



THE AFRICAN CAPACITY
BUILDING FOUNDATION

DISBURSEMENT MANUAL FOR GRANT RECIPIENTS

15 AUGUST 2011

DISBURSEMENT MANUAL FOR GRANT OPERATIONS

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LIST OF ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
ACBF	African Capacity Building Foundation
DO	Disbursement Officer
FMR	Financial Monitoring Report
IBAN	International Bank Account Number
IMF	International Monetary Fund
PO	Program Officer
PPF	Project Preparation Facility
SA	Special Account
SAFEWIND	Secretariat Authorized Funding Window
SOE	Statement of Expenditure
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TOR	Terms of Reference
UNDP	United Nations Development Program
USD	United States Dollar

INTRODUCTION

The African Capacity Building Foundation

The African Capacity Building Foundation (ACBF), is an independent, capacity-building institution established on February 9, 1991 through the collaborative efforts of three multilateral institutions (the African Development Bank (AfDB), the World Bank, and the United Nations Development Programme (UNDP)), African governments and bilateral donors. The establishment of ACBF was a response to the severity of Africa's capacity problem and the challenge to invest in indigenous human capital and institutions in sub-Saharan Africa. The current membership comprises the three sponsoring agencies (AfDB, UNDP and the World Bank), the International Monetary Fund (IMF), which joined the Foundation in April 2002, as well as 41 African countries and non-African countries and institutions.

Purpose of African Capacity Building Foundation

The African Capacity Building Foundation mobilizes resources from its members and other sources to build and strengthen sustainable human and institutional capacity in the core public sector, in the sector's interface areas with the private sector and civil society, in training and research institutions as well as within regional organizations in order to spur economic growth, poverty reduction, good governance and effective participation by Africa in the global economy.

Applicability of Manual

The ACBF constitution requires ACBF to put in place appropriate systems and mechanisms to ensure that the proceeds of any financing it provides are used only for the purposes for which the financing was provided, with due attention to considerations of economy, efficiency and technical viability¹. ACBF Disbursement policies and procedures described in this Disbursement Manual for Grant Recipients of the African Capacity Building Foundation (the Manual) are intended to help ensure a secure, efficient, and cost-effective delivery of grant resources.

This Manual sets out the ACBF's policies and procedures for disbursement of grant proceeds to projects. Specifically, the Manual explains the different methods used by the ACBF to disburse grant proceeds, the requirements for withdrawal from the Grant Account, the types of supporting documentation that the recipient may be required to provide in requesting a disbursement, acceptable proof to demonstrate what are eligible expenditures, the criteria for establishing Special Accounts, and the terms and conditions applicable to the different disbursement methods. It also outlines the types of actions that the ACBF may take if it determines that grant proceeds are not needed or have been used for ineligible purposes.

The policies and procedures outlined in this Manual apply to all ACBF grants including advances under the Project Preparation Facility and other instruments that may be approved in future.

The Disbursement Manual should be read in conjunction with:

- Grant Agreement;
- Procurement Guidelines for Grant Recipients; and

Guidelines for the External Audit of ACBF funded Projects and Programs;

This Manual supersedes all previous versions and will be modified and refined as the ACBF introduces further changes in disbursement administration. Recipients shall be notified whenever there are changes.

For further information, please inquire from the following address:

**The Chief Finance Officer
Finance Department**

¹ Article IV (3) of the ACBF Constitution.

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CHAPTER 1: OVERVIEW

1.1 The Project Cycle – Overview for Disbursement

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

Identification

Identification involves determining, with the country, projects and programs, which are consistent with ACBF's strategy for inclusion in the country's development plan. These projects, once deemed justified at the technical, socio-economic, financial and environmental levels, are included in ACBF's pipeline of projects for the country and constitute a rolling pipeline of projects/programs to be financed.

Preparation

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

Appraisal

ACBF assesses the adequacy of the overall fiduciary arrangements, including disbursement arrangements, as part of project appraisal and the arrangements are reflected in the project documents. Appraisal culminates in the preparation of an appraisal report that forms the basis of ACBF decision to provide financing.

Approval

ACBF submits the appraisal report to its Executive Board for approval.

Negotiations

A formal negotiation with the Grant recipient results in a draft grant agreement between ACBF and the recipient that precisely defines the project. The agreement covers financial terms and conditions, details of items to be financed by ACBF, procurement methods to be used, covenants on audit, project monitoring and any other points requiring attention. During negotiations, specific arrangements for disbursing the grant funds are agreed and summarized in the disbursement letter. The negotiated agreements are thereafter signed.

Implementation and Supervision

The Recipient implements the project and is required to report periodically on the progress of the project. ACBF ensures that disbursed funds are spent as agreed and project objectives are met, through regular supervision and monitoring missions.

Project Completion Report and Post-Evaluation

The completion report is prepared to guide the evaluation of the project. The post-evaluation reviews the preparation, design, appraisal, and implementation aspects of the project; the cost and benefits; and the outcome of the project in relation to its initial objectives. It also identifies lessons learned from the project.

1.2 Disbursement Processing Stream

The Grant recipient may commence with the submission of withdrawal applications for eligible expenditures in accordance with the Grant Agreement once the Grant Agreement has been signed and declared effective.

CHAPTER 2: LEGAL FRAMEWORK

2.1 Introduction

The Disbursement Manual forms part of the instruments that provide guidance on the rules and procedures that regulate the administration of disbursements on ACBF financed projects and programmes. The Manual provides Grant Recipients with the requirements for requesting disbursements. It is the responsibility of Grant Recipients to adhere to ACBF requirements on disbursements.

2.2 Terms and Conditions in Grant Agreements

The main legal document for an ACBF financed project or program is an agreement signed by the recipient and the ACBF, which sets out the terms and conditions of the grant. The Grant Agreement states that the ACBF Disbursement Manual for Grant Recipients governs the procedures for withdrawals from the Grant Account.

The following terms and conditions are generally applicable to all types of ACBF grants.

- Withdrawals from the Grant Account; Special Account; Closing Date
- Execution of the Project; Procurement; Use of Goods and Services; Conduct of Affairs
- Financial Records and Reports; Audits
- Project Records and Reports; Site Visit; Examination of Documents
- Refunds; Suspension; Cancellation
- Enforceability of Agreement; Failure to Exercise Rights; Resolution of Disputes; Arbitration
- Third Party Claims; Liabilities
- Effective Date; Termination

2.3 Disbursement Letter

After the Grant Agreement is signed, the ACBF will send a disbursement letter (see annex1) to the official representatives of the recipient. The disbursement letter outlines the disbursement procedures that are to be followed for a particular grant and specifies additional instructions for the preparation and submission of withdrawal applications. Grant Recipients are expected to familiarize themselves with the Disbursement Manual for Grant Recipients.

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

- Signatures required to authorize withdrawals of grant proceeds;
- Retroactive financing provisions;
- Disbursement methods;
- Special account requirements;
- Minimum value of withdrawal applications;
- Statement of expenditures procedures;
- Supporting documents to be retained by the recipient;
- Audit requirements; and
- Practical advice for timely disbursements.

The disbursement letter may be modified as necessary should any basic requirements be changed during the course of project implementation.

2.4 Compliance with Procurement Procedures

Policies regarding procurement of goods and services (including consulting and non consulting services) are contained in the *ACBF Procurement Guidelines for Grant Recipients*. The

responsibility for project implementation, as well as the award and administration of procurement contracts, rests with the Recipient. ACBF reviews for compliance, the contract award activities and processes carried out by the Recipient. Procurement of goods and services that are subject to ACBF's "no-objection" are set out in the *Guidelines for the implementation of ACBF No objection procedures*. Compliance with these rules of procedure contributes to proper project implementation and facilitates disbursements.

