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Case Studies

REIMBURSEMENT

Case 1 - Reimbursement

After Loan effectiveness the Borrower submitted a withdrawal application claiming reimbursement for expenses incurred prior to Loan effectiveness related to the establishment of the PIU and purchase of equipment such as computers and fax machines required for the project implementing unit.

Can ADB finance this expenditure?

Answer Case 1

Answer: No

Loan Disbursement Handbook Section 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

Case 2 - Reimbursement

The Borrower submitted a withdrawal application under reimbursement procedure requesting payment to be made to a contractor of school furniture. The Borrower certified that the items were eligible expenditures.

Can ADB pay this contractor?

Answer Case 2

Answer: No

Under reimbursement procedure, ADB pays to the borrower's or / EA's account for eligible expenditures that have been incurred and paid for by the borrower or EA out of its own budget

ADB's payments are made only to the borrower or EA and not to a 3rd party (e.g. supplier, contractor)