

**AFRICAN DEVELOPMENT BANK  
AFRICAN DEVELOPMENT FUND  
NIGERIA TRUST FUND**



**DISBURSEMENT HANDBOOK**

**FINANCIAL CONTROL DEPARTMENT**

**Version: 01 January 2007**

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## TERMINOLOGY, ACRONYMS AND ABBREVIATIONS

Unless otherwise indicated, the following terms and expressions shall have the following meaning in this Handbook:

Agreement	The Loan or Grant Protocol Agreement, as the case may be.
The ADB Group or the Bank Group	African Development Bank Group, comprising the ADB, ADF and NTF
ADF or the Fund	African Development Fund
The Bank of ADB	Refers to ADB, ADF or NTF individually or collectively
Board of Directors	Board of Directors of the ADB or ADF
Regional Member Countries	List in Annex 9 page 1 of 2
Non-Regional Member Countries	List in Annex 9 page 2 of 2
ADF Participants	List in Annex 10
NTF	Nigeria Trust Fund
Eligible Countries	In the case of ADB: ADB State Participants In the case of ADF: ADB Member States and ADF State Participants
Loans and Borrowers	Also refer to “grants” and “donors”, individually or collectively, and vice-versa
Projects	Also refers to “programmes”
Executing Agency	Project Unit responsible for the implementation of a project/ programme financed by the Bank Group.
Unit of Account	The value of the Unit of Account is defined in Article 5.1 (b) of the Agreement establishing the Bank and in Article 1 (1) of the Agreement establishing the Fund as equivalent to a Special Drawing Right of the International Monetary Fund (IMF)

## PREFACE

### A. Introduction

This handbook sets out the disbursement policies and procedures of the African Development Bank Group (ADB). It provides guidelines to Bank staff, Borrowers, executing agencies, co-financiers, suppliers and other contracting parties for the efficient withdrawal of loan/grant proceeds.

The following documents complement the Disbursement Handbook:

- Loan or protocol agreement;
- General conditions applicable to the Bank Group's loans and grants;
- Rules of Procedure for Procurement of Goods and Works;
- Rules of Procedure for the Use of Consultants;
- Bank Group Policy on Loans Recovery;
- Bank Group Guidelines on Loan Cancellation; and
- Guidelines for financial reporting and auditing of project accounts.

This handbook supersedes all previous handbooks and guidelines on disbursements and will be modified and refined as the Bank introduces further changes in disbursement administration.

For further information, please inquire from the following address or contact the Banks resident or regional representative office in your country.

**Manager**  
**Disbursements Division**  
**Financial Control Department**  
**African Development Bank**  
**Angle des trois rues : Avenue du Ghana,**  
**Rue Pierre de Coubertin, Rue Hedi Nouria**  
**BP. 323**  
**1002 Tunis Belvedere**  
**TUNISIA**  
**Tel : +216 71 10 21 13**  
**Fax : +216 71 25 20 53**  
**Email : [loandisbursement@afdb.org](mailto:loandisbursement@afdb.org)**

## **CHAPTER 1: THE AFRICAN DEVELOPMENT BANK GROUP**

### **1.1 Purpose of the African Development Bank Group**

The purpose of the African Development Bank Group<sup>1</sup> – which comprises the African Development Bank (ADB), the African Development Fund (ADF) and the Nigeria Trust Fund (NTF) - is to promote the economic development and social progress of its regional member countries. It contributes to improving the living conditions of the populations, as well as creating, expanding and rehabilitating productive and social investments. It finances development and structural adjustment projects and programmes, provides advisory services and stimulates investments from other sources of finance. Although the ADF and NTF are legally and financially distinct from the ADB, they share the same staff, and their projects are subject to the same high standards as those of the ADB.

### **1.2 The African Development Bank**

The Agreement establishing the ADB was signed in Khartoum on 4 August 1963, and it entered into force on 10 September 1964. Following the amendment of the Agreement in May 1982, the capital of the ADB was opened up to non-regional member countries. The ADB has 53 African (regional) member countries and 24 non-regional member countries. Its capital stock is subscribed by its member countries, and its resources are derived from subscriptions, funds raised through borrowings on international capital markets, and income from loans and investments. The resources allocated to operations are derived essentially from borrowings on capital markets.

### **1.3 The African Development Fund**

The Agreement establishing the ADF was signed in Algeria in July 1972, and it became effective on June 1973. The ADF provides assistance to developing countries with low per capita income through loans and grants that are extended on much more favourable terms than the ADB. ADF funds come in the form of contributions and periodic replenishments by the 26 non-African State Participants. Replenishments to the Fund are usually made on a three-year basis, unless State participants decide otherwise. Eligibility for concessional ADF resources is determined primarily by the economic circumstances prevailing in the country, as measured by per capita GNP and debt repayment capacity

### **1.4 Nigeria Trust Fund (NTF)**

The NTF was established following the signing of an agreement between the Nigerian Government and the ADB in February 1976, and became effective on 25 April 1976. The agreement stipulates a 30-year life, which may be extended by mutual agreement between the Bank and Nigeria. The NTF is intended to support the development efforts of ADB regional member countries, particularly those in more needy circumstances.

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<sup>1</sup> The term “The Bank Group” refers to the African Development Bank (ADB), the African Development Fund (ADF) and the Nigeria Trust Fund (NTF). Where a discussion pertains specifically to one of these institutions, it is explicitly named.

Its resources are wholly derived from contributions by the Government of Nigeria and from income generated from its operations.

## 1.5 Lending Instruments

**Project Loans/Grants** finance specific projects, including technical assistance.

**Lines of Credit** are granted to national or sub-regional financial intermediaries who then onlend proceeds to final beneficiaries (usually, small and medium-scale enterprises).

**Sectoral or Rehabilitation Loans/Grants** finance investments intended to strengthen planning, production, or marketing capacities specific to the sector concerned.

**Sector Adjustment Loans/Grants** support policy and institutional reforms in a specific sector.

**Structural Adjustment Loans/Grants** support policy and institutional reforms from the macro-economic standpoint.

**Sector-Wide Approaches (SWAP)** coordinate financing from various donors for a given sector, and were introduced to address limitations of approaches based on conventional project financing. SWAPs coordinate donor contributions to support the development programme of a given sector based on a medium-term expenditure programme. The sector-wide approach uses common implementation systems, which require the harmonization of disbursement procedures and the use of common procurement procedures.

**Policy-based Loans/Grants for Governance** supplement policy-based loans or grants, and give a holistic and specific orientation to Bank operations.

**Project Preparation Facility (PPF)** advances provide financial assistance to Borrowers for the preparation of projects or for developing the capacity of national and sub-regional institutions. If the Bank agrees to finance the project, the advance is refinanced out of the resulting loan/grant. If a project does not materialize, the Borrower repays the advance and accrued charges.

**Budget Support Loans/Grants** support the development of budgets to cover recurrent and capital expenditure, thereby guaranteeing the availability and regular provision of resources to facilitate the implementation of poverty reduction strategies and national development plans.

**Grants to middle-income countries** finance pre-studies and sector studies in countries without access to concessional resources of the Bank.

**Private Sector Operations:** The Banks operations in the private sector Loans and Equity investment in the private enterprise; Guarantee arrangements; and other forms of operations such as cofinancing.

## **CHAPTER 2: THE PROJECT CYCLE**

The project cycle is a number of successive phases, from design to post-evaluation, intended to achieve specific objectives consistent with the country's development plan and Bank strategy.

### **2.1 Identification**

Identification occurs during periodic consultations with RMCs. It involves determining, with the country, projects and programs, which are consistent with the Bank's strategy for inclusion in the country's development plan. These projects, once deemed implementable and justified at the technical, socio-economic, financial and environmental levels, are included in the Bank's pipeline of projects for the country and constitute a rolling pipeline of projects/programs to be financed over a period of 3 to 5 years.

### **2.2 Preparation**

Involves a fact finding mission aimed at presenting, in more detail, the various project studies and confirming that technical, environmental, economic, financial, institutional and social objectives are achievable. Project preparation is the responsibility of the Borrower, who if necessary, can request for assistance from the Bank.

### **2.3 Appraisal**

During appraisal, the country finalizes the feasibility studies, as well as detailed engineering studies and the environmental impact assessments. A multidisciplinary team from the Bank reviews prepared studies, assesses risks, determines adequacy of mitigants and finalizes project organizational issues, the financing plan, and the terms and conditions. Appraisal culminates in the preparation of an appraisal report that forms the basis of the Bank's decision to provide financing.

### **2.4 Negotiations**

Formal negotiations with the Borrower results in a draft legal agreement (or agreements) between the Bank and the Borrower that precisely defines the project. The agreement covers financial terms and conditions, details of items to be financed by the Bank, procurement methods to be used, covenants on audit, project monitoring and any other points requiring attention. During negotiations, specific arrangements for disbursing the loan are agreed and summarized in the disbursement letter.

### **2.5 Approval**

After negotiations are completed, the Bank submits the financing proposal to its Board of Directors for approval. After approval, the negotiated agreements are signed. The Borrower must fulfill conditions of effectiveness, and the Bank must declare the loan effective before withdrawals can begin.

## 2.6 Implementation and Supervision

The Borrower is responsible for implementing the project and is required to report periodically on the progress of the project. The Bank in turn supervises the project, reviews progress regularly to ensure that disbursed funds are spent as agreed, and project objectives met.

## 2.7 Project Completion Report and Post-Evaluation

### Completion Report

- 2.7.1 Following the completion of a project and not more than six months after closure, the Borrower is required to prepare a completion report presenting its own evaluation of project implementation. The completion report should cover the performance of the various stakeholders, the achievement of project objectives, the project costs and the benefits it offers or will offer, as well as measures taken to ensure sustainability of project outputs. The Bank also prepares its own completion report that assesses the project outputs, identifies inadequacies, highlights areas of satisfaction, and draws relevant lessons.

### Post-Evaluation

- 2.7.1 Following the preparation of the project completion by the Borrower and the Bank, the Bank conducts a post-evaluation to measure its outcome against the original objectives. Post-evaluation reviews the preparation, design, appraisal and implementation aspects of the project, the cost and benefits; and the results of the project in relation to its initial objectives. The mission also takes stock of lessons learned from the project to enhance the effectiveness of development aid and improve Bank practices and procedures.

## 2.8 Significant Dates

**Approval date:** The date on which the appropriate authority of the Bank approves the loan or grant.

**Signature date:** The date on which the Borrower and the Bank sign the Loan Agreement or Protocol of Agreement. This date determines the start date for commitment fees, where applicable, and the repayment schedule of the loan.

**Effective date:** The date on which the Bank determines that the Borrower has satisfied all conditions for effectiveness of the loan agreement.

**The date of first disbursement:** The date on which the Bank determines that the Borrower has fulfilled all conditions precedent to the first disbursement.

