CY 2012 ODA Portfolio Review
Types of Program Facility of Major Development Partners

Asian Development Bank (ADB)

Policy-based Loans. In the form of budget support in conjunction with structural reforms and development expenditure programs of a developing member country (DMC). These types of loans are also used to provide balance-of-payments (BOP) assistance during economic and financial crises and are linked to the implementation of policy reforms. Following are the various approaches under this type of loan:

Table 1. Policy-based Loans

Policy-based Loans	Key Features	Loan Terms
1) Stand-alone policy-based loans	• Budget support packaged as a loan with multi-tranche disbursement to support structural reforms in a particular sector • Program is short- to medium-term • Formal links to other programs are not envisaged; and • Comprehensive sector or inter-sectoral studies, fiduciary safeguard, and macroeconomic link are required.	• No individual country ceiling but subject to ADB-wide ceiling for program lending • 15-year maturity including 3 3-year grace period • Interest rates at ADB's London interbank offered rate (LIBOR)-based loan
2) Programmatic approach	• Budget support in conjunction with structural reforms, that finances a series of subprograms, each of which designated as fully front-loaded single-tranche intervention • Program is medium-term • Can be in the form of chronologically sequenced packaging (over time), vertical packaging (across levels of government), and horizontal packaging (intersectoral) • Comprehensive sector or intersectoral studies, fiduciary safeguard, and macroeconomic link required	• No individual country ceiling but subject to ADB-wide ceiling for program lending • 15-year maturity including 3 3-year grace period • Interest rates at ADB's London interbank offered rate (LIBOR)-based loan
3) Special policy-based loans (SPBL)	• For emergency BOP support in times of payment crisis, as part of an international rescue effort • Short-term, large, and quick-disbursing with non-standard lending terms	• No individual country ceiling but subject to ADB-wide ceiling for program lending • 5-8 year maturity including 3-year grace

Policy-based Loans	Key Features	Loan Terms
	• Accessible to DMCs that are OCR eligible	period • Interest rates at a minimum spread of 200 basis points above LIBOR • A rebate or surcharge reflecting cost of funds • Commitment charge at 75 basis points per year on the undisbursed loan amount
4) Countercyclical support facility loans (CSF)	• Budget support to facilitate fiscal stimulus at the time of economic crisis • Requires a DMC to have a countercyclical development expenditure/ policy program (investment in public infrastructure or a social safety net scheme) • Short-term, large, and quick-disbursing with non-standard lending terms • Accessible to DMCs that are OCR eligible	• Capped at $500 million for each crisis episode • 5-8 year maturity including 3-year grace period • Interest rates at a minimum spread of 200 basis points above LIBOR • A rebate or surcharge reflecting cost of funds • Commitment charge at 75 basis points per year on the undisbursed loan amount

Sector development program (SDP). A combination of an investment component and a policy-based component and requires a comprehensive sector study and macroeconomic link.

Multi-tranche financing facility (MFF). A financing modality to support DMC's medium- to long-term investment program or investment plan. Under this facility, financing is converted into a series of periodic financing request (PFR) for eligible investments. The second and subsequent PFRs undergo simplified/streamlined processing, in which approval requires only the President's approval and the information of the Board.

World Bank (WB)

Development Policy Loan (DPL). A quick-disbursing assistance to countries with external financing needs to support structural reforms in a sector or the economy as a whole. This type of program loan supports the policy and institutional changes needed to create an environment conducive to sustained and equitable growth. Eligibility for a DPL requires agreement on monitorable policy and institutional reform actions, and satisfactory macroeconomic management. Funds are disbursed in one or more tranches under this type of facility, depending on the country's policy environment and capacity, the country's financing requirements, and other available financing, and the content and phasing of the program being supported by the development policy operations. Following are the various approaches under this type of loan:

Table 2. Development Policy Loans

Development Policy Loans	Key Features	Loan Terms
1) Programmatic DPL series	• Consists of a series of operations within a medium-term framework and are based on adequate prior policy and institutional actions • Tranche release depends on the maintenance of an adequate macroeconomic policy framework and the satisfactory completion of tranche conditions	• Interest rate is based on pricing of IBRD Flexible Loan variable or fixed spread in effect at the time of withdrawal • IBRD Flexible Loan carries a variable lending rate that consists of 6-month LIBOR plus a spread that can either be fixed over the life of the loan or remain variable; • Repayment term, including grace period, may be determined at, and commences from the time of, disbursements and within existing financial policy limits • Once agreed, repayment terms may not be changed • In addition, all borrowers benefit from the extended limit on average repayment maturity up to 18 years and the extended limit on the final maturity up to 30 years; and • Front-end fee of 0.25% of the loan
2) Single Tranche DPL	• "One-Off" Operation • All conditions are prior actions • Appropriate in a crisis or a "turn-around" situation on which the government needs financial support to deal with a short-term situation even though the medium-term program is not yet well specified	• Interest rate is based on pricing of IBRD Flexible Loan variable or fixed spread in effect at the time of withdrawal • IBRD Flexible Loan carries a variable lending rate that consists of 6-month LIBOR plus a spread that can either be fixed over the life of the loan or remain variable • Repayment term, including grace period, may be determined at, and commences from the time of, disbursements and within existing financial policy limits • Once agreed, repayment terms may not be changed. • In addition, all borrowers benefit from the extended limit on average repayment maturity up to 18 years and the extended limit on the final maturity up to 30 years. • Front-end fee of 0.25% of the loan.
3) Multi-tranche DPL	• Tranche conditions are specified up-front	• Interest rate is based on pricing of IBRD Flexible Loan variable or fixed

