**OPERATIONS MANUAL**
**POLICIES AND PROCEDURES**

These policies and procedures were prepared for use by Asian Development Bank staff and are not necessarily a complete treatment of the subject. This *Operations Manual* is issued by the Strategy, Policy, and Partnerships Department (SPD) with the approval of the President and is subject to compliance review. Questions may be directed to the director of SPD's Strategy, Policy, and Business Process Division.

# POLICY-BASED LENDING

## A. Scope

1. The Asian Development Bank (ADB) provides policy-based lending (PBL)[1] in the form of sovereign budget support or a sovereign guarantee[2] to support policy reforms[3] and development expenditure programs of a developing member country (DMC). Under certain circumstances, it may also be used to provide balance of payments (BOP) assistance or countercyclical fiscal support. PBL may come from ADB's regular ordinary capital resources (OCR), concessional OCR lending (COL), or the Asian Development Fund (ADF).[4]

2. PBL supports sector and inter-sector reform programs in a DMC. This may include introduction or revisions to laws, regulations, and policies to address structural bottlenecks; and measures to strengthen the capacity of institutions. The reform program addresses underlying constraints that are sector-wide or inter-sector or have a bearing on links between sectors[5] and the macroeconomy. PBL and sector development programs[6] must be targeted at sectors that the government is firmly committed to reform. Strong government ownership of the reform program is essential. PBL should also be limited to areas where ADB has or can readily acquire the requisite experience to provide well-founded advice on formulating and implementing reform programs (endnote i). In general, PBL (i) is linked to the implementation of policy reforms and is disbursed quickly, and (ii) has sector-wide and economy-wide impacts.

## B. Policy-Based Lending Operations

3. ADB has four types of PBL operations. Each caters to a different situation in a DMC and is generally classified as conventional PBL or crisis response PBL. Conventional PBL comprises (i) stand-alone and (ii) programmatic approach, with financing options such as contingent disaster

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[1] In this *Operations Manual*, "PBL" refers to policy-based lending, a policy-based loan, or the policy-based component of a sector development program, as the context requires.
[2] In this *Operations Manual*, "sovereign guarantee" refers to a partial credit guarantee provided by ADB that is backed by a sovereign counter-guarantee and indemnity.
[3] Structural reforms seek to improve the amount and efficiency of investment in an economy or sector through three interrelated efforts: (i) enhancing resource mobilization by increasing the cost recovery of utilities and state-owned enterprises, eliminating or reducing subsidies, and raising real interest rates; (ii) improving resource allocation by adjusting relative prices, lowering trade barriers, limiting directed credit, and rationalizing public investment; and (iii) promoting efficient resource use by enhancing domestic and external competition and the private sector's role.
[4] The terms "lending" and "loan(s)" include ADF grant(s) and guarantee(s), except that ADB's policy-based guarantee (PBG) and special PBL (SPBL) are financed only from regular OCR. The term "borrower' includes loan and grant recipients.
[5] The term "sector" in the context of PBL is to be understood in the broad sense of the word. In addition to the traditional concept of a sector characterized by the production of particular goods or services (such as agriculture, industry, and service), the term may cover subsectors of more limited scope or relate to a crosscutting sector addressing economy-wide themes, ownership, or a specific area of policy coverage (such as private, public, or external sectors) with possible macroeconomic implications.
[6] ADB. 2003. Sector Development Programs. *Operations Manual*. OM D5. Manila.

financing (CDF) and policy-based guarantee (PBG). Crisis response PBL comprises (i) special PBL (SPBL) and (ii) the Countercyclical Support Facility (CSF).

4. **Stand-alone policy-based lending.** Stand-alone PBL provides budget support and is packaged as a single or multitranche loan to support structural reforms in one or more sectors. Reform programs can be short or medium term. Where relevant, links to other programs financed by ADB or other development partners should be clearly established. PBLs should normally be used to improve the policy and institutional environment for enhanced sector efficiency and for higher returns on investment (footnote 3). Where policy adjustments are required in a particular sector over an extended period, a succession of stand-alone PBLs may be considered to sustain the reform process (endnote i).

5. Multitranche and single-tranche PBLs are allowed (endnote ii). A PBL may be divided into multiple tranches if major elements of the structural reforms remain after the loan agreement becomes effective. Multiple tranches enable ADB to monitor and expedite phased program implementation. The program period and number of tranches are determined on a case-by-case basis. Single-tranche loans may be considered if the most important reforms can be implemented before the report and recommendation of the President (RRP) is circulated to the Board of Directors.[7]

6. **Programmatic approach.** The programmatic approach is ADB's primary mode of PBL to support structural reforms over the medium term. Programmatic budget support finances a series of subprograms, each designed as a fully front-loaded single-tranche intervention (footnote 7). The programmatic approach is designed to provide more effective and flexible ways of translating complex structural reform objectives into implementable policy actions. It recognizes imperfections in information and its availability and allows for flexibility in designing policy packages. The logical links between the subprograms and the broad objectives are captured in a programmatic approach concept paper (endnote iii). Sound policy and the institutional setting of a recipient country are prerequisites for receiving budget support under the programmatic approach (endnote ii).

7. The programmatic approach can take the form of (i) chronologically sequenced packaging (over time), (ii) vertical packaging (across levels of government), and (iii) horizontal packaging (inter-sector) (endnote iii).

8. **Contingent disaster financing.** CDF is designed as a contingent financing option, whereby loan processing and essential DMC policy dialogue and reforms are completed before a natural hazard or a health emergency occurs,[8] with disbursements made upon the satisfaction of pre-agreed disbursement condition(s) (endnotes iv and v). Time and flexibility are of the

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[7] ADB. 2009. *Program Lending Policy: Clarification*. Manila.

[8] CDF covers disasters triggered by natural hazards, such as tropical cyclones, floods, droughts, earthquakes, and tsunamis; and health emergencies. The terms "disaster" and "emergency" are defined in para. 42 of the Disaster and Emergency Assistance Policy (ADB. 2021. *Disaster and Emergency Assistance Policy.* Manila). The program and policy matrix, as part of the policy design and monitoring framework (PDMF), should clearly demonstrate how policy reforms will enhance preparedness for and response to disasters triggered by natural hazards and/or health emergencies. The PDMF combines the policy matrix and the design and monitoring framework and presents outcome indicators in a specific, measurable, achievable, relevant, and time-bound (SMART) format. The PDMF is described in ADB. 2022. *Staff Instruction on Business Processes for Policy-Based Lending*. Manila.

essence in the immediate aftermath of a disaster triggered by a natural hazard or a health emergency, and CDF is expected to serve as an effective tool to provide immediate budget support for DMCs' use (endnotes iv and v).

