



BANQUE D'INVESTISSEMENT ET DE DÉVELOPPEMENT DE LA CEDEAO  
ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT  
BANCO DE INVESTIMENTO E DE DESENVOLVIMENTO DA CEDEAO

# **LOAN DISBURSEMENT: PROCEDURES AND DIRECTIVES TO BE FOLLOWED BY BORROWERS**

**Department of Finance and Accounts  
Loans Administration Division**

**April 2009**



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## **Foreword**

### **1. Objectives**

In publishing this manual, the ECOWAS Bank for Investment and Development seeks to make known, facilitate and accelerate the process of loan disbursements. The manual presents the policies and regulations of EBID in the area of loan disbursements.

### **2. Target users of the manual of disbursement**

- The manual is meant for borrowers and in particular officials in private and public organizations in ECOWAS Member States who are responsible for the day-to-day management of disbursements;
- Officials in charge of the implementation of projects ;
- Commercial banks, recipient banks of special commitments of EBID;

### **3. Loans Administration**

The loans Administration Division (LAD) is responsible for all aspects relating to the disbursement, invoicing and recovery of loans.

### **4. Updating**

This manual is drafted in a manner that will make it easier to update it in order to reflect the development of the activities of the Bank and particularly those of the Loans Administration Division. For further information please contact:

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## **Chapter 1: The ECOWAS Bank for Investment and Development**

### **1.1 Introduction**

EBID is an international financial institution established by Article 21 of the Revised Treaty as amended by Supplementary A/SA.9/01/07 of 19 January 2007. It has two windows one of which is dedicated to the promotion of the private sector, whilst the other focuses on the development of the private sector.

The main objective of EBID is to contribute to the economic development of West Africa by financing ECOWAS and NEPAD (New Partnership for Africa's Development) programmes and projects in the areas of transport, energy, telecommunications, industry, poverty reduction, environment and natural resources.

### **1.2 Corporate object**

The objectives of EBID are as follows:

- grant loans and guarantees to finance investment projects and programmes aimed at bringing about economic and social development in Member States;
- mobilize resources within and outside the Community to finance investment projects and programmes;
- provide technical assistance for the study, preparation, financing and implementation of development projects and programmes within the Community;
- receive and manage the portion of the resources of the Community Levy destined for the financing of the development activities of the Community;
- manage any special fund of the Community relating to its objectives;
- undertake any commercial, industrial, agricultural activity in so far as it relates to its objectives or necessary for the recovery of its claims

In line with its corporate object, the Bank works in close collaboration with national and sub regional development institutions operating in the Community. The Bank also collaborates with international institutions with similar objectives and those that work towards the development of the Community.

### **1.3 Capital**

The initial authorized capital of EBID is 603 000 000 units of account (UA) or about 750 000 000 dollars (US) 67% of the capital is held by regional members whilst the remaining 33% has been set aside for subscription by non regional members. The regional members comprise ECOWAS

Member States whilst the non regional members refer to States and other legal entities that are not part of the Community.

#### **1.4 Organization and management**

The decision-making bodies of EBID are the Board of Governors and the Board of Directors. The Board of Governors is the highest-decision making body. It has broad management and administrative powers. The Board of Directors is responsible for the general conduct of the operations of the Bank. The day-to-day management of EBID is carried out by the President of the Bank whose powers are spelt out in the Articles of Association of EBID. The President is assisted by two Vice-Presidents one of whom is in charge of operations whilst the other is responsible for finance and corporate services.

#### **1.5 Intervention instruments**

In line with its interventions EBID utilizes the following instruments:

For the public sector:

- Direct medium term loans (concessionary or commercial loans);
- Guarantees;

For the private sector:

- Medium and long term loans ;
- Equity participation, provision of working capital or quasi capital (convertible bonds, equity loan) ;
- Lines of credit and refinancing agreements in favour of financial institutions of Member States;
- Floatation and guarantee of debenture, bonds and securities, financial engineering and financial services



## **Chapter 2: Project cycle**

### **2.1 Identification**

Project identification is done in concert with the country concerned. Once the viability of a project is established, its economic, financial, environmental and technical characteristics as well as the conditions that will ensure its success are examined and described in detail. Thereafter the project is included in the pipeline of projects to be financed.

### **2.2 Preparation**

Project preparation is the second phase in the cycle of a project. This phase aims at accelerating studies on the project and to prove that the project can achieve its technical, economic, financial, institutional and social objectives. The preparation of a project is mainly incumbent on the promoter. However, where the promoter does not have the requisite competence, EBID and external consultants could step in to provide the needed assistance.

### **2.3 Appraisal**

Project appraisal comes after the preparation phase during which EBID specifies the objective of the project, its institutional and organizational implications as well as its technical, economic and financial justification. The social and environmental aspects of the project are also appraised. This phase ends with the preparation of an appraisal report upon which the Technical and Research Committee bases its technical decision to recommend it to management for financing.

### **2.4 Negotiation**

At the end of the appraisal phase, EBID and the borrower enter into negotiations officially. The negotiations lead to an accord which defines the project and specifies the programme to be implemented in order to achieve the objectives of the project. A report on the main issues raised during the negotiations is prepared and signed by the borrower and the Bank. It is at this stage that the two parties define the modalities for the disbursement of the loan. A representative of the Loan Administration Division makes copies of the manual of disbursement available to the negotiators of the borrower.

### **2.5 Approval**

When the negotiations are concluded, the management of EBID submits the project to the Board of Directors of EBID for consideration and approval. After careful consideration of all the aspects of the project, the Board of Directors may approve, reject project or give instructions for further appraisal. The loan agreement is signed once the project is approved by the Board of Directors.

## **2.6 Implementation and supervision**

The implementation of the project starts with the signing of the loan agreement. It is incumbent on the borrower which is the beneficiary of the various forms of assistance as specified in the loan agreement to manage and implement the project in a satisfactory manner. The client must periodically provide information on the status of implementation of the project.

EBID must regularly supervise the project in order to verify the progress realized and to ensure that disbursements are made as agreed between the borrower and EBID. This stage of the process calls for mutual assistance and collaboration between the client and EBID.

## **2.7 Project completion report**

After the completion of the project, and at least six months after the full disbursement of the loan, the borrower is obliged to prepare a project completion report giving his/her perspective on the implementation of the project, the performance of those who intervened in the project, as well as on the attainment of the objectives of the project. EBID will also prepare its own project completion report in which it assesses the results of the project, identify shortcomings, highlight the successes and also draw the necessary lessons.

## **2.8 Retrospective appraisal**

After the preparation of the project completion reports by the client and by EBID, the Bank undertakes a post appraisal mission in order to assess the results achieved in relation to the initial objectives. During retrospective appraisal the necessary lessons are drawn in order to make recommendations on how to ensure more efficient development and improve upon the practices and procedures of EBID.

## **Chapter 3: Legal provisions governing disbursements**

This manual is not a legal or contractual document. It is meant to inform clients of the regulations and procedures applicable to disbursements in line with the provisions of the Articles of Association, the General Conditions Applicable to Loans, Guarantee and Counter-guarantee and the Statement of General Policy of EBID.

### **3.1 Loan agreement**

The main legal document relating to a project financed by EBID is the loan agreement signed by the borrower and the Bank which specifies the terms and conditions of the loan.

### **3.2 General Conditions Applicable to Loan Agreements, Guarantee and Counter-guarantee**

#### **3.2.1 Currency**

The loan amount is expressed in units of account (UA). Exceptionally, it could be expressed in local currency if the resources are raised locally. The guarantee provided by EBID is expressed in the currency of the operation guaranteed. The document processing fees, interests and other fees are expressed in the currency of the loan, guarantee or counter guarantee as appropriate.

#### **3.2.2 Amount**

The minimum and maximum intervention thresholds of the Bank per project are as follows:

- UA 1 000 000 ;
- UA 10 000 000 (in the case of national projects ;
- UA 15 000 000 in the case of regional projects

In general the Bank does not grant loan below the minimum threshold of UA 1 000 000 (one million units of account). However, in the case of feasibility studies, the Bank may waive the regulation and grant loan corresponding to the cost of the study.

#### **3.2.3 Interest rates**

The interest rates charged by EBID depend on the nature of the project and its profitability. The rates are pegged taking into account the financial equilibrium of the institution and the need to offer favourable terms to borrowers. The interest rates are reviewed periodically by the Board of Directors to reflect the financial prospects of the Bank and market trends.

