



COFINANCING OPERATIONS

Official Cofinancing

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Module's Outline

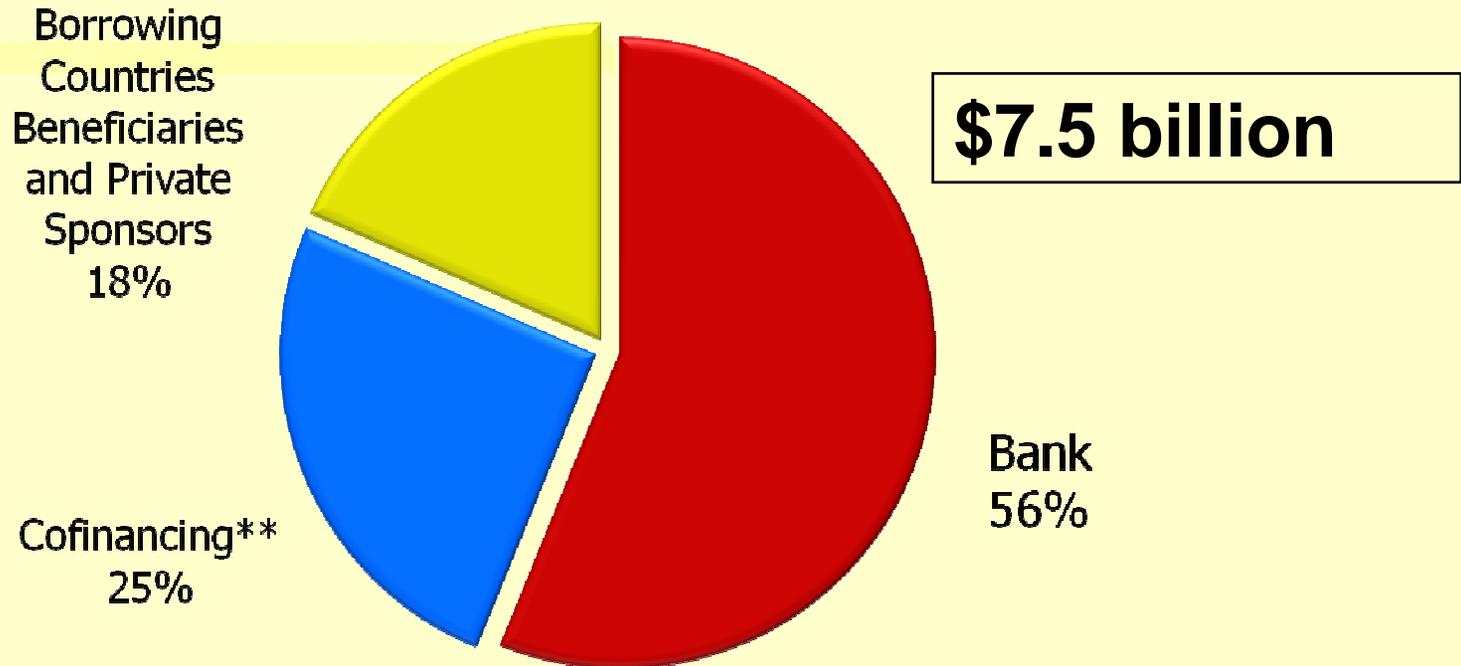
- Definition of Official Cofinancing
- Sources of Official Cofinancing
- Official Cofinancing Strategy
- Benefits of Official Cofinancing with ADB
- Official Cofinancing Modalities and Instruments
- Cooperation Funds
- Seeking Donor's Support

Official Cofinancing

Financing from official sources external to the project sponsors, arranged to support ADB-assisted technical assistance, loan projects or programs, together with ADB's own funds

