
DISBURSEMENT
HANDBOOK
for **WORLD BANK CLIENTS**

May 2006

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The International Bank for Reconstruction and Development / THE WORLD BANK

1818 H Street, N.W.

Washington, D.C. 20433, U.S.A.

First Printing May 2006

Disclaimer: This *Disbursement Handbook for World Bank Clients* provides guidance on the implementation of the World Bank's disbursement policies and procedures. The handbook provides Web site links to World Bank policies and procedures referenced that relate to disbursement. This handbook does not provide a full treatment of all documents, policies, and procedures referenced. Readers should refer to the source documents for further details. The handbook does not create any legal rights, which are found exclusively in the borrower's legal agreements with the Bank, and is not intended to be used to interpret such rights.

Dear Handbook Recipient,

The World Bank's Loan Department has prepared the *Disbursement Handbook for World Bank Clients* for individuals who oversee, manage, or handle the day-to-day disbursement affairs for project financing that the World Bank has provided or is administering. This handbook is also a useful guide for financial institutions administering the designated accounts of borrowers and commercial banks receiving World Bank special commitments.

This new handbook replaces the 1992 *Disbursement Handbook* and reflects the following changes in World Bank policies and procedures:

- The April 2004 expenditure eligibility policy, which expanded the range of expenditures that may be financed by World Bank investment loans in countries with approved country financing parameters and provides scope for simplifying disbursement arrangements. Disbursement arrangements for investment projects that are not covered by country financing parameters are described in appendix I.
- The August 2004 policy on development policy lending, which updated the Bank's operational policy on adjustment lending and also deals with fiduciary arrangements for such lending.
- The July 2005 introduction of simplified legal documentation and the new *World Bank Disbursement Guidelines for Projects* and disbursement letters.
- An integrated fiduciary framework for investment projects where disbursement arrangements complement the project's financial management and procurement arrangements.
- An expanded flexibility for advances to ensure that projects using this disbursement method have sufficient liquidity to meet anticipated cash flow needs and, where appropriate, to support the pooling of resources with borrower funds or those of other development partners.
- An expanded flexibility for documenting the use of loan proceeds to support greater use of borrowers' own financial management systems, facilitate summarized reporting on the use of loan proceeds, and reduce the reporting burden on borrowers.
- A new Application for Withdrawal form (form 2380). This form can be used to request disbursement, document expenditures, or both. This form replaces the Application for Withdrawal form 1903.
- An enhanced disbursement information service that registered users may access online from the World Bank's secure Web site, Client Connection.

Whether you have extensive or relatively less experience with World Bank disbursements, we hope that you will find this handbook useful. In particular, we hope that it will help you under-

stand the flexibility the World Bank offers in establishing and maintaining disbursement arrangements that (a) support efficient and cost-effective project implementation to achieve development results, and (b) provide assurance that loan proceeds are used for the intended purposes.

This handbook is available on CD-ROM from the World Bank's Loan Department at the address below and online from the World Bank's

- public Web site (<http://www.worldbank.org/projects>, click on Policies and Procedures);
- secure Web site (<http://clientconnection.worldbank.org>, click on Reference, and under the Policies and Procedures tab click on Disbursement).

The handbook will be updated regularly to reflect lessons of experience, feedback from users, and changes in practices. We welcome your suggestions for improving the handbook and invite you to send them by mail or email to

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INTRODUCTION

1. This *Disbursement Handbook for World Bank Clients* provides guidance on [disbursement arrangements](#) for financing provided or administered by the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), the two organizations of the World Bank Group that together are commonly referred to as the World Bank or the Bank. Definitions of terms shown in blue and underlined are provided by clicking on the term or referring to the glossary ([annex A](#)). The definitions in annex A are provided in the context of this handbook and do not supersede the definitions set forth in Bank policy documents, or in the General Conditions and legal agreements relevant to specific individual operations. In addition, hyperlinks, also in blue and underlined, are provided to key documents available on the World Bank's Web site.

Applicability

2. This handbook is for [borrowers](#)¹ and applies to all IBRD loans; IDA credits; advances under the [Project Preparation Facility](#); and grants financed from Bank resources, including IDA and Institutional Development Fund grants. It also applies to recipient-executed grants funded by donor [trust funds](#). The latter include [cofinancing](#) trust funds administered by the World Bank and cofinancing operations for which the development partner has asked the Bank to assume responsibility for reviewing disbursement requests unless, exceptionally, the terms of the agreement with the development partner make provision for different requirements. This handbook refers to these types of financing as [loans](#) unless otherwise indicated.

3. Chapters II through VII of the handbook deal with the disbursement of loan proceeds to finance project expenditures under

¹ The party to the loan or financing agreement to which the World Bank extends a loan, credit or grant. For the purposes of this handbook, this term is primarily used to describe borrower staff or project implementation staff who handle day-to-day disbursement affairs.

investment lending. [Chapter VIII](#) addresses the disbursement of loan proceeds to support [development policy lending](#) where disbursement is based on the borrower meeting stipulated tranche release conditions. See [annex B](#) for a comparative summary of the project documents, key dates, and disbursement arrangements relevant to investment loans and development policy loans.

Disbursement Arrangements

4. Disbursement arrangements are grounded in the Bank's operational policies and procedures as derived from the provisions of its Articles of Agreement, which require the Bank to make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention paid to economy and efficiency. In designing disbursement arrangements to meet these requirements for individual projects or programs, borrowers and Bank staff are encouraged to

- respond to country and project needs;
- support the use of the [borrower's own financial management systems](#) whenever appropriate, recognizing that the borrower is ultimately accountable for the loan that is made and for ensuring that funds are used for the intended purposes;
- consider arrangements that are simple and cost-effective for the borrower;
- facilitate collaboration with other development partners to the extent possible through aligned processes and requirements.

5. Disbursement arrangements for investment loans comprise (a) the [disbursement methods](#) used to make payments to the borrower or to third parties and to ensure timely availability of the amount of funding needed for smooth project implementation, and (b) the [supporting documentation](#) that the Bank requires from the borrower to demonstrate that loan proceeds are being used for the purposes intended. These arrangements vary depending on the borrower's assessed financial management and procurement capacity, the project's procurement plan and cash flow needs, and the Bank's disbursement experience with the borrower along with any specific country considerations.

6. Disbursement arrangements for development policy loans are much simpler: loan proceeds are disbursed against satisfactory implementation of the program and the borrower commits not to use development policy lending funds for excluded expenditures. The Bank normally disburses the loan proceeds into an account that forms part of the country's official foreign exchange reserves (normally held by the central bank), and an amount equivalent to the loan proceeds is credited to an account of the government to finance budgeted expenditures. These arrangements may vary when fiduciary weaknesses are identified.

Client Connection**Additional Help****Where To Go for Help**

7. [Client Connection](#) is a secure Web site that offers government officials and project implementation staff access to information related to their borrowing activities as well as to the Bank's country analytic work. The main objective of the Web site is to support informed decision making and to simplify doing business with the Bank. [Annex C](#) provides information about registering for Client Connection access and summarizes the types of disbursement information available for viewing or downloading.

8. The World Bank's [Loan Department](#) is responsible for the adequacy and appropriateness of disbursement arrangements and for approving disbursement requests for financing provided or administered by the World Bank. Loan Department staff are assigned to each lending operation and work closely with other members of [task teams](#), as well as with government and project implementation staff, throughout the [project cycle](#) to ensure that disbursement arrangements for each operation are appropriate.

9. For additional help please contact the Loan Department at wbdisbursement@worldbank.org.

II

DISBURSING FOR INVESTMENT LOANS

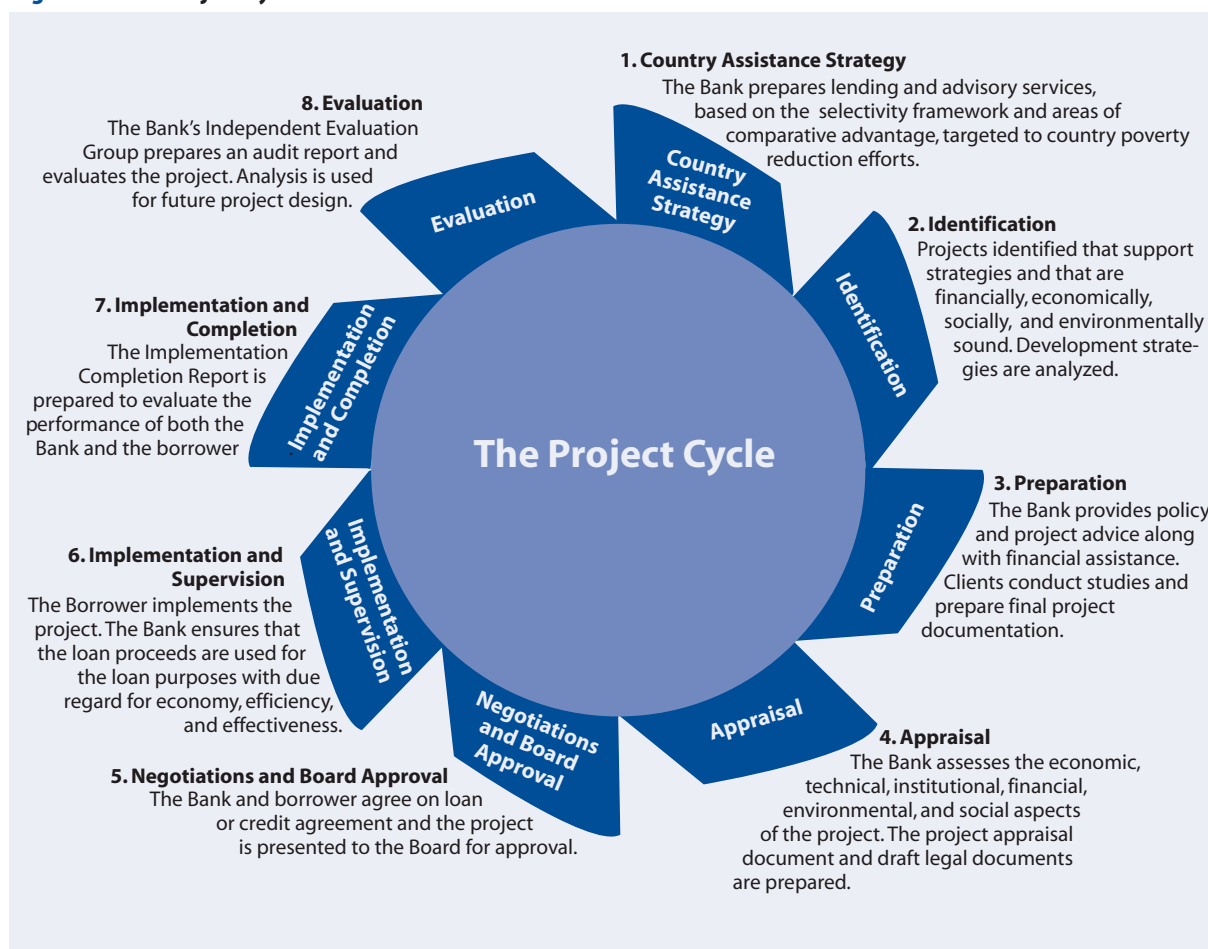
10. Investment loans provide financing for a wide range of activities aimed at creating the physical and social infrastructure necessary for poverty alleviation and sustainable development. Loan proceeds finance the expenditures necessary to meet the development objectives of operations supported by the [loan](#), and disbursements are made against eligible project expenditures.

The Project Cycle: Overview for Disbursement

11. Bank-financed projects are developed and managed by means of a standard [project cycle](#). A step-by-step guide to the project cycle is available at <http://www.worldbank.org/projects> and components of the project cycle are depicted in figure 1.

12. Planning for [disbursement arrangements](#) for investment loans begins early in the project cycle. The Bank and the borrower should discuss strategically important disbursement issues during the project identification stage. During project preparation, the eligibility of expenditures for Bank financing is discussed. The eligibility of these expenditures is established based on the agreed [country financing parameters](#) and the inputs required to achieve the project's development objectives.² The expected financing plan, [expenditure categories](#), and any [disbursement conditions](#) are

² This handbook reflects the World Bank's operational policy governing the [eligibility of project expenditures for Bank financing](#) as set out in Operational Policy 6.00, Bank Financing. This policy establishes that development objectives are the primary determinant of what types of expenditures may be eligible for Bank financing, while requiring that risks such as fiscal sustainability are appropriately addressed. The eligibility policy applies to all investment operations appraised after agreed country financing parameters have been established in a country. For guidance on the expenditure eligibility consequences for disbursement arrangements for investment projects in countries that do not have country financing parameters, see [appendix I](#). For changes since the previous edition of the *Disbursement Handbook*, see [appendix II](#).

Figure 1. The Project Cycle

Source: World Bank. "Projects and Operations." <http://www.worldbank.org>.

defined. At this time, the borrower, in consultation with the Bank's [task team](#), begins developing an integrated package of financial management, procurement, and disbursement arrangements to support project implementation and provide fiduciary assurance.

13. The Bank assesses the adequacy of the overall fiduciary arrangements, including disbursement arrangements, as part of project appraisal. These arrangements are reflected in draft project documents (see the section on "[Key Documents](#)" in this chapter) and finalized with the borrower during negotiations.

14. Once the Bank has approved the project, it opens an account in its books, the [loan account](#), in the name of the borrower. This is the account to which the amount of the loan is credited and from which withdrawals are made. Thereafter, once the [legal agreements](#) have been signed, the loan is declared effective, and once any conditions of disbursement have been met (for specific categories of expenditures, if applicable), disbursements may begin. The Bank

Articles of Agreement

General Conditions

monitors the ongoing adequacy of disbursement arrangements during project implementation and makes adjustments as needed, in consultation with the borrower.

15. A more detailed discussion of this topic is provided in [chapter III](#).

Key Documents

16. World Bank loans are governed by the following documents, which are available on the Bank's external (<http://www.worldbank.org>) and [Client Connection](http://clientconnection.worldbank.org) (<http://clientconnection.worldbank.org>) Web sites and through links in this handbook.

17. The [Articles of Agreement of IBRD and of IDA](#), signed by all member countries of the respective institutions, are the institutions' governing charters. The Articles require that the institutions make arrangements to ensure that loan proceeds are used only for the purposes for which the loan was granted and that the borrower may only withdraw loan proceeds to meet expenses in connection with the project as they are actually incurred (IBRD Articles, Article III, Section 5; IDA Articles, Article V, Section I).

18. The General Conditions for Loans and the General Conditions for Credits and Grants (henceforth referred to as the "General Conditions") set forth certain terms and conditions generally applicable to loan agreements and credit and grant agreements, respectively, as well as to other relevant legal agreements.³ The [General Conditions](#) include, among other things, provisions relating to the following topics:

- introductory provisions;
- withdrawals;
- IBRD loan or IDA financing terms;
- project execution;
- financial and economic data, negative pledge (for IBRD loans);
- [cancellation](#); [suspension](#); [acceleration](#); grant refund (for IDA credits and grants);
- enforceability; arbitration;
- effectiveness; termination;

³ For the purposes of this handbook, references are made to the provisions of the IBRD General Conditions for Loans, and the IDA General Conditions for Credits and Grants, both dated July 1, 2005. Other General Conditions may apply for earlier legal agreements. For terms and conditions relating to specific loans, borrowers should refer to the relevant legal agreements and General Conditions, if applicable, for the operations.

Legal Agreement

- miscellaneous provisions on matters such as notice and authority;
- definitions.

19. The General Conditions specify that the Bank may make certain changes to the [legal agreement](#) by providing notice to the borrower, such as extending the [closing date](#), reallocating funds, or reducing [disbursement percentages](#) (see the section on “[Disbursement Issues during Project Implementation](#)” in chapter VII).

20. For each loan, the Bank and the borrower enter into a legal agreement that sets out the specific terms and conditions of the loan, including, among other things, the following:

- project activities for which expenditures can be incurred;
- project reporting requirements;
- financial management, financial reporting, and audit requirements;
- procurement provisions applicable to the project;
- withdrawal of loan proceeds, including provision for additional instructions (generally to be provided in the form of the Disbursement Guidelines and a [disbursement letter](#) for the operation;
- conditions of disbursement, if any;
- key project dates;
- financial terms of the loan and repayment terms, if any.

21. Legal agreements may be amended, as required, during project implementation. While some changes to legal agreements may be made by notice to the borrower, others are made by amendment of the legal agreement by the borrower and the Bank. Changes that would significantly affect the design or scope of the operation may also require approval of the Bank's executive directors. The borrower should consult with the Bank's task team leader concerning any changes that may be required to legal agreements.

Project Agreement

22. When a project implementing entity will implement all or part of a project, the Bank also enters into a project agreement with the entity.

Disbursement Guidelines

23. The [World Bank Disbursement Guidelines for Projects](#)⁴ contain the standard provisions governing the withdrawal of loan proceeds from the loan account. The Disbursement Guidelines apply to all loans to which the General Conditions apply, as well as certain advances under the [Project Preparation Facility](#), grants financed under the Institutional Development Fund, the Global Environment Facility, other recipient-executed trust funds unless, exceptionally, the terms of the agreement with the donor make provision for dif-

⁴ The Disbursement Guidelines were introduced in September 2005, and amended in May 2006.

Disbursement Letter

ferent requirements.⁵ The Guidelines cover the following standard provisions:

- purpose,
- [disbursement methods](#),
- withdrawal of loan proceeds,
- [supporting documentation](#) requirements,
- [designated accounts](#),
- terms and conditions applicable to [advances](#),
- ineligible expenditures,
- refunds.

24. The Disbursement Guidelines are incorporated by reference in each disbursement letter. In cases where changes to these standard provisions are required in the context of an individual operation, as agreed to by the borrower and the Bank, these are reflected in the disbursement letter for the operation. The Disbursement Guidelines are available on the Client Connection Web site in the official United Nations languages—Arabic, Chinese, English, French, Russian, and Spanish—however, the official, binding version is the English language version referenced by the disbursement letter for the operation.

25. The disbursement letter is a notice from the Bank to the borrower that specifies the disbursement arrangements to be used and the provisions of the Disbursement Guidelines that apply for a specific operation. These are the “additional instructions” referenced in the legal agreement and are binding on the borrower. [Annex D](#) presents the model form of a disbursement letter. The Bank prepares the disbursement letter based on discussions during project preparation and appraisal. A draft of the letter is included in the negotiations package for the project and the letter is finalized during negotiations.

26. The Bank issues the initial disbursement letter together with the Disbursement Guidelines to the borrower when the legal agreement is signed and provides a conformed copy to the project implementing entity. The Bank may, as a courtesy, provide a copy of the disbursement letter in one of the other five official United Nations languages;⁶ however, the official, binding version of the letter is the signed English language version.

27. The Bank may issue subsequent disbursement letters to modify the disbursement arrangements for an operation, as required, during project implementation. The Bank would issue subsequent disbursement letters usually after consulting with the borrower.

⁵ For legal agreements that do not incorporate these General Conditions, certain withdrawal provisions and the specific limits that apply are contained in the legal agreement for the respective loan, credit, or grant.

⁶ Other languages may be considered.

Project Appraisal Document

Other Useful Documents

28. For each investment project proposed for Bank financing, the Bank prepares a project appraisal document, which describes the project and sets forth the Bank's appraisal and assessment of the feasibility of and justification for the project. Technical annexes in each project appraisal document describe the project's financial management, procurement, and disbursement arrangements.

29. Borrowers and Bank staff work together to ensure that loan proceeds are disbursed in accordance with the relevant General Conditions, legal agreements, Disbursement Guidelines, and disbursement letter for each operation. Users of this handbook should have ready access to these documents throughout the implementation period for each project.

30. Borrowers should also refer to the World Bank's procurement guidelines. The guidelines describe the policies that govern the procurement of goods, works, and services in Bank-financed projects and are referenced in the project's legal agreement. Each project has a procurement plan that sets forth (a) the particular contracts for the goods, works, and services required to carry out the project; (b) the procurement methods for each contract; and (c) the related Bank review procedures. See

- [*Guidelines: Procurement under IBRD Loans and IDA Credits*](#) (May 2004),
- [*Guidelines: Selection and Employment of Consultants by World Bank Borrowers*](#) (May 2004).

31. Users of this handbook may also be interested in the [*World Bank Debt Servicing Handbook*](#), which provides detailed information about the World Bank's lending instruments, the Project Preparation Facility, the Bank's financial products and terms, the policy on overdue payments and sanctions, the partial waiver of loan charges policy, and the Bank's billing procedures.

32. This handbook also contains links and references to Operational Policy 6.00, Bank Financing. The Bank's [operational policies and procedures](#) are for World Bank staff and are provided to readers of this handbook for information only.

Key Dates

33. Table 1 shows the key dates for each operation.

Table 1. Key Dates

Event	Explanation
Loan approval date	The date the Bank approves the loan for the project.
Legal agreement date	In most cases, the date the borrower and the Bank sign the legal agreement. All eligible project expenditures paid for by the borrower from this date onward may be reimbursed as soon as the legal agreement is declared effective.
Retroactive financing date	For projects that permit retroactive financing , the date earlier than the date of the legal agreement as specified in the legal agreement for determining payments eligible for reimbursement.
Effective date	The date on which the Bank provides notice to the borrower of the Bank's acceptance of the evidence required to show the conditions of effectiveness under the legal agreement have been met, and on which the legal agreement enters into effect. Disbursements from the loan account may be made as of this date.
Closing date	The date specified in the legal agreement (or later date established by the Bank by notice to the borrower) after which the Bank may, by notice to the borrower, terminate the borrower's right to make withdrawals from the loan account and cancel any undisbursed balances of a loan.
Loan disbursing period	The period during which expenditures must have been paid or incurred as follows to be eligible for disbursement. The expenditures must be <ul style="list-style-type: none"> • paid on or after the date of the legal agreement, or for those projects that permit retroactive financing, paid on or after the retroactive financing date; • incurred no later than the loan closing date.
Disbursement deadline date	The final date on which the Bank will accept applications for withdrawal from the borrower or documentation on the use of loan proceeds already advanced by the Bank. This date is usually up to four months after the loan closing date.
Lapsed loan date	Date occurring two months after the disbursement deadline date, this is the date by which all undocumented advances to the designated account must be refunded to the Bank and after which the Bank may decline to allow the use of designated accounts for new loans.

III

DESIGNING DISBURSEMENT ARRANGEMENTS

34. This chapter discusses what Bank staff take into account when designing [disbursement arrangements](#) for an investment loan. It considers the impact that eligibility and project design considerations may have on disbursement arrangements, provides an overview of fiduciary arrangements for investment loans, and explains the Bank's [disbursement methods](#) and basic [supporting documentation](#) requirements.

Arrangements for Financing Eligible Expenditures

35. Disbursements may only be made to finance eligible project expenditures, in keeping with the purposes of the project. Accordingly, the first steps in establishing disbursement arrangements are to determine the expenditures that are eligible for financing under the loan, decide how these will be grouped in [expenditure categories](#), ascertain what share ([disbursement percentage](#)) of each expenditure category will be financed under the loan, and determine the need for any [disbursement conditions](#). Other financing considerations that affect disbursement arrangements are refinancing of [project preparation advances](#), [retroactive financing](#), and financing of fees and other loan charges.

36. The General Conditions define [eligible expenditures](#) as the reasonable cost of goods, works, and services required for the project to be financed out of the proceeds of the loan and procured, all in accordance with the [legal agreement](#) and during the loan disbursing period. Payments prohibited by a decision of the United Nations Security Council taken under chapter VII of the United Nations Charter are not eligible expenditures.⁷

⁷ See [IBRD General Conditions and IDA General Conditions \(2005\)](#), section 2.05, for complete text and other requirements.

Expenditure Categories

37. Expenditure categories provide a means to monitor and manage the expenditures for project activities. They are specified in the withdrawal of proceeds section of the legal agreement, possibly in the form of a table.

38. Expenditure categories may be grouped based on types of eligible expenditures or eligible expenditures to be financed under certain project activities. The project design will determine whether more than one expenditure category needs to be established. The number of categories is generally kept to the minimum required for anticipated project needs. When deciding on the appropriate number of expenditure categories, the Bank considers

- whether any disbursement conditions are required to determine when disbursements for part of a project can begin;
- whether multiple implementing entities are involved, in which case separate categories may help clarify allocations for each entity;
- whether the Bank's [task team](#), the [borrower](#), or other development partners require close monitoring of specific expenditures, components, or activities or want to exclude certain expenditures from Bank financing;
- whether the project includes refinancing of a project preparation advance;
- whether the borrower intends to finance the [front-end fee](#) (for IBRD borrowers) and/or other charges under the loan.

Disbursement Percentages

39. A disbursement percentage is the portion of eligible expenditures that the Bank has agreed to finance. The Bank establishes a disbursement percentage for each expenditure category and may apply different disbursement percentages to foreign and local expenditures within each expenditure category.

40. For projects in countries for which [country financing parameters](#) have been approved and to which the Bank's [Operational Policy 6.00](#), Bank Financing, applies, a disbursement percentage for a category or categories may be higher, lower, or the same as the overall share of Bank financing in the project.

***Note:** If required by the project design, it is possible for the disbursement percentage for a category or categories to be 100 percent provided that overall the Bank's share of project costs is within the country financing parameters for [cost sharing](#).*

41. For projects in countries that do not yet have approved country financing parameters or to which Operational Policy 6.00 does not apply, see [appendix I](#).

42. The Bank may require the borrower to undertake certain actions before withdrawing loan proceeds. These conditions are

Disbursement Conditions

stated in the legal agreement. The expenditures subject to such conditions will be clearly separated from the rest of the expenditures under the project and designated in a separate expenditure category so that the Bank can monitor and administer the condition appropriately. Some examples of cases when a disbursement condition for a portion of a loan may be warranted are as follows:

- If a project has multiple implementing units, a portion of the loan may be conditioned on the establishment of a particular unit that is not expected to be operational until the project is well under way.
- If the project requires finalization of operational and procedures manuals or the establishment of a decision-making body for approving subloans or subgrants for a portion of the loan, this portion may be conditioned on fulfilling the requirement.
- If the project requires execution of a subsidiary legal agreement for a portion of the loan, this portion could warrant a disbursement condition.

43. Actions of major importance to the project are not used as conditions of disbursement as such actions should be completed before effectiveness of a loan. In the above examples, the establishment of a particular unit or finalization of manuals or execution of subsidiary agreements, and the related conditions, should not prevent implementation of other portions of the project.

Retroactive Financing

44. Payments that the borrower has made for a project out of its own resources before the date of the legal agreement are normally not eligible for financing under the loan. However, in some circumstances, to facilitate the prompt execution of Bank-financed projects, the Bank may allow [retroactive financing](#); that is, the Bank may reimburse the borrower from the loan proceeds for payments that the borrower has made before the legal agreement date for eligible expenditures. If such retroactive financing is allowed, the withdrawal of proceeds section of the legal agreement will specify the date from which expenditures are covered and the amount. For investment operations, the Bank normally requires (a) the payments to be made after project identification begins and within 12 months of the expected date of the legal agreement,⁸ and (b) the amount of retroactive financing not to exceed 20 percent of the loan amount.⁹ The borrower makes any payments in expectation of retroactive financing entirely at its discretion and without commitment on the part of the Bank to make a loan for the operation or to finance such payments.

⁸ For emergency recovery operations (as defined under the Bank's Operational Policy 8.50, [Emergency Recovery Assistance](#)), payments must be made after the occurrence of the emergency and within four months of the expected date of the legal agreement. In exceptional circumstances, the Bank may use the date of the Bank's first field visit or the date of the emergency event as the earliest date for payments eligible for retroactive financing.

⁹ For projects in countries without approved country financing parameters, this is limited to 10 percent ([see appendix I](#)).

Project Preparation Advances

45. The Bank may make an advance from the [Project Preparation Facility](#) to a borrower to finance preparatory activities for investment operations, including preliminary and detailed designs and limited initial implementation activities. When the follow-on loan includes a provision for refinancing a project preparation advance, the withdrawal of proceeds section of the legal agreement includes an allocation to cover the estimated amount needed for this purpose. In this case, the Bank withdraws from the follow-on loan the amount of the project preparation advance withdrawn, together with accrued interest, on the [effective date](#) of the loan. This amount is credited to the Bank as repayment of the project preparation advance. The Bank handles this process automatically.

46. After the project preparation advance has been refinanced, any unused amount allocated in the loan to cover the refinancing remains available and may be reallocated to other expenditure categories to cover activities eligible for financing under the loan (see the section on “[Reallocations](#)” in chapter VII). Normally, activities eligible for financing under the project preparation advance will also be eligible under one or more of the expenditure categories of the follow-on loan.

47. In the event that the proposed follow-on loan is not made, the borrower must repay the advance in accordance with the provisions in the letter of agreement approving the project preparation advance. The Bank bills the borrower for the funds due, together with accrued interest or service charges. Additional information is available in the [World Bank Debt Servicing Handbook](#).

48. IBRD loan terms provide that front-end fees may be paid by the borrower or financed under the loan. When they are financed under the loan, the Bank withdraws the amount of the front-end fee payable to the Bank from the loan account on the effective date of the loan. This amount is credited to the Bank as payment of the front-end fee due.

49. When the Bank and the borrower have agreed that other loan charges will be financed under the loan, the Bank withdraws the amount of the charge payable to the Bank from the loan account on its due date (e.g., for capitalized interest during construction) or on the transaction settlement date (e.g., for conversion fees for IBRD loans). The Bank handles this process automatically.

Fiduciary Oversight Arrangements

50. The Bank's policy with respect to expenditures that the Bank may finance from loan proceeds requires that acceptable oversight arrangements, including fiduciary oversight arrangements, are in place to ensure that such loan proceeds are used only for the pur-

Front-End Fees and Other Loan Charges

Financial Management Arrangements

poses for which the loan is granted, with due attention paid to economy and efficiency.

51. Throughout project preparation and implementation, the Bank assesses and monitors the adequacy of the borrower's financial management arrangements (budgeting, accounting, internal control, funds flow, financial reporting, and auditing practices). In cases where financial management arrangements are acceptable, the Bank relies on such arrangements to provide assurance that loan proceeds are used for the purposes intended. In cases where the Bank has identified weaknesses, it requires the borrower to undertake appropriate measures to mitigate the risks posed by the weaknesses. The disbursement arrangements for an operation may be designed or modified to help mitigate identified weaknesses.

Procurement Arrangements

52. Similarly, the Bank assesses and monitors the adequacy of the borrower's procurement arrangements¹⁰ and the initial and updated procurement plans for the project. The Bank also considers the implementing entity's experience with payment of [contracts](#). When late payment of contracts has been a problem, the project design incorporates actions to address this weakness.

***Note:** Partial or late payments under contracts in Bank-financed projects are often a result of a lack of counterpart funding. For example, some countries are able to pay the foreign exchange component financed by the Bank but have to delay payments of the local component and/or taxes due to lack of counterpart funding. Therefore, when considering the project design, the Bank may agree to finance 100 percent of the amount of consultant and other contracts in those countries that have country financing parameters.*

Disbursement Arrangements

53. Disbursement arrangements are established in consultation with the borrower and taking into consideration assessments of the borrower's financial management and procurement arrangements, the procurement plan and cash flow needs of the operation, and the borrower's prior disbursement experience. They include both disbursement methods and documentation of eligible expenditures.

Disbursement Methods

54. The Bank uses four disbursement methods—[reimbursement](#), [advance](#), [direct payment](#), and payment against [special commit-](#)

¹⁰ See revised instruction on how to carry out an assessment of an implementing agency's capacity to carry out project procurement. Available on the [procurement Web site](#).

