

# CTL's Financial Control Functions to Support ADB's Core Operations

- **Authorize and process disbursement** of loans, grants, TA, and issue guarantees.
- **Accounting for loans and other products**, and issue billings for timely settlements of loan/guarantee service payments.
- **Administer financial information systems** for the products, and **report** financial status of individual projects to internal and external stakeholders.
- **Assist RD and other concerned departments** in designing, negotiation and implementing the projects from CTL's financial control perspectives.
- **Assist borrowers** to ensure that funds are utilized for intended purpose and properly accounted for.

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# Authorize and Process Disbursement



- LBL loans  
- for sovereign & nonsovereign

- ADF loans
- Local Currency Loans
- Revolving Facility

- TASF funded
- JSF funded
- Other special funds
- Trust funds

- ADF Grant
- Other special Funds
- Trust funds

- Guarantees  
- political risk  
- credit risk

- Complementary financing scheme

- Loan cofinancing
- TA cofinancing
- Grant cofinancing

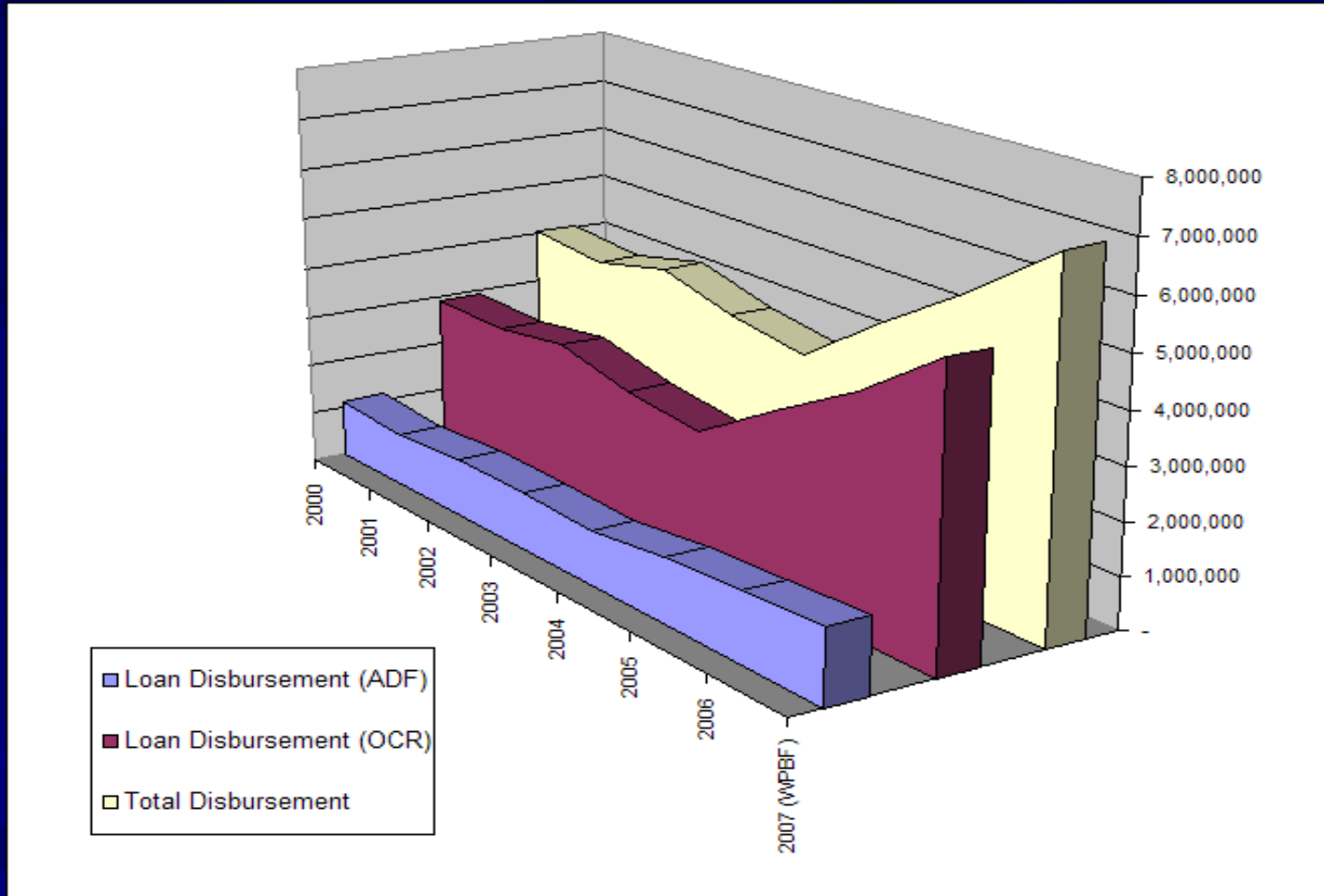
- For equity funds
- For private sector companies

Authorize, process and report disbursement

# Authorize and Process Disbursement

- Handling approx. 10,000 loan disbursement claims, and 15,000 TA/grant claims annually.
- The Charter (Articles of Agreement) requires that
  - The Bank shall take the necessary measure to ensure that the proceeds of a Bank loan shall be used only for the purposes for which the loan was granted and with due attention to considerations of economy and efficiency.
  - The Borrower shall be permitted by the Bank to draw its funds only to meet expenditures in connection with the project as they are actually incurred.
- Compliance to the Charter requirement is maintained through concerted efforts of Departments concerned, including CTL.
- CTLA administers disbursement of all the sovereign / non-sovereign loans, TAs, grants, guarantees, equity investments, as well as various co-financing.

