details must be printed or typewritten.
Annex 2: Terms and Conditions of Use of Secure Token to Process Withdrawal Applications and Supporting Documentation

The Asian Development Bank (ADB) will provide Secure Token to permit the Borrower1 to deliver applications for withdrawal and issuance of commitment letters under the loan and/or grant agreement(s) between ADB and the Borrower and supporting documentation (such applications and supporting documentation together shall be referred to herein as withdrawal applications) to ADB electronically, on the terms and conditions of use specified herein.

The Secure Token shall be either in physical form (Physical Token) or software-based (Soft Token). ADB reserves the right to determine the most appropriate token to be used.

A. Identification of Users
   1. The Borrower will be required to identify in a completed Evidence of Authorized Persons to Sign Withdrawal Applications duly delivered to and received by ADB each person authorized to accept the token and to deliver the withdrawal applications by electronic means (Authorized Person). ADB will provide the Authorized Person with the Secure Token. The Borrower shall also immediately notify ADB if an Authorized Person is no longer authorized by the Borrower to act as an Authorized Person.
   2. Each Authorized Person must register as a user on ADB's Client Portal for Disbursements (CPD) website (https://cpd.adb.org) prior to receipt of his or her token. Registration on CPD will require that the Authorized Person establish a CPD Password. The Authorized Person shall not reveal his/her CPD Password to anyone or store or record the CPD Password in written or other form.

B. Initialization of Secure Token
   1. Prior to initialization of Secure Token by an Authorized Person, the Authorized Person will acknowledge having read, understood, and agreed to be bound by these Terms and Conditions of Use.
   2. Promptly upon receipt of the Secure Token, the Authorized Person will (i) set a personal identification number (PIN) on the Secure Token, (ii) access CPD using his or her account name and CPD Password, and (iii) register the Secure Token in the CPD. The Secure Token is to be used exclusively for the purpose of signing and submitting withdrawal applications. Upon initialization of the Secure Token, the Authorized Person will be deemed a token user (Token User). ADB will maintain in its database a user account (Account) for each Token User. Neither the Borrower nor the Token User will have any access to the Account.
   3. Prior to first use of the Secure Token by the Token User, the Borrower shall ensure that the Token User has received training materials provided by ADB in use of the Secure Token.

C. Use of Secure Token
   1. The use of the Secure Token is strictly limited to the signing and submitting of withdrawal applications by the Token User in the manner prescribed by ADB in the Agreement(s) and these Terms and Conditions. Any other use of the Secure Token is prohibited.
   2. ADB assumes no responsibility or liability whatsoever for any misuse of the Secure Token by the Token User, other representatives of the Borrower, or third parties.
   3. The Borrower undertakes to ensure, and represents and warrants to ADB (such representation and warranty being expressly relied upon by ADB in granting the Secure Token) that each Token User understands and will abide by these Terms and Conditions of Use, including without limitation, the following:

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1 “Borrower” also refers to Grant Recipient or Beneficiary.
3.1. **Security**
   (i) The Token User shall not reveal his or her PIN to anyone or store or record the PIN in written or other form.
   (ii) The Token User shall not allow anyone else to utilize his or her Secure Token to deliver a withdrawal application to ADB.
   (iii) The Token User shall always log out from CPD when not using the system. Failure to log out properly can create a route into the system that is unprotected.
   (iv) If the Token User believes he or she has lost the Secure Token, the Token User shall immediately notify ADB through the CPD or by e-mail at adbcpd@adb.org; and take other reasonable steps to ensure that such Secure Token is disabled immediately.
   (v) The Token User shall regularly check the transaction history details in CPD to make sure there are no unauthorized transactions.

3.2. **Reservation of Right to Disable Secure Token**
   (i) The Borrower shall reserve the right to revoke the authorization of a Token User to use a Secure Token for any reason.
   (ii) ADB reserves the right, in its sole discretion, to temporarily or permanently disable a Secure Token, deactivate a Token User’s Account, or both.

3.3. **Care of Physical Tokens**
   (i) The Physical Tokens will remain the property of ADB.
   (ii) As applicable, ADB will physically deliver a Physical Token to each Authorized Person designated to receive one in a manner to be determined by and satisfactory to ADB.
   (iii) The Physical Token contains delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed, or bent. Also, the Physical Token should be kept more than 5 centimeters (cm) from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled personal digital assistants, smartphones, and other similar devices. The Physical Token should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Physical Tokens.

3.4. **Replacement**
   (i) Lost, damaged, compromised, or destroyed Physical Tokens will be replaced at the expense of the Borrower.
   (ii) ADB reserves the right, in its sole discretion, not to replace any Secure Token in the case of misuse, or not to reactivate a Token User’s Account.

**Agreement**

By virtue of pressing the registration button upon access to the CPD website, you acknowledge that you have read and understood the terms and conditions set out herein, and you agree unconditionally to be bound by the terms and conditions set out herein and all amendments, revisions, and additions that ADB may, at its absolute discretion, effect from time to time.
Annex 3: Revocation of Authority of Authorized Person(s)

[A stand-alone version of this form can be found in Appendix 14B of this handbook]

{Name of Borrower} hereby revokes the authority of the person(s) listed here in Annex 3 ("Revoked Person(s)") to act as authorized person(s) for the purpose of utilizing the Secure Token and signing and delivering by manual or electronic means the withdrawal applications and supporting documents related to the respective loan(s) and/or grant(s), as applicable, to the Asian Development Bank (ADB). Their authority to sign applications for the issuance of commitment letters related to the respective loan and/or grant proceeds, is also revoked. The specimen signatures of the Revoked Person(s) are also hereby canceled. The effective date of the revocation is the date of receipt by ADB of this form {or XXXXXXX,\(^1\) whichever is later}.

Sincerely,

/signed/

[Please print full name and title of the Borrower’s Designated Representative as provided in the loan and/or grant agreements, or the full name and title of the person(s) to whom such Designated Representative has delegated such authority]

<table>
<thead>
<tr>
<th>No.</th>
<th>Loan/Grant Number(^a)</th>
<th>Loan/Grant Title</th>
<th>Revoked Person(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Full Name(^b)</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td>Position</td>
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<tr>
<td>2</td>
<td></td>
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<td>Agency</td>
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<td>5</td>
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</tr>
</tbody>
</table>

\(a\) For countries with centralized approvers, please indicate if the Revoked Person(s) are for all current and future ADB loans and/or grants.

\(b\) Use the following format: First, Middle (if any), and Last Name.

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\(^1\) Indicate preferred effectivity date, as applicable.
ELIGIBLE AND INELIGIBLE EXPENDITURES

1. Expenditures eligible for ADB financing are generally detailed in the Loan Agreement (e.g., Allocation and Withdrawal of Loan Proceeds) and the project administration manual (PAM), with consideration to the following ADB’s policies and guidelines.1

2. Eligibility of Specific Expenditures for ADB Financing. There are three categories of specific expenditure items that are considered eligible for ADB financing:

   (i) Land acquisition cost and payments for rights-of-way, expenditures in relation to involuntary resettlement or indigenous peoples, expenditures for acquisition of secondhand goods, and leased assets. These require assessment and descriptions to be included in the loan proposal. After approval of a loan, any change will be treated as a change in project2 and justified based on the relevant assessment in accordance with ADB guidelines.

   (ii) Taxes and duties on ADB-financed expenditures. Unless the country cost-sharing arrangements and eligible expenditure financing parameters3 (CSFP) and/or loan proposal provide otherwise, taxes and duties on ADB-financed expenditures are eligible for ADB financing4 provided that:

   (a) the CSFP include an assessment of eligibility for ADB financing of taxes and duties that confirm whether, first, taxes and duties are based on reasonable systems and not specifically targeted at ADB-financed projects; second, that tax and duty levels are not comparatively excessive. Correspondingly, the CSFP will specify whether ADB may not finance taxes and duties for projects in such DMC; and

   (b) the estimated taxes and duties to be incurred under the project do not represent an excessive share of the project cost.

   (iii) Incidental project expenditures. Unless the loan proposal provides otherwise, expenditures in relation to (a) recurrent cost, (b) severance pay, (c) local transport and insurance costs, (d) late payment charges imposed by suppliers and contractors, (e) bank charges, (f) nutrition assistance, and (g) interest during construction on non-ADB loans are eligible for ADB financing.5

3. Expenditures Incurred outside ADB Member Countries. These are ineligible unless ADB’s Board approves a waiver of the member country procurement eligibility restriction for such expenditure items, except for cases below.

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1 Other policies govern the extent to which particular expenditures may be financed. For example, ADB’s mandate does not allow it to engage in peacemaking, peacekeeping, or humanitarian relief (see ADB. 2022. Disaster and Emergency Assistance. Operations Manual. OM D7. Manila).
3 The country cost-sharing arrangements and eligible expenditure financing parameters are established generally in a country partnership strategy or in a memorandum to Management.
4 ADB financing of eligible taxes and duties, if any, may only be claimed through reimbursement or paid through the advance account, if any. Direct payment to the relevant tax authority of such costs by ADB is not permitted.
5 Disbursement of ADB’s financing of the items indicated in (b), (d), (f) and (g) may be made upon confirmation by the regional department.
(i) **Expenditures under consultant contracts.** Out-of-pocket expenditures (OPE) for air travel and per diem under a consultant contract are eligible for ADB financing, subject to adherence to the principles of economy and efficiency, notwithstanding that they may be incurred outside an ADB member country or involve suppliers or service providers from a non-ADB member country. However, in the event a consultant needs to purchase goods (e.g., equipment) or services (e.g., arrangements for workshops and related travels) under its contract, such items are procured within ADB member countries unless a Board waiver has been granted.

(ii) **Travel expenditures of government officials and other project-related persons.** Payments for air travel provided between ADB member countries (whether direct or involving transit through non-ADB member countries) and other travel-related expenses are eligible for ADB financing regardless of whether such air travel and travel-related expenses involve suppliers or service providers from non-ADB member countries, subject to adherence to the principles of economy and efficiency.

4. **Ineligible Expenditures per Safeguard Policy.** The ADB Prohibited Investment Activities List in the Safeguard Policy Statement (2009, amended from time to time) stipulates activities that do not qualify for ADB financing. For more details, please visit [http://www.adb.org/site/safeguards/main](http://www.adb.org/site/safeguards/main).

5. **Other Financier’s Requirements or Restrictions.** 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 or restrictions, if any, should be properly documented in the loan documents.

6. **Eligible and Ineligible Expenditures per Japan Fund for Prosperous and Resilient Asia and the Pacific Guidelines.** The Japan Fund for Prosperous and Resilient Asia and the Pacific (JFPR) Guidelines specify eligible expenditures and ineligible expenditures under JFPR grants (as the guidelines are amended from time to time, please visit [https://www.adb.org/what-we-do/funds/japan-fund-prosperous-resilient-asia-pacific](https://www.adb.org/what-we-do/funds/japan-fund-prosperous-resilient-asia-pacific) for more details).

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6 This means that the origin or destination of a consultant’s travel does not affect eligibility. The same approach applies to resource persons engaged under loan-financed projects.

7 On 1 September 2021, “Change the Japan Fund for Poverty Reduction to the Japan Fund for Prosperous and Resilient Asia and the Pacific” was approved by ADB’s Board with implementation guidelines for project grants effective 1 January 2022 (and amended from time to time).
1/8: Taxes and Duties

The standard practice of the Asian Development Bank (ADB) is to include local taxes and duties in the total project expenditure amount in the detailed cost estimate by financier. Local taxes and duties imposed within the territory of the Borrower are categorized below:

(i) **Value-added tax (VAT), gross sales tax (GST), and other similar types of taxes and duties,** that are identifiable and determinable as the final tax amount at the time of transaction. These types of taxes and duties are levied in borrowing countries on specific goods, works, and services, by adding the relevant taxes to the project costs. When ADB and/or ADB-administered cofinancier cannot finance local taxes and duties, these types of taxes are excluded from its financing.

(ii) **Income tax and other similar types of taxes and duties,** that are not identifiable and determinable as a final tax amount at the time of transaction. These types of taxes and duties are levied by tax authorities of the borrowing countries 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. Therefore, even in cases where ADB and/or ADB-administered cofinancing cannot finance local taxes and duties, these types of taxes will nevertheless **not** be excluded from its financing.

If a country has a particular type of tax that requires clarification on its nature and treatment under an ADB-financed project, the Report and Recommendation of the President (or other loan proposal) and the project administration manual should describe that tax and indicate the financier of the tax.

