

PROPOSED ADB-WB FULL MUTUAL RELIANCE FRAMEWORK

A joint initiative of
the Asian Development Bank &
the World Bank

October 2024



WORLD BANK GROUP

The Full Mutual Reliance Framework (FMRF)

- A new joint co-financing modality/partnership: Selected sovereign / public sector projects to be co-financed by the Asian Development Bank and the World Bank will be led by one of the two institutions.
- FMRF is optional – it will not automatically apply to all co-financed operations. Joint country dialogue will identify sectors and projects for initial co-financing pilots. These will be assessed to refine the approach.
- No doubling-up as borrowers will:
 - ✓ Apply a single set of policy requirements (those of the lead lender) to the entire co-financed project; and
 - ✓ Engage with lead lender on all aspects of preparation and supervision.
- All policy requirements of the lead lender will apply to the entire project, including the portion financed by the trail lender. The FMRF does not entail changes to existing policies to accommodate policy differences.

FMRF in the context of “MDB Evolution”

➤ **Greater Impact**

- Borrowers will experience faster project implementation and reduced transaction costs.
- Allows borrowers to better allocate resources to achieve development results and impact.
- Efficiency and effectiveness gains expected for the country as well as both institutions.

➤ **Partnerships**

- Offers opportunity for deeper collaboration and knowledge generation.
- Contributes substantially to the G20 call for multilateral development banks (MDBs) to work better as a system.

Selection of FMRF project and the Lead

- Joint country dialogue leads to identification of sector(s) and project(s) that require co-financing.
- FMRF can be proposed by either ADB, WB or the borrower.
- Decision to apply FMRF is made jointly by both institutions at the request, or with the agreement of, the borrower.

Factors for applying the Full Mutual Reliance Framework

- ✓ Project co-financing needs
- ✓ Financing availability
- ✓ Borrower's request/agreement
- ✓ Projects in sectors/countries where FMRF holds most opportunity to drive better results/ impact

Factors for deciding who leads

- ✓ Suitability
- ✓ Instrument / modality
- ✓ FMRF portfolio balance

How will Accountability work?

As in any project financed by either institution, affected people will have access to grievance redress / dispute resolution / problem-solving / inspection / compliance review.

All complaints will be handled by the lead lender, or their Accountability Mechanism, as the situation requires.

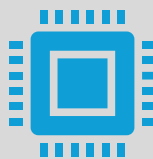
What can you expect from here?



FMRF structure and proposal is expected to be submitted to the respective Boards of Directors in December 2024, for their consideration in January 2025.



Upon approval by the Boards of both ADB and WB, the two institutions will enter into a “framework agreement” for FMRF in early 2025. This will enable ADB and WB to start selecting, preparing, and processing projects under the framework arrangement.



Starting with a small number of projects, the institutions will take stock of implementation to refine the approach as needed.

Timeline for Discussions and Input

Discussion Sessions	Dates
Kick-off hybrid discussion with shareholders	Week of 21 October 2024
Virtual Discussion with CSOs	30 October 2024 7 November 2024
Virtual Discussion with Shareholders	November 2024

Dedicated webpage for FMRF:

- ADB: <https://www.adb.org/what-we-do/financing-partnerships/full-mutual-reliance-framework>
- WB: <https://projects.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/proposed-ADB-WorldBank-Full-Mutual-Reliance-Framework>

Written comments are accepted until 7 November 2024.