Table 2. Disbursement Methods and Supporting Documentation Requirements for Investment Loans

Disbursement method	Supporting documentation
<p><i>Disbursed to the borrower</i></p> <ul style="list-style-type: none"> • Reimbursement: Payments to the borrower for the cost of project expenditures. The borrower provides documentation showing that such expenditures have been incurred and paid from its own resources at the time a request for payment is made. • Advance: Payments to the borrower for the expected cost of project expenditures. The borrower subsequently provides documentation showing that such expenditures have been incurred and paid for from the advance. 	<p>Interim unaudited financial report, or statement of expenditure, or records (e.g., invoices, receipts), or records required by the Bank for specific expenditures and statement of expenditure for all other expenditures.</p> <p>No documentation is required at the time of the request. When reporting on the use of advances, required documentation is the same as for reimbursement.</p>
<p><i>Disbursed to third parties</i></p> <ul style="list-style-type: none"> • Direct payment: Payments to a third party (e.g., contractor, supplier, consultant) for the cost of project expenditures. The borrower provides documentation showing that such expenditures have been incurred at the time a request for payment to the third party is made. • Special commitment: Payments to a financial institution for the cost of project expenditures covered by a special commitment. A special commitment is an irrevocable commitment entered into by the Bank in writing to pay such amounts notwithstanding any subsequent suspension or cancellation. The financial institution provides confirmation that such expenditures have been incurred at the time a request for payment is made. 	<p>Records (e.g., invoices, receipts).</p> <p>Society for Worldwide Interbank Financial Telecommunication (SWIFT) or other advice from the commercial bank confirming that documents have been negotiated (i.e., documents have been received and are acceptable) and that payment has been made or is due and will be made promptly to the beneficiary covered by the special commitment.</p>

[ment](#). For all disbursement methods, the Bank disburses funds in accordance with properly authorized instructions from the borrower; however, the disbursement methods differ in relation to the payee, the type of supporting documentation required, and the timing for providing supporting documentation (whether it must be provided to the Bank when the disbursement request is made).

55. The various disbursement methods and associated supporting documentation requirements are summarized in table 2 and in section 2 of the [Disbursement Guidelines](#).

56. Projects may use a single disbursement method or a combination of different methods depending on the circumstances. When selecting a disbursement method or methods for a project, the borrower and Bank staff review any country and project design issues that may affect how the borrower withdraws loan proceeds for project implementation. The results of the project's financial management assessment, the procurement plan, and the Bank's disbursement experience with the borrower are also taken into account along with consideration of the following:

- the nature and volume of expected project expenditures and the anticipated requirements of suppliers,
- the overall financing plan and the borrower's ability to provide counterpart funding in a timely manner,
- the degree of centralization or dispersion of project beneficiaries,
- the borrower's ability to prefinance expenditures,
- the project's periodic cash requirements,
- the financial reporting arrangements.

Supporting Documentation

57. The Bank requires supporting documentation that provides evidence that withdrawals from the loan account have been or are being made for eligible expenditures, as specified in the legal agreement and section 4 of the Disbursement Guidelines. Depending on the disbursement method used, the borrower may provide this documentation at the same time as an application for withdrawal or at a later date (see the section on [“Using the Advance Method”](#) in chapter V).

58. Supporting documentation may be in the form of (a) a copy of the original records evidencing that payment has been made or is due for eligible expenditures (e.g., invoices, receipts); and/or (b) a [summary report](#) providing information on payments for eligible expenditures. Summary reports are of two broad types: (a) interim unaudited financial reports, and (b) statements of expenditure. The Bank prefers summary documentation and, specifically, interim unaudited financial reports.

59. The type of supporting documentation that the borrower is required to provide is determined during project appraisal and agreed during negotiations, taking into consideration the specific circumstances of the project and the disbursement method or methods selected.

60. Records are always used to support requests for direct payments (see the section on [“Using the Direct Payment Method”](#) in chapter VI). The Bank may also require a copy of the original records to support requests for reimbursement or to report on the use of advances (see the sections on [“Using the Reimbursement Method”](#) and [“Using the Advance Method”](#) in chapter V), either as part of the initial disbursement arrangements or during implementation, depending on the circumstances.

61. Records are also required to support issuance of a special commitment and subsequent payments against special commitments (see the section on [“Using the Special Commitment Method”](#) in chapter VI for additional details concerning the nature and provision of these records).

Records

Summary Reports

Document Retention

62. Summary reports may be used to support requests for reimbursement or to report on the use of advances (see the sections on “[Using the Reimbursement Method](#)” and “[Using the Advance Method](#)” in chapter V). For additional information regarding eligibility to use summary reports, see the section on “[Providing Supporting Documentation for Disbursement](#)” in chapter V.

63. The General Conditions require the borrower to retain all records (contracts, orders, invoices, bills, receipts, and other documents) evidencing eligible expenditures and to enable the Bank’s representative to examine such records.¹¹ They also require the records to be retained for at least one year following receipt by the Bank of the final audited financial statement required in accordance with the legal agreement or two years after the [closing date](#), whichever is later. Borrowers are responsible for ensuring that document retention beyond the period required by the legal agreement complies with their government’s regulations.

64. Throughout the life of the project, the borrower and the implementing entity retain all original records and copies of [applications for withdrawal](#), [applications for special commitments](#), and supplementary forms sent to the Bank. Examples of original records to be retained for the project include the following:

- procurement documents (bid documents, invitations to bid, evaluation reports);
- purchase contracts;
- purchase orders;
- [letters of credit](#);
- suppliers’ invoices and certificates of origin;
- shipping or import documents and inspection certificates;
- evidence of receipt of goods or services;
- contractors’ and consultants’ invoices or certificates of completion;
- performance security documents, such as bank guarantees in the case of advance payments if required under the terms of a contract;
- [force account](#) records (with the supervisor’s or consultant’s countersignature where required);
- recurrent cost records;
- authorizations for payment;
- evidence of payment, such as bank statements;
- accounting records of approvals, disbursements, and balances available;
- evidence that suppliers have provided refunds where goods have been returned and that corresponding adjustments have been made in subsequent applications.

¹¹ See sections 5.07 and 4.07, respectively, of the [IBRD General Conditions and IDA General Conditions \(2005\)](#).

65. In addition, for work performed under specific categories of expenditure or under force account, table 3 provides some examples of the records and documents that the borrower should retain for review by auditors and Bank staff.

Table 3. Examples of Records to be Retained

Expenditure type	Records
Local training programs	<ul style="list-style-type: none"> • Contracts, invoices, evidence of payment • Other evidence of performance, including lists of participants and training details
Operating costs	<ul style="list-style-type: none"> • Wage and salary records • Purchase orders • Suppliers' invoices and statements • Evidence of payment • Basis for any cost allocations
Subloans (onlending by financial intermediaries)	<ul style="list-style-type: none"> • Subproject or subloan applications or proposals and approvals • Financing agreements • Suppliers' invoices • Evidence of payment
Force account	<ul style="list-style-type: none"> • Labor and job cost records • Time use records for machinery and equipment • "Stores issued" notes • Other evidence of performance • Explanation of the basis for allocating costs

IV

WITHDRAWING LOAN PROCEEDS FROM THE LOAN ACCOUNT

66. This chapter addresses issues relating to the withdrawal of loan proceeds from the [loan account](#). It describes what the [Loan Department](#) requires before it can begin disbursing to the borrower or, at the borrower's request, to a third party, and explains the requirements and the forms used for requesting withdrawals and commitments from the loan account. It sets out where the borrower can obtain information about disbursement transactions and explains the exchange rates that the Bank uses to value individual transactions.

Authorized Signatures

67. As discussed in section 3 of the [Disbursement Guidelines](#), before disbursements may commence under the loan, the borrower's authorized representative (as designated in the [legal agreement](#)) must notify the Bank which official or officials may sign [applications for withdrawal](#) or [applications for a special commitment](#) and provide copies of their authenticated specimen signatures.¹² The borrower sends this notification and specimen signatures to the Bank at the location specified in the [disbursement letter](#). A sample letter for providing specimen signatures is provided in [annex E](#). For convenience, the model authorized signatory letter is attached to the disbursement letter.

68. The borrower may choose to provide a blanket authorization for an official or officials to sign applications for all loans in a country. In this case, the authorized signatory letter for each new loan refers to the original authorization and the specimen signature or signatures provided earlier. Alternatively, the borrower may

¹² The Bank is developing an online functionality that includes means for electronic delivery of applications that would fulfill this signature requirement.

choose to provide authorization for all financing associated with a specific project (e.g., project preparation advance; loan, credit, or grant; supplemental loan, credit, or grant). In this case, the first time that the authorized signatory letter is provided to the Bank, it refers to the project and to the Bank's project number.

69. If authorized signatories change during the life of the project, the borrower must promptly notify the Bank and provide the names and specimen signatures of the newly designated officials.

***Note:** The General Conditions require the borrower to “furnish to the Bank evidence ...of the authority of the person or persons authorized to sign ... applications.” The borrower decides whether to provide this evidence by each loan, project, sector, or country, bearing in mind that disbursement may be delayed if the Bank does not have satisfactory evidence on hand at the time an application for withdrawal is received.*

Disbursement Conditions

70. When the legal agreement contains [disbursement conditions](#), the Bank will only disburse against the relevant expenditure category once it has received satisfactory evidence that the conditions have been fulfilled. The Bank notifies the borrower when it is satisfied with the evidence received.

Application Forms

71. When the borrower wishes to request a withdrawal from the loan account or to ask the Bank to enter into a special commitment, the borrower delivers to the Bank a written application in such form and substance as the Bank reasonably requests.¹³ A different form is used for each of these purposes, but in both cases, they are provided to the Bank as signed originals. The forms noted in the following subsections are available from the World Bank's Loan Department and on the [Client Connection](#) Web site. They can be filled out on Client Connection, printed, signed, and delivered to a World Bank office.

¹³ See IBRD General Conditions and IDA General Conditions (2005), section 2.03 (a).

Application for Withdrawal

Note: The Bank is developing an online functionality that will allow electronic delivery of application for withdrawal forms and supporting documentation through Client Connection and that will fulfill the signature requirements for such purposes. These advanced electronic features will be made available to registered Client Connection users after an initial pilot period, currently scheduled for November 2006.

72. The application for withdrawal form has dual functionality and can be used to (a) withdraw proceeds from the loan account, and/or (b) document expenditures. A copy of form 2380, instructions for completing it, and sample completed forms are provided in [annex F](#).¹⁴ The form is used for the following:

- to request [reimbursement](#) to the borrower for a payment or payments the borrower has already made from its own resources,
- to request an [advance](#) to a [designated account](#) and/or to report on how a previous advance has been used,
- to request [direct payment](#) to a third party for services provided or goods supplied.

73. To supplement the application for withdrawal, forms are also available to

- request the scheduling of advance payments: form 2381, as provided in annex F. This form is provided as a courtesy to borrowers who, for cash management purposes, would like to specify future [value dates](#) for disbursement transactions. Otherwise, the Bank disburses loan proceeds upon approval of applications for withdrawal and the value date is in keeping with market conventions for the currency disbursed.
- list payments against contracts that are subject to the Bank's [prior review](#): form 2382. This form is not required, but may be used to organize the necessary contract payment information, which would otherwise be captured in the normal [supporting documents](#).

74. The borrower uses form 1931 to request the Bank to issue a special commitment (see the section on "[Using the Special Commitment Method](#)" in chapter VI). The Bank approves the special commitment using form 2018. The financial institution (usually a commercial bank) normally sends payment claims using the Society for Worldwide Interbank Financial Telecommunication (SWIFT), but they can also be sent by mail using the special commitment request for payment, form 2015. Copies of forms 1931 and 2015 and instructions for completing them, together with a sample form 2018, are provided in [annex G](#).

¹⁴ The Bank will continue to accept, for a transition period, printed application forms previously provided to borrowers ([see appendix III](#)).

Application for a Special Commitment

Disbursement Processing Requirements

75. When the borrower wishes to withdraw loan proceeds or commit them under a special commitment, the borrower provides the Bank with an original application together with any supporting documents in accordance with the relevant disbursement method. For the application to be eligible for payment or commitment, it must meet the following requirements:

- be in compliance with the loan conditions;
- be an original (photocopies or facsimiles are not accepted);
- be signed in dark ink by an authorized signatory or signatories for whom the Bank has been provided with a specimen signature or signatures;¹⁵
- indicate the amount to be paid and/or documented and provide complete instructions for payment, including SWIFT, international bank account number (IBAN) codes, and [intermediary bank](#) details;
- include supporting documentation in the form and content agreed on and specified in the disbursement letter.

76. In addition, the following requirements must also be met:

- When the amount being withdrawn includes payments against contracts subject to the Bank's prior review, the borrower must have received the Bank's "no objection" to the contract award and have provided a copy of the signed contract to the Bank.
- Loan proceeds allocated to the specific [expenditure category](#) must be sufficient to cover the payment or commitment.

77. To avoid delays in payment, the borrower should adhere to the foregoing requirements, follow instructions on the applicable form, and make certain that the application is complete and accurate and that supporting documentation is in accordance with the disbursement letter. [annex H](#) provides a checklist for use by project staff prior to sending applications to the Bank office specified in the disbursement letter.

Note: The Bank makes all reasonable efforts to contact the borrower and confirm any information on an application for withdrawal that is unclear or to obtain additional information to complete the application. If the Bank is unable to resolve issues on a pending application, it may approve the application for a reduced amount or return the application to the borrower unpaid. If the application is reduced or returned, the Bank notifies the borrower promptly with an explanation of the Bank's decision.

¹⁵ This requirement may be modified for those borrowers authorized to use electronic means to deliver applications when this functionality becomes available.

Information about Disbursement Transactions

Disbursement Reports

78. Payment advices and monthly disbursement summaries provide the borrower with information about disbursement transactions on its loan and are available online through [Client Connection](#). Payment advices are also emailed to the borrower, and monthly disbursement summaries are emailed to the borrower at the borrower's request.

79. The borrower should review the payment advices and monthly disbursement summaries on a regular basis and promptly notify the Bank of any issues related to a transaction.

80. **Payment Advice.** After the Bank approves each application for withdrawal, it either disburses to the borrower or to a specified third party.¹⁶ The Bank notifies the borrower of the payment details promptly through a payment advice that provides the following information:

- loan number,
- application number (assigned by the borrower and also known as the borrower reference number),
- [value date](#) of the payment,
- transaction number (assigned by the Bank on approval of the transaction),
- expenditure category charged,
- currency and amount of the payment,
- exchange rate and the equivalent charged to the loan account in the [currency of commitment](#).¹⁷

81. **Monthly Disbursement Summary.** Promptly after the monthly closing of its accounts, the Bank provides a monthly disbursement summary to all borrowers and authorized parties. This summary sets out the details of all transactions made under a given loan during the preceding month and shows the undisbursed balance of the loan account.

82. The [General Conditions](#) specify that the Bank, acting as agent of the borrower, and on such terms and conditions as the Bank shall determine, will purchase such currencies as the borrower shall reasonably request to meet payments for eligible expenditures.¹⁸

¹⁶ An application for withdrawal can also be used solely to document prior advances and in that case will not result in a disbursement by the Bank. The transaction is not included in the payment advice but is reflected in the monthly disbursement summary.

¹⁷ For IBRD loans, the currency of commitment is the [loan currency](#); for IDA financing, it is special drawing rights. See section 2.01 of the [IBRD General Conditions and IDA General Conditions \(2005\)](#). The special drawing right is the basic equivalence currency the International Monetary Fund uses as an accounting currency and that IDA has used as the currency of commitment for credits since 1980, and thereafter for grants.

¹⁸ See [IBRD General Conditions and IDA General Conditions \(2005\)](#), section 2.01 (c).

Transaction Currencies

Applicable Exchange Rates Used to Value Disbursements

For reimbursements and direct payments, the Bank normally disburses in the [currency of the expenditure](#).¹⁹ For example, when the borrower prefinances local currency expenditures from its own resources and requests a reimbursement, the Bank normally makes the payment to the borrower in that local currency (by purchasing the local currency from the borrower's central bank or, in some cases, from the open market). When the borrower requests a direct payment to a supplier for an invoice denominated in, for example, euros, the Bank makes the payment to the supplier in euros.

83. Payments of advances to a designated account are made in the currency of the designated account. The borrower is required to report on the use of advances deposited to the designated account in that same currency. When the borrower uses funds to finance expenditures in different currencies, for reporting purposes it uses the exchange rate in effect on the date the funds are withdrawn from the designated account.

84. In making payments, the Bank may need to purchase the requested currency (the [disbursement currency](#)) using another currency (the [cost currency](#)). In such cases, the Bank buys the disbursement currency using the exchange rate (spot rate) quoted by the selling bank. The Bank selects the cost currency and determines the amount the [loan account](#) is charged as follows:

- **IBRD loans and trust funds.** Current IBRD products (fixed spread loans and variable spread loans) and trust funds use the currency of commitment of the loan (referred to in the legal agreement as the [loan currency](#)) as the cost currency. The Bank charges the loan account with the amount required to purchase the disbursement currency.
- **IDA credits and grants.** For IDA credits and grants, the Bank may use any of the currencies available to IDA as the cost currency. It charges the loan account with the equivalent in [special drawing rights](#). The Bank uses the same exchange rate, the [applicable exchange rate](#), for all transactions in a particular currency on a given date to assure all borrowers of equal treatment in their transactions. The Bank establishes the applicable exchange rate based on the rate quoted by the International Monetary Fund for that day or on the rate quoted by the central bank of the cost currency country.

Note: Payments made in hard currencies (e.g., U.S. dollars, euros, yen) are normally made more quickly than payments in soft currencies (i.e., many local currencies), which can take an additional two or three days for the Bank to settle following purchase.

¹⁹ The Bank may reimburse the borrower in a currency other than the currency of expenditure as agreed between the borrower and the Bank.



DISBURSING TO THE BORROWER

85. The Bank disburses to the borrower in one of two ways: the Bank either reimburses the borrower for the cost of prefinanced project expenditures or provides advances to the borrower for the expected cost of such expenditures. This chapter explains what [supporting documentation](#) the borrower must provide to the Bank when using these [disbursement methods](#) and when it is required. It also describes the Bank's policies and procedures for ensuring that loan proceeds advanced are used for the purposes intended, including requirements for establishing and using [designated accounts](#).

Providing Supporting Documentation for Disbursement

86. For disbursements to the borrower, the borrower must provide supporting documentation to demonstrate that loan proceeds have been used for the purposes for which the loan was granted.

87. Requests for reimbursement and reporting on the use of advances are normally accompanied by either (a) a [summary report](#) in the form of the [interim unaudited financial report](#) used for financial reporting, usually stipulated in schedule 2 of the legal agreement, or (b) a summary report in the form of a [statement of expenditure](#), or (c) [records](#), or (d) records required by the Bank for specific expenditures and a statement of expenditure for all other expenditures.

88. Summary reports are of two broad types: (a) interim unaudited financial reports, and (b) statements of expenditure. When summary reports are used, the level of detail required depends on the project, the expenditure categories, and the capacity of the [borrower's financial management systems](#).

89. To be eligible to use summary reports to support disbursement immediately upon loan effectiveness, the borrower must have an adequate financial management system. To continue to use sum-

Interim Unaudited Financial Reports

mary reports or begin using them during project implementation, borrowers are expected to

- maintain satisfactory financial management ratings during project supervision,
- provide the Bank with interim unaudited financial reports consistent with the agreed form and content within 45 days (or other period specified in the legal agreement) of the end of each [reporting period](#),
- provide the Bank with the [audited financial statements](#) specified in the legal agreement by the due date.

90. The borrower and Bank staff agree on the content and details of the summary report and any supplementary forms during project appraisal and finalize this during negotiations. Whenever possible, the report format and content should be derived from the borrower's own financial management systems. The Bank encourages the use of borrower system-generated reports that meet the Bank's requirements.

91. The legal agreement for each project requires the borrower to furnish the Bank with interim unaudited financial reports on a periodic basis. Interim unaudited financial reports normally encompass the entire project as described in the [project appraisal document](#) and [legal agreement](#) and not just the part financed by the Bank. They reflect all project activities, financing, and expenditures, including counterpart funds, funds from other development partners, and contributions in kind such as labor and accommodation irrespective of whether the unit of the borrower implementing the project controls the funds for all aspects of the project.

92. Interim unaudited financial reports should also be used to support withdrawals from the [loan account](#) unless otherwise agreed with the Bank. When these reports are used as supporting documentation for reimbursements and reporting on the use of advances, the Bank normally requires a cash forecast for the two subsequent reporting periods. The Bank does not require any other supplementary information.²⁰ Box 1 sets out some of the benefits of using interim unaudited financial reports.

93. A statement of expenditure summarizes eligible expenditures incurred during a stated period. The expenditures are normally grouped by [expenditure category](#). The statement may be a summarized statement or a more detailed statement that lists all expen-

Statements of Expenditure

²⁰ The Bank requires information to record the Bank-financed portion of the project according to the expenditure categories in the legal agreement. If, exceptionally, this information has not been incorporated in the design of the interim unaudited financial report, the Bank may request this additional information as a supplement.

Box 1. Benefits of Using Interim Unaudited Financial Reports as Supporting Documentation

The benefits of using interim unaudited financial reports as supporting documentation include the following:

- They can be used with the reimbursement method. The borrower simply provides a copy of the interim unaudited financial report used for financial reporting to the Bank, as required by the legal agreement, directly to the Loan Department, together with an application for withdrawal form.
- They can be used with the advance method. The borrower requests advances as needed for project implementation and reports on the use of advances by providing a copy of the interim unaudited financial report used for financial reporting to the Bank, as required by the legal agreement, directly to the Loan Department, together with an application for withdrawal form.
- Normally no additional documentation, no records, and no bank statements are required. The borrower does not need to produce any separate summaries or statements for the Bank or to send bank statements and reconciliations to the Bank. The borrower needs to retain all original records, but the Bank requires only the interim unaudited financial report to record expenditures.
- There is only one financial report and one reporting cycle. The periodicity of providing interim unaudited financial reports as supporting documentation is the same as for reporting purposes, irrespective of whether the borrower is using the reimbursement or advance method and the length of the reporting cycle.

Records

ditures incurred during the reporting period. The degree of detail the Bank requires depends on the project.

94. When statements of expenditure are used as supporting documentation for disbursement, the borrower is still required to provide interim unaudited financial reports to the Bank in accordance with the requirements of the legal agreement.

95. Because statements of expenditure may not always be derived directly from the borrower's accounting records, the borrower must have a record-keeping system that allows for efficient retrieval of the corresponding original records (e.g., invoices, receipts) for inspection by auditors and Bank staff.

96. The Bank may require a copy of the original records to support requests for reimbursement and reporting on the use of advances, either as part of the initial disbursement arrangements or during implementation, depending on the circumstances. For example, the Bank may request records

- when payments are against contracts that are subject to the Bank's [prior review](#) and/or when the task team requires additional monitoring of a specific contract or contracts;
- when the project is financed by a loan with a new borrower, including when a gap has occurred in the Bank's engagement with the borrower, for example, when a country had been under [suspension](#) or following a period of nonlending;
- when the project is in a country that is facing a likelihood of conflict or is in a conflict or postconflict situation;
- when the project is under warning of or under an actual [suspension of disbursements](#);
- when warranted by other country or project situations.

Contracts Subject to the Bank's Prior Review**Document Retention****Applicability****Minimum Value****Procedures for Requesting Reimbursements****Applicability**

97. When the borrower is using the reimbursement method or reporting on the use of advances, the Bank may request that the supporting documentation include a list of payments against [contracts](#) that are subject to the Bank's prior review. The form and content of this information is normally included as an attachment to the disbursement letter.

98. The general requirements for document retention are outlined in the section on "[Supporting Documentation](#)" in chapter III of this handbook.

Using the Reimbursement Method

99. The reimbursement method may be used for all types of eligible expenditures that the borrower has prefinanced from its own resources. The Bank does not place any limitations on currency or type of expenditure.

100. To reduce paperwork and the cost of doing business for both the borrower and the Bank, the Bank sets a [minimum value](#) for applications for reimbursement (see the [Disbursement Guidelines](#), subsection 3.5). This value is established for each loan during project appraisal and varies depending on the size of the loan, the nature of the project, the types of expenditures to be financed, and the circumstances of the country. The minimum value for each project is documented in the disbursement letter. Expenditures under the minimum value should be aggregated until the minimum is reached (e.g., by grouping numerous, small expenditures that have been prefinanced) or financed using funds in the designated account (see the section on "[Using the Advance Method](#)").

101. To promote good project management, requests for reimbursement should be made on a regular basis as and when expenditures are incurred or on the same frequency as interim unaudited financial reports. Regular reimbursement requests may also help mitigate against the risk of devaluation of an amount to be reimbursed because of exchange rate fluctuations. Table 4 sets out the application steps and requirements for requesting a reimbursement.

Using the Advance Method

102. The Bank may agree to provide funds to the borrower so that it may finance expected project expenditures as they are incurred. The borrower may only use the funds advanced by the Bank for eligible project expenditures. The Bank determines the limits and reporting requirements that apply to advances during project

Table 4. Applying for Reimbursement

Application step	Requirement
What form should be used?	Application for withdrawal, form 2380. ^a
What sections of the form should be completed?	Sections A, B, C, and D.
Who should sign the form?	The signatory designated by the borrower's authorized representative.
What supporting documentation should be provided to the Bank?	<ul style="list-style-type: none"> Interim unaudited financial reports, statements of expenditure, records, or records required by the Bank for specific expenditures and statements of expenditure for all other expenditures, as indicated in the disbursement letter for the project. List of payments against contracts that are subject to the Bank's prior review, if notified by the Bank in the disbursement letter that this is required. Evidence of payment if notified by the Bank that this is required, which can take the form of a bank statement, receipted invoice, commercial bank's report of payment, etc. The disbursement letter will note this requirement and the monetary threshold, if applicable. Other supplementary information that the Bank may stipulate by means of the disbursement letter or by notice to the borrower.
Where should the reimbursement request be sent?	The Bank office indicated in the disbursement letter.
How often should requests be made?	<ul style="list-style-type: none"> On a regular basis as and when expenditures are incurred, or on the same frequency as interim unaudited financial reports. When the legal agreement provides for retroactive financing, the request for reimbursement of payments made during the retroactive financing period should be sent promptly after the loan is declared effective.

^a This application form replaces the earlier form 1903. The Bank will continue to accept, for a transition period, printed application forms previously provided to borrowers (see [appendix III](#)).

preparation and appraisal taking into consideration the project's cash flow needs and prior, as well as ongoing, performance (e.g., timeliness and reliability of reporting, prompt action to document or refund [excess amounts](#)).

Note: *Advances accrue interest charges (for IBRD loans) or service charges (for IDA credits) at the time the funds are disbursed.*

Designated Account

103. The Bank normally disburses advances into a designated account. A designated account may be either (a) segregated in an account of the borrower that is used only to deposit advances for a Bank-financed project and to make payments for eligible project expenditures, or (b) pooled in an account of the borrower into which the loan proceeds and proceeds of other financing for the operation (e.g., borrower resources and/or financing by other development partners) may be deposited.

Ceiling

104. The designated account is normally maintained in a freely convertible currency or a stable currency (see Disbursement Guidelines, subsection 5.4). In countries that have a freely convertible currency, designated accounts may be held in the currency of the borrower or any freely convertible currency. In countries that do not have a freely convertible currency, the Bank may agree to accounts denominated in local currency if, among other things, the country's currency is stable and the expenditures to be financed are primarily in local currency.

105. In accordance with the Disbursement Guidelines, subsections 5.5 and 5.6, the [financial institution](#) used for the designated account should generally meet all the following requirements:

- be financially sound,
- be authorized to maintain the designated account in the currency agreed on by the Bank and the borrower,
- be audited regularly and receive satisfactory audit reports,
- be able to execute a large number of transactions promptly,
- be able to perform a wide range of banking services satisfactorily,
- be able to provide a detailed statement of the designated account,
- be part of a satisfactory correspondent banking network,
- charge reasonable fees for its services.

106. The Bank may decide not to accept a financial institution for the opening and/or maintenance of a designated account if the institution has asserted or asserts a claim to set off, seize, or attach the proceeds of any Bank loan on deposit in a designated account maintained by the financial institution.

107. The financial institution may be a commercial bank, the country's central bank, or another institution as long as the relevant criteria for acceptability are met. The borrower should contact the [task team](#) as soon as possible if it is considering using an institution that is not a commercial bank or the central bank, as some conditions may apply.

108. The [ceiling](#) is the maximum amount of loan proceeds that may be on deposit in a designated account pending the provision to the Bank of supporting documentation evidencing the use of advanced funds.

109. The Bank normally establishes the ceiling based on planned project expenditures. It also considers the task team's assessment of the borrower's capacity to ensure effective use of designated accounts. The Bank may establish a ceiling that is (a) a fixed amount, or (b) an amount that is adjusted from time to time during project implementation based on periodic forecasts of cash flow needs (see subsection 6.1 of the Disbursement Guidelines). The borrower may request advances as needed for project imple-

mentation so long as the total amount for which supporting documentation has not yet been provided does not exceed the ceiling. Once the ceiling has been reached, the borrower must report on how funds previously advanced have been used before the Bank will disburse any additional advance amounts or provide evidence of immediate cash requirements that justify increasing the ceiling.

110. Fixed Ceiling. A ceiling that is a fixed amount may be appropriate when expenditures are expected to be incurred evenly throughout the life of the project. The ceiling is normally set for the life of the project and may be an average of the planned project expenditures.

111. Depending on the borrower's capacity and performance, this type of ceiling can be modified. For example, the amount of the ceiling could be increased if the borrower has demonstrated its ability to manage the designated account within the ceiling; alternatively, it could be decreased if performance has been weak, or project implementation has slowed.

112. The basis on which the ceiling is established can also be modified from a fixed amount to one that is based on periodic forecasts. For example, this could be appropriate for borrowers interested in using interim unaudited financial reports (which already include periodic forecasts) to support disbursement. For information regarding the process of modifying the ceiling, see the section on "[Disbursement Issues during Project Implementation](#)" in chapter VII.

113. Ceiling Based on Periodic Forecasts. A ceiling based on periodic forecasts may be appropriate when project expenditures are expected to vary over the life of the project in response to implementation needs (e.g., seasonal fluctuations, phasing of project components). In this case, the ceiling may be based on (a) the borrower's forecasts as provided in its interim unaudited financial reports; or (b) the task team's estimates of planned project expenditures, which may derive from, for example, the annual procurement plan or the annual budget. When the ceiling is based on periodic forecasts, the actual amount of the ceiling is likely to change from period to period to reflect changes in cash flow needs. The Bank assesses the reasonableness of forecasts and may adjust the amount it is willing to advance if it is not satisfied that a forecast is justified by planned project expenditures (see subsection 6.4 of the Disbursement Guidelines).

114. If the Bank determines that, based on project experience and borrower performance, periodic forecasts are not effective for setting the ceiling, the basis on which the ceiling is established may be changed to a fixed amount (see the section on "[Disbursement Issues during Project Implementation](#)" in chapter VII).

Supporting Documentation

Designated Account Management

115. A request for an advance normally requires no supporting documentation at the time of the request if the amount requested is within the agreed ceiling. If payment of the amount would result in the ceiling being exceeded, the borrower would need to either (a) report to the Bank on the use of prior advances, or, exceptionally (b) provide a statement of planned project expenditures for the reporting period justifying the need to increase the ceiling.