Loan Projects*

Sources of Finance 2004-2008

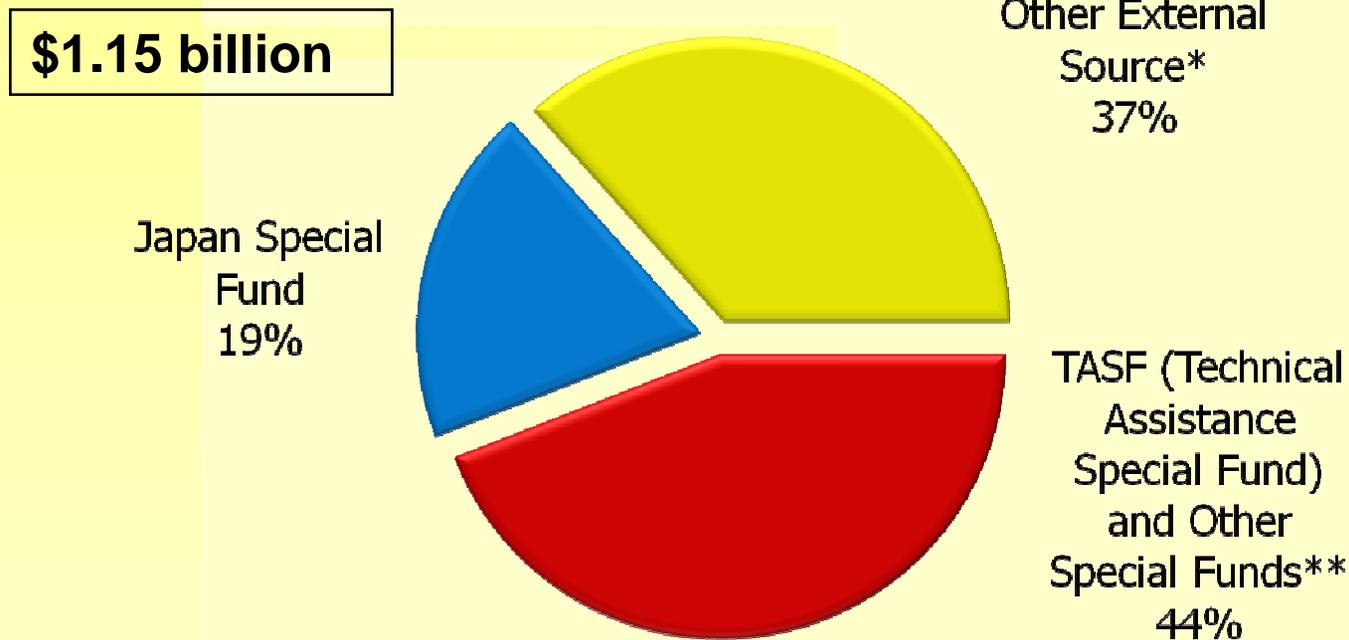


* Cofinanced Public sector projects only

** Includes both official and commercial sources

Technical Assistance

Sources of Finance 2004-2008



* Single and multidonor trust funds with bilaterals and multilaterals as members

** Includes Asian Tsunami Fund, Pakistan Earthquake Fund, Climate Change Fund,

Regional Cooperation and Integration Fund

Sources of Official Cofinancing

- Official
 - multilateral
 - bilateral

Official Cofinancing Strategy

- To enhance resource mobilization from official sources of cofinancing

Benefits of Cofinancing with ADB

To Donors

- Due diligence of ADB project processing and implementation
- Clear and transparent procurement process
- ADB's knowledge of Developing Member Countries (DMCs)
- Presence in field with Resident Missions
- Long-time cooperation and collaboration with DMCs
- ADB as catalyst for development issues so that donors can work with ADB on common agendas

To DMCs

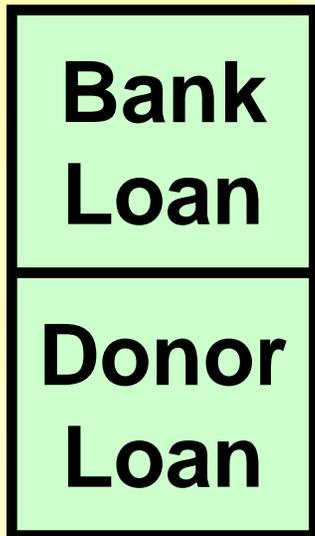
- Additionality to resources
- Ability to undertake large-scale projects
- Coordination of external assistance



Official Cofinancing Modalities

**Loan Project
Cofinancing**

**Stand-Alone
Technical Assistance
Cofinancing**



or



Loan Project Cofinancing

A. Joint Cofinancing

- Bank and Cofinanciers generally pool their funds to finance a common list of goods and services for the projects.
- Can be a loan or a grant
- Follow Bank procurement guidelines, as well as safeguard policies
- Cofinanciers do not tie their funds since ADB needs to administer their funds
- Full or partial administration
- Effected through project specific cofinancing agreement

B. Parallel Cofinancing

- can be a loan or a grant
- both tied and untied funds can be used
- for tied funds, project components are financed separately under the donor's own procurement policies and procedures
- effected through specific cofinancing agreement

Loan Project Cofinancing

COFINANCING CONCEPTS

Types of ADB's Administration of cofinancing under loan projects

- Full Administration: ADB provides a full range of services, including procurement, disbursement, and supervision of implementation. The cofinancier's funds are transferred to an ADB special account on the basis of a predetermined schedule (corresponding to disbursements). ADB disburses from its special account and provides the cofinancier with quarterly financial statements and progress reports on the utilization of its funds.
- Partial Administration: ADB's services consist of procurement, disbursement, and supervision of implementation. For disbursements, two sets of withdrawal applications are prepared by the borrower (executing agency), one set each is sent to ADB and the cofinancier, upon which ADB instructs the cofinancier to disburse directly to the contractor. Reporting to the cofinancier is through ADB standard documentation.