When ADB does not finance local taxes and duties, particular attention should be made in determining the disbursement percentage for each expenditure category in the allocation table. In such cases, one of the following two methods should be used:

(i) **Gross basis.** ADB’s 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 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 project administration manual.

(ii) **Net-of-tax basis.** If ADB intends to finance 100% or part of the cost under a certain category except 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 denotes “Exclusive of taxes and duties imposed within the territory of the Borrower” must be placed on the expenditure category in the attachment to schedule. 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 presented exclusive of 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. If the government does not provide tax exemption and the disbursement percentage in the allocation table is 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 so require.

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1. Different expenditure categories within the same attachment to schedule may be presented on the gross or net-of-tax basis, as appropriate.

2. If taxes are exempted, each invoice or claim will not indicate the amount of taxes but show only the amount of base costs; therefore, the net-of-tax basis disbursement percentages should be used, in order for ADB to finance the project costs as envisaged.
2/8: Detailed Cost Estimate by Financier and Allocation Table

**Detailed Cost Estimate by Financier**

The detailed cost estimate by financier is included in the project administration manual (PAM) and presents (i) the expenditure category, (ii) the amounts allocated to each expenditure category by financier, and (iii) the financing percentage for each category by financier.

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 are 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 may be financed.

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

(iii) **Option 3.** ADB finances eligible expenditures in accordance with different ratios specified for each expenditure category and/or subcategory. For example, the financing ratio for civil works may be 20% and 90% for equipment.

**Allocation Table**

As a basis for disbursement during project implementation, the following are summarized in an allocation table as an attachment to one of the schedules in the loan agreement for all ADB-financed projects: (i) expenditure categories, (ii) their corresponding allocation amounts, (iii) disbursement percentages, and (iv) other applicable conditions (e.g., treatment of local taxes and duties).

The allocation amount for each expenditure category is derived from the detailed cost estimates by financier.

(i) **Expenditure categories.** The project expenditures to be financed by ADB are grouped into expenditure categories in the allocation table. Expenditure categories provide a means to monitor and manage the expenditures for project activities.

(ii) **Allocation amounts.** The allocation table specifies the amount allocated to each expenditure category and is derived from the detailed cost estimates by financier. A part of the 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.

(iii) **Disbursement Percentage.** The disbursement percentage is the ratio or proportion of ADB financing that is applied to expenditures claimed under a particular expenditure category, as specified in the allocation table or other part of the loan agreement. The disbursement percentage is derived from the detailed cost estimates by financier included in the PAM, in consideration of the financing options, treatment of local taxes and duties, and other project-specific requirements.

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1. Under such an arrangement, the allocation of amounts by expenditure category may not be determined.
2. This is presented in the loan agreement as "Allocation and Withdrawal of Loan Proceeds."
3. The allocation table is completed and inserted for all types of loan agreements for projects (including sector loans, unless the information necessary to complete the table is not available at the time of ADB approval). For financial intermediation loans, the allocation table may or may not be attached to the loan agreement. For policy-based loans, allocation table is not applicable.
4. The expenditure category also refers to expenditure subcategory, unless otherwise specified.

This table is prepared on the cost-sharing financing option (whereby ADB finances eligible expenditures in accordance with different ratios specified for each expenditure category and/or subcategory). All information, including format, is for illustration purposes.

#### Detailed Cost Estimates by Financier

<table>
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<tr>
<th>Item Description</th>
<th>ADB Amount (A)</th>
<th>Financing % of Cost Category (A/C)</th>
<th>Government Amount (B)</th>
<th>Financing % of Cost Category (B/C)</th>
<th>Total Cost (C=A+B)</th>
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</thead>
<tbody>
<tr>
<td><strong>A. Investment Costs</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1. Civil Works</td>
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<td>100%</td>
<td>0.00</td>
<td>0%</td>
<td>140.00</td>
</tr>
<tr>
<td>2. Equipment</td>
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<td>100%</td>
<td>0.00</td>
<td>0%</td>
<td>30.00</td>
</tr>
<tr>
<td>3. Land Acquisition and Resettlement</td>
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<td>20.00</td>
<td>100%</td>
<td>20.00</td>
</tr>
<tr>
<td>4. Consultants</td>
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</tr>
<tr>
<td>5. Training</td>
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<td>100%</td>
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<td><strong>B. Recurrent Costs</strong></td>
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<td>1. Project Management</td>
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<td>100%</td>
<td>15.00</td>
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<tr>
<td>2. Equipment Operation and Maintenance</td>
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<td>100%</td>
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<td><strong>Subtotal (B)</strong></td>
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<td><strong>C. Contingencies</strong></td>
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<td><strong>Total Project Cost (A+B+C+D)</strong></td>
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<td>250.00</td>
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<tr>
<td><strong>% Total Project Cost</strong></td>
<td>80%</td>
<td></td>
<td>20%</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank.

Notes:
1. When ADB finances taxes and duties, the amounts for each expenditure item include local taxes and duties. Under the front-loading financing option, 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% of the total loan or grant amount.
2. Taxes and duties on ADB-financed expenditures are eligible for ADB financing unless the country cost sharing arrangements and eligible expenditure financing parameters (CSFP) established in the country partnership strategy and/or loan proposal provides otherwise, provided that:
   (i) the CSFP include an assessment of eligibility for ADB financing of taxes and duties that confirm whether (a) taxes and duties are based on reasonable systems and not specifically targeted at ADB-financed projects, and (b) tax and duty levels are not comparatively excessive. Correspondingly, the CSFP will specify whether ADB may not finance taxes and duties for projects in such DMC; and
   (ii) the estimated taxes and duties to be incurred under the project do not represent an excessive share of the project cost.
### Allocation and Withdrawal of Loan Proceeds

<table>
<thead>
<tr>
<th>Number</th>
<th>Item</th>
<th>Total Amount Allocated for ADB Financing ($)</th>
<th>Basis for Withdrawal from the Loan Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Civil Works, Equipment, Consultants, and Training</td>
<td>182,000,000</td>
<td>100% of total expenditure claimed</td>
</tr>
<tr>
<td>2</td>
<td>Financing Charges During Implementation</td>
<td>3,000,000</td>
<td>100% of total amount due</td>
</tr>
<tr>
<td>3</td>
<td>Unallocated</td>
<td>15,000,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>200,000,000</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

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. The number of categories is to be kept to the minimum required for anticipated project needs. Separate categories are required for project expenditures with different disbursement percentages, and when interest and/or other charges are financed under the loan. Separate categories may also be required when conditions for withdrawal are required to determine when disbursements for particular expenditure categories or components can begin; multiple entities are involved in the implementation of the project, in which case separate categories may help clarify allocations for each entity; and when ADB, the borrower, or other project cofinancers require close monitoring of specific expenditures, components, or activities, or want to exclude certain expenditures from ADB financing. Category 1 combines several cost categories from the Detailed Cost Estimates by Financier that have the same disbursement percentage.
3. The percentages indicated in the column “Basis for Withdrawal from the Loan Account” are disbursement percentages.
5/8: Example 2. Cost Sharing Financing Option with ADB Not Financing Taxes and Duties (Shown on Gross Basis)—Detailed Cost Estimates by Financier

(This table is prepared based on the cost-sharing financing option (whereby ADB finances eligible expenditures in accordance with different ratios specified for each expenditure category and/or subcategory). All information, including format, is for illustration purposes.)

<table>
<thead>
<tr>
<th>Item</th>
<th>ADB Amount</th>
<th>ADB Financing % of Cost Category</th>
<th>Government Amount</th>
<th>Government Amount (Taxes and duties)</th>
<th>Government Amount (Total)</th>
<th>Financing % of Cost Category</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(A)</td>
<td>(A/E)</td>
<td>(B)</td>
<td>(C)</td>
<td>(D=B+C)</td>
<td>(D/E)</td>
<td>(E=A+D)</td>
</tr>
<tr>
<td>A. Investment Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Civil Works</td>
<td>140.00</td>
<td>91%</td>
<td>13.80</td>
<td>13.80</td>
<td>9%</td>
<td>153.80</td>
<td></td>
</tr>
<tr>
<td>2 Equipment</td>
<td>20.00</td>
<td>91%</td>
<td>2.00</td>
<td>2.00</td>
<td>9%</td>
<td>22.00</td>
<td></td>
</tr>
<tr>
<td>3 Land Acquisition and Resettlement</td>
<td>0.00</td>
<td>0%</td>
<td>27.65</td>
<td>0.00</td>
<td>27.65</td>
<td>100%</td>
<td>27.65</td>
</tr>
<tr>
<td>4 Consultants</td>
<td>12.00</td>
<td>91%</td>
<td>1.20</td>
<td>1.20</td>
<td>9%</td>
<td>13.20</td>
<td></td>
</tr>
<tr>
<td>5 Training</td>
<td>1.00</td>
<td>91%</td>
<td>0.10</td>
<td>0.10</td>
<td>9%</td>
<td>1.10</td>
<td></td>
</tr>
<tr>
<td>Subtotal (A)</td>
<td>173.00</td>
<td></td>
<td>27.65</td>
<td>17.10</td>
<td>44.75</td>
<td></td>
<td>217.75</td>
</tr>
<tr>
<td>B. Recurrent Costs (Note)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Project Management</td>
<td>5.00</td>
<td>80%</td>
<td>1.14</td>
<td>0.11</td>
<td>1.25</td>
<td>20%</td>
<td>6.25</td>
</tr>
<tr>
<td>2 Equipment Operation and Maintenance</td>
<td>4.00</td>
<td>80%</td>
<td>0.90</td>
<td>0.10</td>
<td>1.00</td>
<td>20%</td>
<td>5.00</td>
</tr>
<tr>
<td>Subtotal (B)</td>
<td>9.00</td>
<td></td>
<td>2.04</td>
<td>0.21</td>
<td>2.25</td>
<td></td>
<td>11.25</td>
</tr>
<tr>
<td>Total Base Cost</td>
<td>182.00</td>
<td></td>
<td>29.69</td>
<td>17.31</td>
<td>47.00</td>
<td></td>
<td>229.00</td>
</tr>
<tr>
<td>C. Contingencies</td>
<td>15.00</td>
<td></td>
<td>3.00</td>
<td>0.00</td>
<td>3.00</td>
<td></td>
<td>18.00</td>
</tr>
<tr>
<td>D. Financing Charges During Implementation</td>
<td>3.00</td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td>3.00</td>
</tr>
<tr>
<td>Total Project Cost (A+B+C+D)</td>
<td>200.00</td>
<td>80%</td>
<td>32.69</td>
<td>17.31</td>
<td>50.00</td>
<td>20%</td>
<td>250.00</td>
</tr>
</tbody>
</table>

6/8: Example 2. Cost-Sharing Financing Option with ADB Not Financing Taxes and Duties (Shown on Gross Basis)—Attachment to Schedule of Loan Agreement

(This table is derived from the preceding page 5/8, and assumes (i) the cost-sharing financing option (whereby ADB finances eligible expenditures in accordance with different ratios specified for each expenditure category and/or subcategory) and (ii) the gross basis to exclude taxes and duties from ADB financing. All information, including format, is for illustration purposes.)

<table>
<thead>
<tr>
<th>Number</th>
<th>Item</th>
<th>Total Amount Allocated for ADB Financing ($)</th>
<th>Basis for Withdrawal from the Loan Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Civil Works, Equipment, Consultants, and Training</td>
<td>173,000,000</td>
<td>91% of total expenditure claimed</td>
</tr>
<tr>
<td>2</td>
<td>Recurrent Costs</td>
<td>9,000,000</td>
<td>80% of total expenditure claimed</td>
</tr>
<tr>
<td>3</td>
<td>Financing Charges During Implementation</td>
<td>3,000,000</td>
<td>100% of total amount due</td>
</tr>
<tr>
<td>4</td>
<td>Unallocated</td>
<td>15,000,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>200,000,000</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1. The disbursement percentage may be presented on a net-of-tax basis in order to exclude taxes and duties from ADB financing (see presentation below). Typically, the net-of-tax basis presentation is appropriate when the government’s counterpart financing for taxes and duties for a category is provided in the form of tax exemption. In such case, the disbursement percentage should be calculated using only the amount of base costs (i.e., exclusive of taxes and duties). 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 (i.e., 100%*) 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 so require.