Development Policy Loans	Key Features	Loan Terms
	• Appropriate only when the key steps in a medium-term reform process are already well understood and the key outcomes can be achieved within the timeframe of the loan • Useful, if government wants to use the conditions of DPL operation as a signaling device	spread in effect at the time of withdrawal • IBRD Flexible Loan carries a variable lending rate that consists of 6-month LIBOR plus a spread that can either be fixed over the life of the loan or remain variable • Repayment term, including grace period, may be determined at, and commences from the time of, disbursements and within existing financial policy limits • Once agreed, repayment terms may not be changed. • In addition, all borrowers benefit from the extended limit on average repayment maturity up to 18 years and the extended limit on the final maturity up to 30 years. • Front-end fee of 0.25% of the loan.
4) Supplemental DPL financing	• Available to countries already implementing DPO-supported program and facing an urgent and unexpected financing gap (resulting from commodity price shocks, natural disasters, etc.) which could jeopardize a reform program that is proceeding on schedule and in compliance with the agreed policy agenda.	• Interest rate is based on pricing of IBRD Flexible Loan variable or fixed spread in effect at the time of withdrawal • IBRD Flexible Loan carries a variable lending rate that consists of 6-month LIBOR plus a spread that can either be fixed over the life of the loan or remain variable • Repayment term, including grace period, may be determined at, and commences from the time of, disbursements and within existing financial policy limits • Once agreed, repayment terms may not be changed. • In addition, all borrowers benefit from the extended limit on average repayment maturity up to 18 years and the extended limit on the final maturity up to 30 years. • Front-end fee of 0.25% of the loan.
5) DPL with a deferred drawdown option (DPL-DDO)	• Allows IBRD borrowers to postpone disbursement of a loan for a defined drawdown period after the loan has been declared effective,	• Interest rate is based on pricing of IBRD Flexible Loan variable or fixed spread in effect at the time of withdrawal • Deferment period of up to 3 years • Repayment term, including grace

Development Policy Loans	Key Features	Loan Terms
	instead of drawing down funds immediately after approval. • Funds are available upon the borrower's request • All specific conditions of disbursement for a development policy loan with a DDO option must be met before Board presentation and before tranche release approval for multiple-tranche loans • No effectiveness conditions are included in the loan agreement	period, may be determined at, and commences from the time of, disbursements • Renewable if the country's implementation of the program remains satisfactory • It may be renewed once for up to 3 additional years • One-time front end fee of 0.25%, and stand-by fee of 0.50% per annum on undisbursed balance, accruing at the time of effectiveness, • The base rate is similar to a regular IBRD loan
6) CAT-DDO	• A Deferred Drawdown Option for a catastrophe risk is a DPL that provides liquidity immediately after a natural disaster that results in a declaration of a state of emergency and supports a disaster risk management program • Drawdown is available only if a pre-specified trigger linked to a natural catastrophe has been (i.e., declaration of a state of emergency) • All specific conditions of disbursement for a development policy loan with a DDO option must be met before Board presentation and before tranche release approval for multiple-tranche loans • No effectiveness conditions are included in the loan agreement	• Interest rate is based on pricing of IBRD Flexible Loan variable or fixed spread in effect at the time of withdrawal • Deferment period of up to 3 years • Repayment term, including grace period, may be determined at, and commences from the time of, disbursements • Renewable if the country's implementation of the program remains satisfactory • A CAT-DDO may be renewed 4 times for up to 3 years each time, for a total deferment of 15 years. • Amounts repaid during the deferment period are again available for drawdown. • One-time front end fee of 0.50%, and renewal fee of 0.25% per annum on undisbursed balance, accruing at the time of effectiveness • The base rate is similar to a regular IBRD loan
7) (vii) Special DPL	• DPL that is made available to IBRD countries that are approaching or are in a macroeconomic crisis,	• Interest rate is 6-month LIBOR plus minimum of 2% • Front-end Fee of 1% of the principal loan amount • Repayment terms – 5 to 10 years

Development Policy Loans	Key Features	Loan Terms
	contingent on a disbursing IMF program being in place	final maturity with 3 to 5 years grace period

National Program Support Loans. These support the government's priority needs despite tight fiscal envelope by moving away from disaggregated project oriented financing. It provides within budget financing for priority expenditures to support implementation of the sector reform agenda and reinforce the government's cross cutting governance reforms in expenditure management, rationalization, procurement and financial management. It serves as a link to operationalize macro reforms on public expenditure management, agency level reforms tightening linkages between planning and budgeting, and sectoral operations. It fosters improved predictability of resource flows supporting priority sector reforms, thus improving efficiency and effectiveness of public spending in the sector.

Program for Results (PforR). PforR finances specific sectoral or subsectoral expenditure programs and focuses on strengthening the institutional capacity essential to ensuring that programs achieve their results and can be sustained. Financing proceeds under this facility are disbursed upon achievement of verified results specified as disbursement-linked indicators (DLIs).

Japan International Cooperation Agency (JICA)

Commodity Loans. This type of program loan provides settlement funds for urgent and essential imports of materials to developing countries that are experiencing a worsening fiscal currency situation and facing economic difficulties. These loans are often used to import commodities such as industrial machinery and raw materials, fertilizer and pesticide, agricultural and other kinds of machinery, which are agreed upon beforehand between the Japanese and recipient governments.

Sectoral Program Loans. These are commodity loans used simultaneously to support development policies in prioritized sectors of developing countries. Local currency (counterpart) funds received by the government as payment for foreign currency sold to importers are utilized for public investments for sector-specific development.