

Version 1.01

# **LOAN DISBURSEMENT HANDBOOK FOR IFAD DIRECTLY SUPERVISED PROJECTS**

**(when IFAD's General Conditions for Agricultural Development Financing apply)**



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## **ACRONYMS**

AWP/B	annual workplan and budget (IFAD)
IMF	International Monetary Fund
LTB	letter to the borrower/recipient
PCD	project completion date
PMD	Programme Management Department (IFAD)
SOE	statement of expenditure
WA	withdrawal application

## INTRODUCTION

This Loan Disbursement Handbook (hereinafter Handbook) is intended to familiarize both borrowers and recipients with the procedures for withdrawing proceeds of loans/grants/financing provided by and through the International Fund for Agricultural Development (hereinafter IFAD or the Fund), when financing is to be administered and the project supervised by the Fund. The procedures described in the Handbook apply to IFAD loans, grants and/or other financing governed by the Fund's revised General Conditions for Agricultural Development Financing<sup>1</sup> (hereinafter the General Conditions) as approved on 29 April 2009 by the ninety-sixth session of IFAD's Executive Board. Section 1 of the Handbook briefly describes the Fund, its lending operations, and matters of general interest relating to loan/grant/financing disbursement, and introduces the Fund's current disbursement procedures. Section 2 provides general instructions on the preparation of withdrawal applications<sup>2</sup> and other related information. Sample forms and instructions for completing them are presented as annexes. Section 3 details the Fund's disbursement procedures and includes instructions to assist the borrower. Section 4 specifically advises how and when to use the statement of expenditure methodology, while section 5 provides information to facilitate procurement. Other useful information is provided in annex 8 – additional sample templates for audit purposes – and annex 9 clarifies certain sections of the General Conditions related to loans and repayments.

The Handbook, as amended from time to time, will be available on IFAD's website. The procedures set out in the Handbook apply unless the financing agreement provides for exceptions to the General Conditions. All provisions of the General Conditions apply, unless the financing agreement explicitly states that a particular provision does not apply.

Financing is generally provided through a financing agreement. Such agreements are used for all financing of more than US\$500,000 to Member States. A Member State receiving a loan is referred to as the 'borrower' and one receiving a grant is referred to as the 'recipient'.<sup>3</sup> When a loan or grant(s) (or both) are approved, the Fund opens a loan or one or more grant account(s) (or all). A letter to the borrower (and/or recipient) is issued by the Fund at the time of loan signing, or as soon as possible thereafter. The letter communicates important information regarding overall financing, legal provisions, disbursement procedures and their applicability.

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<sup>1</sup> Copy available on IFAD's website, [www.ifad.org](http://www.ifad.org).

<sup>2</sup> Each withdrawal application is made up of two integral parts. The first is the application for withdrawal itself, which provides the total amount to be withdrawn and/or applied, and contains the required statements, agreements and signature by the borrower. The second part consists of one or more summary sheets in which individual items are listed according to their category or subcategory.

<sup>3</sup> The term 'borrower' hereinafter refers equally to loan beneficiaries and to grant recipients.

## **1. BASIC PRINCIPLES AND FINANCING ADMINISTRATION**

### **1.1 Basic financing principles**

The Agreement Establishing the International Fund for Agricultural Development lays down the basic principles to be followed in disbursing the Fund's financing:

“The Fund shall make arrangements to ensure that the proceeds of any financing are used only for the purposes for which the financing was provided, with due attention to considerations of economy, efficiency and social equity” (article 7, section 1 (c)).

The General Conditions provide that:

“If the Borrower/Recipient requests a withdrawal from the Loan and/or Grant Accounts for amounts to be paid thereafter for Eligible Expenditures, the Fund may, before transferring such amount to the Borrower/Recipient, require that the Borrower/Recipient provide evidence satisfactory to the Fund showing that previous withdrawals have been properly spent for Eligible Expenditures. The Fund may place reasonable limits on the amount that the Borrower/Recipient may withdraw in advance or the overall balance of such advance withdrawals, and may require that such amounts be held in a freely convertible currency and/or be held in an account designated for that purpose in a bank acceptable to the Fund” (article IV, section 4.04 (d)).

The General Conditions set out, among other conditions, basic requirements for withdrawals from the proceeds of loan/grant/financing. Subject to general or specific conditions that may be specified in the financing agreement, the borrower is entitled to withdraw from the loan/grant/financing in accordance with the procedures and guidelines, as may be amended from time to time, periodically issued by the Fund. The withdrawals refer to amounts that have been or are to be paid, or other expenditures required for the project,<sup>4</sup> and which are to be financed under the financing agreement. Loan/grant/financing proceeds are disbursed only after the financing agreement has entered into force (inclusive of ratification where required) and conditions preceding withdrawal, if any, are fulfilled.

#### **IFAD's anti-corruption policy**

The review process undertaken by the Fund shall be sufficiently rigorous to safeguard against fraudulent withdrawals. Direct payments to the suppliers of goods, works and services offer the greatest opportunity for fraud.

The Fund applies a zero-tolerance policy towards fraudulent, corrupt, collusive or coercive actions in projects financed through its loans and grants. Where it determines through an investigation that such practices have occurred, the Fund has a range of sanctions at its disposal in accordance with the provisions of applicable IFAD rules and regulations and legal instruments. ‘Zero tolerance’ means that IFAD will pursue all allegations falling under the scope of this policy and that appropriate sanctions will be applied where the allegations are substantiated. The policy applies to IFAD-funded activities whether supervised directly by the Fund or by a cooperating institution. The Fund will continue to improve its internal controls, including those inherent in or pertaining to its project activities, so as to ensure that it is effective in preventing, detecting and investigating fraudulent, corrupt, collusive and coercive practices. The Fund shall take all possible actions to protect individuals who submit allegations of fraudulent or corrupt practices in its activities from reprisal. This policy is in line with the policies adopted by other international financial institutions and is available on IFAD's website at [www.ifad.org/governance/anticorruption/index.htm](http://www.ifad.org/governance/anticorruption/index.htm).

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<sup>4</sup> Throughout the text of this Handbook, ‘project’ is understood to refer to both projects and programmes.

## 1.2 General guidelines

### 1.2.a Loan or grant account

After financing approval, signing and entry into force, the loan (or grant) is recorded in the Fund's books in the name of the borrower.

Withdrawals can be processed on entry into force and after general or specific disbursement conditions, if applicable, are met; and on receipt by the Fund of an application to withdraw financing, supported by appropriate documents that indicate that the expenditure is eligible for financing under the loan (or grant).

The loan (or grant) account is not a separate bank account, but is a record in the financial accounting system of IFAD that identifies the financing.

### 1.2.b Written application for withdrawal

For withdrawal from the loan/grant account, whether related to a request for payment or justification by the reporting of eligible expenditures against advances, the borrower is required to deliver a written application to the Fund in the form specified by IFAD and containing such supporting documents and other evidence as may be reasonably requested by the Fund. Each application for withdrawal and its supporting documentation must be sufficient in form and substance to satisfy the Fund that the borrower is entitled to withdraw from the loan/grant account and that the amount to be withdrawn shall be or has been used only for eligible expenditures. The form employed is: Form 100 - Application for Withdrawal.

Where the financing agreement provides for a share of combined IFAD loan and IFAD Debt Sustainability Framework (DSF) grant resources or other donor grant financing, such split financing may be referred to on applications for withdrawal, and other forms, using the percentage share as approved within such financing agreement, normally within schedule 2, by loan number and DSF grant number. Currently, submission of separate applications for withdrawal is not a requirement for such cases.

### 1.2.c Eligible expenditures

- (i) The financing shall be used exclusively to finance expenditures that meet each of the following eligibility requirements:
  - (a) The expenditure shall meet the reasonable cost<sup>5</sup> of goods, works and services required for the project, covered by the relevant, approved annual workplan and budget (AWP/B).
  - (b) The expenditure shall be incurred during the project implementation period (as defined in the General Conditions), i.e. from entry into force up to the project completion date (PCD) – except that limited expenditure to meet the costs of winding up the project may be incurred after the PCD and before the financing closing date, as may be agreed with the Fund.
  - (c) The expenditure shall be incurred by a project party (as defined in the General Conditions).

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<sup>5</sup> Social security benefits (employee's portion) and income tax (employee deductions) are eligible for financing.

- (d) The eligible expenditure shall be incurred in accordance with the terms, categories and amounts allocated within the financing agreement, and up to the percentage of eligibility applicable to each category therein, except as otherwise agreed.
- (ii) The Fund may from time to time exclude certain types of expenditure from eligibility.
- (iii) Any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations shall not be eligible for financing by the loan/grant/financing.

#### *1.2.d Retroactive financing*

As indicated in 1.2.c (i) (a) and (b) above, expenditures are eligible for financing from the date of entry into force of the financing agreement. However, if circumstances require, and these have been agreed between the borrower and the Fund, the amount and category(ies) of expenditures and the date when expenditures are considered eligible, should be identified in the project design report and section E and schedule 2 of the financing agreement. The eligible date for retroactive financing shall be specified in the report and recommendation of the President to be approved by the Executive Board, as this entails an exception to the General Conditions. Amounts eligible for retroactive financing shall be reimbursed to the borrower only after the financing agreement has entered into force and any conditions precedent to disbursement have been met.

#### *1.2.e Letter to the borrower/recipient*

The Fund will send to the authorized representative of the borrower – and any project party set forth in the financing agreement designated to receive copies of correspondence – a letter to the borrower/recipient (LTB) summarizing the important provisions of the financing, and methods and procedures to be followed for the specific project. These are based on project-specific information assessed, compiled, discussed and agreed between the project design/appraisal mission and the lead project agency and finalized during financing agreement negotiations. A copy of the present Handbook,<sup>6</sup> which details the prescribed procedures, guidelines and instructions, will accompany the LTB.

#### *1.2.f Payment and authorization, debit advice and billing statements*

On receipt of a WA from the borrower, the Fund, through its Programme Management Department (PMD),<sup>7</sup> will review the completeness and accuracy of the WA and of supporting documentation, the overall compliance of the WA and the eligibility of financing/expenditure, in accordance with the terms of the financing agreement and the General Conditions. Verification and approval to effect payment of the WA is the responsibility of the Financial Services Division of the Fund, while the payment transfer is effected by the Treasury Division. The Financial Services Division also advises the borrower, executing agencies and other designated mailing list recipients of the disbursement through debit advices, which are issued after payments are effected. This division also prepares biannual billing statements for borrowers of interest/service charges as applicable and principal loan repayments.

#### *1.2.g Non-approval of application*

If an application or part of it is not approved, the Fund promptly notifies the borrower. The notification shall provide the reason(s) for the non-approval and may suggest action that should be taken to rectify the issues in question. The notification is normally in the form of a fax or by e-mail.

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<sup>6</sup> Copy available on IFAD's website, [www.ifad.org](http://www.ifad.org).

<sup>7</sup> Unless otherwise notified by the Fund.

### **1.3 Closing of the loan/grant account**

Action is taken to close the loan/grant account, in consultation with the borrower, when the Fund is satisfied that no further disbursements are likely to be made and advances to any designated account(s) have been accurately reconciled. Other requirements include delivery of a project completion report and the final audit report, both of which are satisfactory to the Fund.

When the Fund decides to close a loan/grant account, it initiates a series of required actions. Unless otherwise agreed, a notice is normally sent to the borrower at least three months prior to the PCD to advise that all applications must be submitted before the financing closing date, and to remind the borrower that expenditures incurred and commitments made after the PCD will not be honoured, except for authorized expenditures for winding up the project. After the financing closing date, the Fund informs the borrower of the formal closure of the loan/grant account, provides the borrower with a history of disbursement transactions, cancels the unused loan/grant balance, if any, and adjusts unliquidated advances, if any. The Fund must receive reporting on the use of all financing proceeds. Where all amounts are justified, with no amount outstanding on any designated account(s) (where such is/are applicable) to be reimbursed to the Fund, and in the event that part of the financing is cancelled, a revised loan amortization schedule is sent to the borrower.

All eligible expenditures required for the project must be incurred by the PCD specified in the financing agreement. This means that goods are delivered, civil works are completed and services are rendered on or before such date. The payment of these items may be made after the PCD but before the financing closing date. The Fund and the borrower are required to agree on the disposition of assets of the project on such completion.

In exceptional circumstances the Fund may extend the project completion and financing closing dates (or partially extend the completion date of certain activities) on the request of the borrower with justification. In order to avoid delays and facilitate the necessary clearances, such request is to be submitted to the Fund at least six months prior to the PCD.

In the event that the project completion and financing closing dates are maintained, but the borrower wishes to request additional time to comply with the submission of all required documentation, an official communication requesting additional time is to be submitted by the borrower one month prior to the financing closing date with full justification thereof. The Fund may then agree to accept applications for withdrawal for a maximum period of six months after the financing closing date for eligible expenditures incurred on or before the PCD.

The Fund reserves the right not to accept requests for extension of the project completion or financing closing dates that it considers to be unreasonable or due to poor management of the project.

### **1.4 Programme reviews and periodic assessments**

IFAD will communicate the timing of the project start-up mission. During project start-up, IFAD will address issues related to all financial, administrative, technical and other matters, including arrangements required to begin project activities. In addition, the mission, together with project staff, will review the first proposed AWP/B, updated procurement plan, and schedules of projected expenditures and disbursements. Recommendations will be made regarding the responsibilities of each party, i.e. the borrower, the lead project agency and IFAD, and the required actions to be taken. The mission will discuss in detail the practical aspects of loan (or grant) administration matters with the project staff directly involved in disbursements and procurement, as well as provide explanations on the practices that will be followed during project supervision, including reporting.

Periodic technical field reviews and assessments will be undertaken by IFAD implementation support, supervision and other missions at intervals agreed with the borrower. The main purpose of these missions is to assess project implementation status, review financial management, identify operational

problems and propose corrective actions. Supervision missions will prepare and submit to the borrower issue-oriented technical supervision reports on project progress, financial management, implementation problems and loan (or grant) administration matters.

## **2. INSTRUCTIONS FOR WITHDRAWAL**

### **2.1 General instructions for preparation of the withdrawal application**

#### *2.1.a Authorized signatory(ies)*

##### *Evidence of Authority to Sign Withdrawal Applications and Statements of Expenditure – annex 1*

Under the provisions of the General Conditions (article IV, section 4.04(b)), the Fund requires the borrower's (or recipient's) representative, as designated in the financing agreement, to furnish satisfactory evidence of the authority and authenticated specimen signatures of the individuals who will sign WAs on behalf of the borrower. This evidence must reach the Fund before the first WA is presented by the borrower and should be the original (photocopies, facsimiles or other means of transmission are not acceptable). A sample template is provided in annex 1. In order to avoid delays in disbursements, this documentary evidence should be furnished to IFAD as soon as possible after entry into force of the financing agreement. Each WA should be signed by such duly authorized individuals, and the Fund must be notified of any change in the signatories authorized to withdraw funds from the loan/grant account. The Fund must also be notified of the designated signatories for operating any designated and/or programme or other accounts, including changes thereto, whether or not these authorized signatories are included in the financing agreement. Such changes, as effected during the life of the project, must be communicated promptly to the Fund. The borrower, guided by the sample in annex 1, should provide the names and specimen signatures of the newly appointed signatories and include the date when such change is to take effect. The original of such changed documentary evidence is to be provided to the Fund. If the authorized signatories have been specified in the financing agreement, a change in authorized signatories shall constitute a need for modification of the financing agreement, and such amendment will need to be effected quickly so as to ensure uninterrupted processing and expeditious payment of WAs.

#### *2.1.b Allocation of financing proceeds*

Items to be financed are usually grouped into categories of expenditures and are shown as a schedule in the financing agreement. The financing schedule presents the amount allocated to each category and subcategory, and the percentage of financing of eligible project expenditures as assessed at the time of project design and approved by IFAD's Senior Management. Reallocation of funds from one category to another may be allowed, unless the financing agreement prohibits this. During project implementation, should the need to reallocate financing resources among categories of expense arise, such reallocation would be processed in the applicable schedule(s) to the financing agreement after prior consultation and agreement between the borrower and the Fund.

#### *2.1.c Currency of withdrawal*

*Except as the Fund and the borrower shall otherwise agree, withdrawals shall be made in the currencies in which the cost of goods, works and services have been paid or are payable.*

In the case of reimbursement claims, if the borrower used another currency to purchase the currency paid to the supplier, reimbursement may be requested in the currency amount of the payment, subject to submission of evidence of payment showing the currency amount and the currency and amount actually paid to the supplier.