**Deadline for last disbursement/closing date:** The date specified in the loan agreement after which the Bank may, by notice to the Borrower, terminate the Borrowers' right to make withdrawals from the loan/grant account. Borrowers may, prior to this date, provide appropriate justification and request an extension of the closing date.

The Bank may permit withdrawals for a limited period (not exceeding three months) after the deadline for last disbursement to cover payments made or payments due for goods, works, and services that have been provided on or before the closing date.

Commitment charge will continue to accrue beyond the closing date specified in the loan agreement, even if the said date has not been extended. Only cancellation of the loan shall put an end to the commitment charge.

**Repayment date:** The date on which the Borrower makes debt service payments (charges and principal) to the Bank. The repayment dates are determined during negotiations, generally on a half-yearly basis and specified in the Loan Agreement.

## CHAPTER 3: LEGAL FRAMEWORK OF DISBURSEMENTS

The Disbursement Handbook is not a contractual or legal document. It is only intended to provide guidance on the implementation rules and procedures relating to disbursements on Bank Group financed projects and programmes. The legal framework of disbursements is briefly described below.

### 3.1 Agreements

3.1.1 The articles of the Agreement establishing the Bank stipulate three main principles of disbursement for development projects:

- Proceeds of Bank loans and grants shall be used only for the purposes for which the loan/grant was approved;
- The Bank permits the Borrower to draw funds only in connection with incurred project expenses;
- The proceeds from Bank loans/grants shall be used only for the procurement of goods and services produced in, or services supplied from member countries.

3.1.2 The main legal document for a Bank Group financed project or programme is an agreement signed by the Borrower and the Bank, which sets out the terms and conditions of the loan/grant. The Agreement is called "*Loan Agreement*" for ADB, ADF or NTF loans, and "*Protocol Agreement*" for ADB or ADF grants. When the Bank lends to a public entity other than the Member State, it also enters into "*Guarantee Agreement*" with the Member State or, in accordance with the applicable rules, another entity acceptable to the Bank, which will in this case be considered as the Guarantor.

3.1.3 The loan/protocol agreements, may be amended either by notice to the Borrower or subject to agreement between the Bank and the Borrower. Amendments that significantly alter the project conditions as originally approved may require approval by the Board of Directors.

### 3.2 General Conditions

The standard terms and conditions governing Bank Group loans and grants are contained in the Bank's ***General Conditions Applicable to Loan and Guarantee Agreements***. The General Conditions, which are an integral part of the loan agreements and cover the following:

- repayment provisions, interest, and other charges
- currency provisions
- withdrawal of proceeds
- effectiveness conditions
- arbitration clauses
- cancellation and suspension

- termination
- other legal provisions

If any provision of a loan or guarantee agreement is inconsistent with the provisions of the general conditions, the provision of the loan or guarantee agreement governs.

### **3.3 Disbursement Letter**

3.3.1 After the loan agreement is signed, the Bank sends a letter – the disbursement letter - (see Annex 7) outlining the disbursement procedures applicable for the project to the Borrower. A draft version of the disbursement letter is discussed at negotiations. The disbursement letter provides Borrowers and executing agencies with specific instructions on disbursements for the particular loan/grant.

3.3.2 The disbursement letter provides sample withdrawal forms to be used and includes special instructions, as applicable, on the following:

- The signatures authorized for disbursement requests;
- The different dates, particularly the closing date;
- The list of categories of goods and services;
- Supporting documents to be retained by the Borrower;
- The disbursement methods;
- Management of the special account;
- Audit requirements
- The disbursement amounts and currency;
- Cases of suspension and sanction ;
- Disbursement arrangements for cofinanced projects;
- Practical advice for timely disbursements.

3.3.3 Subject to Bank approval, the conditions described above may be modified during implementation, particularly the methods and list of goods and services if the need arises.

3.3.4 In many projects, several agencies as well as the Borrower may be involved in project implementation and therefore may be entitled to send disbursement applications to the Bank. The Borrower is responsible for providing the Bank with addresses of all the project entities that should receive copies of the disbursement letter and disbursement reports. The Borrower is also responsible for providing access to all necessary instructions to staff who handle disbursement issues.

### **3.4 Procurement of Goods, Works and Services**

3.4.1 The procurement of goods and services financed by the Bank are governed by "*Rules of Procedure for Procurement of Goods and Works*" and "*Rules of Procedure for the Use of Consultants*". Specific provisions set out in the loan/protocol agreement complement these guidelines. Compliance with these rules of procedure, a contractual obligation for the Borrower, contributes to proper project implementation and facilitates disbursements.

- 3.4.2 The responsibility for project implementation, as well as the award and administration of contracts rests with the Borrower. The Bank supervises contract award activities carried out by the Borrowers. Unless otherwise stated in the Agreement, all procurement of goods, works and services are subject to Bank's "non-objection" before the signing of the contracts.
- 3.4.3 In general, Bank policy requires international competitive bidding for the procurement of goods, works and services financed using Bank resources. However, where international competitive bidding is not considered an efficient method, the Borrower and the Bank may agree to other forms of procurement.

### **3.5 Retroactive Financing**

In general, expenses incurred prior to the date of signature of the Agreement are not eligible for financing. However, based on a prior agreement between the Bank and the Borrower, a special clause authorizing the financing of certain expenses incurred before the date of signature of the Agreement may be included in the Agreement. The clause shows the amount of retroactive financing, the category of expenses concerned, and the date from which the expenses are considered eligible.

### **3.6 Reallocating loan Proceeds**

Loan/Grant proceeds may be used only for the purposes for which the loan was granted. Disbursements may not be made directly from the "unallocated" category of the loan agreement. The Bank, at the Borrower's request, may agree to reallocate unallocated funds or other categories to another allowable category for the purposes of the project.

### **3.7 Currency of the Loan**

For the ADB, the loan amount is expressed in a currency chosen by the Borrower. For the ADF and NTF loans/grants are expressed in Units of Account (UA) The Unit of Account is equivalent to one Special Drawing Right (SDR) of the International Monetary Fund.

### **3.8 Currency of Disbursement**

The Bank disburses loan proceeds in the loan commitment currency or for UAC denominated loans in one of the following currencies: USD, EURO, YEN, Pound Sterling and South African RAND at the Borrowers' choice.

### **3.9 Project Management on behalf of Other Institutions**

The Bank may administer loans and grants on behalf of other institutions. Subject to specifications in the protocol of agreement signed with such institutions, disbursements are made in accordance with the relevant Bank procedures.

**3.10 Reimbursement to the Bank**

The Bank may require the Borrower to reimburse the Bank for any disbursements made for expenses deemed non-eligible or unjustified or unused amounts paid into the special account. The reimbursed funds shall be paid into an account specified by the Bank and be deducted from the amount of the loan or grant given by the Bank.

## **CHAPTER 4: DISBURSEMENT PROCEDURES**

### **4.1 General Guidelines**

The Borrower is responsible for implementing the project according to all agreements. The Bank on its part monitors the project to ensure that compliance with agreements and rules and procedures as described in this Handbook and other documents and guidelines.

### **4.2 Effectiveness**

The Bank declares a loan/grant effective after the Borrower has fulfilled the effectiveness conditions specified in the Agreement and the General Conditions. The Bank notifies the Borrower of effectiveness upon receipt and acceptance of the documents submitted in fulfillment of the effectiveness conditions.

### **4.3 Conditions for first Disbursement and Other Conditions**

In addition to the effectiveness conditions, the loan/grant may be subject to conditions for first disbursement, and where necessary, conditions for subsequent disbursements. The documents submitted must be originals or certified true copies, and be acceptable to the Bank. The Bank reserves the right to refuse to make any disbursement on loans/grants for which the Borrower has not fulfilled one or more conditions.

### **4.4 Compliance with the List of Goods, Works and Services**

The list of goods, works and services by category of expenditure is agreed at project appraisal, confirmed during negotiations and included in the disbursement letter. Disbursements are made within the limit of the amounts allocated to each category. Physical contingencies and price escalation provisions should be divided between the different categories of expenditure. Changes to the list of goods and services must receive the prior approval of the Bank.

### **4.5 Contracts**

- 4.5.1 Disbursements are made against contracts concluded between the Borrower and the supplier following review and approval by the Bank and notification of “no objection”, in accordance with Bank procurement rules. On the instruction of the Borrower, the Bank makes payments to the beneficiary within the limit of the amounts approved. If the contract is expressed in several currencies, a separate disbursement request is required for each currency of payment, and, where relevant, the rates of exchange used for payment should be indicated.
- 4.5.2 Payments of retention money under contracts are made at the end of warranty or commissioning, or against an acceptance certificate issued by the project. Alternatively, retention money may be disbursed against an unconditional bank guarantee, provided by the supplier to the executing agency.

- 4.5.3 Within the framework of the implementation of a contract, cost overruns may occur due either to price escalation or physical contingencies. These may require a contract addendum.

#### **4.6 Persons authorized to sign Disbursement Requests**

- 4.6.1 The Borrower is required to designate officials authorized to sign withdrawal applications and provide copies of their specimen signatures. The letter designating signatories should clearly state the number and/or combination of signatories required for withdrawals. Where changes require the designation of new signatories, the Borrower should notify the Bank promptly.
- 4.6.2 The persons designated by the Authorized Representative of the Borrower shall sign the disbursement requests. However, the project coordinator or manager must countersign the related documents such as the Summary Statement of Expenditure (Form A.2), activity programmes and budgets (Form A.3) attached to the disbursement requests.

#### **4.7 Payment on the basis of a Statement of Expenditure**

- 4.7.1 Reimbursements made by the Bank to cover expenses incurred by the Borrower or advance of a special account should be supported by documents showing evidence of payments made. Such documents include invoices, bank debit advice or bank statements, receipts, shipping documents such as bills of lading, cheques, encashed bills of exchange and letters of credit paid.
- 4.7.2 However, if the Bank determines that a Borrower has fulfilled certain conditions, the Borrower may be permitted to submit only detailed statements of expenditure duly endorsed by the Borrower and executing agency. During the negotiation of the loan, the Borrower and the Bank may agree upon the types of expenditure in respect of which detailed statements of expenditure will be required. The disbursement letter shall specifically mention these types of expenditure.
- 4.7.3 To qualify, the Borrower must have a sound accounting system, proven administrative and financial management capacity, effective administrative and accounting procedures and a satisfactory internal control system. The Borrower or Executing Agency must maintain all supporting documents and make them available for examination by auditors and Bank staff during supervision missions.

#### **4.8 Submission of Disbursement Requests by the Borrower**

The Bank must receive an original disbursement application signed by the Borrower's duly authorized representative(s) in the prescribed form and must include such information as the Bank may request. Application forms are available from the Bank on request or online from the Banks Website at. [www.afdb.org](http://www.afdb.org)

To expedite the processing of disbursement requests, borrowers should:

- Send the requests to the Director of Financial Control Department, or to the resident representative of the regional or country office where applicable;

- Send a copy of the relevant contract and a copy of the notification of the Bank's approval of the contract;
- Ensure that the disbursement requests are signed by the authorized signatories;
- Submit applications denominated in a single currency;
- Ensure that the information contained in the request is consistent with the supporting documents;
- Attach, applicable supporting documents,;
- Ensure availability of resources under the relevant expenditure category;
- Ensure that all disbursement conditions have been fulfilled;
- Ensure that required audit reports have been sent to the Bank.