116. When reporting on the use of advances, the supporting documentation should be in accordance with the requirements set out at the beginning of this chapter for all disbursements to borrowers.

117. When making payments from a designated account, the borrower is responsible for following all procedures specified in the legal agreement, the procurement plan, and any additional instructions provided in the disbursement letter.

118. The borrower should only withdraw funds advanced to the designated account as eligible expenditures are incurred. The borrower is responsible for maintaining appropriate records including bank statements and bank reconciliations. The Bank may request to review these during project supervision.

119. Transfers from Designated Accounts to Other Accounts of the Borrower. Loan proceeds on deposit in designated accounts may be transferred to another account of the borrower or the project if the need exists and if appropriate arrangements are in place to ensure that loan proceeds so advanced will only be used for the purposes intended. These advances may be appropriate, among other things, to

- facilitate the payment of large batches of expenditures in a currency other than the designated account currency;
- allow more control over the timing of payments by dispersed entities;
- avoid implementation bottlenecks caused by cumbersome procedures in a central entity holding the designated account.

120. The Bank considers the need for transfers from a designated account to other accounts of the borrower and reviews the arrangements for managing the transfers as part of its overall assessment of the borrower's financial management arrangements.

121. The borrower is accountable for all loan proceeds advanced to a designated account, including amounts that may be transferred to another account of the borrower or the project. If the Bank determines that an ineligible expenditure has been financed from a designated account, it may require a refund (see the section on "[Determination of Ineligible Expenditures](#)" in chapter VII). This provision applies equally to any amounts transferred from a designated account.

Project Preparation Advances with Designated Accounts

Excess Advances

Designated Accounts during Suspension of Disbursements

Designated Account Closing

122. The borrower may use the advance method and establish a designated account under a [project preparation advance](#) provided from the [Project Preparation Facility](#) (see the section on “[Project Preparation Advances](#)” in chapter III). The same designated account opened for the project preparation advance may continue to be used for the follow-on loan. Any amount outstanding in the designated account at the time the project preparation advance is refinanced is treated as a partial advance of the amount agreed under the follow-on loan.

123. Advances are provided to the borrower based on project needs and planned project expenditures. The borrower should report regularly on the use of loan proceeds advanced to a designated account in accordance with the reporting period stipulated in the disbursement letter.

124. If the borrower does not provide any documentation of expenditures for the reporting period, this may indicate to the Bank that the advance is excessive and not required for project needs. It may also be indicative of project management problems (e.g., difficulty in preparing and/or authorizing applications, difficulty in documenting use of advances) or project implementation problems (e.g., delays in procurement). When delays in periodic reporting occur, the Bank requests the borrower to provide evidence that the amount in the designated account will be used to pay for eligible expenditures or to furnish an application within a specified period (see the Disbursement Guidelines, subsection 6.5). If a satisfactory response or application is not received within this period, the Bank will normally request a refund of the undocumented advance in the designated account (see the section on “[Refunds](#)” in chapter VII).

125. As indicated in the Disbursement Guidelines, subsection 8.1, if the borrower determines that amounts deposited in the designated account will not be required for planned project expenditures, the borrower can decide to refund the excess amount to the Bank, in which case the borrower notifies the Bank of its intent and the Bank provides instructions for payment (see the section on “[Refunds](#)” in chapter VII).

126. No new deposits or advances can be made after the Bank has issued a threat or notice of suspension or during a full suspension of disbursements (see the section on “[Suspension of Disbursements](#)” in chapter VII). However, borrowers may continue to use any balance remaining in the designated account to meet eligible expenditures. The borrower should continue to send reporting on the use of loan proceeds advanced to the designated account regularly. After the suspension has been lifted, the Bank may agree to make further deposits of advances to meet planned project expenditures.

127. The Bank must receive reporting on the use of all loan proceeds advanced to a designated account or a refund of the un-

Procedures for Requesting and Reporting on Advances

documented balance before it closes the loan account. Normally, all documentation should be provided to the Bank no later than the [disbursement deadline date](#). The Bank requests a refund of any remaining balance on deposit immediately after the disbursement deadline date, and the borrower must comply with the request within two months of this date or face Bank actions (see the Disbursement Guidelines, subsection 5.2).

128. Tables 5 and 6 describe the procedures for requesting an advance and reporting on the use of advances, respectively. Table 5 also explains the procedures for requesting an advance in installments.

129. The borrower can use form 2380 to report on the use of an earlier advance or advances and simultaneously request an additional advance. Table 7 describes the procedure.

Table 5. Applying for an Advance

Application step	Requirement
What form should be used?	Application for withdrawal, form 2380. ^a
What sections of the form should be completed?	Sections A, B, and D.
Who should sign the form?	The signatory designated by the borrower's authorized representative.
What supporting documentation should be provided to the Bank?	None at the time of the request for an advance (see Table 6, " Reporting on the Use of Advances ").
Where should the request for an advance be sent?	The Bank office indicated in the disbursement letter.
How often should requests be made?	As required to ensure sufficient liquidity for project implementation and timely payment of suppliers.
What steps should be taken to request the advance to be disbursed in installments?	<ul style="list-style-type: none"> • Check the appropriate field on form 2380. • Fill out a requested schedule for advance payments, form 2381 and send it together with the application for withdrawal.

^a. This application form replaces the earlier form 1903. The Bank will continue to accept, for a transition period, printed application forms previously provided to borrowers (see [appendix III](#)).

Table 6. Reporting on the Use of Advances

Application step	Requirement
What form should be used?	Application for withdrawal, form 2380. ^a
What sections of the form should be completed?	Sections A, C, and D.
Who should sign the form?	The signatory designated by the borrower's authorized representative.
What supporting documentation should be provided to the Bank?	<ul style="list-style-type: none"> Interim unaudited financial reports, statements of expenditure, records, or records required by the Bank for specific expenditures and statements of expenditure for all other expenditures, as indicated in the disbursement letter for the project. List of payments against contracts that are subject to the Bank's prior review, if notified by the Bank in the disbursement letter that this is required. Evidence of payment if notified by the Bank that this is required and/or other documentation, which can take the form of a bank statement and bank reconciliation for the designated account or other documentation that the Bank has indicated is appropriate. The disbursement letter will generally note this requirement. Other supplementary information that the Bank may stipulate by means of the disbursement letter or by notice to the borrower.
Where should the reporting on use of advances be sent?	The Bank office indicated in the disbursement letter.
How often should the reporting on use of advances be sent?	On a periodic basis as specified in the disbursement letter or more often if the borrower wishes.

^a. This application form replaces the earlier form 1903. The Bank will continue to accept, for a transition period, printed application forms previously provided to borrowers (see [appendix III](#)).

Table 7. Reporting on the Use of a Prior Advance and Requesting an Additional Advance

Application step	Requirement
What form should be used?	Application for withdrawal, form 2380. ^a
What sections of the form should be completed?	Sections A, B, C, and D.
Who should sign the form?	The signatory designated by the borrower's authorized representative.
What supporting documentation should be provided to the Bank?	<ul style="list-style-type: none"> Interim unaudited financial reports, statements of expenditure, records, or records required by the Bank for specific expenditures and statements of expenditure for all other expenditures, as indicated in the disbursement letter for the project. List of payments against contracts that are subject to the Bank's prior review, if notified by the Bank in the disbursement letter that this is required. Evidence of payment if notified by the Bank that this is required and/or other documentation, which can take the form of a bank statement and bank reconciliation for the designated account or other documentation that the Bank has indicated is appropriate. The disbursement letter will generally note this requirement. Other supplementary information that the Bank may stipulate by means of the disbursement letter or by notice to the borrower.
Where should the completed application form be sent?	The Bank office indicated in the disbursement letter.
How often should the application be sent?	On a periodic basis as specified in the disbursement letter or more often if the borrower wishes.

^a. This application form replaces the earlier form 1903. The Bank will continue to accept, for a transition period, printed application forms previously provided to borrowers (see [appendix III](#)).

VI

DISBURSING TO THIRD PARTIES

130. At the request of the borrower, the Bank disburses directly to third parties either by paying the supplier or consultant directly or by paying the commercial bank that handles payments to a supplier under a [letter of credit](#). This chapter explains the [direct payment](#) and [special commitment](#) disbursement methods, what [supporting documentation](#) the borrower must provide to the Bank when using these methods, when it is required, and what limitations may apply.

Using the Direct Payment Method

131. Normally, direct payments are used for [contracts](#) for which the Bank's "no objection" is required prior to signature of the contract (see annex I of the [Guidelines: Procurement under IBRD Loans and IDA Credits](#) for procurement review procedures). This method may be used when relatively large payments are required or when payments are in currencies that borrowers may have difficulty obtaining. It is also used when suppliers or contractors require it.

132. To reduce paperwork and the cost of doing business for both the borrower and the Bank, the Bank sets a [minimum value](#) for applications for direct payment (see the [Disbursement Guidelines](#), subsection 3.5). This value is established for each loan during project appraisal and varies depending on the size of the loan, the nature of the project, the types of expenditures to be financed, and the circumstances of the country. The minimum value for each project is documented in the [disbursement letter](#). Expenditures under the minimum value should be aggregated until the minimum is reached (e.g., by grouping two or more invoices from the same supplier), prefinanced by the borrower if funds are available (see the section on "[Using the Reimbursement Method](#)") or financed using funds in the designated account (see the section on "[Using the Advance Method](#)").

133. Because the disbursement is to a third party, copies of original [records](#) are required at the time the borrower makes the re-

Applicability

Minimum Value

Supporting
Documentation

Document Retention

Procedures for
Requesting Direct
Payments

Applicability

quest for direct payment. Such supporting documentation is usually the supplier's or consultant's invoice or a summary statement of works performed signed by the supervising engineer or another authorized official.

134. The general requirements for document retention are outlined in the section on "[Supporting Documentation](#)" in chapter III of this handbook.

135. Table 8 describes the procedures for requesting a direct payment to a third party.

Using the Special Commitment Method

136. To finance the purchase of imported goods under a project, the terms of the contract with the supplier may require the borrower to open a [letter of credit](#). Letters of credit are governed by the Uniform Customs and Practices for Documentary Credits (box 2). If a commercial bank is unwilling to open, advise, or confirm the letter of credit without some reimbursement guarantee or security, the Bank, at the request of the borrower, will provide the commercial bank with a guarantee in the form of a [special commitment](#). Normally, special commitments are used for [contracts](#) for imported goods for which the Bank's "no objection" is required prior to signature of the contract (see annex I of the [Guidelines: Procurement under IBRD Loans and IDA Credits](#) for procurement review procedures).

137. Under its special commitment, the Bank undertakes to reserve funds in the [loan account](#) for later disbursement to a com-

Table 8. Applying for a Direct Payment to a Third Party

Application step	Requirement
What form should be used?	Application for withdrawal, form 2380. ^a
What sections of the form should be completed?	Sections A, B, C, and D.
Who should sign the form?	The signatory designated by the borrower's authorized representative.
What supporting documentation should be provided to the Bank?	The application should be accompanied by a copy of the original records (e.g., invoice, receipt).
Where should the request for a direct payment be sent?	The Bank office indicated in the disbursement letter.
How often should requests be made?	In sufficient time to ensure that contractors are paid on a timely basis and in accordance with the terms of their contracts.

^a This application form replaces the earlier form 1903. The Bank will continue to accept, for a transition period, printed application forms previously provided to borrowers (see [appendix III](#)).

Box 2. Uniform Customs and Practices for Documentary Credits

Letters of credit require supporting documentation (e.g., invoices, insurance certificates, bills of lading) that [negotiating banks](#) can readily evaluate in accordance with the Uniform Customs and Practices for Documentary Credits, a universally recognized set of rules governing letters of credit. In the case of consultant services and civil works, the procedures of the Uniform Customs and Practices for Documentary Credit are not applicable and the negotiating bank may not have the means to check on the services provided. Therefore to protect the interests of both the borrower and the Bank, special commitments are typically only issued for the purchase of goods.

mercial bank, normally in the supplier's country, for payments made or to be made under a letter of credit. Special commitments are irrevocable, even though the Bank loan may later be suspended or cancelled. The Bank commits to make payment within 30 days of receipt of the commercial bank's payment claim.

138. Special commitments are generally not issued in the borrower's local currency, because they are meant to facilitate the procurement of foreign goods. In some instances, foreign suppliers are unwilling to export goods to the borrower's country without the Bank's guarantee of payment in hand.

***Note:** Special commitments do not cover interest, commission, and other charges or expenses in connection with the letter of credit; however, these charges are normally eligible for withdrawal from the loan account and can be claimed using another disbursement method.*

Limitation Clauses

139. Because the loan amount is limited, each special commitment has a limitation clause specifying the aggregate limit, in the [currency of commitment](#) of the loan, that the Bank is obligated to pay when conditions for payment have been met. In computing the limitation, the Bank uses the current exchange rate with a margin to cover normal currency fluctuations.

140. 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.

Minimum Value

141. To reduce paperwork and the cost of doing business for both the borrower and the Bank, the Bank establishes a minimum value

Procedures for Issuing Special Commitments

Procedures for Requesting Payments under Special Commitments

Special Commitment Management

for applications for special commitment (see the Disbursement Guidelines, subsection 3.5). The minimum value is applied to the total amount of the special commitment and subsequent payments against the special commitment are not subject to any minimum. This value is established for each loan during project appraisal and varies depending on the size of the loan, the nature of the project, the types of expenditures to be financed, and the circumstances of the country. The minimum value for each project is documented in the disbursement letter. Letters of credit under the minimum value should be prefinanced by the borrower if funds are available (see the section on “[Using the Reimbursement Method](#)” in chapter V) or financed using funds in the designated account (see the section on “[Using the Advance Method](#)” in chapter V).

142. Table 9 describes the procedures for applying for a special commitment.

143. Promptly after each payment or negotiation of documents by the commercial bank under the letter of credit, the commercial bank claims payment from the Bank. Table 10 describes the procedures followed by the commercial bank when applying for a payment under a special commitment.

144. Commercial banks that receive the Bank’s special commitments must advise the Bank’s Loan Department directly of any

Table 9. Applying for a Special Commitment

Application step	Requirement
What form should be used?	Application for a special commitment, form 1931.
Who should sign the form?	The signatory designated by the borrower’s authorized representative.
What supporting documentation should be provided to the Bank?	<ul style="list-style-type: none"> • A copy of the letter of credit (with valid expiry date) that the commercial bank, known as the opening bank, has issued. • Pro forma invoices, if cited in the letter of credit.
Where should the request for a special commitment be sent?	The Bank office indicated in the disbursement letter.
How does the Bank confirm that the special commitment has been established?	Following Bank approval of the application, the Bank sends the special commitment on form 2018 to the commercial bank that will negotiate payments, together with a copy of the proposed letter of credit. The Bank also sends a copy of the special commitment to the borrower. The commercial bank’s first request for payment under the special commitment constitutes its acceptance of the terms and conditions of the special commitment.
When should a request for a special commitment be made?	As and when required under the terms of a contract. The borrower should ensure that a copy of the contract or purchase order has been provided to the Bank by the time the application for a special commitment is made.

Table 10. Applying for a Payment under a Special Commitment

Application step	Requirement
What form should be used?	The commercial bank should send a SWIFT message in the general form provided in annex G or send a request by mail using form 2015.
What supporting documentation should be provided to the Bank?	None.
Where should the request for a payment be sent?	The Bank office indicated in the special commitment letter, form 2018.
How often should requests be made?	After each payment or negotiation of documents by the commercial bank.

and all amendments to the letters of credit (borrowers should not send copies of the amendments to the Bank). The following amendments to letters of credit must be approved by the Bank in advance:

- amendments that change the value of the letter of credit, the description or quantity of goods, or the beneficiary;
- amendments that extend the expiry date of the letter of credit more than six months beyond the original expiry date or beyond the loan [closing date](#) specified in the commitment letter, whichever is earlier (see the paragraph on “[Loan Closing Dates and Letter of Credit Expiry Dates](#)”);
- amendments that permit an advance payment of more than 25 percent before the goods are shipped.

145. These requirements are specified in the text of the application, form 1931, as well as in the special commitment itself. The commercial bank to which a special commitment is addressed is responsible for notifying the Bank of any change in the negotiating bank.

Note: The commercial bank does not know if the loan closing date has been extended. It will only get this information by requesting the Bank's approval of any amendment that extends the expiry date of the letter of credit beyond the loan closing date. The Bank will verify the loan closing date and, if it has been extended and the new expiry date of the letter of credit is before that new date, the Bank may approve the amendment.

146. The Bank does not issue special commitments for letters of credit that are valid beyond the loan closing date or for letters of credit whose validity has already lapsed. Similarly, the Bank will not approve an amendment to a letter of credit covered by a special commitment if the expiry date is later than the loan closing date. To be approved and paid under the loan, all claims must be provided to the Bank within 30 days of the closing date.

VII

MANAGING PROJECT IMPLEMENTATION AND LOAN CLOSING

Amendments to the Legal Agreement

Reallocations

147. The Bank and the borrower are jointly responsible for ensuring that project management and [disbursement arrangements](#) meet the needs of the project during implementation. This chapter explains how project implementation issues can affect disbursement arrangements and the actions that the Bank and the borrower can take. It also discusses project completion issues and what the Bank and the borrower can do to ensure an orderly closing of the loan account.

Disbursement Issues during Project Implementation

148. The [General Conditions](#) specify that the Bank has the right to make certain changes to the [legal agreement](#) by notice to the borrower. Such changes include extending the [closing date](#) to permit continued loan withdrawals,²¹ reallocating funds, or reducing [disbursement percentages](#) to meet the financing needs of the expenditures in a category.²² Other amendments to legal agreements are made by agreement between the borrower and the Bank, including any increase in a disbursement percentage. Changes that will significantly affect a project's design or scope may also require approval by the Bank's executive directors.

149. Actual progress of a project during implementation may differ from the original estimates for many reasons. Frequently, the implication for disbursement is the reallocation of some funds from one [expenditure category](#) to another. Although the Bank may reallocate funds by notice to the borrower as indicated in

²¹ See IBRD General Conditions and IDA General Conditions (2005), Definitions, "Closing Date."

²² See IBRD General Conditions and IDA General Conditions (2005), section 2.08.

Changes to Disbursement Arrangements

Determination of Ineligible Expenditures

the previous paragraph, in most cases funds are reallocated after progress of the project is reviewed with the borrower during supervision.

Note: To avoid any delay in disbursements for additional expenditures under a category that has been or is about to be fully disbursed, borrowers should initiate discussions about the reallocation of funds sufficiently ahead of time for the loan proceeds to be reallocated from another expenditure category.

150. The need for a change to disbursement arrangements may arise because of changes in project needs, changes in financial management and procurement arrangements, or changes in the adequacy of financial management or procurement arrangements (e.g., an increase or decrease in assessed risk). When modifications to the disbursement methods and/or supporting documentation are required, the new arrangements are discussed by the borrower and the Bank. If the disbursement arrangements for the loan are governed by the [disbursement letter](#) and [Disbursement Guidelines](#) (as is the case for most loans negotiated after July 1, 2005), the Loan Department issues a new disbursement letter. For other loans (i.e., those not governed by the disbursement letter and Disbursement Guidelines), an amendment to the disbursement provisions in the legal agreement may be required.

151. Ineligible expenditures include the following:

- items not covered by the project and category descriptions in the legal agreement;
- items not procured in accordance with the procurement plan and agreed procurement procedures;
- payments made before the legal agreement date or, for projects with [retroactive financing](#) provisions, before the earlier date specified in the legal agreement;
- payments made for expenditures incurred after the [closing date](#), except as otherwise agreed with the Bank (see the section on “[Loan Account Closing](#)”);
- expenditures for which the borrower has been unable to provide sufficient and appropriate evidence.²³

152. As provided in the Disbursement Guidelines, section 7, when the Bank determines that an ineligible expenditure has been financed by loan proceeds, the Bank may require the borrower to (a) refund the amount to the Bank or to the designated account; or (b) in exceptional circumstances, provide [substitute documentation](#). The [task team](#) decides on the appropriate course of action, taking into account the size of the ineligible expenditure and the

²³ For projects in countries without approved [country financing parameters](#), see [appendix I](#) for specific ineligible items.

Noncompliance with Audit Covenants

borrower's previous performance. The task team notifies the borrower of its findings, specifying the nature of the ineligible expenditure and requesting a refund or substitute documentation within a specified period of time (see the section on "[Refunds](#)" later in this chapter).

153. If the borrower does not provide acceptable [audited financial statements](#) to the Bank as required by the legal agreement, the Bank may implement certain restrictions. After four months, the Bank may discontinue the use of [summary reports](#) (i.e., [interim unaudited financial reports](#) and [statements of expenditure](#)) as supporting documentation for applications for withdrawal until such time as the borrower provides the audited financial statements. The Bank may also withhold additional [advances](#) to the [designated account](#). After nine months following the due date, the Bank may [suspend](#) all disbursements on that loan.

Note: When the Bank has discontinued the use of summary reports as a result of the borrower's non-compliance with audit covenants in the legal agreement, the Bank may also decide not to accept applications for withdrawal that would ordinarily have been supported by summary reports but for which the borrower now wishes to provide records. See subsection 4.5 of the Disbursement Guidelines.

154. If the audited financial statements reveal major deficiencies in internal controls, including inadequate evidence that funds have been used for eligible expenditures, the Bank may suspend disbursements on that loan until it is satisfied that the borrower and the project implementing entities have taken adequate remedial action.

Suspension of Disbursements

155. When a borrower fails to comply with the conditions specified in the legal agreement, the Bank may suspend disbursements. Suspension may apply to an entire loan, to a component of that loan, or to several loans. In the case of defaults related to debt service, the Bank's policy is to suspend disbursements on all loans to, or guaranteed by, the member country.²⁴ The Bank notifies the borrower in writing whenever disbursements are suspended and gives details of any items that the Bank may, at its discretion, exempt from the suspension. Payments against [special commitments](#) are not subject to suspension. (See also the section on "[Designated Accounts during Suspension of Disbursements](#).")

Refunds

156. The Bank may request the borrower to refund the disbursed proceeds of a loan to the Bank. The following are the most common reasons for a refund:

²⁴ See chapter IV, "Overdue and Sanction Policy," in the *World Bank Debt Servicing Handbook* for additional details.

- excess funds in a designated account that are not needed for project implementation;
- unused funds remaining in a designated account at the end of a project;
- borrower error, for example, the same expenditure claimed more than once;
- World Bank error, for example, payment made for the wrong amount;
- expenditures deemed ineligible for financing under the loan during a subsequent Bank review or audit;
- declaration of [misprocurement](#) when payments have already been made against the misprocured contract.

157. The Bank consults with the borrower on the need for a refund. The Bank provides the borrower with payment instructions for the Bank's account at its depository bank and gives the borrower the appropriate reference (i.e., the loan number and withdrawal authorization number) to cite. The Bank reserves the right to cancel the refunded amount or to recredit it to the loan account to be made available to meet future [eligible expenditures](#) incurred under the operation. For amounts refunded pursuant to a declaration of misprocurement, the amount is always cancelled. For small amounts refunded after the loan account has been closed, the Bank reserves the right to apply the refunded amount to debt service.

158. Amounts refunded to the Bank are credited to the loan account on the value date of receipt of the refund when the refund is made in the currency of commitment of the loan. When a refund is made in another currency, the Bank—acting as the borrower's agent—purchases the currency of the loan and the refund is credited to the loan account on the settlement date of such purchase. The borrower normally bears the foreign exchange risk between the date of withdrawal from the loan account and the date of the refund. If, however, excess withdrawal was caused by a Bank error, the refund is credited back to the loan account in the full amount charged on the date of withdrawal.

159. In accordance with the Disbursement Guidelines, subsection 8.1, the borrower also has the right to refund to the Bank all or any amount of the loan on deposit in the designated account. (See also the section on "[Excess Advances](#)" in chapter V and note that the borrower can, upon notice to the Bank, also initiate the refund of an [excess amount](#).)

Cancellations

160. Under the [General Conditions](#),²⁵ borrowers may, by notice to the Bank, cancel any amount of the loan balance that has not been withdrawn. The borrower may not cancel amounts reserved against a special commitment.

²⁵ See sections 7.01 and 6.01, respectively, of the IBRD General Conditions and IDA General Conditions (2005).

Closing Date Management

Disbursement Deadline Date

161. The Bank may also cancel any amount of the loan in accordance with the provisions of the General Conditions for reasons related to, among others, continuing suspension of disbursements, savings in project costs, misprocurement, and expiry of the closing date.²⁶ The Bank may not cancel amounts reserved against special commitments.

162. [Cancellation](#) notices specify the date of the cancellation, that is, the date from which commitment charges stop accruing on the cancelled amount.²⁷

Loan Account Closing

163. The loan [closing date](#) is established on the basis of the anticipated project completion date, which is normally specified in the [project appraisal document](#). All eligible expenditures required for the project must be incurred by the loan closing date. When implementation has been delayed, the Bank may extend the closing date, usually after consultation with or at the request of the borrower.

164. To facilitate orderly project closing, the Bank may agree to accept [applications for withdrawal](#) of loan proceeds or supporting documentation for a period of up to four months after the closing date for eligible expenditures incurred on or before the closing date. The deadline for receiving applications and supporting documentation is known as the [disbursement deadline date](#) and can be agreed at the beginning of the project or as the project approaches the closing date. The disbursement deadline date is indicated in the disbursement letter or other notification by the Bank.

165. Recognizing that circumstances beyond the borrower's control may affect its ability to complete the provision of all applications and supporting documentation by the disbursement deadline date, the Bank may, on an exceptional basis, consider an extension of up to an additional two months. The borrower must notify the Bank as soon as the delay is identified, but no later than the disbursement deadline date, specifying the reason for the delay and the estimated time required to provide remaining applications for withdrawal and supporting documents. The Bank reserves the right not to accept requests for extension that it considers to be unreasonable or due to the borrower's poor management of the closing process.

²⁶ See articles VII and VI, respectively, of the IBRD General Conditions and IDA General Conditions (2005).

²⁷ For information about how cancellations affect debt service schedules, see the *World Bank Debt Servicing Handbook*.

Payment of Final Audit Fees after the Closing Date

166. When audit fees are eligible expenditures for the project, special arrangements may be required for payment from the loan account of the fee for the final audit under the project, which is normally completed and paid for only after the loan closing date. For the final audit fee to be eligible for withdrawal from the loan account, (a) the borrower should sign a contract for the final audit prior to the closing date, and (b) the contract should be a lump sum or fixed price contract that requires completion of the final audit within six months of the end of the fiscal year in which the final disbursement was made under the loan.

167. If the audit work is completed and billed before the disbursement deadline date, the borrower can claim actual audit costs in an application for direct payment to the auditor, request reimbursement if the borrower has already made the payment, or pay for the work from any monies remaining in the designated account. The borrower sends an application for withdrawal together with supporting documentation, including a copy of the contract and terms of reference for the audit.

168. If the audit work cannot be completed before the disbursement deadline date, payment may be made into an escrow account prior to the disbursement deadline date. Procedures for establishing an escrow account and a sample letter of agreement are shown in [annex I](#). After establishing the escrow account, the borrower sends an application for withdrawal together with supporting documentation, including a copy of the contract, the terms of reference for the audit, and the letter of agreement. If the Bank does not receive the [audited financial statements](#) within the time stipulated, it may request a refund of the fee. The Bank notifies the borrower of the amount to be refunded.

169. If the borrower does not have access to an escrow mechanism, the task team and the Loan Department should be contacted to discuss available options as soon as possible prior to the closing date.

Contract Issues at Closing

170. Two issues that may require attention at the time of closing are (a) [retention monies](#) on contracts that have been completed successfully on or before the closing date, but for which the warranty period goes beyond the closing date; and (b) pending payments on contracts.

171. **Retention Monies.** Retention monies are normally eligible for withdrawal from the loan account at the end of the contract warranty period or another specified date (e.g., one year from the date of the original invoice). When the warranty period goes beyond the closing date, the Bank will accept retention money as an eligible expenditure if (a) the contract for the works has been completed and the works have been provisionally accepted before the loan closing date; and (b) the contract provides for the option of replacing the retention money with an on-demand bank guar-

Designated Account Issues at Closing

antee or other suitable performance security. The borrower sends an application for withdrawal together with supporting documentation that normally includes evidence of provisional acceptance and a copy of the bank guarantee. Procedures for disbursement of retention money after the closing date are in [annex J](#). If the borrower needs additional time for the contractor to supply the on-demand bank guarantee, the Bank may consider extending the closing date.

172. Pending Payments on Contracts. The borrower is accountable for managing and monitoring all contracts required for the project. The borrower is responsible for ensuring that all payments due on contracts completed by the closing date are made and all outstanding issues are resolved by the disbursement deadline date. The task team also monitors and verifies the status of contract payments throughout project implementation.

173. To facilitate orderly closing of the loan account, the Bank may alert the borrower to any pending payment issues of which it is aware before the closing date. The Bank may decide, in consultation with the borrower, not to close the loan account if it is aware of pending payment issues or any contract disputes remaining unresolved after the disbursement deadline date.

174. The Bank must receive reporting on the use of all loan proceeds advanced to a designated account, or a refund of the undocumented balance, before it closes the loan account. Normally, all documentation should be provided to the Bank on or before the disbursement deadline date. The Bank requests a refund of any undocumented balance immediately after the disbursement deadline date, and the borrower must comply with the request within two months of this date or face Bank actions for [lapsed loans](#). Bank actions triggered by such lapsed loans include not accepting the use of designated accounts under the borrower's new projects until such time as the refund is received (see the Disbursement Guidelines, subsection 5.2).

VIII

DISBURSING FOR DEVELOPMENT POLICY LOANS

175. Development policy lending is quick-disbursing financing to support policy and institutional reforms. [Operational Policy/Bank Procedure 8.60, Development Policy Lending](#), provides the Bank's policies and procedures that govern this lending instrument.

Overview

176. Under a [development policy loan](#), the borrower usually commits not to use the funds for ineligible purposes specified in a standard list of ineligible expenditures. Development policy loans normally do not link loan proceeds to pre-identified expenditures of the borrower.

177. The Bank disburses development policy lending funds in one or more stages (tranches). Tranches are disbursed against satisfactory implementation of the development policy lending program, including compliance with tranche release conditions and maintenance of a satisfactory macroeconomic policy framework.²⁸

Fiduciary Arrangements

178. During preparation and appraisal, the [task team](#) determines the account into which loan proceeds will be disbursed. The Bank normally disburses the loan proceeds into an account that is part of the country's official foreign exchange reserves, usually held by the central bank,²⁹ and requires the borrower to credit an amount

²⁸ See [annex B](#) for a comparative summary of the project documents, key dates, and disbursement arrangements relevant to investment loans and development policy loans.

²⁹ If available, the Bank's task team draws on the International Monetary Fund's most recent safeguards assessment of the country's central bank.

Articles of Agreement

General Conditions

equivalent to the loan proceeds to an account of the government available to finance budgeted expenditures (e.g., consolidated fund, single treasury account). The task team seeks assurance from the borrower that an equivalent amount of the loan proceeds has reached the country's foreign exchange reserves and the budget. (For additional information, see the [Development Policy Lending Good Practice Notes](#), prepared for Bank staff but also available for clients.)

179. In some circumstances (e.g., when the Bank has inadequate knowledge of the central bank's control environment or budget management system or when an acceptable plan to deal with identified financial management weaknesses is not in place), the task team considers additional fiduciary arrangements. These could include

- disbursing the loan proceeds into a [dedicated account](#) or accounts to ensure that the amount disbursed by the Bank reaches a specific deposit account or accounts used exclusively for the intended operation,
- requiring the dedicated account or accounts to be audited,
- agreeing on specified purposes and/or expenditures for which loan proceeds may be used.