The Fund may also agree to reimburse the borrower in another currency in situations where the borrower would otherwise have to convert the funds after receiving the payment. Requests for reimbursement are to be submitted to the Fund within 90 days of the borrower's payment of such expense.

A separate WA should be submitted for each currency being withdrawn.

#### *2.1.d Summary sheet*

Each withdrawal application (WA) is made up of two integral parts. The first is the application for withdrawal itself, as briefly described in para 1.2.b above (Form 100 - Application for Withdrawal), which provides the total amount to be withdrawn and/or applied, and contains the required statements, agreements and signature by the borrower. The second part consists of one or more summary sheets in which individual items are listed according to their category or subcategory. A separate Application Summary Sheet (Form 101), used for replenishment to the designated account, or for direct payment or reimbursement, and Forms 102/A and 102/B should be completed and used for each category or subcategory applicable, whether requesting replenishment and/or reimbursement. In the listing of individual items on a summary sheet, items of payment to the same supplier should be listed together, consecutively. In cases where the Fund has agreed to finance a certain percentage of the amount expended out of loan/grant funds, such percentage and the amount requested to be withdrawn, in the currency of payment as effected by the project, should be shown in the columns provided in the summary sheet.

#### *2.1.e Numbering system*

For ease of identification and reference to any single item included in a WA, the following numbering system should be adopted:

All WAs, irrespective of disbursement procedure followed or the currency involved, should be consecutively numbered beginning with 1. Alternatively, the borrower may choose a combined alphanumeric serial system (particularly when there is more than one executing agency for the same project with more than one designated account).

All summary sheets attached to an application should also be consecutively numbered beginning with 1 for each application. Thus, the first summary sheet attached to each WA will bear number one of last sheet number, the second will bear number two of last sheet number, etc. (e.g. 1 of 5, 2 of 5, 3 of 5, 4 of 5 and 5 of 5).

The items listed on every summary sheet should also be consecutively numbered, beginning with number one.

#### *2.1.f Payment instructions*

Payment instructions of the borrower are indicated under sections 7 through 10 of Form 100 (annex 2). The Fund will accept only the original of the WA (photocopies or facsimiles or other means of transmission will not be accepted). The Fund makes such payment by depositing funds in the account specified by the borrower. The borrower should, for this purpose, designate a bank operating in the country in whose currency the withdrawal is sought. This means that if the currency of withdrawal (for example United States dollars) is the same as the currency of the supplier's country (United States), a bank in the country of the currency withdrawn (United States) should be designated. If, however, the currency of withdrawal (for example United States dollars) is to be paid to a non-United States' supplier (for example India), it will be necessary to nominate a correspondent bank in the United States in addition to a bank in the supplier's country (India). For prompt payment by the Fund, the complete name and correct address of such bank, the correspondent bank, including the name of a

branch office where necessary, the account number, and SWIFT code, if any, should be indicated in the WA. Where payment is to be made to a bank account in Europe, the international bank account number or IBAN must be provided, irrespective of the currency of the bank account. Bank names should not be abbreviated and the use of acronyms should be avoided. Failure to provide complete and correct information will result in payment delays.

#### *2.1.g Advice of disbursement*

On completion of the payment process, IFAD will send a payment advice to the borrower and the lead project agency. The payment advice includes, among other information, the value date of the payment, the amount and currency of the payment, the United States dollar and special drawing rights (SDR) equivalents of the WA, and the category(ies) charged. This information will enable the borrower to monitor loan withdrawals and determine the status of individual categories. To ensure receipt of payment advices, the borrower shall provide IFAD the names and complete addresses of the borrower, lead project agency, project coordination/management unit and other implementing agencies for inclusion in the mailing list. Subsequently, should changes to the mailing list be necessary, the borrower is required to advise IFAD – with a communication to the attention of the Loans and Grants Section (CFM/L) of the Financial Services Division – so as to avoid delays in providing timely information.

Queries regarding a particular WA should be directed to the appropriate country programme manager at IFAD. Once approval of the WA has been provided by the regional division, queries regarding payment status and value date of payments should also be directed to the Loans and Grants Section (CFM/L), IFAD.

#### *2.1.h Minimum withdrawal*

In order to minimize transaction costs, it is important to note that withdrawals from the loan and/or grant account shall be made in amounts of no less than US\$20,000 or its equivalent, or such other amount as IFAD may designate in an advice to the borrower from time to time.

#### *2.1.i SDR limitation clause*

At present, the Fund's programme of work is approved and monitored in SDRs. Consequently, its financing in the form of loans (and grants) is mainly denominated in SDR, whereas payments are made in currencies other than SDR. The SDR equivalent of the amount disbursed is determined by the Fund on the basis of the International Monetary Fund (IMF) exchange rate applicable on the value date of disbursement. As IFAD financing is largely approved in SDR, cumulative disbursements and justifications on advances paid cannot exceed the SDR approved financing amount. (Similarly where grants are approved in other currencies, the original-currency approved amount cannot be exceeded.) Accordingly, towards the financing closing date or where disbursement requests are expected to fully use the available undisbursed balance, expenditure booked may not exceed the available balance in the currency of approval.

### **3. DISBURSEMENT PROCEDURES**

Disbursement conditions are described in section E of the financing agreement, and approval to release payment on applications for withdrawal may not be made until such conditions have been met. Four standard disbursement procedures may be used for withdrawal of financing:

- (i) Procedure I

*Advance withdrawal* (using imprest accounts or revolving funds with replenishment to a bank account(s) designated to receive financing resources in advance). This modality is used to advance and/or replenish funds to a bank account as designated by the borrower. The Fund may place a limit on the amount to be advanced and/or replenished. Relevant details on the modality – which is project specific – are agreed between the borrower and the Fund, and detailed in the LTB.

- (ii) Procedure II  
*Direct payment.* This modality is used for eligible project expenditures to be paid directly by IFAD, generally for large contracts, to suppliers, contractors, consultants or third parties, as authorized by the borrower.
- (iii) Procedure III  
*Special commitment.* This modality is used for eligible project expenditures related to items imported by project implementing agencies under a letter of credit requiring the issuance of guarantees for reimbursement to negotiating banks by IFAD.
- (iv) Procedure IV  
*Reimbursement.* This is applicable when eligible project expenditures, reimbursable under the financing, have been prefinanced by the borrower. Such reimbursements are expected to be claimed no later than 90 calendar days from the date of payment by the borrower.

### **3.1 Procedure I: Advance withdrawals or replenishments to a bank account(s) designated to receive loan/grant resources**

#### *3.1.a General*

The option of using a ‘designated account’<sup>8</sup> provides mechanisms to assist borrowers in financing eligible expenditures defined in the financing agreement as payment falls due. The account is replenished when satisfactory evidence of expenditures incurred is received.

Under this method, an advance disbursement from the loan (or grant) account, not to exceed a ceiling amount as reported in the agreed-on LTB, is deposited in an account designated by the borrower. The account is opened by this borrower and maintained in a bank acceptable to the Fund, and from which the project party can make payments to contractors, suppliers and others to cover the Fund’s share of eligible expenses. The Fund may also require that it be held in a freely convertible currency. The designated account is replenished by submitting a WA to IFAD (using Form 100, with Form 101 and/or Form 102/A). Before transferring further advance resources, the Fund requires the borrower to provide satisfactory evidence to the Fund that previous withdrawals have been spent for eligible expenditures. The specific details for enabling further transfer of advance resources are provided in the LTB. Towards project completion, the Fund initiates procedures and takes steps to ensure recovery of advances.

*When the advance is based on a specific limitation (**imprest account** – refer to the project-specific letter to the borrower/recipient):*

The ceiling amount considered a reasonable limit is usually for an amount sufficient to cover average projected eligible expenditures under the financing for a period of approximately six months. The ceiling amount may be disbursed in one or several applications depending on the type of financing and the level of expenditures to be incurred. A partial advance is generally preferable in the early stages of project implementation, with supplemental advances up to the ceiling amount as

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<sup>8</sup> Details are defined in the LTB and are project specific.

implementation accelerates. Generally, the replenishment application should be made when the amount withdrawn from the designated account is equal to about 20-30 per cent of the amount advanced, in order to minimize the number of transactions in the loan account. However, it is recommended that during periods of increased cash flow requirements, replenishment applications be submitted on a more frequent basis, so as to ensure that the project has sufficient, readily available liquidity.

*When the advance is based on a revolving-fund advance (**revolving fund** – refer to the project-specific letter to the borrower/recipient):*

The amount considered a reasonable limit is usually for an amount sufficient to cover eligible expenditures under the financing for a specific reporting period, based on (i) the approved AWP/B; and (ii) the project's specific reporting of actual and projected expenditures foreseen within that AWP/B period. The Fund will ascertain and certify clearance of the figure to be advanced, which may vary from time to time, depending on the projected expenditure requirements within an AWP/B. Subsequent advances will be released using the above methodology, inclusive of satisfactory reporting on expenditures made against previous advance withdrawals and projected expenditure usage. Towards the PCD, the release of resources shall be closely monitored. This option has been found satisfactory when used by large projects, which have an adequate financial reporting system in place.

Should it be found necessary to revisit the ceiling figure considered a reasonable limit of advance at any time during project implementation, this shall be subject to prior agreement between the borrower and the Fund, with communication by IFAD to the borrower through modification of the LTB.

To avoid an excessive outstanding advance at the financing closing date, recovery of the advance is required ideally to begin six months before the PCD where advances are large, and at the latest three months before the PCD where special circumstances may warrant this.

Recovery of the advance may begin either:

- (i) six months before completion date; or
- (ii) when the undisbursed balance of the financing (including outstanding special commitments) is equal to twice the amount of the advance.

In cases where the **imprest account** is applicable, the Fund will effect a gradual recovery of the advance – normally by applying part of the amount documented in each replenishment application to reduce the outstanding advance. This offers the most effective means of ensuring that some funds remain available to finance eligible expenditures to be incurred using the imprest account. For example, recovery may be made on a 2 to 1 ratio; that is, for each US\$3 of documented eligible expenditure, IFAD replenishes the imprest account of the borrower with US\$2 and applies documentation for US\$1 towards the recovery of the outstanding advance, thus ultimately ensuring that full documentation is gradually submitted to cover the entire advance. If some further withdrawals are projected to be made from other than the designated account, the recovery ratio for subsequent applications is appropriately increased to ensure that recovery is completed in good time before the financing is fully disbursed or before the financing closing date.

In cases where the **revolving fund** is applicable, the Fund will reduce the amounts normally advanced against the approved AWP/B in the last 12 months of project implementation. This offers the most effective means of ensuring that only the required funds remain available as advances to finance eligible expenditures, and at the same time, that financial and other reporting is delivered by the borrower in a timely manner, satisfactory to the Fund.

**Effects of suspension of disbursements.** During a full suspension of disbursements, no replenishments are made by the Fund to the designated account. However, borrowers may continue,

except as otherwise indicated, to use any balance in the designated account to meet eligible expenditures. Applications documenting these expenditures should continue to be submitted regularly. These applications may be processed, but are withheld for payment. After suspension is lifted, the Fund effects the payment of the withheld applications. If disbursements are partially suspended, only those expenditures related to categories, components or project entities not affected by the suspension are eligible for replenishment.

### *3.1.b Withdrawal application to initiate a withdrawal from the designated account*

Payment is requested by completing Form 100/A - Application to Initiate Withdrawal from the Designated Account (annex 2). The form should be signed by the authorized individuals and the first application under the designated account shall be accompanied by documentation from the bank indicating the number of the account and the individuals authorized to operate the account and, if not already submitted to the Fund, the Evidence of Authority to Sign Withdrawal Applications and Statements of Expenditure letter, which provides names, titles and authenticated signatories designated by the borrower.

### *3.1.c Withdrawal application to replenish a designated account*

Replenishment of a designated account is requested by completing Form 100 - Application for Withdrawal, and attaching one (or both) of the following: Form 101 - Application Summary Sheet with supporting documentation, and/or Form 102/A - Statement of Expenditure (for replenishment to the designated account), which is required for each category of expenditure, with subcategory indication where necessary. The amount to be replenished is to be requested in the currency of denomination of the designated account as described in the agreed-on LTB.

**IMPORTANT:** In order to recoup the actual amount withdrawn from the designated account(s), the local currency expenditures funded from the designated account(s), either directly or through the project/operational/district account(s), should be converted at the prevailing exchange rate applied by the bank to effect the transfer of funds from the designated account to the designated project/operational/district account(s) in local currency – not at the prevailing exchange rate at the time of the preparation of the WA, nor using the date of payments from the project/operational/district account(s). Strict monitoring of exchange rates between the currency of denomination and the local currency at the time of transfer from the designated account should be made by the project to avoid discrepancies. This will ensure that the amount of the WA submitted to replenish the designated account is the exact value of the amount or amounts withdrawn and transferred in local currency to the project/operational/district account(s).

The WA shall be accompanied by Form(s) 101 - Application Summary Sheet(s) as may be applicable. Form 102/A is required for each category of expenditure, with subcategory indication where necessary.

### *3.1.d Supporting documentation*

The following documents should be furnished (one copy only) in support of each WA. It is not necessary to furnish original documents, a photocopy will suffice. This should be addressed to the relevant country programme manager. However, all original documentation is to be retained by the project/borrower and securely located to enable inspection by IFAD representatives and auditors for a period of at least 10 years after the PCD, in accordance with article VIII of the General Conditions.

- (i) For all cases described in (ii) through (iv) below:

- (a) The signed contract or confirmed purchase order<sup>9</sup> – showing the specified amount that is due to be paid;
  - (b) The bank guarantee for advance payment, as specified in the contract documents;
  - (c) The bank guarantee for performance, as specified in the contract documents;
  - (d) Copies of communications sent by the IFAD country programme manager to the lead project agency providing the ‘no objection’ (whether post or prior) to the contract award; and
  - (e) Evidence of payment.
- (ii) For payment of goods, in addition to (i):
- (a) Supplier’s invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices;
  - (b) Bills of lading or similar documents; and
  - (c) As appropriate, the certificate of delivery (to include condition of goods on delivery).
- (iii) For payment of consultants’ services and other services, in addition to (i):
- (a) The supplier’s or consultant’s claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and
  - (b) As appropriate, a certificate of delivery of satisfactory services.
- (iv) For progress and retention payments of civil works, in addition to (i):
- (a) The claim of the contractor, including a financial progress report, stating the work performed and the amount due;
  - (b) A certificate – signed by the project consultants or owner’s representative, if any, or by the borrower’s chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and
  - (c) A copy of the contract payment monitoring form signed in original by the certifying officer.

### *3.1.e Designated account reconciliation*

Together with each WA received for replenishment to the designated account, the project must submit Form 104 (A or B) - Designated Account Reconciliation Statement for the same reporting period in which the eligible expenditures are being claimed. This form shall be accompanied by bank statement(s) of the designated account, and that of any other operating/district/project accounts, ensuring that the closing bank balances for all these accounts correspond to the balances at the end of the same reporting period as indicated in the WA period. As previously provided, it is recommended that, during periods of increased cash flow requirements, requests for replenishment where the imprest account is applicable (i.e. Form 104/A) be submitted more regularly to ensure sufficient project liquidity. In cases where the revolving fund is applicable (Form 104/B), the reconciliation statement shall report cumulative advances as received, over time. Sample templates for the reconciliations, as applicable, are provided in annex 7 (Designated Account Reconciliation Statement) and described by option. Other sample templates to be submitted to the project’s external auditor at

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<sup>9</sup> If the contract or confirmed purchase order has been sent earlier to the Fund, a reference to the accompanying letter or document should be given in a footnote to the relevant Application Summary Sheet (Form 101).

the time of the annual external audit, are provided in annex 8, including the Designated Account Reconciliation Statement for Audit Purposes.

## **3.2 Procedure II: Direct payment**

### *3.2.a General*

Under this procedure (see annex 2), the borrower requests the Fund to pay the supplier directly on its behalf from the loan/grant account. The borrower must indicate in the WA the date on which payment becomes due to the supplier.

This procedure is generally suitable for payment of large civil works progress and retention payments, consultant fees (when these are of substantial magnitude), importation of goods for which a letter of credit is not practical, and when exchange control regulations are present in the country. In order to minimize transaction costs, the Fund would not expect to effect direct payments for amounts less than US\$20,000 or its equivalent, unless such other amount has been agreed and reported in the LTB.