### **3.2.4 Fees**

#### **3.2.4.1 Document processing fee**

The borrower pays a flat document processing fee ninety (90) days after the signing of the loan agreement. The fee is specified in the loan agreement in accordance with the rates fixed by the Board of Directors. The document processing fee is calculated on the basis of the maximum loan amount. Where the document processing is not paid within the specified period, late payment charges are applied as spelt out by the provisions of Article 28 of the General Conditions.

#### **3.2.4.2 Commitment fee**

Commitment fee is charged on the un-disbursed portion of the loan. It starts accruing ninety (90) days after the signing of the agreement where the facility is long or medium term loan. In the case of short term loan the fee starts accruing thirty (30) days after the signing of the loan agreement.

Commitment fee is charged on public and private sector loans financed with resources mobilized under specific terms and conditions and starts accruing from the period defined in the agreement on the mobilization of the said resources.

#### **3.2.4.3 Special commitment fee**

Special commitment fee is charged at the prevailing rate and is calculated on the amount for ninety (90) days duration where:

- disbursement is made by a letter of credit guaranteed by EBID;
- disbursement is made by letter of credit opened by EBID.

#### **3.2.4.4 Other fees**

The other fees are negotiated on case basis.

### **3.2.5 Duration**

The duration of a loan is determined by the nature of a project and its profitability. The loans granted by the Bank could be:

- Short-term (0 to 2 years);
- Medium term (2 to 7 years);
- Long term (more than 7 years).

EBID may, where necessary, grant a grace period for the amortization of principal.

### **3.2.6 Introduction of financing request**

Project financing requests are addressed to the President of EBID.

## **3.3 Statement of general policy and procedures for loans, investments and guarantee**

The provisions of the above-mentioned documents provide the guidelines that have to be followed by the Bank in its loan, investment and guarantee operations.

## **3.4 Disbursement letter**

After the signing of the loan agreement, EBID will send or furnish the client with a disbursement letter which spells out the disbursement rules and procedures applicable to the project. A draft disbursement letter is discussed during negotiations.

The letter makes the borrower aware of important instructions relating to the disbursement modalities of the project. The relevant information provided in the disbursement letter is as follows:

- Those authorized to sign disbursement requests;
- Important dates such as closing dates or deadline for last disbursement;
- The components of the project;
- The documents to be kept by the borrower;
- The disbursement methods to be used ;
- Project audit requirements;
- The amounts and currency of disbursement;
- Suspension and sanctions
- Disbursement modalities applicable;
- Practical advice for prompt disbursement

Subject to approval by EBID, the terms and conditions spelt out could be amended during the implementation of the project. The disbursement modalities and the components in particular could be modified if it is in the interest of the project.

### 3.5 Important dates

**Approval date:** Date when the Board of Directors of EBID approves the loan for the project.

**Date of signature:** Date when the client and EBID sign the loan agreement. The document processing fee is charged on the date of signature. The document processing fee falls due 90 days after the signing of the loan agreement, where it applies to the loan.

**Date of entry into force:** EBID will declare that the loan has entered into force when the borrower satisfies the conditions spelt out in the loan agreement and the General Conditions applicable to Loans, Guarantees and Counter-Guarantees, and when the documents submitted are accepted by EBID.

**Date of first disbursement:** Date when EBID notifies the borrower of the acceptance of the documents submitted in fulfilment of the conditions precedent to first disbursement.

The deadline for first disbursement of public sector loans shall be one hundred and twenty (120) days effective from the date of signing of the loan Agreement, unless this period is extended by the bank in view of the circumstances.

Unless it is extended by the bank in view of certain circumstances, the deadline for first disbursement of private sector loans shall be ninety (90) days, effective from the date of signing of the loan Agreement in the case of long or medium term loans and thirty (30) days, effective from the date of signing of the loan Agreement in the case of short term loans

**Deadline for last disbursement:** This is the date specified in the loan agreement after which EBID may, on the basis of a notification addressed to the client, terminate the right of the borrower to draw down on the loan. However, the borrower may, before the expiry of the date, submit a request and a justification for the extension of the deadline.

The deadline for the completion of disbursement shall be six (6) months after the estimated date of completion of the project for which the loan is given, unless the deadline is extended by the Bank in view of certain circumstances.

### 3.6 Procurement of goods, services and works

EBID demands that goods and services required for the realization of a project that it finances should be procured at competitive prices, taking into account important factors such as quality, conditions and delivery period. In the case of public projects suppliers must be chosen by international competitive tender. However, in the event of tender EBID will give preference to supplies from Member States of ECOWAS, taking into consideration the cost, quality of goods and services and international competition. Suppliers must therefore be chosen by international competitive tender.

Further, EBID may, where the situation demands, authorize a limited tender, national or international tender or mutually agreed contract. The process will however be transparent and will be guided by the need to ensure that the project is implemented in an efficient and cost-effective manner. EBID may also express its preference for the execution of some works by the borrower if the Bank is in the view that the borrower is sufficiently qualified.

The award and the management of contracts is the responsibility of the borrower. The Departments of Operations of EBID are responsible for the supervision of activities relating to the award of contracts undertaken by borrowers. Unless the loan agreement states otherwise, all contracts relating to the supply of goods, services and works shall be submitted to EBID for approval before signature.

### **3.7 Currency of disbursement**

Disbursements are made in the currency specified in the loan agreement or in the following currencies denominated in UA: United States dollar, Euro, FCFA depending on the choice of the borrower.

### **3.8 Management of projects on behalf of third parties**

EBID may manage loans and grants for other institutions. Disbursement of such funds will be made according to the procedures of EBID unless the memorandum of understanding signed with the institutions provide otherwise.

### **3.9 Repayment**

EBID may demand that a borrower refunds disbursement made in respect of any expenditure deemed ineligible. The amount shall be paid back into an account specified by the Bank and then deducted from the loan granted.

## **Chapter 4: Disbursement Operations**

### **4.1 General provisions**

The borrower is responsible for the implementation of the project in line with the general terms and conditions of the loan agreement. EBID, on its part, monitors the implementation of the project to ensure its conformity with the agreement and the procedures of this manual as well as those spelt out in other documents of the Bank.

### **4.2 Conditions precedent to first disbursement and other conditions**

There are pre-disbursement conditions as well as other conditions attached to the loan that a borrower has to meet to pave the way for disbursements to become effective. The documents submitted must be original or certified copies. EBID reserves the right to reject a disbursement request from a client who fails to fulfil all the conditions specified

### **4.3 Entry into force**

EBID will declare that the loan has entered into force when the borrower satisfies the conditions spelt out in the loan agreement and the provisions of the General Conditions Applicable to Loans, Guarantee and Counter-Guarantee.

### **4.4 Conformity of list of goods and services**

The list of goods and services is drawn up during the appraisal of the project. It is confirmed during negotiations and in the disbursement letter from EBID. Disbursements must be effected within the limits of the amounts allocated for the components. Any amendment of the components must first be approved by EBID.

### **4.5 Contracts**

Disbursements are made within the framework of contracts concluded between the borrower and the supplier after approval by EBID and upon notification of the approval in line with the regulations and procedures of the Institution. On the instructions of the borrower EBID may effect payments to the beneficiary within the limits of the amounts approved.

The amounts retained as performance bond during the implementation of the contract are released at the end of the guarantee period upon presentation of acceptance report prepared by the project.

The performance bond may be refunded upon presentation of an irrevocable bank guarantee by the project implementation agency.

Any cost overrun incurred during the implementation of the contract as a result of price increases or physical contingencies will require the signing of a supplementary agreement.



#### **4.6 Power of attorney**

The borrower must designate persons authorized to sign disbursement requests and submit certified specimens of their signatures to EBID. The borrower must also submit to EBID power of attorney attesting that they have been authorized to sign disbursement requests.

In the event that the list of those authorized to sign disbursement requests is amended or changed, the client must inform EBID at the earliest opportunity and also submit the new list to the Bank. The head of the project must countersign the various documents attached to the disbursement request such as statements of expenditure (F2 forms).

#### **4.7 Payment on the basis of statement of expenditure**

The statement of expenditure incurred by the client must be accompanied with documentary evidence justifying payments such as invoices, bank statements, debit notes, receipts, bill of lading, cheques, drafts collected, letters of credit executed.

