
Memorandum of understanding among multilateral development banks and international financial institutions on loan administration and disbursement harmonization

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 10 of this document.

Technical questions:

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Memorandum of understanding among multilateral development banks and international financial institutions on loan administration and disbursement harmonization

I. Background and purpose of the memorandum of understanding

1. As part of its strategic collaboration with other multilateral development banks (MDBs), IFAD has the opportunity to enter into a memorandum of understanding (MoU) with the primary objective of establishing non-binding guiding principles. These principles outline how the MoU participants can engage and collaborate to enhance operational efficiency by leveraging shared practices in loan disbursements, administration and accounting.¹
2. Subject to the respective mandates in accordance with, inter alia, participants' respective constitutive documents, policies and procedures, the collaboration aims to:
 - Facilitate knowledge-sharing, streamline operations and reduce administrative burdens for both institutions and borrowers;
 - Harmonize disbursement methods and loan administration to simplify processes, lower transaction costs and harmonize loan accounting practices;
 - Reduce training and compliance efforts for borrowers;
 - Accelerate access to financing; and
 - Facilitate technical sessions among staff to address common disbursement challenges.
3. In addition to IFAD, the following institutions are participants:
 - African Development Bank
 - Asian Development Bank
 - Asian Infrastructure Investment Bank
 - European Investment Bank
 - Inter-American Development Bank
 - Islamic Development Bank
 - New Development Bank
 - OPEC Fund for International Development
 - World Bank (International Bank for Reconstruction and Development)
4. A secretariat will be established and will coordinate and facilitate the implementation of the activities in the areas of collaboration. Membership of the secretariat, apart from the convenor, will rotate among the participants annually. The secretariat is initially composed of:
 - World Bank (The International Bank for Reconstruction and Development) – convenor
 - African Development Bank – member
 - IFAD – member

¹ For ease of reference, the MoU is provided in the annex.

- Islamic Development Bank – member
5. In accordance with article 8.2 of the Agreement Establishing IFAD, any MoU, agreement or working arrangement with intergovernmental organizations, international financial institutions, non-governmental organizations and governmental agencies with which IFAD has not previously partnered must be approved by the Executive Board. Among the ten participating institutions is the New Development Bank, with which IFAD has no prior cooperation agreement.
 6. The MoU was signed by most of the participants, including IFAD, on 3 June 2025 during the MDB meeting hosted by the Asian Development Bank.² However, the MoU contains a provision that it will only enter into force for IFAD once internal approval processes are completed, i.e. subject to Executive Board approval. This approach aligns with IFAD's legal framework and past practices.
 7. This MoU is non-binding and will take effect from the date it is signed – except for IFAD, where it will become effective only after approval by the Executive Board. The MoU will remain in effect for an initial period of three years and does not involve any financial commitments.

II. Alignment with IFAD strategies

8. The principles and objectives of the proposed multiparty MoU are aligned with IFAD's strategic objectives and policies, and with the business model and financing framework for the Thirteenth Replenishment of IFAD's Resources. Furthermore, the MoU contributes to IFAD's efforts to ensure adherence to best industry practices and efficiencies by collaborating with other multilateral development banks.
9. This engagement also supports IFAD's objective of expanding its global influence and recognition as a development finance expert through strategic participation in key global development and finance forums.

III. Recommendation

10. In accordance with article 8, section 2 of the Agreement Establishing IFAD, the Executive Board is invited to approve the formalization of the MoU between IFAD and the multilateral development banks and international financial institutions listed above. The MoU will enter into force for IFAD upon approval by the Executive Board.
11. The signed MoU will be submitted to the Executive Board for information.

² On 3 June 2025, this MoU was signed by the Asian Development Bank, the Asian Infrastructure Investment Bank, the OPEC Fund for International Development and the World Bank; institutions with which effective MoUs are already in place.

