



صندوق أبوظبي للتنمية  
ABU DHABI FUND FOR DEVELOPMENT



## Withdrawal Procedures

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## Procedure for the withdrawal of proceeds

Loans proceeds are not, as a general rule, disbursed to a borrower immediately upon signature of a loan agreement or when it comes into effect. amounts are only disbursed to meet or cover actual approved expenditure, or payments due on the project, duly supported by full documentation, in accordance with the provisions of the loan agreement

### Conditions to be met prior to commencement of withdrawals on proceeds of a loan:

1. Effectiveness of loan agreement  
satisfactory evidence shall be furnished to the lender that all conditions relating to the agreement becoming effective, as provided for in the loan agreement, have been met and the agreement can be duly considered as being effective on the date upon which the lender dispatches, by cable to the borrower, notice of acceptance of the evidence submitted.
2. Authority to make withdrawals  
The borrower shall furnish to the lender the formal instrument of authorization of the person or persons who will sign the applications for withdrawal, and the authenticated specimen signature of each such person, on the special form provided for such purpose, (see appendix), duly endorsed by the representative of the borrower. In the event that more than one signature is necessary, the representative of the borrower shall indicate whether such persons are authorized to sign applications singly or jointly.

### List of goods financed by the loan

Withdrawals from the proceeds of the loan shall be used to cover the cost of goods, and services determined in the list of goods annexed to the loan agreement. No modifications shall be made to such list save by agreement of the lender and the borrower in writing.

### Withdrawal of proceeds of the loans

Withdrawals on the proceeds of the loan shall be in any one of the following cases.

- Case 1: To reimburse previous expenditures
- Case 2: To meet required expenditure
- Case 3: To enter into a commitment
  - 3.AA qualified commitment
  - 3.BAn irrevocable commitment

In exceptional cases, special arrangements, agreed upon by the borrower and the lender, may be made for withdrawal of loan proceeds.

### **Applications for withdrawal**

The borrower shall, in all the above cases, submit an application to the lender for withdrawals on loan proceeds, on the form appropriate to each case, to which shall be attached all supporting documentation.

### **Numbering of applications for withdrawals**

Each application for withdrawal shall be given a serial number regardless of the case under which it is listed. A supplementary sub-number indicating the case and the serial number of the application may be added.

### **Applications for withdrawal by cable\***

In cases requiring expeditious payments to a beneficiary or entry into a commitment a borrower, subject to the prior approval of the lender, may make an application for withdrawal by cable, subject to:

1. The cable being a tested cable
2. The cable including all basic information required by the lender
3. The lender having prior information to enable assurance of the accuracy of the information contained in the cable
4. The cable making reference to the fact that the written application for withdrawal and supporting documentation have been dispatched by mail

## **Case 1: Withdrawals for reimbursement of prior expenditure**

### **Preparation of applications for withdrawal**

A borrower who wishes to make withdrawals on a loan for reimbursement of an expenditure or expenditures incurred, shall submit to the lender an application for withdrawal of the amount required as follows:

#### **1. Form and elements of application for withdrawal**

- 1.1 An application for withdrawal shall be submitted in any of the following languages: Arabic, English or French and shall contain the following:
  - Formal application on Form 1.1 attached
  - A form or sheets indicating the items of goods for which withdrawal is requested, on Form (1.2) attached
  - Supporting documents
- 1.2 The formal application and form(s) shall be signed by the authorized representative(s) of the borrower
- 1.3 A separate application shall be prepared for each currency in which reimbursement is to be made (unless the lender should otherwise agree)

#### **2. Identification of items in the list of goods**

The number and description of each item of goods as shown in the list of goods in the loan agreement shall be noted in the form. A detailed breakdown of the item shall be given in the event that such shall be appended to the list of goods.

#### **3. Preparation and compilation of forms**

- 3.1 The form shall be filled according to the headings contained therein
- 3.2 The amounts appearing in each form shall be totaled separately
- 3.3 The total amounts appearing in the forms shall equal the amount indicated in the application for withdrawal
- 3.4 If it is agreed that the lender shall reimburse payments incurred prior to the effective date of the agreement, such payments shall be listed in one form or more

#### **4. Documents in support of the application for withdrawal**

The following documents shall be submitted with each application for withdrawal (unless the lender should otherwise agree).