During negotiations, the borrower and EBID may agree on the type of expenditure to be included in the statement of expenditure. The type of expenditure must be specified in the disbursement letter.

To benefit from this arrangement, the borrower must have a solid accounts system as well as appropriate administrative and financial management capacity. There must be reliable administrative and accounting procedures as well as adequate internal control system. The client must maintain all the documentary evidence and make them available to the auditors and staff of EBID for verification during missions.

#### **4.8 Transmission of disbursement requests**

The disbursement request to be submitted to EBID must be the original signed by the authorized representative of the borrower and containing all the information required by the Bank. The disbursement request form may be supplied by EBID upon request or downloaded from the website of the institution at: [www.bidc-ebid.org](http://www.bidc-ebid.org)

Prior to transmitting a disbursement request to EBID for processing, borrowers must ensure:

- that the disbursement requests are addressed to the President of EBID;
- that in the case of first request or advance, a copy of contracts and a copy of letter of notification approved by EBID are attached to the request;
- that the information provided in the request correspond with the information in the documentary evidence;
- that all the required documentary evidence (bank statements and/or bank reconciliation statements) are attached to the request;
- that the amounts available for the components are adequate enough to meet the disbursement requested;

- that the conditions precedent to first disbursement have been met;
- audit reports have been duly submitted to EBID.

#### **4.9 References of disbursement requests**

The numbering of disbursement requests must follow a sequence and must be in accordance with the adopted mode of payment. It must be clearly identifiable with a particular request in order to avoid confusion

#### **4.10 Minimum disbursement requests**

EBID may define minimum amounts for some type of projects. The Bank reserves the right to reject requests whose amounts are lower than the minimum fixed during negotiations with a borrower.

However, the minimum amount may not be applied in disbursement requests in favour of:

- training activities ;
- provision of technical assistance and audit services;
- contracts that are payable in single instalment, the payment of the balance of a contract, component of expenditure or loan.

Regarding repayment guarantee, a minimum amount of UA will be charged for the guarantee requested. There is no minimum repayment request in the case of repayment guarantees.

#### **4.11 Suspension of disbursements**

EBID may suspend disbursement if a client does not fulfil the conditions specified in the loan agreement, the general conditions and other document relating to the sanctions policy of the Institution. The suspension of disbursements comes into force on the date of decision by Management. Disbursement is resumed once the issue that led to the suspension is addressed.

In the event of default on loan repayment by a client, EBID will suspend disbursements in line with the directives on the treatment and constituting of provision in respect of doubtful debts and according to the arrears and sanctions policy of the Bank.

#### **4.12 Cancellation of loan**

The borrower may request for the cancellation of the loan or part thereof by submitting a written notification to EBID. However, prior to the cancellation of a loan, EBID will have to ensure that there is no disbursement request pending or any commitment in respect of the un-disbursed portion of the loan, and that contracts for which disbursements have not been fully made are duly completed.

EBID will not cancel the part of the loan which covers special commitments in respect of letters of credit unless the borrower or supplier decides otherwise.

### **Cancellation by the Bank**

The Bank may cancel the loan in whole or in part, in the event of the occurrence of any of the following situations:

- a. the Loan Agreement is not signed within ninety (90) days following the authorisation given by the Board of Directors, unless this deadline is extended by the Chairman of the Board of Directors;
- b. the right of the Borrower to the disbursement of any given amount of the loan is suspended for more than thirty (30) consecutive days;
- c. the Bank decides at any given moment, after consultation with the Borrower, that a portion of the loan will not be required to defray the expenditure relating to the Projects financed with the loan resources;
- d. as at the closing date specified in the Loan Agreement, a portion of the loan is not disbursed.

#### **4.13 Bank account details**

- **Beneficiary's bank:** The account details comprise the full name and address of the bank, SWIFT and IBAN codes of the bank as well as the account number of the beneficiary. The information must be provided on request.
- **Correspondent banks of the beneficiary's bank:** payment made in favour of a beneficiary in a country where the currency of the disbursement request is not a legal tender will necessitate the use of the services of a correspondent of the beneficiary's bank in the country. The information demanded from the correspondent bank is the same as the one required from the beneficiary's bank.

#### **4.14 Appraisal of requests by EBID**

The Loans Administration Division is solely responsible for the processing requests when they the stage of disbursement. Consequently the following verification will be carried out to ascertain:

- the goods and services that are exempted from customs duties, taxes, interests and bank charges;
- receipt of original documentary evidences and bank statements;
- availability of resources for the loan, the component or contract;
- the existence of a contract duly approved by EBID;



- the entry into force of the loan agreement as well as the fulfilment of the conditions precedent to first disbursement and other conditions;
- the accuracy of the dates for the closing of the loan and the date of last disbursement;
- the authenticity of signatures and specimen signatures transmitted to EBID;
- that the specific loan has not been suspended, that the country is not under sanctions.

Once the disbursement request is approved EBID gives instructions to one of its depository banks to make payments into the account of the beneficiary. The instructions are usually transmitted by SWIFT or by any other means of transfer authorized by EBID.

**NB:** EBID may return a disbursement request which has been pending in its books for more than six (6) months for specific and legitimate reason. In such situation the borrower will be informed of the reason for the rejection.

#### **4.15 Disbursement schedule**

Once disbursement is processed and confirmed, the Loans Administration Division transmits the original schedule directly to the borrower.

## **Chapter 5: Disbursement of resources**

### **5.1 General procedures**

EBID must ensure that the resources of the loan are used exclusively for the purposes specified in the loan agreement, and that the goods, services and works financed are required for the project. For a disbursement requests to be acceptable, the following conditions will have to be met by the client:

- specimen of the signature of the person or persons authorized to sign disbursement requests;
- the request must be the original and must be accompanied with originals of documentary evidence attesting the eligibility of the goods, services and works;

With respect to the disbursement of the loan, EBID will propose to its clients the following four (4) payment modalities:

1. Reimbursement of expenses made by the borrower out his/her own resources;
2. Reimbursing a credible financial institution for all payments made within the framework of a letter of credit;
3. Granting of advance to the borrower for the commencement of the project;
4. Direct payment to supplier

The borrower and EBID will define the disbursement modalities during negotiations, taking into account the characteristics of the project as well as the various components to be financed.

The disbursement modalities could be amended in the course of the implementation of the project if the amendment will be in the interest of the project.

### **5.2 Repayment of expenditure made the borrower out of its own resources (Mode 1)**

This method consists of reimbursing the client for eligible expenses incurred with its own resources. The reimbursement dossier must comprise the following:

- the official disbursement request prepared as indicated in the F1 form and signed by the authorized persons ;
- statement of expenditure prepared as indicated in the F2 form and signed by the authorized persons and the official in charge of the project ;

- the original or certified copies of the documentary evidence of expenses made:
  1. invoice stating the origin of goods and services and a copy of the contract, where necessary;
  2. a copy of the contract or order form as well as a copy of the approval given by EBID;
  3. the report on the provisional acceptance of goods supplied, certificate of completion of works or in default the supplier must attach a copy of the bank guarantee in the same amount and currency as those of the disbursement request;
  4. a copy of the letter of credit, where necessary;
  5. any proof of payment.

### **5.3 Payment by letter of credit (Mode 2)**

EBID may, at the request of the borrower, irrevocably undertake in writing to pay a commercial bank which issues a letter of credit in favour of a foreign supplier. This method is applied in principle to large contracts involving imported goods.

The process which leads to the issue of payment guarantee by EBID is as follows:

1. At the request of the borrower, a local commercial bank issues an irrevocable letter of credit in favour of a supplier ;
2. A second bank, usually based in the country of the supplier agrees to notify or confirm the letter of credit;
3. EBID then consents to reimburse the payments made already or makes available to the notifying and/or confirming bank amounts corresponding to the payments to be made under the letter of credit.

**5.3.1** EBID may, at the request of the borrower, undertake to irrevocably reimburse or repay a commercial bank for payments made or to be made to a supplier on the basis of a letter of credit. However, the letter of credit will be confirmed only after the issue of a repayment guarantee by EBID in favour of the said commercial bank.

**5.3.2** In view of the fact that there is a ceiling to the loan amount, each repayment guarantee shall contain a clause specifying the limit of the amount in foreign currency that EBID will pay. In fixing a ceiling EBID will use the prevailing exchange rate and a margin to offset currency fluctuations.