### *3.2.b Application for Withdrawal and Application Summary Sheet*

Under the direct payment procedure, payment is requested by completing Form 100 - Application for Withdrawal. A separate application should be filled out for each supplier and currency in which the payment is requested. Care should be taken to ensure that the application reaches the Fund not less than two weeks before the payment to the supplier becomes due.

The WA should be submitted with the corresponding Application Summary Sheet(s) (Form(s) 101 for direct payment or reimbursement), together with complete supporting documentation. In completing these forms, the borrower should carefully note the instructions appearing in section 2.1 of this Handbook.

### *3.2.c Supporting documentation*

Please refer to instructions in section 3.1.d of this Handbook, which are also applicable to this procedure.

## **3.3 Procedure III: Special commitment (under letter of credit)**

### *3.3.a General*

The special commitment procedure is used for financing imports of goods required by the project under a letter of credit arrangement. Normally, the special commitment procedure is used for contracts for imported goods, for which the Fund's 'no objection' has been provided prior to signature of the contract. A letter of credit is the mode of payment indicated in the contract for making payments to a foreign supplier. It is usually opened by the borrower in a local commercial bank (at times referred to as the 'opening/issuing bank'). Once the letter of credit is opened and ready, the commercial bank advises (i) the borrower; and (ii) the supplier's negotiating bank (at times referred to as the 'paying bank'). The letter of credit becomes effective on confirmation of acceptance by the negotiating bank and on receipt of the special commitment letter from IFAD. No other action is taken by the negotiating bank until such time as it is advised by the IFAD Treasury that all special commitment procedures are in place and assurance of prompt payment is confirmed.

The Fund does not open letters of credit for the borrower; nor does it become a party to a letter of credit between two commercial banks.

Under the special commitment procedure, the Fund makes a commitment and agrees to pay the negotiating bank (on behalf of the borrower from the loan/grant account) for payments to be made to the supplier, under and in accordance with the terms of a specific letter of credit. The Fund's obligation is irrevocable and is not affected by suspension or cancellation of the financing. The Fund provides this commitment as a service, free of charge to the borrower.

The Fund's payment assurance is, however, subject to the limitation clause discussed in section 2.1.i of this Handbook. In the exceptional case that the undisbursed balance is insufficient to cover the payment (due to adverse exchange rate fluctuation from the commitment date to payment date), the Fund will be compelled to decline payment beyond the SDR equivalent stated in the special commitment letter. This ensures that total loan/grant disbursements do not exceed the SDR amount of the approved financing. In the event that the special commitment cannot be accommodated within the financing (loan/grant) amount, the negotiating bank would be required to claim payment of the remaining balance directly from the borrower. In this case, and on IFAD's notice, the borrower is to arrange for prompt payment to the negotiating bank holding the special commitment.

### *3.3.b Letter of credit*

When the borrower applies for the opening of a letter of credit with its local commercial bank, it is important to ensure that the relevant terms and conditions of the supply contract, especially those relating to shipment and payment, are properly reflected in the letter.

The letter of credit may only become operative when it reports the Fund's commitment in the special instruction section of the letter of credit clause in the following manner: "This Letter of Credit is established under the International Fund for Agricultural Development (IFAD) Financing No. (--- loan/grant number --- ) and becomes effective only if and when IFAD issues its special commitment letter to the negotiating bank. For payment, please follow the instructions contained in the special commitment letter."

### *3.3.c Special commitment letter – application and instructions*

A special commitment letter is requested through the borrower's completion of Form 301 - Application for a Special Commitment (annex 3). A separate application should be filled out for each currency in which the Fund is requested to issue its commitment. Applications for special commitment should be signed by the authorized representative of the borrower.

### *3.3.d Supporting documentation*

Each request for the issuance of a special commitment should be supported by the following:

- (i) one original or certified copy of the supply contract;
- (ii) one certified copy of the purchase order or pro forma invoice; and
- (iii) one certified copy of the letter of credit provided by the issuing bank against which the Fund's commitment is sought.

### *3.3.e The Fund's advice of commitment to the negotiating bank*

If the Fund agrees to the borrower's request, it issues a formal special commitment letter to the designated negotiating bank using the template of Form 302. The letter is accompanied by:

- (a) A copy of the certified letter of credit; and
- (b) The original of Form 301 - Application for a Special Commitment.

(Special commitment letters are signed by the IFAD Treasury Division in line with its responsibilities for direct contacts with banks and based on the authorized signatories list for special commitment letters as approved by the President of IFAD.)

A copy of the Fund's special commitment letter is also sent, for information, to the borrower and the project.

### *3.3.f The Fund's payment to negotiating banks*

Once the negotiating bank has paid or communicates that it has agreed to pay the supplier under and in accordance with the terms of the specific letter of credit, it is eligible to be paid by the Fund from the loan/grant resources. Each payment is deemed a withdrawal from the loan/grant account and the borrower is promptly advised of each payment according to the methodology described in section 1.2.f of this Handbook. The special commitment letter provides for the Fund's payment on its receipt of transmission of an authenticated SWIFT message, using the FIN199 or FIN799 format, to SWIFT BIC: IFADITRR. The SWIFT payment request must contain complete information as set out in the special commitment letter.

### *3.3.g Amendment to the letter of credit*

- (i) The Fund's written approval is required for amendments to the letter of credit, which may include the following:
  - (a) Terms of payment, including currency and amount of the letter of credit;
  - (b) Description or quantity of goods;
  - (c) Beneficiary;
  - (d) Country of origin;
  - (e) Extension of the expiry date of the letter of credit beyond the closing date for withdrawal from the loan/grant account; and
  - (f) Terms of delivery, including due date and location.

Requests for approval of amendments mentioned above should be made promptly by the borrower in writing to IFAD, accompanied by one copy of the amendment to the letter of credit signed by the issuing bank. The amendment in such cases shall include this provision: "This amendment shall become effective when it is approved in writing by the responsible IFAD authorized officer."

The Fund's approval, if given by the IFAD authorized officer, will be communicated by that same officer to the negotiating bank, as well as to the borrower in writing and, if necessary, anticipated by fax.

- (ii) In cases where the amendment is of an urgent nature, the borrower may anticipate this by faxed transmission of scanned documents to request the Fund's approval of the amendment. The borrower is still responsible for ensuring courier delivery to the Fund of the original documents.

Depending on the substance of the amendment, there may be a need to resubmit Form 301.

### *3.3.h Discrepancies*

In the case of any discrepancies between the shipping documents and the terms of a letter of credit, the negotiating bank should seek the borrower's authorization to pay, through the issuing bank, despite such discrepancy.

The borrower, before authorizing the payment in consultation with the issuing bank, should inform the Fund by fax of the discrepancy, and of the intention to give such authorization. Should such information not be received by the IFAD authorized officer, the Fund will not be in a position to honour the payment claim authorization given to the negotiating bank.

### **3.4 Procedure IV: Reimbursement**

#### *3.4.a General*

As its name suggests, this procedure is followed when expenditures have already been incurred, that is, the supplier of goods, works, consulting or other services has already been paid by the borrower from its own funds. The reimbursement procedure is generally suitable for payment of: (i) local currency costs; (ii) petty cash or small purchases; (iii) small civil works payments; and (iv) the borrower's provision of financial resources to the project when, for example, requests for advance replenishment to the designated account have not been submitted promptly, thus enabling the project to continue uninterrupted implementation.

Normally, IFAD will reimburse the borrower in the currency of payment as effected by the borrower. Nevertheless, the borrower may request reimbursement to be made in another currency. The borrower is entitled to do so, however, the amount to be paid in such requested currency will be determined by the Fund, using the IMF rate of exchange on the date of payment by the IFAD Treasury. This methodology is used as a safeguarding principle, so that loan/grant resources are used for eligible expenditures.

Requests for reimbursement are to be submitted to the Fund within ninety calendar days from the date of payment by the borrower. Should special circumstances prevail for a specific loan or grant, these will be described in the agreed-on, project-specific LTB.

The reimbursement procedure requires submission of full documentation as described in section 3.1.d. However, there are special cases in which the Fund accepts simplified documentation as described in section 3.4.d.

#### *3.4.b Application for Withdrawal and Application Summary Sheet*

Reimbursement for expenditures is claimed by completing Form 100 - Application for Withdrawal. A separate application should be filled out for each currency in which withdrawal is requested. The WA and the corresponding Form 101 - Application Summary Sheet, and Form 102/B - Statement of Expenditure (for expenditures prefinanced by borrower) should be signed by the authorized representative(s) of the borrower.

To reduce the number of small, separate claims being submitted for reimbursement, the Fund requires the borrower to group these reimbursement claims into batches that total a minimum amount (see section 2.1.h), or as determined from time to time.

#### *3.4.c Supporting documentation*

Instructions in section 3.1.d are applicable to this procedure.

#### *3.4.d Special reimbursement procedure*

In all cases, the Fund's disbursements are to be made on the basis of evidence that specific expenditures have been incurred. In a number of instances, however, it has become impracticable or unduly burdensome and costly to the borrower and the Fund to follow strictly the foregoing normal

procedures. Subject to certain conditions, therefore, the Fund may allow the borrower to submit Form 102/B - Statement of Expenditure (for expenditures prefinanced by borrower) in lieu of the normal full documentation, accompanied by Form 100 - Application for Withdrawal. In such cases, all original documentation is to be retained by the project/borrower at a secured location and to be made available for inspection by visiting IFAD missions.

In instances where the borrower's own work force, equipment and other resources are used in carrying out civil works, the Fund may agree to disburse a specified portion of the financing amount on the basis of progress of work and certification. Documentation and the requirements for the latter are described in section 4.3 below.

## **4. STATEMENT OF EXPENDITURE**

### **4.1 Mechanisms for use**

*Impracticability of presentation of full documentation.* The statement of expenditure (SOE) procedure is normally used for those expenditure types where it is impracticable or unduly burdensome to require submission of full documentation. Where it has been agreed to use the SOE facility, this shall be reported in the LTB. Examples of such expenditures are: small and numerous expenditures; local expenditures in agricultural credit or integrated rural development projects; local training; minor civil works scattered over a wide area for small-scale irrigation schemes; and project agency operating costs, or similar costs. Original supporting documents must, however, be retained by the project/borrower at a secured location and be made available for inspection by the Fund during implementation support, supervision or other missions. Representatives of such missions are specifically required to report their findings subsequent to such inspection. Moreover, these documents must be available to external auditors during their annual review of project accounts to enable issuing of an independent audit opinion.

*Borrower/executing agency's capability.* The SOE procedure may be used when the Fund is satisfied that the borrower's or the executing agency's accounting system, internal controls and audit procedures are sound and adequate, and that these have the administrative and accounting capabilities to maintain SOE records. Based on details included in the project design/appraisal document, provisions and eligibility as well as the applicable thresholds will be incorporated in the LTB.

*Statement of expenditure financial thresholds.* While financial threshold limit(s) are reported in the LTB, during implementation there may be a need to revisit these. Eligibility for SOE modality needs to clearly state if this covers 'expenditures' and/or 'payments on contracts at a specified value' and/or 'specific to a category(ies)'. Financial threshold limit(s) may be increased or decreased on a case-by-case basis if circumstances warrant. Such change is subject to IFAD internal review, and is subsequently to be communicated by the Fund to the borrower.

### **4.2 Supporting documentation**

A certified statement of expenditure, using Form 102/A - Statement of Expenditure (for replenishment to the designated account), or Form 102/B - Statement of Expenditure (for expenditures prefinanced by the borrower) should accompany Form 100 - Application for Withdrawal each time a withdrawal from the loan/grant account is made for expenditures eligible under SOE.

Certification signature by the three signatories – generally the project accountant, project director and authorized representative of the borrower – is required on each page of the SOE (depending on individual projects, these roles and titles may vary). SOEs provided with last-page signatures only are unacceptable and will cause delays in disbursement while awaiting their revised submission. In those cases in which the project director, for example, is also the authorized representative of the borrower, then the signatures of only the project accountant and project director on the SOE forms will suffice.

To mitigate financial risk, the Fund recommends that signatories authorized to operate the designated account(s) be different from those authorized to sign WAs and SOEs. Ceilings and applicability must be verified for all expenditure items submitted in the SOE. The SOE form is to be clearly titled by category description, separately for each category or subcategory; include the reporting period consistent with that of the WA; be sequentially numbered; and, overall, completed in full.

The information needed for civil works or procurement of small items consists mainly of the description of the goods or works, basic data of the contract, amount paid and amount eligible for reimbursement. Insufficient or non-descriptive items are unacceptable and will cause delays in disbursement while awaiting submission of explanatory details.

For operating costs, the SOE form should show the following: name and location of the project offices or sub-offices; eligible operating expenses; cumulative expenditures at the beginning of the reporting period; itemized expenditures during the reporting period; cumulative expenditures at the end of the reporting period; total amounts already withdrawn and to be reimbursed; and, where appropriate, a breakdown by type of expenditure, such as salaries, vehicle expenses, office expenses, office equipment, etc.

On-lending by financing institutions (such as agricultural credit banks), in which a large number of small sub-loans involve cash disbursement by the agency or the materials supplied are in small quantities, the SOE format should show the following: name and location of the sub-borrowers; amount of the sub-loans; disbursement during the reporting period for each sub-loan; total amount to be reimbursed; location of the executing agency's sub-offices or branches; and additional data such as the purpose of the sub-loans and the type of goods financed.

### **4.3 Force account works**

- (i) Conditions for use. Force account works may be applicable when the following conditions exist: the size, nature and location of the works make competitive bidding unsuitable; the Fund is satisfied that the construction facilities of the borrower are adequate and efficient; and the borrower has the capability to do the work expeditiously at a reasonable cost.
- (ii) Supporting documentation. For disbursement of loan/grant funds for force account works, Form 100 - Application for Withdrawal should be submitted with Form 102 (A or B) - Statement of Expenditure certified by the project director, project financial controller and authorized representative, as well as the chief engineering officer of the executing agency, certifying the progress of the works.
- (iii) Currency denomination of withdrawal for force account works. The amount for force account works may be withdrawn in the currency of payment.

## **5. REGISTER OF CONTRACTS**

Two conformed copies of each and all awarded contracts to be financed – in part or in full – from the proceeds of the financing must be submitted to IFAD on their signature or before disbursement of financing proceeds is made (whether for reimbursement, direct payment, special commitment or replenishment to the designated account) in respect of such contract. In order to verify that conformed copies of each awarded contract have been received by IFAD, the following monthly reporting procedure will be applicable.

A record of the contracts awarded within a calendar month that are to be financed – in part or in full – by the proceeds of the financing closing date must be submitted to IFAD using a duly completed Form C-10 - Register of Contracts (annex 6). When a contract is amended, the amendment will be recorded in the register of contracts for the reporting calendar month in which the amendment occurred, by indicating 'AM-1' after the contract serial number (in column 1) if it is the first

amendment, or 'AM-2' if it is the second amendment, and so forth. The information requested in columns 2 to 11 of the register pertinent to the amendment is also to be recorded as may be applicable (i.e. revised contract amount in column 9, date of amendment in column 4, etc.). If a contract is cancelled or declared ineligible for financing by IFAD, this information should be included in the register of contracts for the reporting calendar month in which the cancellation or financing ineligibility was declared, by indicating: (i) the contract serial number in column 1; (ii) the date of cancellation or financing ineligibility in column 4; and (iii) 'cancelled' or 'ineligible for financing', as the case may be, in the 'remarks' column. If no contract award has taken place during a calendar month, the register for that month will be submitted to IFAD indicating 'NIL' in column 1.

For contracts against which several payments will be made, Form C-11 - Contract Payment Monitoring Form (annex 6) must be kept by the project to record and keep track of summary payments. This form is submitted with each WA for which payments against the contract are being made to enable the Fund to determine the payment status of each contract.

**ANNEX 1**

**EVIDENCE OF AUTHORITY TO SIGN WITHDRAWAL APPLICATIONS AND STATEMENTS OF EXPENDITURE**

(Sample letter – to be submitted on letterhead)  
[to include full street address, city, country]

International Fund for Agricultural Development (IFAD)  
Via Paolo di Dono, 44  
00142 Rome, Italy

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

Attention: Loans and Grants Section  
Financial Services Division (CFM)

Subject: **IFAD Loan/Grant/Financing No.:**  
**Project Name:**

Dear Sirs/Madams:

I refer to the Financing Agreement between IFAD and [Name of Borrower/Recipient], dated [-----], providing the above Financing. In accordance with the provision of article IV, section 4.04(b) of IFAD's General Conditions for Agricultural Development Financing dated 29 April 2009, I hereby designate the following person (or persons) whose authenticated specimen signature(s) appear(s) below as authorized, on behalf of the Borrower/Recipient, to sign Applications for Withdrawal, Statements of Expenditure and Applications for Special Commitment, under the above-referenced IFAD Loan/Grant/Financing. This notification enters into effect as of [----- date -----]:

\_\_\_\_\_  
(Name(s) and Title(s))  
\_\_\_\_\_  
(Name(s) and Title(s))  
\_\_\_\_\_  
(Name(s) and Title(s))

\_\_\_\_\_  
Specimen signature  
\_\_\_\_\_  
Specimen signature  
\_\_\_\_\_  
Specimen signature

(Indicate if the authorization to sign is jointly with another person(s)).