- 4.1 An invoice from the supplier indicating the goods (and /or services) supplied (or a legible copy thereof)
- 4.2 Evidence of payment to the supplier:
  - A receipted invoice or a formal receipt of the supplier. or
  - A cancelled note (promissory note or bill) or cancelled check whereby payment was made, or a photostatic copy thereof, or
  - A commercial bank's report of payment if the payment has been made under a letter of credit, or
  - Any other evidence satisfactory to the lender
- 4.3 A copy of the bill of lading or, should such not be possible for reasons acceptable to the lender, a statement by the supplier that the goods have been shipped. Such a statement should give the date of shipment, means of shipment, name of the vessel and port of arrival
- 4.4 If the application for withdrawal is for reimbursement of payments made, or installments paid, by the borrower by virtue of a contract, a copy of the contract, or the purchase order by virtue of which the transaction was completed shall be provided. Such contract must already have been approved by the lender (if such approval is required in accordance with the loan agreement) to enable payment of any amounts pertaining thereto. Normally such copy of the contract or purchase order will be required only once and need not be included in subsequent applications for withdrawal. If the amount due on a contract is on the basis of completion of certain works, a certificate, or a progress report, by the engineer responsible for implementation indicating that the payment is due, will be required
- 4.5 In the event that a consultant is present to supervise implementation of the project, a consultant's report indicating completion of the relevant works will be required

## 5. Items relating to shipping charges

When an application for withdrawal is made to pay freight, insurance or any other shipping charges, the application should contain sufficient evidence to enable the lender to relate any single item of shipping charges to the appropriate goods that the lender has agreed to finance.

### **Acceptance of applications for withdrawal:**

1. The lender shall scrutinize the application for withdrawal and supporting documents to ensure that the information contained is accurate and conforms to the provisions of the loan agreement and any other documentation annexed thereto
2. After approval of an application, the lender shall authorize that payment be made to the borrower, or to his order, and shall notify the borrower of the amount and currency of the disbursement made and its equivalent on the date of disbursement
3. If for any reason, an application is not approved by the lender a letter is send to the borrower notifying it of the disapproval and the reasons therefor
4. The lender shall transfer the amount due in full, the borrower being liable for any bank commission on the amount transferred

## Form (1.1)

Date | \_\_\_\_\_  
Loan Agreement No. | \_\_\_\_\_  
Application Serial No. | \_\_\_\_\_  
(Name and address of lender) | \_\_\_\_\_  
(Relevant division) | \_\_\_\_\_

**Application for reimbursement of** \_\_\_\_\_ **(Indicate currency)**

Pursuant to the loan agreement dated \_\_\_\_\_ between \_\_\_\_\_  
and \_\_\_\_\_ (Name of lender)

The undersigned hereby applies for withdrawal from the loan account of the sum of \_\_\_\_\_  
and confirms as follows:

1. Said amount is required to reimburse the undersigned as described in the attached form(s)
2. The Undersigned has not heretofore withdrawn from the said loan account or applied for the withdrawal from said loan account of any amounts for the purpose of reimbursing the undersigned for such amounts, and has not obtained any other loan, or grant available to the undersigned, other than such short term loans (if any) established in anticipation of the withdrawals applied for herein, and to be repaid with the funds withdrawn hereunder as are described in the attached form(s)
3. Such expenditures were made in carrying out the project provided for under Article of the loan agreement; the goods (and /or services) so purchased are appropriate for the purposes of the Project, and the cost and terms of purchase thereof are reasonable
4. At the date of this application, there is no existing default under the said loan agreement
5. The amount for which application for withdrawal is being made, is equal to that proportion of the value of the attached documentation being financed by the lender

Please make payment as follows:

Deposit in said currency, or the equivalent of (state currency) at the current rate of exchange for account of (name) at (name and address of bank)