MEMORANDUM OF UNDERSTANDING**among****African Development Bank (AfDB)****Asian Development Bank (ADB)****Asian Infrastructure Investment Bank (AIIB)****European Investment Bank, (EIB)****Inter-American Development Bank (IaDB)****International Fund for Agricultural Development (IFAD)****Islamic Development Bank (IsDB)****New Development Bank (NDB)****OPEC Fund for International Development (OPEC Fund) and****the World Bank (WB - The International Bank for Reconstruction and
Development)****on DISBURSEMENT HARMONIZATION****1. Introduction**

This Memorandum of Understanding (MOU) is entered into by and among the above listed multilateral development banks and international financial institutions (MDB-IFIs). Each referred to herein individually as a "Participant", and collectively as the "Participants".

The Participants have expressed interest to collaborate with each other on the harmonization of loan and grant disbursement arrangements ("Purpose").

The Participants desire to establish non-binding guiding principles as to how they may engage and collaborate with each other in relation to the Purpose. This MOU is aimed at setting out these guiding principles.

Therefore, the Participants enter into this MOU to describe their mutual intention to collaborate and cooperate, on a non-binding basis, on the common objectives described below in relation with the Purpose.

This MOU provides a framework within which the Participants may develop and undertake collaborative activities. The Participants are entering into this MOU having full regard to their internal governing bodies' competence, constituent instruments, mandate and procedures as amended from time to time. No provision of this MOU is intended (and may be construed or interpreted as intending) to interfere in any manner whatsoever with the Participants' autonomy and independent decision-making with regards to their own respective administration and operations.

The Participants intend to carry out their responsibilities under this MOU on a best effort basis and with no exchange of funds.

2. Objectives

The Participants recognize that their common objective is to improve operational efficiency and to support better development results for MDB-IFIs and their common borrowers by leveraging synergies and common practices across the institutions in the area of loan and grant disbursements, including the systems and technology that support the disbursements.

This collaboration aims to realize efficiencies, streamline operations, and reduce the workload for each Participant and their common borrowers and recipients alike. Harmonized disbursement methods, where applicable depending on the circumstances, may contribute to simplifying processes and reduce transaction costs.

The adoption of harmonized disbursement guidelines is also expected to reduce training and compliance efforts for borrowers and speed up access to financing.

3. Activities and Areas of Collaboration

In the context of the overall objectives set out in Section 2 above and subject to the mandates of the Participants in accordance with, *inter alia*, their respective constitutive documents, policies, decision-making bodies' decisions (however named), internal rules, procedures and practices (including, without limitation, in respect of confidentiality and exchange of information), the Participants agree to collaborate and devote their best endeavors to conduct the following activities, subject to their respective institutional mandates and policies:

a) **Knowledge sharing:** Collaborate and share knowledge on disbursement policies, procedures and practices, new loan system development, use of technology,

innovation, disbursement risk management and other areas of interest for the overall benefit of the MDB-IFI community and borrowers. This will include organizing technical sessions for the staff of the Participants to discuss common disbursement issues and their solutions.

b) **Optimization of Disbursements:** Examine MDB-IFIs approach to disbursement and use of technology to solve problems, innovate and increase operational efficiency and impact for the benefit of their clients and stakeholders.

c) **Collaboration on loan disbursements administration for co-financed projects:** Collaborate and share experiences on loan disbursements administration for co-financed projects and work together to improve streamlining of processes, enhance disbursement workflow and knowledge sharing on project documents (e.g. audit findings, supervision missions on loan disbursements, fiduciary risks, etc.)

d) **Collaboration with other MDB-IFI working groups:** Coordinate and consult with other MDB-IFI working groups such as Financial Management and Procurement. This will facilitate managing cross functional issues and support collaboration with a particular focus on country and project fiduciary risks.

e) **Joint initiatives and activities:** Support specific disbursement-related activities and joint capacity building initiatives at the project, country, regional and broader institutional levels. This may include joint participation in appraisal and supervision missions for co-financed projects.

f) **Disbursement Harmonization:** Identify specific areas of disbursement guidelines and procedures for harmonization. This will facilitate internal discussions within the respective MDB-IFIs and support, where needed and desirable, changes to their respective disbursement documents (e.g. handbooks, guidelines, procedures, practice notes, etc).

g) **E-learning courses on disbursements:** Work together to prepare E-learning courses on disbursements for the use of the Participants' mutual borrowers.