The policy of EBID is to maintain adequate resources in the loan account in order to meet all special commitments. However, EBID may, from time to time, review the ceiling on special commitments and raise it where the available resources of the loan permit.

Clients who request for special commitments shall state in the disbursement request forms that where EBID is not able to disburse the entire amount required to effect the payment

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specified in the letter of credit, the portion of the loan which is not yet committed shall be used to finance the shortfall.

Where the amount which is not committed is not enough to finance the shortfall, the borrower shall take steps to effect payments due the guarantor bank immediately after notification by EBID.

- 5.3.3** EBID reserves the right not to issue repayment guarantees to clients who default on their loan commitments. However, once EBID issues a repayment guarantee, it has the obligation to honour all demands in respect of the guarantee.

EBID shall communicate its decision to provide a repayment guarantee to any of the following:

- a) A commercial bank in the country of the borrower which issues, advises and/or confirms a letter of credit;
  - b) The supplier's banker which advises and/or confirm a letter of credit issued by a local bank ;
  - c) A commercial bank in the country of the supplier which issues and/or confirms a letter of credit.
- 5.3.4** For each repayment guarantee request accepted, EBID shall transmit, by means of Swift, all the relevant information in respect of the repayment guarantee and GRI forms to the confirming Bank. Where a repayment request is addressed to EBID by the confirming bank, the bank shall be considered as having accepted the guarantee provided by EBID.

- 5.3.5** The request by the borrower for guarantee to cover payments by a letter of credit shall comprise:

1. The official request of the borrower prepared as specified in the LDGI;
2. A copy of the draft letter of credit that a commercial bank promises to issue in favour of the supplier ;
3. A copy of the purchase agreement, order form or pro forma invoice on the basis of which payment, including advance, has to be effected;
4. A document from the confirming bank attesting that it is prepared to advice and/confirm the letter of credit even if the commitment is made subject to a payment guarantee from EBID

- 5.3.6** The borrower shall, together with the advising and confirming bank, take all the necessary measures regarding the payment of fees and commission on the letter of credit guaranteed by EBID, and particularly interest on payments made under the letter of credit with effect from the date of payment by the commercial bank to the date of repayment by EBID.

All charges, commission and interests due the commercial bank as a result of the letter of credit shall be borne by the borrower.



**5.3.7** The terms and conditions of the letter of credit must be in conformity with those of the purchase agreement, the order form or those of the pro forma invoice. The reference number any of these documents must be specified in the letter. Furthermore, for each draft letter of credit, the supplier must furnish the following documents to the confirming bank:

- a) Supplier invoice;
- b) Proof of shipment or bill of lading;
- c) Insurance certificate;
- d) Inspection certificate;
- e) The certificate of origin of the goods;
- f) Packing list.

**5.3.8** As soon as guarantee is approved by EBID a copy is transmitted to the borrower. The guarantee amount shall be in the same currency as that of the letter of credit. Payment or payments shall also be made in the same currency.

**5.3.9** The advising and/or confirming bank shall, immediately after honouring the letter of credit, submit a reimbursement request to EBID by means of Swift or by expedited mail.

**5.3.10** After receiving the said reimbursement request, EBID will directly reimburse the confirming and/or advising bank and then inform the borrower of the disbursement made stating:

- amount, currency and value date of payment ;
- currency used to purchase foreign currency and its equivalent in the currency of the loan, where necessary.

In principle the reimbursing or paying the commercial bank shall be by means of Swift and shall be effected within a maximum period of five (5) working days, starting from the date of submission of the receipt to EBID.

**5.3.11** There may be instances where it will be necessary to amend the terms of the letter of credit guaranteed by EBID. In such instance the client must inform EBID of all the amendments it intends to make to the terms of letter of credit and seek prior approval from EBID where the amendments relate to:

- the amount of the letter of credit ;
- the description and quantity of goods provided ;
- the beneficiary;
- the extension of the validity date of the letter of credit and the initial expiry date of the letter of credit.



**5.3.12** Where EBID agrees with the amendments, it shall send confirmation to the advising and/or confirming bank by Swift or by expedited after informing the borrower.

**5.3.13 Composition of the guarantee request dossier**

- an original copy of the guarantee request letter ;
- original copy of the contract ;
- two copies of the letter of credit bearing an expiry date that the commercial bank proposes to issue.

**5.4 Initial advance or replenishment of working capital (Mode 3)**

EBID will grant an advance out of the loan account to the borrower to enable the financing of eligible expenses. The advance will be paid into a special deposit account (SDA) so that it could be used for eligible expenses. The reason for this method of disbursement is to help the client to meet its requirements in local or foreign currency and also ensure availability of resources on sustainable basis. However, the application of this method is contingent on the fulfilment of the following conditions by the borrower:

- introduction of sound accounting, financial and administrative procedures;
- effective internal control structure ;
- commitment to carry out regular and independent auditing of the special deposit account.

**5.4.1 Operating and management of the Special Deposit Account**

As a general principle, the Special Deposit Account (SDA) must be opened at a commercial bank or at a central bank in some cases. The commercial bank where the SDA is lodged must be in the position to:

- execute transactions in local as well as foreign currency;
- open letters of credit ;
- effect major bank transactions

The proposed and approved bank could be located in the country of the borrower or in a different country. However, it must make an irrevocable commitment to EBID to the effect that:

- the funds lodged in the SDA will not be seized or frozen to pay for amounts that the borrower owes the bank or used as guarantee;
- it will issue monthly statement on the SDA and transmit them to the borrower and EBID ;
- it will make the SDA and the documents relating to it available to officials of EBID and auditors mandated by the Institution

The SDA shall be in convertible currency. The amounts deposited in the account will be used to finance some items of expenditure in foreign currency. It can also be used to make purchases in local currency. EBID may however feed the account with local currency where the currency is considered more stable and where its exchange rate is tied to that of a convertible currency.

Any exchange rate differential will be borne by the client. The counter-party fund of the borrower must not be deposited in the SDA.

Regarding multinational projects, the opening of several SDA may be necessary for the smooth implementation. EBID will accept this arrangement provided:

- a decentralized accounts control and monitoring mechanism has been put in place;
- a reconciliation statement with the main SDA from which EBID effects disbursement is submitted

Regarding the management of the SDA:

- only the resources of the loan must be lodged in it;
- no counter party funds or funds from other sources must be lodged into the account , any exception to the rule must be decided during the negotiations and must be specified in the loan;
- no overdraft must drawn on the account, and no facility must be authorized on the basis of the account;
- the account may generate interest which may be used to offset the management charges in line with the procedures in force in the country of the borrower.

Consequently, the borrower must negotiate with the bank the charges relating to the management of the SDA and the interests payable on the deposits. EBID does not bear bank charges or agios ;

- two signatures are required for all payments made from the account in line with standard practice.

#### **5.4.2 Expenditure financed with resources from the Special Deposit Account**

The SDA shall be solely used to finance eligible items of expenditure. In principle, the various components to be financed with the resources of the special account are determined during the appraisal of the project. Any amendment to the components financed with the resources of the account must be approved in advance by EBID.

### **5.4.3 Advance request dossier**

The dossier for disbursement under this method comprises:

- Official disbursement request prepared as specified in the F1 forms and signed by the authorized persons;
- Statement of expenditure made as specified F2 form and signed by the authorized persons and the project manager;
- Originals or certified copies of documentary evidence corresponding to expenses made:
  1. Invoice stating the origin of the goods and services, a copy of the sales agreement, where necessary;
  2. A copy of the sales agreement or purchase order and a copy of the approval given by EBID;
  3. A copy of the letter of credit, where necessary;
  4. proof of payment, as the case may be:
    - a settled invoice or invoice issued by the supplier;
    - a payment advice from the commercial bank or a debit note where payment is effected on the basis of a letter of credit which is not guaranteed by the bank ;
    - bank statement and a bank reconciliation statement ;
    - any other document requested by the Bank;
    - a shipment document, where necessary ;
    - a bank statement showing the exchange rate applied in the transaction, where the currency of payment for the goods and services is different from that of the special account

### **5.4.4 Initial advance and the period for accounting for it**

The amount to be granted as initial advance may depend on the nature of the project, the expenses to be made and the capacity of the borrower to manage the resources placed at its disposal.