**Borrower (Authorized representative)**

**Signature** | \_\_\_\_\_

**Name** | \_\_\_\_\_

**Function** | \_\_\_\_\_



# Form (1.2)

## Case 1

### Items of list of goods wherefor application for withdrawal is being made

Date | \_\_\_\_\_  
 Loan Agreement No. | \_\_\_\_\_  
 Application Serial No. | \_\_\_\_\_  
 Form No. | \_\_\_\_\_

1	2	3	4	5	6	7	8	9	10	11	12	13
Item No. as per list of goods	Description as per list of goods	Description of goods or services	Date of contract No. or P.O	Article and paragraph of relevant contract (if any)	Date of lender's approval of contract	Delivery date of goods or services	Name and address of supplier	Date of payment	Amount of payment by lender	Financing (name of financier) according to list of goods		Remarks
										Amount	Proportion	

### Borrower (Authorized representative)

Signature | \_\_\_\_\_  
 Name | \_\_\_\_\_  
 Function | \_\_\_\_\_

## **Case 2: Withdrawals from the loan to enable payments to be made**

### **Preparation of applications for withdrawal**

A borrower may also submit to the lender an application prior to having paid for goods or services on the following lines:

#### **1. Form and elements of application for withdrawal**

1.1 The application shall be submitted in any of the following languages: Arabic, English or French and shall contain the following:

- A formal application on form (2.1), attached
- A form or forms stating the individual items of goods for which an application for withdrawal is being submitted, on form (2.2) attached
- Supporting documents

1.2 The formal application and forms shall be signed by the authorized representative(s) of the borrower

1.3 A separate application shall be submitted for each currency for which payment is requested (unless the lender should otherwise agree)

#### **2. Identification of items in the list of goods**

The number and description of each item of goods as shown in the list of goods in the loan agreement is to be noted in the form(s). A detailed breakdown of the item is to be given in the event that such is appended to the list of goods.

#### **3. Preparation and compilation of forms**

3.1 The form shall be filled according to the headings contained therein

3.2 The amounts appearing in each form are to totally separately

3.3 The total amounts appearing in the forms shall equal the amount indicated in the application for withdrawal

#### **4. Documents in support of the application for withdrawal**

The application for withdrawal should be supported by a copy of the purchase order on which the payment is due, and a copy of the supplier's invoice. If the amount due on a contract is on the basis of completion of certain works, a certificate or progress report by the engineer responsible for implementation, indicating that the payment is due, will be required. Such contract must already have been approved by the lender (if such approval is required in accordance with the loan agreement).

## 5. Items relating to shipping charges

When an application for withdrawal is made to pay freight, insurance or any other shipping charges, the application should contain sufficient evidence to enable the lender to relate any single item of shipping charges to the appropriate goods that the lender has agreed to finance.

### Implementation of application for withdrawal

1. The lender shall scrutinize the application for withdrawal and supporting documents to ensure that the information contained is accurate and conforms to the provisions of the loan agreement and any other documents annexed thereto
2. After approval of the application, the lender shall authorize payment to the beneficiary and shall notify it of the amount and currency of the disbursement, and notify the borrower accordingly, stating the value of the disbursement on the date of disbursement. If for any reason, an application is not approved by the lender a letter is sent to the borrower, notifying it of the disapproval and the reasons therefor
3. The lender shall pay the amount due in full, without deduction. A record\* shall be maintained of the commission, if any, charged by the bank effecting payment, against transfer from the loan account, the borrower being notified accordingly

\* Retention of this sentence is left to the discretion lenders.