Key Documents

180. The documents discussed in the following subsections are available on the Bank's external (<http://www.worldbank.org>) and [Client Connection](#) (<http://clientconnection.worldbank.org/>) Web sites and through links in this chapter.

181. The [Articles of Agreement of IBRD and of IDA](#), signed by all member countries of the respective institutions, are the institutions' governing charters. The Articles require that the institutions make arrangements to ensure that loan proceeds are used only for the purposes for which the loan was granted and that the borrower may only withdraw loan proceeds to meet expenses in connection with the project as they are actually incurred (IBRD Articles, Article III, Section 5; IDA Articles, Article V, Section I). The Articles also stipulate that Bank loans should finance specific projects, except in special circumstances.³⁰ For development policy operations, the executive directors approve each operation after considering whether it meets the special circumstances provision of the Articles.

182. The General Conditions for Loans and the General Conditions for Credits and Grants set forth certain terms and conditions generally applicable to loan agreements and credit and grant

³⁰ See *IBRD Articles*, article III, section 4 (vii), and *IDA Articles*, article V, section 1 (b).

Legal Agreement

Disbursement Letter

Program Document

agreements. The [General Conditions](#) include, among other things, provisions relating to the following topics:

- introductory provisions;
- withdrawals;
- IBRD loan or IDA financing terms;
- project execution;
- financial and economic data, negative pledge (for IBRD loans);
- [cancellation](#); suspension; [acceleration](#); grant refund (for IDA credits and grants);
- enforceability; arbitration;
- effectiveness; termination;
- miscellaneous provisions on matters such as notices and authority;
- definitions.

183. The General Conditions are incorporated by reference in all [legal agreements](#). For development policy operations, certain terms and definitions of the General Conditions will usually be modified or deleted as set out in the appendix to the operation's legal agreement.

184. For each loan, the Bank and the borrower enter into a legal agreement that includes the terms and conditions under which loan proceeds may be withdrawn, the provisions for disbursing loan proceeds, and the borrower's undertaking not to use loan proceeds to finance excluded expenditures as defined therein.

185. A [disbursement letter](#) is normally not prepared for development policy operations. The Bank may, however, decide to use a disbursement letter in circumstances when such additional instructions would clarify or expand on the proposed procedures for withdrawal from the [loan account](#). For example, a disbursement letter might be appropriate if the operation

- includes the clearance of arrears;
- involves subnational entities;
- involves a borrower with little or no experience with the Bank's development policy procedures;
- requires that loan proceeds be used for specified purposes.

186. If the Bank and the borrower agree that a disbursement letter is appropriate, a draft of the letter is included in the negotiations package and discussed and finalized during negotiations. The Bank issues the disbursement letter together with the signed legal agreement.

187. For each development policy operation proposed for Bank financing, the Bank prepares a program document that describes and appraises the operation.

Other Useful Documents

188. Users of this handbook may also be interested in the [World Bank Debt Servicing Handbook](#), which provides detailed information about the World Bank's lending instruments, the [Project Preparation Facility](#), the Bank's financial products and terms, the policy on overdue payments and sanctions, the partial waiver of loan charges policy, and the Bank's billing procedures.

Key Dates

189. Table 11 shows the key dates for a development policy operation.

Withdrawal of Loan Proceeds

190. Following loan effectiveness, [Loan Department](#) staff process disbursements under development policy loans upon receipt of an [application for withdrawal](#) from the borrower and a copy of the Bank's notification to the borrower that the conditions of the tranche release have been met. When the loan has multiple tranches, each tranche is subject to fulfillment of the related tranche release conditions and maintenance of an appropriate macroeconomic policy framework. Table 12 describes the procedures for withdrawing loan proceeds.

Table 11. Key Dates for a Development Policy Operation

Event	Explanation
Loan approval date	The date the Bank approves the loan for the project.
Legal agreement date	In most cases, the date the borrower and the Bank sign the legal agreement.
Effective date	The date on which the Bank provides notice to the borrower of the Bank's acceptance of the evidence required to show conditions of effectiveness under the legal agreement have been met, and on which the legal agreement enters into effect. Disbursements may be made from the loan account as of this date, as long as the borrower has met the tranche release conditions.
Closing date	The date specified in the legal agreement (or later date established by the Bank by notice to the borrower) after which the Bank may, by notice to the borrower, terminate the borrower's right to make withdrawals from the loan account and cancel any undisbursed balances of a loan.
Disbursement deadline date	Same as the closing date.

Table 12. Applying for a Tranche Payment

Application step	Requirement
What form should be used?	Application for withdrawal, form 2380. ^a
What sections of the form should be completed?	Section A, B, and D.
Who should sign the form?	The authorized representative of the borrower or the official delegated for this purpose.
What supporting documentation should be provided to the Bank?	Usually none; however, the Bank may require supporting documentation in cases where the Bank and the borrower have agreed that the loan proceeds will be used for specified purposes as defined in the legal agreement. In such cases a disbursement letter is prepared and specifies the supporting documentation.
Where should the application be sent?	In most cases, when paper forms are used, the application for withdrawal is delivered to the World Bank's country office for electronic transmission to the Loan Department. To expedite payment to the borrower, the Loan Department will accept a faxed or scanned copy of the original application for withdrawal provided it is sent by the Bank's country manager (or other senior designated official), who confirms the details of the application and that the original application is being sent to the Loan Department by courier.
When is the disbursement made?	The disbursement is made immediately on approval of the application by the Loan Department.

^a. This new application form replaces the earlier form 1903A. The Bank will continue to accept, for a transition period, printed application forms previously provided to borrowers (see [appendix III](#)).

Note: The Bank is developing an online functionality that will allow electronic delivery of application forms and supporting documentation through Client Connection and that will fulfill the signature requirements for such purposes. These advanced electronic features will be made available to registered Client Connection users after an initial pilot period, currently scheduled for November 2006.

Other Disbursement Issues

191. IBRD loan terms allow for [front-end fees](#) to be paid by the borrower or to be financed under the loan. When they are financed under the loan, the Bank withdraws the amount of the front-end fee payable to the Bank from the loan account on the [effective date](#) of the loan or, in the case of a loan with a [deferred drawdown option](#), on the date of the withdrawal from the loan account. This amount³¹ is credited to the Bank as payment of the front-end fee due.

³¹ In the case of a deferred drawdown option, the amount of the front-end fee credited is in proportion to each withdrawal from the loan account.

Front-End Fees and Other Loan Charges

Deferred Drawdown Option for IBRD Borrowers

Closing Date

192. When the Bank and the borrower have agreed that other loan charges will be financed under the loan (e.g., conversion fees for IBRD loans), the Bank withdraws the amount of the charge payable to the Bank from the loan account on the transaction settlement date. The Bank handles these processes automatically.

193. A deferred drawdown option allows IBRD-eligible borrowers to postpone the drawdown of development policy loan proceeds. Loans with this option have a drawdown period of three years, beginning from the date of the legal agreement, during which the borrower may elect to draw down the loan in one or more tranches when a financing need arises provided that (a) the macroeconomic policy framework remains satisfactory, and (b) the borrower continues to adhere to the agreed development policy program. The Bank may extend the drawdown period for up to an additional three years provided that implementation of the reform program and the macroeconomic policy framework remain satisfactory.

194. For loans with deferred drawdown options, the borrower must have met tranche release conditions prior to loan approval. When the borrower requests a disbursement, the Bank must reconfirm that the drawdown conditions continue to be met before loan proceeds can be disbursed. If the Bank has not previously had to advise the borrower of the need for a subsequent review to confirm that both conditions are met as a prerequisite for a drawdown, the task team would quickly reconfirm whether the two conditions remain satisfied. If the Bank had previously advised the borrower of the need for a subsequent review, the task team conducts a full review of the macroeconomic policy framework and overall program implementation as soon as possible following receipt of the borrower's drawdown request. If Bank staff determine that the borrower does not meet one or both drawdown conditions, the borrower is promptly advised of the reasons for this determination. The general policies and procedures on waivers of conditions apply.

195. Normally, no withdrawals may be made from the loan account after the [closing date](#). The [disbursement deadline date](#) is always the same as the closing date.

ANNEX A

GLOSSARY OF TERMS¹

Acceleration: Refers to the events specified in the General Conditions the occurrence of which may lead the Bank to declare all or part of the withdrawn loan balance (and other loan payments) to be immediately due and payable.

Advance: Loan proceeds the World Bank has deposited into the borrower's designated account to finance eligible expenditures as they are incurred and for which supporting documents will be provided at a later date.

Applicable exchange rate: An exchange rate established by the World Bank for each currency for the valuation of all transactions in that currency on a particular value date.

Application for a special commitment: A form used by the borrower for the commitment of loan proceeds in accordance with the provisions of a loan.

Application for withdrawal: A form used by the borrower to request the withdrawal of loan proceeds from the loan account and/or to document expenditures paid from a designated account in accordance with the provisions of a legal agreement.

Audited financial statements: The financial statements reflecting the project's operations, resources, and expenditures required to be prepared pursuant to the legal agreement as audited by independent auditors in accordance with consistently applied auditing standards acceptable to the Bank.

Authorized signature: An authenticated signature or signatures of the officials authorized pursuant to the legal agreement to sign applications for withdrawal and for a special commitment. The borrower must provide these to the World Bank before loan proceeds may be withdrawn or committed.

Bank: IBRD, or, where the context requires, IDA. In this handbook, the term Bank and World Bank are often used interchangeably.

Borrower: The party to the loan or financing agreement to which the World Bank extends a loan, credit or grant.

Borrower systems: The borrower's own institutions, laws, regulations, rules, and procedures used to record transactions and periodically summarize and report on them.

Cancellation: The termination, pursuant to the legal agreement, of the borrower's right to withdraw all or part of the undisbursed balance of a loan.

Ceiling: The maximum amount of loan proceeds that may be on deposit in a designated account at any given time. The ceiling may be a fixed amount or an amount that is adjusted from time to time based on periodic forecasts of project cash flow needs.

Closing date: The date specified in the legal agreement (or later date established by the Bank by notice to the borrower) after which the World Bank may terminate the right of a borrower to make withdrawals from the loan account and cancel any undisbursed balance of the loan.

Cofinancing: Financing, besides the loan, that is referred to in the legal agreement and is provided or to be provided for the project.

Contract: An agreement between the borrower and a supplier and/or consultant to provide goods or services for an agreed fee.

Cost currency: The currency the World Bank uses to purchase the currency to be paid to or on the order of the borrower as requested in the application for withdrawal.

¹ The terms in this glossary are provided in the context of this handbook and are not meant to supersede the formal definition of any of such terms provided in the General Conditions and/or legal agreements relevant to specific operations, or in Bank policy.

Cost sharing: The proportion of a project to be financed by the World Bank, the borrower, and any cofinanciers. For countries with country financing parameters, the Bank's maximum cost-sharing percentage for a project is specified in the country financing parameters.

Country financing parameters: The parameters for World Bank financing for projects in each country. They cover (a) cost sharing, (b) financing of recurrent costs, (c) financing of local costs, and (d) financing of taxes and duties.

Currency of commitment: The currency in which the loan is denominated. For IBRD borrowers, this is the loan currency or currencies set forth in the legal agreement. For IDA borrowers, this is special drawing rights.

Currency of expenditure: The currency in which the borrower pays for an eligible expenditure.

Dedicated account: The deposit account or accounts established for holding loan proceeds or counterpart funds under a development policy loan. Normally used only when the Bank requires additional steps to secure acceptable fiduciary arrangements.

Deferred drawdown option: An option available under development policy loans for IBRD-eligible borrowers to postpone the drawdown of loan proceeds.

Designated account: The account into which an advance of the loan proceeds is deposited and from which the borrower may pay contractors, suppliers, and others to cover eligible project expenditures as they are incurred. Previously called a special account and limited to holding World Bank loan proceeds.

Development policy lending: Quick-disbursing World Bank financing to support policy and institutional reforms.

Direct payment: Disbursement by the World Bank from the loan account, at the borrower's request, directly to a third party (e.g., supplier, contractor, consultant) for eligible expenditures.

Disbursement: The withdrawal of loan proceeds by the World Bank from the loan account upon the borrower's provision of an application for withdrawal and the Bank's clearance of the application.

Disbursement arrangements: Arrangements for secure, efficient, and cost-effective delivery of loan proceeds that include the methods used for payment to the borrower or to third parties and

the supporting documentation to be provided to the Bank as evidence of the use of loan proceeds. Disbursement arrangements are sometimes more broadly defined to include the expenditures eligible for financing from the loan and the expenditure categories and disbursement percentages for a loan.

Disbursement condition: A condition specified in the legal agreement that needs to be met before the borrower may withdraw an amount of a loan. Normally, the condition applies to the first disbursement under a specific expenditure category. In the legal agreement, this condition is referred to as a withdrawal condition.

Disbursement currency: The currency in which the borrower has requested a withdrawal.

Disbursement deadline date: The final date on which the World Bank will accept applications for withdrawal from the borrower or documentation on the use of loan proceeds already advanced by the Bank, which is usually up to four months after the loan closing date. Expenditures incurred between the closing date and the disbursement deadline dates are not eligible for disbursement except as otherwise agreed with the Bank.

Disbursement Guidelines: The *World Bank Disbursement Guidelines for Projects*, issued on September 30, 2005, and revised May 1, 2006, and applicable to investment projects.

Disbursement letter: Additional instructions, as referenced in the legal agreement, that the World Bank issues to the borrower describing the disbursement arrangements for withdrawing proceeds from the loan account under the particular investment operation.

Disbursement methods: Methods that the World Bank uses to disburse loan proceeds from the loan account (i.e., reimbursement, advance, direct payment, special commitment).

Disbursement percentage: The percentage of eligible expenditures to be financed under a project.

Documentation: A general term used to indicate the supporting evidence for a decision or action taken or to be taken. In an accounting context, documentation generally refers to supporting documents such as records (vendor invoices, payment acknowledgement, shipping advice, etc.) or summary reports of expenditures to support a payment, refund, accounting entry, or other accounting event (see the definitions for records, supporting documentation, and summary reports).

Effective date: The date on which the Bank provides notice to the borrower of the Bank's acceptance of the evidence required to show the conditions of effectiveness under the legal agreement have been met, and on which the legal agreement enters into effect. Withdrawals may be made from the loan account as of this date, i.e., disbursements may begin.

Eligible expenditures: Expenditures which are eligible, pursuant to the legal agreement, to be financed out of the proceeds of the loan

Excess advance/excess amount: Amount deposited in the designated account that is not required in the near future to cover payments for eligible expenditures.

Expenditure category: A category of eligible expenditures that may be financed out of the proceeds of the loan.

Financial institution: The commercial bank, central bank, or other institution that meets the criteria in the Disbursement Guidelines for holding a designated account.

Force account: Civil works executed by a local government agency of the borrower using its own labor force.

Front-end fee: The fee the IBRD charges borrowers for a loan, which is payable on the effective date of the loan, and at the borrower's discretion and as specified in the legal agreement may be financed out of the loan proceeds.

General Conditions for Credits and Grants: The standard terms and conditions made applicable to the financing agreement between the recipient of the financing and IDA, pursuant to the terms of such agreement.

General Conditions for Loans: The standard terms and conditions made applicable to the loan agreement between IBRD and the borrower, pursuant to the terms of such agreement.

Interim unaudited financial reports: The financial reports that the borrower periodically provides to the World Bank in accordance with the legal agreement, and that reflect all project activities, financing, and expenditures, including counterpart funds, funds from other donors, and contributions in kind. The borrower may use these reports to support disbursement requests.

Intermediary bank: The bank, generally located in the country whose currency is being used for payment, which carries out the transfer of funds to the payment beneficiary's bank.

Lapsed loan date: Date occurring two months after the disbursement deadline date, by which all

undocumented advances to the designated account must be refunded to the Bank and after which the Bank may decline to allow the use of designated accounts for new loans.

Legal agreement: The agreement between the Bank and the borrower that sets forth the terms and conditions of the loan made by the Bank. In this handbook, the term is intended to include loan agreements between IBRD and borrowers that provide for IBRD loans, financing agreements between IDA and recipients that provide for IDA credits and grants, and recipient-executed grant agreements between the World Bank and recipients that provide for grants made from trust fund resources in those cases when the grant agreement provides for the same disbursement arrangements as for IBRD loans. Where the context requires, the term may also refer to the project agreement entered into between the Bank and a project implementing entity for the carrying out of all or part of the project.

Letter of credit: A letter from a commercial bank guaranteeing that a purchaser's payment to a supplier will be processed on time and for the correct amount as soon as required conditions have been met (see the entry on special commitment).

Loan: In this handbook, refers to IBRD loans, IDA credits and grants, and grants funded out of Bank administered trust funds, and cofinanciers' loans or grants executed by the recipient and administered by the Bank, in those cases when the agreement provides for the same disbursement arrangements as for IBRD loans.

Loan account: The account opened by the World Bank in its accounting system in the name of the borrower to which the amount of the loan is credited.

Loan currency: The currency of denomination of the loan as specified in the legal agreement.

Loan Department: The department in the World Bank that is accountable for the adequacy of disbursement arrangements and that administers the disbursement of funds for all Bank lending operations and recipient-executed grants.

Loan disbursing period: The period from the date of the legal agreement, or an earlier date specified in the legal agreement if retroactive financing is permitted, until the closing date or, where applicable, the disbursement deadline date.

Minimum value: An amount established by the World Bank below which applications for reimbursement, direct payment and/or special commit-

ment will not be accepted. The amount is established for each method in each operation and is stated in the disbursement letter.

Misprocurement: A declaration by the Bank that goods, works, or services have not been procured in accordance with the agreed provisions in the legal agreement and as further elaborated in the procurement plan.

Negotiating bank: The commercial bank, usually in the supplier's country, that issues, advises, or confirms a letter of credit and claims payment against the Bank's special commitment.

Opening bank: The commercial bank, usually in the borrower's country, that opens a letter of credit and acts for the borrower in dealing with a supplier's bank.

Prior review: The World Bank's review of procurement documents, bid evaluations, award recommendations, and contracts to ensure that the procurement process is carried out in accordance with the procedures referred to in the legal agreement.

Project agreement: Agreement between the Bank and a project implementing entity which is responsible for implementing all or part of a project.

Project appraisal document: For each investment project proposed for Bank financing, the document that sets forth the World Bank staff's appraisal and assessment of the feasibility of, and justification for, the project.

Project cycle: The various stages of a World Bank financed project from identification through evaluation.

Project implementing entity: A legal entity (other than the borrower or the guarantor) which is responsible for implementing all or part of the project and which has entered into a project agreement with the Bank for the purpose.

Project preparation advance: Loan proceeds advanced to a borrower by the World Bank to support (a) preparatory activities for investment operations, including preliminary and detailed designs and limited initial implementation activities; and (b) preparation of programs to be supported by development policy lending operations.

Project Preparation Facility: The facility established by the Bank for providing project preparation advances.

Recipient: The entity to which the Bank makes an IDA grant or a grant financed out of trust funds provided by other financing sources and administered by the Bank.

Records: The source documents evidencing the payment of eligible expenditures for a project (e.g., contracts, orders, invoices, bills, receipts).

Reimbursement: Disbursement by the World Bank from the loan account upon receipt of documentation to reimburse the borrower for eligible expenditures prefunded by the borrower out of its own resources.

Remedy: An action which the Bank may take, pursuant to the legal agreement, upon the occurrence of a particular event. The event may involve failure by the borrower to comply with its obligations under the legal agreement, or it may involve other events. The Bank's normal remedies include suspension or cancellation of unwithdrawn amounts of the loan, acceleration or refund of withdrawn amounts of the loan.

Reporting period: An interval specified by the Bank in the legal agreement (e.g., quarterly, trimesterly) for the borrower to provide interim unaudited financial reports to the Bank. Also, the interval specified in the disbursement letter for reporting on the use of loan proceeds advanced to a designated account.

Retention monies: Funds withheld from a supplier by the borrower pending successful completion of the contract warranty period or until another specified date (e.g., one year from the date of the original invoice).

Retroactive financing: Financing of eligible expenditures paid by the borrower prior to the date of the legal agreement but on or after the retroactive financing date specified in the legal agreement.

Special commitment: An irrevocable commitment by the World Bank and/or cofinancier made at the request of the borrower that undertakes to reimburse a commercial bank for payments it makes to a supplier against a letter of credit (see the entry on letter of credit).

Special drawing rights: The basic equivalence currency that the International Monetary Fund uses as an accounting currency and that IDA has used as the currency of commitment for credits since 1980 and thereafter for grants.

Statement of expenditure: An itemized statement summarizing eligible expenditures incurred during a stated period based on individual transactions. The expenditures are normally grouped by expenditure category.

Substitute documentation: Documentation evidencing payment of eligible expenditures provided to the Bank to replace previously presented

supporting documentation that was found, in whole or in part, to be for ineligible expenditures.

Summary report: An interim unaudited financial report or statement of expenditure used as supporting documentation for disbursement.

Supporting documentation: Documentation required by the legal agreement and provided to the World Bank to show that loan proceeds previously withdrawn (for advances) or being withdrawn (for reimbursements or direct payments) from the loan account have been or are being used to finance eligible expenditures.

Suspension of disbursements: A remedy exercised by the Bank pursuant to the legal agreement, consisting of a suspension of the borrower's right to make withdrawals from the loan account upon the occurrence of an event referred to in the

legal agreement. Suspension may apply to all or a portion of the unwithdrawn amount of the loan, or of several loans.

Task team: The Bank team responsible to work with the borrower throughout the project cycle. The team includes the team leader (the Bank's principal point of contact for the borrower for the project), the financial management specialist, the procurement specialist, the finance officer, the country lawyer and other technical specialists, as required.

Trust fund: A fund administered by the Bank in accordance with the terms of an agreement with a donor.

Value date: The date the World Bank uses to determine the amount to be charged to the loan account, e.g., the date a payment is made to a beneficiary.

ANNEX B

SUMMARY TABLE OF DOCUMENTS, KEY DATES, AND DISBURSEMENT ARRANGEMENTS RELEVANT TO INVESTMENT LOANS AND DEVELOPMENT POLICY LOANS

Item	Investment loans	Development policy loans
Documents		
Articles of Agreement of IBRD and IDA	The governing charters of IBRD and IDA are the respective Articles of Agreement of each institution, signed by all member countries. The respective Articles require that IBRD and IDA make arrangements to ensure that loan proceeds are used only for the purposes for which the loan was granted.	
General Conditions for Loans General Conditions for Credits and Grants	The General Conditions for Loans and General Conditions for Credits and Grants set forth certain terms and conditions of loan agreements, and credit and grant agreements respectively.	
Disbursement Guidelines	The World Bank Disbursement Guidelines for Projects , issued in September 2005, and revised May 1, 2006, set out the standard provisions governing the withdrawal of loan proceeds from the loan account.	Not applicable.
Project/program documentation (note, there may be other project and program documents)	The project appraisal document sets out, among other things, the standard considerations, design provisions, fiduciary arrangements, and specific outcomes expected for each operation.	The program document sets out, among other things, the standard considerations, design provisions, fiduciary arrangements, and specific outcomes expected for each operation.
Legal agreement	The agreement between the Bank and the borrower that sets forth the terms and conditions of the loan made by the Bank.	
Disbursement letter	The disbursement letter is a notification from the Bank to the borrower that provides additional instructions on the disbursement arrangements to be used for a specific operation.	Normally not required.

(continued on next page)

Item	Investment loans	Development policy loans
Key dates		
Loan approval date	The date the Bank approves the loan for the operation.	
Legal agreement date	<p>In most cases, the date the borrower and the Bank sign the legal agreement.</p> <p>All eligible project expenditures paid by the borrower from this date on may be reimbursed as soon as the legal agreement is declared effective by the Bank.</p>	<p>In most cases, the date the borrower and the Bank sign the legal agreement.</p> <p>For loans where the legal agreement provides a list of eligible expenditures for financing by the loan, see the entry in the investment loans column.</p>
Retroactive financing date	For projects that permit retroactive financing, the date specified in the legal agreement for determining payments eligible for reimbursement.	<p>Generally not applicable.</p> <p>For loans where the legal agreement provides a list of eligible expenditures for financing by the loan, see the entry in the investment loans column.</p>
Effective date	The date on which the Bank provides notice to the borrower of the Bank's acceptance of the evidence required to show the conditions of effectiveness under the legal agreement have been met, and on which the legal agreement enters into effect. Disbursements from the loan account may be made as of this date.	
Loan disbursing period	<p>The period during which expenditures must have been paid or incurred in order to be eligible for disbursement. The expenditures must be</p> <ul style="list-style-type: none"> paid on or after the legal agreement date (or for those projects that permit retroactive financing, paid on or after the retroactive financing date); incurred not later than the loan closing date. 	<p>The period during which tranche release conditions must be met (i.e., after the effective date and before the closing date).</p> <p>For loans where the legal agreement provides a list of eligible expenditures for financing by the loan, see the entry in the investment loans column.</p>
Closing date	The date specified in the legal agreement (or later date established by the Bank by notice to the borrower) after which the Bank may, by notice to the borrower, terminate the borrower's right to make withdrawals from the loan account and cancel any undisbursed balances of a loan.	
Disbursement deadline date	The final date on which the Bank will accept applications for withdrawal from the borrower or documentation on the use of loan proceeds already advanced by the Bank, which is usually up to four months after the loan closing date.	The same as the closing date.

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ANNEX B – SUMMARY TABLE OF DOCUMENTS, KEY DATES, AND DISBURSEMENT ARRANGEMENTS RELEVANT TO INVESTMENT LOANS AND DEVELOPMENT POLICY LOANS

Item	Investment loans	Development policy loans
Disbursement arrangements		
Authorized signatory of applications for withdrawal	Legal agreements indicate the name of the borrower agency whose official representative is authorized to sign applications for withdrawal and applications for special commitments. The disbursement letter specifies the manner in which a delegation of authority must be communicated to the Bank in the event that the borrower's representative authorizes another party or parties to sign applications.	Legal agreements indicate the name of the borrower agency whose official representative is authorized to sign applications for withdrawal. In the event that the borrower's representative authorizes another party or parties to sign applications, the delegation of authority is communicated by sending an authorized signatory letter together with authenticated specimen signature(s) to the Bank.
Retroactive financing	For projects in countries for which the Bank has established country financing parameters, retroactive financing may be agreed for up to 20 percent of the loan amount. For projects where country financing parameters are not applicable, retroactive financing may be agreed for up to 10 percent of the loan amount.	Generally not applicable. For loans where the legal agreement provides a list of eligible expenditures for financing by the loan, retroactive financing may be agreed for up to 20 percent of the loan amount.
Basis for disbursements	Loan proceeds are disbursed for the eligible expenditures for the project.	Loan proceeds are disbursed against satisfactory implementation of the development policy lending program, including compliance with tranche release conditions and maintenance of a satisfactory macroeconomic policy framework. For loans where the legal agreement provides a list of eligible expenditures for financing by the loan, funds are disbursed for such eligible expenditures.
Deferred drawdown option	Not applicable.	This option permits the borrower to draw down the loan at any time during the draw-down period, provided drawdown conditions continue to be met. The initial drawdown period (normally three years) may be extended (for up to three years) if the Bank agrees.
Where the Bank disburses loan proceeds	<ul style="list-style-type: none"> Reimbursements are made to the borrower at the borrower's bank. Advances are made into a designated account for the project. Where the borrower's financial management system is assessed to be adequate for the purpose and there is a project need, the advances may be pooled with the borrower's funds or funds from development partners in an account for the operation. 	Disbursements of loan proceeds are normally made into an account that forms part of the country's official foreign exchange reserves (normally held by the central bank). An amount equivalent to the loan proceeds is credited to an account of the government available to finance budgeted expenditures. Where the Bank has identified weaknesses in the borrower's central bank control environment or budget management system, or when an acceptable action plan to deal with

(continued on next page)

Item	Investment loans	Development policy loans
Disbursement arrangements		
	<ul style="list-style-type: none"> • Direct payments are made to the supplier at the supplier's bank. • Payments under special commitments are made to the negotiating bank for the special commitment. 	<p>identified weaknesses is not in place, the Bank may require additional steps to secure acceptable fiduciary arrangements, e.g., requiring dedicated accounts for loan proceeds or counterpart funds.</p>

CLIENT CONNECTION WEB SITE

Client Connection is a secure Web site that offers governments, project implementing entities, and development partners for projects administered by the World Bank quick access to public and private information related to their lending activities as well as to the Bank's country analytic work. The main objectives of the Client Connection Web site are to support informed decision-making and to simplify the process of doing business with the Bank.

Client Connection provides up to date information related to the disbursement of funds and to procurement in World Bank projects. For example, by logging in, users can track the status of withdrawal applications they have delivered to the World Bank. In relation to procurement, users can provide documents to the World Bank requiring a "no objection" and track the status of each step in the procurement process. The Bank is developing additional functionality, including online delivery of requests for disbursement of project funds.

What Can I Access on Client Connection?

You can access confidential information about your projects and loan portfolio, including the following:

- status of individual loans, credits, grants, and trust funds;
- details of disbursements, loan charges, debt service, and bills;
- related legal agreements and project documents;
- details of procurement transactions.

You can also access reference data such as current and historic currency exchange rates and ap-

plication for withdrawal forms. The new application for withdrawal includes online guidance to support borrowers and project implementing entities.

How Do I Register for Client Connection?

You can register using either of the following methods:

- You can contact the Client Connection champion—a World Bank staff member responsible for assisting borrowers with Client Connection and training them in its use—for your country at your local Bank office and ask for the registration forms. To find out who the country champion for your country is, please contact your local Bank office or send an email to clientconnection@worldbank.org.
- You can log on to the home page of Client Connection at <http://clientconnection.worldbank.org> and click on the "Request Registration Information" link in the lower left-hand corner of the home page to request registration forms.

The World Bank requires each organization that would like to use Client Connection to name two liaisons who will be responsible for establishing individual accounts for its staff. Once the registration of the organization has been completed, the liaisons can click the "Account Management" link that appears on the top right of all Client Connection screens to update information about staff in their organization. A "Pending Tasks" screen will be displayed. Click the "Help" option shown on the left side and then the "Liaison User Guide" for detailed instructions on how to use this feature.

How Can I Provide Feedback?

The top and bottom of every Client Connection Web page has a feedback button. Please use this button to note issues and send comments and suggestions for improvement. We will respond as soon as possible.

New features are added regularly to Client Connection in response to requests from registered users. Be sure to click the “My Portfolio” page’s “What’s New?” icon for updates.

Where Do I Look in Client Connection?

You can use Client Connection to monitor the status of loans and your country’s portfolio.

A. How do I monitor my loan status? To access information about a specific loan, from the opening screen—the “My Portfolio” page—select a loan from the list of loans in your portfolio or, in the “Select” box, enter the “Financier” and “Loan” fields and click “Go.” Either method will take you to the “Loan Overview” page for your loan, which provides key summary information on the loan, including financial data and important dates. Click on the tabs available on this page to obtain the following information:

- **Status of applications for withdrawal.** Click on the “Applications” subtab under the “Disbursements” tab then click on the “Borrower Reference Number” for an individual application to view the following transaction details:
 - Payment type (direct payment, advance, etc.);
 - Amount requested by the borrower;
 - Amount deducted by the Bank (if any);
 - Amount approved by the Bank;
 - Amount paid by the Bank;
 - Date the Bank’s Loan Department received the application for withdrawal;
 - Date the Loan Department approved the application for withdrawal;
 - Value date of the payment transaction;
 - Name of the beneficiary, the bank receiving payment, and the bank account number;

- Copy of the payment advice sent to the borrower when the payment was executed.