h) **Country Disbursement Arrangements analysis:** A common 'Country Disbursement Arrangements' document is expected to be jointly prepared by the Participants. This document will outline, compare and analyze the disbursement arrangements used by the respective Participants in the countries where multiple MDB-IFIs finance projects. The outcome of this analysis will form the basis to identify areas of similarity and difference among the Participants, which can be harmonized at the country level. The document will be progressively developed on a country-by-country basis.

i) **Online communication platform:** Develop a digital communication platform (such as SharePoint) to facilitate knowledge sharing and offer a virtual platform to

access and share information between the Participants. Through this platform, the Participants could explore the possibility of periodically publishing a newsletter highlighting their key events, new developments and accomplishments.

j) **Joint Country Level Engagement:** The Participants intend to work bilaterally to identify countries where they can undertake joint engagement with the borrowers and recipients of their loans and grants in discussing the disbursement arrangements. This will be particularly pertinent for the countries where the Participants have co-financed projects.

k) **Impact Evaluation:** The Participants plan to develop and implement a set of performance indicators that will allow for periodic evaluation of the impact and effectiveness of their collaborative efforts. This evaluation will be conducted with reference to their respective organizational mandates and priorities, the overall objectives outlined in Section 2 above and the activities and areas of collaboration outlined in Section 3 above.

4. The Secretariat

The Participants intend to form a Secretariat whose mandate will be to coordinate and facilitate the implementation of the activities and areas of collaboration identified in Section 3 above.

The composition of the Secretariat will be agreed upon by the Participants from time to time. At the time of the issuance of this MOU, the Secretariat comprises of:

- (a) World Bank (The International Bank for Reconstruction and Development) – Convener
- (b) African Development Bank (AfDB) – Member
- (c) International Fund for Agricultural Development (IFAD) – Member
- (d) Islamic Development Bank (IsDB) – Member
- (e) OPEC Fund for International Development (OPEC Fund) – Member
- (f) Inter-American Development Bank (IDB) – Member

The Participants intend that, apart from the Convener, the rest of the members of the Secretariat will rotate annually. The member(s) will rotate out, and new member(s) will be nominated by the Participants. The nomination will be done by a proposer and seconder from among the Participants during their virtual or in-person meetings.

5. Financing the costs of the collaboration

Each Participant is responsible for its respective costs and expenses that may be incurred in connection with the activities described in this MOU (including, without limitation, those incurred in connection with the preparation, negotiation, signing and performance of this MOU in accordance with its terms). The creation of any common structure or mechanism, however named, intended to collect financial contributions from Participants, in any form and for whatever purpose, is not envisaged, and nothing in this MOU is intended (or shall be construed or interpreted as implying) the creation of any such structure or mechanism.

Nothing in this MOU obligates any Participant to expend funds or to enter into any contract, assistance agreement, or other financial obligation. Any activity involving reimbursement or contribution of funds among the Participants shall be handled in accordance with each Participant's policies and procedures, applicable laws, regulations and procedures.

6. Intellectual Property

The Participants acknowledge that nothing in this MOU is intended to grant a Participant the right to use intellectual property owned or controlled by another Participant.

The Participants also acknowledge that they may not use the name, brand, mark / trademark, logo or other symbol or designation (or abbreviation or variation thereof) of any other Participant, its subsidiaries and/or affiliates, in any context whatsoever (including, without limitation, promotional materials, publicity, website, press release, social media platform or any communication of any other kind) without the prior written approval of the relevant Participant.

The Participants acknowledge that the activities under this MOU may result in a product subject to intellectual property rights. In this regard:

(a) the Participants agree to negotiate and agree upon appropriate intellectual property provisions in each case, based on the nature of the activity and the financial and/or intellectual contribution made by each Participant, and to set out the intellectual property provisions in a separate written agreement; and

(b) each Participant shall retain ownership of the intellectual property rights in any of its respective existing materials or work product that is shared with the other Participants in connection with activities under this MOU.

7. Publicity, Disclosure and Confidentiality

This MOU may be made publicly available by the Participants in accordance with their respective rules and procedures on data protection and disclosure or mandatory provisions of law. By entering into this MOU, the Participants consent to such disclosure.