#### 4.9 Numbering of Disbursement Applications

Disbursement applications should be numbered sequentially regardless of the disbursement method used. When there are several executing agencies authorised to submit requests for disbursements, each should prefix the abbreviation of its name on the number of the application.

#### 4.10 Amounts and Thresholds for Disbursement Requests

The Bank establishes a minimum value for certain types of applications and reserves the right not to accept applications that are below the stipulated minimum value.

**Project Loans/Grants:** The absolute minimum is UA 20,000. The Bank can accept requests below this amount under certain circumstances such as:

- Expenditures concerning training activities;
- Technical assistance services;
- Audits;
- Contracts payable in full;
- Payment of contract balance for a category of expenditure or loan/grant;
- Regularization of disbursement partially made; and
- Advances for the special account of projects, whose activity budget estimates for the implementation unit do not allow for attainment of the limit of UA 20,000.

**Lines of credit to development finance institutions:** The minimum amount for a disbursement request is UA 100 000 or any other amount agreed at project appraisal or during the loan negotiations. The threshold of UA 100 000 is not applicable in the case of balance of an allocation earmarked for a sub-project financed by the line of credit or balance of the line of credit.

**Programme Loans/Grants:** The minimum amount for a disbursement request is UA 200,000 or any other amount fixed at project appraisal or during the loan negotiations, with the exception, however, of the loan balance which may be lower than this minimum amount.

**Guarantee for Reimbursement** (*Special Commitment*): The minimum amount for a letter of credit to be guaranteed by the Bank is the currency equivalent to UA 200 000. There is no minimum for reimbursement claims under guarantees issued by the Bank.

#### 4.11 Suspension of Disbursements

4.11.1 The Bank may, suspend disbursements if the Borrower fails to comply with conditions specified in the loan agreement or the general conditions. Suspension may apply to one or more loans or to specific components. The suspension of disbursements takes effect from the date of the decision of suspension, and remains in effect until the date of cessation of the event(s) that led to the suspension and notification of the Bank of the total or partial lifting of the suspension.

4.11.2 In the case of debt-service related defaults, the Bank suspends disbursements on all loans to, or guaranteed by the member country. The “Policy on Loan Arrears Recovery” specifies the different types of and exemptions from sanctions.

#### 4.12 Cancellations

The General Conditions and the Guidelines on Cancellation of African Development Bank Loans and African Development Fund Loans and Grants prescribe the conditions and procedures for cancellation. Prior to cancellation, the Bank ensures that there are no pending disbursement requests or commitments, and that contracts financed under the loan that are not entirely disbursed have been regularly terminated. The Bank will not cancel any amount in respect of which the Bank has entered into a special commitment to cover letters of credit, except as otherwise provided in such commitment.

#### 4.13 Bank References

**Beneficiary’s Bank:** The name and full address of the beneficiary’s bank, and if necessary, its SWIFT code and IBAN, as well as the account number of the beneficiary must be indicated in the request.

**Correspondent Bank of the Beneficiary Bank:** Where a settlement for a beneficiary is made in a country in which the currency of the disbursement request is not legal tender, the name of the correspondent bank of the beneficiary bank, its full address, SWIFT code and IBAN should be indicated in the disbursement request.

#### 4.14 Processing of Requests by the Bank

4.14.1 The Financial Control Department, also represented in regional and country offices, is solely responsible for receiving and processing disbursement requests. The Bank will try to minimize the processing time for disbursement requests and endeavors to process disbursement requests within ten (10) working days from the date of receipt of a complete request.

##### Items usually verified by the Bank

4.14.2 The items verified by the Bank when processing requests include:

- The eligibility of the goods and services (ineligible items of expenditures such as custom duties and taxes, interest bank charges, goods and services processed from non members countries etc..) ;
- Receipt of the required supporting documents or statements of expenditure;
- Availability of resources under the loan or category to cover the request;
- Duly approved contracts;
- The effectiveness date, fulfillment of the conditions of first disbursement and other conditions, if any, as well as the closing date of the debt or deadline for last disbursement;
- Conformity of signatures on the disbursement request with the specimens of authorized signatures communicated to the Bank ;
- Absence of sanction concerning the specific loan or any other Bank Group loan under the cross-default rule.

*Payment and Notification Process*

4.14.3 Upon approval of the disbursement, the Bank gives instructions to its depository banks to pay the funds requested to the beneficiary's account. These instructions are normally given by SWIFT or FAX. At the end of each month, the Bank sends a statement of confirmed disbursements to the Borrower and executing agencies.

## **CHAPTER 5: DISBURSEMENT METHODS**

### **5.1 GENERAL INTRODUCTION TO THE DISBURSEMENT METHODS**

Disbursements are made using one or more of the four methods summarized as follows:

1. **Reimbursement to Borrowers** for eligible expenses already incurred and paid for by the Borrower of project from its own resources ;
2. **Reimbursement Guarantee** where the Bank provides an irrevocable undertaking to reimburse a commercial bank for payments made or to be made to a supplier against a letter of credit. Referred to as “special commitment” in the general conditions ;
3. **Revolving Fund or Special Account** where the Bank makes an advance disbursement from the loan/grant account to a special account to be used exclusively for the Bank’s share of eligible expenses ;
4. **Direct payment** where the Bank at the Borrowers request, pays a designated supplier directly.

The disbursement methods selected during negotiations are based on project characteristics, the categories of expenditures to be financed, and the capacity of the executing agency to manage project resources. A combination of methods and/or their revision, during implementation is possible.

## **5.2 METHOD 1: REIMBURSEMENT OF PAYMENTS MADE BY THE BORROWER**

### Introduction

- 5.2.1 Under this method, the Bank reimburses the Borrower or the project entity for eligible expenses that have been incurred and paid for by the Borrower or the PIU from its own resources.

### Disbursement Request File

The disbursement request file comprises:

- The formal request on form A1 signed by the authorized persons;
- A summary Statement of Expenditures on form A2 signed by the authorized persons and by the project manager;
- Supporting documents, where the Borrower is not exempted from sending them to the Bank.

### Supporting Documents Required

Originals or certified copies of the following documents:

- Supplier's invoice or certificate stating the country of origin of the goods and/or services, and if necessary, a copy of the contract concerned;
  - A copy of the contract or purchase order and a copy of the no-objection notice;
  - A provisional acceptance report for goods supplied or a good works implementation certificate. In the absence of these documents, the supplier shall attach to its invoice a bank guarantee of the same amount, prepared in the same currency as that of the disbursement request;
  - A copy of the letter of credit, where necessary;
  - Any evidence of payment;
  - A bank attestation, in support of the request, stating the exchange rate applied for the operation, if the currency of payment is different from the currency requested;
- 5.2.2 Where full documentation is not practical, the Bank may by prior agreement, accept simplified documentation in the form of a Statement of Expenditures (Form A.2) signed by the authorized persons and the project manager. To accept disbursement requests against Statements of Expenditure, the Borrower/PIU must have demonstrated i) administrative and accounting capability to prepare and maintain Statement of Expenditure records ii) existence of adequate internal controls and iii) arrangements for regular and independent audits of all records.
- 5.2.3 In the Statement of Expenditure, the Borrower certifies that expenditures have been incurred and paid for in accordance with the terms and conditions of the loan agreement and that the records are maintained and available for examination by the Bank and/or independent auditors.

### **5.3 METHOD 2: PAYMENT UNDER A LETTER OF CREDIT**

#### *Introduction*

- 5.3.1 Under this method, the Bank provides a guarantee of payment to a commercial bank that has opened a letter of credit for a foreign supplier. The steps leading to the issuance of a guarantee of payment by the bank typically comprise the following: the request of the Borrower, a local commercial bank issues an irrevocable letter of credit for the supplier, second bank, often located in the country of the supplier accepts the letter of credit and confirms such acceptance. Accordingly, the Bank provides its consent for reimbursement of the payments made or makes available to the advising and/or confirming bank the amounts required for the payments to be made under the letter of credit. The minimum amount for a letter of credit guarantee is UA 200 000.
- 5.3.2 Under this method, the Bank, at the Borrower's request, irrevocably agrees to reimburse a commercial bank for payments made or to be made to a supplier against a letter of credit (LC). The LC issued by the Borrower's bank becomes operative only when the Bank issues its reimbursement guarantee (RG) to the commercial bank.
- 5.3.3 Since the loan amount is limited, each reimbursement guarantee has a limitation clause specifying the aggregate limit in the currency of the loan, which the Bank is obligated to pay. In computing the limitation, the bank uses the current exchange rate with a margin to cover normal currency fluctuations. The Bank's policy is to retain sufficient funds in the loan account to fully cover all outstanding special commitments. The Bank routinely reviews the limitation clauses of its special commitments and increases the limits where conditions warrant if uncommitted loan funds are available. Borrowers who request special commitments agree in the application form that if, because of this limitation clause, the Bank cannot disburse the full amount needed to make payments against the letter of credit covered by the special commitment; any uncommitted portion of the loan may be disbursed to cover the deficiency. If the uncommitted portion of the loan is insufficient to cover the deficiency, the Borrower must arrange to make payment to the bank holding the special commitment promptly after receiving the Bank's notice.
- 5.3.4 The Bank reserves the right not to issue reimbursement guarantees for Borrowers with a poor debt service record. However, once the Bank has issued a guarantee, all claims under the guarantee are honored by the Bank.

#### *Notification of the Bank's Guarantee*

- 5.3.5 The Bank's guarantees are notified, as the case may be, to:
- a) A commercial bank in the Borrower's country which will issue, advise and/or confirm the letter of credit;
  - b) A bank of the supplier which advises and/or confirms a letter of credit issued by the local bank;
  - c) A commercial bank of the supplier's country, which will issue and/or confirm a letter of credit.

- 5.3.6 For every request accepted, the Bank sends an original of the reimbursement guarantee to the advising and/or confirming bank by SWIFT or by mail for approval. The guarantee shall be made on Form B2, a copy of which is presented in the Annex 5. The advising or negotiating bank's first request for payment under the RG constitutes its acceptance of the terms and conditions of the RG issued by the Bank.

*Request for Guarantee for Reimbursement of Payments under a Letter of Credit*

- 5.3.7 Any request by a Borrower for a guarantee to cover payments under a letter of credit shall comprise:
- a) the formal request from the Borrower on Form B1 (Annex 4);
  - b) a copy of the draft letter of credit which the commercial bank proposes to issue to the supplier;
  - c) a copy of the contract document, purchase order, or invoice in respect of which the payment is to be made, particularly in the case of a down payment;
  - d) document from the confirming bank attesting that it is ready to notify and/or confirm the letter of credit, even if the commitment is taken subject to the Bank's guarantee for reimbursement.