9. Unlike other forms of conventional PBL operations that involve broader structural reforms (endnote ii), the policy framework required for CDF focuses on legal, institutional, and policy constraints for more effective disaster and health emergency preparedness and response programs. Replenishments may be applied under a multi-year CDF program. In principle, PBL conditions should be designated as prior actions, or as policy actions under a multi-year CDF program in case of replenishments, to ensure that funding is available if a disaster triggered by a natural hazard or a health emergency occurs (endnotes iv and v).[9] Full or partial disbursements are triggered after a DMC confirms a disaster or a health emergency by declaring a state of emergency or its equivalent, depending on the DMC's legislation or practice (endnotes iv and v). Having met all the requirements for conventional PBL, CDF allows for deferred disbursement. If no disaster occurs or if funds are not fully disbursed, the DMC may elect to have the undisbursed CDF amount disbursed at the conclusion of the availability period. The deferred disbursement option is available only at the conclusion of the availability period and may be extended as part of the CDF renewal process (endnote iv). For CDF without a replenishment option, the availability period is 3 years from time of approval. For multi-year CDF with replenishment, the availability period is 3–5 years (endnote v).

10. **Policy-based guarantee.** PBG follows the general policy and requirements of conventional PBL. The financial instrument will be a partial credit guarantee for sovereign borrowings backed by a sovereign counter-guarantee and indemnity. Financial support will cover the credit risk of government borrowing from private lenders in lieu of a direct loan to the government. This type of guarantee would also be suitable for partial credit guarantees on sovereign bonds or other sovereign financing. In general, a PBG will be offered in parallel with a conventional PBL to facilitate the monitoring of the policy conditions. However, a PBG may also offer support entirely in the form of a sovereign guarantee. It will be provided with a sovereign counter-guarantee and indemnity, and the guarantee fee will be equivalent to the sovereign loan spread for regular OCR following ADB's policy on credit enhancement operations (endnotes vi and vii). Further, following the same policy, ADB may charge administrative and other fees that are specific to PBG processing and implementation, such as commitment fees and maturity premiums, consistent with industry practice. Such fees will be charged on a cost recovery principle while maintaining the competitiveness of ADB products (endnote vii).

11. ADB's provision of PBG will be subject to compliance with policy conditions agreed with the government. The procedures for proposing a PBG by the operations departments should

[9] Even after the completion of prior actions, or verification of the progress of policy actions, policy dialogue between ADB and the DMC government should continue and be guided by the priorities established in a post-program partnership framework (PPPF). Implementation of the agreed PPPF should be monitored regularly during the extended loan availability period to ensure its quality and continuity. For both CDF types (with or without replenishment), the PPPF period falls within the CDF availability period. Following a DMC's request for loan renewal, a progress report should be prepared by ADB, and a revised PPPF should be agreed to cover the extended period of up to 3 years for CDF without replenishment or 3–5 years for CDF with replenishment.

follow the updated guidelines for sovereign credit enhancement products.[10] Commitment of PBGs will be subject to the PBL ceiling for regular OCR operations (endnote vi).

12. **Special policy-based lending.** SPBL is designed to address external and internal payments crises by providing large-scale support as part of an international rescue effort, led by the International Monetary Fund (IMF) and supported by other international financial institutions (IFIs), including the World Bank. SPBL should be provided as part of a wider financial burden sharing across IFIs in providing large-scale support to DMCs during a crisis.

13. A crisis is defined as a situation in which a DMC faces unanticipated difficulties meeting its external and internal payment obligations. In practice, the approval of an IMF rescue program is used to verify the existence of BOP difficulty, and SPBL is not expected to be used for domestic payment difficulties alone. To justify the use of SPBL, the crisis should have significant structural dimensions and be likely to have significant negative social impact.[11] DMCs must be eligible for regular OCR to avail of SPBL assistance.[12] Countries that have graduated from regular ADB assistance are also eligible for SPBLs (endnote iii).

14. Overloading reforms in a program could undermine support for actions that are essential for addressing a crisis. Measures that have broad and immediate impact or that signal the government's commitment to reform should form the basis for the initial phase of crisis management assistance under SPBL.

15. **Countercyclical Support Facility.** The CSF provides budget support to DMCs undertaking fiscal stimulus for growth following an exogenous shock in the form of countercyclical development expenditures.[13] The CSF access criteria explicitly cover health emergencies and reflect ADB's prioritization of support for vulnerable groups. The CSF is accessible to all DMCs, including those that have graduated from regular ADB assistance (endnotes v, viii, and ix). As the CSF's purpose, unlike SPBL, is to provide budget support for fiscal stimulus rather than BOP support to DMCs with payment difficulties and an international rescue package, it requires a DMC to have a pro-poor countercyclical development expenditure program with measures to address the impacts of the crisis on vulnerable groups and to commit to its implementation (endnote v).

16. **Precautionary financing option.** Although CSF lending takes the form of a single-tranche operation, disbursement may be immediate or deferred under certain conditions, such as deteriorating market conditions, by exercising the precautionary financing option (PFO). The PFO may be exercised when the impacts of the exogenous shock are highly likely to reach the recipient country but have not fully materialized at the time of ADB's financing commitment. The PFO enables a borrower to postpone drawing down the funds once the loan agreement has been declared effective until such time that the prescribed drawdown conditions have been satisfied.[14]

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[10] Endnote vi, Appendix 4; and ADB. 2007. Credit Enhancement Operations. *Operations Manual*. OM D9. Manila. ADB provides incentives for the use of credit enhancement products such as PBG (endnote vi, para. 56).

[11] However, not all structural reforms that are eventually beneficial should be undertaken amid the crisis addressed by SPBL. Examples of negative social impact include increased poverty rate, increased unemployment rate, increased income inequality, and reduced access and affordability to basic services for the poor and vulnerable groups.

[12] SPBL is not proposed for concessional assistance-only countries.

[13] A CSF loan is aimed at making up for lost aggregate demand at the time of an economic crisis.

[14] Endnotes ii and ix; and endnote v, Appendix 7. DMCs are also eligible to use the PFO under the CSF provided they have met all access criteria. ADB and the DMC must agree on the disbursement triggers for the CSF.