Each Participants is acting as independent controller and not as a processor on behalf of or joint controller with the other Participant, when processing personal data in connection with the collaboration under this MoU.

The Participants acknowledge that no personal data shall be exchanged between them in furtherance of the cooperation objectives set forth in this MoU save for limited sets of identification data of the data subjects tasked with its implementation, i.e. names and e-mail addresses of the Participants' employees. Such data will be processed by each Participant (on its own behalf) solely for the purpose of implementing and managing this MoU and in accordance with its respective, rules, regulations, policies and procedures. If the Participants decide to share any other personal data with each other, they shall agree in writing as to the terms and conditions that would apply to any such personal data transfer, in full respect of the legal framework applicable to the respective institutions and the internal regulations, rules, policies and procedures of both Participants.

8. Disclaimers and General Provisions

This MOU reflects the Participants' intention to cooperate, expressed in good faith. This MOU is not intended to create rights or obligations under any law, convention or similar legal or regulatory regime. This MOU is not a legally binding arrangement and does not represent nor does it intend to create any right or binding legal obligation or relation among the Participants.

Nothing in this MOU is intended to be construed as creating a joint venture, an agency relationship, or a legal partnership between the Participants.

Without limitation nothing in this MOU:

- (a) is intended to constitute an agreement or commitment by any Participant to enter into or provide support for any specific activity or project.
- (b) is intended to constitute commitment with regards to the financing of any specific activity or project, and/or result in the establishment of any claims, financial implication, commitment, obligation or liability between the Participants.
- (c) represents any commitment or representation with regard to provision of financing or funding or any form of preferential treatment on the part of any Participants, in particular, but not limited to, with regard to the implementation of any projects or products or any funding or underwriting thereof on the part of any Participant.
- (d) is intended to vest any rights upon any Participant or any third party.
- (e) (i) restricts a Participant from entering similar arrangements with third parties covering the same or similar subject matter areas or activities; (ii) affects any existing agreement or other arrangement between the Participants or any of them; (iii) prevents the signature of any future binding or non-binding arrangement between any of the Participants.
- (f) obliges any Participant to fulfil the Purpose set out herein, or to enter into any other type of contract or commitment.
- (g) The cooperation among the Participants is subject to the policies and procedures of the Participants and to such further agreements and approvals as may be required for specific proposed activities.

9. Privileges and Immunities

Nothing in this MOU shall constitute, or be construed or interpreted as constituting, a waiver of any privileges and immunities of any of the Participants or their employees, agents, alternates, directors, officers, members of the governing bodies and committees, and experts, as applicable, which privileges and immunities are hereby specifically reserved.

Nothing in this MOU shall be construed as allowing or compelling the Participants to exceed in any way the boundaries of their respective constituent instruments, mandates, procedures and policies, and resources.

10. Disagreements and Settlement of Disputes

The Participants acknowledge their intent to resolve any disagreements or dispute arising out of or in connection with this MOU and/or the application and/or interpretation thereof amicably through consultations and negotiations among the Participants. Given the non-binding nature of this MOU, no disagreements or dispute will be referred to any national or international tribunal or third party for settlement.

11. Effective Date, Term and Termination

This MOU shall enter into force and take effect from the Effective Date and will remain in effect for three (3) years. The term of the MOU may be extended by mutual written agreement.

Termination of the collaboration under this MOU can be done by either: (1) a collective written declaration of all the Participants; or (2) a unilateral written notice by any individual Participant, to be delivered to all the other Participants at least (30) calendar days prior to the date of intended termination.

In any case of discontinuation of the collaboration by one or more Participants, the Participants may consider any necessary action to ensure that such termination will not be prejudicial to any activity in progress pursuant to this MOU.

12. Notices, Communications, and Amendments

The Participants intend that notices related to this MOU will be made in writing and signed (in wet ink, electronic signature or any other valid means of signature as recognized from time to time) by the representatives of the Participants authorized to take such actions. Communication of such notices shall be either by paper copies sent to the physical addresses specified in Section 14 of this MOU or by scanned copies exchanged through electronic mail to the e-mail addresses specified in Section 14 of this MOU.