Thus, in requesting for the initial advance, the borrower must submit the annual budget estimates of the project, as well as the programme of activities of the project for a maximum period of six (6) months or as agreed during negotiations and stated in the disbursement letter.

The advance must be fully accounted for within a period of six (6) months starting from the date of payment of the initial advance. The borrower must furnish EBID with a statement of expenditure prepared as specified in the F2 form.

The borrower and EBID may, during negotiations, decide by common accord the period for accounting for the advance provided.

EBID may also oblige the borrower to refund the advances paid into the SDA where the amounts are not utilized for any operation for more than six (6) months.

#### **5.4.5 Replenishment of the Special Deposit Account**

EBID may replenish the SDA provided that at least 50% of the last tranche of advance is utilized and accounted for, and on condition that the previous tranches of advance have also been accounted for. The 50% ceiling may, where necessary, be amended during the implementation of the project upon notification and prior approval from EBID.

The last replenishment shall not extend beyond the deadline for last disbursement or the deadline agreed during negotiations.

EBID shall ensure that the funds disbursed from the SDA are accounted for within a maximum period of three (3) months after the deadline for last disbursement.

#### **5.4.6 Re-imbursement of advance and the closing of the Special Deposit Account**

Any expenditure made from the SDA which is not accounted for or which is not eligible shall be refunded by the borrower. The reimbursed amount shall reduce the principal of the loan amount.

The account will not be replenished so long as the borrower does not pay amounts corresponding to un-accounted and ineligible expenses. At the end of the project, the balance of the SDA shall be paid back to EBID.

#### **5.4.7 Audit of the Special Deposit Account**

The SDA will be audited annually just like the other activities of the project.

## **5.5 Direct payments to the supplier (Mode 4)**

Disbursement may be made directly to the supplier at the request of the borrower. Beneficiaries who can request for direct payment are:

- A supplier of goods or an entity contracted to supply goods;
- A contractor or consultant who has carried out works or recruited to execute works ;
- A sub-contractor recruited within the framework of a contract and approved by EBID.

### **5.5.1 Mobilization fee**

Prior to the delivery of goods, services or the execution of works, payment may be made to the supplier to enable it to meet expenses or mobilization or manufacturing fee.

The borrower and the supplier must together agree on this method of payment and furnish the following documents for the advance to be disbursed:

1. Performance guarantee ;
2. Guarantee from a bank approved by EBID covering the total advance requested. The amount and the currency of the bank guarantee must be the same as those of specified in the disbursement request.

### **5.5.2 Composition of the disbursement request dossier**

The borrower shall make available the under-listed document to EBID in the case of direct payment:

1. Duly filled EBID disbursement request forms (F1 and F2);
2. Originals of the invoice or estimates of the supplier stating or certifying the origin of the goods and services;
3. A copy of the contract or purchase order as well as a copy of the contract approval statement from EBID during first demand or first advance;
4. A bank guarantee covering the total contract amount in lieu of acceptance report;
5. A report on the provisional acceptance of goods supplied, certificate of completion of works. The borrower must, in the case of civil works contract, attach the works completion certificate duly signed by the inspector of civil engineering works.

## **Chapter 6 : Opening of letters of credit by EBID**

With respect to the import of capital equipment for projects, EBID recommends to borrowers to use letters of credit to ensure maximum security in the international commercial transactions.

To this end, it recommends to borrowers to apply for letters of credit from the institution so as to help them to secure their imports of capital goods for the implementation of projects.

The letters of credit opened by EBID are subject to the standard regulations and usance of the International Chamber of Commerce regarding documentary credit.

### **6.1 Advantages**

A letter of credit opened by EBID offers several advantages to both the borrower and the foreign supplier::

- The letter of credit provides the commercial transaction with an independent credit support, with an irrevocable payment commitment by EBID ;
- It offers the borrower and foreign supplier a credible instrument given prestige of EBID ;
- It reduces or eliminates commercial credit risk, since payment is guaranteed by EBID. The supplier will not be dependent on the caprice or capacity of the borrower for payment

### **6.2 Procedure**

On the basis of the contract signed with the winning bidder, the borrower fills and signs the letter of credit request form (OLC form) and submits it to EBID.

Once the borrower meets the disbursement conditions, EBID starts the process for opening a letter of credit.

The borrower shall pay EBID the prevailing special commitment fee on the letter of credit for ninety days (90) duration, where the letter of credit is opened by EBID.

## **Chapter 7 : Accounting and financial information**

- 7.1** The loan agreement obliges the borrower to keep accounts and prepare financial statements on projects in line with international accounting standards and norms.
- 7.2** Notwithstanding the system of accounting adopted, the accounts of the project must be prepared in line with the principles of transparent management by:
- accounting for the funds provided by EBID for the project
  - giving full details of the expenses relating to the component financed by EBID.
- 7.3** During preparation and appraisal phase, EBID must ensure that the project:
- will have a reliable and efficient accounting system;
  - will have appropriate administrative, accounting and financial management structure;
  - will have manual of accounting and administrative procedures as well as an efficient internal control mechanism.
- 7.4** The accounts of the project must be separated from that of any other entity. The accounts of the project must also enable the preparation of the following financial statements:
- Statement of sources and application for the period N and N+1
  - Budget projections and actual expenditure for the period N and N-1
  - Reconciliation statement of the balance of the SDA
  - Balance sheet or assets for the period N and N -1
- 7.5** The borrower must furnish EBID with detailed financial statement on the project on regular basis.



**LISTE DES ANNEXES**

<b>Annexes</b>	<b>Forms (codes)</b>	<b>Title of document</b>
1	<b>F1</b>	Disbursement request (Method 1, 3 and 4) Information to be provided in the F1 form
2	<b>F2</b>	Statement of expenditure Information to be provided in the F2 form
3	<b>LDC 1</b>	Letter of comfort in respect of the Special Deposit Account
4	<b>LDG 1</b>	Guarantee request letter
5	<b>GR 1</b>	Repayment guarantee
6	<b>LDC 2</b>	Disbursement letter
7	<b>LDS</b>	Letter containing specimen of authorized signatures
8	<b>OLC</b>	Opening of letter of credit





**REQUEST FOR DIRECT PAYMENT  
 REQUEST FOR PAYMENT THROUGH LINE OF CREDIT  
 REQUEST FOR WORKING CAPITAL  
 (NB : Use only the application description)**

FORM F1

**To : The President of the ECOWAS Bank for  
 Investment and Development (EBID)  
 128 , Bd du 13 janvier B.P 2704 Lomé TOGO  
 Tel : + 228 221 6864 Fax : + 228 221 86 84**

<b>1. EBID LOAN</b>	
<b>2. Project title</b>	
<b>3. Other sources</b>	
<b>4. Request N°</b>	
<b>Date of establishment</b>	

5. In accordance with the provisions and the terms and conditions of the Loan Agreement dated .....  
 Between EBID and .....(The Borrower )

(Information here-below shall be applicable for request concerning fresh working capital build-up)

We are forwarding attached, the expenditure summary statement for a total amount of .....

The expenditure were made in respect of advance (s) which you granted us pursuant to the above-mentioned project.

6 We are requesting this disbursement pursuant to the above-mentioned Loan Agreement and hereby certify as follows :

- 6.1 The undersigned has till date not received any amount to settle these expenditure
- 6.2 The goods and services covered by this request were procured or shall be procured in accordance with the terms and conditions of the Agreement
- 6.3 The expenditure have or shall be made for goods and services for which the origin has been approved
- 6.4 The expenditure are for items accepted to be financed from the loan and are therefore customs taxes and duties free, and do not comprise ineligible items.

**7. Payments Instructions**

<b>8</b>	Currency	Currency 1	Currency2
<b>9</b>	Please Pay		
<b>10</b>	Name and full address of the beneficiary		
<b>11</b>	Account number of beneficiary (RIB)		
<b>12</b>	Beneficiary's bank		
	Name		
	full address :		
	Bank Code		
	Swift Code		
	IBAN Code		
<b>13</b>	Correspondent Bank (where applicable))		
	Name		
	full address :		
	Bank Code		
	Swift Code		
	IBAN Code		

14. \_\_\_\_\_  
 (Adresse, Fax Number, and the e-mail of Borrower )

15. \_\_\_\_\_  
 (Adresse, Fax Number, and the e-mail of the Executing Agency)

16. \_\_\_\_\_

Signature of Authorized signatory (ies)



**ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT ( EBID )**  
**Guidelines for filling of form F1**

Form F1 : Must be used for all disbursement requests, irrespective of the method agreed upon. The original and a copy must be forwarded to EBID. The insignia of the Institutions must be clearly indicated on the letter head.