<table>
<thead>
<tr>
<th>Number</th>
<th>Item</th>
<th>Total Amount Allocated for ADB Financing ($)</th>
<th>Basis for Withdrawal from the Loan Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Civil Works, Equipment, Consultants, and Training</td>
<td>173,000,000</td>
<td>100% of total expenditure claimed*</td>
</tr>
</tbody>
</table>

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

2. The number of categories is to be kept to the minimum required for anticipated project needs. Separate categories are required for project expenditures with different disbursement percentages, and when interest and/or other charges are financed under the loan. Separate categories may also be required when conditions for withdrawal are required to determine when disbursements for particular expenditure categories or components can begin; multiple entities are involved in the implementation of the project, in which case separate categories may help clarify allocations for each entity; and when ADB, the borrower, or other project cofinanciers require close monitoring of specific expenditures, components, or activities, or want to exclude certain expenditures from ADB financing.

3. The percentages indicated in the column “Basis for Withdrawal from the Loan Account” are disbursement percentages.
7/8: Example 3. Cost-Sharing Financing Option with ADB Not Financing Taxes and Duties (Shown on Net-of-Tax Basis)—Detailed Cost Estimates by Financier

[This table is prepared based on the cost-sharing financing option (whereby ADB finances eligible expenditures in accordance with different ratios specified for each expenditure category and/or subcategory). This way of presentation may be appropriate when the government will finance all taxes and duties through exemption, and the Attachment to Schedule will state 100%, i.e., exclusive of taxes and duties imposed within the territory of the Borrower, for all cost categories. All information, including format, is for illustration purposes.]

<table>
<thead>
<tr>
<th>Item</th>
<th>ADB Amount</th>
<th>ADB Financing % of Cost Category</th>
<th>Government Amount</th>
<th>Government Financing % of Cost Category</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Investment Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Civil Works</td>
<td>140.00</td>
<td>100%</td>
<td>0.00</td>
<td>0%</td>
<td>140.00</td>
</tr>
<tr>
<td>2. Equipment</td>
<td>20.00</td>
<td>100%</td>
<td>0.00</td>
<td>0%</td>
<td>20.00</td>
</tr>
<tr>
<td>3. Land Acquisition and Resettlement</td>
<td>0.00</td>
<td>0%</td>
<td>13.00</td>
<td>100%</td>
<td>13.00</td>
</tr>
<tr>
<td>4. Consultants</td>
<td>12.00</td>
<td>100%</td>
<td>0.00</td>
<td>0%</td>
<td>12.00</td>
</tr>
<tr>
<td>5. Training</td>
<td>1.00</td>
<td>100%</td>
<td>0.00</td>
<td>0%</td>
<td>1.00</td>
</tr>
<tr>
<td>Subtotal (A)</td>
<td>173.00</td>
<td></td>
<td>13.00</td>
<td></td>
<td>186.00</td>
</tr>
<tr>
<td>B. Recurrent Costs (Note 1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Project Management</td>
<td>5.00</td>
<td>100%</td>
<td>0.00</td>
<td>0%</td>
<td>5.00</td>
</tr>
<tr>
<td>2. Equipment Operation and Maintenance</td>
<td>0.00</td>
<td>0%</td>
<td>7.10</td>
<td>100%</td>
<td>7.10</td>
</tr>
<tr>
<td>Subtotal (B)</td>
<td>5.00</td>
<td></td>
<td>7.10</td>
<td></td>
<td>12.10</td>
</tr>
<tr>
<td>Total Base Cost</td>
<td>178.00</td>
<td></td>
<td>20.10</td>
<td></td>
<td>198.10</td>
</tr>
<tr>
<td>C. Taxes and Duties (Note 2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Financing Charges During Implementation</td>
<td>5.00</td>
<td></td>
<td>0.00</td>
<td></td>
<td>5.00</td>
</tr>
<tr>
<td>Total Project Cost (A+B+C+D)</td>
<td>200.00</td>
<td>80%</td>
<td>50.00</td>
<td>20%</td>
<td>250.00</td>
</tr>
<tr>
<td>% Total Project Cost</td>
<td>80%</td>
<td></td>
<td>20%</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Notes:
2. Typically, the net-of-tax basis presentation is appropriate when the government’s counterpart financing for taxes and duties is provided in the form of tax exemption. In such case, the disbursement percentage should be calculated using only the amount of base costs (i.e., exclusive of taxes and duties). 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 (i.e., 100%) 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 so require.
8/8: Example 3. Cost Sharing Financing Option with ADB Not Financing Taxes and Duties (Shown on Net-of-Tax Basis)—Attachment to Schedule of Loan Agreement

[This table is derived from the preceding page 7/8 and assumes (i) the cost-sharing financing option (whereby ADB finances eligible expenditures in accordance with different ratios specified for each expenditure category and/or subcategory) and (ii) the net-of-tax basis to exclude taxes and duties from ADB financing. All information, including format, is for illustration purposes.]

<table>
<thead>
<tr>
<th>Number</th>
<th>Item</th>
<th>Total Amount Allocated for ADB Financing ($)</th>
<th>Basis for Withdrawal from the Loan Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Civil Works, Equipment, Consultants, Training, and Recurrent Costs</td>
<td>178,000,000</td>
<td>100% of total expenditure claimed*</td>
</tr>
<tr>
<td>2</td>
<td>Financing Charges During Implementation</td>
<td>5,000,000</td>
<td>100% of total amount due</td>
</tr>
<tr>
<td>3</td>
<td>Unallocated</td>
<td>17,000,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>200,000,000</td>
<td></td>
</tr>
</tbody>
</table>

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

Notes:
1. 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 circumstances so require.
2. The number of categories is to be kept to the minimum required for anticipated project needs. Separate categories are required for project expenditures with different disbursement percentages, and when interest and/or other charges are financed under the loan. Separate categories may also be required when conditions for withdrawal are required to determine when disbursements for particular expenditure categories or components can begin; multiple entities are involved in the implementation of the project, in which case separate categories may help clarify allocations for each entity; and when ADB, the borrower, or other project cofinanciers require close monitoring of specific expenditures, components, or activities, or want to exclude certain expenditures from ADB financing. Category 1 combines several cost categories from the Detailed Cost Estimates by Financier that have the same disbursement percentage.
3. The percentages indicated in the column “Basis for Withdrawal from the Loan Account” are disbursement percentages.
PAYMENT OF FINAL AUDIT FEES

1. **Eligibility.** The costs of annual audits are eligible for ADB financing. It is important for the borrower to ensure a proper cost category is provided in the detailed costs estimates, if the costs of audits are to be financed by the 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 4.22).

3. **Conditions.** When the final audit is not completed before the loan closing date, special arrangements are 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, as expenditures incurred, under the conditions that (a) the borrower signs a contract or audit engagement for the final audit prior to the loan closing date, and (b) the contract is a 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 4.20), the final audit fees may be disbursed through reimbursement if the borrower has already paid, the advance fund, or direct payment to the auditor.

5. **Payment after the Winding-up Period.** If the audit fee cannot be paid 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 required supporting documentation, including a copy of the 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 project financial statements and audit report 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 is defined as the receipt and acceptance of the final audit report by the borrower.

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 manner: 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 advance 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 advance account if the advance account has a sufficient balance remaining or submit a direct payment application (Chapter 9) to enable ADB to deposit the amount directly in the escrow account. The deposit to the escrow account should be made prior to the end of the winding-up period.

(iv) The commercial bank will make the payment to the auditor in accordance with the letter of agreement. 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.

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The letter of agreement should include the following elements: (i) the purpose of the escrow account is for the payment of the 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; (iii) the escrow agent will provide a monthly account statement; (iv) the payment of the auditor’s claim will be made for the audit completed within 6 months after the loan closing date, unless otherwise accepted by ADB. 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 (v) 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.
### APPENDIX 5A

**Withdrawal Application**

<table>
<thead>
<tr>
<th>To:</th>
<th>Asian Development Bank (ADB)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6 ADB Avenue, Mandaluyong City</td>
</tr>
<tr>
<td></td>
<td>1550 Metro Manila, Philippines</td>
</tr>
<tr>
<td>Attention:</td>
<td>Loan Administration Division, Controller's Department (CTLA)</td>
</tr>
</tbody>
</table>

#### 1. Type of Disbursement (indicate an ‘x’ in the appropriate box)

- [ ] Reimbursement
- [ ] Initial/Additional Advance
- [ ] Liquidation Only
- [ ] Policy-based Lending
- [ ] Results-based Lending
- [ ] Liquidation and Replenishment

#### 2. In connection with the Loan or Grant Agreement (Agreement) of the said ADB Loan or Grant number, please pay from the Loan or Grant Account (Account):

<table>
<thead>
<tr>
<th>Application Currency</th>
<th>Application Amount (in figures)</th>
<th>Application Amount (in words)</th>
</tr>
</thead>
</table>

#### 3. Payment Instructions (Not required in the case of liquidation only):

**A. Payee's Name and Address**

<table>
<thead>
<tr>
<th>Payee's Name &amp; Address</th>
</tr>
</thead>
</table>

**B. Name and Address of Payee's Bank and Account No.**

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Bank Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payee's Account No.</td>
<td>SWIFT Code</td>
</tr>
</tbody>
</table>

**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)**

<table>
<thead>
<tr>
<th>Bank 1 Name</th>
<th>Bank 1 Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account No. of Payee's Bank</td>
<td>SWIFT Code</td>
</tr>
<tr>
<td>Bank 2 Name</td>
<td>Bank 2 Address</td>
</tr>
<tr>
<td>Account No. of Bank 1</td>
<td>SWIFT Code</td>
</tr>
</tbody>
</table>

#### 4. This application consists of (indicate an ‘x’ in the appropriate box(es)):

- [ ] Summary/Statement of Expenditures (SOE) sheets
- [ ] Estimate of Expenditures sheets
- [ ] Copies of supporting documents (e.g., invoices, receipts, etc.)
- [ ] Others (please specify or attach list as necessary):

#### 5. The undersigned certifies and agrees as follows:

- [ ] a. The expenditures were or will be made for the purposes specified in the Agreement and in accordance with its terms and conditions, and the undersigned has not previously withdrawn from the Account or obtained or will obtain any other loan, credit, or grant for the purpose of fully or partially meeting these expenditures.
- [ ] b. The works, goods, or services claimed for reimbursement, liquidation of advance, or direct payment have been procured in accordance with the Agreement and the cost and terms of the purchase thereof are reasonable and in accordance with the relevant contract(s).
- [ ] c. The works, goods, or services were or will be produced in and supplied by a member country of ADB, unless specifically permitted otherwise by the ADB Board of Directors.
- [ ] d. This application is claimed in accordance with ADB’s Loan Disbursement Handbook, and all documents related to the expenditures covered by this application are available for examination by auditors and by ADB upon request.
- [ ] e. Unless otherwise restricted in the Agreement, if the disbursement pursuant to this application results in the agreed allocation of the corresponding expenditure categories of the Account being exceeded, ADB may process the disbursement and subsequently reallocate to such categories from other categories to the extent required to meet the shortfall.
- [ ] f. The payee is able to receive payments through the international banking system.
- [ ] g. For direct payment, the payee is not on ADB’s complete Sanctions List, based on checks done by the borrower, the executing agency, or the implementing agency pursuant to the Project Administration Manual, other project documents and applicable ADB regulations, and in connection with the underlying contracts related to this withdrawal application. A guide on ADB’s complete Sanctions List and how to get access to it is available at www.adb.org/publications/faqs-adb-sanctions.
- [ ] h. For direct payment, the payee is not subject to sanctions by decisions of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

<table>
<thead>
<tr>
<th>By (Name of Borrower or Recipient)</th>
<th>Date Signed</th>
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</table>

**Signature of Authorized Representative(s)**

<table>
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<th>Printed Name/Title of Authorized Representative(s)</th>
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</table>

ADB Form No. ADB-WA
Instructions for preparing the Withdrawal Application Form (ADB Form No. ADB-WA)

General Instructions

- Submit original withdrawal application (WA) form to the Asian Development Bank (ADB) (or to its resident/regional Mission, if instructed).
- Number WA consecutively, using five digits or characters.
- The value of a WA should be at least US$200,000 equivalent, or 1% of the loan or grant amount, whichever is lower, unless otherwise stipulated in the Project Administration Manual (PAM). Individual payments below this amount should be paid (i) by the Borrower or Recipient and subsequently claimed to ADB through reimbursement, or (ii) through the advance fund procedure (if such procedure is stipulated in the PAM), unless otherwise accepted by ADB.
- When the WA 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 disbursement.

Withdrawal References

- ADB Loan or Grant No.: Indicate the number assigned by ADB to the Loan or Grant Agreement (i.e., Loan or Grant + [4 digits serial numbers][3 characters of country code]).
- Application No.: Number WA consecutively using 5 digits or characters. 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.