## Form (2.1)

Date | \_\_\_\_\_  
Loan Agreement No. | \_\_\_\_\_  
Application Serial No. | \_\_\_\_\_  
Name and Address of Lender | \_\_\_\_\_  
Relevant Division | \_\_\_\_\_

**Application for withdrawal of an amount of \_\_\_\_\_ (State currency)  
to enable payment to be made \_\_\_\_\_**

pursuant to the loan agreement dated \_\_\_\_\_ between \_\_\_\_\_  
and \_\_\_\_\_ (Name of lender)

The undersigned hereby applies for withdrawal from the loan account open under the  
said loan agreement sum of \_\_\_\_\_ and confirms as follows:

1. Said amount is required to enable the undersigned to meet expenditures to be made by the borrower as described in the attached form(s)
2. The undersigned has not heretofore withdrawn from the said loan account or applied for the withdrawal from said loan account of any amounts for the purpose of payment described in the attached form(s)
3. Such expenditures were made in carrying out the project provided for under article \_\_\_\_ of the loan agreement; the goods (and /or services) so purchased are appropriate for the purposes of the project, and the cost and terms of purchase thereof are reasonable
4. At the date of this application, there is no existing default under the said loan agreement
5. The amount for which application for withdrawal is being made, is equal to that proportion of the value of the attached documentation being financed by the lender

Please make payment as follows:

For the account of (name of beneficiary and address in full) account No. \_\_\_\_\_  
with \_\_\_\_\_ bank (name and address of bank)

### **Borrower (Authorized representative)**

**Signature** | \_\_\_\_\_  
**Name** | \_\_\_\_\_  
**Function** | \_\_\_\_\_

## Form (2.2)

### Items of list of goods wherefor application for withdrawal is being made

Date | \_\_\_\_\_  
 Loan Agreement No. | \_\_\_\_\_  
 Application Serial No. | \_\_\_\_\_  
 Form No. | \_\_\_\_\_

1	2	3	4	5	6	7	8	9	10	11	12	13
Item No. as per list of goods	Description of goods as per list of goods	Description of goods or services	Date of contract No. or P.O	Article and paragraph of relevant contract (if any)	Date of lender's approval of contract	Delivery date of goods or services	Name and address of supplier	Date of payment	Amount of payment by lender	Financing (name of financier) according to list of goods		Remarks
										Amount	Proportion	

#### Borrower (Authorized representative)

Signature | \_\_\_\_\_  
 Name | \_\_\_\_\_  
 Function | \_\_\_\_\_

## Case 3 : Entering into a commitment

In the event that a borrower opens letters of credit in favour of a supplier for payment of the cost of goods, and the corresponding (advising or confirming bank)\* stipulates collateral to be put up by the borrowers for such letter of credit, the borrower may submit an application for a commitment to be entered into to cover the amount that the bank shall pay pursuant to the letter of credit. Such commitment may be either qualified or irrevocable.

### Case 3. A : Entering into as qualified commitment

The term “qualified” means that if a loan is cancelled, or disbursements thereon suspended in accordance with the provisions of the loan agreement, the lender will not be liable for sums paid by the corresponding bank against the qualified letter of credit opened by the borrower.

#### 1. Preparation of applications for withdrawal

- 1.1 Applications for withdrawal shall be submitted in any of the following languages: Arabic, English or French and shall contain the following:
  - Formal application on form (3. A. 1), attached
  - A form on form (3. A. 2), attached
  - A legible copy of the letter of credit issued by the opening bank\*\*
  - An approved copy of the final contract or purchase order, according to the terms of which amounts are to be paid (if the borrower has not already furnished the lender with a copy)
- 1.2 The formal application and forms shall be signed by the authorized representatives of the borrower
- 1.3 The corresponding bank shall furnish the lender with a similar application on form (3. A. 3), attached, and to this end shall provide the opening bank in the country of the borrower with copies of the form for use in making such applications

#### 2. Identification of items in the list of goods

The number and description of each item of goods as shown on the list of goods in the loan agreement shall be noted in the form. A detailed breakdown of the item shall be given in the event that such shall be appended to the list of goods

#### Implementation of application for withdrawal

Immediately on receipt of the application for withdrawal, the lender shall proceed to scrutinize it. After approval, the lender shall dispatch the “Qualified Commitment” together with a copy thereof the corresponding bank on Form (3. A. 4) attached, together with a copy of the proposed letter of credit. The lender may send the qualified commitment before receipt of the application of the corresponding bank, referred to in paragraph (1.3) above, on Form (3.A. 3). The lender will then forward to the borrower

\* A Corresponding bank is a bank that notifies a supplier of, or confirms the letter of credit

\*\* Opening bank is the bank opening the letter of credit and is normally located in the country of the borrower

and to the opening bank a copy of the qualified commitment after it is returned, duly signed, by the corresponding bank.