Signed by:

Title of the Borrower/Recipient's  
Designated Representative  
(as provided in the Financing Agreement)

**[cc: examples]**

Country Programme Manager, PMD, IFAD  
Regional Financial Management Officer, PMD, IFAD

## ANNEX 2

### DESIGNATED ACCOUNT/DIRECT PAYMENT/REIMBURSEMENT

#### *INSTRUCTIONS FOR COMPLETING FORMS 100, 101, 102/A and 102/B*

#### **FORM 100 - APPLICATION FOR WITHDRAWAL**

#### A. INSTRUCTIONS FOR COMPLETING APPLICATION FOR WITHDRAWAL

##### Notes

- (a) Separate applications must be prepared for each currency of payment and for each payee.
- (b) All numbered lines of paragraphs 1 through 14 must be completed.
- (c) When completed, this application should be checked to ensure that the references, amounts and other details are correct before passing it to the authorized representative(s) for signature. Mistakes and omissions lead to delays in payment.
- (d) Under the designated account/reimbursement procedures, if a summary sheet is required, items 4 through 6 indicated below (under 'Details of expenditure') should be left blank.
- (e) When 'Please Apply' is applicable, lines of paragraphs 4, 7, 8, 9 and 10 of Form 100 do not require completion.

##### **Instructions: Numbers refer to those cited in Form 100**

- 1. IFAD Loan/Grant/Financing No.: Financing number.
- 2. Application No.: To be numbered consecutively beginning with number one (irrespective of the procedure used). Where there is more than one implementing agency, a prefix should be used to identify applications from each agency (for example, MOA = Ministry of Agriculture).
- 3. Please Pay/Please Apply: Give the currency name and amount to be paid (in figures). For example, US\$50,000.  
  
(d) Reporting period: Period covered for expenditure being claimed.

##### **Details of Expenditure**

- 4. Name and Address of Contractor or Supplier: The full name and address is necessary to ensure proper identification. This can be omitted if it is the same as for 8 below (Payee's Name and Address).
- 5. Procurement Details:
  - (a) Contract or Purchase Order No. and Date: full reference to ensure that the contract or purchase order can be readily identified.
  - (b) Description of Goods, Works or Services: for example, credit local training equipment, vehicles or consulting services.
  - (c) Currency and Total Amount of Contract: currency name and value of contract (including any escalations).
  - (d) Invoice Nos. and Net Amount of Invoices Covered by this Application: 100 per cent of the value of invoices documenting the application, after deducting retention monies not yet paid, taxes and other ineligible amounts.

6. **Withdrawal Details:**
- (a) **Category or Subcategory No.:** the category reference is taken from schedule 2 of the financing agreement.
  - (b) **Percentage of Expenditures to be Financed by IFAD:** the reporting of the percentage of financing is also taken from the appropriate category of schedule 2.

**Payment Instruction**

- 7. **Payee's Bank, Name, Address and Account No.:** The full name and address of the payee's bank and account details are required. This may include a banker/branch designation. The account number is essential.
- 8. **Payee's Name and Address:** Full name and address are required to ensure proper identification of beneficiary.
- 9. **Correspondent Bank:** Full name and address are required. Where payment is to be made to a bank not located in the country of the currency to be paid, enter the name and address of the correspondent bank in that country. This is not a requirement however, when using the direct payment procedure.
- 10. **Special Payment Instructions and References:** Enter any special instructions that would facilitate and expedite payment, as well as invoice numbers or other references.
- 11. **Name of Borrower/Recipient:** Enter name as it appears on the financing agreement.
- 12. **Date:** The date on which the authorized representative(s) signs the application(s).
- 13. **Signature(s) of Authorized Representative(s):** self-explanatory.
- 14. **Name and Title of Authorized Representative(s):** Both the name and title of the signatory(ies) are to be clearly printed.

## FORM 101 - APPLICATION SUMMARY SHEET

### B. INSTRUCTIONS FOR COMPLETING APPLICATION SUMMARY SHEET

#### Notes

- (a) An Application Summary Sheet is to be used when additional space is required, that is, for more than one contractor, or if expenditures relate to multiple suppliers on a reimbursement basis, or when expenditures can be claimed under an SOE. All summary sheets attached to a WA shall be numbered consecutively starting with number one.
- (b) If a summary sheet is used, items 4 through 6 on Form 100 - Application for Withdrawal should be left blank.
- (c) When completed, the summary sheet should be checked to ensure that references, amounts and other details are correct, and that they agree with the data on the accompanying Form 100. Mistakes and omissions lead to delays in payment.

#### Instructions

Form 101 - Replenishment to the Designated Account  
Form 101 - Direct Payment  
Form 101 - Reimbursement  
(mark the procedure being applied on the form)

Reporting Period:	Period covered for expenditure being claimed.
Application No.:	As in Form 100.
Summary Sheet No.:	A reference number starting with number one.
IFAD Loan/Grant/Financing No.:	Financing number.
Category (or Subcategory):	As in Form 100 (see item 6.a).
1. Item No.:	A numeric identifier to cover about 12 entries per summary sheet.
2. Name and Address of Contractor(s) or Supplier(s):	The name, town or city, and country are sufficient.
3. Contract or Purchase Order No. and Date:	As in Form 100 (see item 5.a).
4. Brief Description of Goods, Works or Services:	As in Form 100 (see item 5.b).
5. Currency and Total Amount of Contract:	As in Form 100 (see item 5.c).
6. Total Amount of Contractors' or Suppliers' Invoices Covered by this Application (net of retention and other deductions):	Currency and total value of invoices.
7. Remarks, including Country of Origin:	Include invoice references; if not previously provided, a copy of IFAD's 'no objection' fax for financing each contract purchase order; country of origin of goods or services; and an updated version of Form C-11 - Contract Payment Monitoring Form for each contract.
Net Total of all Expenditures/Invoices: Percentage of Expenditures to be Financed	Represented by the total of column 6.

by IFAD for Category:  
Net Amount Claimed for this Summary  
Sheet:

Exchange Rate:

Designated Account Currency Equivalent  
(US\$/Other Equivalent):

Signature and Date:

As in Form 100 (see item 6.b).

Total of column 6 multiplied by the  
percentage to be financed by IFAD.

As applicable.

Currency equivalent of the figure reported in  
column 6 at the applicable exchange rate.

As indicated.

## FORMS 102/A and 102/B - STATEMENTS OF EXPENDITURE

### C. INSTRUCTIONS FOR COMPLETING STATEMENTS OF EXPENDITURE

#### Notes

- (a) All SOE sheets are required to be numbered to ensure none are inadvertently missed or omitted, for example if the SOE totals 21 sheets in all, numeration should show consecutively 'page 1 of 21', 'page 2 of 21', 'page 3 of 21' and so forth to the end.
- (b) The 'certification text', which is included on each page, includes statements to confirm that funds have been used for the purposes for which they were provided in the financing agreements and in accordance with section 4.04 of the General Conditions. Certification signature is required on all pages of the SOE by the three authorized signatories.
- (c) When completed, the SOE should be checked for accuracy and correctness of the claims made under the SOE, whether claimable for replenishment under the designated account or for reimbursement of expenditures prefinanced by the borrower/recipient, and that they agree with the data on the accompanying forms. Mistakes and omissions lead to delays in payment.

#### Instructions

Form 102/A - STATEMENT OF EXPENDITURE  
(FOR REPLENISHMENT TO THE DESIGNATED ACCOUNT)

Form 102/B - STATEMENT OF EXPENDITURE  
(FOR EXPENDITURES PREFINANCED BY BORROWER/RECIPIENT)

Description of Category:	Indicate the applicable category description as provided in schedule 2 of the financing agreement.
Date:	As in Form 100.
Reporting Period:	Period covered for expenditure claimed.
IFAD Loan/Grant/ Financing No.:	Financing number.
Application No.:	As in Form 100.
Category (or Subcategory):	As in Form 100 (see item 6 (a)).
Summary Sheet No.:	A reference number starting with number one.
1. Item No.:	A numeric identifier.
2. Description:	Indicate the applicable heading, e.g. location/contract, list of credits, type of expenditure such as incremental operating costs or similar, and provide reasonable detail.
3. Cumulative Expenditures up to Beginning of Reporting Period:	Enter the cumulative total at the beginning of the reporting period (total of column 3 plus column 5 of the previous claim).
4. Expenditures During Reporting Period:	Enter total expenditures for the present period.
5. Reimbursable under IFAD Financing Percentage of Total in	

Column 4:	Percentage as in Form 100 (see item 6.b).
6. Date of Payment:	Date evidencing payment as effected by the project.
Rate of Exchange:	Column 7 of Form 102A. <sup>1,2</sup>
Designated Account Currency Equivalent of Column 5 Claimed for Replenishment: <sup>3</sup>	Column 8 of Form 102A: Percentage as used for column 4,with figure reported in designated account currency.
Remarks/Country of Origin:	Column 9 of Form 102A or Column 7 of Form 102B: Include other relevant references and country of origin of goods, works or consulting/other services.
Statement of expenditure certification and signatures required:	Certification required – according to Evidence of Authority to Sign Withdrawal Applications and Statements of Expenditure – which are often the project accountant, project director and borrower/recipient’s authorized representative.

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<sup>1</sup> Form 102/A – this will reference the exchange rate prevailing at the time of transfer of funds from the designated account to project account(s).

<sup>2</sup> Form 102/B – reporting of the exchange rate is not applicable, as the Fund uses the IMF exchange rate prevailing on the date of payment by the IFAD Treasury Division.

<sup>3</sup> Form 102/B – this column is not applicable.

**FORM 100/A - APPLICATION TO INITIATE WITHDRAWAL  
FROM THE DESIGNATED ACCOUNT<sup>a</sup>**

1. **IFAD Loan/Grant/Financing No.:** \_\_\_\_\_  
2. **Application No.:** \_\_\_\_\_

To: International Fund for Agricultural Development (IFAD)  
Via Paolo di Dono, 44  
00142 Rome, Italy  
**Attn: Country Programme Manager, PMD**

3. **Please Pay** \_\_\_\_\_  
**(Currency Name) (Amount to be Paid in Figures)**

We hereby apply for withdrawal from the Loan/Grant Account opened under the IFAD Financing Agreement and hereby certify as follows:

- (a) The undersigned has not and does not intend to obtain funds for this purpose out of the proceeds of any other financing.
- (b) The goods and services covered by this application have been or are being purchased and/or procured in accordance with the terms of the General Conditions for Agricultural Financing approved on 29 April 2009.
- (c) The undersigned hereby certifies that a) the expenditures for which replenishment is claimed in Form 102/A and 102/B are correct, for the Project as provided in the IFAD Financing Agreement; b) the expenditures incurred are within the statement of expenditure (SOE) threshold or Currency for this Category, and represent resources used in compliance with the principles of legality, regularity and sound financial management; c) audit requirement outlined in article VIII and section 9.01 of the General Conditions will be complied with, and that the requirements for maintaining records and documentation for expenditures disbursed using the Statement of Expenditure modality and outlined in section 4.04(c) and (d) of the General Conditions, will be complied with. This includes, inter alia, that an annual audit will be carried out and that the documentation (including purchase orders, invoices, evidence of payment and delivery and any other relevant documentation evidencing the expenditures) will be retained for 10 years after the Closing Date of the IFAD Financing, and that such records and documentation will be made available to IFAD representatives for review on request.

**BENEFICIARY**

4. Title of the Designated Account:

5. Designated Account No.:

6. Full Bank Address:

Bank Code:

SWIFT Code:

IBAN No. (where Bank Account is located in Europe):

7. Correspondent Bank (where applicable):

Full Address:

Bank Code:

SWIFT Code:

8. Name of Borrower/Recipient or Executing Agency:

9. Address of Borrower/Recipient or Executing Agency:

Fax No.:

10. Name and Title of Authorized Representative(s):  
Date and Signature of Authorized Representative(s):

<sup>a</sup> This form is used exclusively for requesting advances when the Imprest Account option applies.

**FORM 100 - APPLICATION FOR WITHDRAWAL**

1. **IFAD Loan/Grant/Financing No.:** \_\_\_\_\_  
2. **Application No.:** \_\_\_\_\_

To: International Fund for Agricultural Development (IFAD)  
Via Paolo di Dono, 44  
00142 Rome, Italy

3. **Please Pay** \_\_\_\_\_  
(Currency Name) (Amount to be Paid in Figures)

We hereby apply for withdrawal from the Loan/Grant Account opened under the IFAD Financing Agreement and hereby certify as follows:

- (a) The undersigned has not previously withdrawn from the Loan/Grant Account to meet these expenditures and has not and does not intend to obtain funds for this purpose out of the proceeds of any other loan/grant/financing.
- (b) The goods and services covered by this application have been or are being purchased and/or procured in accordance with the terms of the General Conditions for Agricultural Development Financing approved on 29 April 2009.
- (c) This Application for Withdrawal covers a reporting period from [--- day/month/year ---] to [--- day/month/year ---]
- (d) The undersigned hereby certify that the expenditures for which replenishment is claimed in Form 102 A and 102 B are correct, for the Project as provided in the IFAD Financing Agreement. We certify that the expenditures incurred are within the statement of expenditure (SOE) thresholds and represent resources used in compliance with the principles of legality, regularity and sound financial management. We certify that the audit requirement outlined in article VIII and section 9.01 of the General Conditions will be complied with, and that the requirements for maintaining records and documentation for expenditures disbursed using the Statement of Expenditure (Form 102/A) modality and outlined in section 4.04(c) and (d) of the General Conditions, will be complied with. This includes, inter alia, that an annual audit will be carried out and that the documentation (including purchase orders, invoices, evidence of payment and delivery and any other relevant documentation evidencing the expenditures) will be retained for 10 years after the Closing Date of the IFAD Financing, and that such records and documentation will be made available to IFAD representatives for review on request.

**Details of Expenditure**

(Use summary sheet(s) if additional space is required or if expenditures relate to more than one supplier, category or subcategory.)