# Loan Disbursement Trend



	2000	2001	2002	2003	2004	2005	2006	2007 (WPBF)
Loan Disbursement (ADF)	1,135,049	1,024,260	1,135,538	1,128,056	1,055,095	1,246,805	1,338,371	1,435,000
Loan Disbursement (OCR)	2,884,054	2,849,691	3,066,526	2,688,157	2,508,069	3,498,387	4,420,140	5,583,000
Total Disbursement	4,019,103	3,873,951	4,202,064	3,816,213	3,563,164	4,747,157	5,794,793	7,018,000

# Accounting and Billing for Loan and Credit Enhancement Products

- Cover all the sovereign / non-sovereign lending and credit enhancement products.
- Default on a sovereign loan will lead to suspension of lending operations to the government.
- Administering loan accounts for
  - 463 OCR loans with outstanding balance of \$26.2 billion.
  - 1,023 outstanding ADF loans with loan balance of \$21.5 billion. (As of end-2006)

# Accounting for loans and other products, and issue billings for timely settlements of loan/guarantee service payments

## Loan

- Libor-based loans
- Fixed rate multicurrency loans
- Pool-based single currency loans
- Market based loans
- Local currency loans
- Revolving facility
- Private sector/nonsovereign loans
  
- ADF legacy loans
- ADF full-fledged SDR loans

## Credit Enhancement Products

- Partial credit guarantee
- Political risk guarantee
- Risk participation
- Risk sharing
- Trade financing facilitation

## Co-financing (ADB administered)

- Complementary financing scheme
- Guarantor of record

## Equity Investment

- For equity funds
- For private sector companies

Accounting, billing, collection and financial reporting

# Systems for Products Administration

- Loan Disbursement – Loan Financial Information System (**LFIS**) & **LFIS-Web**
- TA Disbursement – Technical Assistance Information System (**TAIS**)
- Grant Disbursement – Grant Financial Information System (**GFIS**)
- Accounting/billing/collection for loans and other products – Comprehensive Loan Accounting and Servicing System (**CLASS**)

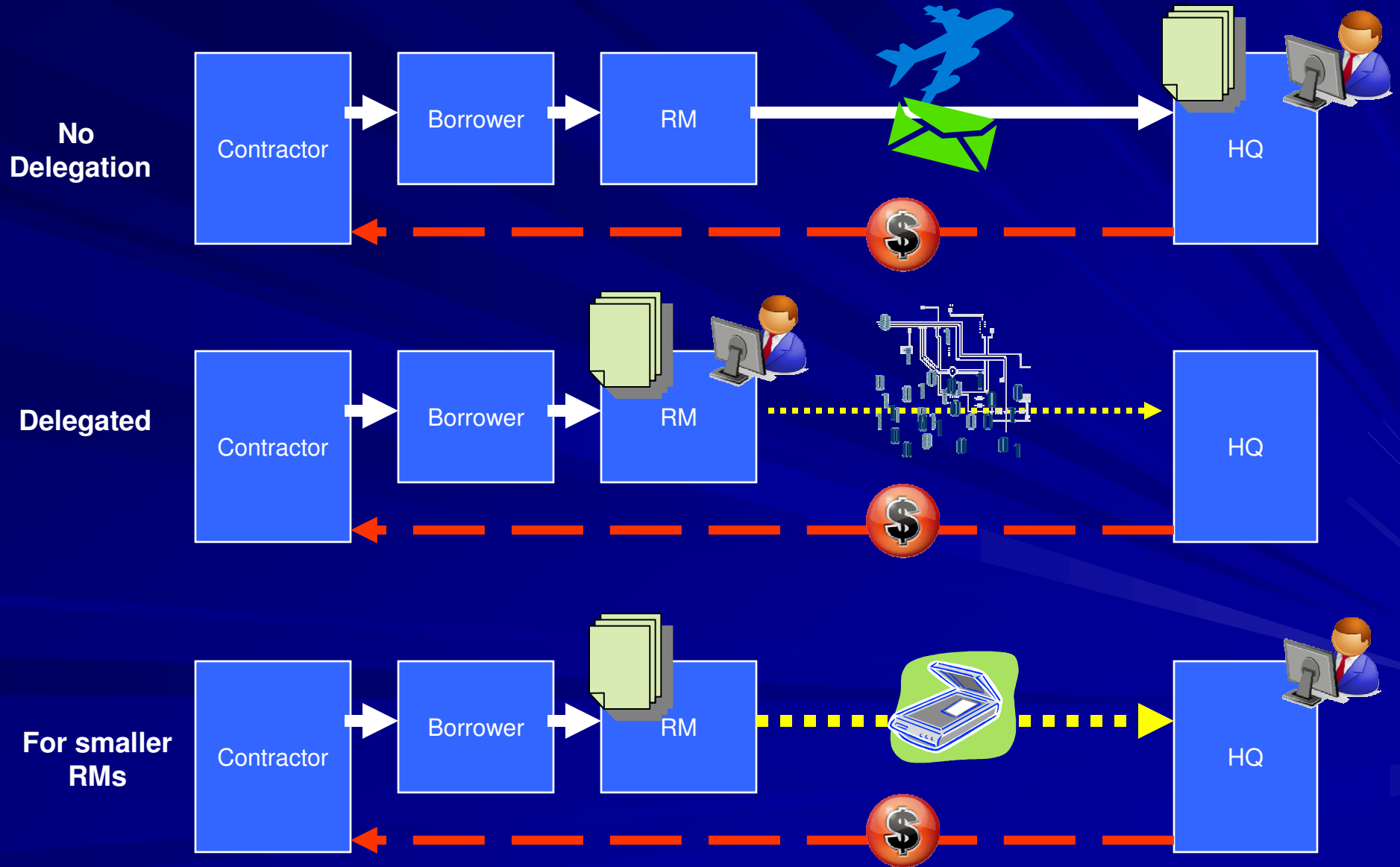
# Financial Control & Support Function in Project Cycle