If, for any reason, an application is not approved by the lender, a letter is sent to the borrower notifying it of the disapproval and the reasons therefor.

### **Withdrawals on Credits**

1. Whenever the corresponding bank effects payment of any amount against the letter of credit, it shall furnish the lender with a report advising of the payment and requesting coverage of the amount, on form (3. A. 5), attached, together with the supplier's invoice or any other document required by the lender
2. The lender shall pay the amount requested directly to the corresponding bank and shall notify the borrower of the payment, indicating the amount involved, the currency in which payment was effected, the date of payment and the equivalent amount disbursed from the loan. In order to save time between payment by the correspondent bank of the amounts due to the supplier, and the date of payment by the lender to the bank which would be in the interests of the borrower – the lender will accept applications by tested cables in the form approved by the lender subject to:
  - The prior approval of the corresponding bank that a tested cable in the prescribed form shall constitute a signed application for withdrawal of the amounts paid against the letter of credit, as indicated in the cable
  - A statement by the corresponding bank that it has paid the amounts requested in accordance with the terms of the letter of credit and that it has sent, or is in the process of sending the report and application referred to in (1) above, by mail
3. In the event of any default of the terms of the letter of credit, or if its validity has expired, the lender shall not effect payment unless the bank's fulfillment of the obligation was in accordance with accepted banking practice or with the approval of the borrower

### **Amendment of letter of credit**

A letter of credit may be amended by the following procedure:

- The borrower will submit to the lender an application on form (3. A. 6), attached, together with the proposed amendment. In cases of urgency special arrangements may be made to dispatch the application by cable
- The lender then communicates approval of such amendment to the corresponding bank either in writing or by cable as the case may require, after carrying out any necessary scrutiny

## Form (3. A. 1)

### Borrower's application to the lender for a qualified commitment to cover amounts and to make withdrawals on a loan for such purpose

Date | \_\_\_\_\_  
Loan Agreement No. | \_\_\_\_\_  
Application Serial No. | \_\_\_\_\_  
Name and Address of lender | \_\_\_\_\_  
Competent Division | \_\_\_\_\_

Pursuant to the loan agreement dated \_\_\_\_\_ between \_\_\_\_\_  
\_\_\_\_\_ and \_\_\_\_\_ (Name of financier)

The undersigned hereby certifies and agrees as follows:

1. In accordance with the request(s) by (Corresponding bank) the borrower requests the lender to enter into a qualified commitment for the lender to pay to corresponding bank, on such terms and conditions as shall be approved by the lender, such amounts as shall be paid by the confirming bank under the letter of credit specified in the form, as the same shall be amended, from time to time, With the written approval of the lender
2. The borrower hereby requests and irrevocably authorizes the lender to pay to the corresponding bank from time to time, such amounts as shall be paid by the bank under the said letter of credit. Such amounts paid by the bank in the said manner shall be considered as having been disbursed from the loan. The lender may conclusively rely on any written statement by the corresponding bank made by it under, and in accordance with, the terms the letter of credit
3. Said amounts are required to enable the borrower to meet expenditures to be made, or to be provided in (state currency) as are set forth in the form
4. The borrower has not heretofore withdrawn from the loan, or applied for withdrawal from the loan of any funds for the purpose of payment of such amounts and has obtained funds for such purpose out of the proceeds of any other loan or grant available to it
5. The said amounts are for payments due in implementation of the project provided for in the loan agreement; the goods and/or services purchased are appropriate for such purposes and the cost and terms of purchase are reasonable
6. To date there is no existing default in the performance of the loan agreement referred to heretofore



7. The borrower hereby agrees that any cancellation of the loan in accordance with the loan agreement shall not be effective with respect to any part of the loan as to which the lender shall have issued a qualified commitment pursuant to this application
  