Request shall be made only in respect of one currency. It should be noted that the Bank shall pay only in the currency requested by the Borrower. Information to be borne on the form ..... shall be numbered 1 to 16. The Borrower must ensure that these information are clearly provided on the form.

Item N°	Description	Explanatory note
1	<b>Project number</b>	Indicate the number, as specified in the Loan Agreement.
2	<b>Project title</b>	Indicate the Project title and if possible, the place of location.
3	<b>Other sources</b>	Where a project is financed by sources other than EBID, indicate the acronym or the abridged name of the co-financiers.
4	<b>Numbering of requests</b>	Use serial numbering (Eg. : 1,2,3, etc... ) For direct payment and repayment method. For guarantees, use a different method of numbering for the issuance requests.
5	<b>Date of signature of the agreement and the contracting parties</b>	State the date at which the loan agreement was signed as well as the contracting parties.
8	<b>Currency</b>	Indicated the currency in which payment should be made
9	<b>Please Pay</b>	Indicated the amount of disbursement requested
10	<b>Name and full address of the beneficiary</b>	State the name, full address of the beneficiary, including the postal code. Avoid use of abbreviations.
11	<b>Account number of beneficiary</b>	State the complete account number of the beneficiary.
12	<b>Beneficiary's bank</b>	State the full address of the bank. Also indicate as much as possible, the bank code and its SWIFT code. Avoid abbreviations.
13	<b>Correspondent bank (if applicable)</b>	Where the currency of payment is not that of the country where the beneficiary bank is located, state the name and full address of its correspondent in the country in which the currency is the legal tender.
14	<b>Borrower</b>	State the name of the Borrower as indicated in the Loan Agreement, as well as the fax number and e-mail.
15	<b>Executing agency</b>	State the address, the fax number and e-mail address of the executing agency.
16	<b>Authorized signatory(ies)</b>	State the names, designation and address of the authorized signatory (ies) whose specimen signatures have been forwarded to the bank.

**Annexe 2**



BANQUE D'INVESTISSEMENT ET DE DÉVELOPPEMENT DE LA CÉRIQUE  
 ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT  
 BANCO DE INVESTIMENTO E DE DESENVOLVIMENTO DA CÉRIQUE



BANQUE D'INVESTISSEMENT ET DE DÉVELOPPEMENT DE LA CÉRIQUE  
 ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT  
 BANCO DE INVESTIMENTO E DE DESENVOLVIMENTO DA CÉRIQUE

(Delete inapplicable descriptions)

**FORM F2**

**SUMMARY STATEMENT OF EXPENDITURE : .....**

(To be submitted with the form .....

To be used for : **Method I Method II Method III**

1. EBID loan : .....      2. Project title : .....      3. Other sources:.....  
 4. Request N° .....      5. Currency requested:.....      6. Category :.....

Page..... of .....

Item N° (7)	Entrepreneur or supplier (Name and full address) (8)	Goods or services (9)		Contract or purchase order (10)				Invoice (11)				Date of payment (e)	Proof of payment (f)	
		Description (a)	Country of origin (b)	Ref. Date (a)	Total amount (b)	EBID portion (c)	Amount already paid by EBID (d)	Ref. date (a)	Total amount (b)	Exchange rate* (c)	Request amount (d)			
15. Total of payments of the previous page														
16. Cumulated amount of previous pages														
17. Total amount														

\*Official exchange rate of day in which the goods and services were procured

12. Attached justification documents .....      13 : Authorized signatures .....      14 . Date :.....

**ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT (EBID)**

**Guidelines for filling of Form F2**

Form F2 "Expenditure Summary statement" must be attached to Form F1 used for each of the disbursement methods chosen by the Borrower. It must be used at the same time to forward certain justification documents to EBID and to forward a detailed statement of documents which the Borrower must have in his custody, in accordance with the agreement entered into with EBID.

It should be pointed out that the Borrower must only keep the relevant documents if he has obtained an express authorisation from EBID in the disbursement letter or has been notified through appropriate correspondence.

The Borrower must number each expenditure statement, which must state the payment made in the same currency. He must therefore draw up a separate statement for each currency. Furthermore, only items comprised in the specific category of the list of goods and services shall be stated on the same page.

The total amount of payments stated on the same page must be indicated and, where there are many pages for the same category, the total shall be carried forward to the next pages. The pages of the summary statement of expenditure shall be numbered serially.

Item N°	Description	Explanatory note
1	<b>Loan number</b>	State the number, as specified in the Loan Agreement.
2	<b>Project title</b>	State the project title and the location where necessary.
3	<b>Other sources</b>	Where a project is financed by sources other than EBID, indicate the acronym or the abbreviated name of the co-financiers.
4	<b>Numbering of requests</b>	Use serial numbering (eg. 1,2,3, etc...) for direct payment and repayment method. For guarantees, use another method of numbering for issuance requests.
5	<b>Currency requested</b>	State the currency in which the disbursement must be made. In the event of repayment request, a bank attestation relating to the exchange rate applied must be attached, if the amount requested differs from the currency of settlement for goods, works or services.
6	<b>Category or sub project</b>	State the number and the title of the category.
7	<b>Item N°</b>	Number the expenditure items serially.
8	<b>Entrepreneur or supplier (name and full address)</b>	State the name and full address of the supplier, including the postal code. Avoid using abbreviations.
9 (a)	<b>Description</b>	Restate the description for goods, services, works mentioned in the invoice or the statement.
9 (b)	<b>Country of origin</b>	Restate the country of origin of the goods, services as indicated on the invoice or the statement.
10 (a)	<b>Ref. and Date</b>	State the reference number of the contract or of the purchase order.
10 (b)	<b>Total amount</b>	State the total amount of the contract or of the purchase order .
10 (c)	<b>EBID portion</b>	Sometimes EBID may only finance a portion of the purchase or order. State the portion financed by the Bank.
11 (a)	<b>Ref. and Date</b>	State the reference and the date of invoice.
11 (b)	<b>Total amount</b>	State the total amount of the invoice.
11 (c)	<b>Exchange rate</b>	State the official exchange rate on the day the goods and services are actually invoiced.
11 (d)	<b>Amount requested</b>	State the amount to be settled by EBID, this amount must be tax free and as the case may be, free of deductions.
11 (e)	<b>Date of payment</b>	This column must be filled where the method concerns working capital. State the date of payment made by the Borrower .
11 (f)	<b>Proof of payment</b>	If it is a cash payment, attach the payment receipts. If by cheque or bank transfer, state the details of the cheques or of the transfer. Stamps of the beneficiaries must be affixed on these receipts.
12	<b>Attached documents</b>	The Borrower must attach the relevant documents to be forwarded to EBID.
13	<b>Authorized signatures</b>	State the name, the title and address of the Project Head.
14	<b>Date</b>	State the date at which the expenditure summary statement was prepared.
15	<b>Total payments of the previous pages</b>	State the total amount of payments indicated on the previous page.
16	<b>Cumulated of previous pages</b>	State the cumulated amount of the pervious page.
17	<b>Cumulated total amount</b>	State the cumulated amount of all the pages of the expenditure summary statement which must correspond to the total amount requested for the relevant category.

**SAMPLE CONFORT LETTER FOR SPECIAL ACCOUNT**

**(Letterhead of commercial Bank Issuing Comfort Letter)**

**The President of the ECOWAS Bank for  
Investment and Development (EBID)  
128, Bd du 13 janvier B.P 2704 Lomé TOGO  
Tel : + 228 221 6864 Fax : + 228 221 86 84**

Dear Sir,

We refer to the procedure of the Ecowas Bank for Investment and Development (EBID) for disbursement of proceeds to projects through advances to special deposit account opened by EBID borrower's beneficiaries of such financing.

It is our understanding that, in furtherance of the provisions of the EBID Articles of agreement designed to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, the EBID provides in its agreements with the borrower and supplementary disbursement documents that the EBID must approve of the placement of funds in such accounts and of the terms and conditions thereof.