<b>Identification</b>	-Provide basic financial data
<b>Preparation</b>	-Support processing/administering PPTA (including disbursement). -Provide inputs on fund flow, disbursement arrangements and other financial matters.
<b>Appraisal</b>	
<b>Negotiation &amp; board approval</b>	-Provide inputs on disbursement and other financing arrangements of the loan including amortization mechanism and service charges.
<b>Implementation</b>	-Maintain financial information of the loan in LFIS. -Approve and process disbursements and other financial transactions in compliance with the loan agreement. -Provide up-to-date financial information of each loans through LFIS-web and other reports. -Conduct disbursement missions to review the project accounts, and to assist borrowers in improving their accounting and internal control capabilities.  -Administer accounting, billing and collection over the amortization period. -Assist borrowers to establish proper loan accounting system for their proper debt management. -Provide report to the management on disbursement, net resource transfer, loans in arrears, etc.
<b>Evaluation</b>	-Provide financial data.

# Delegation of Loan Disbursement Function to RMs

- To provide better service to Borrowing DMCs, but with costs.
- Certain loan disbursement functions are delegated to IRM, INRM, PRM, BRM, PRCM and SLRM.
- Further delegation is considered for RMs in DMCs with relatively large loan portfolio.
- For DMCs with smaller loan portfolio, other measures to facilitate faster disbursement is being studied with RMs.

# Delegation of Loan Disbursement Function to RMs



# CTL's Borrower Service Functions

- Information Service
- Capacity Building through Disbursement / Loan Accounting Seminars
- Technical Assistance on Loan Accounting



# Borrower Service - Information Service

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### What's New at LFIS

More Features >>



Share photographs of your project so others may see its progress completion. For instructions, [click here >>](#)

### Where is My Withdrawal Application ?

Track the status of your withdrawal application(s) by selecting the loan number from the drop down box.

### Loan Summary

All active public sector loans as of 09 Nov 2007

### LFIS Materials

more LFIS Materials >>

- [ADB to Change Currency Rules to Benefit Concessional Borrowers](#)
- [Local Currency Loan Product](#)
- [Cost Sharing and Eligibility of Expenditures for ADB Financing](#)
- [Loan Disbursement Handbook](#)
- [Indicative Lending Rates for Pool-based Single Currency Loan \(PSCL\) Conversion](#)
- [LIBOR-Based Loan \(LBL\) Indicative Rates](#)

### Reminders:

more Reminders >>

- Please indicate the PCSS No. in the Summary Sheets, to facilitate processing of your Withdrawal Application.
- PCSS 8801 number series should be used for Small Value Contracts, US\$100,000 and below.
- The Enhanced SOE Procedure should be used only for Small Value Contracts.
- The Status of a Withdrawal Application can be viewed in the Pipeline Disbursements menu under the Loan Data section.

### Related Links

more Related Links >>

- View [Project Profiles & Completion Reports](#)
- [Procurement: Guidelines & Bidding Documents](#)
- [Consultant: Guidelines, Registration, FAQs](#)
- [Loan Billing and Capitalization Statements](#)

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# Borrower Service - Information Service

ADB LFIS - Track Withdrawal Application - Microsoft Internet Explorer provided by Asian Development Bank

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See ADB References

BASIC DATA | LOAN SUMMARIES | CONTRACTS | COMMITMENT LETTERS | **DISBURSEMENTS** | ADVANCES | PROJECT PICTURE

**Track Applications** | Paid | Pending | Rejected | Disbursement Details | Paid for the Period

Philippines | 1654-PHI

LOAN ID			
Loan Number:	1654-PHI		
Loan Title:	SECONDARY EDUCATION DEVELOPMENT & IMPROVEMENT PROJECT	Loan Type:	Project
Original Amount:	US\$ 53,000,000.00	Loan Status:	Active
Net Amount:	US\$ 35,566,000.00	Project Number:	25182

Please select an Application No.

As of 09 Nov 2007

W/Auth. No.	Amount	US\$ Equiv.	Value Date
No Records Exist			

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# Borrower Service - Information Service

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LFIS Reports

Other Reports

## COUNTRY REPORTS

Choose a Country

### ➔ [Summary Disbursement Ratio \(ALR511\)](#)

This report provides information on the rate of disbursement during a period/year by country and by fund. The report is updated monthly.

### ➔ [Statement of Loans \(ALR900\)](#)

This report shows the status of loan utilization for the Country of the Borrower. The information in the report is updated monthly. Information on Private Sector loans are not available.