Primarily intended to be used with the CSF, the PFO may be applied to all PBL types if there is a strong development impact rationale (endnote ii). In all cases, conditions for drawing down under the PFO are articulated in the RRP of individual operations.

17. **Subnational policy-based lending.** Conventional PBL (including subprogram loans) for states or provinces may be considered selectively in DMCs where sufficient policy autonomy exists at these government levels, and where there are no legal or administrative impediments to such loans. This approach requires the ability at all government levels to address relevant sector issues and the full concurrence of the national government and the state or provincial government (endnote i).

## C. Key Access Criteria

18. **Conventional policy-based loans.** Stand-alone PBL and the programmatic approach, including CDF and PBG, should form part of the programming package in a country partnership strategy (CPS) or indicative country pipeline and monitoring report for a DMC. Technical assistance (TA) may also be attached to all PBL types to diagnose major policy constraints, support the implementation of reforms, and strengthen key sector institutions.[15]

19. Stand-alone PBL and the programmatic approach, including CDF and PBG,[16] should be based on a comprehensive sector or thematic analysis that identifies structural constraints to sector development and on policy dialogue with the government to determine the means to address these constraints (paras. 8–9 and 10–11, and endnote i). The program resulting from the diagnostics and policy dialogue must have the full commitment of the government, be consistent with ADB's CPS for the DMC concerned, support the DMC's development plans and priorities, and be closely coordinated with other major development agencies (endnote i).

20. **Crisis response policy-based loans.** SPBL and CSF lending are not expected to be planned in advance[17] and do not form part of the programming package in the CPS and indicative country pipeline and monitoring report for a DMC. An SPBL and a CSF loan can lead to subsequent planned stand-alone PBL and/or programmatic approach operations during the recovery phase following a crisis.

21. **Special policy-based loans.** For SPBL, the following must be met: (i) crisis situation, (ii) large unanticipated financing requirements, (iii) international rescue effort, and (iv) distinction between the criteria for SPBL and conventional PBL. Therefore, exceptional assistance under SPBL would typically be provided in a crisis situation in which a DMC is facing unanticipated difficulties meeting its external and internal payment obligations, and where a large international rescue package led by the IMF is being mounted in one or more DMCs to help restore stability. A further necessary dimension to justify the use of SPBL is when the crisis has significant structural dimensions and is likely to have significant negative social impact. Comprehensive diagnostics

[15] ADB. 2022. Technical Assistance. *Operations Manual*. OM D12. Manila.
[16] Endnote vi. When a PBG is considered, the possible impact of ADB's PBG should be assessed carefully through close interaction with market participants. To assess the advantage of a PBG over a PBL, information and analysis should be disclosed and discussed with the government.
[17] Incremental resource mobilization for SPBL and CSF lending should be permitted exceptionally during a crisis and only to the extent that it does not hinder ADB's risk-bearing capacity, which is assessed by the Treasury Department and the Office of Risk Management.

include a detailed assessment of the coverage, depth, and impact of the reforms undertaken as part of the IMF-led rescue program. The diagnostics (i) distinguish between the presence of structural weaknesses and immediate causes of the crisis, (ii) explain how proposed reform actions will contribute to recovery and build resilience to withstand future crises, and (iii) assess the time frame required to implement the reform measures under the IMF rescue program. The time required to resolve the weaknesses contributing to the crisis determines how reforms are packaged and sequenced (endnote iii).

22. **Countercyclical Support Facility.** The CSF is an exceptional instrument reserved for addressing severe crises at the macroeconomic level.[18] Macroeconomic policy dialogue and assessment are essential for CSF operations. To be eligible for CSF assistance, DMCs must meet the following criteria:[19]

(i) **Adverse impact of exogenous shocks.**[20] The DMC has experienced, or is likely to experience, a severe shock in economic activities and/or fiscal stress.[21] In cases of health-related crises, a state of emergency (or its equivalent) has been declared by the government, the World Health Organization, or a similar body.

(ii) **Countercyclical development expenditures.** The government has an effective pro-poor countercyclical development expenditure policy or program to be supported by the CSF that clearly identifies measures taken to address the impacts of the crisis on vulnerable groups; and is committed to its implementation.[22]

(iii) **Pre-shock record of generally sound macroeconomic management.** A pre-shock record of generally sound macroeconomic management exists. The quality of adjustment measures being planned is within a sound budgetary framework .

(iv) **Structural reforms.** Where structural weaknesses substantially increase vulnerability to exogenous shocks, there need to be assurances that the DMC is taking credible steps to address underlying structural issues, or where appropriate to reduce exposure to future crises.

(v) **Debt sustainability.** The borrower's debt sustainability, including potential impacts of the prospective CSF, is confirmed.

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[18] Description is in item (i). In most cases, stand-alone PBL and the programmatic approach should be the default form of ADB budget support.

[19] Endnote v. The access criteria for CSF assistance are detailed in ADB. 2022. *Staff Instruction on Business Processes for Policy-Based Lending.* Manila (Appendix 2).

[20] Because these broader exogenous shocks can disrupt growth, mitigating such adverse impacts is in line with ADB's institutional mandate. If such shocks lead to a serious BOP crisis requiring the IMF's intervention, ADB should mobilize SPBL under the IMF's leadership. However, when such impacts are limited primarily to slowed growth and development and/or heightened fiscal pressure, the CSF would be the right instrument.

[21] In addition to data from national authorities and ADB data and publications, such as the *Asian Development Outlook*, its update, and its supplement, macroeconomic analysis should be sourced from the IMF's staff report on Article IV consultation and other IMF reports. Recognizing that actual data may lag the crisis period by some time, official projections from these sources can be considered.

[22] A development policy letter must be attached to the RRP and should indicate the government's countercyclical development expenditure policy or program, as well as specific programs and policies targeting poor and vulnerable groups, including women and girls, for fiscal stimulus, and its commitment to implement such a program.

(vi) **Coordination with the International Monetary Fund.** Constructive consultations with the IMF and other relevant partners.[23] ADB should secure an assessment letter from the IMF confirming the soundness of macroeconomic management before Board approval.[24]

(vii) **Monitoring and evaluation.** The government has agreed to a structured platform to engage in policy dialogue and to monitor and report on key dimensions of its countercyclical expenditure program.

23. Assessing the access criteria may involve a degree of judgment and may need flexibility. The assessment should take into account the diversity in DMCs' circumstances and the uncertainties underpinning economic projections (endnotes v and ix).