*Charges, Fees and Interest*

- 5.3.8 The Borrower will make all necessary arrangements with the advising and/or confirming bank regarding charges and fees in respect of letters of credit guaranteed by the Bank, including interest on payments there under from the date of payment by the commercial bank to the date of reimbursement by the Bank. Any charges, fees and interest due to the commercial bank with respect to the said letters of credit shall be for the account of the Borrower.

*Provisions of the Letter of Credit*

- 5.3.9 The terms and conditions of the letter of credit should conform to the contract document, purchase order or invoice. The reference number of any of these documents should be indicated in the letter. Furthermore, each proposed letter of credit should, by its terms, require the supplier to present to the confirming bank the following documents:
- a) A supplier's invoice ;
  - b) Evidence of shipment or the bills of lading ;
  - c) Insurance certificates ;
  - d) Inspection certificate, where necessary.

*Information to the Borrower*

- 5.3.10 Once the Bank issues the guarantee, a copy shall be sent to the Borrower and/or executing agency.

Currency of Payment

5.3.11 The Bank shall issue the guarantee in the currency of the letter of credit, and payment(s) shall be made in the same currency.

Request for Reimbursement by Advising and/or Confirming Banks

5.3.12 Immediately after making payment under a letter of credit, the advising and/or confirming bank shall request reimbursement from the Bank preferably by SWIFT or exceptionally by express mail.

Payment to Advising and/or Confirming Bank

5.3.13 Upon receipt of the payment request, the Bank will make payment directly to the confirming and/or advising bank and at the same time notify the Borrower of the disbursement made, giving the amount, currency used and the date, as well as the currency used, if necessary, for purchasing the foreign exchange and its estimated value in the currency of the loan. Normally, the Bank will make payments to the commercial bank by SWIFT, within a maximum period of 30 working days from the date of receipt of the claim.

Amendment of the Letter of Credit

5.3.14 It may become necessary to amend the terms and conditions of the letter of credit covered by the Bank's payments. In such a case, the Borrower is required to inform the Bank of all amendments to the letters of credit and request the prior agreement of the Bank for any amendments relating to:

- The value of the letter of credit;
- The description and quantity of the goods supplied;
- The beneficiary; and
- The extension of the letter of credit beyond the validity date to more than three months after the initial expiry date of the said letter of credit.

5.3.15 The Bank shall confirm its approval of the amendments to the advising and/or confirming bank by SWIFT or exceptionally by express mail after advising the Borrower.

## 5.4 METHOD 3: REVOLVING FUND OR SPECIAL ACCOUNT

### Introduction

- 5.4.1 The Revolving Fund or Special Account method provides for advance payments from the loan to be deposited into a bank account for use by the Borrower to finance the Banks share of eligible expenses. The main objective of the Special Account is to help the Borrower or executing agency to meet its local currency or foreign exchange requirements, and provide resources on a permanent basis as well as flexibility in the implementation of some components of the project.
- 5.4.2 The pre-requisites for the Special Account method include: (i) effective administrative, financial and accounting procedures by the Borrower, (ii) satisfactory internal control systems, and (iii) a commitment to undertake regular and independent audit of expenditures made from the Special Account.

### Choice of Bank and Opening of a Special Account

- 5.4.3 In general, Special Accounts are held in commercial banks, but in certain circumstances may be held in a central bank. The bank holding the special account must be able to:
- Execute foreign exchange and local currency transactions
  - Open letters of credit
  - Carry out large volume of transactions
- 5.4.4 The proposed and approved bank which may be located in the Borrower's country or abroad is required as a precondition for disbursement, to issue an irrevocable undertaking (see Annex 4) that:
- funds held in the Special Account will not, under any circumstances, be set off, seized in any manner, attached or blocked to satisfy amounts due to the bank by the Borrower blocked or be used as sundry collateral;
  - monthly statements of the Special Account will be issued and communicated to the Borrower; and
  - The account and related documents will be available for review by Bank staff and its appointed auditors.

### Currency of Special Account

- 5.4.5 The Special Account will be held in convertible currency. Such a currency will be used to pay for some items in foreign currency, and could be used for purchases in local currency. The Bank may consider maintaining the Special Account in local currency, where the said currency is deemed stable and its exchange rate linked to a convertible currency. Any exchange difference will be borne by the Borrower.

### Opening of Several Special Accounts

- 5.4.6 In light of the specific needs of multinational and decentralized projects, it may be necessary to open several accounts to allow for flexible project implementation. It shall be

subject to assurances given to the Bank that mechanisms will be established for the control and monitoring of decentralized accounts and that a reconciliation statement with the main account into which the Bank's disbursement is paid will be submitted.

*Nature of Expenditure to be Financed by the Special Account*

- 5.4.7 The Special Account must be used only for the Bank's share of financing project expenses. The main categories of goods, works and services to be financed by the Special Account shall be determined at project appraisal and agreed with the Borrower during negotiations. The Bank and the Borrower may, during project implementation, modify the types of expenditures to be financed. Every modification shall be subject to prior approval by the Bank, and shall be notified through the appropriate channel.

*Work Programme and Estimated Budget of Activities*

- 5.4.8 In support of the request for initial advance or replenishment of the funds of the Special Account, the Borrower is required to submit a work programme for one year, as well as an estimated budget of the project's activities for a period of up to six months as agreed during the negotiations and specified in the disbursement letter. This period can, in certain such cases such as adjustment loans, lines of credit and specific components, exceed six months. The estimated budget and annual programme of activities shall be subject to prior approval by the Bank. Justification for expenditure under the special account shall be submitted at each replenishment or at least semi-annually, unless otherwise agreed.
- 5.4.9 The funds of the Special Account may be maintained on a replenishable basis over the disbursement life of a loan or grant. However, the last replenishment shall take place no later than six months before the deadline for the last disbursement or the period agreed during negotiations. The Bank shall ensure that all the funds advanced are justified before the closing date except for special cases for which the Bank has given its approval so that the corresponding invoices can be settled.

*Disbursement Request Documents*

- 5.4.10 The documents required for the disbursement request under the Special Account method should comprise:
- a) The official request on Form A1, a copy of which is presented in Annex 1;
  - b) A summary statement of expenditure on Form A2\* a copy of which is presented in Annex 2;
  - c) An annual work programme and a detailed estimated budget of activities prepared on Form A3 \* a copy of which is presented in Annex 3;
  - d) Supporting documents, if the Borrower is not exempted from sending them to the Bank.

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\* The Bank and the Borrower may agree on a specific format for this document, in the special case of some lending instruments.

Form A1 should be signed by the authorized persons designated by the Borrower, while Forms A2 and A3 should be signed by the authorized persons and must be countersigned by the project manager.

*Size of the Initial Advance*

5.4.11 The size of the initial advance shall depend mainly on the nature of the project and eligible items of expenditure, as well as on the capacity of the executing agency to efficiently manage the resources placed at its disposal.

*Justification for Utilization of the Advance*

5.4.12 The funds advanced under the Special Account shall be fully justified within a maximum of six months (or the period agreed during the negotiations) following payment of the initial advance or at each replenishment of the Special Account. The Borrower shall submit the Statement of Expenditures and the required supporting documents to the Bank. All the expenditures made shall be recorded in Form A2. These documents should be submitted together with a bank statement. Cases where the Borrower may keep supporting documents shall be duly specified during the negotiations or project implementation.

*Replenishment of the Special Account*

5.4.13 The Bank may replenish the Special Account, on condition that the immediately preceding advance has been utilized and justified up to at least 50 percent and that the other older advances have been fully justified. The 50 percent threshold may be modified during project implementation following agreement and appropriate notification by the Bank. Replenishments for Policy based loans/ and Budget Support are normally made in tranches and based on certain conditions to release the tranches.

*Supporting Documents*

5.4.14 To obtain a replenishment of the Special Account, the Borrower is required to send to the Bank a copy of Forms A1, A2 and A3 and, as the case may be, the following supporting documents:

- A suppliers' invoice or certificate stating the country of origin of the goods and/or services;
- A copy of the contract or purchase order;
- Copy of the letter of credit (where applicable);
- Evidence of payments such as:
  - A receipted invoice or formal receipt of the supplier;
  - Commercial bank advise of payment or debit advise when payment has been made under a letter of credit not guaranteed by the Bank;
  - A bank Statement;
  - A reconciliation of statements;
  - Other evidence satisfactory to the bank
- Evidence of shipping (where applicable);

- A bank certificate showing the exchange rate applied for the operation if the currency of payment for the goods and/or services is other than the currency requested;

Where the Borrower is exempted from sending certain supporting documents, it is required to take appropriate steps to file and keep them safely, and eventually present them to Bank experts or its external auditors for audit purposes.

#### Account Management

5.4.15 The management of the Special Account shall comply with the following requirements:

- The account shall be used only for the loan or grant, and shall not receive any counterpart funds or other resources. Any waiver of this rule should be decided during the negotiations and included in the Loan Agreement;
- No facility or overrun shall be tolerated on the account;
- The account shall require double signature in line with the relevant good practices.

5.4.16 There shall be no overdraft on the account. The funds paid into the Special Account may be placed in an interest-bearing account. The Borrower may use the income generated as interest, in accordance with the procedures in force in its country, to cover the account management charges; it shall also negotiate the charges on the account and interest to be paid on its balance. The Bank shall not bear the bank charges or fees.

#### Audit

5.4.17 The special account has to be audited at the end of each financial year, as well as the entire project activities, including project counterpart funding. Provisions shall be included in the terms of reference of the auditor to review documents relating to the use of the special account to ensure that: i) the requests for replenishment of the revolving fund submitted are consistent with relevant information, ii) the internal controls and procedures used for their preparation, are reliable enough to justify the requests for replenishment, and iii) the goods and services financed from the special account have been received by the project.

5.4.18 The Borrower shall, within six months following the close of the financial year, submit a special attestation of the auditor on the use of the special account

#### Reimbursement of Special Account Advances and Balance

5.4.19 Any unjustified amount or amounts used for non-eligible expenditures shall be paid back to reduce the principal of the loan amount after project completion. The Bank shall not make any replenishment until the Borrower has made the reimbursement of ineligible and unjustified expenses. When the project is completed, any remaining balance should be reimbursed to the Bank.

## 5.5 METHOD 4: DIRECT PAYMENT

### Introduction

5.5.1 Direct payment consists of making a disbursement, at the request of the Borrower, to one of the following beneficiaries:

- a) a supplier for goods supplied or to be supplied ;
- b) a contractor or consultant for work or services done or to be done;
- c) a sub-contractor working under a contract for which the Bank has provided its non-objection.

### Start-up Advance

5.5.2 Payment to a supplier or contractor may be made in advance before shipment or delivery of service to settle certain expenses on manufacture of goods or mobilization. This method of payment should be agreed between the Borrower and the supplier, and supported by documents to guarantee proper performance of contract. In addition to the usual documents listed below, the supplier is required to submit a bank guarantee, issued by a bank approved by the ADB, and covering the advance or payment requested. The amount and currency of the guarantee should be the same as in the request of payment.