### ➔ [Statement of Disbursements \(ALR922\)](#)

This report shows disbursements for all active loans (including loans closed during the year) by Source of Fund and by project division of the Bank, for the country of the Borrower.

### ➔ [Contract Awards Information on Goods, Related Services and Civil Works \(ALR984\)](#)

The Contract Awards Information on goods and Related Services, Civil Works presents a summary of all contracts and a listing of contracts above US\$100,000 by borrowing country entered into ADB's books. The report is updated every month.

### ➔ [Imprest Fund Turnover Ratio \(ALR573\)](#)

This report provides information on the operational efficiency of Imprest Accounts (IA) of the Borrowers, using the turnover (how many times in one year) as the efficiency indicator.

### ➔ [Statement of Contract Awards \(ALR917\)](#)

This report shows cumulative contract awards for loans by Source of Fund and by project division of the Bank. The information available are cumulative amounts for the week, the year and the total to-date. The report is updated weekly.

### ➔ [Monthly Contracts and Disbursement Report \(ALR928\)](#)

This report shows information on contracts awarded, subloan commitments, and disbursements for each loan, by Country and by Source of Fund. The amounts shown are Cumulative for the month, for the Year, and Total-to-Date. The report is updated every month.

## BILLING REPORTS

### ➔ [LAR801 - Billing Statement - ADF Loan](#)

### ➔ [LAR801A - Summary Statements of Amounts](#)

### ➔ [LOR000 - Consolidated Billing Statements - OCR Loans](#)

### ➔ [LOR511 - Billing Statement - OCR Loans \(ERPS\)](#)

### ➔ [LOR801 - Billing Statement - OCR LOAN \(Non-ERPS\)](#)

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# Borrower Service - Information Service

LFIS - Reference - Loan Service Payments Collected/Received - Microsoft Internet Explorer provided by Asian Development Bank

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## Asian Development Bank Reference - Loan Service Payments Collected/Received Excludes Interest and Charges Capitalized

[Print data] [Download as excel]

Filter by Country: Philippines  
Filter by Fund: OCR  
Filter by Value Date: Select a Value Date  
Filter by Loan: Select a Loan

Loan No.	Fund	Value Date	Voucher No.	Amount in LC	USD Equivalent
Please select a filter.					

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# Borrower Service - Capacity Building