## D. Procedures and Requirements

24. **Identification.** Identifying stand-alone PBL and the programmatic approach, including CDF and PBG, is done in the context of ADB's CPS for the DMC concerned to achieve medium-term objectives in one or across sectors. SPBL and CSF lending can be identified only when a crisis arises. The decision to initiate PBL preparation requires a comprehensive diagnostic of sector or thematic issues to identify binding legal, regulatory, or institutional constraints. Full government commitment to institute a reform program is required for PBL, as is the ability and political will to implement the needed reforms. The reform program must also merit ADB support because of its scope and strength, and the PBL must facilitate and accelerate the implementation of the reform program (endnotes iii, iv, and vi; and footnote 7).

25. **Sector analysis.** Comprehensive sector, inter-sector, or thematic diagnostics are required for considering stand-alone PBL, programmatic approach (including CDF and PBG), and SPBL, where applicable.[25] A problem analysis diagram (problem tree) should be prepared as part of the summary sector assessment linked to the concept paper and the RRP. The analysis is expected to help DMCs identify the most binding constraints to development and streamline the conditions attached to PBL. The RRP should briefly explain how ADB contributed to the design and implementation of the government-owned reform package, including TA support (if applicable), and summarize the envisaged reform impacts. In addition to policy issues, the sector or inter-sector studies must address social and environmental issues,[26] the relative roles of the

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[23] If the IMF is not directly involved in crisis response, ADB will ensure the country has had constructive consultations with the IMF, such as recently completed or ongoing Article IV consultations. This requirement applies to ADB operations in IMF member countries.

[24] Consultation with the IMF and other IFIs is critical for the CSF. ADB should involve IMF staff through regular and active policy dialogue when preparing the operation. Similar engagement with other IFIs should also be adopted, as needed. Processing teams will be requested to show evidence of their request for an IMF assessment letter. If approved by the IMF, a recent (within 6 months) IMF Article IV assessment or public information notice may be used in lieu of an assessment letter.

[25] This does not mean that ADB needs to conduct a formal sector study. If the necessary information is already available, for example through ongoing sector work by ADB or studies carried out by other institutions, then such information may serve as a foundation for PBL formulation.

[26] ADB. 2013. Safeguard Policy Statement. *Operations Manual*. OM F1. Manila. For CDF operations, given the close links between disaster resilience, health emergency preparedness, environmental management, and social

public and private sectors, and institutional development needs. TA may be processed with the PBL to study unresolved policy issues or strengthen the capacity of key sector institutions. For CSF operations, the assessment should cover the appropriateness of the countercyclical development expenditures and present ADB's value addition (endnotes i, ii, iii, iv, and ix; and footnote 16).

26. ADB must assess the impact of the proposed sector reforms on the poor and other vulnerable groups.[27] Where a reform program entails adverse short-term impacts on the poor or other vulnerable groups, the PBL should seek to include mitigating or offsetting measures to the extent feasible. When applicable, counterpart funds generated by the foreign currency disbursed under the loan may be used for this purpose (endnote i).

27. **Macroeconomic link and aid coordination.** A PBL must take into account the link between the program and the macroeconomic conditions in the DMC. The general direction of the macroeconomic conditions and policies in the borrowing country must be deemed satisfactory by ADB before a PBL can be considered. The effects of untied capital inflows on the money supply and exchange rate must also be considered. ADB will systematically consult and closely coordinate with the IMF, the World Bank, and, where applicable, other multilateral development banks and major bilateral funding agencies in formulating and implementing PBLs. Aid coordination must particularly address the interface of the ADB-supported program with macroeconomic aspects, including the adequacy of the macroeconomic framework for successful program implementation, and the potential impact of the PBL on macroeconomic variables. There should also be simultaneous efforts to mobilize cofinancing.[28]

28. **Development policy letter, policy actions, and policy dialogue.** Policy reforms that improve growth and development prospects are the basis for PBL to a DMC. The concerned DMC government sets the policy reform[29] and the development expenditure program in a policy statement letter to the ADB President. The program outlined in the development policy letter is the focus of ADB's support.[30]

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vulnerability, particularly close attention should be given to the program's potential impact on the poor and other vulnerable groups, including women and girls. Where possible, policy actions or prior actions that help reduce the impact of natural hazards and health emergencies on vulnerable groups should be emphasized in the policy matrix (in the PDMF) and program description.

[27] ADB's policy on gender and development adopts mainstreaming as a key strategy for promoting gender equality and women's empowerment in its operations. ADB. 2010. Gender and Development in ADB Operations. *Operations Manual*. OM C2. Manila.

[28] Endnote i. Macroeconomic and debt sustainability are key access criteria for CDF. The soundness of the macroeconomic policy, including an updated IMF assessment letter, should be reconfirmed every 3 years for CDF without replenishment or every 3–5 years for CDF with replenishment, as applicable, during loan renewal. The borrower's debt sustainability, including potential impacts of the prospective CDF assistance, should also be confirmed. Relevant indicators may be based on the debt sustainability analysis of the IMF and the World Bank, or a similar assessment where such joint analysis is not conducted.

[29] The term "policy reform" covers (i) structural reform required under stand-alone PBL and the programmatic approach, including CDF as well as PBG and SPBL; and (ii) fiscal policy under the CSF.

[30] Endnotes i and ii. All conventional PBL types and PBGs will use a policy matrix (in the PDMF), which presents crucial reforms (policy actions) and addresses constraints in the program's problem analysis diagram (problem tree). The policy matrix presents conditions that need to be satisfied and actions that need to be taken before the release of each tranche in a single-tranche or multitranche stand-alone PBL, subprograms for a programmatic approach, or the single tranche or multitranche PBL component of a PBG; or policy actions for which progress needs to be verified

29. In PBL, considerable importance is given to the proper timing and sequencing of reforms. The policy matrix must be formulated to optimize the sequencing of reform steps and minimize the short-term costs of adjustment. The policy matrix should be used as a flexible implementation guide for assessing whether the intended objectives were substantively achieved, and conditions should be streamlined (endnote ii). Staff should adopt a flexible approach to PBL conditions and apply the following good practice principles in the design and implementation: (i) the conditions should reinforce country ownership, (ii) the conditions should be agreed with the government and other financial development partners and linked closely to national development strategies, (iii) only actions critical for achieving program outputs and outcomes should be selected as disbursement conditions, and (iv) transparent progress reviews that contribute to predictable and performance-based financial support should be conducted regularly (footnote 7).