If the Bank reduced the requested amount or returned the application for withdrawal unpaid, the reason for the reduction or return is explained at the bottom of the transaction details box. To contact the Loan Department, click on “Contact Us” under “Help on This Page” to find the applicable Loan Department client service address.

- **Status of expenditure categories.** Click on the “Category Schedule” subtab under the “Disbursements” tab. The category description, allocated amounts, and disbursed and undisbursed amounts are displayed.
- **Status of contracts subject to the Bank’s prior review.** Click on the “Contracts” subtab under the “Disbursements” tab. The contract amount, the signing date, and the name of the supplier are shown.
- **Monthly disbursement summary.** Click on the “Monthly Disbursement Summary” subtab under the “Disbursements” tab.
- **Alerts.** Client Connection provides alerts to help borrowers manage their loans. Alerts appear on the “My Portfolio” page and on the “Loan Overview” page for each loan. These alerts notify the borrower of the following events:
 - Approaching closing dates,
 - Approaching disbursement deadline dates,
 - Suspension of disbursement,
 - Excess amounts in designated accounts.
- **Debt service information.** To review the amortization schedule and individual bills click on the “Amortization Schedule” and “Bills” subtabs under the “Repayments” tab.

B. How do I monitor my country’s portfolio? The opening page of Client Connection, “My Portfolio,” provides key details of the country’s approved loan portfolio. To access additional information for all loans for a country, click on the “Country Analytics” button in the header. The page opens to the default subtab “Portfolio Management.” Click the tabs in the left-hand naviga-

tion pane to obtain the following information. To view most of these reports, a user is required to have “country view” authorization for Client Connection.

- **IBRD/IDA lending summary.** Click on the “IBRD/IDA Lending Summary” link in the left-hand navigation pane.
- **Net flows.** Click on the “IBRD/IDA Net Flows” link in the left-hand navigation pane.
- **Statement of loans by country** (available to all Client Connection users). Click on the “SOL by Country” link in the left-hand navigation pane.
- **Monthly disbursement summary.** Click on the “Monthly Disbursement Summary” link in the left-hand navigation pane.
- **Status of applications for withdrawal.** Click on the “Applications” link in the left-hand navigation pane then click on the “Borrower Reference Number” of an individual application to view further details.

MODEL FORM OF DISBURSEMENT LETTER FOR AN INVESTMENT OPERATION

Bank staff prepare a disbursement letter for each investment operation. The letter summarizes the [disbursement arrangements](#) for the specific project and describes how the provisions of the [Disbursement Guidelines](#) apply. A draft of the letter is included in the negotiations package for the project, and the letter is discussed and finalized during negotiations.

A model form of a disbursement letter for an investment operation with an IBRD borrower is provided in this annex, together with the instructions provided to Bank staff to facilitate preparation of the letter. One of the attachments to the disbursement letter is an authorized signatory letter, and the model form for this is provided in [annex E](#).

MODEL FORM OF DISBURSEMENT LETTER FOR AN INVESTMENT OPERATION (IBRD Borrower)

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

[DATE]

[Minister of Finance]^{1/}
[Ministry of Finance]
[Street address]
[City], [Country]

[Excellency]:

Re: IBRD Loan ____ - ____ (_____ Project) Additional Instructions: Disbursement

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and [name of borrower] (the “Borrower”) for the above-referenced project, dated _____. As indicated in Section IV of Schedule 2 to the Loan Agreement, the Bank may specify by notice to the Borrower additional instructions regarding the withdrawal of the proceeds of Loan ____-____ (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) **Disbursement Methods (section 2).** The following Disbursement Methods may be used under the Loan:

- ^{2/}Reimbursement
- Advance
- Direct Payment
- Special Commitment

(ii) **Disbursement Deadline Date (subsection 3.7).** The Disbursement Deadline Date is [[1/2/3/4] months after the Closing Date] [the Closing Date]^{3/} specified in the Loan Agreement. Any changes to this date will be notified by the Bank.

[^{4/}(iii) **Disbursement Conditions (subsection 3.8).** Please refer to the Disbursement Condition(s) in the Loan Agreement.]

II. Withdrawal of Loan Proceeds

(i) *Authorized Signatures (subsection 3.1).*

[^{5/}A letter in the form attached (Attachment 2) should be furnished to the Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
[Street address]
[City], [Country]
Attention: [Country Director's Name]

[^{6/}Applications for this Loan will be signed by the official(s) authorized to sign Applications as indicated in [your letter of <insert date>] [the letter dated <insert date> signed by <insert name, title>]].

(ii) *Applications (subsections 3.2–3.3).* Please provide completed and signed (a) applications for withdrawal, together with supporting documents, [^{7/}and (b) applications for special commitments, together with a copy of the commercial bank letter of credit,] to the address indicated below:

The World Bank
[Street address / P.O. Box No. _____]
[City], [Country]
Attention: Loan Department

^{8/}(iii) *Minimum Value of Applications (subsection 3.5).* The Minimum Value of Applications is [currency and amount]. ^{9/}

^{10/}(iv) *Advances (sections 5 and 6).*

- ^{11/}Type of Designated Account[s] (subsection 5.3): [Segregated/Pooled]
- Currency of Designated Account[s] (subsection 5.4): [currency]
- Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5): [^{12/}commercial bank / central bank / other financial institution] [^{13/}a [commercial bank / financial institution] acceptable to the Bank.]
- Ceiling (subsection 6.1): [^{14/}forecast for [2] [quarters] as provided in the [quarterly] Interim Financial Report] [^{15/}[50] per cent of the [annual] project forecast agreed with the borrower] [^{16/}currency and amount]

III. Reporting on Use of Loan Proceeds

(i) *Supporting Documentation (section 4).* Supporting documentation should be provided with each application for withdrawal as set out below: ^{17/}

• *For requests for reimbursement:*

- [^{18/}Interim Financial Report in the form attached (Attachment [3]); and
- List of payments against contracts that are subject to the Bank's prior review, in the form attached (Attachment [4])]
- [^{19/}Statement of Expenditure in the form attached (Attachment [3])
- List of payments against contracts that are subject to the Bank's prior review, in the form attached (Attachment [4])]

- [20/Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices)]
 - [21/Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments
22/[for <insert type of expenditure(s)>] [against contracts valued at _____23/or more];
 - Statement of Expenditure in the form attached (Attachment [3]) for all other [expenditures / contracts]; and
 - 24/List of payments against contracts that are subject to the Bank's prior review, in the form attached (Attachment [4])]
- ***For reporting eligible expenditures paid from the Designated Account:***
 - [18/Interim Financial Report in the form attached (Attachment [3]); and
 - List of payments against contracts that are subject to the Bank's prior review, in the form attached (Attachment [4])]
 - [19/Statement of Expenditure in the form attached (Attachment [3])
 - List of payments against contracts that are subject to the Bank's prior review, in the form attached (Attachment [4])]
 - [20/Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices)]
 - [21/Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments
22/[for <insert type of expenditure(s)>] [against contracts valued at _____23/or more];
 - Statement of Expenditure in the form attached (Attachment [3]) for all other [expenditures / contracts]; and
 - 24/List of payments against contracts that are subject to the Bank's prior review, in the form attached (Attachment [4])]
 - ***For requests for direct payment:*** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices

25/(ii) ***Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3):***
[26/the period set out in the Loan Agreement for provision of Interim Financial Reports] [27/monthly/quarterly]

28/([ii]) ***Other Supporting Documentation Instructions*** _____

29/[IV.] Other Disbursement Instructions

[V.] Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook for World Bank Clients available on the Bank's public Web site at <http://www.worldbank.org> and its secure Web site "Client Connection" at <http://clientconnection.worldbank.org>. Print copies are available upon request.

^{30/}From the Client Connection Web site, you will be able to download Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information.

^{31/}If you have not already done so, the Bank recommends that you register as a user of the Client Connection Web site (<http://clientconnection.worldbank.org>). From this Web site you will be able to download Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. For more information about the Web site and registration arrangements, please contact the Bank at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact [name], [Lead/Senior] Finance Officer at [LOA service account email address] using the above reference.

Yours sincerely,

[Name]
[RVP / CD]
[Region]

Attachments ^{32/}

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Form for Authorized Signatures
3. [Form of [insert "Interim Financial Report" or "Statement of Expenditure"]]
4. [Form of Payments Against Contracts Subject to the Bank's Prior Review]

Cleared with and cc: [Name of FO as the author of the letter]
[Country Lawyer]
[Task Team Leader]

Cc with copies: [Project Implementing Entity 1]
[street address]
[city], [country]
[email address]
[Project Implementing Entity 2]
[street address]
[city], [country]
[email address]

Endnotes—Instructions for Bank Staff Preparing Disbursement Letters

1. The letter should be sent to the person indicated in the loan agreement as the Borrower's Representative authorized to take any action and sign any document under the agreement, at the address specified in the agreement. Where it is customary to add the email address following the mailing address, please insert the Borrower's email address on a line below the "[City], [Country]" line.
2. Delete the method(s) that will not be used.
3. Use the first bracketed phrase if a period of up to 4 months after the closing date has been agreed, and insert the agreed number of months; otherwise, use the second phrase.
4. Delete this section if there are no disbursement conditions.
5. Use this bracketed section if the Borrower's Representative will authorize others to sign applications.
6. Use this bracketed section if a blanket authorization letter exists.
7. Include this section if special commitments will be used; otherwise remove the bracketed text and the "(a)" in front of the word "applications".
8. Delete this section if all disbursements will be through advances.
9. If a separate minimum value is designated for different disbursement methods, list the methods and indicate the value for each.
10. Delete the entire section on Advances if this method is not going to be used.
11. If more than one Designated Account will be used, number and list the accounts under this and each subsequent bullet, identifying the requirements for each Designated Account.
12. Insert the name of the institution if it is known.
13. Use this bracketed text if the name of the financial institution is unknown.
14. Use this text if the ceiling is based on periodic forecasts of project cash flow needs. Insert the number of periods for which forecasts are expected; use the same period (e.g., quarter, semester, trimester) referred to in the legal agreement for provision of Interim Financial Reports.
15. Use and adapt this text (including the percentage) if the ceiling is based on forecasts linked to the project's annual budget submissions, procurement plan, or other such document.
16. Use this text if the ceiling is a fixed amount and fill in the currency and amount.
17. Delete the sections related to disbursement methods that are not going to be used.
18. Use the following two bullets in this bracketed text when Interim Financial Reports will be used for disbursement.
19. Use the following two bullets in this bracketed text when Statements of Expenditure will be used for disbursement.
20. Use this bracketed text when Records must accompany all applications for disbursement.
21. Use the following three bullets in this bracketed text when Records are required for certain expenditures or contracts, and all other expenditures or contracts are covered by Statements of Expenditure.
22. Use and adapt the first bracketed text when records are required for certain types of expenditure; use the second bracketed text when records are required for payments against contracts of a specific value.
23. Insert the amount agreed with the borrower. If different amounts apply to different types of expenditure, specify each of these together with a sufficient description of the expenditure type.
24. Delete this bullet if the information provided in such a list would be the same as that being provided in the first bullet.
25. Delete this section if advances are not going to be used as a disbursement method.
26. Use the exact text in this bracketed section if Interim Financial Reports will be used for disbursement and delete the second bracketed section.
27. Use this bracketed section (and delete the first) if supporting documentation is in the form of Records and/or statements of expenditure, selecting the appropriate periodicity.
28. Use this section if other instructions regarding supporting documentation are needed (e.g., please submit bills of lading, please submit bank reconciliations). Renumber bullets as needed.
29. Use this section for any other instructions related to disbursement arrangements or methods that are not related to supporting documentation. If there are no such instructions, delete this section.
30. Insert this paragraph for Borrowers who are already registered with Client Connection.
31. Insert this paragraph for Borrowers who are not yet registered with Client Connection.

32. Delete those attachments in brackets which are not applicable. Attach those that are applicable to this letter and ensure corresponding numbering of attachments in body of letter is the same.

MODEL FORM OF AUTHORIZED SIGNATORY LETTER FOR AN INVESTMENT OPERATION¹

[Letterhead]
Ministry of Finance
[Street address]
[City] [Country]

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: [Country Director]

Dear [Country Director]:

Re: Loan/Financing No. ____ - ____ (_____ Project)

I refer to the [Loan/Financing] Agreement (“Agreement”) between the [International Bank for Reconstruction and Development/International Development Association] (the “Bank”/ the “Association”) and [name of borrower/recipient] (the “Borrower” / the “Recipient”), dated _____, providing the above [Loan/Financing]. For the purposes of Section 2.03 of the General Conditions, as defined in the Agreement, any [²one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the [Borrower/Recipient] to sign applications for withdrawal [and applications for a special commitment] under this [Loan/Financing]:

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

[Position]

¹ This model form is used when a blanket authorization has not been provided.

² Instruction to the borrower when sending this letter to the Bank: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply.

FORMS USED FOR WITHDRAWAL AND TO DOCUMENT EXPENDITURES

Application for Withdrawal Form

Borrowers may use the *Application for Withdrawal Form 2380* to

- request an advance and/or document use of prior advances,
- request reimbursement of documented expenditures,
- request a direct payment to a third party for documented expenditures,
- request disbursement of a development policy loan tranche.

This new form replaces forms 1903, 1903A, and 1903B, although the Bank will continue to accept these forms while supplies last.

The new application for withdrawal form offers flexibility to borrowers that use the advance method of disbursement. Borrowers may present an application for withdrawal form to the Bank to

- request an advance,
- document use of prior advances (without requesting a new advance),
- document use of prior advances and request a new advance,
- advise the Bank that they wish to receive advance payments in installments.

Related Forms

When requesting to receive advance payments in installments, the borrower selects this option on

the application for withdrawal form and attaches the *Requested Schedule for Advance Payments Form 2381* setting out the installment amounts and requested value dates for each.

When borrowers are required to provide a list of payments against contracts above the prior review threshold as part of their supporting documentation for disbursement, they may use the *List of Payments Against Contracts Subject to the Bank's Prior Review Form 2382* to provide this information.

Illustrative Examples

Reference copies of forms 2380, 2381, and 2382 are contained in this annex together with instructions for completing them. To help borrowers understand the new functionality of the forms, examples of completed forms illustrating their varied uses are provided at the end of this annex.

Paper forms are available from the World Bank, upon request. Beginning July 2006, borrowers should go to the Client Connection Web site (<http://clientconnection.worldbank.org>) to access eForms with “smart” functionality designed to assist users in filling out the forms online. Once these are filled out, they may be printed out, signed and presented to the Bank, together with any supporting documentation. Beginning in early 2007, borrowers will be able to deliver eForms, with any attached supporting documentation, to the Bank online.



APPLICATION FOR WITHDRAWAL

Instructions: You can use this form to request a payment and/or to document expenditures. Please complete and sign this form, and send it (with any required attachments) to the Loan Department, at the address found in the disbursement letter for your project. [See reverse side for detailed explanations and instructions.] For general inquiries, please send an email to wdbdisbursement@worldbank.org.

A. Application type and project reference

1. Application type

- a. **Advance to designated account**
(name or number of designated account)
- ___ Advance to designated account (fill sections A, B, D)
___ Advance to and documentation of designated account (fill all sections)
___ Documentation of prior advance(s) to designated account (fill sections A, C, D)
- b. ___ **Reimbursement (fill all sections)**
- c. ___ **Direct payment** (fill all sections)
(beneficiary's payment/invoice reference)
- d. ___ **Tranche payment under a development policy loan/financing/grant**
(fill sections A, B, D)

2. Financier and loan number

Loan/Financing/Grant No.(s)

IBRD
IDA
Trust fund
Cofinancier

3. Subproject reference (if any)

4. Country name

5. Borrower reference

B. Payment instructions

6a. Application currency

6b. Application amount

6c. Equivalent payment currency (if different from application currency)

6d. Application amount (in words)

7. If the application covers more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.

Amount

Loan/Financing/Grant No.

Amount

8. Name and address of beneficiary

9. Amount to be paid in installments? Yes ___ No ___ (if yes, complete Form 2381, "Requested Schedule for Advance Payments")

10a. Name and address of the beneficiary's bank

10b. Account no. (or IBAN for euro payments) of the beneficiary at the beneficiary's bank

10c. SWIFT code of the beneficiary's bank

11a. Name and address of the intermediary bank

11b. Account no. (or IBAN for euro payments) of the beneficiary at the intermediary bank

11c. SWIFT code of the intermediary bank

12. Special payment instructions (if any)

C. Documentation of eligible expenditures

13. Documentation type(s)

- ___ Interim financial report (e.g., financial monitoring report)
___ Statement of expenditure
___ Copies of records (e.g., invoices, receipts)

14. Category and contract reference - If expenditures relate to more than one category or contract reference, leave 14a and 14b blank and ensure this information is included in the supporting documentation.

15a. Documentation currency

15b. Documented amount

14a. Category reference

14b. Contract reference

15c. Documented amount (in words)

16. If the documentation applies to more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.

Amount

Loan/Financing/Grant No.

Amount

D. Assertions and signature

The undersigned certifies, warrants and undertakes the following:

- A. If the undersigned is making a request for an advance to be deposited in a designated account: (1) the amount requested is consistent with the planned project expenditures furnished to the World Bank; and (2) the documentation for this advance is/will be furnished to the World Bank in accordance with the reporting period specified in the related legal agreement(s) or disbursement letter for this project. If the undersigned is documenting expenditures paid from a designated account: (a) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (b) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- B. If the undersigned is making a request for reimbursement or direct payment: (1) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (2) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- C. If the undersigned is making a request for a tranche payment under a development policy loan/financing/grant: (1) an equivalent amount of this deposit will be accounted for in accordance with the terms of the related legal agreement(s); and (2) the proceeds of the loan/financing/grant will not be used to finance excluded expenditures specified in the related legal agreement(s).
- D. The undersigned will make all records related to the expenditures covered by this Application for Withdrawal available for review by auditors and by World Bank staff.

17. By (name of borrower)

18. Date signed

19a. Print name(s) and title(s) of authorized signatory(ies)

19b. Signature(s)

20. Contact details

Name

Phone

Facsimile

Email



Instructions for Completing the Application for Withdrawal Form 2380

Application Use: Please use this form to request a payment and/or to document expenditures under IBRD loans, IDA financings, Project Preparation Facility advances, recipient-executed grants, cofinanciers' loans, credits or grants executed by the recipient and administered by the Bank.

Terminology: References to financings on this form and instructions also apply to IDA credits and IDA grants. References to development policy loans/financings/grants also apply to development policy credits and adjustment loans/credits/grants. References to designated accounts also apply to special accounts. Grants include non-repayable funds either held in trust or held by a cofinancier and administered by the Bank.

Dual Form Functions: Form 2380 has been designed to handle two functions: (1) to request the Bank to make a payment from the loan/financing/grant account; and (2) to document expenditures financed under the loan/financing/grant. In some instances, you will use the form for only one of the functions (e.g., to request an advance to a designated account, to request payment under a development policy lending loan, to document expenditures paid from a designated account) whereas in other instances you will use it simultaneously for both functions (e.g., to request a direct payment or reimbursement and simultaneously document the expenditures, to request a new advance to a designated account and concurrently document expenditures paid from a previous advance).

Advances: You should request advances to designated accounts on the basis of planned project expenditures and the ceiling in the disbursement letter. To ensure that funds are available only when needed, the advances may be paid in periodic installments as provided by you on the "Requested Schedule for Advance Payments" Form 2381. You are required to document the expenditures paid from the designated account at the end of (or during, should you so choose) the reporting period indicated in the disbursement letter. Advancing of funds and documenting of expenditures are independent functions and you may choose to submit a request for an advance separately and at different times from documenting the expenditures. To request an advance, fill out sections A, B and D of the form. To document expenditures paid from the advance(s), fill out sections A, C and D.

A. Application Type and Project Reference

1. **Application Type:** Check the applicable type. The sections of the form which need to be completed are shown in parentheses beside each type.
2. **Financier and Loan Number:** Insert the number(s) of the loan/financing/grant agreement(s) on the corresponding lines as it/they appear on the related legal agreement(s). For example, for an IDA/IBRD blended project, insert the loan number on the line next to "IBRD" and the IDA number on the line next to "IDA".
3. **Subproject Reference:** Use only for loans divided into subprojects as indicated in the withdrawal of proceeds section of the legal agreement(s), insert the subproject reference for which the application for withdrawal is provided; otherwise leave the field blank.
4. **Country Name:** Provide the name of your country. If this is a regional or global project, provide the name of the region or insert "global" respectively.
5. **Borrower Reference:** Provide your reference for the application for withdrawal. Number applications consecutively, beginning with number one. A prefix or suffix may be used to identify applications from different implementing agencies (e.g., MF1 = Ministry of Finance No.1).

B. Payment Instructions [Fill in this section to request a payment]

- 6a-d. Application Currency and Amount(s):** Insert the currency name (6a) and the amount of the application - both in figures (6b) and in words (6d). These should correspond: (i) for advances, to the currency of the designated account and to the share to be financed by the loan(s)/financing(s)/grant(s) of the amount required for the planned project expenditures; (ii) for direct payments and reimbursements, to the currency and to the share financed by the loan(s)/financing(s)/grant(s) of the expenditures covered by the request; and (iii) for payments under development policy lending loans and financings, to the currency of the loan/financing account and to the amount of the approved tranche. If the payment is to be made in a different currency than the currency of the application, enter the currency of payment in field 6c. For example, if the application is for US\$ 10,000,000 and the payment is to be made for the equivalent amount in euros, you should enter "US dollars" in field 6a, "10,000,000" in field 6b, "euros" in field 6c and "US dollars ten million and 00/100" in field 6d.
7. If the amount to be paid pertains to more than one loan/financing/grant account, the amount in field 6b should be broken down by loan/financing/grant number.
8. **Name and Address of Beneficiary:** Give the full name and address of the payment beneficiary.
9. **Amount to be Paid in Installments:** If the advance to a designated account is to be paid in installments, indicate "yes" and attach Form 2381 to this form.
- 10a-c. Beneficiary's Bank:** Give the full name and address of the beneficiary's bank, the account number of the beneficiary at the bank and the Society for Worldwide Interbank Financial Telecommunication / Bank Identifier Code (SWIFT BIC) of the bank. For payments in euros, give the International Bank Account Number (IBAN) instead of the account number. If the SWIFT BIC is unavailable, provide the sort code or ABA fedwire number of the beneficiary's bank in field 12.
- 11a-c. Intermediary Bank:** For payments in a currency which is not the currency of the country in which the beneficiary's bank is located, give the full name and address of the beneficiary's bank in the country which issues the currency (known as the intermediary bank), the account number (or IBAN for euro payments) of the beneficiary's bank at the intermediary bank and the SWIFT code of the intermediary bank. If the SWIFT BIC is unavailable, provide the sort code or ABA fedwire number of the intermediary bank in field 12.
12. **Special Payment Instructions:** Precise payment instructions will help to ensure that a payment is made swiftly and correctly. Please give any special instructions that would help to expedite a payment in this field. For example, for banks which are not members of SWIFT, determine directly or through the supplier if another identifier is available such as a sort code or ABA fedwire number (for payments within the USA) and include the reference(s) here.

C. Documentation of Eligible Expenditures [Fill in this section for direct payments, reimbursements and to document expenditures paid from an advance]

13. **Documentation Type(s):** Indicate the type of documentation that is attached to the application in accordance with the requirements specified in the disbursement letter. A direct payment requires copies of records (e.g., invoices, bills); a reimbursement or documentation of expenditures paid from advances could include an interim financial report, a statement of expenditure, copies of records, or a combination thereof.
- 14a-b. Category and Contract Reference:** In cases where the documentation relates to one category/contract (i.e., mainly for direct payments), provide the category and contract information in these fields. For all other cases, please ensure a breakdown of expenditures by category is available in the supporting documentation. If expenditures include payments against contracts that are subject to the Bank's prior review, you may attach a list of the payments and related contracts if this cannot be derived from the supporting documentation.
- 15a-c. Documentation Currency and Amount:** Give the currency name (15a) and amount of documented expenditures eligible for Bank financing - both in figures (15b) and in words (15c). For direct payments and reimbursements, the documentation currency and amount should be the same as the application currency and amount (see fields 6a, b, and d above).
16. If the amount of expenditures being documented pertains to more than one loan/financing/grant account, the amount in field 15b should be broken down by loan/financing/grant number.

D. Assertions and Signature

17. **Name of Borrower:** Fill in the name of the borrower/recipient as it appears on the loan(s)/financing(s)/grant(s) agreement(s).
18. **Date Signed:** Give the date on which the authorized signatory(ies) sign(s) the application for withdrawal.
- 19a-b. Name(s) and Title(s) of Authorized Signatory(ies):** Provide both the name and title of the signatory(ies) and obtain the signature(s) of the authorized signatory(ies).
20. **Contact Details:** Provide contact information in this field of the person/office to contact in case of questions.

Attachments

The following should be attached to this form, as appropriate:

- Requested Schedule for Advance Payments Form 2381 - see field 9
- Supporting documentation - see field 13
- [Optional] Summary of Category / Contract Information Sheet - see fields 14a and 14b



The World Bank

Requested Schedule for Advance Payments

Instructions: Please complete this form and attach it to the related Application for Withdrawal form 2380. For general inquiries, please send an email to wbdisbursement@worldbank.org. [See reverse side for detailed instructions.]

Loan/Financing/Grant No.(s)

1. Financier

IBRD	<input type="text"/>	<input type="text"/>
IDA	<input type="text"/>	<input type="text"/>
Trust Fund	<input type="text"/>	<input type="text"/>
Cofinancier	<input type="text"/>	<input type="text"/>

2. Borrower reference number of related application for withdrawal

3. Requested payment schedule

Ref (a)	Requested Value Date for Disbursement (b)	Financier and Loan/ Financing/Grant No.	Financier and Loan/ Financing/Grant No.
		Currency and Amount to be Paid (c)	Currency and Amount to be Paid (d)
I.	<input type="text"/>	<input type="text"/>	<input type="text"/>
II.	<input type="text"/>	<input type="text"/>	<input type="text"/>
III.	<input type="text"/>	<input type="text"/>	<input type="text"/>
TOTAL		<input type="text"/>	<input type="text"/>

Note: The World Bank will make its best effort to make the payments on the requested dates. Borrowers should be aware that due to circumstances beyond our control, this may not always be possible. If the requested value date is not a business day, the disbursement will normally be valued on the business day immediately preceding the requested value date.

4. Special instructions, if any:



**Instructions for Completing the Requested Schedule
for Advance Payments Form
(Form 2381)**

REMARKS: The Requested Schedule for Advance Payments Form may be used to instruct the World Bank to pay advances to designated accounts in installments.

Instructions: Numbers correspond to numbers on the Requested Schedule of Advance Payments form.

- 1. Financier loan/financing/grant no.(s):** Indicate the type(s) (loan / financing / grant) and corresponding number(s) of the loan / financing / grant agreement(s) as it/they appear on the related legal agreement(s).
- 2. Borrower reference number of related application for withdrawal:** Provide your reference for the related application for withdrawal.
- 3. Requested payment schedule:** In columns c and d of the header, indicate the financier and loan number(s) under which the payments should be made. Note that if the payment is to be made from only one loan, column d would be left blank. For lines I, II and III indicate the date on which the payment should be made in column b and the currency and the amount to be paid from the respective loans in columns c and d. In the bottom line, indicate the total of the installments. The total of the amounts in columns c and d should match the application amount in fields 6b and 6d of the related application for withdrawal.
- 4. Special instructions, if any:** Give any special instructions that would help to expedite the payment.



**PAYMENTS MADE DURING REPORTING PERIOD
AGAINST CONTRACTS SUBJECT TO
THE WORLD BANK'S PRIOR REVIEW**

Contract Number	Supplier	Contract Date	Contract Amount	Date of Bank's No Objection to Contract	Amount Paid to Supplier during Period	Bank's Share of Amount Paid to Supplier during Period

Examples of Completed Forms: Application for Withdrawal (Form 2380) and Requested Schedule for Advance Payments (Form 2381)

Advances

Example 1: Request for an advance to a designated account

Example 2: Request for an advance to and documentation of a designated account

Example 3: Documentation of a prior advance to a designated account

Example 4: Request for an advance to a designated account in installments

Example 5: Request for an advance to and documentation of a designated account under a project financed by both an IBRD loan and an IDA credit

Reimbursement

Example 6: Request for a reimbursement

Direct Payment

Example 7: Request for a direct payment

Example 8: Request for a direct payment in a different currency than the currency of the related expenditure

Development Policy Loan

Example 9: Request for a tranche payment under a development policy loan

Example 1 – Request for an Advance to a Designated Account

1. The Government of Ruritania requires US Dollars 8,000,000 in **designated account DA-A** to fund expenditures for the forthcoming quarter (July – September 2006). It had a balance of US Dollars 670,000 in the account on June 30, 2006. On **July 6, 2006, Ramakoj Bruuna**, Director of the Dept. of Agr., IIA (tel. no. 797-22-34, facsimile 797-22-35, email rbruuna@ael.gov) sends application for withdrawal **no. 11** under loan **IBRD 9999-0 RUR** for an **advance** of the difference of **US Dollars 7,330,000** to the Bank.
2. Payment is to be made to **account 590877-A** of the **Ministry of Agriculture, Capital City, Ruritania** at the **Bank of Ruritania (Head Office), Capital City, Ruritania**. The SWIFT code for the Bank of Ruritania is **BORZ2K**. The intermediary bank is the **International Bank, New York,**

N.Y., U.S.A., 10001. The SWIFT code for the International Bank is **INTLNY**. The account of the Bank of Ruritania at the International Bank is **662230**.

3. The disbursement letter indicates that the ceiling for the designated account will be equivalent to the total of the cash forecasts for two quarters: US Dollars 17,000,000.

Supporting Documents

- None are required (the amount requested is within the agreed ceiling).

See the completed example 1. Note that only sections A, B and D of form 2380 must be completed for a request for an advance to a designated account (section C has therefore been greyed out in the example).



APPLICATION FOR WITHDRAWAL

Example 1

Instructions: You can use this form to request a payment and/or to document expenditures. Please complete and sign this form, and send it (with any required attachments) to the Loan Department, at the address found in the disbursement letter for your project. [See reverse side for detailed explanations and instructions.] For general inquiries, please send an email to wdbdisbursement@worldbank.org.

A. Application type and project reference

1. Application type

a. **Advance to designated account** (name or number of designated account)

- ☒ Advance to designated account (fill sections A, B, D)
☐ Advance to and documentation of designated account (fill all sections)
☐ Documentation of prior advance(s) to designated account (fill sections A, C, D)

b. ☐ **Reimbursement (fill all sections)**

c. ☐ **Direct payment** (fill all sections)
(beneficiary's payment/invoice reference)

d. ☐ **Tranche payment under a development policy loan/financing/grant**
(fill sections A, B, D)

2. Financier and loan number

Loan/Financing/Grant No.(s)

IBRD

IDA

Trust fund

Cofinancier

3. **Subproject reference (if any)**

4. **Country name**

5. **Borrower reference**

B. Payment instructions

6a. Application currency

6b. Application amount

6c. Equivalent payment currency (if different from application currency)

6d. **Application amount (in words)**

7. If the application covers more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.	Amount	Loan/Financing/Grant No.	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

8. Name and address of beneficiary

9. **Amount to be paid in installments?** Yes ☐ No ☐
(if yes, complete Form 2381, "Requested Schedule for Advance Payments")

10a. Name and address of the beneficiary's bank

10b. Account no. (or IBAN for euro payments) of the beneficiary at the beneficiary's bank

10c. SWIFT code of the beneficiary's bank

11a. Name and address of the intermediary bank

11b. Account no. (or IBAN for euro payments) of the beneficiary at the intermediary bank

11c. SWIFT code of the intermediary bank

12. Special payment instructions (if any)

C. Documentation of eligible expenditures

13. Documentation type(s)

- ☐ Interim financial report (e.g., financial monitoring report)
☐ Statement of expenditure
☐ Copies of records (e.g., invoices, receipts)

14. **Category and contract reference** - If expenditures relate to more than one category or contract reference, leave 14a and 14b blank and ensure this information is included in the supporting documentation.