2.5 Schedule of Withdrawal of Proceeds

Schedule 2 to the Grant Agreement, Withdrawal of the Proceeds of the Grant, is drawn up by agreement between the recipient and ACBF. The Schedule lists the categories of items to be financed. A portion of the grant may be set aside as "Contingency" to cover physical and price contingencies.

2.6 Significant Dates

The following are important for each project:

- **Date of Executive Board Approval:** The date that the Executive Board of ACBF approved the appraisal report.
- **Grant Signing Date:** The date the recipient and ACBF sign the Grant Agreement. All eligible payments made by the recipient from this date onwards may be reimbursed upon effectiveness of the grant.
- **Effective Date:** The date ACBF notifies the recipient that it accepts the evidence of compliance with the conditions of effectiveness of the grant. This date is the date from which the recipient may withdraw funds from the grant.
- **Closing Date:** The date specified in the Grant Agreement after which ACBF terminates the recipient's right to make withdrawals from the Grant Account. Subject to specific notification from ACBF to the recipient, ACBF may permit withdrawals for a limited period (not exceeding four months) after the closing date to cover eligible expenditures incurred on or before the closing date.

2.7 Disbursement Conditions

ACBF may make withdrawal of a portion of a grant conditional on the fulfillment of certain actions. Conditions of disbursement, which appear in Schedule 2 of the Grant Agreement, restrict disbursement for a specified category of the grant until particular actions have been taken.

2.8 Reallocation of Grant Proceeds

Actual progress of the project can differ from the original estimates for many reasons. On the disbursement side, the exigencies of the situation may require reallocation of funds from one category to another, in particular from the "contingency" category. No disbursements can be made directly from the "contingency" category; these funds must first be reallocated to another category listed in Schedule 2 of the Grant Agreement. Generally, funds should be reallocated after review of progress of the project either during a supervision mission or after a mid-term evaluation. Recipients may initiate discussions on reallocation of funds at any stage when such need is apparent or deemed appropriate.

2.9 Retroactive Financing

Retroactive financing is the financing of eligible project expenditures incurred and paid by the recipient before the Grant Agreement is signed. ACBF may approve retroactive financing, at the recipient's request, to finance eligible expenditures incurred and paid after the project was approved by the ACBF Executive Board. The specific amount, category of expenditure, and the date from which such payments are considered eligible, is set out in the Grant Agreement.

CHAPTER 3: DISBURSEMENT OPERATIONS

3.1 General Guideline

The Recipient is responsible for implementing the project in accordance with the Grant Agreement. ACBF monitors and reviews the project to ensure compliance with terms of the Grant Agreement including the extent of adherence to the applicable ancillary rules and procedures such as those described in this Manual and other documents and guidelines.

3.2 Effectiveness

ACBF declares a grant effective after the Recipient has fulfilled the conditions precedent to effectiveness as may be specified in the Agreement. ACBF notifies the Recipient of effectiveness upon receipt and acceptance of the documents submitted in fulfillment of the conditions for effectiveness.

3.3 Authorized Signatures

ACBF requires that the authorized representative of the recipient designate officials to sign withdrawal applications and provide copies of their authenticated specimen signatures (see annex). The recipient should notify ACBF promptly whenever reassignments or other changes require new authorized signatures. *ACBF will not honor any withdrawal application that does not bear the signature of the authorized signatory.*

3.4 The Withdrawal Procedure

The Application for Withdrawal form (see annex) is used for reimbursing recipients for payments made with their own resources, making the initial deposit to the Special Account, replenishing amounts expended from the Special Account, and making direct payments to contractors, suppliers and consultants.

3.5 Requirements for Withdrawing of Funds

To be eligible for payment, the recipient must ensure that all applications for disbursement are submitted as follows:

- An Original Application for Withdrawal form (photocopy or facsimile not accepted) signed by a designated official, which indicates the amount to be paid along with full instructions for payment.
- A Special Account Reconciliation Statement (annex), which is a snapshot of the status of the Special Account as at the date of the application, attached to all requests for replenishment.
- Copies of bank statements (both USD and local account) showing all transactions effected during the period under review, attached to all requests for replenishment.
- Supporting documentation (invoices, payment vouchers, contracts including evidence of procurement) showing the eligibility of the goods and services. (See section 3.13.)
- Summary sheets (annex) indicating details of eligible expenses incurred.
- Sufficient funds in the specific disbursement category of the grant account to cover the payment.

3.7 Payment Instructions

To ensure prompt and secure remittance, the payment instructions should have the following details:

- Full name and address of payee for proper identification of payment;
- Full name and address of the payee's bank, which may include a banker/branch designation;
- SWIFT Code if payee's bank is a member of SWIFT;
- Payee's account number is mandatory;
- Full name and address of correspondent bank, if payment is to be made to a bank not located in the country of the currency to be paid. Provide SWIFT Code if correspondent bank is member of SWIFT; if SWIFT Code for the correspondent bank is not available, provide IBAN Number for US dollar payments;
- Special instructions or references to facilitate payment or identification of payment, where applicable.

3.8 Application for the Release of the Authorized Allocation

The Authorized Allocation constitutes the first payment into the Special Account. (See Chapter 5: Special Account.) The Authorized Allocation is designed to ensure that adequate funds are available at all times for the implementation of the project. The amount of the Authorized Allocation is given in Schedule 3 of the Grant Agreement.

3.9 Conditions for the Release of the Authorized Allocation

Disbursement of the Authorized Allocation can only be made after ACBF has declared a grant effective and after the Recipient has met the conditions for release of the Authorized Allocation, which among others include:

- Submission of details of the project Special Account/sub-account as confirmed by a letter from the bank;
- A letter from the Recipient (signed by the signatory of the Grant Agreement), designating the person or persons with name and title, authorized to sign withdrawal applications, together with their specimen signature(s);
- A letter from the bank with the specimen signatures of persons authorized to operate the Project Special Account;
- Comfort Letter from the depository bank;
- Signed Application for Withdrawal form;
- Forecast of expenditures for the first quarter to justify the advance ; and
- Any other specific conditions as stipulated in the Grant Agreement.

3.10 Processing Applications within ACBF

The processing time from receipt of the application until execution of payment is normally about 15 days. If the applications are incorrectly or incompletely prepared, processing will take longer. If problems are serious, applications may be returned, or payment may be made for reduced amounts to cover those items found eligible for financing. In all cases, ACBF will inform the recipients of the reasons for rejection or reduced payment.

If any ineligible expenditure is made through the Special Account, including expenditure without justifiable evidence, ACBF may not make further deposits into the Special Account until the recipient has refunded the corresponding amounts. However, if ACBF agrees, the recipient may submit evidence of other eligible expenditures paid from its own resources which ACBF can use to offset the ineligible items.

3.11 Numbering of Disbursement Applications

Disbursement applications should be numbered sequentially regardless of the disbursement method (see chapter 4) used.

3.12 Minimum Application Value

From an administrative standpoint, the execution of numerous small payments is costly. The minimum application value is an amount established by ACBF below which applications for

reimbursement, replenishment of the Special Account (SA), direct payment and/or special commitment will not be accepted. The amount is established for each method in each operation and is stated in the disbursement letter. For payments or for the coverage of letters of credit below this level, the Recipient should use the SA, if one exists, or first make the payments and then group eligible expenditures into a reimbursement application of reasonable size. As a guide, the minimum application value for replenishment transactions should not be less than 30% of the authorized allocation of the SA. When there is no SA, the minimum application value should normally not be less than the equivalent of USD20,000.