**(Name of depository bank)** opens accounts of the nature described above, for or at the request of EBID member borrowers or their central banks or the borrower or beneficiary entities. Recognizing that the EBID has an interest in safeguarding the use of such funds for the special purpose of its projects, we are pleased to confirm that **(Name of bank)** will not assert any claim to set of seize or attach amounts on deposit in such accounts to satisfy amounts due to **(name of bank)** except only to the extent necessary to protect its position such instances where a third party takes steps to attach such funds.

In the event that a third party has attached funds in any such account **(name of bank)** will inform the EBID immediately of such attachment and will cooperate, as appropriate, with the EBID in its efforts to seek the removal of such attachment(s).

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

Yours sincerely,

**Authorized Officier, Head Office**

**(Name Bank)**



**REQUEST FOR GUARANTEE  
 FORM LDG1**

**To :**  
**The President of the ECOWAS Bank For Investment and Development (EBID)**  
**128, Bd du 13 janvier B.P 2704 Lomé TOGO**  
**Tel : + 228 221 6864 Fax : + 228 221 86 84**

1. **EBID loan** : .....
2. **Project title** : .....
3. **Other sources** .....
4. **Request N°** : .....
5. **Currency** : .....

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

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

This Letter of Credit has been issued under contract/purchase order/invoice N°.....approved by par yourselves on .....

The undersigned hereby certify and agree as follows:

- a) You will pay the issuing or confirming bank of the amount paid or excepted to be paid by them under the terms of the letter of Credit.
- b) The advising or confirming bank shall request reimbursement of the said amounts in accordance with the provisions of the Guarantee.
- c) You will accept all amendments that the advising or confirming bank will submit on your behalf, in respect of: (i) the expiry date of your letter of credit; and (ii) the last date for negotiating documents. We understand that these extensions will not exceed the validity date of the reimbursement guarantee.
- d) All other amendments will be requested by us, directly to yourselves, for approval. These will include: (i) changes in the amount of the letter of credit, (ii) charges of the beneficiary, (iii) changes in the description and quantity of the goods, and (iv) extension of the expiry date of the letter credit beyond ..... months following the initial expiry date.
- e) Unless otherwise agreed, all bank charges, fees and commissions, and any other charges, including interest from the date of payment of the confirming bank to the date of reimbursement shall be at our charge and paid by us directly to the confirming bank.
- f) The undersigned has not previously withdrawn any amount from the Account to meet these expenditures. The undersigned has not intend to obtain other funds for this purpose out of the proceeds of any other loan, credit or grant.
- g) The goods sand services covered by this application shall be purchased in accordance with the terms of the Agreement.
- h) The expenditures and services covered by this application shall be purchased in accordance with the terms of the Agreement.
- i) The expenditures shall be made only for goods and services from eligible sources.
- j) In marking this request we hereby authorize that if due to exchange rate fluctuations the loan currency equivalent as specified and claimed under the RG is exceeds the value at the time of issuance, the EBID will use the uncommitted portion and if necessary, increase the original amount of the loan to cover the shortfall.

Name of Borrower: .....

Name and signature of authorize persons: .....



**REIMBURSEMENT GUARANTIEE N°.....**  
**FORM GR1**

**ECOWAS Bank For Investment and Development (EBID)**  
128, Bd du 13 janvier B.P 2704 Lomé TOGO  
Tel : + 228 221 6864 Fax : + 228 221 86 84

**EBID loan :.....**  
**Project title : .....**  
**Other sources .....**  
**Request N° : .....**  
**RG N°.....**

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

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

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

- a) Reimburse you for any payment made to the beneficiary or on the instruction of the beneficiary under and in accordance with the terms of the letter of credit;
- b) Pay to you amounts that have become due to the beneficiary, in respect of documents negotiated by yourselves and in accordance with the terms of the letter of credit, in which case you agree to make payment to or on the order of the beneficiary upon receipt of our remittance;
- c) Payment shall be made by us promptly, but not later than .....days after receipt by us of a request thereof as hereinafter provided;
- d) This guarantee is valid up to ..... and is subject to the following terms and conditions:
  - 1. You will advise and/or confirm the letter of credit and promptly advise us of any change in the negotiating bank.
  - 2. You undertake to promptly furnish us with copies of all amendments to the letter of credit. Such amendments are subject to the following additional conditions:
    - a) Any amendment involving a change in the value of the guarantee, the description or quality of goods or the beneficiary will not be operative until you receive our written approval
    - b) Any amendment extending the expiry date of letter of credit beyond the validity date of this guarantee will not be operative until you receive our written approval.
  - 3. If the letter of credit is not denominated in the currency of your country, you will notify us of the name and address of your correspondent bank in the country of such currency who will receive funds for your account.
  - 4. We shall not be obligated to make payments to you unless a request by swift (or exceptionally by mail) has been received by us.
  - 5. We shall not be obligated to you in respect of interest, commission and any other charges or expenses in connection with the letter of credit.
  - 6. You agree that upon cancellation, expiry or final payment of the letter of credit, you will advise us through the Borrower promptly there of, including the amount of any cancellation.
  - 7. This special commitment is issued under an African Development Bank Group loan agreement since such financing is limited, we shall not be obligated to make payments to the extent that they would in the aggregate exceed the equivalent, as determined by us when payment are made of (currency)..... It is our policy to retain sufficient funds in the loan account to cover outstanding special commitments. Our Borrower has agreed that if, because of this limitation clause, we cannot disburse the full amount needed to pay you, any uncommitted portion of the account is not sufficient to cover the deficiency, and in the arrange to make such payment promptly to you after receipt of our notification.
- 8. You will accept this Guarantee by swift (or exceptionally by mail) or by signing and returning the acceptance note hereunder.
- 9. For purposes of this Guarantee, the signature (s) endorsed as acceptance on the copy of this Guarantee, shall be used for authenticating your request for payment in cases where you present a written request for payment.
- 10. In the circumstances where your first request for payment under this guarantee is received before your formal acceptance, such request will be taken as an acceptance of the terms of our Guarantee and we shall accordingly proceed to make payment.

Yours sincerely,

Signed by:

**Authorized signatories**

**Director**  
**Department of Finance**

**Vice President**  
**Finance & Corporate Services**

**ACCEPTANCE OF GUARANTEE N°.....**  
**COVERING LETTER OF CREDIT N°.....**

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

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**(Name of issuing bank)**

and bear our reference: .....

Date :.....

Signed by :.....

**( Authorized Signature and stamp of negotiation bank )**

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BANQUE D'INVESTISSEMENT ET DE DÉVELOPPEMENT DE LA CEDEAO  
 ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT  
 BANCO DE INVESTIMENTO E DE DESENVOLVIMENTO DA CEDEAO

## DISBURSEMENT LETTER

Ref. : .....

(Amendment possible during the loan negotiations)

Name of beneficiary	(Name and position of the legal representative of the borrower)
Address	
City	
Country	
Tel.	
Telecopie	
Email address	

Copy	(Generally addressed to the EBID officer in charge of the dossier )
------	---------------------------------------------------------------------

Loan agreements N°	
Signed on	
Between:	
For financing the project	

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### **I. Introduction :**

Following the signing of the loan agreement, we are pleased to confirm the procedures applicable to the e disbursement of funds from the loan account once the said loan enters into force.

### **2. Entry into force**

The first loan disbursement will be made only after the entry into force of the loan. The loan shall enter into force once the borrower satisfies the conditions precedent to first disbursement, in line with the provisions specified in the loan agreement and the provisions of paragraph...and.. of the General Conditions Applicable to Loans, Guarantee and Counter-guarantee of EBID.

### **3. Person (s) authorized to sign the disbursement request**

One of the important conditions that you have to satisfy is to submit to us the name(s) of persons authorized to sign loan disbursement requests and the certified specimen of his/her/their signature(s).

Where there is more than one signature, please indicate whether they are authorized to sign individually or collectively.



**ECOWAS Bank for Investment and Development**  
**Form: LDC2**

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**4. Closing date for disbursements**

The deadline for last disbursement is specified in the loan agreement. (**closing date**). Where the date expires before the fulfilment of the conditions precedent to first disbursement, the date will be extended to enable disbursements to be effected once the conditions are met. Where the date expires during the period of disbursement, disbursements will be suspended until the extension of the date. The deadline extension request must be introduced without as soon as possible.

**5. List of goods and services**

Goods, services and works for which payment is requested must correspond to one of the categories of expenditure specified below. Any amendment of the list or re-allocation of funds shall be subject to prior approval from EBID.