30. For CDF, the policy matrix should include a post-program partnership framework (PPPF), which presents medium-term reform objectives that ADB will support. The PPPF will be used to monitor program performance during the CDF availability period and justify loan renewal. ADB should clearly demonstrate its value addition in supporting the reforms (endnote iv).

31. For all CSF programs, a concrete government mechanism to support engagement on policy development and the implementation for countercyclical programs should be described in the RRP (para. 22(vii)).[31] This mechanism should include key stakeholders relevant to implementation. In principle, CSF operations should focus on short-term fiscal responses at the macroeconomic level, and the policy matrix is not required to include conditions for structural reform at the microeconomic level.[32] However, where structural weaknesses substantially increase the vulnerability to an external shock, CSF operations might be accompanied by, and integrated with, complementary conventional PBL operations addressing the underlying structural issues connected with the crisis.[33]

32. Comprehensive and far-reaching reform addressing all major sector distortions would normally be required in each PBL. However, considering the dislocations often caused by drastic policy changes and the sometimes adverse, short-term impact of reform on specific groups, ADB can, where justified, support an incremental pace of reform. This may be done through a

prior to a proposed replenishment under the CDF's multi-year program; or when there is no PBL component to a PBG, the signing of the partial credit guarantee. Given their crisis response nature, CSF and SPBL operations may flexibly adopt a stand-alone design and monitoring framework in lieu of a PDMF to be prepared closely with SPD.

[31] The CSF program's RRP should also describe the government monitoring and reporting framework anchored on the planned countercyclical program and linked to the design and monitoring framework, and an adequate resource plan for implementation, monitoring, and reporting efforts.

[32] Endnotes ii and viii. The CSF does not require structural reform conditions. Only where structural weaknesses substantially increased vulnerability to exogenous shocks, there needs to be assurances that the country is taking credible steps toward addressing them in the near future, if not earlier. For instance, DMCs suffering from a collapse of international commodity prices may advance reforms to diversify their economies to reduce dependence on commodity exports, provided that such measures also enhance economic efficiency and welfare. However, these do not need to take the form of negotiating stand-alone PBL or a PBL under a programmatic approach with ADB. The DMC concerned may request such conventional PBL from ADB only if it wishes to do so at its discretion, either in parallel or subsequent to the CSF operation.

[33] Endnote ix. In such cases of structural weaknesses, during loan negotiations, the requesting country must commit to a robust structural reform program to be defined within a short time frame. The RRP seeking Board approval of CSF support should include the mechanism for monitoring and reporting of such a reform program.

succession of PBLs in a sector or through the adoption of a longer time frame and multiple tranches (endnote i).

33. **Fiduciary requirements.** Since general budget support under stand-alone PBL and the 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 the efficient use of overall resources through sound public financial management (PFM). Up-to-date diagnostic work should support the knowledge of the PFM environment in the country (endnote ii).

34. Under all PBLs, an audit of the use of loan proceeds will be undertaken only upon ADB's request, provided that ADB retains the right to audit any accounts (endnote x).

35. **Environmental and social safeguards.** ADB's Safeguard Policy Statement (2009) applies to PBL (referred to as program lending in the policy). The borrower will evaluate potential direct or indirect environmental or involuntary resettlement impacts or impacts on indigenous peoples associated with policy actions to be supported by a PBL, identify appropriate mitigation measures to address these impacts, and integrate the mitigation measures into the program's design. A matrix of potential impacts of each policy action, together with appropriate mitigation measures, will be prepared, with a qualitative indication of the likely order of magnitude of each impact and brief reasons for the proposed safeguard categorization. A strategic environmental assessment may be applied where appropriate (endnotes ii and xi).

36. **Concept clearance.** ADB prepares a concept paper for the PBL. To enhance Board oversight and engagement early in loan processing,[34] the Management-cleared concept paper[35] should be circulated to the Board as a formal information paper for comments within 10 working days (endnote ii).

37. **Approval of policy-based loan.** PBL proposals follow the procedures for sovereign operations and are submitted to the Board for approval. The Board will consider PBL proposals that meet the following criteria on a no-objection basis: (i) the loan amount does not exceed $50 million; and (ii) the operation does not (a) require any major exception to an ADB policy, as determined by Management; (b) have the potential for significant adverse environmental, economic, and/or social impacts, particularly on vulnerable groups that may be unable to absorb such impacts;[36] (c) involve the use of a novel financing arrangement;[37] and (d) involve significant financial assistance relative to the size of the DMC concerned, as determined by Management.[38]

[34] The Board circulation requirement does not apply to PBLs for which a concept paper is not prepared (i.e., the CSF and SPBL). Early information will be provided to the Board when a DMC has requested CSF lending. An informal Board seminar should be conducted as soon as Management receives sufficient information. The rationale for mobilizing the CSF, especially the existence of economic stress, should be clearly presented in the informal Board seminar. This also applies to SPBL.

[35] For low-risk loan proposals, the director general approves the project concept paper and submits it to the concerned vice-president of operations for information. The concerned vice-president of operations approves complex loan proposals.

[36] Management may apply a liberal interpretation of these criteria in determining whether to submit a loan proposal to the Board for discussion.

[37] A novel financing arrangement means (i) an innovative approach in resource mobilization or (ii) an innovative financing modality for which a policy paper has not yet been prepared. A PBG operation is not automatically considered a novel financing arrangement.

[38] ADB. 2017. No-Objection Procedure. *Operations Manual*. OM L4. Manila.

38. **Capacity development and institution building.** TA attached to a PBL must be carefully targeted to meet key capacity building needs in the sector and/or address major policy issues that have a bearing on strategy decisions. The number and design of attached TA projects must be geared to the absorptive capacity of the executing and implementing agencies involved. Close ADB supervision of TA execution and the incorporation of TA findings in ongoing policy dialogue are essential for administering a PBL (endnote i and footnote 7).

39. **Counterpart funds.** Counterpart funds will be used for general budget purposes, and a fiduciary arrangement needs to be in place to ensure effective use of overall resources through sound PFM (endnote ii).