Major Loan Cofinancing Initiatives

Cofinancier	Program
Islamic Development Bank	2008-2010 (three years) \$2.0 billion for sovereign projects
Government of Korea (through EDCF/KEXIM/KDB)	2008-2010 (three years) \$0.5 billion for sovereign operations \$3.0 billion for nonsovereign operations
JBIC/Accelerated Cofinancing Scheme with ADB (ACFA)	2008-2013 (five years) \$2.0 billion
IFAD (in progress)	2009-2012 \$300 million

Financing Stand-Alone Technical Assistance

MODALITIES

A. Joint and Exclusive Cofinancing

- untied grants only
- Cofinanciers do not tie their assistance
- Follow Bank procurement and consultants' recruitment guidelines

B. Parallel/Tied Cofinancing

- Not possible as current regulations prevent the Bank from accepting tied funds to finance stand-alone technical assistance

Financing Stand-Alone Technical Assistance

INSTRUMENTS

A. Cooperation/Trust Funds

- 'Untied funds' administered by the Bank to support
 1. the ADB's technical assistance (TA) program
 2. and/or small components of loan projects which can be packaged as TAs (i.e. involving consultants)
 3. and/or (iii) implementation of Board approved policies for which allocated ADB Funds may not be enough
- Currently 30 Cooperation Funds established and/or contributed by Australia, Belgium, Canada, Denmark, Finland, France, Ireland, Italy, Japan, South Korea, Luxemburg, Netherlands, New Zealand, Norway, People's Republic of China, Spain, Sweden, Switzerland, United Kingdom and United States.
- "Umbrella" type agreements covering countries and sector priorities
- Technical assistance-oriented or thematic
- Single-donor or Multi-donor
- Administration Fee

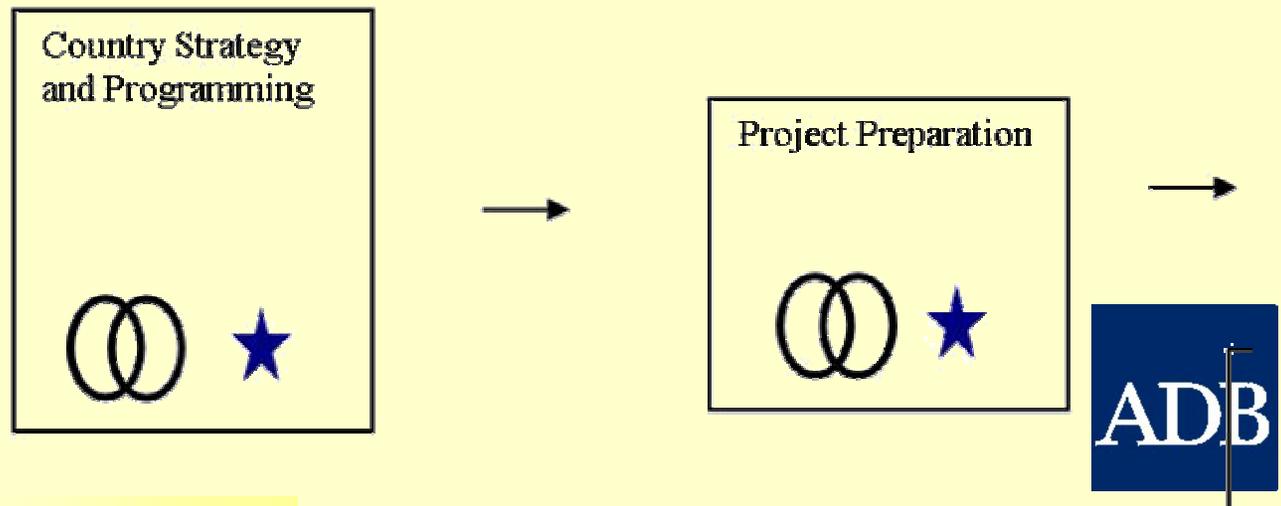
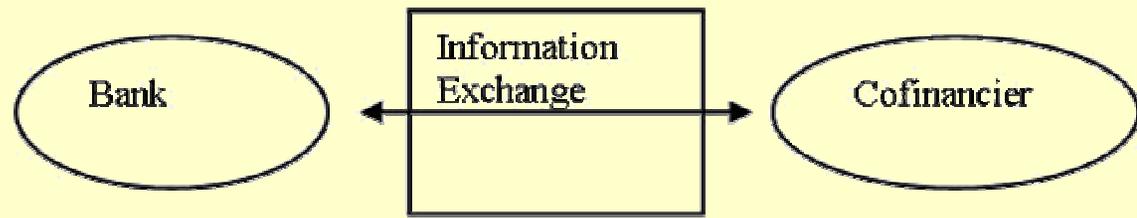
B. Project Specific Cofinancing

- One project-one agreement basis
- Administration Fee



Seeking Donor Support

- Efforts through DONOR COORDINATION
- Ample scope in Bank's Program / Project processing



Seeking Donor Support

