

## 5.1 Loan Effectiveness

Loan funds may not be withdrawn to meet project expenditures immediately after the loan has been approved, but must wait until it has "become effective." The loan agreement provides that the borrower (not necessarily the EA) must comply with the conditions for loan effectiveness within a specified period. If the borrower fails to comply within that period, ADB could extend the deadline (or cancel the loan).

ADB procedures regarding loan effectiveness are covered in the

- *Operations Manual*—Bank Policy (BP) on Loan Effectiveness
- PAI—Conditions and Declaration of Loan Effectiveness