The expenses for which payment is requested must fall into any of the following categories specified in the currency of the loan:

	<b>Categories of expenditure</b>	<b>Cost in foreign currency</b>	<b>Cost in local currency</b>	<b>Total cost</b>
A				
B				
C				
D				
E				
	Total			

**6. Disbursement modalities**

The mode of disbursement agreed upon during the loan negotiation phase and which are explained in detail in the disbursement manual are as follows:

- Mode N° 1 : Repayment of expenditure made the borrower out of its own resources
- Mode N° 2 : Payment by letter of credit
- Mode N° 3 : Initial advance or replenishment of working capital (Special Deposit Account)
- Mode N° 4 : Direct payments to the supplier

The use of any method other than the one agreed in this letter shall require prior authorization from EBID.



**ECOWAS Bank for Investment and Development**  
**Form: LDC2**

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**7. Special Deposit Account**

7.1 The initial amount to be paid into the Special Deposit Account shall be UA... The account will be replenished upon the submission of a request and after accounting for the utilization of the previous transfers. Payments into the account will only be made in one currency specified by the borrower.

7.2 The special account serving bank shall make an irrevocable commitment to EBID to:

- ensure that the funds in the account are not seized, frozen and used to defray amounts owed the bank by the borrower or used as lien;
- prepare monthly statement in respect of the current account and transmit copies to the borrower and EBID;
- make the account and documents relating to it accessible to officials of EBID and auditors mandated by the Institution.

**8. Amortization table and disbursement projections**

Once the loan is fully disbursed, a final amortization table will be prepared showing the various repayment currencies and maturity dates. Please find attached the disbursement projections which will be reviewed regularly and the loan repayment projections.

**9. Transmission of disbursement request dossier**

All disbursement requests must be addressed to:

**The President**  
**ECOWAS Bank for Investment and Development (EBID)**  
**128, Bd du 13 janvier B.P 2704 Lomé TOGO**  
**Tel: + 228 221 6864 Fax : + 228 221 86 84**

**10. Currency of disbursement**

A disbursement request must never be in respect of payments effected or to be effected in more than one currency. If borrower requests for payments to be made in Euro and CFA francs, separate disbursement request must be prepared for each currency. A disbursement request which contains different currencies will not be appraised.

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**Department of Finance and Accounts**  
**Loans Administration Division**



**ECOWAS Bank for Investment and Development**  
**Form: LDC2**

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**11. Invoicing and choice of currency of payment**

The dates for the payment of financial charges and the repayment of principal are ... .The relevant invoices will sent to you ....before the maturity dates so that you can take the necessary steps to pay EBID promptly.

**12. Payment advice**

Whenever you make a repayment in respect of the loan, you must advice EBID, providing the following information:

- Amount paid and currency of payment;
- Paying bank, value date of payment;
- The reference number of the loan in respect of which repayment was made;
- The account and the address of the bank through which payment was made.

**13. Sanctions as a result of loan arrears**

The borrower must ensure that all payments due EBID within the framework of the loan such as commitment fees, interest and principal payments are effected upon maturity. In default sanctions will be imposed in line with the provisions of the policy of EBID on recovery of loan arrears and sanctions.

**14. Correspondent bank**

Where the beneficiary of a payment is based in a country other than the one where the currency is legal tender, the name of the correspondent bank in the country of the beneficiary as well as its full address, and, where necessary, fax number and SWIFT code must be specified in the disbursement request.

**15. The beneficiary's bank**

The name and full address of the beneficiary, the account number as well as the name and address of his/her bank, fax number and SWIFT code must be specified in the disbursement request.



**ECOWAS Bank for Investment and Development**  
**Form: LDC2**

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**16. Causes of delay in the appraisal of disbursement requests**

We would also like to inform you of the causes of delay in the appraisal of requests. We hope all the necessary measures would be put in place to avoid the following:

- ✓ Failure to comply with the directives of EBID on how to fill the disbursement or guarantee request forms;
- ✓ Absence of a contract to justify the disbursement(s);
- ✓ Lack of authorized signatures or failure to notify EBID of changes to the list of authorized signatures;
- ✓ Absence of documentary evidence;
- ✓ Transmission of photocopies of important documentary evidence that are not certified ;

**Conclusion**

Most of the issues dealt with in the present letter are examined in detail in the disbursement manual which contains clear directives on how disbursement requests forms should be filled. We have drawn attention to the directives in order to highlight their importance in the process of disbursement.

We are entirely at your disposal for any additional information that you may require.

Yours sincerely.

**Signatures :**

**Director of Finance and Accounts**

**Vice-President , Finance and Corporate Services**

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**Department of Finance and Accounts**  
**Loans Administration Division**

**SAMPLE LETTER DESIGNATING AUTHORIZED SIGNNATORIES****(Leatherhead of borrowers)**

The President of the ECOWAS Bank for  
Investment and Development (EBID)  
128, Bd du 13 janvier B.P 2704 Lomé TOGO  
Tel : + 228 221 6864 Fax : + 228 221 86 84

<b>Project Name:</b>	
<b>Loan Number:</b>	

Dear Sir,

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

<b>Name</b>	<b>Fonction</b>	<b>Signatures</b>

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

Yours sincerely,

***Signature***

**Authorized Officier, Head Office**



BANQUE D'INVESTISSEMENT ET DE DÉVELOPPEMENT DE LA CEDEAO  
ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT  
BANCO DE INVESTIMENTO E DE DESENVOLVIMENTO DA CEDEAO

## Demande d'ouverture de la Lettre de Crédit documentaire -IMPORT Application for the Letter of Credit -IMPORT

Messieurs / Dear Sir,

Veuillez ouvrir un crédit documentaire en faveur du bénéficiaire suivant les instructions ci-dessous/  
Please, open a Documentary credit in favour of the beneficiary according to the instructions below.

- Révocable / Revocable     
  Irrévocable / Irrevocable     
  Transférable / Transferable     
  YES / NO
- Date d'ouverture : / Opening date: .....     
  Date extrême de validité / Expiry date in the beneficiary's county:.....

En faveur de / In favor of

.....

Pour un montant : / For an amount of :

- Maximum / Maximum     
  Environ / Approximately

.....

Utilisable contre (veuillez indiquer les mentions requises par X) :  
Available against (please mark the appropriate square with X) :

- A vue / At sight     
  Traités / Drafts     
  Négociation / Negotiation     
  à / at.....

- DOCUMENTS REQUIS / DOCUMENT REQUIRED :

- Factures commerciales / Commercial invoice drawn in .....exemplaires / .....copies

- Jeu complet de connaissements à bord / Full set of clean on board bills of lading

- Etabli à l'ordre de : / To the order of .....     
  Fret payable à destination / Freight collect

- Veuillez aviser / Notify :.....     
  Fret payé d'avance / Freight prepaid

- Police d'assurance couvrant les risques à 110% valeur de la marchandise



BANQUE D'INVESTISSEMENT ET DE DÉVELOPPEMENT DE LA CEDEAO  
 ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT  
 BANCO DE INVESTIMENTO E DE DESENVOLVIMENTO DA CEDEAO

Insurance policy covering the risks at 110 % of good value

Certification d'inspection  
 Inspection certificate .....

Autres documents.  
 Other documents: .....

Description des marchandises :  
 Description of the goods .....

De ..... à .....  
 From..... to .....

Modalités de livraison :  FOB  C.I.F  Autres  
 Terms of delivery :  Others

Date ultime d'embarquement  
 Latest shipping date : .....

Date limite de validité de la présente lettre de crédit à nos caisses –auprès de notre correspondant:  
 Expiration date of the validity of the present Letter of credit- our offices –at our correspondent's  
 offices:

Expeditions partielles  Autorisées  Interdits  
 Partial shipment  Authorized  Not authorized

Transbordements  Autorisés  Interdits  
 Transshipment  Authorized  Not authorized

Tous les frais bancaires hors du Togo sont à charge du  Demandeur  Bénéficiaire  
 All banking charges outside of Togo will be borne by :  Applicant  Beneficiary

Remarques :  
 Remarks: .....

Instruction de confirmation.  OUI / YES  SANS /WITHOUT  
 Confirmation instruction

Fait à /done in .....

Signature (s) autorisée (s)  
 Authorized Signature (s)