8. The lender shall not be obligated to reimburse the corresponding bank for payments under such letter of credit subsequent to the date of cancellation of the loan, or suspension of disbursements from the Loan in accordance with the terms of the agreement

Notwithstanding, the lender may in its discretion reimburse the corresponding bank for any amounts expended by it after any such cancellation or suspension, and the amount so reimbursed shall be deemed a withdrawal, approved by the borrower, from the loan

**Borrower (Authorized representative)**

**Signature** |  
**Name** |  
**Function** |

## Form (3. A. 2)

**Application for qualified commitment by the lender to cover amounts paid by (name of corresponding bank)**

Date | \_\_\_\_\_  
 Loan Agreement No. | \_\_\_\_\_  
 Application Serial No. | \_\_\_\_\_  
 Form No. | \_\_\_\_\_

1	2	3	4	5	6		7	8	9	10	11
Item No.	Description as per list of goods	Description of goods and / or services	Date and No of contract or P.O	Date of Lender's approval of contract	Opening corresponding bank		Proportion	Expiration date	Beneficiary	Amount and currency	Remarks
					Name credit no.						

**Borrower (Authorized representative)**

Signature | \_\_\_\_\_  
 Name | \_\_\_\_\_  
 Function | \_\_\_\_\_

### Form (3. A. 3)

#### Bank's request for qualified agreement to reimburse

Date | \_\_\_\_\_  
Our Letter of Credit No. | \_\_\_\_\_  
Loan No. | \_\_\_\_\_  
To (Lender Address) | \_\_\_\_\_

Gentlemen,

We have been requested by \_\_\_\_\_ to \_\_\_\_\_  
a documentary letter of credit No. \_\_\_\_\_  
for account of \_\_\_\_\_  
in the amount of \_\_\_\_\_  
in favour of \_\_\_\_\_ (Name and address of supplier)  
relating to \_\_\_\_\_ (Description of merchandise)  
expiring on \_\_\_\_\_

We hereby request a qualified undertaking by lender to reimburse us for which shall be made by us under said letter of credit. Upon receipt of such agreement in form satisfactory to us we will \_\_\_\_\_ (advise or confirm) said letter of credit.

In the meantime, pending the receipt of the necessary agreement, we are enclosing herewith two copies of the proposed letter of credit.

**Very truly yours,**

**Bank**  
**Authorized Signature**

## Form (3. A. 4)

**(Lender's Name)**  
**Qualified agreement to reimburse**

To (Bank) | \_\_\_\_\_  
Date | \_\_\_\_\_  
Your Letter of Credit No. | \_\_\_\_\_  
(Address) | \_\_\_\_\_  
Issuing Bank Credit No. | \_\_\_\_\_  
Loan No. | \_\_\_\_\_  
Serial No. | \_\_\_\_\_

Gentlemen,

We Transmit herewith copy of a letter of credit which we understand you are prepared to \_\_\_\_\_ (advise or confirm)

for account of \_\_\_\_\_

in favour of \_\_\_\_\_

in the amount of \_\_\_\_\_

relating to \_\_\_\_\_

expiring on \_\_\_\_\_

At the request of \_\_\_\_\_ (Borrower's name)

and in consideration of your acceptance hereof as provided below, we hereby agree to reimburse you for payments which shall be made by you to or on the order of said beneficiary under and in accordance with the terms of said letter of credit as set forth in the enclosed copy thereof as the same shall be amended or extended from time to time with our written approval. Reimbursement shall be made by us promptly but not later than 30 days after receipt by us of written request therefore as hereinafter provided

This agreement is subject to the following terms and conditions:

1. That you will issue, advise or confirm said letter of credit, as the case may be
2. That we shall not be obliged to reimburse you for any such payment unless written request therefore, sufficiently identifying the items on said letter of credit to which such payment relates and accompanied by a copy of the supplier's invoice, shall have been mailed to us promptly after such payment is made
3. That we shall not be obliged to you in respect of interest on or commission, expenses or other charges in connection with, said letter of credit