## 1) Loan Disbursement Seminar

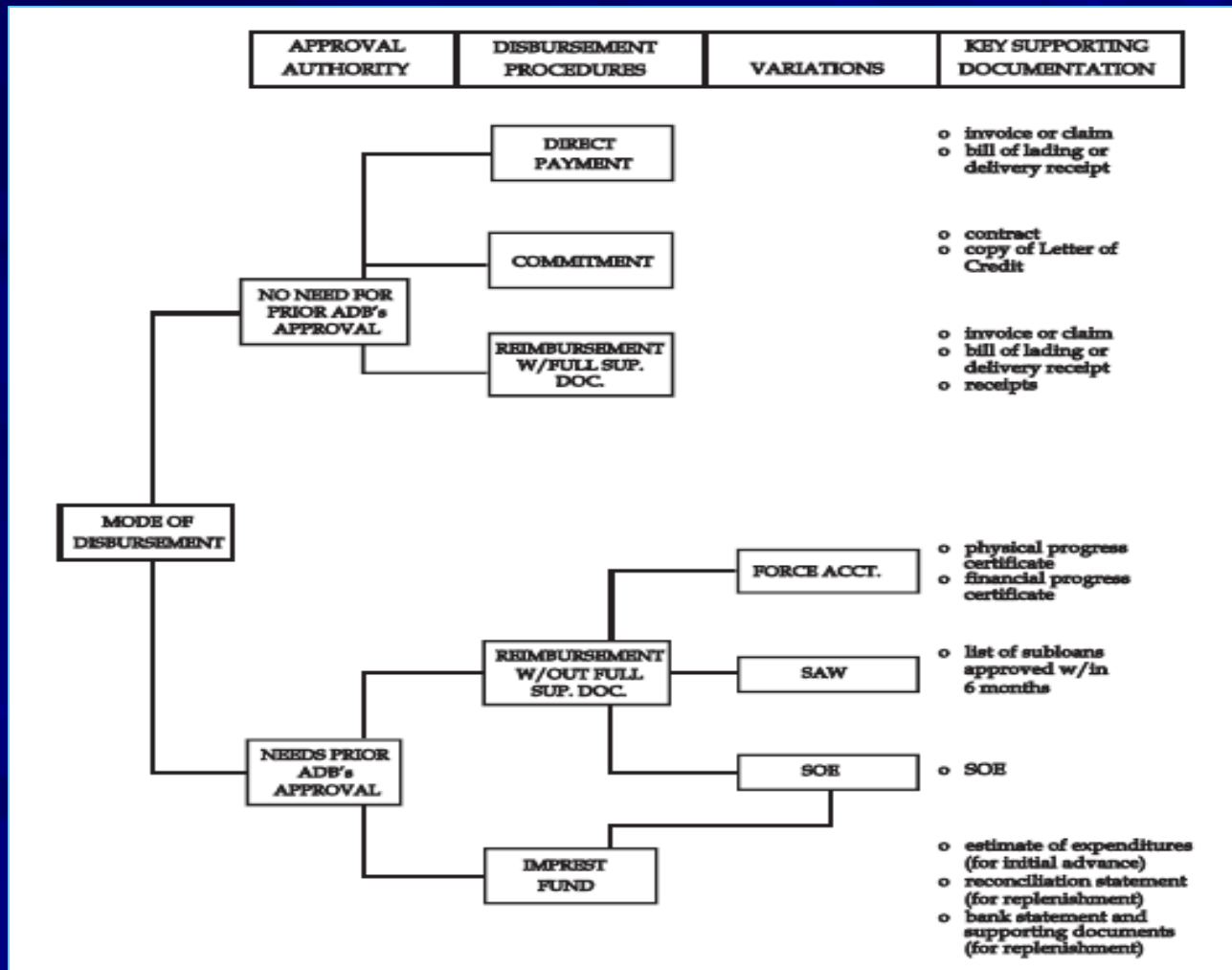
Topics to be covered are

- Loan administration division
- ADB's main instruments
- Types of loan
- Types of technical assistance
- Project cycle
- Loan milestone dates
- Disbursement policies and principles
- Disbursement guidelines
- Disbursement procedures
- Loan Financial Information System

# Borrower Service - Capacity Building

## 1) Loan Disbursement Seminar

- Disbursement procedures



# Borrower Service - Capacity Building

## 2) Loan Accounting Seminar

Topics to be covered are

- OCR / ADF loan features
- OCR / ADF loan accounting process
- OCR / ADF loan service payments
- Options available under OCR / ADF loans and their accounting implications

# Loan Accounting Seminar (OCR)

## Changes in OCR Loan Products

Product	Interest Rate Type
<ul style="list-style-type: none"> <li>■ Local currency loan (LCL) for sovereign -2005</li> </ul>	<ul style="list-style-type: none"> <li>■ Back-to-back funding: ADB's cost of a funding transaction plus spread</li> <li>■ Pool-based funding: Local floating rate benchmark plus spread</li> </ul>
<ul style="list-style-type: none"> <li>■ Local currency loan (LCL) for non-sovereign - 2002</li> </ul>	
<ul style="list-style-type: none"> <li>■ LIBOR-based loan (LBL) - 2001</li> </ul>	<ul style="list-style-type: none"> <li>■ LIBOR/EURIBOR</li> <li>■ plus spread</li> </ul>
<ul style="list-style-type: none"> <li>■ Market-based loan (MBL) - 1994</li> </ul>	
<ul style="list-style-type: none"> <li>■ Pool-based single currency loan (PSCL) in US\$ - 1992</li> </ul>	<ul style="list-style-type: none"> <li>■ Pool-based Variable</li> <li>■ Interest Rate</li> </ul>
<ul style="list-style-type: none"> <li>■ Pool-based multicurrency loan (PMCL) -1983</li> </ul>	
<ul style="list-style-type: none"> <li>■ Transformed to PSCL in JPY in 2004</li> </ul>	
<ul style="list-style-type: none"> <li>■ Effective 1 Jul 1986</li> </ul>	<ul style="list-style-type: none"> <li>■ Pool-based Fixed</li> <li>■ Interest Rate</li> </ul>
<ul style="list-style-type: none"> <li>■ Jan 1983 to 1 Jul 1986</li> </ul>	
<ul style="list-style-type: none"> <li>■ Fixed rate multicurrency loan (FMCL) –</li> <li>■ Prior to 1983</li> </ul>	<ul style="list-style-type: none"> <li>■ Fixed Interest Rate</li> <li>■ for the Life of the Loan</li> </ul>