### Documents for Disbursement Request under the Direct Payment Method

5.5.3 The Borrower is required to submit to the Bank a request for direct payment on Form A.1. This will be sent together with a summary Statement of Expenditure on Form A.2.

### Supporting Documents

5.5.4 The supporting documents required for direct payment are:

- A supplier's invoice or certificate stating or certifying the country of origin of the goods and/or services and, if necessary, a copy of the contract concerned;
- A copy of the contract or purchase order and a copy of the no-objection notice from the Bank if the payment is for the first time or is an advance ;
- A Bank guarantee bond covering the entire contract (in the absence of a reception certificate) ;
- A provisional acceptance report for the goods supplied a report or certificate of proper implementation of works;

5.5.5 For civil works contracts, the Borrower is required to submit a work certificate duly authorized by the work supervisor.

## **CHAPTER 6: ACCOUNTING MANAGEMENT, FINANCIAL COMMUNICATION AND AUDIT**

### **6.1 Accounting Management**

- 6.1.1 The loan agreements and grant protocols of agreement require the Borrower to maintain accounts and books, as well as prepare financial statements for projects and programmes financed from Bank resources. These accounts and records should provide justification for the use of funds disbursed for the project and prepared in accordance with International Financial Reporting Standard or applicable generally accepted accounting standards and practices.
- 6.1.2 Although accounting standards and practices may differ from country to country, the accounts of the project shall, irrespective of the system adopted, comply with the principles of transparent management and provide exhaustive information on the following:
- a) Accountability of funds provided to the project ; such funds may comprise proceeds from the Bank's loan or grant, or other resources from co-financiers and counterpart funds;
  - b) Disclosure of expenditure and specific information on components financed by the Bank.

#### Assessment of the Accounting System

- 6.1.3 During project preparation/appraisal, the Bank shall ensure that the Borrower establishes an appropriate accounting system, and that the structure responsible for the project has adequate financial and accounting management capacity. The Bank would also require the existence of a comprehensive Accounting Procedures Manual and a sound internal control mechanism.

#### Project Accounts

- 6.1.4 Separate financial statements and records should be prepared and maintained for Bank Group financed projects.
- Statement of Use of Funds and Resources for financial years N and N-1;
  - Comparative Statement of the budgeted and actual expenditures for financial years N and N-1;
  - Balance sheet for financial years N and N-1;
  - Income statement for financial years N and N-1.

### **6.2 Financial Communication**

- 6.2.1 The Borrower is required to regularly and exhaustively communicate accounting and financial information on the project. The information should detail out the various uses of the loan funds. Financial systems and financial communication reports may vary according to the nature of the project, the lending instrument and the country. The

Bank may not require a standard format, but will ensure that the reports submitted for consideration or verification are adequately informed.

*Keeping and Filing of Documents*

- 6.2.2 The Borrower is required to keep up-to-date and preserve project documents and supporting documents, and to make them available to the Bank's experts and audit missions for consultation and verification, if necessary.

*Disbursement Reports*

- 6.2.3 The Bank shall make disbursement reports and any other information available to Borrowers to help keep them informed of the status of loans. The reports and information will enable the clients to reconcile the project accounts, and make any required corrections.

**6.3 Audit**

- 6.3.1 The General Conditions for loans and grants require that the project accounts be audited each year in accordance with the relevant generally accepted rules. The auditor is required, among other things, to conduct a thorough examination of the pertinent documents, review the internal financial control mechanisms to identify deficiencies and weaknesses which could affect the efficiency of the project, so as to form an opinion on the quality of the financial statements.
- 6.3.2 The Borrower must have the accounts of the project or programme audited by qualified and independent accountants that meet Bank's requirements. In some countries, where auditing is entrusted to the Auditor General's Office under the supervisory authority of the State, the Bank may approve the designation of this Office provided that the matter is discussed at project appraisal and during the loan negotiations. The audit reports should be submitted to the Bank not later than six months after the financial year to which they relate.
- 6.3.3 In addition to the annual audit of accounts, the Bank requires an audit of statements of expenditures submitted to the Bank for reimbursement of payments or in the event of replenishment of the revolving fund. The Bank may, in certain cases, and depending on the nature of the beneficiary institution and the instrument used, request an audit of the institution as a whole, with separation of the project accounts or a separate audit.

**Form A1**

**AFRICAN DEVELOPMENT BANK (ADB)**  
**AFRICAN DEVELOPMENT FUND (ADF)**  
**NIGERIA TRUST FUND (NTF)**

**REQUEST FOR REIMBURSEMENT**  
**REQUEST FOR INITIAL ADVANCE FOR THE SPECIAL ACCOUNT**  
**REQUEST FOR REPLENISHMENT OF THE SPECIAL ACCOUNT**  
**REQUEST FOR DIRECT PAYMENT**  
(Please delete as appropriate)

To: The Director  
Financial Control Department  
ADB  
B. P. 323  
Tunis 1002: Tunisia

1. ADB/ADF/NTF LOAN No.....  
2. Project Title: .....  
3. Other Sources: .....  
4. Request No. : .....  
5. Currency: .....

1. In accordance with the terms and conditions of the Loan Agreement dated ..... between ADB, ADF, NTF and ..... (The Borrower),
2. Please pay ..... (Amount in figures).  
**(Please insert for request of replenishment of the special account)**

We hereby send the attached Statement of Expenditure for a total amount of ..... The expenditures have been made under the advance(s) granted within the framework of the above-mentioned project.

3. We apply for this disbursement under the above-mentioned Loan Agreement and hereby certify or agree as follows:
  - a) The undersigned has not previously withdrawn any amount to meet these expenses. The undersigned has not obtained and does not intend to obtain other funds for this purpose from the proceeds of any other loan, credit or grant.
  - b) The goods and services covered by this request have been or will be purchased in accordance with the conditions of the agreement.
  - c) The expenditures have been or will be made for goods and services from approved origin.
  - d) The expenditures are eligible for items to be financed under the loan and do not include taxes, duties and other ineligible items.

4. **Full Name and Address of the Beneficiary**.....

5. **Account Number of the Beneficiary**<sup>2</sup>.....  
IBAN Code:.....

6. **Beneficiary's Bank**  
Name: .....

---

<sup>2</sup> Attach the Beneficiary RIB/IBAN

Full Address:.....  
Bank Code:.....  
SWIFT Code: .....

IBAN Code:.....

7. **Correspondent Bank** (where applicable)

Name: .....  
Full Address: .....  
Bank Code: .....  
SWIFT Code: .....  
IBAN Code:.....

8. ....  
.....  
.....

**(Address, Fax Number and the E-mail of Borrower)**

9. ....  
.....  
.....

**(Address, Fax Number and the E-mail of the Executing Agency)**

10. ....

**[Signature of Authorized Signatory (ies)]**  
(Name, title, address and telex number)

11. ....

**[Date of establishment of disbursement request]**

## **A1. Instructions to fill Form A1**

A1.1 Form A.1 should be used for all disbursement requests. The original and a copy should be submitted to the Bank. At the top of the form should appear the acronym of the institution that granted the loan.

A1.2 Only one currency can be requested in the disbursement request form. It should be noted that the Bank will reimburse the Borrower only the amount of expenditure requested and justified, in the currency requested by it. The information required to be filled on Form A.1 is numbered 1 to 16. The Borrower should ensure that the information is correctly filled.

Information 1 **Loan Number:** To be inserted as shown in the Loan Agreement.

Information 2 **Project Title:** Insert the title of the project and the location, if necessary.

Information 3 **Other Sources:** Where a project is financed by sources other than ADB, ADF and NTF, please insert the acronym or shortened name of co-financiers.

Information 4 **Numbering of requests:** A consecutive numbering system must be used (1, 2, 3 etc.) for Direct payment and reimbursement method, and a consecutive numbering for special account and the reimbursement guarantee. Where there are several, executing agencies are authorized to submit disbursement requests; each of them should prefix its abbreviation to the number of the request.

Information 5 **Currency requested:** Indicate the currency in which payment should be made. For (ii) and (iii), indicate the appropriate exchange rate(s). The exchange rate(s) should be that or those applicable on the date the request is made. A separate request should be submitted for each currency of payment.

Information 6 **Date of Signature of the Agreement and Contracting Parties:** Indicate the date on which the Loan Agreement was signed, as well as the contracting parties.

Information 7 **Amount Requested:** Indicate the amount of disbursement requested.

Information 9 **Beneficiary's Name and Address:** Indicate the full name and address of the beneficiary, as well as its postal code. Avoid abbreviations.

Information 10 **Beneficiary's Account Number:** Indicate the full account number of the beneficiary.

Information 11 **Beneficiary's Bank Address:** Indicate the full name and address of the bank. Also indicate, if possible, the bank code and SWIFT code. Avoid abbreviations.

Information 12 **Correspondent Bank:** Where the currency of payment is not that of the country in which the beneficiary's bank is located, indicate the full name and address of its correspondent in the country whose currency is paid.

Information 13 **Borrower:** Indicate the Borrower's name as it appears in the Loan Agreement, as well as its Fax number.

Information 14 **Executing Agency:** Indicate the address and telex number of the executing agency concerned with the request.

Information 15 **Authorized Signatory (ies):** Indicate the names, title and address of the authorized signatory (ies), the specimen of whose signature has been transmitted to the Bank.

Information 16 **Date:** Indicate the date of establishment of the request.

**AFRICAN DEVELOPMENT BANK  
AFRICAN DEVELOPMENT FUND  
NIGERIA TRUST FUND**

**FORM A2**

TO PRODUCE  
A REIMBURSEMENT REQUEST TO BORROWER (METHOD I)  
A REQUEST FOR INITIAL ADVANCE FOR SPECIAL ACCOUNT (METHOD II)  
A DIRECT PAYMENT (METHOD IV)

**STATEMENT OF EXPENDITURE**

**DATE:** .....

**1. ADB/ADF/NTF LOAN No. :** ..... **2. PROJECT TITLE:**..... **3. REQUEST No.**.....

**4. CATEGORY OR SUB-CATEGORY**..... **5. CURRENCY**.....**6. PAGE.....OF.....**

(7) ITEM	(8) CONTRACTOR SUPPLIER SERVICE PROVIDER (FULL NAME AND ADDRESS)	(9) GOODS OR SERVICES OR WORKS		(10) CONTRACT OR PURCHASE ORDER				(11) INVOICE				
		DESCRIPTION (a)	COUNTRY OF ORIGIN OF GOODS AND SERVICES (h)	REF. No. AND DATE (a)	TOTAL AMOUNT (b)	ADB/ADF/N TF AMOUNT (c)	AMOUNT PREVIOUSLY PAID ADB/ADF/NTF (d)	REF. NO. AND DATE (a)	AMOUNT ELIGIBLE FOR FINANCING (b)	AMOUNT Paid from Special Account (c)	DATE OF PAYEMENT (d)	EVIDENCE OF PAYMENT (e)

14. TOTAL PAYMENTS ON THIS PAGE

15. BALANCE FROM PREVIOUS PAGES

16. TOTAL AMOUNT REQUESTED

**12. SUPPORTING DOCUMENTS ATTACHED:**.....**17. SIGNATURE OF PROEJCT MANAGER**.....

**13. SUPPORTING DOCUMENTS NOT ATTACHED AS PREVIOUSLY AGREED BETWEEN OURSELVES AND THE BANK** .....**18. AUTHORIZED SIGNATURES:**.....