1. Type of Disbursement: Check the appropriate box of the disbursement type, whether for (i) reimbursement, (ii) direct payment, (iii) policy-based lending (PBL), (iv) results-based lending (RBL), (v) initial/additional advance, (vi) liquidation and replenishment, or (vii) liquidation only.

2. Application Amount

- Application Currency: Indicate the name of the currency requested for disbursement and/or liquidation. Prepare separate WA for each application currency and each payee. The application currency for direct payment or reimbursement procedure is the currency of the contract or the currency in which the cost of goods and services has been paid or is payable. The application currency for the advance fund procedure is the currency of the advance account. For PBL and RBL, the application currency is the currency of the denomination of the PBL and RBL as specified in the legal agreement (e.g., the Special Drawing Rights (SDR)).
- Application Amount: Indicate the amount to be disbursed and/or liquidated in figures and words. The amount must be the sum of the summary/statement of expenditures (SOE) sheet(s) (except PBL and RBL). For RBL, the application amount should equal the amount indicated in the summary sheet for results-based lending.

3. Payment Instructions

A. Payee’s Name and Address: Indicate full name and address of the payee for identification of payment.

B. 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. Provide SWIFT code if the payee’s bank is a member of SWIFT.

C. Correspondent Bank: When payment is to be made to a payee’s bank not located in the country of the disbursement currency, indicate full name and address of its correspondent bank located in the country of the disbursement currency. Provide SWIFT code if the bank is a member of SWIFT. (If the payee’s bank does not have a correspondent account in a bank located in the country of the disbursement currency, indicate an intermediary bank in Bank 1, and indicate its correspondent bank located in the country of disbursement currency in Bank 2. The head office of the payee’s bank can also act as an intermediary bank, as applicable, provided that the bank is a member of SWIFT.)

D. Special Payment Instructions: Indicate any particulars, special instructions, or references to facilitate payment or identification of payment. When the disbursement currency is different from the application currency for the PBL and RBL (e.g., Concessional Loans from Ordinary Capital Resources), indicate “pay the application amount in [the currency name to be disbursed] equivalent.”

4. Documentation

Summary/SOE Sheets: Submit separate form for each category or subcategory. List items of payment to the same supplier together, one below another.

Summary Sheet for Results-based Lending: Submit the Summary Sheet for Results-based lending (RBL) to CTL for clearance together with a draft version of the WA.

Certificates for Force Account for Works (FAW): Submit two certificates (Parts I and II) for FAW. These certificates are applicable if such procedure is stipulated in the PAM.

Estimate of Expenditures Sheet: Submit this form for initial or additional advance to the advance account, or if the requested level of advance is larger than the appropriate level of advance. The estimate should be endorsed by the ADB’s project officer or specialist in charge of administration of the project. Estimated expenditures for the forthcoming 6 months should normally be based on the amount of contracts awarded and to be awarded. For expenditures related to operational costs, the amount should be linked to the project’s annual budget provision.

Advance Account Reconciliation Statement: Submit this form for liquidation and/or replenishment of the advance account. A copy of the ending balance per the corresponding bank statement should be attached.

Copies of Supporting Documents: Submit supporting documents in accordance with the Loan Disbursement Handbook (Section 7.6, 8.30, 9.5, or 10.6) to substantiate eligibility of the expenditure claimed (except PBL and RBL), unless SOE or FAW procedure is applicable to the payments.

5. Certifications and Signature

Certifications: Modifications to any certification are not valid or binding, unless otherwise agreed by ADB.

By (Name of Borrower or Recipient): Fill in the name it appears in the Loan or Grant Agreement.

Date Signed: Enter the date WA is signed by authorized representative(s), not the date it was prepared.

Authorized Representative(s): Pass this application to authorized representative(s), who is (are) designated in the Evidence of Authorized Persons to Sign Withdrawal Applications form submitted to ADB. Verify that the list of authorized representative(s) has not been changed.

1 Online submission of WA using the ADB’s Client Portal for Disbursements (CPD) (https://cpd.adb.org) is encouraged.

2 A PAM is prepared for project loans, Activity Administration Manual (AAM) for Small Expenditure Financing Facility (SEFF), Facility Administration Manual (FAM) for multistance financing facility (MFF), and a Program Implementation Document (PID) for results-based lending (RBL). The term “PAM” also refers to these (and similar) documents unless the context requires otherwise.
# SUMMARY/STATEMENT OF EXPENDITURES (SOE) SHEET FOR PROJECT LOANS/GRANTS

## Type of Form (Select one appropriate box):
- [ ] Summary Sheet
- [ ] SOE Sheet

Indicate applicable SOE ceiling, if any:

## Type of Disbursement:
- [ ] Reimbursement
- [ ] Liquidation of Advance
- [ ] Direct Payment

### ADB Loan/Grant No.

### Application No.

### Category/subcategory No.

### Sheet No.

For the period: From ______ to ______

<table>
<thead>
<tr>
<th>Item No.</th>
<th>EA's Contract/PO Record No.</th>
<th>ADB Contract No.</th>
<th>Description of Goods and Services</th>
<th>Name and Address of Supplier</th>
<th>Total Amount of Bill Paid/Payable ( (i) )</th>
<th>ADB's Disbursement Percentage ( (ii) )</th>
<th>ADB's Share of Expenditures ( (iii = i \times ii) )</th>
<th>Exchange Rate ( (iv) )</th>
<th>Amount for Liquidation ( (v = iii / iv) )</th>
<th>Remarks ( a )</th>
<th>Date Paid ( b )</th>
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**TOTAL \( e1 \) - TOTAL \( e2 \)

Add: Total from previous sheet (if any)

Total claim amount

EA = Executing Agency, PO = Purchase Order.

**Notes:**

a. Prepare separate form for each category or subcategory.
b. Summary Sheet is used for direct payment, or for expenditures for which supporting documents are required to be submitted to ADB (e.g. individual payments exceeding any applicable SOE ceiling).
c. Not applicable for direct payment procedure.
d. For all individual payments exceeding any applicable SOE ceiling, prepare a separate summary sheet (Appendix 6A) and attach the required supporting documents.
e. Ensure that the total claim amount or the aggregate total claim amount of all summary/SOE sheets agrees with the amount indicated in the withdrawal application for (i) reimbursement or direct payment (e1) or (ii) advance fund (e2).
f. Applicable for liquidation of advance under the advance fund procedure. Indicate the actual foreign exchange rates used for each transaction (see additional notes and illustration on the next page).
g. Indicate down payment, advance payment, an installment payment number, Interim Payment Certificate number or other relevant information. If the item was claimed in a previous WA but withheld by ADB, indicate the WA no. where the item was previously claimed, and the reason why the item was withheld.
h. Applicable only for liquidation of advance or reimbursement.

ADB Form No. ADB-SS/SOE
### Additional Notes on Foreign Exchange Rate to Calculate Amount to be Charged to Advance Account (footnote f)

1. Related to Note (f) of the Summary/SOE Sheet, if the advance account (e.g., in US$) is converted to a local currency (e.g., som) for a particular transaction, the actual foreign exchange rate used for the conversion is the rate to be used for such transaction. It is inappropriate to use foreign exchange rates that were not actually used for such transaction, (e.g., reference rate published by a bank or a government agency) because the accumulation of foreign currency translation differences must be avoided.

2. If the advance fund (e.g., US$) is transferred to a subaccount maintained in 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 Nos. 1–3 in 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 were not actually used for such transaction (e.g., reference rate published by a bank or a government agency) because accumulation of foreign currency translation differences must be avoided. Following this standard practice is important to avoid any reconciliation and/or account closing issues.

3. If a specific payment previously made from a subaccount in a local currency (e.g., ineligible expenditure) is refunded to the subaccount, the same foreign exchange rate used for the Transaction (i.e., the specific payment being refunded) should be applied to record the refund in the advance account currency (e.g., US$, see Nos. 4–5 in illustration below).

### Illustration of Transactions in a Subaccount in Som

<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 @ 85 som/$1 (from the advance account)</td>
<td>5,000 som @ 85 som/$1</td>
<td>5,000 som @ 85 som/$1</td>
</tr>
<tr>
<td>2</td>
<td>5,000 som @ 85 som/$1</td>
<td>15,000 som @ 84.5 som/$1 (from the advance account)</td>
<td>10,000 som</td>
<td>10,000 som @ 84.5 som/$1</td>
</tr>
<tr>
<td>3</td>
<td>10,000 som @ 84.5 som/$1</td>
<td>20,000 som @ 84 som/$1 (from the advance account)</td>
<td>25,000 som</td>
<td>5,000 som @ 84 som/$1</td>
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<tr>
<td>4</td>
<td>5,000 som @ 84 som/$1</td>
<td>5,000 som @ 85 som/$1 (refund of item No. 2-1)</td>
<td>(1) 10,000 som @ 84.5 som/$1 (2) 5,000 som @ 84.5 som/$1</td>
<td>10,000 som</td>
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<tr>
<td>5</td>
<td>10,000 som</td>
<td>0 som</td>
<td>5,000 som @ 84 som/$1</td>
<td>5,000 som @ 85 som/$1</td>
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<td>5,000 som @ 85 som/$1</td>
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<td>5,000 som @ 85 som/$1</td>
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</table>

Note: The amount and exchange rates are only for illustration purposes.
# Summary/Statement of Expenditures (SOE) Sheet for Financial Intermediation Loans/Grants

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

**Type of Form**

Select (one) appropriate box:
1. **Summary Sheet**
2. **SOE Sheet**

- Indicate applicable SOE ceiling, if any:

**Type of Disbursement**

- Reimbursement
- Liquidation of Advance
- Direct Payment

## Forms

<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 Percentage</th>
<th>Subloan Amount to be Financed by ADB</th>
<th>Amount of Individual Payment Claimed</th>
<th>Cumulative Amount of Disbursement for the Subloan</th>
<th>Remarks</th>
<th>Date Paid</th>
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**Notes:**

- **ADB's complete Sanctions List and how to get access to it is available at www.adb.org/publications/faqs-adb-sanctions.**

- Sub-borrowers should not be on ADB’s complete Sanctions List, nor subject to sanctions by decisions of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations. A guide on ADB’s complete Sanctions List and how to get access to it is available at www.adb.org/publications/faqs-adb-sanctions.

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

- Applicable only for liquidation of advance or reimbursement.

**ADB Form No.** ADB-FI-SS/SOE
Certificate (Part I) for Force Account for Works
ADB Loan/Grant No.

Date: _____________________

It is certified that as of ____________ (date) the cumulative progress on the work relating to ____________ (project name) 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 for Works
ADB Loan/Grant No.

The amount of ADB loan/grant allocated for financing this force account for works is US$ 1 _____________. 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 for 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 US$ _____________________
(this application)

It is hereby certified that (i) expenditures have been incurred for proper execution of project activities under the terms and conditions of the Loan/Grant Agreement, and (ii) all documentation authenticating these expenditures has been retained by the borrower/recipient 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])

1 The currency of the amount allocated for the force account for works.
2 Representative of executing agency or implementing agency, as appropriate.
1/2: Checklist for Submitting Withdrawal Applications—Reimbursement

For Reimbursement Procedures in General

1. Has the pertinent contract been sent to ADB?

2. For the original hard copy withdrawal application (WA), is the WA signed by an authorized signatory?

3. For the original hard copy WA, has a separate application been completed for each currency?

4. For the original hard copy WA, has a separate application been completed for each payee, as appropriate?

5. Has a separate summary/statement of expenditures (SOE) sheet been prepared for each category or subcategory and are items grouped by contract number?

6. Has ADB’s contract number been indicated for each expenditure item in the summary/SOE sheet(s)?

7. Are expenditures eligible for financing in accordance with the terms and conditions of the loan agreement and the project administration manual (PAM)?

8. For the original hard copy WA, are the borrower’s bank account number, name of bank, and correspondent bank (if applicable) shown on the payment instructions?

9. Are the required supporting documents attached, as appropriate?

10. If supporting documents are written in the local language, is 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) provided?