**4. Name and Address of Contractor or Supplier**  
(If different from Payee)

**Payment Instruction**

**7. Payee's Bank**  
Name:

Address:

**5. Procurement Details**

(a) Contract or Purchase Order No. and Date:

Account No.:

(b) Description of Goods, Works or Services:

(c) Currency and Total Amount of Contract:

**8. Payee's Name and Address:**

(d) Invoice Nos. and Net Amount of Invoices

Covered by this Application:

**6. Withdrawal Details**

- (a) Category or Subcategory No.:
- (b) Percentage of Expenditures to be Financed by IFAD:

11. \_\_\_\_\_  
(Name of Borrower/Recipient)

12. \_\_\_\_\_  
Date

**9. Correspondent Bank:**  
(not required when using the Direct Payment procedure)

**10. Special Payment Instructions and References:**

13. \_\_\_\_\_  
Signature(s) of Authorized Representative(s)

14. \_\_\_\_\_  
Name(s) and Title(s) of Authorized Representative(s)

**FORM 101 - APPLICATION SUMMARY SHEET**

**Form 101.** Mark the procedure being applied:

- Replenishment to the Designated Account**
- Direct Payment**
- Reimbursement**

Reporting Period: \_\_\_\_\_ Application No.: \_\_\_\_\_ Summary Sheet No.: \_\_\_\_\_ IFAD Loan/Grant/Financing No.: \_\_\_\_\_ Category: \_\_\_\_\_

1	2	3	4	5	6	7
Item No.	Name and Address of Contractor(s) or Supplier(s)	Contract or Purchase Order No. and Date	Brief Description of Goods, Works or Services	Currency and Total Amount of Contract	Total Amount of Contractor's or Supplier's Invoices Covered by this Application (net of retention and other deductions)	Remarks, including Country of Origin

Net Total of all Expenditures/Invoices: \_\_\_\_\_

Percentage of Expenditures to be Financed by IFAD for Category: \_\_\_\_\_

Net Amount Claimed for this Summary Sheet: \_\_\_\_\_

Exchange Rate: \_\_\_\_\_ Designated Account Currency Equivalent (US\$/Other Equivalent) : \_\_\_\_\_

**Proper and complete supporting documentation attached**

Signature of Project Director: \_\_\_\_\_

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

**FORM 102/A - STATEMENT OF EXPENDITURE  
(FOR REPLENISHMENT TO THE DESIGNATED ACCOUNT)**

\_\_\_\_\_  
(Description of Category)

Reporting Period – From: \_\_\_\_\_ To: \_\_\_\_\_  
(Day-Month-Year) (Day-Month-Year)

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

IFAD Loan/Grant/Financing No.: \_\_\_\_\_  
Application No.: \_\_\_\_\_  
Category No. \_\_\_\_\_  
Summary Sheet No. \_\_\_\_\_

**(Documentation not required<sup>a</sup>)**

1	2	3		4	5	6	7	8	9
Item No.	Description	Cumulative Expenditures up to Beginning of Reporting Period		Expenditures During Reporting Period 100% (local currency)	Reimbursable under IFAD Financing Percentage of Total in Column 4 (local currency)	Date of Payment	Rate of Exchange	Designated Account Currency Equivalent of Column 5 Claimed for Replenishment	Remarks/ Country of Origin
		(local currency)	(US\$/other)						

<sup>a</sup> The undersigned hereby certify that the expenditures for which replenishment is claimed herein are correct, for the Project as provided in the IFAD Financing Agreement. We certify that the expenditures incurred are within the statement of expenditure (SOE) threshold of equivalent US\$XXX or Currency for this Category, and represent resources used in compliance with the principles of legality, regularity and sound financial management. We certify that the audit requirement outlined in article VIII and section 9.01 of the General Conditions will be complied with, and that the requirements for maintaining records and documentation for expenditures disbursed using the Statement of Expenditure (Form 102/A) modality and outlined in section 4.04(c) and (d) of the General Conditions, will be complied with. This includes, inter alia, that an annual audit will be carried out and that the documentation (including purchase orders, invoices, evidence of payment and delivery and any other relevant documentation evidencing the expenditures) will be retained for 10 years after the Closing Date of the IFAD Financing, and that such records and documentation will be made available to IFAD representatives for review on request.

Certified by: \_\_\_\_\_  
(Project Accountant)

Certified by: \_\_\_\_\_  
(Project Director)

By: \_\_\_\_\_  
(Authorized Representative)  
(Borrower/Recipient)

**FORM 102/B - STATEMENT OF EXPENDITURE**  
**(FOR EXPENDITURES PREFINANCED BY BORROWER/RECIPIENT)**

\_\_\_\_\_  
 (Description of Category)

Reporting Period – From: \_\_\_\_\_ To: \_\_\_\_\_  
 (Day-Month-Year) (Day-Month-Year)

Date: \_\_\_\_\_  
 IFAD Loan/Grant/Financing No.: \_\_\_\_\_  
 Application No.: \_\_\_\_\_  
 Category No. \_\_\_\_\_  
 Summary Sheet No. \_\_\_\_\_

**(Documentation not required<sup>a</sup>)**

1	2	3	4	5	6	7
Item No.	Description	Cumulative Expenditures up to Beginning of Reporting Period (local currency)	Expenditures During Reporting Period 100% (local currency)	Reimbursable under IFAD Financing Percentage of Total in Column 4 (local currency)	Date of Payment	Remarks/ Country of Origin

<sup>a</sup> The undersigned hereby certify that the expenditures for which reimbursement is claimed herein are correct, incurred within the SOE threshold of equivalent US\$ XXX or Currency for this Category, and for the Project as provided in the IFAD Financing Agreement. We certify that the audit requirement outlined in article VIII and section 9.01 of the General Conditions will be complied with, and that the requirements for maintaining records and documentation for expenditures disbursed using the Statement of Expenditure (Form 102/B) modality and as outlined in section 4.04(c) and (d) of the General Conditions, will be complied with. This includes, inter alia, that an annual audit will be carried out and that the documentation (including purchase orders, invoices, evidence of payment and delivery and any other relevant documentation evidencing the expenditures) will be retained for 10 years after the Closing Date of the IFAD Financing, and that such records and documentation will be made available to IFAD representatives for review on request.

Certified by: \_\_\_\_\_  
 (Project Accountant)

Certified by: \_\_\_\_\_  
 (Project Director)

By: \_\_\_\_\_  
 (Authorized Representative)

## ANNEX 3

### SPECIAL COMMITMENT

#### *INSTRUCTIONS FOR COMPLETING FORMS 301 and 302*

#### **FORM 301 - APPLICATION FOR A SPECIAL COMMITMENT**

(SUBMITTED BY THE BORROWER/RECIPIENT TO IFAD)

#### A. INSTRUCTIONS FOR COMPLETING APPLICATION FOR A SPECIAL COMMITMENT

##### Notes

- (a) Applications should be submitted to IFAD (Programme Management Department) in duplicate.
- (b) All numbered lines of paragraphs 1 through 14 must be completed.
- (c) When completed, this application should be checked to ensure that the references, amounts and other details are correct before passing it to the authorized representative(s) for signature. Mistakes and omissions lead to delays in payment.

##### **Instructions: Numbers refer to those cited in Form 301**

- 1. IFAD Loan/Grant/Financing No.: Financing number.
- 2. Application No.: To be numbered consecutively beginning with number one (irrespective of the procedure used).

##### **Details of Letter of Credit**

- 3. Name, Address, SWIFT BIC of Negotiating Bank: To be obtained from the letter of credit and to include the name and telephone number of a contact person.
- 4. Name and Address of Opening/Issuing Bank: Borrower/recipient's commercial bank in its country.
- 5. Name of Letter of Credit Opener: Name of borrower/recipient or executing agency.
- 6. Letter of Credit Details for items (a) (b) (c) (d): To be obtained from the letter of credit.

##### **Details of Expenditure**

- 7. Name and Address of Contractor or Supplier: Beneficiary of the letter of credit. Name, town or city, and country are sufficient.
- 8. Procurement Details:
  - (a) Contract No. and Date: to be obtained from contract documents; and
  - (b) Brief Description of Goods, Works or Other Services: e.g. number of items, agricultural machinery, model number, country of origin.

9. **Withdrawal Details:**
- (a) **Category or Subcategory No.:** Category reference and description taken from schedule 2 of the IFAD Financing Agreement;
  - (b) **Percentage of Expenditures to be Financed by IFAD:** Reporting the percentage of financing taken from the appropriate category of schedule 2 of the IFAD Financing Agreement; and
  - (c) **Percentage of Expenditure to be financed by a Joint Financier (if any):** e.g. supplementary funds, grant category, percentage of financing.
10. **Special Instructions and Remarks:** Enter any special instructions or remarks that would facilitate and expedite payment.
11. **Name of Borrower/Recipient:** Enter name as it appears on the IFAD financing agreement
12. **Date:** The date on which the authorized representative(s) sign(s) the application
13. **Signature(s) of Authorized Representative(s):** Self-explanatory.
14. **Name(s) and Title(s) of Representative(s):** Both the name(s) and title(s) of the signatory(ies) are to be clearly printed.

## FORM 302 - SPECIAL COMMITMENT LETTER

### B. INSTRUCTIONS FOR COMPLETING THE SPECIAL COMMITMENT LETTER

#### Notes

- (a) The authorized signatory(ies) of the Treasury Division of IFAD issue(s) a special commitment letter on this form in favour of the negotiating bank as a result of the borrower/recipient's application on Form 301 - Application for a Special Commitment.
- (b) The limitation clause cited in Form 302 is included in special commitments for all letters of credit in currencies other than those of the financing agreement, because IFAD requires a mechanism to monitor (as necessary) the SDR equivalents of commitments made under IFAD financing.
- (c) With the exception of the following, most of the details in Form 302 repeat the information already provided in the application (Form 301). The exceptions are:
  - (i) Special Commitment Letter No.: ---;
  - (ii) Date: Refers to the date of issue of the special commitment letter;
  - (iii) Terms and conditions cited in paragraph 2(b) of Form 302 are the financing closing date or such other later date determined by IFAD;
  - (iv) IFAD's authorized signatories concerning letters of credit.

**FORM 301 - APPLICATION FOR A SPECIAL COMMITMENT**

**(SUBMITTED BY THE BORROWER/RECIPIENT TO IFAD)**

**1. IFAD Loan/Grant/Financing No.:**

**2. Application No.:**

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To: International Fund for Agricultural Development  
Programme Management Department  
Via Paolo di Dono, 44  
00142 Rome, Italy

We apply for a Special Commitment and subsequent withdrawal from the Loan/Grant Account opened under the Financing Agreement, 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 contractual Agreement signed between the Borrower/Recipient and the Supplier in order to make payment to the negotiating bank from the Loan/Grant Account. 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 promptly be 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 IFAD Financing Agreement 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, or quality of goods, or the beneficiary are subject to your prior approval. The undersigned will only agree to an amendment to the letter of credit that is in accordance with the terms of the IFAD Financing Agreement, 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 Loan/Grant 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 Loan/Grant Account may be disbursed to cover the deficiency. In the event that the uncommitted portion of the Loan/Grant 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. The obligation of IFAD under the Special Commitment shall terminate:
  - (i) Except as IFAD shall otherwise agree, 30 days after the expiry date of the letter of credit, or at the closing date of the IFAD Financing Agreement (whichever is earlier);
  - (ii) On payment by IFAD to the negotiating bank of the full value of the letter of credit;
  - (iii) On receipt by IFAD of written notice from the negotiating bank specifying that the Special Commitment may be cancelled.
- e. The undersigned has not previously withdrawn from the Loan/Grant 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 Financing.

- f. The goods or services covered by this application are being purchased in accordance with the terms of the IFAD General Conditions for Agricultural Development Financing approved on 29 April 2009.
- g. The expenditures are being made only for goods or services supplied from IFAD Member States.
- h. In the event that all or part of the funds withdrawn from the Loan/Grant Account pursuant to this application are returned to IFAD, the undersigned hereby authorizes IFAD to apply the current value of such funds as a credit to the Loan/Grant Account.

**Details of Letter of Credit**

**Details of Expenditure**

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>3. Name, Address, SWIFT BIC of Negotiating Bank (including name, telephone number, fax number and/or e-mail of contact person):</li> </ul>   | <ul style="list-style-type: none"> <li>7. Name and Address of Contractor or Supplier (Letter of Credit beneficiary):</li> </ul>   |
| <ul style="list-style-type: none"> <li>4. Name and Address of Opening/Issuing (Borrower/Recipient's) Bank:</li> </ul>   | <ul style="list-style-type: none"> <li>8. Procurement Details               <ul style="list-style-type: none"> <li>(a) Contract No. and Date (to be obtained from contract documents):</li> </ul> </li> </ul>   |
| <ul style="list-style-type: none"> <li>5. Name of Letter of Credit Opener (Borrower/Recipient or Executing Agency):</li> </ul>  | <ul style="list-style-type: none"> <li>(b) Brief Description of Goods, Works or Other Services:</li> </ul>  |
| <ul style="list-style-type: none"> <li>6. Letter of Credit Details               <ul style="list-style-type: none"> <li>(a) Opening Bank's Letter of Credit No.:</li> <li>(b) Currency Name:</li> <li>(c) Currency Amount:</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>9. Withdrawal Details               <ul style="list-style-type: none"> <li>(a) Category or Subcategory No.:</li> <li>(b) Percentage of Expenditures to be financed by IFAD:</li> <li>(c) Percentage of Expenditures to be financed by a Joint Financier (if any):</li> </ul> </li> </ul> |

(d) Letter of Credit Expiry Date:

10. Special Instructions and Remarks:

11. \_\_\_\_\_  
(Name of Borrower/Recipient)

13. By \_\_\_\_\_  
Signature(s) of Authorized  
Representative(s)

12. Date: \_\_\_\_\_

14. \_\_\_\_\_  
Name(s) and Title(s) of Authorized  
Representative(s) (clearly printed)

**FORM 302 - SPECIAL COMMITMENT LETTER**  
**(ISSUED BY IFAD ON ITS LETTERHEAD TO THE NEGOTIATING BANK**  
**- SIGNED BY THE IFAD TREASURY DIVISION)**

IFAD Loan/Grant/Financing No.: \_\_\_\_\_  
Special Commitment Letter No.: \_\_\_\_\_

NOTE: All correspondence must include  
the above two reference numbers

(NAME, ADDRESS  
& SWIFT BIC OF  
NEGOTIATING BANK,  
INCLUDING NAME AND  
TELEPHONE NUMBER,  
FAX AND/OR E-MAIL  
OF CONTACT PERSON)

DATE:

Your Correspondent: [Issuing/Opening Bank  
Name and Full Address]  
Your Correspondent's Letter of Credit No.:  
Application No.:  
Category:

Dear Sir/Madam,

The International Fund for Agricultural Development (hereinafter IFAD), transmits herewith a copy of a Letter of Credit, which we understand you are prepared to advise or confirm:

For account of:

In favour of:

In the amount of:

Relating to:

Expiring on :

In consideration of your acceptance hereof as provided below, IFAD hereby irrevocably agrees to:

- (a) Reimburse you, the negotiating bank, for any payment made on the order of the IFAD Borrower/Recipient, under and in accordance with the terms of the Letter of Credit,  
or
- (b) Pay you, the negotiating bank, amounts that have become due by the IFAD Borrower/Recipient under and in accordance with the terms of the Letter of Credit,

where you agree to make payment to, or on the order of the IFAD Borrower/Recipient, on receipt of IFAD's remittance.

Payments shall be made by IFAD promptly, but not later than 30 days after receipt by us of an authenticated SWIFT message thereof, as hereinafter provided:

This Special Commitment is subject to the following terms and conditions:

1. You will advise, or confirm receipt of the Letter of Credit, and promptly advise us of changes, if any.
2. You undertake to promptly furnish us with copies of all amendments to the Letter of Credit. Amendments are subject to the following conditions:
  - (a) Any amendment involving a change in the value of the Letter of Credit, the description or quantity of goods, or the beneficiary will not be operative until you receive our written approval.
  - (b) Any amendment extending the expiry date of the Letter of Credit more than six months beyond the original expiry date or beyond ---- [-- day/month/year --] ---- will not be operative until you receive our written approval.
3. IFAD shall not be obligated to pay you unless an authenticated SWIFT message (MT799 or MT199) is received at IFAD's SWIFT BIC address: IFADITRR within 30 days of your negotiation of documents. IFAD's obligations to pay 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). IFAD has already authorized BIC ----- to send authenticated messages to IFADITRR and it is your responsibility to ensure that this authorization is acted on promptly.
4. Requests for payment should indicate the following:

“IFAD Loan/Grant/Financing Number; the currency and amount paid or due to the Negotiating Bank (the beneficiary); our Special Commitment Number; Letter of Credit Number; and, complete payment instructions.”

Additionally, special payment instructions or information on the status of the Letter of Credit, such as expiry date, unused balance, etc., should be included at the end of the SWIFT message.
5. IFAD shall not be obligated to you in respect of interest, commission, other charges or expenses in connection with the Letter of Credit.
6. You agree that on cancellation, expiry or final payment of the Letter of Credit, you will advise us promptly and include the amount of any cancellation.
7. Since IFAD's financing for this Special Commitment Letter, is limited to an amount denominated in SDRs (Special Drawing Rights), IFAD shall not be obligated to make payments that, in the aggregate, would exceed the equivalent of SDR [--- figure ---] (representing the equivalent of the Letter of Credit amount in [--- currency and figure ---] calculated on the basis of the current exchange rate, plus a margin for exchange rate fluctuations).
8. It is IFAD policy to retain sufficient funds in the Loan/Grant Account to fully cover outstanding Special Commitments. The Borrower/Recipient has agreed that if, because of this limitation clause, we cannot disburse the full amount needed to pay you, any uncommitted portion of the Loan/Grant Account may be disbursed to cover the deficiency, and in the event the uncommitted portion of the Loan/Grant Account is insufficient to cover the deficiency,

our Borrower/Recipient will arrange to make such payment promptly to you, after receipt of our notification.

Your first request for payment shall constitute your acceptance of this Special Commitment Letter, including all terms and conditions herein, and evidenced by copy of this Agreement in our files.

