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

**NO-OBJECTION PROCEDURE**

A. Scope

1. Loans, Guarantees, and Equity Investments

   1. Proposals for a loan, guarantee, and equity investment from Asian Development Bank (ADB) resources are circulated to the Board for approval (endnote i) through Board discussion, except for those proposals that meet all of the following criteria to be eligible for Board consideration under the no-objection procedure (endnote ii):

      (i) The amount of ADB financial assistance does not exceed
          (a) $50 million for policy-based loans or sector development programs, and
          (b) $200 million for other sovereign operations; and
          (b) $100 million for nonsovereign operations.

      (ii) The operation does not
          (a) require any major exception to an existing 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;²
          (c) involve the use of a novel financing arrangement;³ and
          (d) involve significant financial assistance relative to the size of the developing member country in question, as determined by Management.

   2. The approval of administration of cofinancing under a loan-financed project is discussed in paras. 5(ii) and 6.

2. Technical Assistance

   3. Proposals for technical assistance (TA) operations financed on a grant basis from ADB resources are circulated to the Board for consideration (endnote i) under the no-objection procedure (endnote iii),⁴ except that the President approves any TA proposal where

---

¹ The terms "lending" and "loan(s)" include Asian Development Fund grants and investments in debt securities.
² Management may apply a liberal interpretation of these criteria in determining whether to submit a project proposal to the Board for discussion.
³ 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.
⁴ TA operations refer to those provided under TA framework agreements or TA agreements.
(i) the amount of financing from ADB resources does not exceed $5 million (endnote ii), and
(ii) the operation is consistent with ADB’s TA policies (unless the application of the relevant policy provision(s) has been waived) and does not involve any unusual obligations for ADB and the recipient (endnote iv).

4. The approval of administration of cofinancing under a TA operation is discussed in para. 5(ii).

3. Financing Partnerships

5. Financing partnership proposals involving any of the following features require Board approval (endnote ii) and, unless otherwise decided by the President, are circulated to the Board for consideration under the no-objection procedure:5

(i) any proposal for establishment of a trust fund, financing partnership facility, framework arrangement, and/or participation in a global funding initiative that
   (a) requires an exception to an existing ADB policy (unless the application of the relevant policy provision(s) has been waived);
   (b) presents a novel design or complexity, or requires ADB to assume a significant risk and/or an unusual legal obligation, 6 which in the President’s judgment warrants consideration by the Board; or
   (c) involves acceptance of contributions by ADB from financing partners exceeding $200 million in the aggregate;7 and

(ii) the administration of cofinancing for any operation that
   (a) requires an exception to an existing ADB policy (unless the application of the relevant policy has been waived);
   (b) involves an unusual legal obligation (footnote 6) on ADB under a cofinancing agreement;
   (c) involves an innovative financing modality for which a policy paper has not yet been prepared; or
   (d) involves the potential for significant adverse environmental, economic, and/or social impacts, particularly on vulnerable groups that may be unable to absorb such impacts,8 unless such cofinancing is for a project

---

5 The President approves all other cases and has delegated to the director general of the Strategy, Policy, and Partnerships Department the authority to approve the establishment of trust funds and financing partnership facilities, participation in global funding initiatives, and acceptance of contributions from any financing partner, including the approval of framework arrangements (endnote ii, paragraph 90[viii]). The Board is informed of (i) each new trust fund, financing partnership facility, framework arrangement, or global funding initiative upon its approval; and (ii) the acceptance of contributions and the administration of cofinancing semianually.

6 For example, arrangements that require ADB to accept a higher standard of liability than is customary or that undermine ADB’s privileges and immunities.

7 To the extent the original proposal does not envisage the size of the fund or contributions to exceed $200 million in aggregate, the President approves the proposal (provided that para. 5(i)(a) and (b) do not apply).

8 Management may apply a liberal interpretation of these criteria in determining whether to submit a project proposal to the Board for discussion if such impacts can be sufficiently mitigated.
whose loan has already been approved by ADB’s Board and no new significant adverse impacts are envisaged.

4. **B loans**

6. Board approval for the provision of B loans and subsequent increases in B loan amounts are sought under the no-objection procedure, except that the President approves (endnote ii)

   (i) B loans up to $20 million when complementing ADB financial assistance under FAST (endnotes ii and viii), and

   (ii) a subsequent increase in the B loan up to 100% of the original B loan amount, provided the aggregate amount of all increases does not exceed 100% of the original B loan amount (endnote v).

5. **Supplementary Equity Investments**

7. The President approves supplementary equity investments not exceeding $2 million each in existing client companies that are performing and are expected to perform satisfactorily, subject to prompt reporting to the Board (endnote vi).

6. **Loan Restructuring and Investment Recovery**

8. Board approval for nonsovereign loan restructuring proposals involving additional ADB funding and/or funding of costs and expenses related to investment recovery operations are sought under the no-objection procedure, except that the President approves (endnote vii)

   (i) loan restructuring proposals involving no additional ADB funding and only revisions and amendments of the existing financing arrangements, and where all other alternatives are less attractive to ADB, and

   (ii) funding of costs and expenses related to investment recovery operations where the outlay improves the prospects of recovery and the borrower cannot currently cover such expenses, up to a cumulative amount not exceeding $2 million.

7. **Changes to Loan-Financed Projects**

9. Any proposal for a change in project scope or project implementation arrangements, which requires Board consideration, is also eligible for the no-objection procedure (endnote ix).

---

9 FAST refers to the framework to approve ADB’s operational efficiency for smaller nonsovereign transactions (endnote viii)

10 The President is not authorized to approve additional B loans that (i) require an exception to an existing ADB policy or (ii) involve the potential for significant adverse environmental, economic, and/or social impacts, particularly for vulnerable groups that may be unable to absorb such impacts, unless such cofinancing is for a project whose loan has already been approved by ADB’s Board of Directors and no new significant adverse impacts are envisaged.

11 Refer to the applicable project administration instruction to determine which changes require Board consideration.
B. Procedure

10. The no-objection procedure is as follows (endnote ii):

   (i) The President makes the final decision on whether the no-objection procedure should be adopted for Board consideration of a proposal.\(^1\)

   (ii) In the absence of a request by a Board member for discussion of the document and a sufficient number of abstentions or oppositions, the proposal is deemed to have been approved on the expiry of the relevant circulation period, and a no-objection procedure item appears on the agenda of a subsequent Board meeting only to record approval.

   (iii) Any Board member may formally request a Board discussion of a document submitted under the no-objection procedure. The Board meeting is scheduled on or after the deadline for no-objection to provide time for Board members and staff to prepare for the meeting.

   (iv) If a request for a Board discussion is subsequently withdrawn by the Board member who had requested it, the no-objection period is extended for an additional 2 working days, during which time any Board member may request a Board discussion.

---

Bases


---

\(^{12}\) For proposals for a loan, guarantee, and equity investment (para. 1), refer to the Operations Manual section on nonsovereign operations (OM D10) and sovereign and sovereign-guaranteed financing (OM D11).