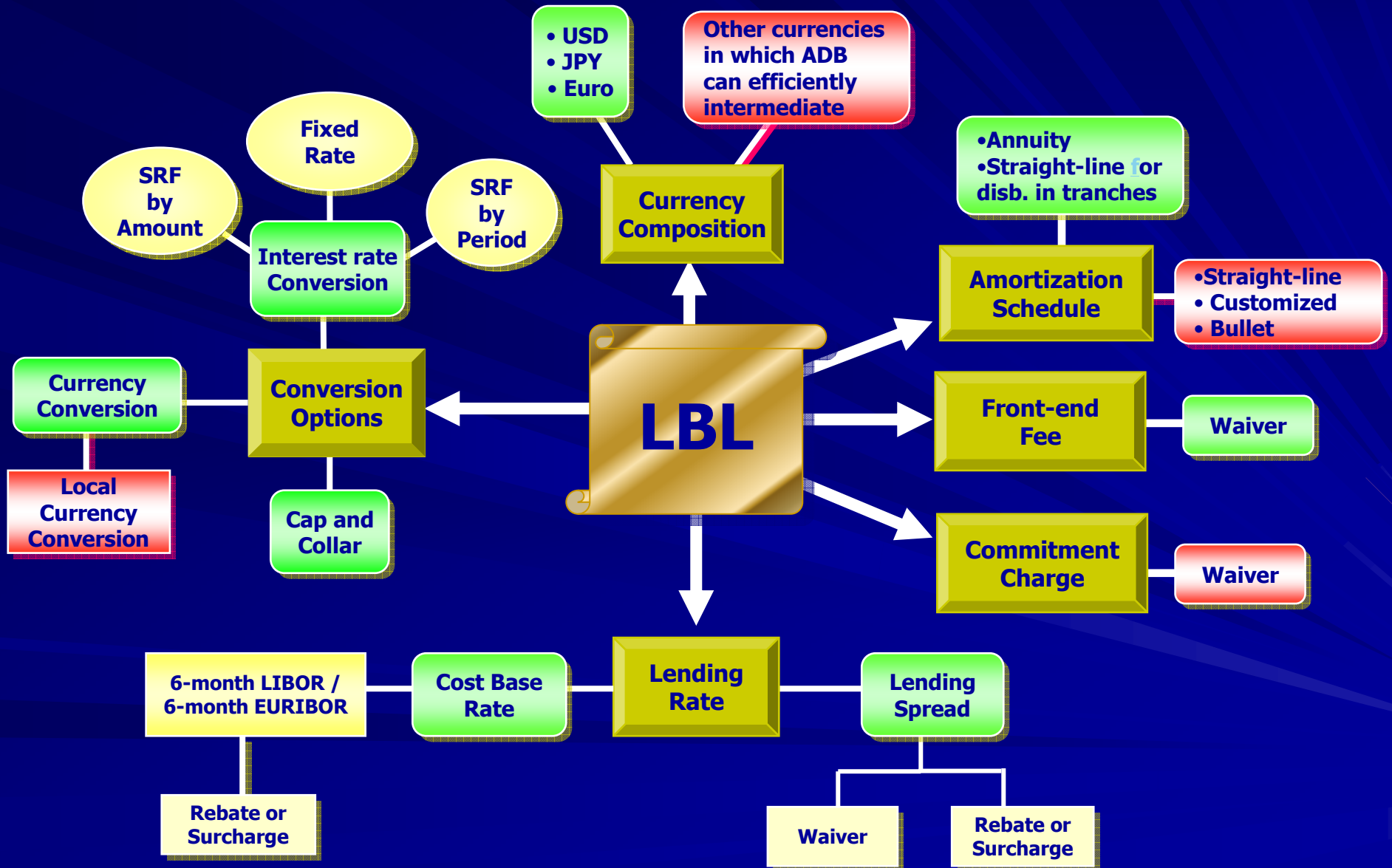
# Loan Accounting Seminar (OCR)

## OCR Loan Portfolio

<b>Sovereign</b>	<b>Non-sovereign</b>
<b>LBL</b>	<b>LBL</b>
<b>-</b>	<b>LCL</b>
<b>PSCL in US\$</b>	<b>-</b>
<b>PSCL in JPY</b>	<b>PSCL in JPY</b>
<b>MBL</b>	<b>MBL</b>
<b>FMCL</b>	<b>Others</b>

# Loan Accounting Seminar (OCR)

## LBL Main Features



# Loan Accounting Seminar (OCR)

## New OCR Loan Features

### Approved in Nov 2006

Loan Feature	Before Enhancements	After Enhancements
Available currencies for LBL	Euro, Yen, US dollar	Euro, Yen, US dollar and other major currencies in which ADB can efficiently intermediate
Repayment terms for project / program loans	Only one repayment option based on annuity method	Flexible, including equal installments, bullet, and tailored subject to exposure limit guidelines
Local currency conversion option for LBL	Not available	Available on a case-to-case basis

# Loan Accounting Seminar (OCR)

## New OCR Loan Features

### Approved in Nov 2006

<b>Loan Feature</b>	<b>Before Enhancements</b>	<b>After Enhancements</b>
<b>Rebate</b>	<b>Applied retroactively</b>	<b>Applied forward (effective 1 Jul 2007)</b>
<b>Commitment charge on project loans</b>	<b>75 bps on progressive structure of undisbursed balance</b>	<b>Flat rate of 35 bps on full undisbursed balance (effective 1 Jan 2007)</b>
<b>Conversion option for Pool- based Single Currency Loan into LIBOR-based Loan</b>	<b>Not available</b>	<b>Available</b>

# Loan Accounting Seminar (OCR) Waiver on Commitment Charge

NEW

- Waiver on commitment charge approved on 3 Apr 2007, applicable to all interest periods commencing from 1 Jan 2007 up to 30 Jun 2008

Sovereign Loan	Type	CC Rate	Waiver on CC Rate	Net CC Rate
Project Loans				
- Negotiated before 1 Jan 2007	Progressive	0.75%	None	0.75%
- Negotiated after 1 Jan 2007	Flat	0.35%	-0.10%	0.25%
Program Loans	Flat	0.75%	-0.50%	0.25%