Very truly yours,

---

(Name(s) and Title(s) of Authorized Officer(s))  
Treasury Division of IFAD

cc: Borrower/Recipient's  
Authorized Representative  
Project Director  
Country Programme Manager, applicable PMD Regional Division, IFAD  
Loan Officer, Loans and Grants Section, IFAD

## ANNEX 4

### STATEMENT OF EXPENDITURE

#### REQUIREMENTS WHEN EXPENDITURES INCURRED ARE COVERED BY THE STATEMENT OF EXPENDITURE FACILITY

Statement of Expenditure (SOE) coverage is provided by IFAD to facilitate the preparation of withdrawal applications by the borrower/recipient and review and processing by IFAD. Under this procedure, the supporting documents normally required to be submitted together with the withdrawal application are kept by the project unit.

In accordance with information contained in the letter to the borrower/recipient (LTB), withdrawals from the loan or grant account in respect of eligible expenditures may be made against certified SOE, as determined in consultation between IFAD and the borrower/recipient, using Form 102/A and/or Form 102/B, all duly certified and all to accompany Form 100 - Application for Withdrawal.

#### **Example:**

SOE coverage will be applicable for:

- (i) Expenditures for contracts of less than US\$ [XXX] under loan categories [YY]; and
- (ii) All expenditures under loan category [ZZZ].

The original records evidencing such expenditures need not be submitted to IFAD, but shall be retained by the borrower/recipient for inspection by the representatives of IFAD, in accordance with sections 10.03 (Visits, Inspections and Enquiries) and 10.05 (Evaluations of the Project) of the General Conditions. A copy of the relevant supporting documentation (including contract documents, bills, invoices, purchase orders, receipts, evidence of payments, etc.) should not be submitted to IFAD but should be retained by the project unit, unless otherwise agreed between the borrower/recipient and IFAD, and made available for review by the representatives of IFAD during implementation support or supervision or other missions, audits or on request. Such documentation should be retained for 10 years after the financing closing date.

One Form 102 (A or B) should be prepared separately for each category and/or subcategory according to schedule 2 of the financing agreement. Cumulative totals and amounts for the reporting period should be reflected for each category and/or subcategory.

Each page of Form 102 (A or B) must be fully completed, certified and signed, normally by the project accountant, project director and authorized representative (in accordance with the Evidence of Authority to Sign Withdrawal Applications and Statements of Expenditure designated signatories). The project accountant should additionally ensure the accuracy and correctness of the claims made under the SOE for the designated account. To ensure that no pages are omitted, these should be numbered, e.g. page 1 of 21, page 2 of 21, etc.

The 'certification text' on each page, should include, where applicable, that works have been performed, goods received, services rendered and payments made, and that the funds have been used for the purposes for which they were provided in accordance with the financing agreement. The project director will review the completeness and correctness of the withdrawal application. All three signatures are required on all pages of the SOE, except where the project director and the authorized representative are the same.

## ANNEX 5

# CHECKLIST FOR WITHDRAWAL APPLICATION

### *INSTRUCTIONS FOR COMPLETING FORM 105*

#### **General**

Forms have been developed by the Fund after careful study of the requirements for effective and efficient financial reporting. These are considered standard and recommended for use by projects receiving IFAD financing. Forms may be amended from time to time, when experience demonstrates improvements and efficiencies can be achieved. Alternative formats may be used by projects where these have been previously agreed with the Fund, based on reasons of economy and efficiency, or where government systems may need to prevail, so long as conformity is assured with articles IV and IX of IFAD's General Conditions. However, changes, alterations and omissions that lead to incomplete overall financial reporting may cause delay in release of payment, while awaiting receipt of correct and complete information.

The Checklist is a tool to be used by the project, whether this be the lead project agency or other designated party, in the preparation and final review of withdrawal applications before submission to IFAD. The project is encouraged to refer to the LTB and to the financing agreement, particularly to schedule 2, for specific instructions on disbursement, and any relevant provisions applicable to withdrawal of funds from the loan (or grant) account.

Each parameter/action must have a YES or NO response.

#### **Parameters to be checked as itemized on Form 105**

#### **FORM 100 – APPLICATION FOR WITHDRAWAL**

1. **Sequential numbering of the withdrawal application:** Indicate the application number assigned following the sequential numbering system followed by the project/lead project agency. Separate sequential numbering should be maintained for different financing (i.e. loan or grant). If there is a skip in the numbering, indicate the reason in the 'remarks' section. This information will be useful in the monitoring of the receipt of WAs by IFAD, and important when the project/lead project agency undertakes its regular reconciliation against financial reports generated by the Fund's Loan and Grant System (LGS).
2. **Withdrawal application amount tallies with sequentially numbered summary sheets:** Summary sheets attached to the Application for Withdrawal form should be sequentially numbered to enable IFAD to determine the number of sheets attached to the application. One Form 101 and/or Form 102 should be completed for each category or subcategory if applicable. The total of all summary sheets should add up to the amount of the application for withdrawal. Mistakes and omissions will lead to payment delay.
3. **Categories/subcategories charged according to schedule 2 of the financing agreement:** Care should be exercised to ensure that the expenditures incurred are charged to the correct category. The subcategories should always be taken into consideration and not omitted.
4. **Percentage of expenditures to be financed by IFAD applicable for each category or subcategory.** The applicable percentage should be used on the total eligible expenditures to determine IFAD's share of the project cost.

5. **Availability of funds in categories and the overall financing amount:** This should be checked in the project/lead project agency disbursement records and reviewed regularly. This item is a trigger for reviewing the need for a reallocation of funds. The financing balance is also one of the triggers to initiate recovery of the ceiling amount provided as an advance to the designated account, if this option was chosen.
6. **Currency of payment:** This is to ensure that the claim is made in the currency of expenditure, the denomination of the designated account, or in the case of direct payment, in the currency of the contract signed with suppliers, contractors or consultants.
7. **Completeness and accuracy of banking instructions:** Due to the use of international banking channels in the transfer of funds, complete banking details should be reflected in the WA. Indicate the complete name and address of the bank and avoid the use of acronyms. Mistakes and omissions will lead to payment delay. For payment to beneficiaries whose Depository Bank is in the European Union, it is mandatory to indicate the IBAN number, regardless of the currency of the account.
8. **Complete name and address of Correspondent Bank:** This information is required when payment is to be made to the account designated to receive loan/grant resources in advance. This is not a requirement when using the direct payment procedure.
9. **The withdrawal application is signed by authorized representative:** The WA is a legal instrument issued by the borrower/recipient to IFAD for the drawdown of funds from the Loan or Grant Account. In a letter sent to IFAD, the official representative of the Government designates and authenticates the signature of the individuals who are authorized to sign WAs. The authorization is personal and may not be delegated, and only these individuals are recognized by IFAD. Thus any change in the authorization should be communicated to IFAD in a new Evidence of Authority to Sign WAs and SOEs letter that includes authenticated signature(s). In addition, due to the legal nature of WAs, communication with respect to upward change in the WA amount after IFAD review should be signed by the authorized WA signatory. Non-compliance with this requirement will lead to payment delays.

## STATEMENT OF EXPENDITURE

In order to ensure use of unified forms by all IFAD projects, which will facilitate review by IFAD, SOE summary sheets are required to remain in the standard format provided in this Handbook.

1. **Eligibility of expenditures claimed**
  - (a) **Within SOE financial ceiling.** Take note of the financial threshold for SOE eligibility; the LTB provides the relevant information. This could be applicable to payments on contracts related to specific categories. Only claims below the financial threshold are eligible to be claimed under the SOE modality. Splitting of expenditures to enable charging against the SOE to maintain the threshold is unacceptable.
  - (b) **Expenditures under specific category eligibility.** Take note of the category specified that is eligible under the SOE modality, which will cover all expenditures irrespective of the amount. Splitting of expenditures to enable charging against the SOE to maintain the threshold is unacceptable.
2. **Form 102 signed by the designated signatories.** Form 102 includes a certification text. The Form 102 signatories, normally the project accountant, project director and authorized representative, certify not only the accuracy and appropriateness of the figures, but also compliance with the provisions in the certification text, i.e. compliance with audit requirements, the maintenance of records and supporting documentation for claims under SOE, the retention of

records (purchase orders, evidence of payment, delivery and other relevant documentation) for 10 years after the financing closing date. In this respect, Form 102 is not accepted as a supporting document for a WA if the certification text and three signatures are not complete and provided on all pages of the SOE being submitted.

## **DESIGNATED ACCOUNT – REPLENISHMENT REQUESTS**

1. **Amount within ceiling figure agreed as a reasonable limit (imprest account option).** This applies when the borrower/recipient has requested withdrawal of loan/grant resources in advance and IFAD has agreed to this methodology. Each WA for replenishment should be within a reasonable limit, with the figure ascertained and reported in the project design/appraisal document and contained in the agreed LTB. During implementation, should there be a need to increase such limit, consistent with approved AWP/Bs, the request of the borrower/recipient, with supporting justification, shall provide the basis for consideration to modify such limit. This would normally apply to advances based on the imprest account methodology option.
2. **Amount at least equal to 20 per cent of the agreed reasonable limit.** The purpose of prescribing this financial ceiling is to reduce the number of transactions in the loan (or grant) account, thereby reducing administrative costs. During periods of intensified implementation activity, it is recommended that replenishment applications be submitted on a monthly basis to ensure that the project has sufficient, readily available liquidity.
3. **Amount agreed sufficient to cover a specific reporting period (revolving fund option).** This applies when the borrower/recipient has requested withdrawal of loan/grant resources in advance and IFAD has agreed to this methodology. Each WA for replenishment will be based on the approved AWP/B and reporting of actual and projected expenditures for a specific period within such approved AWP/B. This may vary from time to time.
4. **Exchange rate used.** This is to ensure that the local expenditures funded from the designated account are converted into, for example, United States dollars at the correct exchange rate in order to recoup the actual amount [--- US\$ --- or other equivalent denominated currency of the account –] withdrawn from the designated account. Local currency expenditures that were funded from that designated account are to be converted at the rate of exchange prevailing at the time of the transfer of the [--- US\$ --- or other equivalent denominated currency ---] to the project account in the applicable local currency, and *not* at the exchange rate prevailing at the time of preparation of the withdrawal application. If the correct exchange rate is not used, over time there will be a gap in the designated account valuation [--- US\$ or other ---] that cannot be accounted for.
5. **Completeness of designated account banking and account details.** Although the designated account banking instructions are constant, the relevant section of the WA should in every case be completed to reflect the correspondent bank, payee bank, beneficiary's name and account numbers in full. In the event that there is a change during project implementation, the WA submission should be accompanied by justification of the change and evidence of the opening of a new designated account [--- proof of signatory and/or who may operate it ---]. Failure to submit this information and documentation will lead to delay in payment.
6. **Enclosed designated account reconciliation(s) and bank statements.** These documents must be attached to every WA submitted for replenishment. The financial period being reported on should be identical to that of each of the bank statements, reconciliation and period of replenishment. These are tools to ensure, among other considerations, that the designated account is managed well and that the correct valuation [--- US\$ or other designated account currency ---] of replenishments is made. At any given time, the total in the reconciliation statement should always be equal to the agreed limit figure if the imprest account option is applicable, or

alternatively the cumulative figure of advances received over time, if the revolving fund option is applicable.

### **SUPPORTING DOCUMENTATION (attached when/if required)**

Items 1 to 7 of this section of Form 105 are self-explanatory. All relevant documents (items 1 to 4) should be attached to each WA for direct payment, including item 7, to summarize two or more invoices to the same beneficiary/supplier. For replenishment of the designated account covering expenditures that are not eligible under SOE, the relevant documents (items 1 to 5), including item 7, should be submitted. The duly completed and signed Form 102 is considered a supporting document for claims applicable under the SOE facility. It should be noted that *not* all expenditures financed from the designated account are automatically eligible under this facility. The prescribed SOE eligibility should be applied at all times. Failure to adhere to these requirements will lead to payment delay.

### **PROCUREMENT**

The LTB provides procurement financial ceilings that require prior review and provision of ‘no objection’ by IFAD. Prior or post ‘no objection’ is provided by the Fund subject to the approved AWP/B, which includes the agreed 18-month (subsequently 12-month) procurement plan. Items 1 and 2 of this section of Form 105 indicate that a copy of IFAD’s communication of ‘no objection’ is required and should be attached to the relevant WA, together with the Contract Payment Monitoring Record, as applicable for each contract. Failure to adhere to these requirements will lead to payment delay.

Procurement of goods, works and services financed by the Fund is required to be carried out in accordance with the provisions of the borrower/recipient’s procurement regulations, to the extent that these are consistent with IFAD’s procurement guidelines,<sup>1</sup> as may be amended from time to time. Procurement shall be undertaken during the project implementation period.

### **COMPLIANCE WITH CONDITION(S) FOR DISBURSEMENT**

Section E of the financing agreement includes provision of general or specific conditions that need to be met before withdrawal from the loan (or grant) account may begin. These are further elaborated, as necessary, in the LTB. Failure to adhere to these requirements will lead to payment delay.

### **EXPENDITURE INCURRED/COMMITTED BEFORE PROJECT COMPLETION DATE**

In accordance with IFAD’s General Conditions, only project expenditures incurred/committed before the project completion date (PCD) are eligible under the financing. This means that the relevant contract is signed and the goods delivered and services rendered/completed *before* PCD. However, payment for these commitments could be made after PCD, but before the financing closing date (FCD). During the six-month period between PCD and FCD, only expenditures to meet the costs of winding-up activities (such as salaries and allowances of key project staff, limited operating costs, audit, completion report) are eligible under the financing. Detailed information should be provided in the forms attached to the WA when applicable to these circumstances, to enable IFAD to determine eligibility of expenditures in order to avoid protracted communications and payment delay. Withdrawal applications for these winding-up activities should be submitted promptly, so that the process of closing the loan and/or grant account can be dealt with expeditiously.

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<sup>1</sup> Copy available on IFAD’s website, [www.ifad.org/pub/basic/procure/e/proceng.pdf](http://www.ifad.org/pub/basic/procure/e/proceng.pdf).

Withdrawal applications are to be prepared in the English language, duly completed and signed, as described in section 2, together with all required supporting documentation, and should be sent to:

International Fund for Agricultural Development (IFAD)  
Via Paolo di Dono, 44  
00142 Rome, Italy  
Attn: Country Programme Manager, PMD

It is recommended that withdrawal applications and supporting documentation be sent by the borrower/recipient to IFAD by courier in order to expedite the withdrawal process, and that a scanned copy of the same be sent by e-mail. Queries regarding a particular withdrawal application should be directed to IFAD, Country Programme Manager, Programme Management Department. Once approval has been provided by the PMD regional division, queries regarding payment status and value dates should be directed to IFAD, Loans and Grants Section, Financial Services Division.