4. That you agree that upon cancellation in whole or in part of said letter of credit you will advise us promptly thereof and of the amount of such cancellation; and that upon expiration of, or final payment under, said letter of credit you will advise us promptly thereof and of the amount of the unused balance there-under , if any;
  
5. That in the event the right to make withdrawals under the loan agreement between the said borrower and the lender dated \_\_\_\_\_ should be suspended pursuant to section \_\_\_\_\_ of the Loan agreement, or should be cancelled pursuant to section \_\_\_\_\_ of the loan agreement, we shall not be obliged to reimburse you for any payment made by you subsequent to the date of such suspension or cancellation, anything in any other section or part of said loan agreement to the contrary notwithstanding

Please confirm your acceptance of this agreement on the foregoing terms and conditions by signing the form of acceptance on the enclosed copy of this letter and returning it to us.

**Very truly yours,**

**Lender’s Name**

**Authorized Signature**

### **Form of Acceptance**

We confirm our acceptance of this agreement on the terms and conditions above stated. The letter of credit above referred to bears our number \_\_\_\_\_

**Date** |

**Bank** |

**Authorized Signature** |

## Form (3 .A .5)

### Bank's report of payment and request for reimbursement

Date | \_\_\_\_\_  
Our Letter of Credit No. | \_\_\_\_\_  
Loan No. | \_\_\_\_\_  
To (Lender's name) | \_\_\_\_\_  
Address | \_\_\_\_\_

(concerned department) \_\_\_\_\_

We have paid \_\_\_\_\_ on \_\_\_\_\_  
to or to the order of \_\_\_\_\_ (Name and address of beneficiary)  
\_\_\_\_\_ under the above specified letter of credit.

Such payment was made against delivery of documents specified in said letter of credit evidencing:

Shipment of the merchandise specified below:

From \_\_\_\_\_ to \_\_\_\_\_ or \_\_\_\_\_

Shipment of said merchandise per S.S \_\_\_\_\_

From \_\_\_\_\_ to \_\_\_\_\_

B/L No. \_\_\_\_\_ dated \_\_\_\_\_ or \_\_\_\_\_

Storage of said merchandise at \_\_\_\_\_

or \_\_\_\_\_

Said documents have been disposed of as follows:

\_\_\_\_\_

Copy of the supplier's invoice is attached.

Such payment was made in accordance with the terms of said letter of credit as set forth in the copy thereof enclosed with your agreement to reimburse No. \_\_\_\_\_ and amendments thereof, if any, approved in writing by you.

We request reimbursement of the above amount pursuant to said agreement to reimburse, by transferring said amount to us directly or to our account No. \_\_\_\_\_ with bank (Name and address of the bank).

**Very truly yours,**

**Bank**

**Authorized Signature**

## Form (3 .A .6)

### Borrower's application for approval of amendment of letter of credit

Date	_____
Loan Agreement No.	_____
Commitments No.	_____
Application Serial No.	_____
Letter of Credit No.	_____
(No. of opening bank letter of credit)	_____
(Name and address of lender)	_____
(Competent division)	_____

Agreement has been reached with the supplier (Name of supplier) to amend the letter of credit referred to above, in accordance with the attached copy of the amendment and we have communicated with the opening bank to make such amendment. Since amendment by the corresponding bank of the letter of credit requires the approval of the lender, the undersigned hereby requests that you confirm directly to the said bank (name of corresponding bank), your approval of such proposed amendment.

#### Borrower (Authorized representative)

Signature	_____
Name	_____
Function	_____

## Case 3.B: Entering into an irrevocable commitment

### Preparation of applications for withdrawal

1. Applications for withdrawal shall be submitted in any of the following languages: Arabic, English or French and shall contain the following:
  - Formal application on form (3. B. 1) attached
  - A form on Form (3. B. 2), attached
  - A legible copy of the Letter of credit issued by the opening bank
  - An approved copy of the final contract or purchase order, according to the terms of which amounts are to be paid (if the borrower has not already furnished the lender with a copy)
2. The formal application and forms shall be signed by the authorized representative(s) of the borrower
3. The corresponding bank shall furnish the lender with a similar application on Form (3. B. 3) attached, and to this end shall provide the opening bank in the country of the borrower with copies of the form for use in making such application

### Identification of items in the list of goods

The number and description of each item of goods as shown in the list of goods in the loan agreement shall be noted in the forms. A detailed breakdown of the item shall be given in the event that such shall be appended to the list of goods.