3.13 Supporting Documentation

ACBF requires supporting documentation that provides evidence that withdrawals from the grant account have been or are being made for eligible expenditures, as specified in the Grant Agreement. The recipient should provide this documentation at the same time as an application for withdrawal.

Supporting documentation may be in the form of (a) a copy of the original records evidencing that payment has been made or is due for eligible expenditures (e.g., invoices, receipts); and/or (b) a summary report providing information on payments for eligible expenses (statement of expenditure).

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

Records are always used to support requests for direct payments. ACBF may also require a copy of the original records to support requests for reimbursement or to replenish the Special Account, either as part of the initial disbursement arrangements or during implementation, depending on the circumstances.

3.14 Records Retention

The Grant Agreement requires the recipient to retain all records (contracts, orders, invoices, bills, receipts, and other documents) evidencing eligible expenditures and to enable ACBF's representative to examine such records. The Grant Agreement also requires the records to be retained for at least two years following receipt by ACBF of the final audited financial statement required in accordance with the Grant Agreement. Recipients are responsible for ensuring that document retention beyond the period required by the Grant Agreement complies with their government's regulations.

During the life of the project, the recipient must retain all original records and copies of applications for withdrawal, applications for special commitments, and supplementary forms sent to ACBF. Examples of original records to be retained for the project include the following:

- Procurement documents (bid documents, invitations to bid, evaluation reports);
- Purchase contracts;
- Purchase orders;
- Letters of Credit;
- Suppliers' invoices and certificates of origin;
- Shipping or import documents and inspection certificates;
- Evidence of receipt of goods or services;
- Contractors' and consultants' invoices or certificates of completion;
- Performance security documents, such as bank guarantees;
- Authorizations for payment;
- Evidence of payment, such as bank statements;
- Accounting records of approvals and disbursements; and
- Evidence that suppliers have provided refunds where goods have been returned and that corresponding adjustments have been made in subsequent applications.

CHAPTER 4: DISBURSEMENT METHODS

ACBF establishes disbursement arrangements for an operation in consultation with the recipient and taking into consideration, among others, an assessment of the recipient's financial management and procurement arrangements, the procurement plan and cash flow needs of the operation.

ACBF disburses proceeds from the grant account established for each grant using one or more of the disbursement methods set forth below, as determined by ACBF.

4.1 Reimbursement Method

ACBF may reimburse the recipient for expenditures eligible for financing pursuant to the Grant Agreement ("eligible expenditures") that the recipient has pre-financed from its own resources. The recipient provides documentation showing that such expenditures have been incurred and paid for.

4.2 Replenishment Method

ACBF may advance grant proceeds into the Special Account of the recipient to finance eligible expenditures as they are incurred and for which supporting documents will be provided at a later date. The Special Account operates as a revolving or imprest fund for the recipient to meet its local currency or foreign exchange requirements, and ensures that resources are available throughout the life of the project to support implementation of the project. (See Chapter 5: Special Account-.)

4.3 Direct Payment

ACBF may make payments, at the recipient's request, directly to a third party (e.g., supplier, contractor, consultant) for eligible expenditures. This method may be used when relatively large amounts are required for a single payment or when payments are in currencies that recipients may have difficulty obtaining. Because the disbursement is to a third party, copies of original records are required at the time the recipient makes the request for direct payment. Such supporting documentation is usually the supplier or consultant's invoice.

4.4 Statement of Expenditure (SOE) Procedure

When expenditure amounts are small and documentation is voluminous, ACBF may allow the recipient to submit withdrawal applications supported by Statements of Expenditure (SOE). This may apply to recipient operating costs or expenditures related to activities scattered over a wide area. The recipient retains all the detailed supporting documentation and makes it available for review by independent auditors and ACBF supervision missions. A recipient requires ACBF prior approval in order to utilize this procedure.

Conditions for Using Statements of Expenditure

The following conditions must be met before ACBF approves this procedure for use by a recipient. The recipient must have: (i) sufficient administrative and accounting capabilities to prepare and maintain proper SOE records and make them readily available for examination; (ii) an adequate internal control system; and (iii) arrangements for periodic and annual audits of SOE transactions submitted to ACBF.

CHAPTER 5: SPECIAL ACCOUNT (SA)

5.1 Purpose

Special Accounts are revolving accounts that are used only to deposit advances from ACBF's grant and used exclusively to cover the payment of ACBF's share of eligible expenses in both local and foreign currencies. The primary objective of the Special Account is to help the recipient overcome cash flow problems and speed disbursements in the following ways:

- Making funds readily available
- Reducing the time for processing payments
- Reducing the number of withdrawal applications
- Giving the recipient greater control of payment information

The Special Account is replenished regularly to maintain adequate funds by submitting an Application for Withdrawal with appropriate supporting documents.

5.2 Legal Requirements

The legal requirements for establishing a Special Account are agreed at negotiations and set out in the Grant Agreement and further explained in the Disbursement Letter. Schedule 3 of the Grant Agreement specifies the terms and conditions for use of the Special Account, including among others the currency and maximum amount that can be deposited in the SA ("authorized allocation"), the requirements for the initial payment of the authorized allocation and subsequent replenishments, and actions that ACBF may take if SA funds are used for ineligible expenditures. The Disbursement Letter explains the initial requirements for setting up a Special Account.

5.3 Location of Special Accounts

The Special Account is normally held in a reputable commercial bank and in some cases a Central Bank. The institution holding the Special Account must be able to:

- Execute foreign exchange and local currency transactions
- Open letters of credit
- Handle a large number of transactions promptly
- Issue prompt and detailed monthly bank statements

The recipient is responsible for selecting the financial institution to hold the account, for indicating clearly the special nature of the account by informing the institution that the account is a special deposit account being financed by ACBF, and for agreeing on the specific charges and interest payable on balance in the account. However, the institution selected must also be acceptable to ACBF.

5.4 Currency of Special Accounts and Sub-Accounts for Local Currency Expenditures

The Special Account is maintained in a freely convertible currency usually the United States Dollar. If a pertinent regulation and/or the law of a country prohibit the establishment of a US dollar special deposit account, ACBF may give consideration to requests in writing for the use of a local currency account. ACBF requires the opening of a sub-account denominated in local currency for expenditures to be financed primarily in local currency. Such local currency account is a sub-account and considered as an integral part of the project Special Account. Eligible local expenditure requirements should be estimated and the equivalent transferred periodically into the sub-account from the main US dollar Special Account. Such transfers should be limited to the amounts required to meet expenditures for periods normally not exceeding one month.

5.5 Operating the Special Account

The Special Account must be used only for ACBF's share of financing. Recipient counterpart funds must not be deposited in the Special Account. Funds advanced to Special Accounts should only be withdrawn from the account as eligible expenditures are incurred. Balances should be converted into other currencies only as payments are made in those currencies. Advances from the Special Account into other accounts established by the recipient without ACBF's authorization are not permitted and constitute grounds for refusal to replenish the account.

If several agencies are responsible for implementing the project, the recipient should designate a coordinating agency to gather the documents, reconcile the Special Account, and submit applications for replenishment. If this is not possible, Grant Agreements may require the establishment of separate Special Accounts for different project entities.

The "authorized allocation" is the maximum amount that may be advanced into the account. It is normally calculated as ACBF's share of the four-month average of project expenditures to be financed through the Special Account.

