

5 INSTRUCTIONS FOR WITHDRAWAL OF LOAN PROCEEDS

Authorized Signatory

- 5.1 Each withdrawal application is signed by the borrower's duly authorized representative(s). In accordance with the *Loan Regulations* and loan agreement, ADB requires the borrower's representative designated in the loan agreement to furnish sufficient evidence of the authority of the person(s) who will sign the withdrawal application together with their authenticated specimen signatures. The evidence must reach ADB before the borrower submits the first withdrawal application.

Allocating Loan Proceeds

- 5.2 Items to be financed by ADB loans are usually grouped into loan categories. The loan agreement between the borrower and ADB presents the amount allocated to each category of project expenditures at appraisal time. Reallocation from one category to another may be allowed unless prohibited in the loan agreement.
- 5.3 For development finance institution (DFI) loans and sector loans, allocation of loan proceeds to the various categories is not normally set out in the loan agreement. These loans are categorized by subloan and subproject, respectively.

Currency of Withdrawal

- 5.4 For ADF loans invited for negotiations before 1 January 2006, withdrawals are made either in the currencies in which the cost of goods and services has been paid or is payable, or in such currencies as ADB may select from time to time. For ADF loans invited for negotiations on or after 1 January 2006, withdrawals can only be made in one or more currencies which constitute the special drawing rights (SDR), as ADB may from time to time select.
- 5.5 In accordance with OCR loan regulations, withdrawals are made in the loan currency to meet the cost of goods and services. If ADB shall have reasonably determined that an extraordinary situation shall have arisen under which ADB shall be unable to provide the loan currency at any time for purposes of funding the loan, ADB may provide such substitute currency or currencies for said loan currency as ADB shall select.

Currency of Payment

- 5.6 In principle, payment is made in the currency in which the cost of goods and services has been paid or is payable. For expenditures incurred in the borrower's currency (local currency), the amount requested in the withdrawal application must be in local currency. A separate withdrawal application is required for each currency.

Payment Instructions

- 5.7 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 Bank Identifier Code (BIC) if payee's bank is a member of SWIFT;
 - Payee's account number is mandatory;
 - For payments to anywhere in Europe, the International Bank Account Number (IBAN) and the related SWIFT BIC of payee's bank should be provided;
 - If SWIFT BIC for the payee's bank is not available, provide the national clearing system code such as Fedwire Routing number (FW), CHIPS Universal Identifier (CH), UK Domestic Sort Code (SC), Australian Bank State Branch Code (AU), German Bankleitzahl (BL) account number with the correspondent bank, where applicable
 - 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 BIC if correspondent bank is member of SWIFT;
 - If SWIFT BIC for the correspondent bank is not available, provide Fedwire ABA Number and CHIPS Participant Number for US dollar payments
 - Special instructions or references to facilitate payment or identification of payment, where applicable

Other Instructions

- 5.8 The signed original copy of the withdrawal application is submitted to ADB. The accompanying summary sheet should be signed by the borrower's authorized representative and/or project official. Supporting documents may be submitted as photocopies. A summary of supporting documents required for processing payment of withdrawal application is shown in *Appendix 10*.

- 5.9 Alterations on the application forms are initialed by the borrower's authorized representative.
- 5.10 The minimum value per withdrawal application is US\$100,000, unless otherwise approved by ADB. The borrower is to consolidate claims to meet this limit for reimbursement and imprest fund.

PCSS Number¹

- 5.11 The procurement contract summary sheet (PCSS) number is assigned by ADB for identifying a particular contract approved by the borrower and submitted to ADB under a particular loan. The PCSS includes the
- ADB contract number;
 - date of contract approval;
 - mode of procurement;
 - name of contractor or supplier;
 - terms of payment and currency of contract; and
 - percentage of ADB financing.
- 5.12 The PCSS number is shown on the summary sheet. To obtain the number, refer to ADB's monthly report named List of Contract by Executing Agency, which is available in the Loan Financial Information System (LFIS) website (please refer to Section 15.4 and Chapter 16).

Sample Forms

- 5.13 Withdrawal application forms and summary sheets vary for different procedures. For direct payment and reimbursement procedures, samples of the forms to be used and instructions for accomplishing them are in *Appendix 5*. For other procedures, please see *Appendixes 6 and 7*. These forms can also be downloaded from LFIS website <http://lfis.adb.org>.

Disbursement Review

- 5.14 Guidelines for reviewing and processing withdrawal applications are shown in *Appendixes 12 and 13*.

¹ For DFI loans, the equivalent of the PCSS number is the subloan number, which should be shown in the summary sheet.