# Loan Accounting Seminar (OCR)

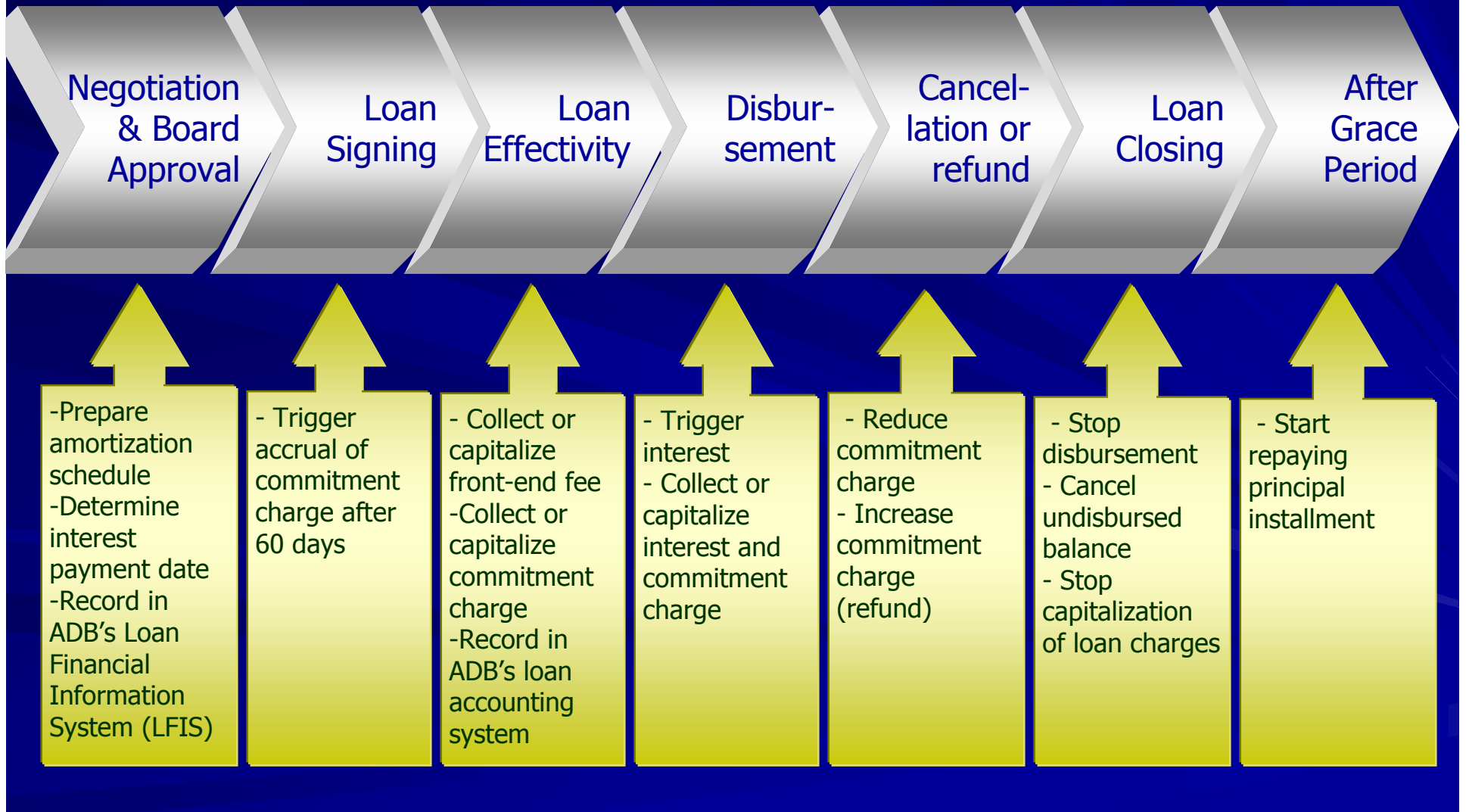
## Conversion of PSCL to LBL

- PSCL outstanding balance is converted to LBL
- Eligibility for conversion:
  - ✓ Fully disbursed
  - ✓ No overdue amount
- Interest rate composition:
  - Base rate – 6-month LIBOR
  - Lending spread
  - **Conversion spread**
  - Lending spread waiver
  - **Rebate**



# Loan Accounting Seminar

## Loan Milestone Events and Loan Accounts



# Loan Accounting Seminar (ADF)

## ADF Lending Terms: Evolution



I	Loans approved prior to 21 March 1974	Various
II	Loans approved after 21 March 1974 and completed negotiations before 1 January 1999	40-yr tenor, including 10-yr grace period, with repayment of principal at a rate of 2% per annum during the grace period and 4% per annum thereafter
III	Loans negotiated on or after 1 January 1999*	<p><u>Project loans</u>: 32-yr tenor, including 8-yr grace period, with equal amortization.</p> <p><u>Program loans</u>: 24-yr maturity, including 8-yr grace period, with equal amortization</p>

\* ADF emergency assistance loans carry a tenor of 40 years, including a 10-year grace period, with repayment of principal at 2% per annum for the first 10 years after the grace period, and 4% per annum thereafter.

# Loan Accounting Seminar (ADF) Interest/Service Charges: Evolution



I	Loans approved prior to 21 March 1974	1% - 3% per annum
II	Loans approved after 21 March 1974 and completed negotiations before 1 January 1999	1% per annum
III	Loans negotiated on or after 1 January 1999*	1% per annum during the grace period and 1.5% per annum during the amortization period

\* ADF emergency assistance loans carry an interest of 1% per annum.

# Loan Accounting Seminar (ADF)

## ADF Currency Practice: Evolution

I	Loan negotiated prior to 1 January 2006	“Legacy Loans”	■ Borrower’s liability is denominated in Cost Currencies (currencies that ADB used from the ADF liquidity pool for disbursement).
II	Loan negotiated in 2006 onward	“Full-Fledged SDR Loans”	■ Borrower’s liability is denominated in SDR

# Loan Accounting Seminar (ADF)

## Currency Practice: Full-Fledged SDR vs Legacy Loans

Item	Full-Fledged SDR Loans	Legacy Loans	
		To be Disbursed	Already Disbursed
<b>Loan Denomination</b>	SDR	SDR	SDR
<b>Cost Currency</b>	SDR	SDR Currencies	Donor Currencies
<b>Liability Currency</b>	Currencies	SDR Currencies	Donor Currencies
<b>Repayment Currency</b>	SDR		
<b>Repayment Currency</b>	One of SDR Currencies; changeable upon advance notice	i. proportional recalling of multiple liability currencies ii. option to pay in one of SDR currencies, changeable upon advance notice	