5.6 Comfort Letters

To protect the interests of the recipient and ACBF in Special Accounts held in commercial banks, ACBF requires a Letter of Comfort from the commercial bank to assure that amounts deposited in a Special Account will not be set off or otherwise seized or attached to satisfy amounts due to the commercial bank by the recipient. Such a letter is a precondition for ACBF to disburse the authorized allocation (see Annex). A single letter from the head office of a commercial bank covers Special Accounts opened by any recipient at all branches of that bank. The recipient can consult the staff of ACBF to find out whether a commercial bank being considered as the depository bank for a Special Account has already provided such a letter. To ensure that the protection afforded by the Comfort Letter applies to a specific Special Account, the recipient must clearly state at the time of establishment that this is a special deposit account.

5.7 Access and Control

The recipient is responsible for making appropriate arrangements for the project entity to have controlled, efficient access to funds in the Special Account to finance eligible expenditure as defined in the Grant Agreement. At least two authorized signatories should be required for any payment from the Special Account.

5.8 Advances and Replenishment

The recipient submits an application to ACBF for the initial advance to the account using an Application for Withdrawal form. No supporting documentation is required, but the recipient should cite the clause in the Grant Agreement that specifies the "Authorized Allocation".

When making payments from the Special Account, the recipient is responsible for following all procedures specified in the Grant Agreement related to prior-and post-review of bidding and contract documents. ACBF carries out its normal review of disbursement documentation after payments have been made from the Special Account.

An Application for Withdrawal form is used to replenish the account. Summary Sheets and reconciled bank statements must accompany all replenishment applications. Normal supporting documentation should be submitted with the application if the SOE procedure has not been agreed upon. In those cases where it has been agreed to use SOEs, the application should be submitted together with the SOE and no other documentation is required.

5.9 Frequency of Reporting Eligible Expenditures Paid from the Special Account

The recipient reports on the use of the grant proceeds advanced to the Special Account at intervals specified by ACBF by notice to the Recipient ("Reporting Period"). The recipient should ensure that all amounts deposited in the Special Account are accounted for and their use

reported prior to the Grant closing date. After this date, the recipient must refund to ACBF any advances still unaccounted for or remaining in the Special Account

5.10 Withholding Advances. ACBF is not required to make any deposit into the Special Account if:

- (a) ACBF determines that payment of the deposit would result in exceeding the Ceiling/Authorised Allocation as specified for the Disbursement Letter.
- (b) ACBF is not satisfied that the recipient's planned project expenditures justify the deposit. ACBF may, by notice to the recipient, adjust the amount it deposits or withhold further deposits into the Special Account until it is satisfied that the financial needs of the project warrant further deposits;
- (c) The recipient fails to take remedial action for any ineligible expenditure paid from the Special Account.
- (d) The recipient fails to provide any of the audited Financial Statements required in accordance with, and within the period of time specified in, the Grant Agreement;
- (e) The recipient determines that all further withdrawals of grant proceeds should be made by the recipient directly from the Grant Account; or
- (f) ACBF has notified the recipient of its intention to suspend in whole or in part the recipient's right to make withdrawals from the Grant Account.

5.11 Excess Advances

If at any time ACBF determines that any amount deposited in the Special Account will not be required to cover further payments for eligible expenditures ("Excess Amount"), it may, at its discretion, require the Recipient to take one of the two actions listed below.

Upon notification by ACBF, the Recipient must promptly take the action requested:

- (a) Provide evidence satisfactory to ACBF within a period specified by ACBF that the Excess Amount will be used to pay for eligible expenditures. If the evidence is not furnished within the time period specified, the Recipient must promptly refund the Excess Amount to ACBF; or
- (b) Refund the Excess Amount promptly.

5.12 Interest Income and Bank Charges

Recipients may arrange to earn interest on the unwithdrawn balance of the Special Account. Interest earned on ACBF grant funds deposited in banks has to be credited to the Special Account and disclosed to ACBF. This is normally done by providing appropriate details in the Special Account Reconciliation Statement. Ex-ante No-Objection clearance from ACBF shall be required for the use of interest income by Recipients.

Reasonable charges by the depository bank in operating the account are eligible for financing from the grant.

5.13 Special Account Reconciliation

Documentation submitted with applications requesting replenishment to a Special Account must include related bank statements from the bank holding the account. Bank statements must give details of all transactions and must be provided even when no transactions occurred during the month. The statements must be reconciled against items included in the replenishment application. Any discrepancies must be explained to the satisfaction of ACBF. For prompt processing, the project entity should provide appropriate cross-references to items included in replenishment applications.

5.14 Effect of Suspension of Disbursements

No replenishment may be made to the Special Account during the *full* suspension of disbursement. However, recipients may continue to use any balance in the Special Account to meet eligible expenditures. Applications documenting these expenditures should be submitted regularly to ACBF.

These applications will be applied to recovery of outstanding advances. After suspension is lifted, ACBF may agree to make further disbursements to restore the Special Account to its original level. If disbursements are only *partially* suspended, only those expenditures related to components or project entities not affected by the suspension are eligible for replenishment.

5.15 Recovering Special Account Advances

Before Grant closing, ACBF must receive satisfactory documentation to show that the entire amount advanced was used to meet eligible expenditures. Recovery of the outstanding advance in a Special Account usually begins:

- When the undisbursed balance of the grant is equal to twice the amount of the advance or
- When the final date to submit withdrawal applications is less than six months away.

When the recovery process begins, ACBF applies part of the amount documented in each replenishment application to the reduction of the outstanding advance. Recovery is usually made to maintain the 2-to-1 ratio. That is, for each \$3 of documented eligible expenditure, ACBF reimburses the recipient \$2 and applies \$1 to documentation or recovery of the outstanding advance. The process can be accelerated by advancing the cut-off point for recovery or by reducing the payment- to-documentation ratio. If some withdrawals are made outside the Special Account (such as direct payments to suppliers), the recovery ratio is appropriately modified to ensure that the recovery is completed before the grant is fully disbursed. During the recovery process, ACBF notifies the recipient of amounts disbursed and amounts used for recovery of each application processed as well as the outstanding balance yet to be documented.

The rate of retirement should be applied with a reasonable degree of flexibility so that the recipient has adequate funds in the special account to implement and complete closeout activities.

5.16 Closing of Special Accounts

- All Special Accounts should be closed after ACBF has received satisfactory documentation showing how the amounts advanced have been used and the remaining balance, if any, refunded to ACBF. A bank statement showing that the account balance has been reduced to zero and the account closed should be provided along with the final application giving evidence of eligible expenditures.
- The Foundation will suspend disbursements for any project if there are outstanding unretired advances including from former phases. ACBF will also make full retirement of advances a condition for effectiveness of successor phases of the same project.

5.17 Audit Requirements

Grant covenants specify the audit requirements for all project accounts. Each annual audit should include a review of Special Account records to ensure that funds have been correctly accounted for and used in accordance with the Grant Agreement.

CHAPER 6: DISBURSEMENT REPORTS

6.1 Disbursement Reports

Payment advices and quarterly disbursement summaries provide the recipient with information about disbursement transactions on its grant. Payment advices are emailed to the recipient, and quarterly disbursement summaries are also emailed to the recipient at the recipient's request. The recipient should review the payment advices and Quarterly disbursement summaries on a regular basis and promptly notify ACBF of any issues related to a transaction.

6.2 Payment Advice.

After ACBF approves each application for withdrawal, it either disburses to the recipient or to a specified third party. ACBF notifies the recipient of the payment details promptly through a payment advice (annex13) that provides the following information:

- The grant number,
- Application number
- Value date of the payment,
- Expenditure category charged,
- Currency and amount of the payment,
- Exchange rate and the equivalent charged to the grant account in United States Dollars.

6.3 Quarterly Disbursement Summary

ACBF provides a quarterly disbursement summary (annex) to all recipients. This summary sets out the details of all transactions made under a given grant during the preceding quarter and shows the undisbursed balance of the grant account.