### **Instructions to fill Form A2**

A2.1 **Form A2** entitled "**Summary Statement of Expenditure**" should be attached to **Form A1** used for the Method of reimbursement of Payments made by the Borrower, the Direct Payment Method; it should be used to submit certain supporting documents to the Bank and to communicate to the latter a detailed description of documents retained by the Borrower in accordance with the agreement reached with the Bank.

A2.2 It should be noted that the Borrower should keep supporting documents only with the authorization of the Bank, who shall confirm the same in a disbursement letter or through the appropriate correspondence.

A2.3 The Borrower is required to number statements that include only payments made in the same currency. The Borrower should therefore establish a distinct statement for each currency. Furthermore, only items included in a given category of the list of goods and services should appear on the same page.

A2.4 The total amount of payments appearing on the same page should be indicated, and if there are several pages for the same category, the total amounts shall be carried forward. The first page of each SOE shall be numbered 1, and the following pages shall be numbered in sequence 2, 3 and so on. Similarly, the headings enumerated on each page shall be numbered in sequence.

A2.5 In column 9 (a) entitled "**Country of origin of goods and services**", indicate the country where the goods were produced and services rendered, whether foreign or on the local market.

A2.6 The Borrower should ensure that the following information is provided on **Form A2**:

Information 1	same as information 1 on Form A.1.
Information 2	Same as information 2 on Form A.1.
Information 3	Same as information 4 on Form A.1.
Information 4	<b>Category or sub-project:</b> Indicate the number and title of the category.
Information 5	Same as information 5 on Form A.1.
Information 6	<b>Pages:</b> In chronological order.
Information 7	<b>Item No:</b> Number the expenditure items in sequence.
Information 8	<b>Contractor/Supplier/Service Provider:</b> Indicate the full name and address.
Information 9(a)	<b>Description:</b> Refer to description of goods/services/works mentioned on the invoice or breakdown.
Information 9(b)	<b>Country of origin:</b> Refer to the country of origin of goods/services on the invoice or detailed account.
Information 10(a)	<b>Reference No. and Date:</b> Indicate the reference number of the contract or purchase order.
Information 10(b)	<b>Total amount:</b> Indicate the total amount of the contract or purchase order.
Information 10(c)	<b>ADB/ADF/NTF:</b> It happens sometimes that the Bank finances only part of a purchase contract or order. Indicate the amount financed by ADB/ADF/NTF.

Information 10(d)	<b>Amount paid by ADB/ADF/NTF:</b> Indicate the amount already paid by ADB/ADF/NTF.
Information 11(a)	<b>Reference No. and Date:</b> Indicate the reference number of invoice.
Information 11(b)	<b>Total amount:</b> Indicate the total amount of the invoice or detailed account.
Information 11(c)	<b>Amount requested:</b> Indicate the amount to be paid by ADB/ADF/NTF. The amount requested is exclusive of taxes and, where applicable, of deductions.
Information 11(d)	<b>Date of payment:</b> This column should be filled under the Reimbursement Method or Special Account Method. Indicate the date of payment made by the Borrower.
Information 11(e)	<b>Evidence of payment:</b> If payment is in cash, attach the receipts. With respect to cheque or payment advice, indicate the cheque or advice number. Receipts from beneficiaries should bear their official stamps.
Information 12 in	<b>Supporting documents:</b> These are the supporting documents described in paragraph 3 of the present Annex. The Borrower may, according to arrangements made with the Bank, either retain them for a Bank audit, or submit them to the latter.
Information 13	
Information 14	Indicate whether the supporting documents are attached or not. <b>Total payments on this page:</b> Indicate the total amount of payments on this page.
Information 15	<b>Balance from previous page:</b> Indicate the total balance on the previous page.
Information 16	<b>Total balance:</b> Indicate the total balance of all the pages of the Statement of Expenditure. This amount should correspond with the total amount requested under the category indicated in Information 4 of the Statement of Expenditure.
Information 17	Same as in Information 15 on Form A1.
Information 18	<b>Signature of project manager:</b> Indicate the name, title and address of the project manager.

FORM. A.3  
AFRICAN DEVELOPMENT BANK  
AFRICAN DEVELOPMENT FUND  
NIGERIA TRUST FUND  
(Delete as appropriate)

FO USE WITH FORM 1 TO OBTAIN AN INITIAL ADVANCE FOR THE SPECIAL ACCOUNT OR REPLENISH THE SPECIAL ACCOUNT

ESTIMATED BUDGET OF ACTIVITIES

DATE:

1. ADB/ADF/NTF LOAN No ..... 2. PROJECT TITLE:.....3. REQUEST No.....  
4. CATEGORY OR SUB-PROJECT.....5. CURRENCY: ..... 6. PAGE .....OF.....  
7. PERIOD OF UTILIZATION OF ADVANCE:

8 GOODS OR SERVICES OR WORKS							
DETAILED DESCRIPTION (a)	QUANTITY (b)	COUNTRY OF ORIGIN OF GOODS/SERVICES (c)	COUNTRY OF ORIGIN OF SUPPLIERS (d)	TOTAL AMOUNT (e)	ADB/ADF/NTF (f)	ADVANCE REQUESTED (g)	DATE OF APPROVAL BY ADB/ADF/NTF (h)

9. TOTAL PAYMENTS ON THIS PAGE  
10. BALANCE FROM PREVIOUS PAGE  
11. TOTAL

12. SIGNATURE OF PROJECT MANAGER:

13. AUTHORIZED SIGNATURES

### **Instructions to fill Form A3**

- A3.1 **Form A3** entitled "**Summary of Programme and Estimated Budget of Activities**" should be attached to **Form A1** and **Form A2** under the Special Account Method.
- A3.2 When completing the form, the Borrower is required to number only statements of payments made in the same currency. It should therefore establish a distinct statement for each currency. Furthermore, only items included in a given category of the list of goods and services should appear on the same page.
- A3.3 In filling **Form A3**, the Borrower should observe the following:

Information 1	Same as information 1 on Form A1.
Information 2	Same as information 2 on Form A1.
Information 3	Same as information 4 on Form A1.
Information 4	<b>Category or sub-project:</b> Indicate the number and title of the category.
Information 5	Same as information 5 on Form A1.
Information 6	<b>Pages:</b> In chronological order.
Information 7	<b>Item No.:</b> Enumerate items for expenditure in chronological order.
Information 8(a)	<b>Description:</b> Describe the activities envisaged.
Information 8(b)	<b>Quantity:</b> Indicate the estimated quantities.
Information 8(c)	<b>Countries of origin of goods and services:</b> Indicate the countries of origin of goods/services to be procured.
Information 8(d)	<b>Countries of origin of the suppliers:</b> Indicate the countries of origin of the suppliers (contractors).
Information 8(e)	<b>Total amount:</b> Indicate the total amount of each activity.
Information 8(f)	<b>ADB/ADF/NTF amount:</b> Indicate the amount financed by ADB/ADF/NTF.
Information 8(g)	<b>Amount requested:</b> Indicate the amount to be paid by ADB/ADF/NTF. The amount requested is exclusive of taxes and, where applicable, of deductions.
Information 8(h)	<b>Date of approval by ADB/ADF/NTF:</b> Indicate the date of approval by Bank of the contracts or purchase orders.
Information 9	<b>Total payments on this page:</b> Indicate the amount of payments on this page.
Information 10	<b>Balance from previous pages:</b> Indicate the total balance on the previous page.
Information 11	<b>Total balance:</b> Indicate the total balance of all the pages; the amount should correspond with the total amount requested under the category indicated under Information 4.
Information 12	Same as information 15 of Form A1.

## Sample Comfort Letter for Special Account

[Letterhead of Commercial Bank Issuing Comfort Letter]

The Director  
Financial Control Department  
African Development Bank  
BP 323  
Tunis

Dear Sir,

We refer to the procedure of the African Development Bank Group (ADB, ADF and NTF) for disbursement of proceeds to projects and programs through advances to special deposit accounts opened by African Development Bank Group borrowers or other beneficiaries of such financing.

It is our understanding that, in furtherance of the provisions of the African Development bank Group's Articles of Agreement designed to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, the African Development Bank provides in its agreements with the borrower and supplementary disbursement documents that the African Development Bank must approve of the placement of funds in such accounts and of the terms and conditions thereof:

[Name of depository bank] opens accounts of the nature described above, for or at the request of ADB member Borrowers or their central banks or other borrower or beneficiary entities. Recognizing that the ADB has an interest in safeguarding the use of such funds for the special purpose of its projects and programs, we are pleased to confirm that [name of bank] will not assert any claim to set off, seize or attach amounts on deposit in such accounts to satisfy amounts due to [name of bank] except only to the extent necessary to protect its position in such instances where a third party takes steps to attach such funds. In the event that a third party has attached funds in any such account [name of bank] will inform the ADB immediately of such attachment and will cooperate, as appropriate, with the ADB in its efforts to seek the removal of such attachment(s).

We understand that this representation will be relied upon by the ADB in approving future account arrangements and the placement of funds advanced thereto.

Yours sincerely,

Authorized Officer, Head Office  
[name of bank]

**Form B1**

**AFRICAN DEVELOPMENT BANK (ADB)  
AFRICAN DEVELOPMENT FUND (ADF)  
NIGERIA TRUST FUND (NTF)  
(Delete as appropriate)**

**REQUEST FOR GUARANTEE**

To: The Director  
Financial Control Department  
ADB  
B. P. 323  
Tunis 1002 Tunisia

1. ADB/ADF/NTF LOAN No.....
2. Project Title: .....
3. Other Sources: .....
4. Request No. : .....
5. Currency: .....

In accordance with the Loan Agreement between us dated....., we hereby apply for a Guarantee to be issued by yourselves to ..... (Full address of confirming bank) to cover Letter of Credit..... the draft of which is attached hereto. Pertinent details of the Letter of Credit are as follows:

Issuing bank: .....  
Currency and Amount Requested: .....  
Name and Address of Beneficiary: .....  
.....  
.....  
Expiry Date: .....  
Brief Description of Goods to be Supplied:.....  
.....  
.....