15a. Documentation currency

15b. Documented amount

14a. Category reference

14b. Contract reference

15c. Documented amount (in words)

16. If the documentation applies to more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.	Amount	Loan/Financing/Grant No.	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

D. Assertions and signature

The undersigned certifies, warrants and undertakes the following:

- A. If the undersigned is making a request for an advance to be deposited in a designated account: (1) the amount requested is consistent with the planned project expenditures furnished to the World Bank; and (2) the documentation for this advance is/will be furnished to the World Bank in accordance with the reporting period specified in the related legal agreement(s) or disbursement letter for this project. If the undersigned is documenting expenditures paid from a designated account: (a) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (b) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- B. If the undersigned is making a request for reimbursement or direct payment: (1) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (2) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- C. If the undersigned is making a request for a tranche payment under a development policy loan/financing/grant: (1) an equivalent amount of this deposit will be accounted for in accordance with the terms of the related legal agreement(s); and (2) the proceeds of the loan/financing/grant will not be used to finance excluded expenditures specified in the related legal agreement(s).
- D. The undersigned will make all records related to the expenditures covered by this Application for Withdrawal available for review by auditors and by World Bank staff.

17. By (name of borrower)

18. Date signed

19a. Print name(s) and title(s) of authorized signatory(ies)

19b. Signature(s)

20. Contact details

Name	Phone	Facsimile	Email
<input type="text" value="Ramakoj Bruuna"/>	<input type="text" value="797-22-34"/>	<input type="text" value="797-22-35"/>	<input type="text" value="rbruuna@ael.gov"/>

Example 2 – Request for an Advance to and Documentation of a Designated Account

1. The Government of Ruritania requires US Dollars 8,000,000 in **designated account DA-A** to fund expenditures for the forthcoming quarter (July–September 2006). It had a balance of US Dollars 670,000 in the account on June 30, 2006. On **July 6, 2006, Ramakoj Bruuna**, Director of the Dept. of Agr., IIA (tel. no. 797-22-34, facsimile 797-22-35, email rbruuna@ael.gov) sends application for withdrawal **no. 12** under loan **IBRD 9999-0 RUR** for an **advance** of the difference of **US Dollars 7,330,000** to the Bank.
2. Payment is to be made to **account 590877-A** of the **Ministry of Agriculture, Capital City, Ruritania** at the **Bank of Ruritania (Head Office), Capital City, Ruritania**. The SWIFT code for the Bank of Ruritania is **BORZ2K**. The intermediary bank is the **International Bank, New York, N.Y., U.S.A., 10001**. The SWIFT code for the International Bank is **INTLNY**. The account of the Bank of Ruritania at the International Bank is **662230**.
3. In the same application, the Government of Ruritania reports to the Bank on the use of the **US Dollars 7,800,000** from designated account **DA-A** during the previous period (April -June 2006). [See the interim financial report—the amount to be reported is the beginning balance in the designated account plus the amount paid in dur-

ing the period minus the balance at the end of the period: \$1,080,000 plus \$7,390,000 minus \$670,000 equals \$7,800,000.] These expenditures are eligible for financing under **category 1** at **100%**.

4. The disbursement letter indicates that the borrower's **interim financial reports** will be used to document the use of funds from the designated account. The ceiling for the designated account will be equivalent to the total of the cash forecasts for two quarters: US Dollars 17,000,000.

Supporting Documents

Furnished to the Bank's task team in advance of the application for withdrawal:

- Any contract and procurement documents required by the Procurement Guidelines

Provided to the Loan Department together with the application for withdrawal:

- Interim financial report (see attachment 1)

See the completed example 2. Note that all sections (A, B, C and D) of form 2380 must be completed for an application for a request for an advance to and documentation of a designated account.



APPLICATION FOR WITHDRAWAL

Example 2

Instructions: You can use this form to request a payment and/or to document expenditures. Please complete and sign this form, and send it (with any required attachments) to the Loan Department, at the address found in the disbursement letter for your project. [See reverse side for detailed explanations and instructions.] For general inquiries, please send an email to wbdisbursement@worldbank.org.

A. Application type and project reference

1. Application type

- a. **Advance to designated account** (name or number of designated account)
- ☐ Advance to designated account (fill sections A, B, D)
- ☒ **Advance to and documentation of designated account** (fill all sections)
- ☐ Documentation of prior advance(s) to designated account (fill sections A, C, D)
- b. ☐ **Reimbursement (fill all sections)**
- c. ☐ **Direct payment** (fill all sections)
(beneficiary's payment/invoice reference)
- d. ☐ **Tranche payment under a development policy loan/financing/grant**
(fill sections A, B, D)

2. Financier and loan number

Loan/Financing/Grant No.(s)

IBRD

IDA

Trust fund

Cofinancier

3. **Subproject reference (if any)**

4. **Country name**

5. **Borrower reference**

B. Payment instructions

6a. Application currency

6b. Application amount

6c. Equivalent payment currency (if different from application currency)

6d. Application amount (in words)

7. If the application covers more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.	Amount	Loan/Financing/Grant No.	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

8. Name and address of beneficiary

9. Amount to be paid in installments? Yes ☐ No ☐

(if yes, complete Form 2381, "Requested Schedule for Advance Payments")

10a. Name and address of the beneficiary's bank

10b. Account no. (or IBAN for euro payments) of the beneficiary at the beneficiary's bank

10c. SWIFT code of the beneficiary's bank

11a. Name and address of the intermediary bank

11b. Account no. (or IBAN for euro payments) of the beneficiary at the intermediary bank

11c. SWIFT code of the intermediary bank

12. Special payment instructions (if any)

C. Documentation of eligible expenditures

13. Documentation type(s)

- ☒ Interim financial report (e.g., financial monitoring report)
- ☐ Statement of expenditure
- ☐ Copies of records (e.g., invoices, receipts)

14. Category and contract reference - If expenditures relate to more than one category or contract reference, leave 14a and 14b blank and ensure this information is included in the supporting documentation.

15a. Documentation currency

15b. Documented amount

14a. Category reference

14b. Contract reference

15c. Documented amount (in words)

16. If the documentation applies to more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.	Amount	Loan/Financing/Grant No.	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

D. Assertions and signature

The undersigned certifies, warrants and undertakes the following:

- A. If the undersigned is making a request for an advance to be deposited in a designated account: (1) the amount requested is consistent with the planned project expenditures furnished to the World Bank; and (2) the documentation for this advance is/will be furnished to the World Bank in accordance with the reporting period specified in the related legal agreement(s) or disbursement letter for this project. If the undersigned is documenting expenditures paid from a designated account: (a) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (b) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- B. If the undersigned is making a request for reimbursement or direct payment: (1) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (2) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- C. If the undersigned is making a request for a tranche payment under a development policy loan/financing/grant: (1) an equivalent amount of this deposit will be accounted for in accordance with the terms of the related legal agreement(s); and (2) the proceeds of the loan/financing/grant will not be used to finance excluded expenditures specified in the related legal agreement(s).
- D. The undersigned will make all records related to the expenditures covered by this Application for Withdrawal available for review by auditors and by World Bank staff.

17. By (name of borrower)

18. Date signed

19a. Print name(s) and title(s) of authorized signatory(ies)

19b. Signature(s)

20. Contact details

Name	Phone	Facsimile	Email
<input type="text" value="Ramakoj Bruuna"/>	<input type="text" value="797-22-34"/>	<input type="text" value="797-22-35"/>	<input type="text" value="rbruuna@ael.gov"/>

Example 2

Attachment 1

SOURCES AND USE OF FUNDS STATEMENT FROM THE PROJECT'S INTERIM FINANCIAL REPORT

Government of Ruritania: Health and Population Reform Project Sources and Uses of Funds Statement for the three months ending June 30, 2006 (in US Dollars) World Bank (IBRD) Loan No. 9999 RUR		
	Current period	Cumulative
Opening cash balances	1,630,000	—
Project bank account	550,000	—
IBRD designated account	1,080,000	—
Add: Sources of funds	9,510,000	44,060,000
IBRD funds	7,390,000	31,620,000
Government funds	2,090,000	12,300,000
CIDA grant	30,000	140,000
Cash available	11,140,000	44,060,000
Less: Uses of funds, by project component		
I. Grants (cash transfers)	8,240,000	31,500,000
II. Institutional development	2,195,000	10,960,000
III. Loan fee		920,000
Total expenditures	10,435,000	43,380,000
Cash available less expenditures	705,000	680,000
Foreign exchange difference	0	25,000
Net cash available	705,000	705,000
Closing cash balances		
Project bank account	35,000	35,000
IBRD designated account	670,000	670,000
Total closing cash balances	705,000	705,000
	Next Period	
Forecast of funds needed for next quarter	12,000,000	
Project bank account	4,000,000	
IBRD designated account	8,000,000	
Funding requested	11,295,000	
Project bank account	3,965,000	
IBRD designated account	7,330,000	

Example 3 – Documentation of a Prior Advance to a Designated Account

1. The Government of Ruritania is prepared to report on the use of funds from the designated account during the previous period. On **July 6, 2006**, **Ramakoju Bruuna**, Director of the Dept. of Agr., IIA (**tel. no. 797-22-34, facsimile 797-22-35, email rbruuna@ael.gov**) sends application **no. 13** under loan **IBRD 9999-0 RUR** to report to the Bank on the use of the **US Dollars 7,800,000** from **designated account DA-A** during the previous period (April – June 2006). [See the interim financial report – the amount to be reported is the beginning balance in the designated account plus the amount paid in during the period minus the balance at the end of the period: \$1,080,000 plus \$7,390,000 minus \$670,000 equals \$7,800,000.] These expenditures are eligible for financing under **category 1** at **100%**.
2. The disbursement letter indicates that the borrower's **interim financial reports** will be used to

document the use of funds from the designated account.

Supporting Documents

Furnished to the Bank's task team in advance of the application for withdrawal:

- Any contract and procurement documents required by the Procurement Guidelines

Provided to the Loan Department together with the application for withdrawal:

- Interim financial report (see example 2, attachment 1)

See the completed example 3. Note that only sections A, C and D of form 2380 must be completed for the documentation of a prior advance to a designated account (section B has therefore been greyed out in the example).



APPLICATION FOR WITHDRAWAL

Example 3

Instructions: You can use this form to request a payment and/or to document expenditures. Please complete and sign this form, and send it (with any required attachments) to the Loan Department, at the address found in the disbursement letter for your project. [See reverse side for detailed explanations and instructions.] For general inquiries, please send an email to wdbdisbursement@worldbank.org.

A. Application type and project reference

1. Application type

- a. **Advance to designated account** (name or number of designated account)
- Advance to designated account (fill sections A, B, D)
- Advance to and documentation of designated account (fill all sections)
- ☒ Documentation of prior advance(s) to designated account (fill sections A, C, D)
- b. — **Reimbursement (fill all sections)**
- c. — **Direct payment** (beneficiary's payment/invoice reference) (fill all sections)
- d. — **Tranche payment under a development policy loan/financing/grant** (fill sections A, B, D)

2. Financier and loan number

Loan/Financing/Grant No.(s)

IBRD

IDA

Trust fund

Cofinancier

3. **Subproject reference (if any)**

4. **Country name**

5. **Borrower reference**

B. Payment instructions

6a. Application currency	6b. Application amount	6c. Equivalent payment currency (if different from application currency)	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
6d. Application amount (in words) <input type="text"/>			
7. If the application covers more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.			
Loan/Financing/Grant No.	Amount	Loan/Financing/Grant No.	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
8. Name and address of beneficiary		9. Amount to be paid in installments? Yes <input type="checkbox"/> No <input type="checkbox"/> (if yes, complete Form 2381, "Requested Schedule for Advance Payments")	
<input type="text"/>			
10a. Name and address of the beneficiary's bank	10b. Account no. (or IBAN for euro payments) of the beneficiary at the beneficiary's bank	10c. SWIFT code of the beneficiary's bank	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
11a. Name and address of the intermediary bank	11b. Account no. (or IBAN for euro payments) of the beneficiary at the intermediary bank	11c. SWIFT code of the intermediary bank	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
12. Special payment instructions (if any) <input type="text"/>			

C. Documentation of eligible expenditures

13. Documentation type(s)		14. Category and contract reference - If expenditures relate to more than one category or contract reference, leave 14a and 14b blank and ensure this information is included in the supporting documentation.	
<input checked="" type="checkbox"/> Interim financial report (e.g., financial monitoring report)			
<input type="checkbox"/> Statement of expenditure			
<input type="checkbox"/> Copies of records (e.g., invoices, receipts)			
15a. Documentation currency	15b. Documented amount	14a. Category reference	14b. Contract reference
<input type="text" value="US Dollars"/>	<input type="text" value="7,800,000"/>	<input type="text" value="1"/>	<input type="text"/>
15c. Documented amount (in words)			
<input type="text" value="seven million, eight hundred thousand and 00/100"/>			
16. If the documentation applies to more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.			
Loan/Financing/Grant No.	Amount	Loan/Financing/Grant No.	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

D. Assertions and signature

The undersigned certifies, warrants and undertakes the following:

- A. If the undersigned is making a request for an advance to be deposited in a designated account: (1) the amount requested is consistent with the planned project expenditures furnished to the World Bank; and (2) the documentation for this advance is/will be furnished to the World Bank in accordance with the reporting period specified in the related legal agreement(s) or disbursement letter for this project. If the undersigned is documenting expenditures paid from a designated account: (a) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (b) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- B. If the undersigned is making a request for reimbursement or direct payment: (1) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (2) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- C. If the undersigned is making a request for a tranche payment under a development policy loan/financing/grant: (1) an equivalent amount of this deposit will be accounted for in accordance with the terms of the related legal agreement(s); and (2) the proceeds of the loan/financing/grant will not be used to finance excluded expenditures specified in the related legal agreement(s).
- D. The undersigned will make all records related to the expenditures covered by this Application for Withdrawal available for review by auditors and by World Bank staff.

17. By (name of borrower)

18. Date signed

19a. Print name(s) and title(s) of authorized signatory(ies)

19b. Signature(s)

20. Contact details

Name	Phone	Facsimile	Email
<input type="text" value="Ramakoj Bruuna"/>	<input type="text" value="797-22-34"/>	<input type="text" value="797-22-35"/>	<input type="text" value="rbruuna@ael.gov"/>

Example 4 – Request for an Advance to a Designated Account in Installments

1. The Government of Ruritania requires US Dollars 8,000,000 in **designated account DA-A** to fund expenditures for the forthcoming quarter (July – September 2006). It had a balance of US Dollars 670,000 in the account on June 30, 2006. On **July 6, 2006, Ramakoj Bruuna**, Director of the Dept. of Agr., IIA (tel. no. 797-22-34, facsimile 797-22-35, email rbruuna@ael.gov) sends application for withdrawal **no. 14** under **loan IBRD 9999-0 RUR** for an **advance** of the difference of **US Dollars 7,330,000** to the Bank. The funds are to be paid in two installments: the first for **US Dollars 3,500,000** is to be paid on **August 1, 2006**; the second for **US Dollars 3,830,000** is to be paid on **September 1, 2006**.
2. Payment is to be made to **account 590877-A** of the **Ministry of Agriculture, Capital City, Ruritania** at the **Bank of Ruritania (Head Office), Capital City, Ruritania**. The SWIFT code for the Bank of Ruritania is **BORZ2K**. The intermedi-

ary bank is the **International Bank, New York, N.Y., U.S.A., 10001**. The SWIFT code for the International Bank is **INTLNY**. The account of the Bank of Ruritania at the International Bank is **662230**.

3. The disbursement letter indicates that the ceiling for the designated account will be equivalent to the total of the cash forecasts for two quarters: US Dollars 17,000,000.

Supporting Documents

- None are required (the amount requested is within the agreed ceiling).

See the completed example 4. Note that only sections A, B and D of form 2380 must be completed for a request for an advance to a designated account (section C has therefore been greyed out in the example), and that form 2381 must be completed and attached to receive the advance in installments.



APPLICATION FOR WITHDRAWAL

Example 4

Instructions: You can use this form to request a payment and/or to document expenditures. Please complete and sign this form, and send it (with any required attachments) to the Loan Department, at the address found in the disbursement letter for your project. [See reverse side for detailed explanations and instructions.] For general inquiries, please send an email to wbdisbursement@worldbank.org.

A. Application type and project reference

1. Application type

a. Advance to designated account (name or number of designated account)

- ☒ Advance to designated account (fill sections A, B, D)
☐ Advance to and documentation of designated account (fill all sections)
☐ Documentation of prior advance(s) to designated account (fill sections A, C, D)

b. ☐ Reimbursement (fill all sections)

c. ☐ Direct payment (beneficiary's payment/invoice reference) (fill all sections)

d. ☐ Tranche payment under a development policy loan/financing/grant (fill sections A, B, D)

2. Financier and loan number

Loan/Financing/Grant No.(s)

IBRD

IDA

Trust fund

Cofinancier

3. Subproject reference (if any)

4. Country name

5. Borrower reference

B. Payment instructions

6a. Application currency

6b. Application amount

6c. Equivalent payment currency (if different from application currency)

6d. Application amount (in words)

7. If the application covers more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.	Amount	Loan/Financing/Grant No.	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

8. Name and address of beneficiary

9. Amount to be paid in installments? Yes ☐ No ☐
(if yes, complete Form 2381, "Requested Schedule for Advance Payments")

10a. Name and address of the beneficiary's bank

10b. Account no. (or IBAN for euro payments) of the beneficiary at the beneficiary's bank

10c. SWIFT code of the beneficiary's bank

11a. Name and address of the intermediary bank

11b. Account no. (or IBAN for euro payments) of the beneficiary at the intermediary bank

11c. SWIFT code of the intermediary bank

12. Special payment instructions (if any)

C. Documentation of eligible expenditures

13. Documentation type(s)

- ☐ Interim financial report (e.g., financial monitoring report)
☐ Statement of expenditure
☐ Copies of records (e.g., invoices, receipts)

14. Category and contract reference - If expenditures relate to more than one category or contract reference, leave 14a and 14b blank and ensure this information is included in the supporting documentation.

15a. Documentation currency

15b. Documented amount

14a. Category reference

14b. Contract reference

15c. Documented amount (in words)

16. If the documentation applies to more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.	Amount	Loan/Financing/Grant No.	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

D. Assertions and signature

The undersigned certifies, warrants and undertakes the following:

- A. If the undersigned is making a request for an advance to be deposited in a designated account: (1) the amount requested is consistent with the planned project expenditures furnished to the World Bank; and (2) the documentation for this advance is/will be furnished to the World Bank in accordance with the reporting period specified in the related legal agreement(s) or disbursement letter for this project. If the undersigned is documenting expenditures paid from a designated account: (a) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (b) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- B. If the undersigned is making a request for reimbursement or direct payment: (1) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (2) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- C. If the undersigned is making a request for a tranche payment under a development policy loan/financing/grant: (1) an equivalent amount of this deposit will be accounted for in accordance with the terms of the related legal agreement(s); and (2) the proceeds of the loan/financing/grant will not be used to finance excluded expenditures specified in the related legal agreement(s).
- D. The undersigned will make all records related to the expenditures covered by this Application for Withdrawal available for review by auditors and by World Bank staff.

17. By (name of borrower)

18. Date signed

19a. Print name(s) and title(s) of authorized signatory(ies)

19b. Signature(s)

20. Contact details

Name	Phone	Facsimile	Email
<input type="text" value="Ramakoj Bruuna"/>	<input type="text" value="797-22-34"/>	<input type="text" value="797-22-35"/>	<input type="text" value="rbuuna@ael.gov"/>



The World Bank

Requested Schedule for Advance Payments

Instructions: Please complete this form and attach it to the related Application for Withdrawal form 2380. For general inquiries, please send an email to wbdisbursement@worldbank.org. [See reverse side for detailed instructions.]

Loan/Financing/Grant No.(s)

1. Financier

IBRD 9999-0

IDA

Trust Fund

Cofinancier

2. Borrower reference number of related application for withdrawal

14

3. Requested payment schedule

Ref (a)	Requested Value Date for Disbursement (b)	Financier and Loan/ Financing/Grant No. 9999-0	Financier and Loan/ Financing/Grant No.
		Currency and Amount to be Paid (c)	Currency and Amount to be Paid (d)
I.	August 1, 2006	US dollars 3,500,000	
II.	September 1, 2006	US dollars 3,830,000	
III.			
TOTAL		US dollars 7,330,000	

Note: The World Bank will make its best effort to make the payments on the requested dates. Borrowers should be aware that due to circumstances beyond our control, this may not always be possible. If the requested value date is not a business day, the disbursement will normally be valued on the business day immediately preceding the requested value date.

4. Special instructions, if any:

Example 5 – Request for an Advance to and Documentation of a Designated Account under a Project Financed by Both an IBRD Loan and an IDA Credit

1. The Government of Ruritania requires US Dollars 8,000,000 in **designated account DA-A** to fund expenditures for the forthcoming quarter (July-September 2006). It had a balance of US Dollars 670,000 in the account on June 30, 2006. On **July 6, 2006, Ramakoj Bruuna**, Director of the Dept. of Agr., IIA (tel. no. 797-22-34, facsimile 797-22-35, email rbruuna@ael.gov) sends application for withdrawal **no. 15** under loan **IBRD 9999-0 RUR** and credit **IDA 2222-0** for an advance of the difference of **US Dollars 7,330,000** (40% to be paid from the IBRD loan and 60% from the IDA credit).
2. Payment is to be made to **account 590877-A** of the **Ministry of Agriculture, Capital City, Ruritania** at the **Bank of Ruritania (Head Office), Capital City, Ruritania**. The SWIFT code for the Bank of Ruritania is **BORZ2K**. The intermediary bank is **International Bank, New York, N.Y., U.S.A., 10001**. The SWIFT code for International Bank is **INTLNY**. The account of the Bank of Ruritania at International Bank is **662230**.
3. In the same application, the Government of Ruritania reports to the Bank on the use of the **US Dollars 7,800,000** from **designated account DA-A** during the previous period (April-June 2006). [See the interim financial report—the amount to be reported is the beginning balance in the designated account plus the amount paid

in during the period minus the balance at the end of the period: \$1,080,000 plus \$7,390,000 minus \$670,000 equals \$7,800,000.] The reported expenditures are eligible for 100% financing under **category 1** of both the loan and credit and will be split between the two at **40%** and **60%** respectively.

4. The disbursement letter indicates that the borrower's **interim financial reports** will be used to document the use of funds from the designated account. The ceiling for the designated account will be the equivalent to the total of the cash forecasts for two quarters: US Dollars 17,000,000

Supporting Documents

Furnished to the Bank's task team in advance of the application for withdrawal:

- Any contract and procurement documents required by the Procurement Guidelines

Provided to the Loan Department together with the application for withdrawal:

- Interim financial report (see example 2, attachment 1)

See the completed example 5. Note that all sections (A, B, C and D) of form 2380 must be completed for an application for a request for an advance to and documentation of a designated account.



APPLICATION FOR WITHDRAWAL

Example 5

Instructions: You can use this form to request a payment and/or to document expenditures. Please complete and sign this form, and send it (with any required attachments) to the Loan Department, at the address found in the disbursement letter for your project. [See reverse side for detailed explanations and instructions.] For general inquiries, please send an email to wbdisbursement@worldbank.org.

A. Application type and project reference

1. Application type

- a. **Advance to designated account** (name or number of designated account)
- ☐ Advance to designated account (fill sections A, B, D)
- ☒ **Advance to and documentation of designated account** (fill all sections)
- ☐ Documentation of prior advance(s) to designated account (fill sections A, C, D)
- b. ☐ **Reimbursement** (fill all sections)
- c. ☐ **Direct payment** (fill all sections)
(beneficiary's payment/invoice reference)
- d. ☐ **Tranche payment under a development policy loan/financing/grant**
(fill sections A, B, D)

2. Financier and loan number

Loan/Financing/Grant No.(s)

IBRD

IDA

Trust fund

Cofinancier

3. **Subproject reference (if any)**

4. **Country name**

5. **Borrower reference**

B. Payment instructions

6a. Application currency

6b. Application amount

6c. Equivalent payment currency (if different from application currency)

6d. **Application amount (in words)**

7. If the application covers more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.	Amount	Loan/Financing/Grant No.	Amount
IBRD 9999-0	US Dollars 2,932,000	IDA 2222-0	US Dollars 4,398,000

8. Name and address of beneficiary

9. **Amount to be paid in installments?** Yes ☐ No ☐
(if yes, complete Form 2381, "Requested Schedule for Advance Payments")

10a. Name and address of the beneficiary's bank

10b. Account no. (or IBAN for euro payments) of the beneficiary at the beneficiary's bank

10c. SWIFT code of the beneficiary's bank

11a. Name and address of the intermediary bank

11b. Account no. (or IBAN for euro payments) of the beneficiary at the intermediary bank

11c. SWIFT code of the intermediary bank

12. Special payment instructions (if any)

C. Documentation of eligible expenditures

13. Documentation type(s)

- ☒ Interim financial report (e.g., financial monitoring report)
- ☐ Statement of expenditure
- ☐ Copies of records (e.g., invoices, receipts)

14. **Category and contract reference** - If expenditures relate to more than one category or contract reference, leave 14a and 14b blank and ensure this information is included in the supporting documentation.

15a. Documentation currency

15b. Documented amount

14a. Category reference

14b. Contract reference

15c. Documented amount (in words)

16. If the documentation applies to more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.	Amount	Loan/Financing/Grant No.	Amount
IBRD 9999-0	US Dollars 3,120,000	IDA 2222-0	US Dollars 4,680,000

D. Assertions and signature

The undersigned certifies, warrants and undertakes the following:

- A. If the undersigned is making a request for an advance to be deposited in a designated account: (1) the amount requested is consistent with the planned project expenditures furnished to the World Bank; and (2) the documentation for this advance is/will be furnished to the World Bank in accordance with the reporting period specified in the related legal agreement(s) or disbursement letter for this project. If the undersigned is documenting expenditures paid from a designated account: (a) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (b) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- B. If the undersigned is making a request for reimbursement or direct payment: (1) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (2) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- C. If the undersigned is making a request for a tranche payment under a development policy loan/financing/grant: (1) an equivalent amount of this deposit will be accounted for in accordance with the terms of the related legal agreement(s); and (2) the proceeds of the loan/financing/grant will not be used to finance excluded expenditures specified in the related legal agreement(s).
- D. The undersigned will make all records related to the expenditures covered by this Application for Withdrawal available for review by auditors and by World Bank staff.

17. By (name of borrower)

18. Date signed

19a. Print name(s) and title(s) of authorized signatory(ies)

19b. Signature(s)

20. Contact details

Name	Phone	Facsimile	Email
<input type="text" value="Ramakoj Bruuna"/>	<input type="text" value="797-22-34"/>	<input type="text" value="797-22-35"/>	<input type="text" value="rbruuna@ael.gov"/>

Example 6 – Request for a Reimbursement

1. On **July 6, 2006**, **Ramakoju Bruuna**, Director of the Dept. of Agr., IIA (tel. no. 797-22-34, facsimile 797-22-35, email **rbruuna@ael.gov**) sends application **no. 16** under loan **IBRD 9999-0 RUR** to request reimbursement of **Ruritanian dollars 290,000** covering civil works expenditures of Ruritanian dollars 580,000.00 for three construction contracts. These expenditures are eligible for financing under **category 2** at 50%.
2. Payment is to be made to **account 543661-SL** of the **Ministry of Agriculture, Capital City, Ruritania** at the **Bank of Ruritania (Head Office), Capital City, Ruritania**. The SWIFT code for the Bank of Ruritania is **BORZ2K**.
3. The disbursement letter requires requests for reimbursement to be accompanied by **statements of expenditure**.

Supporting Documents

Furnished to the Bank's task team in advance of the application for withdrawal:

- Any contract and procurement documents required by the Procurement Guidelines

Provided to the Loan Department together with the application for withdrawal:

- Statement of expenditure (see attachment 1)

See the completed example 6. Note that all sections (A, B, C and D) of form 2380 must be completed for a request for a reimbursement.



APPLICATION FOR WITHDRAWAL

Example 6

Instructions: You can use this form to request a payment and/or to document expenditures. Please complete and sign this form, and send it (with any required attachments) to the Loan Department, at the address found in the disbursement letter for your project. [See reverse side for detailed explanations and instructions.] For general inquiries, please send an email to wdbdisbursement@worldbank.org.

A. Application type and project reference

1. Application type

a. Advance to designated account

(name or number of designated account)

- ☐ Advance to designated account (fill sections A, B, D)
- ☐ Advance to and documentation of designated account (fill all sections)
- ☐ Documentation of prior advance(s) to designated account (fill sections A, C, D)

b. ☒ Reimbursement (fill all sections)

c. ☐ Direct payment

(beneficiary's payment/invoice reference)

(fill all sections)

d. ☐ Tranche payment under a development policy loan/financing/grant

(fill sections A, B, D)

2. Financier and loan number

Loan/Financing/Grant No.(s)

IBRD

9999-0

IDA

Trust fund

Cofinancier

3. Subproject reference (if any)

4. Country name

Republic of Ruritania

5. Borrower reference

16

B. Payment instructions

6a. Application currency

Ruritarian Dollars

6b. Application amount

290,000

6c. Equivalent payment currency (if different from application currency)

6d. Application amount (in words)

two hundred ninety thousand and 00/100

7. If the application covers more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.

Amount

Loan/Financing/Grant No.

Amount

8. Name and address of beneficiary

Ministry of Agriculture, Capital City, Ruritania

9. Amount to be paid in installments? Yes ☐ No ☐

(if yes, complete Form 2381, "Requested Schedule for Advance Payments")

10a. Name and address of the beneficiary's bank

Bank of Ruritania (Head Office)
Capital City, Ruritania

10b. Account no. (or IBAN for euro payments) of the beneficiary at the beneficiary's bank

A/C 543661-SL

10c. SWIFT code of the beneficiary's bank

BORZ2K

11a. Name and address of the intermediary bank

11b. Account no. (or IBAN for euro payments) of the beneficiary at the intermediary bank

11c. SWIFT code of the intermediary bank

12. Special payment instructions (if any)

C. Documentation of eligible expenditures

13. Documentation type(s)

- ☐ Interim financial report (e.g., financial monitoring report)
- ☒ Statement of expenditure
- ☐ Copies of records (e.g., invoices, receipts)

14. Category and contract reference - If expenditures relate to more than one category or contract reference, leave 14a and 14b blank and ensure this information is included in the supporting documentation.

15a. Documentation currency

Ruritarian Dollars

15b. Documented amount

290,000

2

15c. Documented amount (in words)

two hundred ninety thousand and 00/100

14a. Category reference

14b. Contract reference

16. If the documentation applies to more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.

Amount

Loan/Financing/Grant No.