40. **Procurement and disbursement.** The approach to procurement and disbursement under a PBL is different from that under project loans. There is considerable flexibility in using PBL proceeds to meet a DMC's development needs. Following declaration of loan effectiveness, loan proceeds will be disbursed against economy-wide import requirements based on a negative import list or, where necessary and appropriate, sector-specific import requirements based on a positive import list, upon receiving a disbursement request from the DMC concerned (endnote x). For CDF operations, disbursement is available only if the prespecified disbursement condition(s) linked to a disaster caused by a natural hazard and/or health emergency—typically the DMC's declaration of a state of emergency or its equivalent—has been met.[39] Additional disbursement conditions are mutually agreed at the time of negotiation and reflected in legal agreements.[40] Up to the full allocated amount is available for disbursement at any time within 3 years for CDF without replenishment and 3–5 years for CDF with replenishment from signing the legal agreement(s) (endnotes iv and v). For CSF operations, the RRP should also specify the likely loan disbursement date (endnote ix).

41. For multitranche stand-alone PBL, following PBL approval and disbursement of the first tranche, to accelerate disbursement for the second (or subsequent) tranches in cases where policy actions have been completed, the following are undertaken: (i) authorize the President to delegate authority for tranche release to the relevant vice-president, and (ii) disburse the tranche

[39] If a DMC's declaration of a state of emergency cannot be used as a disbursement condition, equivalent condition(s) may be considered. The equivalent disbursement condition may be used to indicate, for example, a new health emergency event within a protracted pandemic with multiple waves. The equivalent condition(s) should (i) be specific, based on the DMC's legislation or practice; (ii) remain a high-level action (i.e., undertaken by a national authority or equivalent); and (iii) relate to a new disaster and/or health emergency event. Where appropriate, third-party confirmation (e.g., by the World Health Organization) of a new disaster or health emergency event in a DMC may be used as a disbursement condition. Program teams should consult with the Sustainable Development and Climate Change Department, as the subject experts, and the Office of the General Counsel, as the legal experts, to formulate such disbursement condition(s).

[40] As the scope and procedures for declaring an emergency vary from country to country, the disbursement condition(s) would be defined on a case-by-case basis, taking into consideration the borrower's legal and policy framework for national hazard risk management. The program team, in consultation with the Office of the General Counsel, needs to carefully study the borrower's legal and regulatory framework for emergencies before formulating the disbursement condition(s).

and submit a progress report immediately after tranche release[41] unless the Board requires a 10-day waiting period at the time of PBL approval (endnote xii).[42]

42. Where the foreign exchange provided by ADB is used for procurement by public sector entities rather than private, commercial importers, ADB must review the standard public sector procurement procedures used in the DMC as part of its due diligence and risk assessment. Where exchange controls are in effect, ADB will review the general foreign exchange allocation mechanism in the DMC with regard to its efficiency and transparency; where these cannot be guaranteed, remedial steps should be adopted as an integral part of program design. ADB must always ensure that the standard exclusion negative list applies in economy-wide imports (endnote i).

43. To improve the efficiency of PBL operations, the Board grants a blanket waiver of member country procurement eligibility restrictions for PBLs for which a negative list of ineligible items is applied (endnote xii).[43]

## E. Monitoring and Reporting

44. ADB uses a two-tier approach to evaluate individual operations. For public sector operations, the first tier involves self-evaluation through the preparation of completion reports. The second tier involves independent evaluation by the Independent Evaluation Department.[44]

## F. Terms and Conditions

45. **Loan amount.** A clear basis for determining the loan amount based on the overall and sector-specific requirements of the DMC should be presented (endnote ii). The overall loan size should be determined based on the development financing needs of a country[45] with reference to

[41] This superseded para. 8(i) of ADB. 1992. *Procedure for Release of Second or Subsequent Tranches under Program*. Manila (R127-92).
[42] Management is authorized to release the tranche upon completion of the agreed policy actions. A progress report is submitted to the Board for information thereafter. If the Board believes at the time of approval that the PBL merits additional Board scrutiny before the release of the second (or subsequent) tranche, then Management will circulate the progress report to the Board and wait 10 days before releasing that tranche. If any of the policy actions have not been complied with, the Board would continue to approve any waiver of the policy action on a no-objection basis.
[43] This eliminates the need for DMCs to submit a certification confirming the borrower's compliance with the formula (endnote xii, paras. 29–30; and endnote x, para. 11.a.(i)). In addition to saving time for ADB and borrowers, the blanket waiver would recognize that PBL proceeds are fungible, and therefore linking such disbursements to imports provides few benefits.
[44] ADB. 2011. Project Performance Management System. *Operations Manual*. OM J1. Manila; and ADB. 2013. Independent Evaluation. *Operations Manual*. OM K1. Manila. The main objective of a completion report is to evaluate the performance of sovereign operations to enhance transparency and accountability and to learn from operational experience in the design and implementation of loan projects.
[45] The loan amount should be determined individually to accommodate country-specific circumstances, including overall projected budgetary (or BOP-related) financing requirements, the availability of alternative financing, and debt sustainability at the macroeconomic level. As appropriate, development financing needs in the key macroeconomic indicators, such as budget or current account deficit, should be referenced. For CDF operations, the discussion on overall development financing needs may also include an explanation of the past fiscal costs of major natural hazards and/or health emergencies and any forecasts of expected future fiscal or economic costs as a result of climate change or other factors.

specific elements of the development expenditure programs supported by the budget support.[46] Where relevant, support provided by other development partners should be explained. Costs of adjustment directly related to the implementation of reforms may be referenced but may not be used as the basis for determining loan amounts.[47] Due consideration should be given to the DMC's borrowing capacity and debt sustainability.

46. For SPBL, the justification for ADB's loan amount should demonstrate an acceptable level of financial burden sharing across the IFIs relevant to the total rescue package being provided. The burden-sharing arrangements among IFIs should be satisfactory to ADB (endnote iii).[48]

47. **Loan terms.** Conventional PBLs, including CDF, from regular OCR have a 15-year term, including a 3-year grace period. A commitment charge of 15 basis points per year is levied on the undisbursed balance.[49] ADB's Flexible Loan Product lending terms including applicable maturity premium apply.[50] Stand-alone PBLs and loans under the programmatic approach financed by ADB's concessional resources follow the applicable PBL terms. Conventional PBLs financed by COL for group A countries have a fixed 24-year term, including a grace period of 8 years; a 1.0% interest charge during the grace period; and a 1.5% interest charge during the amortization period. Those financed by COL for group B countries have a fixed 25-year term, including a grace period of 5 years; and a 2.0% interest charge throughout loan maturity.[51]

48. For PBG, the guarantee fee will be equivalent to the standard interest spread for PBL under regular OCR. A guarantee fee may be adjusted if the guarantee takes a certain structure that has significant implications on effective risk exposure for ADB (e.g., first loss cover) (endnote vi).