For Statement of Expenditures Procedure—Reimbursement

1. Is the SOE procedure provided for in the PAM?

2. If an individual payment exceeds the SOE ceiling, if any, are the required supporting documents attached to the withdrawal application?
## Narrative Procedures for the Reimbursement Procedure

<table>
<thead>
<tr>
<th>Responsible Person/Unit</th>
<th>Activity</th>
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| **Borrower**            | **For Reimbursement:**  
|                         | • Completes the withdrawal application in the Client Portal for Disbursements (or by using form ADB-WA [Appendix 5A])  
|                         | • Completes the corresponding summary/statement of expenditures (SOE) sheet using form ADB-SS/SOE (Appendix 6A)  
|                         | **For Reimbursement when SOE Procedure is not used,**  
|                         | the following supporting documents are attached:  
|                         | • The contract or confirmed purchase order indicating the amount and due date, if not yet submitted to ADB  
|                         | • A copy of invoice, bill, or claim  
|                         | • A copy of the receipt or evidence of payment  
|                         | **For Force Account for Works Certificate Procedure:**  
|                         | • Attaches signed certificates parts 1 and 2 (Appendix 6C) to the signed withdrawal application and summary sheet(s)  
| **ADB**                 | • Receives the completed forms and related documentation |
**APPENDIX 8A**  
**Estimate of Expenditures Sheet**

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**ESTIMATE OF EXPENDITURES To BE FINANCED FROM THE ADVANCE ACCOUNT**

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</tr>
</tbody>
</table>

ADB Loan/Grant No.  
Application No.  
Estimate Sheet No.  
Period Covered:

1. Total this page
2. Add: Total from previous sheet(s) if any
3. Total estimated expenditures to be financed from the advance account

4. Requested level of advance
5. Less: Current outstanding amount advanced to the advance account, if any
6. Requested amount for initial/additional advance

---

**Notes:**

a. The cost estimate and request for advance should not include expenditure categories, which are subject to conditions for withdrawal (or disbursement conditions) that have not been met.

b. Estimate of expenditures (EES) should normally be for the forthcoming 6-month period (e.g., for replenishment requests, if the balance of the advance account per bank statement is as of 30 June, forthcoming 6-month period should be from July to December). EES for a period longer than 6 months will not be accepted.

c. EES should be based on the amount of contracts awarded and to be awarded. For expenditures related to operational costs, the amount should be linked to the project's annual budget provision. Indicate ADB's contract number or borrower's contract number, if the contracts have been awarded.

d. Indicate Contractor/Consultant/Supplier name, if known at the time this form is prepared. Otherwise, leave blank.

e. For the estimate of expenditures in local currency, the prevailing commercial exchange rate of the depository bank (advance account) on the day of preparation of the withdrawal application.

f. Indicate in the currency of the advance account stipulated in the Project Administration Manual.

g. Items 5 and 6 are only applicable to requests for initial and/or additional advance.

h. Item 6 should be equal to the amount requested in a withdrawal application for initial and/or additional advance.

---

ADB Form No. ADB-AF-EES
# ADVANCE ACCOUNT RECONCILIATION STATEMENT (AARS)

**LOAN/GRAINT NO.**

<table>
<thead>
<tr>
<th><strong>Bank Account Number:</strong></th>
<th><strong>With (Bank):</strong></th>
</tr>
</thead>
</table>

**1 PRESENT OUTSTANDING AMOUNT ADVANCED**

TO THE ADVANCE ACCOUNT NOT YET RECOVERED

US$ 4,000,000.00

**2 BALANCE of advance account as of**

per bank statement b

US$- 

**3 ADD: Amount of eligible expenditures claimed in attached**

application (WA No. )

US$- 

**4 ADD: Amount claimed in previous applications not yet credited**

at date of bank statement

US$- 

**Withdrawal Application No.**

<table>
<thead>
<tr>
<th>US$</th>
<th>Amount</th>
</tr>
</thead>
</table>

**5 TOTAL amount withdrawn from the advance account but not yet**

claimed for replenishment

a. Subaccount(s)

a.1 Total balance for subaccount #1 US$ - 

a.2 Total balance for subaccount #2 US$ - 

a.3 Total balance for subaccount #3 US$ - 

a.4 Total balance for subaccount #4 US$ - 

a.5 Total balance for subaccount #5 US$ - 

Total subaccount balances accounted for US$ - 

b. Transfer(s) in transit US$ - 

c. Petty cash balance US$ - 

d. Amount of unliquidated expenses d

US$ - 

e. Others [please specify, for example, bank charges, etc.] US$ - US$ - 

**6 TOTAL ADVANCE ACCOUNTED FOR**

US$ - 

[Explain any discrepancy between totals appearing in lines 1 and 6 above (e.g., earned interest credited to the account, etc.).]

**7 ADVANCE ACCOUNT TURNOVER RATIO**

| 1.60 |

**8 APPROPRIATE LEVEL OF ADVANCE BALANCE**

(item 1 x item 7 x 6/12)

US$ 3,200,000.00

**9 REQUESTED LEVEL OF ADVANCE**

US$ 4,000,000.00

Attach the latest estimate of expenditures (use the form of Appendix 8A) if the amount of item 9 is larger than the lower of item 1 or item 8 (See Loan Disbursement Handbook, Sections 8.13 and 8.18).

Notes:

a. Indicate the currency of the advance account stipulated in the Project Administration Manual.

b. A copy of the relevant page of the corresponding bank statement showing the ending balance of the advance account as of the reconciliation date should be attached.

c. List all existing subaccount(s) with corresponding amount advanced. Reconciliation statements and bank statements for subaccount(s) should be retained at the office of the borrower and/or executing agency (EA).

d. The unliquidated expenditures should be itemized and reconciled with the records in the borrower/EA’s accounting systems.

Lists of the unliquidated expenses should be retained by the borrower and/or EA, unless submission thereof is requested by ADB.

e. Indicate the advance account turnover ratio as of the month end nearest to the date of the bank statement. Advance account turnover ratio reports are available on the Loan Financial Information Services/Grant Financial Information Services (LFIS/GFIS) website (https://lfis.adb.org).

f. All figures are indicated for illustration purposes only.

ADB Form No. ADB-AF-AARS
APPENDIX 8C
Example of Subaccount Reconciliation Statement

ISSUED: OCTOBER 2022

EXAMPLE OF SUBACCOUNT RECONCILIATION STATEMENT

Project Implementation Unit: ___________________________ With (Bank): ___________________________
Bank Account Number: _____________________________ Bank Address: ____________________________

1 PRESENT OUTSTANDING AMOUNT ADVANCED
TO THE SUBACCOUNT NOT YET RECOVERED

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

2 BALANCE of subaccount 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/mm/yyyy</td>
<td>xxxxx</td>
<td>xxxxx</td>
</tr>
<tr>
<td>dd/mm/yyyy</td>
<td>xxxxx</td>
<td>xxxxx</td>
</tr>
<tr>
<td>dd/mm/yyyy</td>
<td>xxxxx</td>
<td>xxxxx</td>
</tr>
</tbody>
</table>

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

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

4 ADD: Petty Cash balance at date

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

5 UNLIQUIDATED EXPENSES — expenditures paid from subaccount but not yet claimed for replenishment

5.1 ________________
5.2 ________________
5.3 ________________
5.4 ________________

6 TOTAL ADVANCE ACCOUNTED FOR

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

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

Notes:

a. This statement is recommended for proper internal control of executing agency and implementing agency and not required as attachment to Withdrawal Application for submission to ADB. This is submitted to ADB upon its request.

b. Total amount advanced should tally with amount shown in item no. 5 (a) of the Advance Account Reconciliation Statement (AARS).

c. If the subaccount is maintained in a different currency from the currency of the advance account, indicate exchange rates used at the time of advance/replenishment from the main advance account.

d. Indicate the currency of the advance account.

ADB Form No. ADB-AF-SARS
1/2: Checklist for Submitting Withdrawal Applications—Advance Fund Procedure

For Advance Fund Procedures in General

1. Is the advance fund procedure authorized by ADB for this loan and described in the project administration manual?
2. For the original hard copy withdrawal application, is the withdrawal application signed by an authorized signatory?
3. Are both the advance account reconciliation statement and the ending balance per corresponding bank statement included to support the request for liquidation or replenishment?
4. Are expenditures eligible for financing in accordance with the terms and conditions of the loan agreement and the project administration manual?
5. Has a separate summary/statement of expenditures (SOE) sheet been prepared for each category or subcategory?
6. Has a contract number been indicated for each expenditure item in the summary/SOE sheet(s)?
7. Are the required supporting documents attached, as appropriate?
8. If supporting documents are written in the local language, is 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) provided?
9. 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 8.20)?
10. Is an appropriate level of advance requested after review of the turnover ratio of the advance account?
11. Is the projection for the next 6 months for initial or additional advance attached to the withdrawal application (sections 8.12 and 8.18)?
12. Is the currency of withdrawal application the same as the currency of the advance account?
13. Are the payment instructions complete?

For Statement of Expenditures Procedure—Advance Fund

1. Is the SOE procedure provided for in the project administration manual?
2. If an individual payment exceeds the SOE ceiling, if any, are the required supporting documents attached to the withdrawal application?
## 2/2: Narrative Procedures for Advance 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 Advance Account</strong></td>
<td></td>
</tr>
<tr>
<td>Borrower</td>
<td>• Completes the withdrawal application in the Client Portal for Disbursements (or by using form ADB-WA [Appendix 5A]) and an estimate of expenditures sheet using form ADB-AF-EES (Appendix 8A)</td>
</tr>
<tr>
<td>ADB</td>
<td>• Receives the completed forms and disburses the advance for deposit to the borrower’s advance account</td>
</tr>
<tr>
<td><strong>B. Liquidation or Replenishment of the Advance Account</strong></td>
<td></td>
</tr>
</tbody>
</table>
| Borrower                | • Completes the withdrawal application in CPD (or by using form ADB-WA [Appendix 5A]) and the applicable summary/statement of expenditures (SOE) sheet using form ADB-SS/ SOE or form ADB-FI-SS/SOE (Appendix 6A or 6B), or certificates for force account for works (Appendix 6C) to replenish the account as frequently as possible, provided the amount of the application reaches the minimum value of US$200,000 equivalent or 1% of the loan amount, whichever is lower  
• Prepares the necessary advance account reconciliation statement (Appendix 8B) and attaches the ending balance per the corresponding bank statement |
| ADB                     | • Receives the completed forms and liquidates and replenishes (as applicable) the value of eligible expenditures.  
• Disallows any unjustified or ineligible payment |
| Borrower                | • Refunds the disallowed amount to the advance account |
| **C. Final Liquidation or Refund of Advances** |
| Borrower                | • Completes the withdrawal application in CPD (or by using form ADB-WA [Appendix 5A]) and the applicable summary/SOE sheet using form ADB-SS/SOE or form ADB-FI-SS/SOE (Appendix 6A or 6B), or certificates for force account for works (Appendix 6C)  
• Prepares the advance account reconciliation statement (Appendix 8B) and attaches the ending balance per the corresponding bank statement |
| ADB                     | • Receives the completed forms and deducts the amount of eligible expenditures liquidated from the outstanding balances of advances  
• Requests the borrower to refund any unliquidated balance |
| Borrower                | • Refunds promptly to the loan account any unliquidated advances |
Checklist for Submitting Withdrawal Applications—Direct Payment

1. Has the pertinent contract been sent to ADB?
2. For original hard copy withdrawal application (WA), 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 and the project administration manual?
4. For original hard copy WA, has a separate application been filled out for each payee and currency?
5. For original hard copy WA, has a separate summary sheet been prepared for each separate category or subcategory?
6. Has a contract number been indicated for each expenditure item in the summary sheet(s)?
7. Are the payment instructions complete?
8. Are the required supporting documents attached, as appropriate?
9. If supporting documents are written in local language, is 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) provided?
10. Was the payee checked against ADB’s complete Sanctions List and confirmed not to be subject to United Nations Security Council sanctions?¹

Narrative Procedures for Direct Payment Procedure

<table>
<thead>
<tr>
<th>Responsible Person/Unit</th>
<th>Activity</th>
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| Borrower               | • Completes the withdrawal application in the Client Portal for Disbursements (or by using form ADB-WA [Appendix 5A]) for each payment in different currency  
                          • Completes the corresponding summary sheet using form ADB-SS/SOE (Appendix 6A) using a separate form for each category or subcategory  
                          • Attaches proper supporting documents to each withdrawal application |
| ADB                    | • Receives the completed ADB-WA, ADB-SS/SOE, and related supporting documents |

APPENDIX 10A
Application for Issuance of Commitment Letter

APPLICATION FOR ISSUANCE
OF COMMITMENT LETTER

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

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

1. In connection with the Loan or Grant Agreement (Agreement) of the said ADB Loan or Grant number, we apply for a Commitment Letter and subsequent withdrawal from the Loan or Grant Account (Account) opened under the Agreement in:

<table>
<thead>
<tr>
<th>Application Currency</th>
<th>Application Amount (in figures)</th>
<th>Application Amount (in words)</th>
</tr>
</thead>
</table>

2. The undersigned certifies and agrees as follows:

a. The undersigned requests that Commitment Letter be issued to the nominated commercial bank listed in the attached summary sheet(s) in accordance with the terms of the Agreement in order to make payment to the nominated commercial bank from the 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 (LC) as amended from time to time.

b. Amendments involving an extension of the LC expiry date beyond the closing date of the 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 ADB’s prior approval. The undersigned will further ensure that all proposed amendments will be furnished to ADB by the nominated commercial bank for your information or approval as appropriate.