This MOU may be amended through an amendment executed in writing by representatives of all the Participants authorized to take such actions.

13. Addition of new Participants

New Participants may be added as signatories to this MOU with the unanimous consent of the incumbent Participants. The inclusion process will involve a formal application, review by the Secretariat and approval by all Participants. Upon receiving the necessary approvals, the new Participant will be required to sign an addendum to this MOU, thereby agreeing to all terms and conditions herein.

14. Official Representatives and Addresses

Unless notified otherwise, each Participant designates below its representative (each, an "Official Representative") with overall responsibility for all activities and communication in connection with this MOU.

Each Participant shall promptly notify the other Participants in writing of any change of its Official Representative and /or in their respective communication details.

<p>For the African Development Bank</p> <p>[Name]</p> <p>[Title]</p> <p>[Unit/Department]</p> <p>[Address]</p> <p>E-mail: [email address]</p>	<p>For the Asian Development Bank</p> <p>Yoshinobu Tatewaki.</p> <p>Assistant Controller, Loan Administration Division, Controller's Department.</p> <p>6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines.</p> <p>E-mail: ytatewaki@adb.org</p>
<p>For the Asian Infrastructure Investment Bank</p> <p>[Name]</p> <p>[Title]</p> <p>[Unit/Department]</p> <p>[Address]</p> <p>E-mail: [email address]</p>	<p>For the European Investment Bank</p> <p>[Name]</p> <p>[Title]</p> <p>[Unit/Department]</p> <p>[Address]</p> <p>E-mail: [email address]</p>

<p>For the Inter-American Development Bank</p> <p>Javier Davila</p> <p>Division Chief, Operations, Financial Management and Procurement, Vice Presidency for Countries and Regional Integration</p> <p>1300 New York Avenue, N.W. Washington, D.C. 20577, USA</p> <p>E-mail: [email address]</p>	<p>For the International Fund for Agricultural Development</p> <p>Daniela Frau</p> <p>Senior Finance Specialist (Lead Officer Disbursements)</p> <p>Financial Controller's Department</p> <p>Via Paolo di Dono 44, 00142 Rome, Italy</p> <p>E-mail: d.frau@ifad.org</p>
<p>For the Islamic Development Bank</p> <p>[Name]</p> <p>[Title]</p> <p>[Unit/Department]</p> <p>[Address]</p> <p>E-mail: [email address]</p>	<p>For the New Development Bank</p> <p>[Name]</p> <p>[Title]</p> <p>[Unit/Department]</p> <p>[Address]</p> <p>E-mail: [email address]</p>
<p>For the OPEC Fund for International Development</p> <p>Sharagim Shams</p> <p>Director Financial Administration</p> <p>Finance Department</p> <p>1010 Vienna, Parkring 8, Austria.</p>	<p>For the World Bank (The International Bank for Reconstruction and Development)</p> <p>Junxue Chu</p> <p>Director</p> <p>Trust Funds and Loan Operations Department</p>

E-mail: s.shams@opecfund.org	1818 H Street NW, Washington DC, 20433, USA. E-mail : jchu@worldbank.org
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15. Miscellaneous

This MOU is only intended to summarize the understanding among the Participants. Nothing expressed or implied herein (whether by operation of law or otherwise) is intended to legally commit or oblige any Participant to perform or observe any of the provisions herein, and this MOU is not intended to create any binding and enforceable obligations nor any rights to the Participants.

Headings in this MOU are for ease of reference only.

The structure and form of this MOU is not intended and shall not be construed to alter or limit in any way the non-binding nature of this MOU or to alter, limit or enlarge in any way the scope or meaning of this MOU.

Signatories of this MOU acting on behalf of a Participant hereby state that they are authorized representatives of such Participant for purposes of this MoU and have the requisite power and authority to execute the MOU in the name of, and on behalf of, such Participant.

This MOU may be executed and delivered in counterparts, each of which will be deemed an original. The MOU shall become effective with the date of effectiveness being the date of signing by the last signing party reflected in the signatures section below (Effective Date).

The Participants hereto, each acting through its duly authorized representative, have executed this MOU in several counterparts, in the English language on the Effective Date.