Amount

D. Assertions and signature

The undersigned certifies, warrants and undertakes the following:

- A. If the undersigned is making a request for an advance to be deposited in a designated account: (1) the amount requested is consistent with the planned project expenditures furnished to the World Bank; and (2) the documentation for this advance is/will be furnished to the World Bank in accordance with the reporting period specified in the related legal agreement(s) or disbursement letter for this project. If the undersigned is documenting expenditures paid from a designated account: (a) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (b) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- B. If the undersigned is making a request for reimbursement or direct payment: (1) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (2) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- C. If the undersigned is making a request for a tranche payment under a development policy loan/financing/grant: (1) an equivalent amount of this deposit will be accounted for in accordance with the terms of the related legal agreement(s); and (2) the proceeds of the loan/financing/grant will not be used to finance excluded expenditures specified in the related legal agreement(s).
- D. The undersigned will make all records related to the expenditures covered by this Application for Withdrawal available for review by auditors and by World Bank staff.

17. By (name of borrower)

Government of Ruritania

18. Date signed

July 6, 2006

19a. Print name(s) and title(s) of authorized signatory(ies)

Ramakoj Bruuna, Director of the Dept. of Agr., IIA

19b. Signature(s)

[Signed]

20. Contact details

Name

Ramakoj Bruuna

Phone

797-22-34

Facsimile

797-22-35

Email

rbruuna@ael.gov

Example 6

Attachment 1

STATEMENT OF EXPENDITURE

Government of Ruritania: Health and Population Reform Project
Statement of Expenditure for the three months ending June 30, 2006 (in Ruritanian Dollars)
World Bank (IBRD) Loan No. 9999 RUR

Ref	Category	Type of Expenditures	Amount Paid	Disbursement Percentage	Amount Financed by the Bank
1	2	Civil Works	580,000	50%	290,000

Example 7 – Request for a Direct Payment

1. On **July 6, 2006**, **Ramakoju Bruuna**, Director of the Dept. of Agr., IIA (tel. no. **797-22-34**, facsimile **797-22-35**, email **rbruuna@ael.gov**) sends application for withdrawal **no. 17** under loan **IBRD 9999-0 RUR** to request the Bank to pay **US Dollars 185,000** for the consultancy services of **Smith Consulting Firm of Chelmsford, Essex, United Kingdom**. The expenditure is eligible for financing under **category 3** at 100%.
2. Payment is to be made to account **33-000-33-000** of **Smith Consulting Firm, 15 Green Street, Chelmsford, Essex, England** at **Midland Bank PLC, Chelmsford, Essex, England** for payment of its **invoice no. 93366A** under **contract 123**. The SWIFT code for Midland Bank PLC is **MUK123**. The intermediary bank is the **International Bank, New York, N.Y., U.S.A., 10001**. The SWIFT code for the International Bank is **INTLNY**. The account of Midland Bank PLC at the International Bank is **22231**.

3. The disbursement letter requires requests for direct payment to be accompanied by **records** (e.g., invoices, shipping documents).

Supporting Documents

Furnished to the Bank's task team in advance of the application for withdrawal:

- Any contract and procurement documents required by the Procurement Guidelines

Provided to the Loan Department together with the application for withdrawal:

- Records: supplier's invoice(s) (see attachment 1)

See the completed example 7. Note that all sections (A, B, C and D) of form 2380 must be completed for a request for a direct payment.



APPLICATION FOR WITHDRAWAL

Example 7

Instructions: You can use this form to request a payment and/or to document expenditures. Please complete and sign this form, and send it (with any required attachments) to the Loan Department, at the address found in the disbursement letter for your project. [See reverse side for detailed explanations and instructions.] For general inquiries, please send an email to wdbdisbursement@worldbank.org.

A. Application type and project reference

1. Application type

- a. **Advance to designated account**
(name or number of designated account)
- ☐ Advance to designated account (fill sections A, B, D)
☐ Advance to and documentation of designated account (fill all sections)
☐ Documentation of prior advance(s) to designated account (fill sections A, C, D)
- b. ☐ **Reimbursement (fill all sections)**
- c. ☒ **Direct payment** (fill all sections)
(beneficiary's payment/invoice reference)
- d. ☐ **Tranche payment under a development policy loan/financing/grant**
(fill sections A, B, D)

2. Financier and loan number

Loan/Financing/Grant No.(s)

IBRD

IDA

Trust fund

Cofinancier

3. Subproject reference (if any)

4. **Country name**

5. **Borrower reference**

B. Payment instructions

6a. Application currency

6b. Application amount

6c. Equivalent payment currency (if different from application currency)

6d. **Application amount (in words)**

7. If the application covers more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.	Amount	Loan/Financing/Grant No.	Amount
<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>

8. Name and address of beneficiary

9. **Amount to be paid in installments?** Yes ☐ No ☐
(if yes, complete Form 2381, "Requested Schedule for Advance Payments")

10a. Name and address of the beneficiary's bank

10b. Account no. (or IBAN for euro payments) of the beneficiary at the beneficiary's bank

10c. SWIFT code of the beneficiary's bank

11a. Name and address of the intermediary bank

11b. Account no. (or IBAN for euro payments) of the beneficiary at the intermediary bank

11c. SWIFT code of the intermediary bank

12. Special payment instructions (if any)

C. Documentation of eligible expenditures

13. Documentation type(s)

- ☐ Interim financial report (e.g., financial monitoring report)
☐ Statement of expenditure
☒ Copies of records (e.g., invoices, receipts)

14. **Category and contract reference** - If expenditures relate to more than one category or contract reference, leave 14a and 14b blank and ensure this information is included in the supporting documentation.

15a. Documentation currency

15b. Documented amount

14a. Category reference

14b. Contract reference

15c. Documented amount (in words)

16. If the documentation applies to more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.	Amount	Loan/Financing/Grant No.	Amount
<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>

D. Assertions and signature

The undersigned certifies, warrants and undertakes the following:

- A. If the undersigned is making a request for an advance to be deposited in a designated account: (1) the amount requested is consistent with the planned project expenditures furnished to the World Bank; and (2) the documentation for this advance is/will be furnished to the World Bank in accordance with the reporting period specified in the related legal agreement(s) or disbursement letter for this project. If the undersigned is documenting expenditures paid from a designated account: (a) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (b) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- B. If the undersigned is making a request for reimbursement or direct payment: (1) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (2) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- C. If the undersigned is making a request for a tranche payment under a development policy loan/financing/grant: (1) an equivalent amount of this deposit will be accounted for in accordance with the terms of the related legal agreement(s); and (2) the proceeds of the loan/financing/grant will not be used to finance excluded expenditures specified in the related legal agreement(s).
- D. The undersigned will make all records related to the expenditures covered by this Application for Withdrawal available for review by auditors and by World Bank staff.

17. By (name of borrower)

18. Date signed

19a. Print name(s) and title(s) of authorized signatory(ies)

19b. Signature(s)

20. Contact details

Name

Phone

Facsimile

Email

**Example 7
Attachment 1**

Smith Consulting Firm
15 Green Street
Chelmsford, Essex, England

Tel. 123-123-123/24

<http://www.smithconsulting.com>

Facsimile 123-123-125/26

INVOICE 93366A**To:**

Department of Agriculture, IIA
Attention: Ramakoj Bruuna, Director

Your Reference:

Contract 123

Please Pay:

US Dollars 185,000

Banking Instructions:

Account 33-000-33-000
of Smith Consulting Firm, Chelmsford, Essex, England
at the Midland Bank PLC, Chelmsford, Essex, England (SWIFT Code is MUK123)

Intermediary Bank: Account 22231 of Midland Bank PLC
at the International Bank, New York, N.Y., U.S.A., 10001 (SWIFT Code is INTLNY)

Example 8 – Request for a Direct Payment in a Different Currency than the Currency of the Related Expenditure

1. On **July 6, 2006**, **Ramakoju Bruuna**, Director of the Dept. of Agr., IIA (**tel. no. 797-22-34, facsimile 797-22-35, email rbruuna@ael.gov**) sends application for withdrawal **no. 18** under loan **IBRD 9999-0 RUR** to request the Bank to pay **the British Pounds Sterling equivalent of Ruritanian Dollars 185,000** for the **consultancy services** of **Smith Consulting Firm** of Chelmsford, Essex, United Kingdom. The expenditure is eligible for financing under **category 3** at 100%.
2. Payment is to be made to **account 33-000-33-001** of **Smith Consulting Firm**, 15 Green Street, Chelmsford, Essex, England at the **Midland Bank PLC, Chelmsford, England** for its invoice no. **93366B** under **contract 123**. The SWIFT code for Midland Bank PLC is **MUK123**.
3. The disbursement letter requires requests for direct payment to be accompanied by **records** (e.g., invoices, shipping documents).

Supporting Documents

Furnished to the Bank's task team in advance of the application for withdrawal:

- Any contract and procurement documents required by the Procurement Guidelines

Provided to the Loan Department together with the application for withdrawal:

- Records: supplier's invoice(s) (see attachment 1)

See the completed example 8. Note that all sections (A, B, C and D) of form 2380 must be completed for a request for a direct payment, and that field 6c should be filled.



APPLICATION FOR WITHDRAWAL

Example 8

Instructions: You can use this form to request a payment and/or to document expenditures. Please complete and sign this form, and send it (with any required attachments) to the Loan Department, at the address found in the disbursement letter for your project. [See reverse side for detailed explanations and instructions.] For general inquiries, please send an email to wdbdisbursement@worldbank.org.

A. Application type and project reference

1. Application type

a. Advance to designated account

(name or number of designated account)

- ☐ Advance to designated account (fill sections A, B, D)
☐ Advance to and documentation of designated account (fill all sections)
☐ Documentation of prior advance(s) to designated account (fill sections A, C, D)

b. ☐ Reimbursement (fill all sections)

c. ☒ Direct payment *Contract 123, invoice no. 93366B* (fill all sections) (beneficiary's payment/invoice reference)

d. ☐ Tranche payment under a development policy loan/financing/grant (fill sections A, B, D)

2. Financier and loan number

Loan/Financing/Grant No.(s)

IBRD

9999-0

IDA

Trust fund

Cofinancier

3. Subproject reference (if any)

4. Country name

Republic of Ruritania

5. Borrower reference

18

B. Payment instructions

6a. Application currency

Ruritarian Dollars

6b. Application amount

185,000

6c. Equivalent payment currency (if different from application currency)

British Pounds Sterling

6d. Application amount (in words)

one hundred eighty-five thousand and 00/100

7. If the application covers more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.

Amount

Loan/Financing/Grant No.

Amount

8. Name and address of beneficiary

Smith Consulting Firm, 15 Green Street, Chelmsford, Essex, England

9. Amount to be paid in installments? Yes ☐ No ☐ (if yes, complete Form 2381, "Requested Schedule for Advance Payments")

10a. Name and address of the beneficiary's bank

Midland Bank PLC
Chelmsford, Essex, England

10b. Account no. (or IBAN for euro payments) of the beneficiary at the beneficiary's bank

33-000-33-001

10c. SWIFT code of the beneficiary's bank

MUK123

11a. Name and address of the intermediary bank

11b. Account no. (or IBAN for euro payments) of the beneficiary at the intermediary bank

11c. SWIFT code of the intermediary bank

12. Special payment instructions (if any)

C. Documentation of eligible expenditures

13. Documentation type(s)

- ☐ Interim financial report (e.g., financial monitoring report)
☐ Statement of expenditure
☒ Copies of records (e.g., invoices, receipts)

14. Category and contract reference - If expenditures relate to more than one category or contract reference, leave 14a and 14b blank and ensure this information is included in the supporting documentation.

15a. Documentation currency

Ruritarian Dollars

15b. Documented amount

185,000

14a. Category reference

3

14b. Contract reference

Contract 123

15c. Documented amount (in words)

one hundred eighty-five thousand and 00/100

16. If the documentation applies to more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.

Amount

Loan/Financing/Grant No.

Amount

D. Assertions and signature

The undersigned certifies, warrants and undertakes the following:

- A. If the undersigned is making a request for an advance to be deposited in a designated account: (1) the amount requested is consistent with the planned project expenditures furnished to the World Bank; and (2) the documentation for this advance is/will be furnished to the World Bank in accordance with the reporting period specified in the related legal agreement(s) or disbursement letter for this project. If the undersigned is documenting expenditures paid from a designated account: (a) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (b) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- B. If the undersigned is making a request for reimbursement or direct payment: (1) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (2) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- C. If the undersigned is making a request for a tranche payment under a development policy loan/financing/grant: (1) an equivalent amount of this deposit will be accounted for in accordance with the terms of the related legal agreement(s); and (2) the proceeds of the loan/financing/grant will not be used to finance excluded expenditures specified in the related legal agreement(s).
- D. The undersigned will make all records related to the expenditures covered by this Application for Withdrawal available for review by auditors and by World Bank staff.

17. By (name of borrower)

Government of Ruritania

18. Date signed

July 6, 2006

19a. Print name(s) and title(s) of authorized signatory(ies)

Ramakoj Bruuna, Director of the Dept. of Agr., IIA

19b. Signature(s)

[Signed]

20. Contact details

Name

Ramakoj Bruuna

Phone

797-22-34

Facsimile

797-22-35

Email

rbruuna@ael.gov

Example 8 Attachment

Smith Consulting Firm
15 Green Street
Chelmsford, Essex, England

Tel. 123-123-123/24

<http://www.smithconsulting.com>

Facsimile 123-123-125/26

INVOICE 93366B

To:

Department of Agriculture, IIA
Attention: Ramakoj Bruuna, Director

Your Reference:

Contract 123

Please Pay:

British Pounds Sterling equivalent of Ruritanian Dollars 185,000

Banking Instructions:

Account 33-000-33-001
of Smith Consulting Firm, Chelmsford, Essex, England
at the Midland Bank PLC, Chelmsford, Essex, England
(SWIFT Code is MUK123)

Example 9 – Request for a Tranche Payment under a Development Policy Loan

1. Having met all of the conditions in the legal agreement, on **July 6, 2006**, **His Excellency Kalil Bali**, Minister of Finance (contact **Hassouna Amal**, tel. no. 797-22-88, facsimile 797-22-89, email **hamal@ael.gov**) sends application for withdrawal **no. 19** under loan **IBRD 1234-0 RUR** to request payment of the first tranche of **US Dollars 50,000,000**.
2. Payment is to be made to account **441113** of the Ministry of Finance, Capital City, Ruritania at the **Central Bank of Ruritania, Capital City, Ruritania**. The SWIFT code for the Central Bank of Ruritania is **CBRURB**. The intermedi-

ary bank is the **International Bank, New York, N.Y., U.S.A., 10001**. The SWIFT code for the International Bank is **INTLNY**. The account of the Central Bank of Ruritania at the International Bank is **661120**.

Supporting documents

- None are required.

See the completed example 9. Note that only sections (A, B and D) of form 2380 must be completed for a request for a tranche payment under a development policy lending loan (section C has therefore been greyed out in the example).

APPLICATION FOR WITHDRAWAL

Example 9

Instructions: You can use this form to request a payment and/or to document expenditures. Please complete and sign this form, and send it (with any required attachments) to the Loan Department, at the address found in the disbursement letter for your project. [See reverse side for detailed explanations and instructions.] For general inquiries, please send an email to wbdisbursement@worldbank.org.

A. Application type and project reference

1. Application type

- a. Advance to designated account** (name or number of designated account)
- ☐ Advance to designated account (fill sections A, B, D)
- ☐ Advance to and documentation of designated account (fill all sections)
- ☐ Documentation of prior advance(s) to designated account (fill sections A, C, D)
- b. ☐ Reimbursement (fill all sections)**
- c. ☐ Direct payment** (fill all sections)
(beneficiary's payment/invoice reference)
- d. ☒ Tranche payment under a development policy loan/financing/grant**
(fill sections A, B, D)

2. Financier and loan number

Loan/Financing/Grant No.(s)

IBRD 1234-0

IDA

Trust fund

Cofinancier

3. Subproject reference (if any)

4. Country name Republic of Ruritania

5. Borrower reference 19

B. Payment instructions

6a. Application currency

US Dollars

6b. Application amount

50,000,000

6c. Equivalent payment currency (if different from application currency)

6d. Application amount (in words) fifty million and 00/100

7. If the application covers more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.	Amount	Loan/Financing/Grant No.	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

8. Name and address of beneficiary

Ministry of Finance, Capital City, Ruritania

9. Amount to be paid in installments? Yes ☐ No ☐
(if yes, complete Form 2381, "Requested Schedule for Advance Payments")

10a. Name and address of the beneficiary's bank

Central Bank of Ruritania
Capital City, Ruritania

10b. Account no. (or IBAN for euro payments) of the beneficiary at the beneficiary's bank

A/C 441113

10c. SWIFT code of the beneficiary's bank

CBRURB

11a. Name and address of the intermediary bank

International Bank
New York, NY USA 10001

11b. Account no. (or IBAN for euro payments) of the beneficiary at the intermediary bank

A/C 661120

11c. SWIFT code of the intermediary bank

INTLNY

12. Special payment instructions (if any)

C. Documentation of eligible expenditures

13. Documentation type(s)

- ☐ Interim financial report (e.g., financial monitoring report)
- ☐ Statement of expenditure
- ☐ Copies of records (e.g., invoices, receipts)

14. Category and contract reference - If expenditures relate to more than one category or contract reference, leave 14a and 14b blank and ensure this information is included in the supporting documentation.

15a. Documentation currency

15b. Documented amount

14a. Category reference

14b. Contract reference

15c. Documented amount (in words)

16. If the documentation applies to more than one loan (as specified in item 2 above), please provide amounts allocated to each financier.

Loan/Financing/Grant No.	Amount	Loan/Financing/Grant No.	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

D. Assertions and signature

The undersigned certifies, warrants and undertakes the following:

- A. If the undersigned is making a request for an advance to be deposited in a designated account: (1) the amount requested is consistent with the planned project expenditures furnished to the World Bank; and (2) the documentation for this advance is/will be furnished to the World Bank in accordance with the reporting period specified in the related legal agreement(s) or disbursement letter for this project. If the undersigned is documenting expenditures paid from a designated account: (a) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (b) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- B. If the undersigned is making a request for reimbursement or direct payment: (1) the expenditures covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s); and (2) these expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditures from any other source in the future.
- C. If the undersigned is making a request for a tranche payment under a development policy loan/financing/grant: (1) an equivalent amount of this deposit will be accounted for in accordance with the terms of the related legal agreement(s); and (2) the proceeds of the loan/financing/grant will not be used to finance excluded expenditures specified in the related legal agreement(s).
- D. The undersigned will make all records related to the expenditures covered by this Application for Withdrawal available for review by auditors and by World Bank staff.

17. By (name of borrower)

Government of Ruritania

18. Date signed

July 6, 2006

19a. Print name(s) and title(s) of authorized signatory(ies)

Kalil Bali, Minister of Finance

19b. Signature(s)

[Signed]

20. Contact details

Name

Hassouna Amal

Phone

797-22-88

Facsimile

797-22-89

Email

hamal@ael.gov

FORMS USED FOR SPECIAL COMMITMENTS

Application for A Special Commitment Form

Borrowers may use the *Application for a Special Commitment Form 1931* to request the Bank to issue a guarantee in the form of a special commitment to cover a letter of credit from a commercial bank for the purchase of goods for the project.

Special Commitment Letter

When an application for a special commitment is approved, the Bank issues a *Special Commitment Form 2018* to the commercial bank that will negotiate payments.

Request for Payment

Promptly after each payment or negotiation of documents by the commercial bank under the letter of

credit, the commercial bank claims payment from the Bank generally by a SWIFT message. Alternatively, the commercial bank may send a request for payment by mail using *Special Commitment Request For Payment Form 2015*.

Illustrative Examples

Reference copies of forms 1931 and 2015 are contained in this annex together with instructions. Examples of completed forms are provided at the end of this annex.

Paper forms are available from the World Bank, upon request and from the Client Connection Web site (<http://clientconnection.worldbank.org>). Form 1931 can be downloaded from Client Connection, completed, signed, and delivered to a World Bank office, or it can be filled out online and then printed, signed, and delivered.



THE WORLD BANK

1818 H Street, N.W. Washington, DC 20433
APPLICATION FOR A SPECIAL COMMITMENT

Read reverse for instructions

1. IBRD Loan No.:
or IDA Credit No.:
2. Cofinanciers Ref. No.:
IBRD/IDA Ref.No.: or
3. Application No.:

Attention Disbursement Division:

We apply for a Special Commitment and subsequent withdrawal from the Account(s) opened under the Loan, Development Credit or Cofinancing Agreement(s), and certify and agree as follows:

- A. The undersigned requests that a Special Commitment be issued to the negotiating bank in accordance with the terms of the Agreement(s) in order to make payment to the negotiating bank from the Account(s). The undersigned irrevocably authorizes such withdrawal on the basis of any written statement by the negotiating bank that payment has been made or is due, and will be promptly made under and in accordance with the terms of the letter of credit as such may be amended.
- B. Amendments involving an extension of the letter of credit expiry date beyond the closing date of the Agreement(s) or more than six months beyond the original expiry date of the letter of credit (whichever is earlier), a change in the value of the letter of credit, the description or quantity of goods, or the beneficiary, or advance payment of more than 25% of the value of the letter of credit prior to shipment of goods, are subject to your prior approval. The undersigned will only agree to amendments to the letter of credit that are in accordance with the terms of the Agreement(s), and further agrees that all proposed amendments will be copied to you by the negotiating bank for your information or approval as appropriate.
- C. You may limit your total obligation to make payments under the Special Commitment by inserting a limitation clause denominated in the currency of the Account sufficient to cover exchange rate fluctuations. The undersigned agrees that if, because of the limitation clause, you cannot disburse the full amount needed to pay the negotiating bank, any uncommitted portion of the Account may be disbursed to cover the deficiency. In the event that the uncommitted portion of the Account is insufficient to cover the deficiency, you will notify the undersigned who will arrange to make such payment promptly to the negotiating bank.
- D. Your obligation under the Special Commitment shall terminate:
 - (a) except as the World Bank shall otherwise agree, 30 days after the expiry date of the letter of credit or at the closing date of the Loan or Development Credit Agreement (whichever is earlier);
 - (b) upon payment by the World Bank to the negotiating bank of the full value of the letter of credit, in accordance with the terms and conditions of the Special Commitment.
 - (c) upon receipt by the World Bank of written notice from the negotiating bank specifying the Special Commitment may be cancelled.
- E. The undersigned has not previously withdrawn from the Account to meet these expenditures. The undersigned has not and does not intend to obtain funds for this purpose out of the proceeds of any other loan, credit or grant
- F. The goods or services covered by this application are being purchased in accordance with the terms of the Agreement(s).
- G. The expenditures are being made only for goods or services from eligible sources.
- H. In the event that all or part of the funds withdrawn from the Account pursuant to this application are returned to the World Bank, the undersigned hereby authorizes the World Bank to apply the current value of such funds as a credit to the Account; or, if the amount is small, apply such funds to the borrower's next payment due for interest, commitment charges, service charges or principal.

DETAILS OF LETTER OF CREDIT

4. NAME AND ADDRESS OF NEGOTIATING BANK

SWIFT CODE: CRLYFR

5. NAME AND ADDRESS OF OPENING (BORROWER'S) BANK

6. NAME OF L/C OPENER (BORROWER OR EXECUTING AGENCY)

DETAILS OF EXPENDITURE

8. NAME AND ADDRESS OF CONTRACTOR OR SUPPLIER (letter of credit beneficiary)

9. PROCUREMENT DETAILS

- a) CONTRACT OF PURCHASE ORDER NUMBER AND DATE
(or other reference to contract document)
- b) DATE OF PROCUREMENT NO-OBJECTION NOTICE
(complete for contracts above prior review limit)

(continued)

DETAILS OF LETTER OF CREDIT

7. LETTER OF CREDIT DETAILS

- a) OPENING BANK'S L/C NO.
- b) CURRENCY NAME
- c) CURRENCY AMOUNT
- d) L/C EXPIRY DATE

DETAILS OF EXPENDITURE

- c) BRIEF DESCRIPTION OF GOOD, WORKS OR SERVICES

10. WITHDRAWAL DETAILS

- a) CATEGORY OR SUB-PROJECT NO.
- b) PERCENTAGE OF EXPENDITURES TO BE FINANCED:
BY THE WORLD BANK

BY JOINT FINANCIER (if any)

11. SPECIAL INSTRUCTIONS AND REMARKS

12. _____

Name of Borrower

13. _____

Date

14. By _____

Signature(s) of Authorized Representative(s)

15. By _____

Name(s) and Title(s) of Authorized Representative(s)

SUBMIT APPLICATION IN DUPLICATE TO ADDRESS SHOWN ABOVE

For World Bank Use Only

SC No. _____ Approved _____

W/A No. _____

Instructions for Completing Application for a Special Commitment (Form 1931)

Notes: Submit applications to the Bank in duplicate.

Complete all the numbered lines of paras. 1 through 15.

When completed, check the application to ensure that the references, amounts, and other details are correct before passing to the Authorized Representative(s) for signature.

Mistakes and omissions lead to delays in payment.

Instructions: Numbers correspond to numbers on Application for Special Commitment

1. **IBRD Loan/IDA Credit No.:** Insert the full reference (number and letters) as it appears on the Loan/Credit Agreement.
2. **Cofinancier's Ref. No.:** Insert Cofinancier's name and loan/credit/grant reference (if any) on the first line. In the second line, show the associated World Bank reference number (05- followed by 5 digits for Trust Funds, and 14- followed by 5 digits for other cofinancing operations).
3. **Application No.:** Number applications consecutively, beginning with number one (irrespective of application type). Where there is more than one implementing agency, use a prefix to identify applications from each agency (for example, MF 1 = Ministry of Finance No. 1).

Details of Letter of Credit

4. **Name and Address of Negotiating Bank:** To be obtained from L/C. Give full mailing address. Indicate SWIFT code if the bank is a member of SWIFT.
5. **Name and Address of Opening Bank:** Usually the borrower's bank in the borrowing country.
6. **Name of L/C Opener:** Name of borrower or executing agency.
7. **L/C Details:** To be obtained for L/C.

Details of Expenditure

8. **Name and Address of Contractor or Supplier:** The beneficiary of the L/C. Give name, city, state (for U.S. suppliers) and country.
9. **Procurement Details:**
 - a. **Contract or Purchase Order Number and Date:** To be obtained from relevant documents.
 - b. **Date of Procurement No-Objection Notice:** Give date of the Bank's no-objection notice if award of the contract against which payment is being made was subject to the Bank's prior review.
 - c. **Brief Description of Goods, Works, or Services:** For example: agricultural machinery or fertilizer.
10. **Withdrawal Details:**
 - a. **Category or Subproject No.:** Obtain category reference taken from Schedule 1 of the Loan/Credit Agreement. The subproject number for financial intermediary loans is the number advised by the Bank when it approved the subproject.
 - b. **Percentage of Expenditures to be Financed:**
 - i. **By the Bank:** Obtain from the appropriate category of Schedule 1 of Article II of the Loan/Credit Agreement.
 - ii. **By Cofinancier (if any):** When there is cofinancing, give the Bank/Cofinancier disbursement ration (for example, WB 60%, CF 40%); otherwise "NIL."

Special Instructions

11. **Special Instructions and Remarks:** Provide any special instructions, invoice numbers, or other references that would facilitate issuance of the Special Commitment.
12. **Name of Borrower:** Fill in name as it appears on the Loan/Credit Agreement.
13. **Date:** Give the date on which the Authorized Representative(s) signs the application.
14. **Authorization:** Obtain the signature(s) of the Authorized Representative(s).
15. **Name and Title of Representative(s):** Provide both the name and title of the signatory(ies).

Supporting Documents

The following documents should accompany the application:

One copy of the contract or purchase order (unless this document has already been submitted to the Bank)

Two copies of the letter of credit (with valid expiry date) that the commercial bank proposes to issue.

Note: If the letter of credit refers to other documents such as proforma invoices, two copies of these documents should accompany the application.



THE WORLD BANK

SPECIAL COMMITMENT REQUEST FOR PAYMENT

- These instructions apply to commercial banks that have received a Special Commitment issued by the Bank on Form 2018.
- The appropriate text for Special Commitment requests for payment is shown in the box below.
- SWIFT, telex, or cable requests are the preferred mechanism to request payment.
- Separate requests for payment must be prepared for each Special Commitment.
- Mailed confirmation of the SWIFT/telex/cable request on Form 2015 is NOT required.

TO: INTBAFRAD or INDEVAS, WASHINGTON, D. C.

DISBURSEMENT DIVISION [insert the Disbursement Division indicated in the signature block of the Special Commitment letter]

RE: IBRD LOAN or IDA CREDIT or COFINANCIER NUMBER [insert the 4 or 5 digit number, followed by 2 or 3 character abbreviation for the borrowing country indicated in the upper left corner of the Special Commitment letter]

SPECIAL COMMITMENT NUMBER [insert the 1 to 5 digit number indicated in the upper left corner of the Special Commitment letter]

LETTER OF CREDIT NUMBER [insert opening bank's L/C number cited in the Special Commitment letter]

REQUEST FOR PAYMENT NUMBER [number requests for payment sequentially beginning with number 1]

WE HAVE NEGOTIATED DOCUMENTS FOR [insert currency name] [insert amount in figures]

PLEASE PAY [insert bank name], [insert branch name and address] **CITING OUR REFERENCE** [insert reference number which is needed for correct identification of payment by negotiating bank]

BALANCE OF LETTER OF CREDIT [insert currency name] [insert amount in figures] **HAS BEEN CANCELLED or WILL BE UTILIZED**

DOCUMENTARY CREDITS DEPARTMENT, [insert bank name], [insert address]



THE WORLD BANK

SPECIAL COMMITMENT REQUEST FOR PAYMENT

While the Bank prefers to receive payment requests by SWIFT, telex or cable, it will also accept requests for payment by facsimile or by mail in the following form. This form should NOT be sent if payment has already been requested by SWIFT, telex, or cable.

TO: _____ Disbursement Division
The World Bank
1818 H Street, N.W.
Washington, DC 20433
U.S.A.

Date:
IBRD Loan/IDA Credit No.:
Cofinanciers Ref. No.:
IBRD/IDA Special Commitment No.:
Letter of Credit No.:
Request for Payment No.:
Our Ref:

SPECIAL COMMITMENT REQUEST FOR PAYMENT

We have paid or will pay _____ to or on the order of: _____
(currency and amount)

(name and address of beneficiary)

under the Letter of Credit, Special Commitment and Loan/Credit/Cofinancier agreement(s) mentioned above. Such payment has been made, or is due and will be promptly made to the beneficiary under and in accordance with the terms and conditions of the said Letter of Credit and amendments, if any, appropriately approved. We request payment of the amount pursuant to said Special Commitment.

