

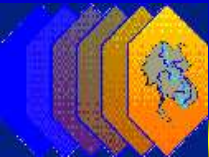
# **ADB**

# **Multitranche Financing**

# **Facility**

October 2008

Orientation Program for DMC Officials



# Coverage

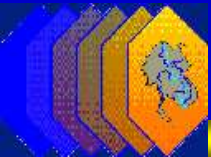
Background

What is it

Benefits

Requirements

Pointers



# Background

Piloted: August 2005 – August 2008

- Changing client needs
- Programmatic approach
- Finance only when ready

Mainstreamed: August 2008

- Immediate high demand from specific clients
- Growing demand from other clients
- Programmatic approach
- Evidence of improvement in project readiness



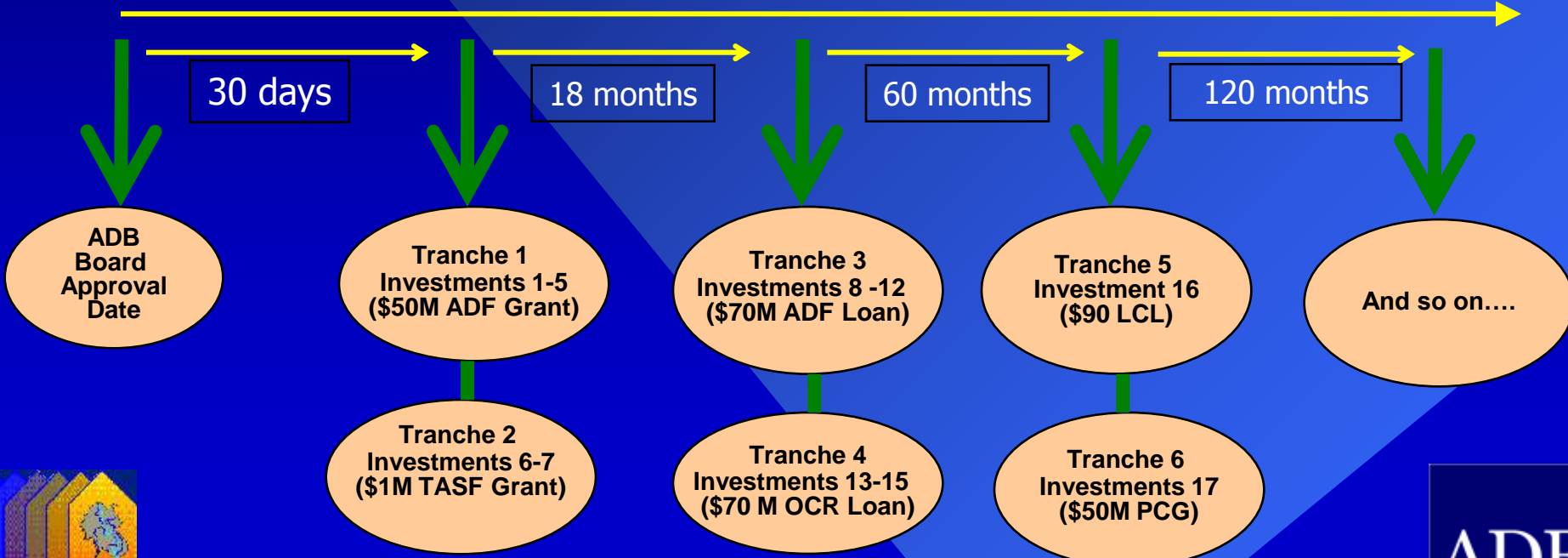
**ADB**

**Financing Framework Agreement**

**CLIENT**  
(sovereign or sovereign guaranteed)

**\$500M Facility to finance**

Multiple projects in investment programs      Large & long term projects  
Financial Intermediation Loans                      Sector Loans  
Slices of long-term contracts in the programs or projects



# MFF Benefits

Medium to long-term **Partnership**

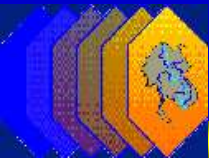
On a specific **Program**

For physical and non-physical **Investments**

**Flexible** execution of Financing Plan

Resulting in **Finance-when-Ready**

**No Commitment charges** for uncommitted financing amounts



# Fundamental MFF Requirements

<b>Strategic context</b>	Country Partnership Strategy
<b>Roadmap</b>	Sector Strategy for every sector covered by the MFF
<b>Policy Framework</b>	Sector challenges, operating conditions, reforms, and rules
<b>Investment Program</b>	Medium term program of activities which require investment
<b>Financing Plan</b>	General plan for financing the investment program; includes cofinanciers
<b>Undertakings</b>	Commitments to take or maintain actions breach of which could trigger suspension or termination of MFF

# MFF Pointers

<b>Due Diligence</b>	Done by ADB on the entire MFF program and on each tranche
<b>DMF</b>	One for the entire MFF and one for each tranche
<b>FFA</b>	Signed by client and ADB before ADB Board approval
<b>Subsequent projects</b>	Prepared by client; proposal reviewed by ADB as part of due diligence
<b>PFR</b>	Sent by client to ADB when project is ready for financing
<b>Loan/Grant/Guarantee Agreement</b>	One agreement per tranche
<b>Safeguard Compliance</b>	Framework for the MFF Frameworks or Plans for each tranche
<b>Loan Commitment or Guarantee Fees</b>	None due on MFF amount; due only on actual loan or guarantee amounts covered by signed loan agreements
<b>Limited Supplementary Financing</b>	Allowed only for purely price or financing arrangement changes
<b>Project Completion Reports</b>	Required for each tranche at the completion of the project
<b>Facility Completion Report</b>	Required for the entire MFF at the completion of the MFF

Thank you