**FORM 105 - CHECKLIST FOR WITHDRAWAL APPLICATION**

IFAD Financing No. ----

WA No. ---

Reporting period [from --- to ---]

<b>FORM 100 - APPLICATION FOR WITHDRAWAL</b>	Yes or No
1. Sequential numbering of withdrawal application	
2. Withdrawal application amount tallies with sequentially numbered summary sheets	
3. Categories/subcategories charged according to schedule 2 of financing agreement	
4. Percentage of financing applicable for each category or subcategory	
5. Availability of funds in categories and the overall financing amount	
6. Currency of payment	
7. Completeness and accuracy of banking instructions	
8. Complete name and address of correspondent bank	
9. WA is signed by Authorized Representative	
<b>STATEMENT OF EXPENDITURE</b>	
1. Eligibility of expenditures claimed	
(a) Within SOE financial ceiling	
(b) Expenditures under specific category [-----] eligibility	
2. Form 102 signed by designated Project Accountant, Project Director, Authorized Representative	
3. Form 102 supported by signed Form 101 (for items reported in 2, but over the financial ceiling)	
<b>DESIGNATED ACCOUNT – REPLENISHMENT REQUESTS</b>	
1. Amount within ceiling figure agreed as a reasonable limit [-- US\$ or --]; or per AWP/B period	
2. Amount at least equal to 20 per cent of the agreed limit; or per AWP/B projected requirements	
3. Amount agreed sufficient to cover a specific reporting period (revolving fund option)	
4. Exchange rate used	
5. Completeness of designated account banking and account details	
6. Enclosed designated account reconciliation and bank statements	
<b>SUPPORTING DOCUMENTATION (attached when/if required)</b>	
1. Copy of contract	
2. Copy of invoice, certified by Project Director	
3. Copy of bank guarantee and performance guarantee (for advance payment)	
4. Copy of delivery receipt	
5. Copy of evidence of payment	
6. Completed Form 101	
7. Completed Form 102 (A or B)	
<b>PROCUREMENT</b>	
1. Copy of 'no objection(s)' provided by IFAD (attached)	
2. Copy of Contract Payment Monitoring Form(s) (attached)	
<b>COMPLIANCE WITH CONDITION(S) FOR DISBURSEMENT</b>	
1. In accordance with terms in section E of the Financing Agreement	
2. In accordance with terms in the Letter to the Borrower/Recipient	
<b>EXPENDITURE INCURRED/COMMITTED BEFORE PROJECT COMPLETION DATE</b>	
1. Expenditure verified as eligible:	
(a) contract signed before project completion date	
(b) goods delivered before project completion date	
(c) services completed and/or rendered before project completion date	

**Remarks:**

\_\_\_\_\_  
**Prepared by: Project Accountant**  
**Dated:** \_\_\_\_\_

\_\_\_\_\_  
**Certified by: Project Director**  
**Dated:** \_\_\_\_\_

## ANNEX 6

### REGISTER OF CONTRACTS

#### *INSTRUCTIONS FOR COMPLETING FORMS C-10 AND C-11*

##### **FORM C-10 - REGISTER OF CONTRACTS**

###### A. INSTRUCTIONS FOR COMPLETING THE REGISTER OF CONTRACTS

1. Two conformed copies of each and all awarded contracts to be financed – in part or in full – from the proceeds of the financing must be submitted to IFAD on their signature or before disbursement of financing proceeds with respect to such contract can be made (whether for reimbursement, direct payment, special commitment or replenishment to the designated account). In order to verify that conformed copies of each awarded contract have been received by IFAD, the monthly reporting procedure indicated below will be applicable.
2. A record of contracts awarded by the lead project agency during a calendar month that are expected to be financed – in part or in full – by proceeds of the IFAD financing must be submitted to the Fund in the format Register of Contracts. A copy of this format is provided as Form C-10, indicating the information required for due completion.
3. When a contract is amended, the amendment will be recorded in the Register of Contracts for the reporting calendar month in which the amendment occurred, by indicating ‘AM-1’ after the contract serial number (in column 1) if it is the first amendment, or ‘AM-2’ if it is the second amendment, and so forth. The information required in columns 2 through 11 of the Register of Contracts pertinent to the amendment will also be recorded as may be applicable (i.e. revised contract amount in column 9, date of amendment in column 4, etc.).
4. If a contract is cancelled or declared ineligible for financing by IFAD, this information should be given in the Register of Contracts and reported in the calendar month in which the cancellation or financing ineligibility was declared; once again by indicating the contract serial number in column 1, the date of cancellation or financing ineligibility in column 4, and ‘cancelled’ or ‘ineligible for financing’, as the case may be, in the ‘remarks’ column.
5. If during a calendar month no contract award has taken place, the Register of Contracts for that calendar month will be submitted to IFAD indicating ‘NIL’ in column 1.

##### **FORM C-11 - CONTRACT PAYMENT MONITORING FORM**

###### B. INSTRUCTIONS FOR COMPLETING THE CONTRACT PAYMENT MONITORING FORM

1. As and when payment of approved contracts begins, each contract needs to be monitored using sample Form C-11. The information required is self-explanatory and needs to be updated as and when events/payments affecting the contract occur. Each time a contract requires an instalment (or other portion) to be paid, a copy of Form C-11, accompanied by a copy of the ‘no objection’ for that specific contract, will also be required, as supporting documentation to the WA.
2. Updated versions of Form C-11 will continue to be submitted for the life of the contract through final payment.

**FORM C-10 - REGISTER OF CONTRACTS**

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

IFAD Financing No.:  
Project Title:

Monthly Reporting Period: \_\_\_\_\_  
(Month/Year)

Page No. \_\_\_\_\_ of \_\_\_\_\_

1	2	3	4	5	6	7	8	9	10	11
Contract Serial No.	Percentage of Financing	Type of Procurement	Date of Contract	Name and Address of Contractor/ Supplier	Description of Works, Goods, Consulting/Other Services	Country of Origin	Performance, Contract Duration and Delivery Period	Contract Amount (in the currency of the contract)	Category No. per Schedule 2 of IFAD Financing Agreement	Remarks and Date of IFAD 'No Objection'

Certified by: \_\_\_\_\_  
(Project Accountant)

Submitted by: \_\_\_\_\_  
(Project Director)

**FORM C-11 - CONTRACT PAYMENT MONITORING FORM**

(ENTER PROJECT NAME AND ACRONYM)

(Contract Number: as per contract register)

Description of

Contract: \_\_\_\_\_  
 Procurement File No.: \_\_\_\_\_ Comp.: \_\_\_\_\_ Contract Officer: \_\_\_\_\_

Date(s) of 'No Objection':  
 Name and Address of Supplier:

e-mail: telephone:
-----------------------

Bank Details:

--

**Contract Summary  
(ENTER CURRENCY)**

Document	Contract Reference	No.	Amount	Dates (start/end)
Original Contract				
Amendment (AM-1)				
Amendment (AM-2)				
Amendment (AM-3)				
<b>Total Amount</b>			<b>0</b>	

**Bank Securities or  
Bonds ( -- currency)**

Document	Name of Financial Institution	Date	Amount	Expiry Date	Extension
Advance Payment					
Performance Bond					
Other					

**Monitoring of  
Payments  
(ENTER CURRENCY)**

Payment Schedule		Progress Certificate		Payments Issued				Balance Due on Contract
Milestone	Expected Amount	No.	Date	Invoice No.	Payment Date	Amount Paid	Cheque or WA No.	
<b>Total Amount</b>	<b>0</b>					<b>0</b>		

Notes:

## ANNEX 7

# DESIGNATED ACCOUNT RECONCILIATION STATEMENT

## *INSTRUCTIONS FOR COMPLETING FORMS 104/A AND 104/B*

### Notes

The completed and signed Designated Account Reconciliation Statement, together with the bank statement of the holding bank of the designated account and the bank statement(s) of Programme/District Accounts/Sub-Accounts (if applicable), are mandatory supporting documentation for withdrawal applications for replenishment to the designated account. Form 104 (A or B) is to be completed using the format that applies to the type of designated account opted for, and specific for the project concerned, i.e. the Imprest Account option, or the Revolving Fund option.

If a loan/grant has two or more designated accounts that are funding separate components of the project, separate Designated Account Reconciliation Statements should be prepared for each of these as opened for the project.

Copies of bank statements are required as supporting documentation for *all* bank accounts, and need to reflect the same reporting period: for example, if the WA reporting period for replenishment is intended to be 21 February 2009 through 31 March 2009, all bank statements and funds being reported in the reconciliation statement are required to cover that same period. Bank statements presented must include the opening balance (as of 21 February 2009), the closing balance (as of 31 March 2009), and all transactions that occurred during the reporting period. Inconsistencies will give rise to protracted exchange of correspondence to clarify, and will cause delay in the release of payment.

### **FORM 104/A - DESIGNATED ACCOUNT RECONCILIATION STATEMENT (IMPREST ACCOUNT)**

**Instructions:** Numbers refer to those cited in Form 104/A.

**Project Title:** Indicate the relevant project name.

**IFAD Financing No.:** Indicate the loan/grant/financing number.

**WA No.:** Indicate the number of the WA to which the reconciliation will be attached.

**Reporting Period:** From: and To: [day/month/year] consistent with the WA, bank statements and supporting documents.

**Designated Account No. and Holding Bank Name:** Indicate the designated account number and name of the bank where the designated account is maintained.

1. **Total Advanced by IFAD:** Indicate the amount of the advance(s) received (per agreed limit in the LTB). If there are several tranches, indicate here the total amount paid by IFAD as of the date of preparation of the reconciliation statement.
2. **Less Total Amount Recovered by IFAD:** Indicate the total amount of recovery or figure of the justification applied by IFAD – total of withdrawal applications that were applied by IFAD as recovery against the limit. If recovery of the advance has not yet started, the entry in this section is zero ('0').

3. **Equals Present Outstanding Amount Advanced to the Designated Account:** This figure should be the net amount after deducting line 2 from line 1. If recovery of the advance has not yet started, the entry in this section is always the amount shown in line 1.
4. **Balance of Designated Account per Attached Bank Statement as of Date:** (**day/month/year**): Indicate the relevant date and the balance shown in the bank statement issued by the holding bank at the end of the reporting period.
5. **Plus Balance of the Project Account(s) (listed separately):**  
 Plus balance of sub-accounts (if applicable)  
 Plus cash on hand

**Notes**

*Each to refer only to resources pertinent to IFAD financing*

*Attaching all bank statements as at dd/mm/yy for the same reporting period*

*Requires the reporting of each project or district or sub-account on separate lines*

*Each to report the estimated United States dollar [or other currency] equivalent, including the exchange rate, of the balances shown in the above accounts and the cash on hand in petty cash*

**Total of Bank Balances:** Add the figures in lines 4 and 5.

6. **Plus Total Amount Claimed in this WA No.:** Indicate the amount claimed in the current withdrawal application to which this reconciliation statement is attached.
7. **Plus Total Amount Withdrawn from the Designated Account and Project/Grant Account(s) and not yet Claimed for Replenishment:** Indicate the estimated [currency – or United States dollar] equivalent of the expenditures already paid (inclusive of advances) from the designated account but not yet claimed, and/or when the withdrawal application for replenishment is not yet prepared.
8. **Plus Amounts Claimed in Previous Applications but not yet Credited at Date of Bank Statement and/or Claimed after Date of Bank Statement:** Indicate the WA number and the amount that was already submitted to IFAD, but for which payment is not yet credited in the holding bank. If there are two or more withdrawal applications, list the relevant applications separately and provide a subtotal.
9. **Minus Interest Earned:** Deduct the total interest earnings on the bank account as shown in the bank statement of the holding bank; if no interest was earned during the period, mark this zero ('0').
10. **Total Advance Accounted for:** Indicate the total of lines 5 through 9. The amount reflected here should always be the same as the amount in line 3.
11. **Explanation of any Difference Between the Totals Appearing on Lines 3 and 10:** If there is a discrepancy between the figures on lines 3 and 10, the explanation for the difference is shown here. List each circumstance and figure separately. Possible reasons for a discrepancy are the following:
  - (a) An amount claimed in a WA that was declared ineligible for financing by IFAD;
  - (b) The amount claimed in a WA was reduced due to calculation errors or incorrect use of financing percentage;
  - (c) Financial resources were temporarily/erroneously mixed with those of the borrower/recipient during the reporting period; and
  - (d) Cheques that have not yet been cleared by or presented to the bank during the reporting period.

In order to regularize the designated account, the reconciling items as shown in line 11 should be adjusted by the time of receipt of the next WA for replenishment, for example via deposit or

other adjustment, depending on the circumstance, back into or from the designated account, and should be reflected in the next bank statement.

12. **Date and Signature:** The completed Designated Account Reconciliation Statement should be dated and signed by the authorized project staff, including printed name and title.

### **FORM 104/B - DESIGNATED ACCOUNT RECONCILIATION STATEMENT (REVOLVING FUND)**

**Instructions: Numbers refer to those cited in Form 104/B.**

**Project Title:** Indicate the relevant project name.

**IFAD Financing No.:** Indicate the loan/grant/financing number.

**WA No.:** Indicate the number of the WA to which the reconciliation will be attached.

**Reporting Period:** From: and To: [day/month/year] consistent with the WA, bank statements and supporting documents.

**Designated Account No. and Holding Bank Name:** Indicate the designated account number and name of the bank where the designated account is maintained.

1. **Amount Advanced by IFAD:** Indicate the individual amount(s) of the advance(s) received according to the option in the agreed LTB. If there are several tranches, indicate each as paid by IFAD with corresponding value date(s) as of the date of preparation of the reconciliation statement.
2. **Less Amount Recovered by IFAD:** Indicate the total amount of recovery or figure of the justification applied by IFAD at the end of the predetermined reporting period. In addition, indicate the total cumulative amount of the WAs as applied by IFAD. If recovery of the advance has not yet started, the entry in this section is zero ('0').
3. **Equals Present Outstanding Amount Advanced to the Designated Account:** This figure should be the net amount after deducting line 2 from line 1. If recovery of the advance has not yet started, the entry in this section is always the amount shown in line 1.
4. **Balance of Designated Account per Attached Bank Statement as of Date:** (day/month/year): Indicate the relevant date and the balance shown in the bank statement issued by the holding bank at the end of the reporting period.
5. **Plus Balance of the Project Account(s) (listed separately)**  
Plus balance of sub-accounts (if applicable)  
Plus cash on hand

#### **Notes**

*Each to refer only to resources pertinent to IFAD financing*

*Attaching all bank statements as at dd/mm/yy for the same reporting period*

*Requires the reporting of each project or district or sub-account on separate lines*

*Each to report the estimated United States dollar [or other currency] equivalent, including the exchange rate, of the balances shown in the above accounts and the cash on hand in petty cash*

**Total of Bank Balances:** Add the figures in lines 4 and 5.

6. **Plus Total Amount Claimed in this WA no.:** Indicate the amount claimed in the current withdrawal application to which this reconciliation statement is attached.
7. **Plus Total Amount Withdrawn from the Designated Account and Project/Grant Account(s) and not yet Claimed:** Indicate the estimated [currency – or United States dollar]

equivalent of the expenditures already paid (inclusive of advances) from the designated account but not yet claimed, and/or when the withdrawal application for replenishment is not yet prepared.

8. **Plus Amounts Claimed in Previous Applications but not yet Credited at Date of Bank Statement and/or Claimed after Date of Bank Statement:** Indicate the WA number and the amount that was already submitted to IFAD but for which payment is not yet credited in the holding bank. If there are two or more withdrawal applications, list the relevant applications separately and provide a subtotal.
9. **Minus Interest Earned:** Deduct the total interest earnings on the bank account as shown in the bank statement of the holding bank; if no interest was earned during the period, mark this zero ('0').
10. **Total Advance Accounted for:** Indicate the total of lines 5 through 9. The amount reflected here should always be the same as the amount in line 3.
11. **Explanation of any Difference Between the Totals Appearing on Lines 3 and 10:** If there is a discrepancy between the figures on lines 3 and 10, the explanation for the difference is shown here. List each circumstance and figure separately. Possible reasons for a discrepancy are the following:
  - (a) An amount claimed in a WA that was declared ineligible for financing by IFAD;
  - (b) The amount claimed in a WA was reduced due to calculation errors or incorrect use of financing percentage;
  - (c) Financial resources were temporarily/erroneously mixed with those of the borrower/recipient during the reporting period; and
  - (d) Cheques that have not yet been cleared by or presented to the bank during the reporting period.

In order to regularize the designated account, the reconciling items as shown in line 11, should be adjusted by the time of receipt of the next WA for replenishment, for example via deposit or other adjustment, depending on the circumstance, back into or from the designated account, and should be reflected in the next bank statement.

12. **Date and Signature:** The completed Designated Account Reconciliation Statement should be dated and signed by the authorized project staff, including printed name and title.