49. For SPBL, the pricing and terms of lending comprise an interest rate set at a minimum spread of 200 basis points over the cost-base rate—the Secured Overnight Financing Rate (SOFR) compounded in arrears for United States dollar denominated loans, the Tokyo Overnight Average Rate (TONA) compounded in arrears for yen denominated loans, or the Euro Interbank Offered Rate for euro denominated loans—or an applicable funding source; a rebate or surcharge reflecting the cost of funds; a loan term of 5–8 years, including a grace period of up to 3 years; and a commitment charge of 75 basis points per year on the undisbursed loan balance. The terms of SPBL should be determined by the crisis situation, country-specific considerations, and ADB's

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[46] This may include external financing requirements needed to generate counterpart funds for economy-wide or sector-specific development expenditure programs.

[47] Each PBL's RRP should take into account country-specific circumstances, particularly the budget mechanism and accounting environment. Where relevant, the costs of adjustment directly related to the implementation of the envisaged reforms can still be included in a development expenditure program supported by the budget support, but it is not regarded as a prime determinant of loan size. The countercyclical expenditure program supported by the CSF is primarily aimed at stimulating the aggregate demand to restore growth. ADB support through the CSF is expected to ensure that pro-poor fiscal measures are preserved—and possibly expanded—despite the crisis. The development expenditure program supported by other forms of budget support (stand-alone, programmatic approach, CDF, and PBG) has broader objectives of contributing to the acceleration of the economic development.

[48] SPD will confirm resource availability for SPBL and CSF operations in consultation with the Treasury Department. The Office of Risk Management will be consulted to assess ADB's risk-bearing capacity.

[49] There is no commitment charge for CDF loans, but a front-end fee is required for each of the two resource commitment and pricing options.

[50] Endnote xiii; and ADB. 2022. Lending Policies for Sovereign and Sovereign-Guaranteed Borrowers (Regular Ordinary Capital Resources). *Operations Manual*. OM D1. Manila.

[51] ADB. 2022. Lending and Grant Policies (Concessional Assistance). *Operations Manual*. OM D2. Manila.

risk-bearing capacity.[52] Given that providing SPBLs could impose a strain on ADB's risk-bearing capacity and that such assistance is meant for crisis support, prepayment, if permitted by a DMC's circumstances, is encouraged through a waiver of the prepayment penalty. Prepayment of an SPBL on a pro rata basis would be triggered if a DMC prepaid a concurrent World Bank equivalent of an SPBL (endnote iii).

50. For the CSF, the regular OCR lending terms comprise an interest rate set at a spread of 75 basis points over the cost base rate—SOFR compounded in arrears for United States dollar denominated loans, the TONA compounded in arrears for yen denominated loans, or the Euro Interbank Offered Rate for euro denominated loans—or an applicable funding source; a rebate or surcharge reflecting the cost of funds; maturity of 7 years, including a grace period of up to 3 years; and a commitment charge of 15 basis points per year on the undisbursed loan balance. The COL terms for the CSF are equivalent to those applicable to conventional PBLs for group A DMCs and group B DMCs (endnote v). Aggregate financing for the CSF will be managed with due consideration for ADB's risk-bearing capacity (endnotes v and ix).

51. **Commitment, replenishment, and renewal for contingent disaster financing.** For the ADF-financed CDF operations, ADB will fully commit the CDF amount and make it available for disbursement immediately after a disaster occurs. For regular and concessional OCR-financed operations, DMCs may avail of one of two resource commitment and pricing options: committed capital (option 1) and unallocated capital (option 2).[53] The selected option will initially be agreed during fact-finding and be incorporated into the legal agreements. The selected option will be fixed during the life of the loan, including any renewal periods (endnote iv).

52. The initial availability period of CDF financed by regular OCR, concessional OCR, and the ADF is 3 years without replenishment or 3–5 years with replenishment. Regular OCR-financed CDF can be renewed up to four times for a maximum of 15 years (without replenishment) or 15–25 years (with replenishment). Concessional OCR- and the ADF-financed CDF can be renewed once for a maximum of 6 years (without replenishment) or 6–10 years (with replenishment). Each renewal period is equivalent to initial availability, i.e., for a period of up to 3–5 years. Upon renewal of CDF operations, ADB may approve a closing extension request at the end of the 3–5-year period.[54] Approval of the CDF extension by the director general of the respective regional department is based on the submission of a progress report that (i) reconfirms the adequacy of the macroeconomic environment, including an updated IMF assessment letter; (ii) demonstrates continued progress toward the PPPF; (iii) updates the PPPF with mutually agreed objectives for the subsequent CDF availability period; and (iv) attaches a CDF extension request from the DMC government (endnotes iv and v).

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[52] Endnote ii. For SPBL, as a preliminary benchmark, a spread of 200 basis points above SOFR compounded in arrears for United States dollar denominated loans and TONA compounded in arrears for yen denominated loans should be regarded as an initial default pricing basis for loans up to $500 million with the 5-year maturity (including the 3-year grace period), while case-by-case adjustments in the spread and maturity may be made within the permissible range prescribed herein. Repayment terms of equal installments or the annuity method with the general practice of a 10% discount rate are applicable. A complete analysis of the impact on ADB's relevant financial indicators and a discussion on the measures to ensure consistency with ADB's financial policy should be undertaken.

[53] The two options and their applicable terms and fees are outlined in ADB. 2019. *Contingent Disaster Financing under Policy-Based Lending in Response to Natural Hazards*. Manila (para. 28 and Appendix 6).

[54] On repayment terms, standard PBL terms and conditions for regular OCR, concessional OCR, and the ADF apply, unless stated otherwise. Repayment schedules will be calculated on a disbursement-linked basis for regular and concessional OCR-financed CDF.

53. CDF operations with replenishments has specific conditions. The Board-approved CDF operations with replenishments will include a reform program for 3–5 years, with indicative policy actions set out in a policy matrix. Replenishments under such multi-year program are optional and should be specified in the RRP. Board approval of the CDF program will be sought once the initial policy actions are completed, and ADB financing may be disbursed following an eligible disaster event. Subsequent Board approvals for replenishments with new financing resources may be requested after the preceding approved amount has been withdrawn following a disaster event. Replenished financing amounts will be used for a subsequent disaster event.[55] A maximum of two replenishments can be proposed up to the initial approved amount for each replenishment, subject to verified progress of the relevant policy actions applicable to a proposed replenishment. Board approval is required for each replenishment under a CDF program and such replenishment will be documented in a new financing agreement with the relevant disbursement condition(s). The CDF program period may be renewed, subject to renewal requirements, at the end of the original program period, if there are undisbursed CDF resources. Replenishments are available until the end of the initial 3–5-year availability period only and will not be permitted after the renewal (endnote v).