CHAPTER 7: AUDIT REQUIREMENTS

7.1 Introduction

The project appraisal process includes an evaluation of the adequacy of the Recipient's accounting systems and practices and an assessment of the Recipient's institutional capacity to maintain appropriate accounts that record and document project expenditures and the use of grant proceeds. The auditing arrangements are also evaluated during the appraisal process. As part of its regular project supervision, ACBF subsequently verifies that adequate accounting and auditing arrangements have remained in place.

7.2 Project Accounts and Financial Statement Audits

Grant agreements specify that independent auditors acceptable to ACBF must audit project accounts, including the SA, if one exists, on a yearly basis. Normally, the fiscal year of the recipient is used as the financial year so as to facilitate the provision of counterpart contributions, and accounting and auditing. A certified copy of the auditors' report must be submitted to ACBF within the period specified in the Grant Agreement.

The effectiveness date is used to determine the first year for which an auditors' report is required. In cases where very limited expenditures are incurred during the first year of project implementation (for example, if a grant is declared effective shortly before the end of the fiscal year), ACBF may agree to waive the requirement for the submission of an auditors' report so as to avoid excessive auditing costs.

ACBF's *Guidelines for the External Audit of ACBF funded Projects and Programs* outline its audit policy framework regarding project audits. These key features include:

- A single annual external audit of the Project/Program financial statements fulfills all requirements for Project audits.
- The specimen Terms of Reference (TOR) developed by ACBF are suggested for use by the Project/Program in developing external audit Terms of Reference,
- Where ACBF co-finances a program with other donors, a single auditors' report covering all Project/Program expenditures is acceptable as long as ACBF grant and expenditures for program purposes can be clearly identified,
- Auditors' reports are due within six months of the end of a Project/Program's fiscal year,

In addition to the annual audit of accounts, ACBF requires an audit of statements of expenditure (SOE) when SOEs were used to support withdrawals from the Grant Account or replenishment of the Special Account. ACBF may, in certain cases, and depending on the nature of the recipient institution and the instrument used, request an audit of the institution as a whole.

CHAPTER 8: OVERSIGHT ARRANGEMENTS

8.1 Fiduciary Oversight Responsibilities

ACBF's policy with respect to expenditures that it may finance from grant proceeds requires that acceptable oversight arrangements, including fiduciary oversight arrangements, are in place to ensure that such grant proceeds are used only for the purposes for which they were granted, with due attention paid to economy and efficiency. The governance organs of the Recipient shall specifically ensure that project management utilizes grant resources to finance only activities set out in the annual work plan and budget approved by such bodies.

8.3 Financial Monitoring Reports

During the course of each financial year, ACBF requires regular Financial Monitoring Reports (FMRs) as part of the system for monitoring a project's performance. The Grant Agreement specifies that the FMR is required on a quarterly basis (due not later than one month after the end of each reporting quarter), and is designed to assist the Recipient to maintain regular control of project financial performance. The FMR is an interim unaudited financial statement that is a useful tool for reviewing progress and for planning.

The information in the FMR should be provided in respect of: (i) the most recent completed financial period (normally a quarter of a year); (ii) the totals for the year to date; and (iii) cumulative totals to date from the beginning of the project. The FMR should also show, for each line item, the planned/budgeted amounts for comparison with the actual reported information, with variances shown between the actual and planned expenditure. Explanations should be attached to the FMR with respect to significant variances for use in managing and monitoring the project.

ANNEXES

Example of Disbursement Letter

[Date]

The Director
[Organization]
[City]
[country]

Dear Sir:

Re: Grant [##] [Name of Project] Project**1. Introduction**

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

2. Effectiveness of the Grant

The first disbursement on this grant will not be made until the grant becomes effective. The grant will become effective when you have fulfilled all the conditions precedent to first disbursement as stipulated in the grant agreement and during grant negotiations.

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

Before disbursements on the grant can begin, we need evidence of authority of the person (persons) who are designated to sign applications for withdrawal, together with their authenticated specimen signature(s). A sample letter designating officials to sign applications for withdrawal is attached for your convenience. When there is more than one signatory, please indicate if they are jointly or severally authorized.

4. Retroactive Financing

African Capacity Building Foundation (ACBF) may approve retroactive financing, at your request, to finance eligible expenditures incurred and paid before the Grant Agreement is signed. The Grant Agreement specifies the amount, category of expenditure, and date from which such payments are considered eligible.

5. Disbursement Method(s)

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

[disbursement method 1]

[disbursement method 2]

[etc.]

5. Special Account Requirements

The Authorized Allocation of the Special Account is set out in Schedule 3 of the Grant Agreement.

The Special Account should be opened in a reputable commercial bank. The bank chosen to maintain the Special Account should give to ACBF an undertaking that: (a) The funds held in the Special Account will not be blocked for any purpose or used as any collateral; (b) It will allow ACBF staff and appointed auditors to have access to information regarding the Special Account. A sample letter with these undertakings is attached for your convenience.

When you submit your first application for withdrawal of the Authorized Allocation, please be sure to include (a) a letter from the bank confirming the account details; (b) a letter from the bank with the specimen signatures of persons authorized to operate the Special Account; (c) a comfort letter (as above), if one is required; and (d) a forecast of expenditures for the first quarter.

Replenishment applications should be submitted at monthly intervals, and must include a Special Account reconciliation statement and copies of bank statements, as well as other appropriate supporting documents.

6. Minimum value of Withdrawal Applications

The minimum value of withdrawal applications for withdrawals from the grant account or for the coverage of letters of credit is USD ____.² Below this level, you should use the Special Account, or first make the payments and then group eligible expenditures into a reimbursement application of reasonable size.

7. Statement of Expenditures Procedure³

ACBF has agreed that you can use the Statement of Expenditures (SOE) procedure for certain types of expenditures as follows:

[operating expenses]
[training and workshop costs]

A sample blank form is attached for your use.

8. Retention of Supporting Documents

The supporting documents which you are required to retain must be kept in safe custody and be made available for review by ACBF's representative or the auditors as requested from time to time.

9. Audit and Financial Reporting Requirements

Audit and financial reporting requirements are spelled out in Article IV of the Grant Agreement. Please refer to the *Guidelines for the External Audit of ACBF Funded Projects and Programs* for specimen Terms of Reference for the audit and for additional information.

Please pay particular note to the requirements for audit of the Special Account and of amounts withdrawn on the basis of SOEs. Please also note that, we may, in certain cases request an audit of your institution as a whole.⁴

10. Channeling Applications for Withdrawal

All applications for withdrawal must be addressed to the: Chief Finance Officer, The African Capacity Building Foundation, 7th Floor, ZB Life Towers, Cnr Sam Nujoma/ Jason Moyo Avenue, P.O. Box 1562, Harare, Zimbabwe.

11. Causes of Delay in Processing Applications for Withdrawal

Missing contracts, authorized signatures not sent to ACBF, or lack of supporting documents can cause major delays in the processing of requests. We hope care would be exercised so that such delays are eliminated.

12. Conclusion

The Disbursement Manual provides background information and detailed guidelines for the completion of applications for withdrawal. We have highlighted certain issues here to emphasize their importance in the disbursement process. If there is (are) any question(s) concerning our disbursement procedures, please do not hesitate to contact us.

Yours sincerely,

Chief Finance Officer, Finance Department

² This amount should be calculated based on the authorized allocation of the SA for the project or according to the minimum threshold when there is no SA.

³ This would be removed in cases where the SOE procedure is not agreed. The items in brackets would be customized for each project.