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

d. ADB’s obligation under the Commitment Letter shall terminate
   • except as ADB shall otherwise agree, on the expiry date of the LC or on the closing date of the Agreement (whichever is earlier);
   • upon payment by ADB to the nominated commercial bank of the full value of the LC, in accordance with the terms and conditions of the Commitment Letter; and
   • 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 canceled.

e. The undersigned has not previously withdrawn from the 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.

f. The goods or services covered by this application are being purchased in accordance with the terms of the Agreement and relevant contract.

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

h. The beneficiary (supplier) is able to receive payments through the international banking system.

i. The beneficiary (supplier) is not on ADB’s complete Sanctions List, based on checks done by the borrower, the executing agency, or the implementing agency pursuant to the Project Administration Manual, other project documents and applicable ADB regulations, and in connection with the underlying contracts related to this withdrawal application. A guide on ADB’s complete Sanctions List and how to get access to it is available at www.adb.org/publications/faqs-adb-sanctions.

j. The beneficiary (supplier) is not subject to sanctions by decisions of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

By (Name of Borrower or Recipient) __________________________ Date Signed ____________

Signature of Authorized Representative(s) __________________________

Printed Name/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

- Submit original application to the Asian Development Bank (ADB) (or to its Resident/Regional Mission, if instructed).
- Prepare a separate summary sheet for each currency of letter of credit (LC) and for each payee.
- Number applications consecutively, not exceeding five digits or characters.
- Submit an application only for an LC with amount not less than US$200,000 equivalent, or 1% of the loan amount, whichever is lower, unless otherwise stipulated in the Project Administration Manual (PAM). An LC with an amount less than the value should be paid (i) by the Borrower or Recipient and subsequently claimed to ADB through reimbursement, or (ii) paid through the advance fund procedure (if such procedure is stipulated in the PAM), unless otherwise accepted by ADB.
- 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

ADB Loan or Grant No.: Indicate the number assigned by ADB to the Loan or Grant Agreement (i.e., Loan or Grant + [4-digit serial numbers]-[3 characters of country code]).
Application No.: 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.

1. Application Amount

Application Currency: Indicate the name of the currency of the commitment letter requested. Prepare a separate application for each application currency and each LC. The application currency is the currency of the contract or the currency in which the cost of goods and services is payable.
Application Amount: Indicate the amount to be disbursed in figures and words. The amount must be the sum of the summary sheet(s).

Supporting Documents

Attach the following supporting documents:
- Contract or confirmed purchase order (PO), if not yet submitted to ADB.
- A copy of the LC against which the commitment letter is requested.

Instructions for Preparing Summary Sheet

Name and Address of Beneficiary (Supplier): Give the full name and mailing address, including city and country.
Name of LC Accountee: Give the name of the borrower or EA.
Name and Address of LC Issuing Bank: Give the name of the LC opening or issuing bank.
Name and Address of Nominated Commercial Bank: State the bank to which the commitment letter is to be issued, as shown in the LC. Indicate the SWIFT code, if available.
Name and Address of LC Advising Bank: Obtain this from the LC, where applicable or different from the Nominated Commercial Bank.
LC Amount and Currency: Obtain this from the LC.
Loan Currency Equivalent: Leave this blank; it will be completed by ADB.
LC Expiry Date: Obtain this from the LC.
LC Shipping Date: Obtain this from the LC.
Terms of Payment: Obtain this from the LC. Give details as shown in the LC.
Brief Description of Goods and Services: Summarize the items to be purchased as shown in the LC.
EA Contract No./PO Ref. No. and Date: Enter contract or PO numbers assigned by the EA for reference.
ADB Contract No., where available: Enter the ADB contract number assigned by ADB for reference. This number is usually known after a signed contract is sent to ADB.
Category Reference No.: Enter loan category reference number as shown in Schedule 3 of the Loan Agreement or Schedule 2 of the Grant Agreement for the goods or services whose purchase is to be covered by the commitment letter.
For Financial Intermediation loans: Give the subloan number and country of procurement.
Remarks: Give special instructions or other references for easy identification in issuing the commitment letter.

2. Certifications and Signature

Certifications: Modifications to any certifications are not valid or binding, unless otherwise agreed by ADB.
By (Name of Borrower or Recipient): Fill in the name as it appears in the Loan or Grant Agreement.
Date signed: Enter the date the application is signed by authorized representative(s), not the date it was prepared.
Authorized Representative(s): Pass this application to authorized representative(s), who is (are) designated in the Evidence of Authority to Sign Withdrawal Applications form submitted to ADB. Verify that the list of authorized representative(s) has not been changed.
# SUMMARY SHEET FOR ISSUANCE OF COMMITMENT LETTER

ADB Loan/Grant No. 
Application No. 
Letter of Credit No. 

<table>
<thead>
<tr>
<th>Date: ___________________________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary (Supplier): Name:</td>
</tr>
<tr>
<td>Name: _________________________</td>
</tr>
<tr>
<td>Address: _____________________</td>
</tr>
<tr>
<td>Name of LC Accountee – Borrower or EA</td>
</tr>
<tr>
<td>Name: _________________________</td>
</tr>
<tr>
<td>Address: _____________________</td>
</tr>
<tr>
<td>Name of LC Issuing Bank Name:</td>
</tr>
<tr>
<td>Name: _________________________</td>
</tr>
<tr>
<td>Address: _____________________</td>
</tr>
<tr>
<td>Bank Code: ___________________</td>
</tr>
<tr>
<td>Name of LC Advising Bank (if applicable) Name:</td>
</tr>
<tr>
<td>Name: _________________________</td>
</tr>
<tr>
<td>Address: _____________________</td>
</tr>
<tr>
<td>Bank Code: ___________________</td>
</tr>
<tr>
<td>Name of LC Paying Bank or LC Negotiating Bank (Nominated Commercial Bank to which the Commitment Letter is to be issued) Name:</td>
</tr>
<tr>
<td>Name: _________________________</td>
</tr>
<tr>
<td>Address: _____________________</td>
</tr>
<tr>
<td>Bank Code: ___________________</td>
</tr>
<tr>
<td>Remarks: _____________________</td>
</tr>
</tbody>
</table>

## LETTER OF CREDIT DETAILS

<table>
<thead>
<tr>
<th>LC Currency and Amount</th>
<th>LC Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Currency Equivalent</td>
<td>LC Shipping Date</td>
</tr>
<tr>
<td>Terms of Payment</td>
<td></td>
</tr>
<tr>
<td>Brief Description of Goods and Services</td>
<td></td>
</tr>
</tbody>
</table>

## REFERENCES

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

### For Financial Intermediation Loans Only

| Country of Procurement | Subloan No. |

EA = Executing Agency, LC = Letter of Credit, PO = Purchase Order.

Note: Copy of signed LC should be attached to this form.

ADB Form No. ADB-CL-SS
APPENDIX 10C
Sample of Swift-Based Commitment Letter

Asian Development Bank
Commitment Letter

Negotiating/Advising Bank Name
(Address line 1)
(Address line 2)
(Address line 3)

Date (day-month-year) : _____________________________
ADB CL No. : _____________________________
LC No. : _____________________________
LC Expiry Date (day-month-year) : ________________________
Category or Subloan No. : _____________________________
Contract No. : _____________________________

1. We issue this ADB Commitment Letter (CL) to make the abovementioned 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, to whom we issued this commitment letter. The authenticated request for payment by SWIFT must be submitted in the following format:

   Claim Sequence No. : _____________________________
   ADB CL No. : _____________________________
   Condiment : {Currency and amount of Claim}
   LC No. : _____________________________
   LC Expiry Date (day-month-year): ________________________
   Balance of LC after this Claim: {Currency and amount in figures} [Please indicate if it has been canceled 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 the LC Issuing Bank.
3. This CL is issued under ADB Loan/Grant 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 (day month year), the last day of the borrower’s/recipient’s right to withdraw from the Loan/Grant account. 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
[This form should be used only when circumstances so require.]

Asian Development Bank
Commitment Letter

ASIAN DEVELOPMENT BANK
No. 6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
SWIFT BIC: ASDBPHMM

Commitment Letter No. : ___________
Date : ___________
Letter of Credit No. : ___________
Loan/Grant No. : ___________
Subloan/Subgrant No. : ___________
ADB Contract No. : ___________
Loan/Grant Category Reference Letter No. : ___________

LC Negotiating/Advising Bank Name
(Address line 1)
(Address line 2)
(Address line 3)

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 {Loan/Grant Currency} ________________ 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/Grant 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/grant 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 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/Grant is denominated in {Loan/Grant Currency}______, we have valued the {Loan/Grant Currency} equivalent of this commitment as indicated above, on the basis of currency translation rate as determined by us. In the event of this {Loan/Grant Currency} 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 {Loan/Grant Currency} equivalent if we can absorb the increase involved from within the amount of the Loan/Grant 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 {Loan/Grant Currency} equivalent, and you may have to arrange with said Borrower/Recipient for payment of the remaining balance, if any. Our Borrower/Recipient 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 message submitted in the following form:

    Condiment: (currency and amount of claim)
    LC No.: ADB CL No.:
    Payment Instructions: ADB CL No.:
    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; and (c) discrepancy(ies) in documents have been referred to and accepted by LC issuing bank. Written confirmation of SWIFT 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 should always mention the word “Condiment” whenever all three conditions stated in para. 1 above are met.

   (b) Where there is no SWIFT authenticator key arrangement presently in existence, we are arranging an exchange with you of SWIFT Authenticator under separate cover. We shall not entertain an authentication on the basis of your arrangement with another bank in the Philippines, as this entails additional cost and delay unless our arrangement has not 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 issuing 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 also applies 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/Recipient’s right to withdraw from the Loan/Grant Account. Any extension beyond this date should be approved by ADB. This date may be extended by agreement between ADB and the Borrower/Recipient, in which case you will be informed accordingly.
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)
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 Signatory)
APPENDIX 10G
Borrower’s Advice of Extension of Letter of Credit Expiry and Shipping Dates

[This form may be revised as appropriate for changes other than extension of expiry and shipping dates.]

Date : ___________
ADB Loan/Grant 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/grant 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)
1/2: 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 (e.g., shipping restriction or preference)?
4. Are the LC expiry date and/or shipping date within the loan closing date?
5. Does the LC indicate only one advising bank? (Note: Indicating “negotiation with any bank” is not acceptable; see section 10.8).
6. Does the LC indicate only one beneficiary? (Note: Indicating “transferrable” is not acceptable; see section 10.9).