**FORM 104/A - DESIGNATED ACCOUNT RECONCILIATION STATEMENT  
(IMPREST ACCOUNT)**

(IN THE DESIGNATED ACCOUNT DENOMINATION CURRENCY – IMPREST ACCOUNT OPTION)  
WA No. \_\_\_\_\_

Project Title: \_\_\_\_\_

IFAD Financing No.: \_\_\_\_\_

Reporting  
Period: \_\_\_\_\_

From [date] To [date]

DESIGNATED ACCOUNT: (Bank Account No. -----)

BANK NAME: -----

<b>1.</b>	TOTAL ADVANCED BY IFAD		US\$																								
<b>2.</b>	LESS TOTAL AMOUNT RECOVERED BY IFAD		US\$																								
<b>3.</b>	EQUALS PRESENT OUSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (Line 1 less Line 2)		US\$																								
<hr/>																											
<b>4.</b>	BALANCE OF DESIGNATED ACCOUNT PER ATTACHED BANK STATEMENT AS OF [DATE: [day/month/year]]		US\$																								
<b>5.</b>	PLUS BALANCE OF THE PROJECT ACCOUNT(S) (LISTED SEPARATELY)		US\$																								
	PLUS BALANCE OF SUB-ACCOUNTS (LISTED SEPARATELY)		US\$																								
	PLUS BALANCE OF CASH IN HAND		US\$																								
		Subtotal of 5																									
	TOTAL OF BANK BALANCES [DESIGNATED A/C, PA, SUB-ACCOUNTS & CASH IN HAND BALANCE] (Line 4 + Line 5)		US\$*																								
<b>6.</b>	PLUS TOTAL AMOUNT CLAIMED IN THIS WA NO. -----		US\$																								
<b>7.</b>	PLUS TOTAL AMOUNT WITHDRAWN FROM THE DESIGNATED /PA/GRANT ACCOUNT AND NOT YET CLAIMED FOR REPLENISHMENT) or WAs pending submission		US\$																								
	REASON: <u>Eligible amount of expenditures for which a WA has not yet been prepared</u>																										
<b>8.</b>	PLUS AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS BUT NOT YET CREDITED AT THE DATE OF BANK STATEMENT AND/OR CLAIMED AFTER DATE OF BANK STATEMENT																										
	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:30%;"><u>APPLICATION NO.</u></th> <th style="width:15%;"><u>DATE</u></th> <th style="width:15%;"><u>US\$</u></th> <th style="width:15%;"><u>AMOUNT</u></th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>	<u>APPLICATION NO.</u>	<u>DATE</u>	<u>US\$</u>	<u>AMOUNT</u>																						
<u>APPLICATION NO.</u>	<u>DATE</u>	<u>US\$</u>	<u>AMOUNT</u>																								
		Subtotal of 8	US\$																								
<b>9.</b>	MINUS INTEREST EARNED (to be completed. If zero, please enter '0')		US\$																								
<b>10.</b>	TOTAL ADVANCE ACCOUNTED FOR (Line 5 * through Line 9)		US\$																								
<b>11.</b>	EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 10		US\$																								
	e.g. Non-eligible amount to be refunded to the Designated Account		US\$																								
	e.g. Calculation errors/errors in application of percentage financing		US\$																								
	e.g. Counterpart financial resources to be reimbursed		US\$																								
	e.g. Cheques not yet cleared/presented to Bank		US\$																								
<b>12.</b>	DATE: _____	SIGNATURE	_____																								
		Name in Full																									
		Title in Full																									

**FORM 104/B - DESIGNATED ACCOUNT RECONCILIATION STATEMENT  
(REVOLVING FUND)**

**Project Title:** \_\_\_\_\_ **WA No. -----**

**IFAD Financing No.:** \_\_\_\_\_ **Reporting Period : From [date] To [date]**

**Designated Account No.:** \_\_\_\_\_

**Bank Name:** \_\_\_\_\_

1. AMOUNT ADVANCED BY IFAD

First Advance in WA -- (VD -----)	US\$
Second Advance by WA -- (VD -----)	US\$
Third Advance by WA -- (VD -----)	US\$

TOTAL AMOUNT ADVANCED BY IFAD US\$ \_\_\_\_\_

2. LESS: AMOUNT RECOVERED BY IFAD

List WA Nos. ----- in 2007	
List WA Nos. ----- in 2008	
List WA Nos. ----- in 2009	

TOTAL AMOUNT RECOVERED BY IFAD US\$ \_\_\_\_\_

3. EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED  
TO THE DESIGNATED ACCOUNT (Number 1 less Number 2) US\$ \_\_\_\_\_

---

4. BALANCE OF DESIGNATED ACCOUNT PER ATTACHED  
BANK STATEMENT AS OF DATE: [day/month/year] US\$ \_\_\_\_\_

5. PLUS BALANCE OF THE PROJECT ACCOUNT(S): [listed separately] US\$  
 PLUS BALANCE OF SUB-ACCOUNTS [listed separately] US\$  
 PLUS BALANCE OF CASH IN HAND US\$

**Subtotal of 5:** US\$ \_\_\_\_\_

TOTAL OF BANK BALANCES, DA, PA, SUB-ACCOUNTS, CASH IN HAND (Line 4 + Line 5) US\$\* \_\_\_\_\_

6. PLUS TOTAL AMOUNT CLAIMED IN THIS WA No. ----- US\$ \_\_\_\_\_

7. PLUS TOTAL AMOUNT WITHDRAWN FROM THE DESIGNATED/PA/GRANT/  
ACCOUNT AND NOT YET CLAIMED US\$ \_\_\_\_\_

REASON/S: Eligible amount of expenditure for which a WA has not yet been prepared

8. PLUS AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS BUT NOT YET CREDITED AT  
DATE OF BANK STATEMENT AND/OR CLAIMED AFTER DATE OF BANK STATEMENT

APPLICATION NO.	DATE	USD	AMOUNT
WA No. --			
WA No. --			
WA No. --			

**Subtotal of 8 :** US\$ \_\_\_\_\_

9. MINUS INTEREST EARNED (to be completed; if zero please mark "0") US\$ \_\_\_\_\_

10. TOTAL ADVANCE ACCOUNTED FOR ( Line 5\* through Line 9) US\$ \_\_\_\_\_

11. EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 10

e.g. non-eligible amount to be refunded to the designated account

e.g. calculation errors/errors in application of % financing

e.g. counterpart financial resources to be reimbursed

**Subtotal of 11 :** \_\_\_\_\_

12. DATE: \_\_\_\_\_ SIGNATURE: \_\_\_\_\_

Name in full: \_\_\_\_\_

Title in full: \_\_\_\_\_

Note: Since the template includes amounts calculated as differences (lines 7 and 10), the Designated Account Reconciliation Statement to be submitted for the audit exercise should be prepared differently and is dealt with separately in annex 8.

## ANNEX 8

### ADDITIONAL TEMPLATES FOR AUDIT PURPOSES

Detailed requirements for audit purposes are provided in the IFAD Guidelines on Project Audits (for Borrower's Use) and the IFAD Operational Procedures for Project Audits, as both may be amended from time to time. The guidelines are intended to provide harmonized guidance to projects directly supervised by IFAD – on the correct and timely execution of the borrower/recipient's fiduciary responsibilities. All requirements related to audits and establishment of audit arrangements, together with sample templates, are provided in the guidelines, and some are also found in this annex.

Non-compliance with IFAD's audit covenants is covered by the guidelines in chapter III, section 18. The format for the financial and audit reports and the distribution channels will be discussed at the time of the start-up mission.

The sample templates provided herewith are:

1. Designated Account Reconciliation Statement for Audit Purposes
2. SOE-WA Schedule Template

Both are samples of proposed solutions, but their format is not mandatory. The audited designated account and the SOE-WA schedule need to be reconciled with the audited financial statements, since these may often be in different currencies.

Other sample templates are provided in this annex:

- Form 501 - Status of Financial Statement, duly updated, provides a record of the status of preparation and submission of financial statements as required by section 9.02 of the General Conditions.
- Form 502 - Status of Audit Report enables maintenance of information and monitoring of timeliness and submission of the audit report to comply with section 9.03 of the General Conditions.
- Log of Audit Observations. A copy of this table duly updated by the project is added as part of implementation support and supervision and mid-term review reports, so that findings are accurately provided and used for follow-up by subsequent missions; as and when observations are resolved, the matrix provides for reporting thereon.
- Summary Status of Audit Observations. This provides an overview of the number of observations made by the external auditor and their value, by fiscal year audit, and when these have progressively been settled in order to bring all observations down to zero.

**1. DESIGNATED ACCOUNT RECONCILIATION STATEMENT FOR AUDIT PURPOSES**

<b>Statement of Designated Account for IFAD Financing Agreement No. _____</b>						
<b>For Year Ending: _____</b>			<b>Account No. _____</b>			
<b>Depository Bank: _____</b>						
				<b>Denomination Currency</b>	<b>Local Currency</b>	
<b>Initial Deposit:</b>				xx	xx	<b>At actual exchange rate of the transfer from IFAD</b>
<b>Add:</b>						
<b>Replenishments on:</b>						
dd/mm/yy	WA	#		xx	xx	<b>At prevailing exchange rate on the date of transfer to Operational Accounts</b>
dd/mm/yy	WA	#		xx	xx	
dd/mm/yy	WA	#		xx	xx	
dd/mm/yy	WA	#		xx	xx	
dd/mm/yy	WA	#		xx	xx	
dd/mm/yy	WA	#		xx	xx	
dd/mm/yy	WA	#		xx	xx	
<b>Less:</b>						
<b>Transfers to Operational Account:</b>						
dd/mm/yy				XX	XX	<b>At actual exchange rate of the transfers from IFAD</b>
dd/mm/yy				XX	XX	"
<b>Less Direct Payments from the Designated Account:</b>						
dd/mm/yy				xx	xx	<b>At actual exchange rate of the payment</b>
<b>Exchange Rate Difference:</b>						xx
<b>Plus Interest Earned:</b>						
<b>Minus Bank Charges:</b>						
<b>Ending Balance:</b>				xx	xx	<b>At financial statement exchange rate</b>
<b>NOTES:</b>						
1. The year-end designated account statement should disclose the total yearly interest earnings of the designated account and their use.						
2. Justifications against the advanced reasonable limit of the designated account (when loan is approaching completion/closure) will decrease the designated account balance (the exchange rate to apply will be the same used for designated account replenishments).						
3. Financial statements will also include reconciliation statements of: (a) operating accounts; (b) fund balance; and (c) details of cash and bank balances.						

## 2. SOE-WA SCHEDULE TEMPLATE (SAMPLE)

SOE Withdrawal Schedule of IFAD Loan/Grant/Financing Agreement No. \_\_\_\_\_ for the year ended 31 December \_\_\_\_ (or applicable FY date) by Category of Expenditures in local currency

WA No.	Civil Works 1	Vehicles and Equipment 2	Sub- loans under part D2 of the project 3A	Sub-loans under part D2 of the project 3B	Matching Grants under part D3 of the program 4	Technical Assistance 5A	Salaries 6A	Staff Allowances 6B	Incremental Operating Accounts 7	Total
38	32 500 000									32 500 000
39		6 500 000			2 000 000		25 483 264			33 983 264
40		25 000 000		8 406 000						33 406 000
41	25 000 000				3 860 000			20 380 600		49 240 600
42						28 400 000				28 400 000
44		60 000 000					2 000 000	500 000		62 500 000
46	20 000 000					15 000 000			10 000 000	45 000 000
48		875 000								875 000
<b>WA Pending for Submission:</b>				450 000		26 000				476 000
<b>TOTAL</b>	<b>77 500 000</b>	<b>92 375 000</b>	<b>0</b>	<b>8 856 000</b>	<b>5 860 000</b>	<b>43 426 000</b>	<b>27 483 264</b>	<b>20 880 600</b>	<b>10 000 000</b>	<b>286 380 864</b>
<b>Through the Designated Account:</b>										
Application No.	Designated Account Currency	Total Submitted	Total Paid	Difference	In local currency at the Exchange Rate of the Transfer to Operational Account	Value date				
38	CHF	140 000	125 000	15 000	32 500 000	30 Jun 04				
39	CHF	133 000	130 705	2 295	33 983 264	03 Jul 04				
40	CHF	128 485	128 485	0	33 406 000	15 Jul 04				
41	CHF	212 000	211 460	540	49 240 600	01 Dec 04				
42	CHF	142 000	142 000	0	28 400 000	15 Dec 04				
<b>Subtotal</b>		<b>755 485</b>	<b>737 650</b>	<b>17 835</b>	<b>177 529 864</b>					
<b>Direct Payments:</b>										
Application No.	Currency	Total Payment			in US\$ according to Debit Advice	In local currency at the Exchange Rate of Payment	Value date			
44	GBP	108 480			250 000	62 500 000	25 Jan 04			
46	Euro	50 000			180 000	45 000 000	13 Mar 04			
48	GBP	2 000			3 500	875 000	27 Dec 04			
<b>Subtotal</b>		<b>160 480</b>			<b>433 500</b>	<b>108 375 000</b>				
<b>WA Pending for Submission:</b>						476 000				
<b>GRAND TOTAL</b>						<b>286 380 864</b>				

<sup>a</sup> Yearly project expenditures financed by IFAD to be in line with the Statement of Sources and Uses of Funds.



**FORM 502 - STATUS OF AUDIT REPORT**

Agreement Date:  
IFAD Loan/Grant No.:  
Project Name:

Effective Date:  
Project Completion Date:  
Loan Closing Date:

Relevant Section in Financing Agreement:  
Fiscal Year:  
Audit Report Due Date:  
Mutually Agreed Auditor:

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Audit Report for Fiscal Year Ending</b>	<b>Due Date (DD-MM-YY)</b>	<b>Date Prepared (DD-MM-YY)</b>	<b>Date Sent to IFAD (DD-MM-YY)</b>	<b>Remarks</b>



**TABLE OF SUMMARY STATUS OF AUDIT OBSERVATIONS**

**Project Name:** ..... **Loan/Grant/Financing No.:** .....

Financial	Audit Observations according to Audit Report		Audit Observations Settled		Audit Observations Outstanding	
	Numbers	Value	Numbers	Value	Numbers	Value
Year						
<b>Total</b>						

## ANNEX 9

### ADDITIONAL EXPLANATIONS FOR LOANS AND REPAYMENTS

The paragraphs in italics are extracts from the General Conditions, accompanied by explanations and additional information linked to each.

*Section 5.01(d). Interest and service charge shall accrue on the outstanding principal amount of the Loan and shall be computed on the basis of a 360-day year of twelve 30-day months. The Fund shall provide the Borrower with a statement of interest and service charge due at least four (4) weeks prior to the date on which payment is to be made.*

The dates on which payment are due are included in the financing agreement. Interest or service charges are calculated on the amount of the loan outstanding at any point in time. If amounts are withdrawn from and then subsequently refunded to the loan account, the borrower is not entitled to a refund of the interest or service charge paid.

When applicable to a loan provided on highly concessional terms, a service charge of 0.75 per cent on the amount of the loan outstanding from time to time is applicable. The loan will be payable in semi-annual instalments in the loan service payment currency.

When applicable to a loan provided on intermediate or ordinary terms, interest is payable on the amount of the loan outstanding from time to time. The loan will be payable in semi-annual instalments in the loan service payment currency. The IFAD reference interest rate is published on the IFAD website, [www.ifad.org/operations/projects/lending.htm](http://www.ifad.org/operations/projects/lending.htm).

*Section 5.02(a). The Borrower shall repay the aggregate principal amount of the Loan withdrawn from the Loan Account in semi-annual instalments, calculated over the maturity period minus the grace period. The Fund shall inform the Borrower of the dates and amounts of the payments as soon as possible after the start of the period of maturity of the Loan.*

During the grace period, interest and service charges accrue on the outstanding principal amount of the loan and are payable semi-annually, but no payments of principal are due.

For highly concessional loans, since the maturity period starts on the day of the approval by the IFAD Executive Board, the dates and amounts of repayment can be calculated immediately – the amortization schedule is presented to the borrower during negotiations, where formal negotiations are held, or at the signing ceremony.

For intermediate and ordinary loans, the draft amortization schedule is presented to the borrower during negotiations. The final amortization schedule is provided to the borrower at the time the Fund communicates that all general conditions precedent to withdrawal have been fulfilled.

*Section 5.02(b). The Borrower shall have the right to repay all or any part of the principal amount of the Loan, provided that the Borrower pays all accrued and unpaid interest and service charges on the amount to be prepaid which are due as of the prepayment date. All prepayments shall be credited first against any outstanding interest and service charge and then against the remaining Loan instalments.*

*Section 5.02(c). Any partial cancellation of the Loan shall be applied pro rata to any remaining payment instalments of the principal amount of the Loan. The Fund shall notify the Borrower of such application, specifying the dates and amounts of the remaining instalments after giving effect thereto.*

When the full amount of the loan is not withdrawn, it may be necessary to recalculate the amortization schedule on closure of the loan account.

*Section 6.02. All Loan Service Payments shall be made in the Loan Service Payment Currency specified in the Financing Agreement. The amount of any Loan Service Payment shall be the equivalent in Loan Service Payment Currency, as of the due date, of the SDR amount of such Loan Service Payment, as determined by the Fund in accordance with Article 5, Section 2(b) of the Agreement Establishing IFAD.*

A loan service payment is defined (in section 2.01 of the General Conditions) as “any payment required or permitted to be made by the borrower or the Guarantor to the Fund under a financing agreement, including (but not limited to) any payment of the principal of, or interest or service charge on, any Loan.” The loan service payment currency is established in section B of the financing agreement. The amount of a loan service payment is established as of the due date, but the amount credited is determined on the basis of the exchange rate for SDRs on the date the payment is received.

Section 12.05 of the General Conditions sets out the circumstances that allow IFAD to “declare the principal amount of the Loan then outstanding, together with all accrued interest and other charges thereon, to be immediately due and payable”.

*Section 13.03. An Agreement and all obligations of the parties thereunder shall terminate when the entire principal amount of the Loan withdrawn from the Loan Account and all interest and other charges which shall have accrued on the Loan have been paid and when all other obligations of the Parties have been fully performed, or when agreed by the Parties.*