⁴ This section would be customized to suit the specific project's case.

Application for Withdrawal

The Chief Finance Officer
The African Capacity Building Foundation
7th Floor, ZB Life Towers
Cnr Sam Nujoma/ Jason Moyo Avenue
P. O. Box 1562
Harare, Zimbabwe

1. ACBF Grant _____
2. Application No. _____

3. Please Pay _____
(Currency name) (Amount to be paid in figures)

We apply for this withdrawal from the account opened under the Grant Agreement, and hereby certify and agree as follows:

- A. The undersigned has not previously withdrawn from the Account to meet these expenditures. The undersigned has not _____ and does not intend to obtain funds for this purpose out of the proceeds of any other grant or grant.
- B. The goods and services covered by this application have been or are being purchased in accordance with the terms of the _____ Agreement.
- C. The expenditures have been made or are being made only for goods or services from eligible sources.
- D. For those items where reimbursement is being claimed on the basis of a Statement of Expenditure (SOE), all documentation authenticating these expenditures will be made available for review by auditors and Foundation missions upon request. These documents have been retained at the location shown on the individual SOE sheet.
- E. In the event that all or part of the funds withdrawn from the account pursuant to this application are returned to ACBF, the undersigned hereby authorizes ACBF to apply the current value of such funds as a credit to the Account.

Details of Expenditure	Payment Instructions
(Use summary sheet if additional space is required or if expenditures relate to more than one supplier, category, or sub-project)	7. Names and Address of Payee's Bank and Account No.
4. NAME AND ADDRESS OF CONTRACTOR OR SUPPLIER (if different from payee)	SWIFT CODE :
5. PROCUREMENT DETAILS: a) CONTRACT OR PURCHASE ORDER NUMBER AND DATE b) DATE OF PROCUREMENT NO-OBJECTION NOTICE (complete for contracts above prior review limit) c) BRIEF DESCRIPTION OF GOODS, WORKS OR SERVICES d) TOTAL AMOUNT OF INVOICES COVERED BY THIS APPLICATION	8. PAYEE NAME AND ADDRESS
6. WITHDRAWAL DETAILS : a) CATEGORY OR SUB-PROJECT No. b) PERCENTAGE OF EXPENDITURES TO BE FINANCED BY THE ACBF	9. If Payee's Bank is not located in the Country whose currency is claimed, enter the name and address of their bank's correspondent in the country whose currency is to be paid.
11. By _____ Name of Recipient	SWIFT CODE:
12. _____ Date	10. SPECIAL PAYMENT INSTRUCTIONS AND INVOICE REFERENCES
	13. _____ Signature (s) of Authorized Representative (s)
	14. _____ Print Name (s) and Title (s) of Authorized Representatives

For ACBF Use only

Approved _____

W/A _____

Instructions for Completing Application for Withdrawal

Notes:

- Submit the application to ACBF in duplicate.
- Prepare separate application for each currency of payment and for each payee.
- Complete all the numbered lines of paras. 1 through 15.
- Forward to the Authorized Representative(s) for signature.
- If a Summary Sheet is used, leave items 5 through 7 blank. Submit documents in the same order they appear on summary sheets.

Instructions: Numbers correspond to numbers on Application for Withdrawal

1. **Grant Number:** Insert full reference (number and letters) as it appears on the Grant Agreement.
2. **Application No.:** Number applications consecutively, beginning with number one (irrespective of application type). Where there is more than one implementing agency, use a prefix to identify applications from each agency (for example, MF1 = Ministry of Finance No. 1)

Details of Expenditure

3. **Please Pay:** Give the currency name and amount to be paid (in figures) for example, USD 50,000.00
 4. **Name and Address of Contractor or Supplier:** To ensure proper identification, give the full name and address. This can be omitted if it is the same as for Item 9 (Payee Name and Address).
- 5. Procurement Details**
- (a) **Contract or Purchase Order No. and Date:** Give full reference to ensure that the contract or purchase order can be readily identified.
 - (b) **Date of Procurement No-Objection Notice:** Give date of ACBF's no-objection notice if award of the contract against which payment is being made was subject to ACBF's prior review.
 - (c) **Brief Description of Goods, Works or Services:** Give a brief description, for example, consultant services.
 - (e) **Total Amount of Invoices Covered by this Application:** The value of invoices documenting the application should total 100% after deducting retention monies not yet paid and other ineligible amounts.
- 6. Withdrawal Details:**
- (a) **Category or Sub-Project Number:** Obtain category reference from Schedule 1 of the Grant Agreement. The sub-project number is the number advised by ACBF when it approved sub-project.
 - (b) **Percentage of Expenditure to be financed:** By ACBF: Obtain from the appropriate category of Schedule 2 or Article II of the Grant Agreement.

Payment Instructions

7. **Name and Address of Payee's Bank and Account Number:** Give full name and address of the payee's bank, which may include a Banker/Branch designation. Account number is essential.
8. **Payee's Name and Address:** Give full name and address to ensure proper identification.
9. **Correspondent Bank Address:** Give full name and address, where payment is to be made to a bank not located in the country of the currency to be paid. For example, payment to a Canadian bank in US\$ would be directed to a correspondent bank in the United States for account of the bank in Canada.
10. **Special Payment Instructions and Invoice References:** Give any special instructions, invoice numbers or other reference that would expedite payment.
11. **Name of Recipient:** Fill in name as it appears on the Grant Agreement.
12. **Date:** Give the date on which the Authorized Representative (s) signs the application.
13. **Authorization:** Obtain the signature (s) of the Authorized Representative (s).
14. **Name and Title of Representative (s)** Provide both name and title of the signatory (ies).

Supporting Documents

Except in cases where ACBF has agreed to disburse against Statements of Expenditure, two copies of final contracts or purchase orders should be sent to ACBF before submitting the first related application.

One copy of the supporting documents is normally given to ACBF with the withdrawal application. These documents include one or more of the following:

- Supplier or consultant's invoice, or a summary statement of works performed signed by the supervising engineer or other authorized official.
- Evidence of shipment made (for equipment and materials purchased). This can be one of the following: copy of the bill of lading or forwarder's certificate
- Evidence of payment made (for reimbursement). This can be one of the following: receipted invoice or formal receipt or commercial bank's report of payment
- Performance security such as bank guarantee in the case of advance payments where required under the contract, or where the amount represents an unusually high percentage of the total cost of goods.
- Bank statement and reconciliation statement if this is a request for replenishment of Special Account.

Instructions for Completing Application for Withdrawal - Summary Sheet

Notes :

- Use Summary Sheets when additional space is required, that is, for more than one contractor/supplier or for more than one contract.
- Submit Summary Sheets in duplicate.
- When Summary Sheets are used, leave items 5 through 7 blank on the Application for Withdrawal (Form).
- Check information on the Summary Sheet to ensure that the references, amounts and other details are correct and that they agree with the data on the accompanying Application for Withdrawal.

Instructions Follow Sequence of Items on Summary Sheet

1. **Category No.:** Obtain category references from Schedule 1 of the Grant Agreement.
2. **Name of Payee :** Give the name, city, state and country.
3. **Country Code of payee :** The respective code as it appears in Annex 18.
4. **Brief Description of Goods, Works, or Services:** Give brief description, for example, consultant services.
5. **Goods and Services Code:** The code as it appears in Annex 19.
6. **Original Amount of Contract :** The total amount of the contract stated in the currency as indicated in the contract document.
7. **Currency of Payment:** The code as it appears in Annex 18.
8. **100% Amounts Paid on this Application :** Total amount paid by the recipient against each contract.
9. **Date of Payment :** Date individual payments were made by the recipient.
10. **% Financed by ACBF :** Percentage as indicated in Schedule 1 to the Grant Agreement for the respective category.
11. **Amount Requested This Application :** Amount in column 8 calculated by the percentage in column 10.
12. **Rate of Exchange :** Current rate of exchange of the currency paid in relation to US dollars.
13. **Date Withdrawn from Special Account :** Date Special Account was debited.
14. **Amount Withdrawn from Special Account :** US dollar equivalent of amounts in column 11 determined by rate of exchange in column 12.
15. **Remarks :** Date of no objection letter from ACBF and or reference number of supporting vouchers.