This Letter of Credit has been issued under contract/purchase order/invoice No. .... approved by yourselves on .....  
(Date of Approval)

The undersigned hereby certify and agree as follows:

- a) You will pay the issuing or confirming bank the amount paid or expected to be paid by them under the terms of the Letter of Credit.
- b) The advising or confirming bank shall request reimbursement of the said amounts in accordance with the provisions of the Guarantee.
- c) You will accept all amendments that the advising or confirming bank will submit on your behalf, in respect of: (i) the expiry date of your letter of credit; and (ii) the last date for negotiating documents. We understand that these extensions will not exceed the validity date of the reimbursement guarantee.
- d) All other amendments will be requested by us, directly to yourselves, for approval. These will include: (i) changes in the amount of the letter of credit, (ii) changes of the beneficiary, (iii) changes in the description and quantity of the goods, and (iv)

extension of the expiry date of the letter of credit beyond six months following the initial expiry date.

- e) Unless otherwise agreed, all bank charges, fees and commissions, and any other charges, including interest from the date of payment of the confirming bank to the date of reimbursement shall be at our charge and paid by us directly to the confirming bank.
- f) The undersigned has not previously withdrawn any amount from the Account to meet these expenditures. The undersigned has not and does not intend to obtain other funds for this purpose out of the proceeds of any other loan, credit or grant.
- g) The goods and services covered by this application shall be purchased in accordance with the terms of the Agreement.
- h) The expenditures and services covered by this application shall be purchased in accordance with the terms of the Agreement.
- i) The expenditures shall be made only for goods and services from eligible sources.
- j) In making this request we hereby authorize that if due to exchange rate fluctuations the loan currency equivalent as specified and claimed under the RG is exceeds the value at the time of issuance, the Bank will use the uncommitted portion and if necessary, increase the original amount of the loan of the loan to cover the shortfall.

Name of Borrower: .....

Names and signatures of authorized persons: .....

**FORM B.2**  
**AFRICAN DEVELOPMENT BANK**  
**BANQUE AFRICAINE DE DEVELOPPEMENT**

BP 323  
TUNIS BELVEDERE 1002  
TUNISIA  
TELEPHONE: (216) 71-333-511  
(216) 20-20-41-80  
FAX: (216) 71-351-933



**Date:**

**REF: REIMBURSEMENT GUARANTEE No.:**

*ADB Loan No.* :  
*Project Title* :  
*Borrower's Request No.* :  
*Letter of Credit No.* :  
*Issuing Bank* :  
*RG No.* :

Gentlemen,

We transmit herewith the abovementioned letter of credit which we understand you are prepared to advise and/or confirm for the account of:

In favour of :  
In the amount of :  
Expiring on :  
At the request of :

In consideration of your acceptance hereof as provided below, we hereby irrevocably agree to:

- a) Reimburse you for any payment made to the beneficiary or on the instruction of the beneficiary under and in accordance with the terms of the letter of credit;
- b) Pay to you amounts that have become due to the beneficiary, in respect of documents negotiated by yourselves and in accordance with the terms of the letter of credit, in which case you agree to make payment to or on the order of the beneficiary upon receipt of our remittance;
- c) Payment shall be made by us promptly, but not later than 30 days after receipt by us of a request thereof as hereinafter provided;
- d) This guarantee is valid up to ..... and is subject to the following terms and conditions:
  1. You will advise and/or confirm the letter of credit and promptly advise us of any change in the negotiating bank.
  2. You undertake to promptly furnish us with copies of all amendments to the letter of credit. Such amendments are subject to the following additional conditions:
    - a) Any amendment involving a change in the value of the guarantee, the description or quality of goods or the beneficiary will not be operative until you receive our written approval.
    - b) Any amendment extending the expiry date of the letter of credit beyond the validity date of this guarantee will not be operative until you receive our written approval.
  3. If the letter of credit is not denominated in the currency of your country, you will notify us of the name and address of your correspondent bank in the country of such currency who will receive funds for your account.

4. We shall not be obligated to make payments to you unless a request by SWIFT (or exceptionally by mail) has been received by us.
5. We shall not be obligated to you in respect of interest, commission and any other charges or expenses in connection with the letter of credit.
6. You agree that upon cancellation, expiry or final payment of the letter of credit, you will advise us through the Borrower promptly thereof, including the amount of any cancellation.
7. This special commitment is issued under an African Development Bank Group loan agreement. Since such financing is limited, we shall not be obligated to make payments to the extent that they would in the aggregate exceed the equivalent, as determined by us when payments are made of UA<sup>3</sup>..... It is our policy to retain sufficient funds in the loan account to cover outstanding special commitments. Our Borrower has agreed that if, because of this limitation clause, we cannot disburse the full amount needed to pay you, any uncommitted portion of the account may be disbursed to cover the deficiency, and in the event the uncommitted portion of the account is not sufficient to cover the deficiency, our borrower will arrange to make such payment promptly to you after receipt of our notification.
8. You will accept this Guarantee by SWIFT (or exceptionally by mail) or by signing and returning the acceptance note hereunder.
9. For purposes of this Guarantee, the signature(s) endorsed as acceptance on the copy of this Guarantee, shall be used for authenticating your request for payment in cases where you present a written request for payment.
10. In the circumstances where your first request for payment under this guarantee is received before your formal acceptance, such request will be taken as an acceptance of the terms of our Guarantee and we shall accordingly proceed to make payment.

Yours sincerely,

Signed by:

**Authorized signatories**

Manager of Disbursements Division  
Financial Control Department

Director  
Financial Control Department

ACCEPTANCE OF GUARANTEE No. ....  
COVERING LETTER OF CREDIT No.....

We accept the above Guarantee and Letter of Credit on the terms and conditions stated therein. The above Letter of Credit was issued by:

\_\_\_\_\_

(Name of issuing bank)

and bear our reference: \_\_\_\_\_

Date: \_\_\_\_\_

Signed by: \_\_\_\_\_

(Authorized Signature and stamp of negotiating bank)

\_\_\_\_\_

<sup>3</sup> 1 UC equal to 1 SDR of IMF and .....(currency of the LC) at .....(date of the issuing of this guarantee)

**AFRICAN DEVELOPMENT BANK  
BANQUE AFRICAINE DE DEVELOPPEMENT**



BP 323  
TUNIS BELVEDERE  
TUNISIE  
TÉLÉPHONE: (216) 71 333 511  
(216) 20 204 180  
FAX: (216) 71 351933/71 252 053

DATE / Page 1 of 1

**REIMBURSEMENT GUARANTEE SWIFT MESSAGE**

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**20: Transaction Reference Number**

*RG No*.....

**21: Related Reference**

*LC No*.....

**79: Narrative**

*Project Title*: .....

*ADB Loan No.*: .....

*Reimbursement Guarantee request in favour of*:

---

Following the terms and conditions of this reimbursement guarantee (Form B2) stated herein, which acts as binding contract and would be transmitted by mail, we hereby irrevocable agree to reimburse all payments in accordance with the following terms:

1. REIMBURSEMENT GUARANTEE No. :
2. LOAN No. :
3. PROJET TITLE :
4. LETTER OF CREDIT No. :
5. ISSUING BANK :
6. CONFIRMING BANK :
7. BENEFICIARY OF LETTER OF CREDIT:
8. AMOUNT OF THE GUARANTEE :
9. GUARANTEE EXPIRY DATE :

Kindly send your acceptance of this reimbursement guarantee by SWIFT.

**SIGNED**

Date:

AFRICAN DEVELOPMENT BANK  
AFRICAN DEVELOPMENT FUND  
NIGERIA TRUST FUND

**DISBURSEMENT LETTER**  
(Subject to variation during loan negotiation)

Reference No.

Date:

Mr. (Indicate the name and/or position of the Borrower's legal representative)  
(Generally representing the Ministry of Finance)

For the attention of the Official in charge of ADB files

Dear Sir,

LOAN AGREEMENT No.

SIGNED BETWEEN

AND

ON

FOR THE FINANCING OF PROJECT

1. **Introduction**

With the signing of the above-mentioned Loan Agreement, we have the honour to specify herein the procedures you will have to follow in withdrawing funds from the loan account, once this loan becomes effective.

2. **Effectiveness of the Loan**

The first disbursement on this loan will not be made until the loan becomes effective. The loan will become effective when you have fulfilled all the conditions precedent to first disbursement as stipulated in the loan agreement and Sections 5.02 and 5.04 of the General Conditions applicable to loan agreements and guarantee agreements of the Group or in Section 4.01 of the General Conditions applicable to grant protocol agreements of the Bank.

3. **Person(s) Authorized to Sign the Disbursement Requests**

This is one of the key conditions to be fulfilled by yourselves. Disbursements on the loan will not commence until evidence of authority of the person (persons) to sign the disbursement requests has (have) been received by us, together with the authenticated specimen signature(s). Where there is more than one signatory, please indicate if they are jointly or severally authorized.

4. **Closing Date for Disbursements**

The loan agreement has fixed the closing date for disbursements. If this date expires prior to fulfillment of the conditions precedent to first disbursement, it must be extended before any disbursement on the loan is made when the conditions are fulfilled. Where the date expires in the course of disbursing the loan, disbursements on the loan will be suspended and will only be

resumed on extension of the date. When necessary, application for extension should be submitted without delay.

5. **List of Categories of Goods and Services**

As agreed, the loan will finance only the following categories of goods and services:

<b><u>CATEGORY</u></b>	<b><u>Loan Currency</u></b>
A.	
B.	
C.	
D.	
E.	

The goods and services for which payment is requested must fall within one of the above-mentioned categories. Any change to this list or relevant allocations must receive the prior approval of the Bank/Fund/NTF.

6. **Retention of Documents**

Disbursement methods of reimbursement and special account require the retention of documents in some cases. You will retain documents for all payments made for an item within any category of expenditure, which does not exceed the currency equivalent of UA ..... Documents will be transmitted to the Bank where the amount paid exceeds the currency equivalent of UA.....

7. **Custody of Documents**

The supporting documents, which you are required to retain, must be kept in safe custody and be made available to the Bank's representatives from time to time on request. The life span of these documents and the date of their destruction shall be considered and determined during negotiations.

8. **Disbursement Method(s)**

The disbursement method(s) agreed with you during negotiations are as follows and are explained in detail in the Disbursement Handbook:

Any change in this list and the relevant allocations must receive the prior approval of the Bank. Please refer to the Annexes.

9. **Special Account**

The initial amount payable to the Special Account is UA ..... The account will be replenished from time to time on submission of a request and justification of the use of previous transfers to the account. Payments to the account will be made only in one currency chosen by the Borrower.

10. **Obligation of the Bank to Maintain the Special Account**

The bank chosen to maintain the special account should give to the Bank an undertaking that:

- (a) The funds held in the Special Account will not be blocked for any purpose (for example: attachment) or used as any collateral;
- (b) It will issue monthly statements of the Special Account and communicate them to the Bank and the Borrower;
- (c) It will allow the Bank staff and appointed auditors to have access to the Special Account and related documents.

11. **Repayment Schedules and Disbursement Forecasts**

Upon total disbursement of the loan, a repayment schedule will be provided, showing the various currencies of repayment and their due dates. Attached to this letter are initial disbursement forecasts of the loan. These forecasts will be revised regularly.