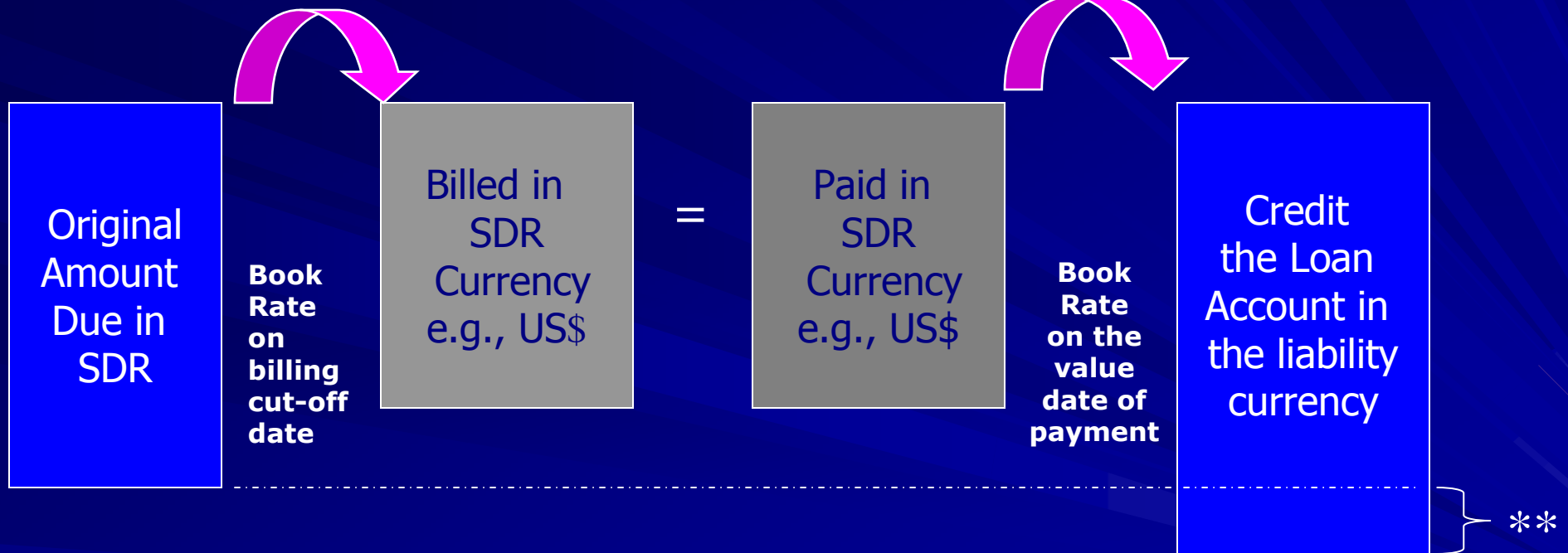
## Loan Accounting Seminar (ADF) SDR Conversion Option

- Option to convert multiple liability currencies under legacy loans into SDR
- Available for all ADF borrowers with no arrears in outstanding legacy loans
- Starting January 2008
- As part of the conversion, undisbursed balance will follow the practice of full-fledged SDR loans
- No administrative fee to borrower

# Loan Accounting Seminar (ADF) Converted / SDR Loan - Billing

Billing generation  
60 days before the due date

Actual payment on the  
due date



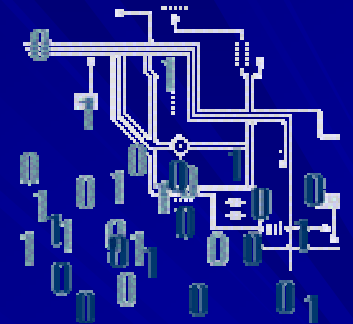
\*\* To be carried forward  
to the next billing

# Borrower Service – Technical Assistance

**Enhanced Calculator for Loan Accounting and Servicing (eC-LAS) being developed under RETA6141.**

The objectives of RETA6141

- To develop a loan accounting model to support loan accounting and debt management of OCR borrowers and executing agencies
- To conduct training workshops on the use of the model



# Borrower Service – Technical Assistance

## Features of eC-LAS

### I. Loan Data

- ✓ Loan Profile



### II. Reference Data

- ✓ Interest Rates, Rebate and Waiver
- ✓ Forex Rates



### III. Tools

- ✓ Amortization Calculator
- ✓ IDC & LSP Projection



### IV. Accounting Data

- ✓ Loan Ledger
- ✓ Loan Balances
- ✓ Query Quick-View
- ✓ CC Status



Date	Amount
10/20	\$ 238.97
10/21	\$24.32
10/22	\$30.53
10/23	\$34.53
10/24	\$41.34
10/27	\$56.80

### V. Financial Reports

- ✓ Billing & Capitalization Statements
- ✓ Ledgers



# Borrower Service – Technical Assistance



## Next Steps on eC-LAS

- Complete system testing
- Finalize the User's Manual (on-line and hard copy versions)
- Set-up an administration desk in CTLA to assist borrowers in using the model
- **Release to the OCR borrowers through the downloading facility in the LFIS website (1<sup>st</sup> Quarter 2008)**
- Conduct hands-on training workshops