Supporting Documents

Except in cases where ACBF has agreed to disburse against statements of expenditure, two copies of final contracts or purchase orders should be sent to ACBF before submitting the first related application.

One copy of the supporting documents is normally given to ACBF with the withdrawal application. These documents include one or more of the following:

- Supplier's or consultant's invoice, or a summary statement of works performed signed by the supervising engineer or other authorized official.
- Evidence of shipment made (for equipment and materials purchased). This can be one of the following:
copy of the bill of lading
forwarder's certificate
- Evidence of payment made (for reimbursement). This can be one of the following:
-receipted invoice or formal receipt
-commercial bank's report of payment
- Performance security such as bank guarantee in the case of advance payments where required under the contract, or where the amount represents an unusually high percentage of the total cost of goods.
- Bank statement and reconciliation statement if this is a request for replenishment of Special Account.

RECIPIENTS SHOULD ALSO SUBMIT COPY SUMMARY SHEETS ELECTRONICALLY TO THE DISBURSEMENT OFFICER

THE AFRICAN CAPACITY BUILDING FOUNDATION

SUMMARY SHEET

Grant No. _____
 Application No. _____
 Summary Sheet No. _____
 Date _____

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
EXPENSES CAT. NO.	NAME OF PAYEE	COUNTRY CODE OF PAYEE	BRIEF DESCRIPTION OF GOODS WORKS OR SERVICES	GOODS & SERVICES CODE	ORIGINAL AMOUNT OF CONTRACT	CURRENCY OF PAYMENT CODE	100% AMOUNTS PAID ON THIS APPLICATION	DATE OF PAYMENT	% FINANCE BY ACBF	AMOUNT REQUESTED THIS APPLICATION	RATE OF EXCH.	DATE WITHDRAWN FROM SPECIAL A/C	AMOUNT WITHDRAWN FROM SPECIAL A/C	VOUCHER REFERENCE & REMARKS

The Original Supporting Documents for this Summary sheets are retained at [location].
 Copy of the Supporting Documents for this Summary sheets are attached.

By _____
 Authorized Signature

**Instructions for Completing Application for Withdrawal
Statement of Expenditure (SOE)**

The Disbursement Letter for each individual project states those expenditures for which reimbursement should be claimed using the Statement of Expenditure (SOE) procedure.

Notes:

- Use this form for payments where ACBF has agreed to waive the submission of documentation.
- Submit Statements of Expenditure (SOEs) in duplicate.
- When Summary Sheets for SOEs are used, leave items 5 through 7 blank on the Application for Withdrawal.
- Check information on the SOE to ensure that the references, amounts and other details are correct and that they agree with the data on the accompanying Application for Withdrawal.

1. **Category No.:** Obtain category references from Schedule 2 of the Grant Agreement.
2. **Name of Supplier, Contractor or Consultant:** Give the name, city, state and country.
3. **Country Code of Payee:** The relevant code as it appears in Annex ?.
4. **Brief Description of Goods, Works, or Services:** Give brief description, for example, computers, motor vehicles, photocopiers etc.
5. **Goods and Services Code:** The code as it appears in Annex ??
6. **Original Amount of Contract:** The total amount of the contract stated in the currency as indicated in the contract documents.
7. **Currency of Payment:** The code as it appears in Annex ??.
8. **100% Amounts Paid On This Application:** Total amount paid by the recipient against each contract.
9. **Date of Payment:** Date individual payments were made by the recipient.
10. **% Financed by ACBF:** Percentage as indicated in Schedule 2 to the Grant Agreement for the respective category.
11. **Amount Requested This Application:** Amount in column 8 calculated by the percentage in column 10.
12. **Rate of Exchange:** Current rate of exchange of the currency paid in relation to US dollars.
13. **Date Withdrawn From Special Account:** Date Special Account was debited.
14. **Amount Withdrawn from Special Account:** US dollar equivalent of amounts in column 11 determined by rate of exchange in column 12.
15. **Remarks:**

Supporting Documents

Under the Statement of Expenditure, ACBF has agreed to disburse without the submission of normal documentation, such as final contracts or purchase orders, invoices and evidence of payment. This documentation should be retained in a central location and should be made available for subsequent review.

Copies of the Bank Statement and Reconciliation Statement must accompany the Application for Withdrawal if the request is for the replenishment of the Special Account.

RECIPIENTS SHOULD SUBMIT COMPUTERIZED STATEMENTS OF EXPENDITURE

Note: Disbursement Letters may specify additional details required for specific projects

THE AFRICAN CAPACITY BUILDING FOUNDATION

STATEMENT OF EXPENDITURE

Grant No. _____
 Application No. _____
 Summary Sheet No. _____
 Date _____

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
EXPENSES CAT. NO.	NAME OF PAYEE	COUNTRY CODE OF PAYEE	BRIEF DESCRIPTION OF GOODS WORKS OR SERVICES	GOODS & SERVICES CODE	ORIGINAL AMOUNT OF CONTRACT	CURRENCY OF PAYMENT CODE	100% AMOUNTS PAID ON THIS APPLICATION	DATE OF PAYMENT	% FINANCE BY ACBF	AMOUNT REQUESTED THIS APPLICATION	RATE OF EXCH.	DATE WITHDRAWN FROM SPECIAL A/C	AMOUNT WITHDRAWN FROM SPECIAL A/C	VOUCHER REFERENCE & REMARKS

Supporting Documents for this SOE are retained at [location].

By _____
 Authorized Signature

Commercial Bank Comfort Letter

(Letterhead of Commercial Bank Issuing Comfort Letter)

Date: _____

The Chief Finance Officer
The African Capacity Building Foundation
ZB Life Towers,
7th Floor
P.O. Box 1562
Harare, Zimbabwe

Dear Sir

We refer to the procedure of the African Capacity Building Foundation (ACBF) for disbursement of grants for projects through advances to Special Accounts opened by ACBF Recipients or other beneficiaries of such grants.

It is our understanding that, in furtherance of the provision in ACBF's Operations Manual designed to ensure that the proceeds of any grant are used only for the purposes for which the grant was given, ACBF provides in its grant agreements and supplementary disbursement documents that ACBF must approve the placement of funds in such accounts and the terms and conditions thereof.

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

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

Sincerely

Authorized Officer, Head Office
(Name of depository bank)

Note: A single letter from the head office of a commercial bank covers Special Accounts opened by any recipient at all branches of that bank.
--

Instructions for Completion of Special Account Reconciliation Statement

- (A) **Grant Number:** Give complete reference number as it appears on the related Application for Withdrawal.
- (B) **Account Number and Bank:** Give complete account number and name of the depository bank with which the Special Account is held.