12. **Channeling Requests**

As stated in the Disbursement Handbook, all disbursements must be addressed to the Director of Financial Control Department, African Development Bank, B.P. 323, Tunis, Belvedere 1002, Tunisia, or care of the resident representative of the .....Office.

13. **Currency of Disbursement**

All disbursement requests should not be for payments made or expected to be made in more than one currency. For example, if the Borrower requires several payments in US dollars and Euros, then separate requests should be submitted for each of the currencies. No request carrying more than one currency of payment will be processed.

14. **Minimum Amount for Disbursement Request**

Unless otherwise stipulated, the minimum amount for any disbursement under this loan is ..... (currency and amount) (see Disbursement Handbook). There is no minimum for reimbursement requests under guarantees issued by the Bank.

15. **Billing**

The due date for payment of financial charges and repayment of the principal are ..... and ..... Bills relating thereto will be dispatched to yourselves about eight weeks before the due dates to enable you to make arrangements for prompt payments.

16. **Currency Option for Payment of Bills**

We have noted that you have chosen the option to pay in ..... (currency) the equivalent of all currencies billed. Accordingly, our bills will also indicate the total amount payable in this currency on every due date.

17. **Advice of Payments**

You should advise the Bank whenever you make payments for amounts due under the loan. Such advice should indicate the amount paid and currency used, your paying bank, the value date, the reference number of the loan for which payment is being made, and the Bank's account and address to which payment has been made. Please acknowledge receipt of disbursements under the loan.

18. **Sanctions for Arrears on Loans**

The Borrower should ensure that the payments due to the Bank on the loan, such as commitment and interest charges, and repayment of principal are settled as soon as due. If payments are not made against due dates, sanctions will be imposed on loans, in accordance with the provisions of “The Bank’s Policy on the Recovery of Arrears on Loans”.

19. **Correspondent Bank**

Where the beneficiary is not located in the country of the currency of payment, the request should indicate the correspondent in that country of the beneficiary's bank. The correspondent's name, full address, telex number, SWIFT and IBAN code, if any, should be shown.

20. **Beneficiary Bank**

The full name and address of a beneficiary, his/her account number and name and full address of his/her bank, should be accurately indicated in the request. The telex, SWIFT and IBAN code, if any, should also be stated.

21. **Causes of Delay in Processing Disbursement Requests**

Occurrences such as lack of a contract to support a request, lack of authorized signatures or non-advice of changes thereto, or lack of other supporting documents, have been major causes of delays in the processing of requests. We hope care would be exercised so that such delays are eliminated.

22. **Conclusion**

Most of the issues addressed herein will be found in the Disbursement Handbook, which gives detailed guidelines for the completion of disbursement requests. We mention them here to emphasize their importance in the disbursement process.

If there is (are) any question(s) concerning our disbursement procedures, please do not hesitate to contact us.

Yours sincerely,

Manager, Disbursement Division  
Financial Control Department

Sample Letter Designating Authorized Signatories  
[Letterhead of Borrower]

The Director  
Financial Control Department  
African Development Bank  
BP 323  
Tunis

Dear Sir,

**Loan Number 2100150000123**

For the purpose of Section X.X of the General Conditions Applicable to Loan and Guarantee Agreements any one of persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower to sign applications for withdrawal under this loan:

Mr. XXXX YYYY

Minister of .....

\_\_\_\_\_  
Specimen Signature

Mr. XXXX YYYY

Deputy Minister of .....

\_\_\_\_\_  
Specimen Signature

Ms. XXXX YYYY

Project Manager

Ministry of .....

\_\_\_\_\_  
Specimen Signature

All previous notices providing signatures of official authorized to sign applications for withdrawal under this loan/grant are hereby revoked.

Yours sincerely,

\_\_\_\_\_  
Minister of Finance

Note: In the event that each application is to be signed by more than one official, the authorization letter must clearly state this. If authorized signatories are divided into more than one group, the signature of an official from each group is required, this must also be clearly stated.

List of Regional Member Countries, Code and Currency

	Country	Code	Currency
1	ALGERIA	ALG	DZD
2	ANGOLA	ANG	KWANZA
3	BENIN	BEN	CFA
4	BOTSWANA	BOT	PULA
5	BURKINA FASO	BUK	CFA
6	BURUNDI	BUR	FRANC
7	CAMEROON	CAM	CFA
8	CAPE VERDE	CAP	CVE (ESCUDO)
9	CENTRAL AFRICAN REPUBLIC	CAR	CFA
10	CHAD	CHA	CFA
11	COMOROS	COM	FRANC COMORIEN
12	CONGO	CON	CFA
13	COTE D'IVOIRE	COT	CFA
14	DEMOCRATIC REPUBLIC OF CONGO	CDF	CONGO FRANC
15	DJIBOUTI	DJI	FRANC DJIBOUTIEN
16	EGYPT	EGY	POUND
17	EQUATORIAL GUINEA	EQU	CFA
18	ERITREA	ERI	NAFKA
19	ETHIOPIA	ETH	BIRR
20	GABON	GAB	CFA
21	GAMBIA	GAM	DALASI
22	GHANA	GHA	CEDI
23	GUINEA	GUA	GNF
24	GUINEA BISSAU	GUB	FRANC
25	KENYA	KEN	KES (SHILLING)
26	LESOTHO	LES	MALOTI
27	LIBERIA	LIB	LIBERIAN DOLLAR
28	LYBYA	LIY	LYBIAN DINAR
29	MADAGASCAR	MAD	MGA (ARIARY)
30	MALAWI	MAI	MWK (KWACHA)
31	MALI	MAL	CFA
32	MAURITANIA	MAU	MRO (OUGUIYA)
33	MAURITIUS	MAS	RUPEE
34	MOROCCO	MOR	MAD (DIRHAM)
35	MOZAMBIQUE	Moz	MZM (METICAS)
36	NAMIBIA	NAD	NAD (DOLLAR)
37	NIGER	NIG	CFA
38	NIGERIA	NIN	NGN (NAIRA)
39	UGANDA	UGX	SHILLING
40	SOUTH AFRICA	ZAR	RAND
41	RWANDA	RWA	RWF (FRANC)
42	SAO TOME & PRINCIPE	SAO	STD (DOBRA)
43	SENEGAL	SEN	CFA
44	SEYCHELLES	SEY	SCR (RUPEE)
45	SIERRA LEONE	SIL	SLL (LEONE)
46	SOMALIA	SOM	SOS (SHILLING)
47	SUDAN	SUD	SDD (DINAR)
48	SWAZILAND	SWA	SZL (LILANGENI)
49	TANZANIA	TAN	TZS (SHILLING)
50	TOGO	TOG	CFA
51	TUNISIA	TUN	TND (DINAR)
52	ZAMBIA	ZAM	ZMK (KWACHA)
53	ZIMBABAWE	ZIM	ZWD (DOLLAR)

List of Non-Regional Member Countries, Code and Currency

	Currency	Code	Currency
1	ARGENTINA	ARG	PESO
2	AUSTRIA	AUS	EUR
3	BELGIUM	BEL	EUR
4	BRAZIL	BRA	REAL
5	CANADA	CAN	CAD (DOLLAR)
6	CHINA	CNY	CNY (RENMINBI YUAN)
7	DENMARK	DEN	DKK (KRONE)
8	FINLAND	FIN	EUR
9	FRANCE	FRA	EUR
10	GERMANY	GER	EURO
11	INDIA	IND	INR (RUPEE)
12	ITALY	ITA	EUR
13	JAPAN	JAP	JPY (YEN)
14	KOREA	KRW	KRW (WON)
15	KUWAIT	KUW	KWD (DINAR)
16	NETHERLANDS	NET	EUR
17	NORWAY	NOR	NOK (KRONE)
18	PORTUGAL	POR	EUR
19	SAUDI ARABIA	SAU	SAR (RYAL)
20	SPAIN	SPA	EUR
21	SWEDEN	SWE	SEK (KRONA)
22	SWITZERLAND	SWI	CHF
23	UNITED KINGDOM	UKD	GBP (POUND STERLING)
24	UNITED STATES OF AMERICA	USA	US DOLLAR

### List of ADF Participants

	PARTICIPANTS
1	AFRICAN DEVELOPMENT BANK
2	ARGENTINA
3	AUSTRIA
4	BELGIUM
5	BRAZIL
6	CANADA
7	CHINA
8	DENMARK
9	FINLAND
10	FRANCE
11	GERMANY
12	INDIA
13	ITALY
14	JAPAN
15	KOREA
16	KUWAIT
17	NETHERLANDS
18	NORWAY
19	PORTUGAL
20	SAUDI ARABIA
21	SOUTH AFRICA
22	SPAIN
23	SWEDEN
24	SWITZERLAND
25	UNITED ARAB EMIRATES
26	UNITED KINGDOM
27	UNITED STATES OF AMERICA

**Table of Allocation of Countries to Offices**

	Country	Field Office/TRA
1	ALGERIA	DZFO
2	ANGOLA	AOFO
3	BENIN	TRA
4	BOTSWANA	MZFO
5	BURUNDI	TRA
6	BURKINA FASO	BFFO
7	CAMEROON	CMFO
8	CAPE VERDE	SNFO
9	CENTRAL AFRICAN REPUBLIC	CDFO
10	CHAD	TDFO
11	COMOROS	TRA
12	CONGO	TRA
13	DEMOCRATIC REPUBLIC OF CONGO	CDFO
14	COTE D'IVOIRE	TRA
15	DJIBOUTI	TRA
16	EGYPT	EGFO
17	EQUATORIAL GUINEA	TRA
18	ERITREA	TRA
19	ETHIOPIA	ETFO
20	GABON	GAFO
21	GAMBIA	SNFO
22	GHANA	GHFO
23	GUINEA	TRA
24	GUINEA-BISSAU	TRA
25	KENYA	KEFO
26	LESOTHO	MZFO
27	LIBERIA	TRA
28	LYBYAN ARAB JAMAHYRIA REPUBLIC	TRA
29	MADAGASCAR	MGFO
30	MALAWI	MWFO
31	MALI	MLFO
32	MAURITANIA	SNFO
33	MAURITIUS	TRA
34	MOROCCO	MAFO
35	MOZAMBIQUE	MZFO
36	NAMIBIA	MZFO
37	NIGER	TRA
38	NIGERIA	NGFO
39	REPUBLIC OF SOUTH AFRICA	MZFO
40	RWANDA	RWFO
41	SAO TOME AND PRINCIPE	GAFO
42	SENEGAL	SNFO
43	SEYCHELLES	TRA
44	SIERRA LEONE	SLFO
45	SOMALIA	TRA
46	SUDAN	SDFO
47	SWAZILAND	MZFO
48	TANZANIA	TZFO
49	TOGO	TRA
50	TUNISIA	TRA
51	UGANDA	UGFO
52	ZAMBIA	ZMFO
53	ZIMBABWE	TRA