The Application

1. Has the pertinent contract been sent to ADB?
2. For original hard copy WA, is the application for issuance of commitment letter signed by an authorized signatory?
3. Are expenditures eligible for financing in accordance with the terms and conditions of the loan agreement and the Project Administration Manual?
4. For original hard copy WA, has a separate application been completed for each currency?
5. Was the beneficiary (supplier) checked against ADB’s complete Sanctions List and confirmed not to be subject to United Nations Security Council (UNSC) sanctions?1

---

2/2: Narrative Procedures for Commitment Procedure

<table>
<thead>
<tr>
<th>Responsible Person/Unit</th>
<th>Activity</th>
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<tbody>
<tr>
<td>A. Borrower’s Application for Commitment Letter</td>
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<tr>
<td>Borrower</td>
<td>Applies to a commercial bank in its own country, before importation, to open a Letter of Credit (LC) in favor of the supplier</td>
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<td>Completes an application for issuance of Commitment Letter (CL) in CPD (or by using form ADB-CL [see Appendix 10A]) of each CL requested in a different currency</td>
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<td>Completes the corresponding summary sheet for issuance of CL (see Appendix 10B) using a separate form for each category or subcategory</td>
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<td>Attaches the supporting documents to each application</td>
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<tr>
<td>ADB</td>
<td>Receives the completed ADB-CL and the related summary sheet(s) and LC(s)</td>
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<tr>
<td>B. ADB’s Issuance of Commitment Letter</td>
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<tr>
<td>ADB</td>
<td>Upon approval of the borrower’s application, ADB issues a CL (see Appendixes 10C and 10D) to the nominated commercial bank and sends a copy to the borrower and the issuing bank</td>
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<tr>
<td>C. Negotiating Bank’s Submission of Request for Reimbursement</td>
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<tr>
<td>Nominated Commercial Bank</td>
<td>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</td>
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<td>D. Amending the Letter of Credit</td>
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<td>Borrower</td>
<td>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 10E) and sends this to ADB with a copy of the proposed amendment or an advice by authenticated SWIFT</td>
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<tr>
<td>ADB</td>
<td>After approving the amendment(s), ADB informs the borrower and nominated commercial bank by SWIFT or a formal letter (see Appendix 10F)</td>
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<td>ADB sends a copy of the amendment to the nominated commercial bank</td>
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<tr>
<td>E. Handling Discrepancies between the Letter of Credit and Shipping Documents</td>
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<tr>
<td>Nominated Commercial Bank</td>
<td>The nominated commercial bank requests the borrower through the LC issuing bank for authorization to pay despite such discrepancies</td>
</tr>
<tr>
<td>Borrower</td>
<td>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</td>
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</table>
**Summary Sheet for Results-Based Lending**

**Date:** ________________

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Category No.</th>
<th>Contract No.</th>
<th>DLI No.</th>
<th>Prior results? (indicate “Yes” or “No”) a</th>
<th>Amount of DLI Achieved b</th>
<th>Remarks</th>
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</table>

1. **Total amount of DLIs achieved (if any)**

2. **Less: Current outstanding advance (if any) c**

3. **Eligible for reimbursement (if positive)**

[Please fill out items 4 and 5 below, as applicable]

4. **Total amount requested for replenishment and/or advance (if any) d**
   4a. **Amount requested for replenishment (if any)**
   4b. **Amount requested for initial or additional advance (if any) e**

5. **Net amount for liquidation (if any)**
   5a. **Current outstanding advance or DLIs achieved, whichever is lower**
   5b. **Less: Amount requested for replenishment**

6. **TOTAL WA AMOUNT f**

7. **Breakdown by Disbursement Type:** g
   - Initial or Additional Advance
   - Liquidation
   - Reimbursement
   - WA AMOUNT
   - Replenishment

**Notes:**

a. Prior results are DLIs achieved before the effectiveness of the relevant loan or grant agreement, but no earlier than 12 months before the signing of the agreement. List prior results as a separate line item.

b. Indicate the amount of DLIs achieved, if any, in the currency of the loan or grant as stipulated in the Loan or Grant Agreement.

c. Indicate the current outstanding advance, if any. This will be liquidated first before any disbursement can be made (see item 2 above).

d. Advance liquidated in this submission, if any, may be eligible for replenishment. Requests for replenishment as well as initial and/or additional advance must be within the advance ceiling indicated in the Loan or Grant Agreement (see item 4 above).

e. For initial/additional advance, there is no need to fill out Items 1 to 3 (see item 4b above).

f. The total WA amount is the sum of (i) amount eligible for reimbursement, (ii) amount requested for replenishment, (iii) amount for initial and/or additional advance, and (iv) net amount for liquidation, as applicable (see item 6 above).

g. The breakdown by disbursement type should be indicated in the “Special Payment Instructions and Other References” section of the WA (section D) (e.g., Additional Advance for USDXX,XXX, Liquidation for USDXX,XXX, Reimbursement for USDXX,XXX, and Replenishment for USDXX,XXX) (see item 7 above).

ADB Form No. ADB-SS-RBL
WITHDRAWAL APPLICATION
FOR ASIA PACIFIC DISASTER RESPONSE
FUND (APDRF) GRANT

To: Asian Development Bank (ADB)
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Attention: Loan Administration Division, Controller's Department (CTLA)

ADB Grant No. 
Application No. 

1. Type of Disbursement [indicate an ‘x’ in the appropriate box]

- Initial Advance
- Liquidation Only

2. In connection with the Grant Agreement (Agreement) of the said ADB Grant number, please pay from the Grant Account (Account):

<table>
<thead>
<tr>
<th>Application Currency</th>
<th>Application Amount (in figures)</th>
<th>Application Amount (in words)</th>
</tr>
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</table>

3. Payment Instructions (Not required in the case of liquidation only)
A. Payee's Name and Address

Payee's Name and 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 bank’s correspondent in the country whose currency is to be paid]

Bank 1 Name
Bank 1 Address
Account No. of Payee’s Bank
Bank 2 Name
Bank 2 Address
Account No. of Bank 1
SWIFT Code

D. Special Payment Instructions and Other References

4. This application consists of [indicate an ‘x’ in the appropriate box(es)]

- Statement of Expenditures (SOE) sheet
- Advance Account Reconciliation Statement

5. The undersigned certifies and agrees as follows:

a. The expenditures were or will be made for the purposes specified in the Agreement and in accordance with its terms and conditions, and the undersigned has not previously withdrawn from the Account or obtained or will obtain any other loan, credit, or grant for the purpose of fully or partially meeting these expenditures.
b. The works, goods, or services claimed for liquidation of advance have been procured in accordance with the Agreement and the cost and terms of the purchase thereof are reasonable and in accordance with the relevant contract(s).
c. This application is claimed in accordance with ADB’s Loan Disbursement Handbook, and all documents related to the expenditures covered by this application are available for examination by auditors and by ADB upon request.
d. The payee is able to receive payments through the international banking system.

By (Name of Recipient) 
Date Signed 

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

ADB Form No. ADB-WA-APDRF
Instructions for Preparing the Withdrawal Application Form

General Instructions

- Submit original withdrawal application (WA) form to the Asian Development Bank (ADB) (or to its resident/regional Mission, if instructed).
- Number WA consecutively, not exceeding five digits or characters.
- When the WA 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 disbursement.

Withdrawal References

ADB Grant No.: Indicate the number assigned by ADB to the Grant Agreement (i.e., Grant + [4-digit serial numbers]-[3 characters of country code]).

Application No.: Number WA consecutively using 5 digits or characters. 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.

1. Type of Disbursement: Check the appropriate box of the disbursement type, whether for (i) initial advance, (ii) liquidation only.

2. Application Amount

   Application Currency: Indicate the name of the currency requested for disbursement or liquidation. The application currency for the advance fund procedure is the currency of the advance account.

   Application Amount: Indicate the amount to be disbursed or liquidated in figures and words. Amounts liquidated must be the sum of the statement of expenditures (SOE) sheet(s).

3. Payment Instructions

   A. Payee’s Name and Address: Indicate full name and address of the payee for identification of payment.

   B. 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. Provide SWIFT code if the payee’s bank is a member of SWIFT.

   C. Correspondent Bank: When payment is to be made to a payee’s bank not located in the country of the disbursement currency, indicate full name and address of its correspondent bank located in the country of the disbursement currency. Provide SWIFT code if the bank is a member of SWIFT. (If the payee’s bank does not have a correspondent account in a bank located in the country of the disbursement currency, indicate an intermediary bank in Bank 1, and indicate its correspondent bank located in the country of disbursement currency in Bank 2. The head office of the payee’s bank can also act as an intermediary bank, as applicable, provided that the bank is a member of SWIFT.)

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

4. Documentation

   SOE Sheet: Submit a separate form for each category or subcategory. List items of payment to the same supplier together, one below another.

   Advance Account Reconciliation Statement: Submit this form for liquidation of the advance account. A copy of the ending balance per the corresponding bank statement should be attached.

5. Certifications and Signature

   Certifications: Modifications to any certifications are not valid or binding, unless otherwise agreed by ADB.

   By (Name of Recipient): Fill in the name as it appears in the Grant Agreement.

   Date Signed: Enter the date WA is signed by authorized representative(s), not the date it was prepared.

   Authorized Representative(s): Pass this application to authorized representative(s), who is (are) designated in the Evidence of Authority to Sign Withdrawal Applications form submitted to ADB. Verify that the list of authorized representative(s) has not been changed.
### Statement of Expenditures (SOE) Sheet for Asia Pacific Disaster Response Fund (APDRF) Grant

This form is used for liquidation of advance.

<table>
<thead>
<tr>
<th>Item No.</th>
<th>EA’s Contract/PO Record No.</th>
<th>ADB Contract No.</th>
<th>Description of Goods and Services</th>
<th>Name and Address of Supplier</th>
<th>Total Amount of Bill Paid (i)</th>
<th>ADB's Disbursement Percentage (ii)</th>
<th>ADB's Share of Expenditures (iii = i * ii)</th>
<th>For Advance Fund Only Exchange Rate (iv)</th>
<th>Amount for Liquidation (v = iii / iv)</th>
<th>Remarks</th>
<th>Date Paid</th>
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</tbody>
</table>

**Add:** Total from previous sheet (if any)

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>TOTAL</th>
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**Notes:**

a. Ensure that the total claim amount or the aggregate total claim amount of all SOE sheets agrees with the amount indicated in the withdrawal application for liquidation of advance.

b. Applicable for liquidation of advance under the advance fund procedure. Indicate the actual foreign exchange rates used for each transaction (see additional notes and illustration on the next page).

ADB Form No. ADB-SOE-APDRF
Additional Notes on Foreign Exchange Rate to Calculate Amount to be Charged to Advance Account (footnote b)

1. Related to Note (b) of the Summary/SOE Sheet, if the advance account (e.g., in US$) is converted to a local currency (e.g., som) for a particular transaction, the actual foreign exchange rate used for the conversion is the rate to be used for such transaction. It is inappropriate to use foreign exchange rates that were not actually used for such transaction, (e.g., reference rate published by a bank or a government agency) because the accumulation of foreign currency translation differences must be avoided.

2. If the advance fund (e.g., US$) is transferred to a subaccount maintained in 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 Nos. 1–3 in 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 were not actually used for such transaction (e.g., reference rate published by a bank or a government agency) because accumulation of foreign currency translation differences must be avoided. Following this standard practice is important to avoid any reconciliation and/or account closing issues.

3. If a specific payment previously made from a subaccount in a local currency (e.g., ineligible expenditure) is refunded to the subaccount, the same foreign exchange rate used for the transaction (i.e., the specific payment being refunded) should be applied to record the refund in the advance account currency (e.g., US$, see Nos. 4–5 in illustration below).

Illustration of Transactions in a Subaccount in Som

<table>
<thead>
<tr>
<th>No.</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 @ 85 som/$1 (from the advance account)</td>
<td>5,000 som @ 85 som/$1</td>
<td>5,000 som @ 85 som/$1</td>
</tr>
<tr>
<td>2</td>
<td>5,000 som @ 85 som/$1</td>
<td>15,000 som @ 84.5 som/$1 (from the advance account)</td>
<td>10,000 som</td>
<td>10,000 som @ 84.5 som/$1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1) 5,000 som @ 85 som/$1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2) 5,000 som @ 84.5 som/$1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>10,000 som @ 84.5 som/$1</td>
<td>20,000 som @ 84 som/$1 (from the advance account)</td>
<td>25,000 som</td>
<td>5,000 som @ 84 som/$1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1) 10,000 som @ 84.5 som/$1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2) 15,000 som @ 84 som/$1</td>
<td></td>
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</tr>
<tr>
<td>4</td>
<td>5,000 som @ 84 som/$1</td>
<td>5,000 som @ 85 som/$1 (refund of item No. 2-1)</td>
<td>10,000 som</td>
<td>5,000 som @ 84 som/$1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5,000 som @ 85 som/$1</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>10,000 som</td>
<td>0 som</td>
<td>5,000 som @ 84 som/$1</td>
<td>5,000 som @ 85 som/$1</td>
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<td>5,000 som @ 84 som/$1</td>
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<td></td>
<td>5,000 som @ 85 som/$1</td>
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</tr>
</tbody>
</table>

Note: The amount and exchange rates are only for illustration purposes.
APPENDIX 13A
Loan Financial Information Services Reports

ADB
Loan and Grant Financial Information Services

LFIS REPORTS  OTHER LFIS REPORTS  GFIS REPORTS  OTHER GFIS REPORTS

COUNTRY REPORTS  Choose a Country

- Summary Disbursement Ratio (ALR523)
  This report provides information on the rate of disbursement during a period/year by country and by fund. The report is updated monthly.

- Statement of Loans (ALR900)
  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 are not available.

- Statement of Disbursements (ALR922)
  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.

- Contract Awards Information on Goods, Related Services and Civil Works (ALR984)
  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.

- Statement of Contract Awards (ALR917)
  This 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 (ALR928)
  This report shows information on contracts awarded, sub-loan 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.