Balance of the letter of credit _____ ☐ has been cancelled ☐ will be utilized
(currency and amount)

Validity of the letter of credit has been extended to _____

Payment routing instructions:

Very truly yours,

(Authorized Signature)

(Name)

(Name and Address of Commercial Bank)

Instructions for Completing Payment Requests sent by Facsimile or by Mail

- 1. Disbursement Division** [insert the Disbursement Division indicated in the signature block of the Special Commitment letter]
- 2. Date** [insert date of request]
- 3. IBRD Loan/IDA Credit/Cofinancier No.** [insert the 4 or 5 digit number, followed by 2 or 3 character abbreviation for the borrowing country indicated in the upper left corner of the Special Commitment letter]
- 4. IBRD/IDA Special Commitment No.** [insert the 1 to 5 digit number indicated in the upper left corner of the Special Commitment letter]
- 5. Our Ref.** [insert negotiating bank's own reference]
- 6. Letter of Credit No.** [insert opening bank's L/C number cited in the Special Commitment letter]
- 7. Request for Payment No.** [number requests for payment sequentially, beginning with number one]
- 8. Name and Address of Beneficiary** [insert name and address of beneficiary as shown in Special Commitment]
- 9. Balance of L/C** [insert currency name and amount in figures]
- 10. Validity of L/C** [insert date]
- 11. Payment Routing Instructions** [insert payment routing or identification, or name of correspondent bank in the country of currency payable, or other information if appropriate]
- 12. Authorized Signature** [insert signature of authorized person in the negotiating bank]
- 13. Name** [insert typewritten name of signatory]
- 14. Name and Address of Commercial Bank** [insert name and address of bank making the request]

Example 1 - Form 1931 Application for Special Commitment

1. The Government of Ruritania requests issuance of a special commitment to cover **letter of credit no. 5555** opened by **Anybank, Ruritania**, in favor of **Motors Inc., Paris** for the purchase of 5 vehicles costing **EUR 675,000**.
2. The letter of credit expires on **December 15, 2006**. The negotiating bank is **International Bank, Main Branch, Paris, France**.
3. This expenditure is eligible for financing under **category 2** – goods, of IDA Credit 3000-RUR at 100% of foreign expenditures.
4. The implementing agency is the Ministry of Agriculture.

Supporting Documents

Furnished to the Bank's task team in advance of the application for special commitment:

- Any contract and procurement documents required by the Procurement Guidelines

Provided to the Loan Department together with the application for special commitment:

- Two copies of proposed letter of credit
- Pro forma invoices, if these are cited in the letter of credit

See the completed example 1. Note that all sections (1 through 15) of form 1931 must be completed for an application for a special commitment to be processed.

See the [special commitment](#) that the Bank issues on form 2018 based on the application received from the Government of Ruritania.



THE WORLD BANK

Example 1

1818 H Street, N.W. Washington, DC 20433
APPLICATION FOR A SPECIAL COMMITMENT

Read reverse for instructions

1. IBRD Loan No.:
or IDA Credit No.: 3000-RUR
2. Cofinanciers Ref. No.:
IBRD/IDA Ref.No.: or
3. Application No.: 20

Attention Disbursement Division:

We apply for a Special Commitment and subsequent withdrawal from the Account(s) opened under the Loan, Development Credit or Cofinancing Agreement(s), and certify and agree as follows:

- A. The undersigned requests that a Special Commitment be issued to the negotiating bank in accordance with the terms of the Agreement(s) in order to make payment to the negotiating bank from the Account(s). The undersigned irrevocably authorizes such withdrawal on the basis of any written statement by the negotiating bank that payment has been made or is due, and will be promptly made under and in accordance with the terms of the letter of credit as such may be amended.
- B. Amendments involving an extension of the letter of credit expiry date beyond the closing date of the Agreement(s) or more than six months beyond the original expiry date of the letter of credit (whichever is earlier), a change in the value of the letter of credit, the description or quantity of goods, or the beneficiary, or advance payment of more than 25% of the value of the letter of credit prior to shipment of goods, are subject to your prior approval. The undersigned will only agree to amendments to the letter of credit that are in accordance with the terms of the Agreement(s), and further agrees that all proposed amendments will be copied to you by the negotiating bank for your information or approval as appropriate.
- C. You may limit your total obligation to make payments under the Special Commitment by inserting a limitation clause denominated in the currency of the Account sufficient to cover exchange rate fluctuations. The undersigned agrees that if, because of the limitation clause, you cannot disburse the full amount needed to pay the negotiating bank, any uncommitted portion of the Account may be disbursed to cover the deficiency. In the event that the uncommitted portion of the Account is insufficient to cover the deficiency, you will notify the undersigned who will arrange to make such payment promptly to the negotiating bank.
- D. Your obligation under the Special Commitment shall terminate:
 - (a) except as the World Bank shall otherwise agree, 30 days after the expiry date of the letter of credit or at the closing date of the Loan or Development Credit Agreement (whichever is earlier);
 - (b) upon payment by the World Bank to the negotiating bank of the full value of the letter of credit, in accordance with the terms and conditions of the Special Commitment.
 - (c) upon receipt by the World Bank of written notice from the negotiating bank specifying the Special Commitment may be cancelled.
- E. The undersigned has not previously withdrawn from the Account to meet these expenditures. The undersigned has not and does not intend to obtain funds for this purpose out of the proceeds of any other loan, credit or grant
- F. The goods or services covered by this application are being purchased in accordance with the terms of the Agreement(s).
- G. The expenditures are being made only for goods or services from eligible sources.
- H. In the event that all or part of the funds withdrawn from the Account pursuant to this application are returned to the World Bank, the undersigned hereby authorizes the World Bank to apply the current value of such funds as a credit to the Account; or, if the amount is small, apply such funds to the borrower's next payment due for interest, commitment charges, service charges or principal.

DETAILS OF LETTER OF CREDIT

4. NAME AND ADDRESS OF NEGOTIATING BANK

*International Bank
Main Branch, Champs Elysee
Paris, France*

SWIFT CODE: CRLYFR

5. NAME AND ADDRESS OF OPENING (BORROWER'S) BANK

*Anybank
Main Street
Capital City
Ruritania*

6. NAME OF L/C OPENER (BORROWER OR EXECUTING AGENCY)

Ministry of Agriculture

DETAILS OF EXPENDITURE

8. NAME AND ADDRESS OF CONTRACTOR OR SUPPLIER

*(letter of credit beneficiary)
Motors Inc.
Paris, France*

9. PROCUREMENT DETAILS

- a) CONTRACT OF PURCHASE ORDER NUMBER AND DATE
(or other reference to contract document)
3579 of June 30, 2006
- b) DATE OF PROCUREMENT NO-OBJECTION NOTICE
(complete for contracts above prior review limit)
June 11, 2006

(continued)

DETAILS OF LETTER OF CREDIT

7. LETTER OF CREDIT DETAILS

- a) OPENING BANK'S L/C NO. *5555*
- b) CURRENCY NAME *Euros*
- c) CURRENCY AMOUNT *675,000.00*
- d) L/C EXPIRY DATE *December 15, 2006*

DETAILS OF EXPENDITURE

- c) BRIEF DESCRIPTION OF GOOD, WORKS OR SERVICES
5 minibuses

10. WITHDRAWAL DETAILS

- a) CATEGORY OR SUB-PROJECT NO. *2*
- b) PERCENTAGE OF EXPENDITURES TO BE FINANCED:
BY THE WORLD BANK *100%*
- BY JOINT FINANCIER (if any) *nil*

11. SPECIAL INSTRUCTIONS AND REMARKS

12. *Government of Ruritania*

Name of Borrower

13. *July 15, 2006*

Date

14. By *(sgd) Harold R. Brown*
Signature(s) of Authorized Representative(s)

15. By *Harold R. Brown, Proj. Coord., Min. of Agriculture*
Name(s) and Title(s) of Authorized Representative(s)

SUBMIT APPLICATION IN DUPLICATE TO ADDRESS SHOWN ABOVE

For World Bank Use Only

SC No. _____ Approved _____

W/A No. _____



THE WORLD BANK GROUP
1818 H Street, N.W. Washington, D.C. 20433 U.S.A.
Tel. No. (202) 473-1000, Cable Addresses: INTBAFRAD & INDEVAS
Telex No. RCA 248423

Financier/Loan Numbers: 3000 –RUR

Special Commitment No. 2

NOTE: All correspondence must include the Loan/Credit/Cofinanciers Number and the Special Commitment Number.

International Bank

Date July 26, 2006

Main Branch, Champs Elysee

Your Correspondent Anybank, Ruritania

Paris, France

Your Correspondent's L/C No. 5555

Application No. 20

Your Reference:

Ladies and Gentlemen:

We transmit herewith a copy of a letter of credit which we understand you are prepared to issue, advise or confirm in favor of **Motors Inc.**

in the amount of **EUR 675,000.00**

expiring on **December 15, 2006**

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

(a) reimburse you (or the negotiating bank) for any payment made to or on the order of the beneficiary under and in accordance with the terms of the letter of credit.

(b) pay to you (or the negotiating bank) amounts that have become due the beneficiary under 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 payments.

Subject to the terms and conditions described below, payment shall be made by us promptly but not later than 30 days after receipt by us of a written request therefor provided that such written request should have been specifically addressed to the Division and Department of the International Bank for Reconstruction and Development ("IBRD")/International Development Association ("IDA") indicated in the signature block below. All communications in connection with this Special Commitment should be sent to that address.

This Special Commitment is subject to the following terms and conditions:

1. You will issue, advise 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 letter of credit, the description or quantity of goods, or the beneficiary, or advance payment of more than 25 percent of the value of the letter of credit, will not be operative until you receive our written approval;

(b) any amendment extending the expiry date of the letter of credit more than six months beyond the original expiry date or beyond **June 30, 2009** (whichever is earlier) will not be operative until you receive our 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 which will receive funds for your account.

4. We shall not be obligated to pay you unless a SWIFT/telex/cable or written request for payment shall have been received by us at our above stated address within 30 days of your negotiation of documents. Our obligation under this Special Commitment may be terminated 30 days after the date in paragraph 2(b) above or six months after the letter of credit expiry date (whichever is earlier). We shall not be obligated under this Special Commitment to any person (including the beneficiary under the letter of credit) other than you.

5. We shall not be obligated to pay you in respect of interest, commission, other charges or expenses in connection with the letter of credit.

6. You agree that you will advise us promptly upon cancellation, expiration or final payment of the letter of credit including the amount of any cancellation.

7. (a) This Special Commitment may be issued under a Loan Agreement or Credit Agreement by IBRD or IDA, as the case may be, acting alone, jointly with another financier, or as agent for another financier. 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:

XDR 608,993.700

(IDA)

In addition, the other financier(s) obligation (if any) is limited to



THE WORLD BANK GROUP
1818 H Street, N.W. Washington, D.C. 20433 U.S.A.
Tel. No. (202) 473-1000, Cable Addresses: INTBAFRAD & INDEVAS
Telex No. RCA 248423

Financier/Loan Numbers: 3000 -RUR

Special Commitment No. 2

NOTE: All correspondence must include the Loan/Credit/Cofinanciers Number and the Special Commitment Number.

(b) Our borrower has agreed that if the amount due to be paid to you by it exceeds the maximum amount we and/or other financier(s) have undertaken to pay under (a) above, we may at our discretion disburse any uncommitted portion of the loan/credit that may exist to cover the deficiency. If no such disbursement is made or if any such disbursement proves insufficient to cover the deficiency, we will notify the borrower of the amount of the deficiency remaining. Upon receipt of our notification, it will be our borrower's responsibility to arrange to make prompt payment to you to cover any such deficiency.

(c) We shall have no liability to you for the failure of any other financier for whom we are acting as agent to make any payment required of such financier under this Special Commitment. You understand and agree that such payments may be made to you either by us or directly by the financier.

8. The Special Commitment is allocated as follows:

<u>Financier</u>	<u>Loan Num</u>	<u>Tranche</u>	<u>Ccy</u>	<u>Letter of Credit Amount</u>	<u>Category No.</u>	<u>Category Description</u>
IDA	3000		EUR	675,000.00	2	Goods

All requests for payment should specify the amount pertaining to each above-listed categories.

9. This Special Commitment is governed by the laws of England and the courts of England shall have non-exclusive jurisdiction to resolve any dispute arising out of it.

Your first request for payment shall constitute your acceptance of this Special Commitment including all the terms and conditions set forth above as evidenced by the copy of this agreement on our files.

Very truly yours,

Disbursement Management Group
Loan Department
International Development Association

REFERENCE SHEET AND CHECKLIST FOR PROJECT STAFF WHO PREPARE APPLICATIONS FOR WITHDRAWAL

Reference Sheet

Project staff can download this reference sheet from the Client Connection Web site (<http://clientconnection.worldbank.org>) and use it to ensure that all

the information they need to prepare applications for withdrawal is available. They can fill it out at the start of the project and update it as necessary.

Project name:			
Loan/financing/grant number(s):			
Item	Description	Entry	Source
1.*	Legal agreement date		Legal agreement (cover)
2.	Date of legal agreement amendment(s), if any		Legal agreement amendment(s)
3.	Date of disbursement letter		Disbursement letter
4.	Date of revision(s) to the disbursement letter, if any		Disbursement letter revision(s)
5.*	Loan effective date		World Bank notice
6.*	Loan closing date		Legal agreement
7.*	Loan disbursement deadline date		Disbursement letter
8.*	Lapsed loan date		Disbursement deadline date +2 months
9.	Name(s)		Authorized signatory letter
10.	Eligibility date		Legal agreement
11.	Eligible categories		Legal agreement
12.	Limits		Legal agreement
13.	Condition, related category		Legal agreement
14.	Date condition satisfied		World Bank notice

(continued)

(continued)

Item	Description	Entry	Source
Disbursement methods and type of supporting documentation (if a disbursement method is applicable, enter the type of supporting documentation required)			
15.	Advance		Disbursement letter
16.	Reimbursement		Disbursement letter
17.	Direct payment	Records	Disbursement letter
18.	Special commitment	Letter of credit	Disbursement letter
Minimum application size			
19.	Reimbursement		Disbursement letter
20.	Direct payment		Disbursement letter
21.	Special commitment		Disbursement letter
Designated Account			
22.	Type (pooled or segregated)		Disbursement letter
23.	Currency		Disbursement letter
24.	Ceiling		Disbursement letter
25.	Beneficiary's name and account number, or IBAN for euro payments		n.a.
26.	Beneficiary's bank name and address, and SWIFT code, if available		n.a.
27.	Special payment instructions, if any (e.g., ABA fedwire number, branch/sort code)		n.a.
28.	Reporting period		Disbursement letter
Application forms			
29.	Address where applications and supporting documentation should be sent (in paper form)		Disbursement letter
30.	Other disbursement instructions, if any		Disbursement letter

Note: n.a. = not applicable.

* Available on Client Connection

Application Preparation Checklist

Project staff can download this checklist from the “Forms” screen on the Client Connection Web site (<https://clientconnection.worldbank.org>) and use it to ensure that an application for withdrawal has been prepared properly. They can fill it out shortly before forwarding the application to the authorized signa-

tory for his or her signature. The Bank is developing an online functionality that will allow electronic delivery of application forms and supporting documentation through Client Connection. In the meantime, project staff can use Client Connection’s eForm and fill out the form online using “smart” help.

Loan number:		Date:	
Borrower reference number:		Application type:	
Item	Requirement	Note if done	Client Connection and “smart” eForm Help
General			
1.	Do I have the latest versions of the legal agreement and disbursement letter and have I used them to fill out the application form?		You can check Client Connection for a copy of the United Nations conformed legal agreement. If this is available, it will appear on the right side of the “Loan Overview” screen in the “Loan Documents” box.
2.	Have I filled in the application form correctly taking into account the purpose of the form (requesting a payment and/or documenting expenditures)? Are all entries on the form legible?		eForm guides you in filling in the application form correctly based on the “Application Type” you choose.
3.	Have I checked that the loan number is correct?		eForm requires that you select a loan that you are authorized to view.
4.	Have I correctly entered the application number into the “Borrower Reference Number” field?		eForm checks that this is entered and is not a duplicate.
5.	Has the Bank been notified of who is authorized to sign applications? Are the signature name(s) and date on the application correct?		Electronic signature capability will be made available in a later version of eForm.
6.	Have related disbursement conditions or tranche conditions been met?		You can check relevant Client Connection “Loan Overview” or “Category Detail” screens.
7.	Has the designated account been opened in a financial institution acceptable to the Bank?		eForm checks that a designated account has been set up in the Bank’s system.
8.	Have appropriate disbursement percentages been applied?		You can check relevant “Category Detail” screens for disbursement percentages.
9.	Have advances been used for eligible purposes and in accordance with the appropriate policies and procedures?		You can check relevant “Policies and Procedures” under “Disbursements.”
10.	Have disbursements been suspended for the related part of the loan?		You can check relevant “Category Detail” screens for suspension detail.

(continued)

(continued)

Item	Requirement	Note if done	Client Connection and “smart” eForm Help
Payment			
11.	Are the application currency and amount clearly shown and are they correct?		eForm prefills the currency field with the currency of the designated account for application types referencing a designated account. For other application types, eForm provides a pick list of disburseable currencies. eForm displays numeric amounts in words so you can validate what you have entered.
12.	Are the payment instructions clear and consistent with any supporting documentation? Are all bank references (SWIFT code, branch/sort code, ABA fedwire number) and account references (account number, IBAN) included?		eForm prefills payment information for application types referencing a designated account. For other application types, eForm provides a bank lookup list containing relevant SWIFT codes.
Expenditures			
13.	Are funds available in the related expenditure category or categories, or do funds need to be reallocated?		You can check relevant “Category Detail” screens for fund allocations.
14.	Are the expenditures reported on the application consistent with the legal agreement?		You can check Client Connection for a copy of the UN conformed legal agreement.
15.	Were eligible expenditures paid on or after the signing date or retroactive financing date? Were eligible expenditures incurred prior to the closing date? Has the closing date and/or disbursement deadline date passed?		You can check the “Loan Overview” for key dates. eForm entry requires that the entry date is not past the disbursement deadline date.
Schedule for Advance Payments			
16.	Is the total amount allocated to installments equal to the application amount?		eForm computes the total and compares it to the application amount.
17.	Are the requested value dates at least 10 days away from the current date? If there is more than one value date, are they at least 30 days apart?		eForm checks that the dates are within the appropriate limits.

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Item	Requirement	Note if done	Client Connection and “smart” eForm Help
Documentation			
18.	Are the documented currency and amount clearly shown and is this amount consistent with the supporting documentation provided?		n.a.
19.	Is the documentation appropriate for the type of application?		eForm provides a list of appropriate documentation types.
20.	Have I checked that the documentation is complete?		n.a.
21.	Have I attached only one copy of the supporting documentation as required?		n.a.

Note: n.a. = not applicable.

SPECIAL PROCEDURES FOR PAYING AUDIT FEES THROUGH AN ESCROW ACCOUNT

Definition

An escrow account is an account into which funds are deposited and held to pay for specific contracts, fees, or expenditures. Establishment of an escrow account ensures that expenditures are paid in a timely fashion: it is a guarantee that funds are available to pay the bills when they come due. Normally, the account owner initiates the establishment of an escrow account into which the funds will be deposited and subsequently paid to a third party with an escrow agent. The rights and obligations of the account owner and the escrow agent are specified in a letter of agreement or other binding document.

Procedures

A World Bank borrower can finance the final audit fee through an escrow account as follows:

- A letter of agreement for setting up an escrow account is signed between the account owner, in this case the borrower, and the escrow agent, normally the commercial bank that will maintain the escrow account. In most cases, the bank

maintaining the project's designated account would be selected, but another commercial bank could also be considered if it is acceptable to the Bank. The letter of agreement should indicate the agreed lump sum needed to pay for the audit or the remaining portion thereof if an advance has been paid, in accordance with the contract for the final audit, and should define the respective responsibilities of the commercial bank and the borrower. A sample letter of agreement follows.

- The borrower may deposit the agreed amount into the escrow account from the designated account if the designated account has a sufficient balance remaining or submit a direct payment application to enable the Bank to deposit the amount directly in the escrow account. The deposit may be made prior to the closing date but must be paid at the latest, by the disbursement deadline date.
- The commercial bank will make the payment to the auditor upon completion of the audit and the borrower's acceptance of the audit. The borrower maintains a copy of the invoice and receipt provided by the auditor. The borrower refunds to the Bank any amount deposited in the escrow account that exceeds the amount actually paid to the auditor.

Sample Letter of Agreement between the Borrower and the Commercial Bank

To: [Commercial bank]
[Address]

The [name of the borrower] (the “Account Holder”) wishes to establish an escrow account for the payment of the attached final audit contract with [name of auditor] (the “Auditor”).

The [name of the commercial bank] (the “Escrow Agent”) agrees to open and maintain an escrow account for this purpose. The Escrow Agent confirms that it will not assert any claim to set off, seize, or attach amounts on deposit in the escrow account.

Account Set-Up

The Escrow Agent will open the escrow account in the name of the Account Holder and assign an account number. The Account Holder will deposit [currency and amount] into the escrow account.

Account Notification

The Escrow Agent will provide a monthly account statement. On receipt of the claim for the contract payment from the Auditor, the Escrow Agent will notify the Account Holder immediately. The Account Holder will authorize the Escrow Agent to make payment within 5 working days.

Account Closure

The account will be closed once the Auditor’s claims have been paid in accordance with the terms of the contract. Any unutilized amount will be refunded to the Account Holder.

Signed by Account Holder: _____

[Name of the Account Holder] _____

[Address] _____

Date: _____

Agreed:

Account approved date: _____

Account number assigned: _____

Signed by Escrow Agent: _____

[Name of the Escrow Agent] _____

[Address] _____

DISBURSEMENT OF RETENTION MONEY

Eligibility

Retention money is an eligible expenditure if the contract for the works is completed, the works are provisionally accepted before the loan closing date, and if the contract provides for the option of replacing the retention money with an on-demand bank guarantee or other suitable performance security.

Bank upon request. Upon completion of the defects liability period, the borrower retains a copy of the project manager's certification that the contractor has corrected all defects about which it was notified; in accordance with standard policy, the borrower refunds to the Bank any amount withdrawn that exceeds the amount of eligible expenditure.

Procedures

To obtain disbursement against an expenditure for retention money, the borrower provides an application for withdrawal to the Bank and (a) if records are required for expenditures under the contract, also provides evidence of provisional acceptance and a copy of the bank guarantee in addition to the required records; or (b) if the contract is disbursed on the basis of statements of expenditure or interim financial reports, retains such documentation and makes it available for review by auditors and the

Prompt Action

For effective project and procurement planning it is important that the borrower (a) take timely action for the release of retention money based upon an on-demand bank guarantee or other suitable performance security; (b) monitor the contractor's correction of all defects notified to it by the project; and (c) prepare a copy of the project manager's certification regarding the correction of all defects during the defects liability period as soon as the project manager makes the certification.

APPENDIX I

POLICIES AND PROCEDURES FOR INVESTMENT PROJECTS APPRAISED PRIOR TO THE ESTABLISHMENT OF COUNTRY FINANCING PARAMETERS

The legacy policies and procedures described in the following table are applicable to projects that were appraised before [country financing parameters](#) were established for the country, unless, following the subsequent establishment of country financing

parameters, the [legal agreement](#) for the project was amended to apply the new policy. They also apply to projects in countries without country financing parameters.

Item	Policy or Procedure
Expenditure eligibility	<p>The following items are not eligible for Bank financing:</p> <ul style="list-style-type: none"> • customs duties or taxes levied by the borrowing country; • cost of land unless otherwise approved by the Bank's Land Acquisition Committee in the context of community-based land reform; • late payment penalties imposed by suppliers unless these penalties are incurred in connection with a disputed payment that has been the subject of arbitration; • local expenditures (defined in the General Conditions, July 2005) for transportation and insurance (except as part of foreign shipments to the project destination), unless the project legal agreement provides for the financing of local costs.
Retroactive financing	Limited to 10 percent of the loan amount for investment projects.
Disbursement percentages	<p>Declining disbursement percentages must be used for incremental recurrent expenditures.</p> <p>Standard disbursement percentages, established on a country-basis, are used for consultant services and staff in project implementation units.</p>

APPENDIX II

WHAT'S NEW SINCE 1992?

The previous version of the *Disbursement Handbook for World Bank Borrowers* was issued in 1992. During 2002–6, the Bank introduced a number of reforms to modernize and simplify its policies and

procedures for investment lending. The 2006 handbook reflects these recent changes, which are summarized in the following table.

What happened to	New procedure
Special accounts?	<p>The term now used to refer to the account holding advances disbursed by the Bank is <i>designated account</i>. Designated accounts can be segregated, i.e., used exclusively for advances from the World Bank for the project (similar to the former <i>special account</i>), or pooled, i.e., with World Bank funds commingled with the borrower's resources and/or with resources from other development partners.</p> <p>See the section on "Using the Advance Method" in chapter V.</p>
Comfort letters?	<p>Previously the Bank required a letter of comfort from commercial banks to assure the Bank that amounts deposited in a designated account would not be set off or otherwise seized or attached to satisfy amounts due to the commercial bank by the borrower. The Bank no longer requires such letters; however, it reserves the right not to accept a financial institution for the opening and/or maintenance of a designated account if the institution has taken or takes such action(s) against the proceeds of any Bank loan on deposit in a designated account maintained by it (see subsection 5.6 of the Disbursement Guidelines).</p> <p>The borrower is responsible for choosing the financial institution to hold a designated account and should ensure the terms and conditions are acceptable to the Bank (see the section on "Using the Advance Method" in chapter V).</p>
Replenishment and recovery?	<p>The former special account was established and used in the same way as a revolving fund, i.e., after the Bank had disbursed the authorized allocation to the special account, the borrower normally requested and the Bank normally made subsequent disbursements for the exact amount of the Bank's share of the attached supporting documentation. This was referred to as <i>replenishment</i>. As the closing date of the project approached, the borrower was required to provide documentation for the final funds used from the special account. No disbursement was made, but a transaction was processed to <i>recover</i> the special account.</p> <p>Now disbursements of advances to the designated account and reporting on the use of these advances may be done separately. Advances may be requested as often as required to provide sufficient liquidity and to minimize interest charges, as long as they remain within the ceiling for advances. Reporting on the use of these advances should be periodic (as set out in the disbursement letter), but does not need to be accompanied by a request for additional disbursements.</p> <p>See the section on "Using the Advance Method" in chapter V.</p>

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What happened to	New procedure
Limits for using statements of expenditure?	<p>Limits for using statements of expenditure were based on the type of expenditure (goods, works, or services) and were generally linked to the procurement prior review threshold.</p> <p>Because of changes to the Bank's procurement guidelines in 2004, linking the statement of expenditure limit with the procurement prior review threshold may no longer be appropriate. Instead, the Bank's task team will determine on a project-by-project basis when additional documentation (i.e., copies of invoices, bills) must be provided to support disbursements made on a reimbursement basis or using the advance method. When the borrower has adequate financial management arrangements in place, the Bank will encourage the use of summary reports (specifically, interim unaudited financial reports) to support all requests for reimbursement and to report on the use of advances.</p> <p>See the section on "Supporting Documentation" in chapter III.</p>
Form 1903?	<p>The old application for withdrawal form 1903 has been retired, together with forms 1903A (previously used for development policy loans) and 1903B (previously used with project management reports and/or financial monitoring reports). Form 1903 has been replaced by a new application for withdrawal form, form 2380, which can be used to request an advance and/or document use of prior advances, request reimbursement and direct payment for documented expenditures, and request disbursement of a development policy loan tranche.</p> <p>A supplement to this form, form 2381, has been introduced to give borrowers the flexibility of requesting the Bank to schedule payments of advance amounts on an installment basis. This form, the Requested Schedule for Advance Payments, enables borrowers to send one withdrawal application to the Bank for multiple payments, thereby facilitating cash management planning and reducing financial costs while providing liquidity.</p> <p>See the section on "Application Forms" in chapter IV.</p>
Application summary sheets?	<p>In the past, the borrower was required to attach <i>summary sheets</i> to an application that summarized the eligible expenditures covered by the application. Summary sheets may no longer be necessary if the information the Bank requires can be derived from the application form itself or from the supporting documentation. A simple new form has been introduced, form 2832, List of Contract Payments Against Contracts Subject to the Bank's Prior Review, which may be sufficient in many cases.</p> <p>See the section on "Supporting Documentation" in chapter III.</p>
Financial monitoring reports and report-based disbursements?	<p>The Bank introduced the concept of using financial reports (in a form determined by the Bank) to support disbursements in 1998. It is not discussed in the 1992 handbook, but was presented to borrowers in other documents, most recently in <i>Financial Monitoring Reports for World Bank-Financed Projects: Guidelines for Borrowers</i> (November 2002).</p> <p>Based on the Bank's experience with financial monitoring reports (and their predecessor, the project management report) and significant borrower feedback, the form and content of the financial reports required by the Bank has been simplified. The form and content of the report must be acceptable to the Bank, but the Bank no longer mandates a specific format.</p> <p>If the borrower is able to generate periodic financial reports that reflect all sources and uses of funds for the project from its own systems in a timely and accurate manner, it can use these same reports to support disbursement. If the borrower needs to develop a separate system, the form and content of the reports should be appropriate for the project and the borrower's capacity to produce them.</p>

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What happened to	New procedure
	<p>Using financial reports¹ to support disbursement is not a separate disbursement methodology, but an alternative form of summary supporting documentation. It is available to all borrowers with acceptable financial management arrangements.</p> <p>See the section on “Providing Supporting Documentation for Disbursement” in chapter V.</p>
Disbursement details in the legal agreement?	<p>Until July 1, 2005, disbursement arrangements for new projects were set out in the legal agreement. Statement of expenditure limits were in schedule 1 and terms and conditions for special accounts were in schedule 5.</p> <p>Disbursement arrangements are now set out in the Disbursement Guidelines and the disbursement letter. The standard disbursement provisions applicable to all projects are contained in the guidelines, while the specific provisions for the project (and the manner in which they apply) are provided to the borrower in the disbursement letter. The disbursement letter is part of the negotiations package and is finalized during negotiations. It is also part of the signing package and is binding. This change should make it easier to modify disbursement arrangements as may be needed during project implementation. When changes to disbursement arrangements are needed, the Bank issues a new disbursement letter following consultation with the borrower.</p> <p>See the section on “Key Documents” in chapter II.</p>
Taxes and standard disbursement percentages?	<p>In the past, the Bank specified items that were never eligible for Bank financing. One of these items was taxes, and the Bank developed standard disbursement percentages for each country and applied them to consultants’ services for each project to ensure that the Bank did not finance the estimated amount of these taxes.</p> <p>Other items were also ineligible, such as customs duties, cost of land, late payment penalties imposed by suppliers, and local expenditures for transportation.</p> <p>As a result of the April 2004 expenditure eligibility reform, for projects in countries with approved country financing parameters, Bank loan proceeds can now finance all the expenditures necessary to meet the development objectives of the operation supported by the loan, including the foregoing items, in accordance with the parameters and project needs.</p> <p>See appendix I for additional information on the restrictions that may apply to projects appraised prior to the establishment of country financing parameters. See also Operational Policy 6.00, Bank Financing.</p>
Integrated controller’s system?	<p>In the past, borrowers accessed disbursement information from the Bank’s integrated controller’s system Web site. In November 2004, this Web site was replaced with the Bank’s Client Connection Web site (http://client-connection.worldbank.org). Client Connection offers much more information and many new features.</p> <p>See annex C.</p>

¹ These reports are now referred to in the legal agreement as interim unaudited financial reports.

APPENDIX III

OLD APPLICATION FORMS

The Bank has introduced a new application for withdrawal form, and new supplementary forms. These new forms are available from the Client Connection Web site and in [annex F](#) of this handbook.

The Bank will continue to accept, for a transitional period, printed application forms previously provided to borrowers. These old forms include:

- Form 1903 1E Application for Withdrawal
- Form 1903 2E Application for Withdrawal Summary Sheet
- Form 1903 3E Application for Withdrawal Statement of Expenses (SOE) Contract Detail
- Form 1903 4E Application for Withdrawal Statement of Expenditures (SOE) Free Format
- Form 1903A Application for Withdrawal under the Loan or Development Credit Agreement
- Form 1903B Application for Withdrawal using Project Management Reports (PMR)