54. **Use of policy-based guarantee in group A countries.** PBGs are funded with regular OCR. Using regular OCR to provide a PBG in group A countries for sovereign guarantee operations is allowed on the condition that the project is not expected to undermine the country's debt sustainability. The country should not be classified as being in high risk of debt distress following the Concessional Assistance Policy,[56] and the proposed program should not be expected to change the country's debt distress classification. The debt distress risk classification is based on debt sustainability analyses using the IMF–World Bank debt sustainability framework for low-income countries (endnote vi).

55. **Ceilings.** Conventional PBL has no individual country ceilings. Total annual conventional PBLs (excluding CDF), the policy-based component of sector development programs, and PBGs are not to exceed 20.0% of total public sector lending on a 3-year moving average basis under normal circumstances (endnotes ii and iii).

56. Similar lending from ADB's concessional resources is subject to a ceiling of 22.5% of total concessional lending on a 3-year rolling average basis (endnotes ii and iii). CDF operations financed by concessional assistance (COL or the ADF) will be excluded from the 22.5% ADB-wide cap (endnote v). Regular OCR-financed CDF operations will fall outside the PBL ceiling (endnote iv). An ADB-wide ceiling of $3 billion in regular OCR-financed CDF and $1 billion in concessional assistance-financed (COL and the ADF) CDF will be maintained, subject to review 3 years after Board approval of the policy update (endnote v). CDF commitments, including replenishments, count toward the ADB-wide CDF ceiling on a cumulative basis (endnote v). Loans under SPBL and the CSF will not be counted toward the regular PBL ceiling but should be managed within ADB's risk-bearing capacity (endnotes ii, iii, and ix). The ceilings are applied on a commitment basis (endnote xiv).

[55] The CDF disbursement requirements (single disbursement per disaster within 90 days from occurrence) will still be applied. This ensures that if CDF is replenished following a triggering event, the newly committed financing would not be disbursed retroactively for a previous event.

[56] ADB. 2020. *Concessional Assistance Policy for the ADF 13 Period*. Manila. Countries with high risk of debt distress have access only to ADF grants.

57. For CDF, DMCs can mobilize an amount equal to 0.5% of their gross domestic product (GDP), up to a maximum of $500 million if financed by regular OCR or $250 million if financed by COL or the ADF. Small DMCs whose 0.5% of GDP is less than $20 million may avail of up to $20 million, subject to available resources. CDF country ceilings apply to each CDF replenishment (endnote v). CDF allocations are counted against each DMC's regular resource allocation (endnote iv).

58. For the CSF, a country limit per crisis event is applied for all DMCs based on thresholds equal to 0.5% of the country's 3-year rolling average nominal GDP, with a maximum amount of $1.5 billion;[57] and where concessional financing is used, ceilings for funding sources of up to a maximum amount of $100 million in ADF grants and $250 million in COL are applied.[58] DMCs eligible for COL and regular OCR with an access limit below $20 million are allowed to access up to $20 million, subject to debt sustainability (Table).[59]

**Table: Country Ceiling Categories**

| 0.5% of 3-Year Rolling Average GDP | Country Ceiling |
|---|---|
| >$1 billion | $1.5 billion |
| $500 million–$1 billion | $1 billion |
| $250 million–$500 million | $500 million |
| $100 million–$250 million | $250 million |
| $50 million–$100 million | $100 million |
| $20 million–$50 million | $50 million |
| <$20 million | $20 million |

GDP = gross domestic product.
Source: Asian Development Bank.

## G. Disclosure

59. Public disclosure of documents should comply with ADB's Access to Information Policy (endnote xv).

## Basis

i. ADB. 1996. *Review of the Bank's Program-Lending Policies*. Manila.
ii. ADB. 2011. *Review of ADB's Policy-Based Lending.* Manila.
iii. ADB. 1999. *Review of ADB's Program Lending Policies*. Manila.
iv. ADB. 2019. *Contingent Disaster Financing under Policy-Based Lending in Response to Natural Hazards*. Manila.
v. ADB. 2022. *Enhancing Contingent Disaster Financing and the Countercyclical Support Facility*. Manila.
vi. ADB. 2018. *Proposal for ADB's New Products and Modalities*. Manila.

[57] Endnote v, Table 3. Unless otherwise approved by the Board and donors, CSF programs funded with the ADF will be resourced using the borrower's existing country allocation.
[58] The proportion of COL for financing the CSF in group A countries at moderate risk of debt distress (ADF blend) may be higher or lower than 50%, subject to resource availability. Such an option should be agreed in coordination with the government, the IMF, and the World Bank. Because India does not have access to concessional assistance, for the purposes of the CSF, it will be eligible for the terms and conditions and country ceilings offered to group C DMCs.
[59] Endnote v. The higher ceiling for small economies is aligned with that of ADB's CDF under PBL.

vii. ADB. 2006. *Review of ADB's Credit Enhancement Operations*. Manila.
viii. ADB. 2009. *Enhancing ADB's Response to the Global Economic Crisis: Establishing the Countercyclical Support Facility*. Manila.
ix. ADB. 2016. *Review of ADB's Lending Instruments for Crisis Response.* Manila.
x. ADB. 1998. *Simplification of Disbursement Procedures and Related Requirements for Program Loans*. Manila.
xi. ADB. 2009. *Safeguard Policy Statement.* Manila.
xii. ADB. 2015. *Enhancing Operational Efficiency of the Asian Development Bank.* Manila.
xiii. ADB. 2021. *Reference Rate Transition for the Asian Development Bank's Financial Loan Product.* Manila (confidential).
xiv. ADB. 2017. *Operational Adjustments and Change in Application of Existing ADB Policies Following the Introduction of Commitments as Performance Measurement.* Manila (confidential).
xv. ADB. 2018. *Access to Information Policy*. Manila.

**Other background information and references**

ADB. 2009. *Program Lending Policy: Clarification*. Manila.
ADB. 2006. *Second Governance and Anticorruption Action Plan.* Manila.
ADB. 2021. *Disaster and Emergency Assistance Policy.* Manila.

This *Operations Manual* section is to be read with ADB. 2022. *Staff Instruction on Business Processes for Policy-Based Lending*. Manila.