EXECUTING AGENCY REPORTS  Choose a Country

- List of Contracts by EA (ALR568)
  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 (ALR829)
  This report provides information on confirmed disbursement transactions for the given period. The report is updated every month.

- Semi-Monthly Listing of Loan Disbursements (ALR967)
  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.

- Advance Fund Turnover Ratio - Loans (ALR673M2)
  This report provides information on the operational efficiency of Advance Accounts (A/A) of the Borrowers, using the turnover (how many times in one year) as the efficiency indicator.
APPENDIX 13B
Grant Financial Information Services Reports

## LFIS REPORTS

### Summary Disbursement Ratio (GRP57SF)
This report provides information on the rate of disbursement during a period/year by country and by fund. The report is updated monthly.

### Statement of Grants (GRP916)
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 (GRP967)
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.

### Advance Fund Turnover Ratio - Grants (GRP573M2)
This report provides information on the operational efficiency of Advance Accounts (A/A) of the Borrowers, using the turnover (how many times in one year) as the efficiency indicator.
## Available References in the Loan and Grant Financial Information Services Website

<table>
<thead>
<tr>
<th>Reference Type</th>
<th>Available References</th>
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</table>
| **LFIS 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 Advance  
- List of Loans with SOE & Advance  
- List of Agencies for a Given Country  
- Loan Disbursement Handbook, October 2022  
- Loan Disbursement Handbook - 2022 Highlights of Changes  
- Currency Book Rates  
- Flexible Loan Product Alternative Reference Rates, Rebates and Surcharge |
| **FLP References** | - Flexible Loan Product Brochure  
- FLP indicative Rates  
- Flexible Loan Product (FLP) |
| **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 |
APPENDIX 13D
Downloadable Forms in the Loan and Grant Financial Information Services Website

Downloads
To download the forms, you need Microsoft Office Suite 98 or higher version.

The references 4A, 5A etc., correspond to the appendix numbers of the Loan Disbursement Handbook.

4A Evidence of Authorized Persons to Sign Withdrawal Applications
5A Withdrawal Application Form (Form ADB-WA)
6A Summary/Statement of Expenditures (SOE) Sheet for Project Loans/Grants (Form ADB-SS/SOE)
6B Summary/SOE Sheet for Financial Intermediation Loans/Grants (Form ADB-FI-SS/SOE)
6C Certificate (Parts I and II) for Force Account for Works
8A Estimate of Expenditures Sheet (Form ADB-AF-EES)
8B Advance Account Reconciliation Statement (Form ADB-AF-AARS)
8C Example of Subaccount Reconciliation Statement (Form ADB-AF-SARS)
10A Application for Issuance of Commitment Letter (Form ADB-CL)
10B Summary Sheet for Issuance of Commitment Letter (Form ADB-CL-SS)
10E Application for Approval of Amendment of Letter of Credit
10G Borrower’s Advice of Extension of Letter of Credit Expiry and Shipping Dates
11A Summary Sheet for Results-based Lending (Form ADB-RBL-SS)
11B Withdrawal Application for APDRF (Form ADB-WA-APDRF)
11C Statement of Expenditures (SOE) Sheet for APDRF (Form ADB-SOE-APDRF)
13E Request for LFIS/GFIS/LAS Web Access Definition/Renewal/Termination
14A Registration Form for Client Portal for Disbursements
14B Revocation of Authority of Authorized Persons
APPENDIX 13E
Request for LFIS, GFIS, LAS Web Access Definition, Renewal, or Termination

DATE: dd/mm/year
TO: ASIAN DEVELOPMENT BANK
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
ATTENTION: Webmaster
Systems Support Group
Controller’s Department
E-mail: 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
E-mail Address
Organization or Executing Agency
Name
Address

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

Instructions:
1. A separate form must be filled out for each applicant.
2. An AUTHORIZED LOAN / GRANT SIGNATORY must sign the form.
3. Request details must be typewritten.

Important:
• The access to LFIS / GFIS Web is valid for 1 year.
• Notify Systems Support Group promptly if there is a need to revoke access due to resignation, staff movement, etc.
3. Select the level of access. Indicate the applicable box.

[ ] **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 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 executing agency must be signed by an authorized signatory from the finance department or ministry, or the executing agency.

[ ] **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 executing agency.

<table>
<thead>
<tr>
<th>Loan / Grant No.</th>
<th>Project Name</th>
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<tbody>
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(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

Notes: The display of loan or grant data and downloading of reports will depend on the access. The Loan and Grant Financial Information Services (LFIS/GFIS) website displays *active* loans and grants; the LAS Web displays *all* loans.
REGISTRATION FORM—CLIENT PORTAL FOR DISBURSEMENTS

Instructions

Each Government agency (Agency) of a Developing Member Country (DMC) participating in the Client Portal for Disbursements (CPD) should complete this registration form. The completed form may be scanned and e‐mailed to adbcpd@adb.org. The original form should be signed by an authorized official of the Agency and received by ADB within 30 calendar days of this account request. A hardcopy can be mailed to ADB Headquarters or the relevant resident mission.

Please complete all four pages of this registration form

1. Agency Details

Name of Relevant DMC*

Name of Agency**

Telephone Number*

[Please include the country code, city, or region code suitable for international dialing]

Postal Address*

[Please provide the complete address of your agency, including the country name and all required postal codes as appropriate for addressing international postal mail]

DMC = developing member country.

*Required fields.

**Name of Agency should match the Agency in the Loan and Grant Financial Information Services website; otherwise, please inform ADB in case of any change in the Agency Name.
2. Authorization

ADB enables Government agencies to (i) access certain financial information related to a specific project; and (ii) create and deliver withdrawal applications in the CPD. Throughout this form, the word “loan” is used to refer to an ADB loan or grant or both.

Central Government Ministries and Agencies

If your agency is a central government agency responsible for the entire relationship between the Government and ADB, you may request access to information on the entire withdrawal applications submitted by the DMC through the CPD.

Country Access DMC Name: ____________________________

Executing Agency\(^1\) of a Particular Loan

If your agency is an executing agency for a particular loan, you may request access to all disbursement information of the loan, by providing the loan number and project name.

Project Access Name of Executing Agency: ____________________________

Loan/Grant No/s. and Project Name/s:

\(^1\)“Executing Agency” also refers to implementing agency designated to implement the project.
### 3. Details of Authorized Officials

<table>
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<tr>
<th>Full Name*</th>
<th>(Mr./Ms.)</th>
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</tr>
<tr>
<td>Role*</td>
<td>(Creator) (Verifier) (Viewer)*</td>
</tr>
<tr>
<td>E-mail Address*</td>
<td></td>
</tr>
<tr>
<td>Postal Address*</td>
<td></td>
</tr>
<tr>
<td>Telephone Number*</td>
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</tr>
</tbody>
</table>

*Please provide the complete address where the user receives official mail, including the country name and any required postal codes appropriate for addressing international postal mail*

<table>
<thead>
<tr>
<th>Full Name*</th>
<th>(Mr./Ms.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Format: First, Middle (if any) and Last Name)</td>
<td></td>
</tr>
<tr>
<td>Role*</td>
<td>(Creator) (Verifier) (Viewer)*</td>
</tr>
<tr>
<td>E-mail Address*</td>
<td></td>
</tr>
<tr>
<td>Postal Address*</td>
<td></td>
</tr>
<tr>
<td>Telephone Number*</td>
<td></td>
</tr>
</tbody>
</table>

*Please provide the complete address where the user receives official mail, including the country name and any required postal codes appropriate for addressing international postal mail*

*Required fields.*

*Please indicate as appropriate. The creator will have access to prepare and view withdrawal applications. The verifier will have access to view and verify the withdrawal applications before submission. The viewer will only have access to view withdrawal applications.
4. Web Access Agreement for Agencies

(This agreement will be signed by a representative of the agency. Please submit the signed original to ADB)

1. The [name of the Agency] ("Agency") is being provided access to the CPD. ADB will grant access to the CPD to those employees or representatives of the Agency who have been identified by the Agency as having a need to access the CPD in connection with the official duties of the Agency, and who have accepted this Web Access Agreement for Users ("Users"). The names of these employees or representatives and their role are reflected in page 3 of this form. It is understood that access to the CPD is provided to Users subject to the condition of their compliance with the terms and conditions of the Web Access Agreement for Users, and that such access may be revoked if such terms and conditions are violated.²

2. The CPD is intended to serve as one of ADB's delivery channels for loan withdrawal application. The CPD will allow the [Borrower] [Beneficiary] [Recipient] to deliver by electronic means the withdrawal applications and supporting documents to ADB.

Users agree that they will not republish, print, download, copy, retransmit (including fax and e-mail) or display (by use of an html "frame" or otherwise) any portion of this CPD or the content of any document without the prior written consent of ADB, except for reasonable copying, downloading, printing or distribution in the course of their official duties for the Agency. Users of this CPD agree that their use may be monitored, tracked, and recorded.

3. No Liability for Computer Viruses. ADB shall not be liable for any harm caused by the transmission through the website of a computer virus or other computer code or programming device that might be used to access, modify, delete, damage, corrupt, disable, disrupt, or otherwise impede in any manner the operation of the services or any of the software, hardware data, or property owned by the Government or the Agency.

4. Privacy Policy. As part of the account request and approval process for this site, ADB will collect information about Users, including name, employer, e-mail address, and phone number. ADB will also set and access session cookies (temporary security information) on Users’ computers and may use Users’ information (a) to identify the User as an authorized user, (b) to monitor use of the CPD for internal administration and analysis, and (c) to send users additional information and notifications regarding the CPD system.

5. Forms. The Agency shall not alter supplied electronic forms in any way. ADB reserves the right to reject any submissions that it deems to violate this agreement.

---

Full Name\(^a\) (please print)

Title

Agency

Signature\(^b\) Date

\(^a\) Please use the following format: First, Middle (if any), and Last Name.

\(^b\) The signatory of the form should be a competent authority of the Agency.

² The Users will also have access to the disbursement and related information of the loan on ADB’s Loan and Grant Financial Information Services (LFIS/GFIS) website.
REVOCATION OF AUTHORITY OF AUTHORIZED PERSONS

[Use the name of the Borrower as indicated in the loan and/or grant agreement. “Borrower” also refers to Grant Recipient or Beneficiary.]

[Letterhead of representative of the Borrower/Beneficiary/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: Revocation of Authority of Authorized Person(s) to Sign Withdrawal Application

We refer to the list of loans and/or grants between the Asian Development Bank (“ADB”) and [Name of Borrower] (“Borrower”), dated _______, providing the Evidence of Authorized Person(s) to sign withdrawal applications, dated _______.

The Borrower is hereby revoking the authority of the person(s) listed in the attachment to act as authorized person(s) for the purpose of utilizing the Secure Token¹ and signing and delivering by electronic means to ADB the withdrawal applications and supporting documents related to the disbursement of proceeds of the indicated loan(s) and/or grant(s), as applicable, between ADB and the Borrower. We also revoke their authority to manually sign the withdrawal applications and applications for the issuance of commitment letters as applicable, related to disbursements of the respective loan and/or grant proceeds. The effective date of the revocation is the date of receipt by ADB of this form (or XXXXXXX,² whichever is later).

Yours faithfully,

/ signed /

[Please print full name³ and title of the Borrower/Beneficiary/Recipient’s representative as shown in the loan and/or grant agreements. Designated Representative, as provided in the loan and/or grant agreement(s)]

¹ “Secure Token” is defined in the Evidence of Authorized Persons.
² Indicate preferred effectivity date, as applicable.
³ Use the following format: First, Middle (if any), and Last Name.
## Revocation of Authority of Authorized Person(s)

<table>
<thead>
<tr>
<th>No.</th>
<th>Loan / Grant Number¹</th>
<th>Loan/Grant Title</th>
<th>Revoked Person(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Full Name²</td>
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<tr>
<td>5</td>
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</tr>
</tbody>
</table>

Sincerely,

/signed/

[Please print full name² and title of the Borrower/Beneficiary/Recipient’s representative as shown in the loan and/or grant agreements. Designated Representative, as provided in the loan and/or grant agreement(s)]

---

¹ For countries with centralized approvers, please indicate if the Revoked Person(s) are for all current and future ADB loans and/or grants.

² Use the following format: First, Middle (if any), and Last Name.
[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>
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</thead>
<tbody>
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</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)
Loan Disbursement Handbook 2022

This handbook is a compilation of the disbursement policies, guidelines, procedures, and practices of the Asian Development Bank. 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 Asian Development Bank staff in designing and operating an efficient disbursement operation that will support project implementation.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.