Instructions: Numbers correspond to numbers on the Reconciliation Statement

1. **Amount Advanced:** Show total amount advanced to the Special Account against Authorized Allocation. Do not include amounts received as replenishment of the Account for eligible expenditures previously reported.
2. **Less Total Amount Recovered by ACBF:** Show total amount, if any, that has been deducted from past applications and applied to recovery of the outstanding advance. Details of any such amounts are when ACBF begins the recovery process.
Do not include here any amounts that ACBF has previously ruled ineligible.
3. **Equals Present Outstanding Amount Advanced:** Item 1, minus Item 2. This is the balance that Foundation records show as the amount for which eligible documents must ultimately be submitted.
4. **Amount in Special Account at (Date):** Closing balance as it appears in the attached Bank Statement.
5. **Plus Amount of Eligible Expenditures Documented in Attached Application:** Give application number and amount of eligible expenditures reported in this application.
6. **Plus Amounts Claimed Previous Applications not yet Credited:** Review bank statement to ensure that amounts claimed in previous applications have been credited to the Account. Provide details of any applications paid (or applied to recovery of the Special Account) after the closing date of the bank statement.
7. **Equals Total Advance Accounted For:** Sum of Items 4, 5 and 6.
8. **Explanation of Any Discrepancy:** Explain the origin of any difference between amounts in Item 3 and Item 7 and give details of corrective action being taken. A shortfall in the Account balance (Item 7) may lead to delayed replenishment, or early recovery of the advance.
9. **Date, Signature and Title:** Date of reconciliation, signature and title of person responsible for reconciling the Special Account.

Notes:

- Replenishment applications should normally include all expenditures appearing on the bank statement. If this practice is followed and the Special Account is used solely for eligible expenditures, there should normally be no discrepancy between Items 3 and 7.
- Reasonable bank charges are eligible for replenishment.
- Interest paid by the depository bank should be deposited into a separate account. Where it is credited to the Special Account, details of the aggregate amounts credited must be provided in Item 8.

Annex 8

Countries, Abbreviations and Currency Codes

<u>Country</u>	<u>Country Code</u>	<u>Country Abbreviation</u>	<u>Currency Abbreviation</u>
Angola	01	ANG	AOK
Benin	02	BEN	XOF
Botswana	03	BT	BWP
Burkina Faso	04	BUR	XOF
Burundi	05	BU	BIF
Cameroon	06	CM	XAF
Cape Verde	07	CAN	CAD
Central African Republic	08	CA	XAF
Chad	09	CD	XAF
Comoros	10	COM	KMF
Congo	11	COB	XAF
Côte d'Ivoire	12	IVC	XOF
Djibouti	13	DJI	DIF
Equatorial Guinea	14	EG	XAF
Eritrea	48	ERI	ETB
Ethiopia	15	ET	ETB
Gabon	16	GA	XAF
Gambia, The	17	GM	GMB
Ghana	18	GH	GHS
Guinea - Bissau	19	GUB	GWP
Guinea	20	GUI	GNF
Kenya	21	KE	KES
Lesotho	22	LSO	LSL
Liberia	23	LBR	LRD
Madagascar	24	MAG	MGF
Malawi	25	MAI	MWK
Mali	26	MLI	XOF
Mauritania	27	MAU	MRO
Mauritius	28	MAS	MUR
Mozambique	29	MOZ	MZM
Namibia	30	NA	ZAR
Niger	31	NIR	XOF
Nigeria	32	UNI	NGN
Rwanda	33	RW	RWF
Sao Tome and Principe	34	STP	STD
Senegal	35	SE	XOF
Seychelles	36	SEY	SCR
Sierra Leone	37	SL	SLL
Somalia	38	SO	SOS
Sudan	39	SU	SDP
Swaziland	40	SW	SZL
Tanzania	41	TA	TZS
Togo	42	TO	XOF
Uganda	43	UG	UGX
Zaire	44	ZR	ZRZ
Zambia	45	ZA	ZMK
Zimbabwe	46	ZIM	ZWD
South Africa	47	SA	ZAR
Canada	70	CAN	CAD
France	71	FR	EUR
Germany	72	GER	EUR
United Kingdom	73	UK	GBP
United States	74	USA	USD

 Description and Codes for Goods and Services
100 CORE PROGRAM COST

- 101 Program Staff salaries and Benefits**
 Researchers
 Experts
- 102 Research**
 Consultants
 Studies
 Data Collection
- 103 Publishing and Report Reproduction**
 Publication
 Report Reproduction
 Dissemination
- 104 Seminars, Conferences and Workshops**
 Seminars & workshop
 Conferences
 Consultants
- 105 Control Studies**
 Proof Reading & Editing
 Quality control
 Consultants
- 106 Training**
 Academic Training
 Professional Training
 Work Attachment
 Training of Trainers
 Consultants
 Staff Travel
- 107 Governance and Networking**
- 108 Monitoring and Evaluation**
- 109 Dissemination & sensitization**
- 110 Advocacy**
- 111 Degree Program Activities**
 Teaching Costs
 Student Costs
 Scholarships
 Course Development
 Program Evaluation
 General Faculty Development
- 112 Non-degree Program Activities**
- 113 Private Sector Strengthening**
- 114 Public Sector Strengthening**
- 115 Civil Society Strengthening**
- 200 INSTITUTIONAL STRENGTHENING**

- 201 *Capital Expenditure*

- 205 **Renovation/Refurbishment**
 Building Renovations
 Office Refurbishment

- 206 **Office Furniture and Equipment**
 Office Furniture
 Office Equipment
 Generators

- 207 **Information Technology**
 Computer Equipment (Hardware and Software)
 LAN and network installation
 Website Design and maintenance

- 208 **Library Facilities**
 Library Facilities
 Books and Reading materials

- 209 **Motor vehicles**
 Vehicles
 Motorbikes

- 210 *Administrative Cost*

- 211 **Administrative Staff salaries and benefits**
 Project Director,
 Project Coordinator,
 Accountant,
 Program Administrator,
 Librarian,
 Administrative Assistant,
 Secretaries,
 Drivers

- 212 **Maintenance cost**
 Motor Vehicle Maintenance
 Building Maintenance
 Office/Computer Equipment Maintenance

- 213 **Office operating cost**
 Office Supplies
 Office Rental
 Insurance (Property, Building, etc.)
 Staff Administrative Travel
 Utilities (Electricity, Water, etc.)

- 214 **Technical and Professional Services**
 Financial Charges
 Legal Fees
 Audit Fees
 Recruitment cost
 Media cost

- 300 **CONTINGENCY**

Glossary of Disbursement Terms

Application:	Request by the recipient for withdrawal of grant proceeds in accordance with the provisions of a grant.
Appraisal Report:	Detailed evaluation and recommendations on a project by Foundation staff prior to Foundation approval of a grant.
Category:	A grouping of items to be financed in a project. The categories are set out in Schedule II to the Grant Agreement.
Contract:	An agreement between the recipient and a supplier to provide goods or services for an agreed fee.
Currency of Expenditure:	The currency expended by a recipient for which payment or reimbursement is requested under a withdrawal procedure.
Disbursement Letter:	Instructions sent to the recipient when a grant is signed, containing agreed procedures to be used to withdraw funds within each category and a request for authorized signature samples.
Grant Account:	The account in ACBF's books to which the amount of the grant is credited.
Retroactive Financing:	Financing of eligible expenditures made prior to the date of the Grant Agreement.
Revolving Fund:	See Special Account.
Schedule Withdrawal Proceeds:	A Schedule in the Grant Agreement showing the allocation of the proceeds of the grant for financing the various components of the project.
Special Account:	The bank account into which an advance disbursement is deposited, from which the project may make payments to contractors, suppliers, and others to cover ACBF's share of eligible expenses.
Statement of Expenditure:	A specialized summary sheet sent by the recipient to ACBF, used when the submission of normal disbursement documentation is impractical.
Supporting Documents:	Documents related to applications for withdrawal which evidence that expenditures are eligible for financing.