### Implementation of applications for withdrawal

Immediately on receipt of the application for withdrawal, the lender shall proceed to scrutinize it. After approval, the lender shall dispatch the "Irrevocable commitment" together with a copy thereof the corresponding bank on form (3. B. 4), attached, together with a copy of the proposed letter of credit. The lender may send the Irrevocable commitment before receipt of the application of the corresponding bank, referred to in paragraph (1.3 ), on form (3. B. 3). The lender will forward to the borrower and to the opening bank a copy of the commitment after it is returned, duly signed, by the corresponding bank.

If, for any reason, an application is not approved by the lender, a letter is sent to the borrower notifying it of the disapproval and the reasons therefor.



## **Withdrawals on credits**

1. Whenever the corresponding bank effects payment of any amount against the letter of credit, it shall furnish the lender with a report advising of the payment and requesting coverage of the amount, on form (3. B. 5), attached, together with the supplier's invoice or any other document required by the lender
2. The lender shall pay the amount requested directly to the corresponding bank and shall notify the borrower of the payment, indicating the amount involved, the currency in which payment was effected, the date of payment and the equivalent amount disbursed in the lender's currency from the loan. In order to save time between payment by the correspondent bank of the amounts due to the supplier, which would be in the interests of the borrower – the lender will accept applications by tested cables in the form approved by the lender subject to:
  - 2.1 The prior approval of the corresponding bank that a tested cable in the prescribed form shall constitute a signed application for withdrawal of the amounts paid against the letter of credit, as indicated in the cable
  - 2.2 A statement by the corresponding bank that it has paid the amounts requested in accordance with the terms of the letter of credit and that it has sent, or is in the process of sending the report and application referred to in (2.1)
3. In the event of any default of the terms of the letter of credit, or if its validity has expired, the lender shall not effect payment unless the bank's fulfillment of the obligation was in accordance with accepted banking practice or with the approval of the borrower

## **Amendment of letter of credit**

A letter of credit may be amended by the following procedure:

1. The borrower will submit to the lender an application on form (3. B. 6), attached, together with the proposed amendment. In cases of urgency special arrangements maybe made to dispatch the application by cable
2. The lender then communicates approval of such amendment to the corresponding bank either in writing or by cable as the case may require, after carrying out any necessary scrutiny

## Form (3. B. 1)

### Borrower's application to the lender for an Irrevocable commitment to cover amounts and to make withdrawals on a loan for such purpose

Date | \_\_\_\_\_  
Loan Agreement No. | \_\_\_\_\_  
Application Serial No. | \_\_\_\_\_  
To (Name and address of lender) | \_\_\_\_\_  
(Competent Division) | \_\_\_\_\_

Pursuant to the loan agreement dated \_\_\_\_\_ between \_\_\_\_\_ and \_\_\_\_\_ (Name of Lender) the undersigned hereby certifies and agrees as follows:

1. In accordance with the request(s) by (corresponding bank) the borrower requests the lender to enter into an irrevocable commitment for the lender to pay the (corresponding bank), on such terms and conditions as shall be approved by the lender, such amounts as shall be paid by the confirming bank under the letter of credit specified in the forms, as the same shall be amended, from time to time, with the written approval of the lender
2. The borrower hereby requests and irrevocably authorizes the lender to pay to the (Corresponding bank) from time to time, such amounts as shall be paid by the bank under the said letter of credit. Such amounts paid by the bank in the said manner shall be considered as having been disbursed from the loan. The lender may conclusively rely on any written statement by the corresponding bank made by it under, and in accordance with, the terms of the letter of credit
3. Said amounts are required to enable the borrower to meet expenditures to be made, or to be provided in (state currency) as are set forth in the form(s)
4. The borrower has not heretofore withdrawn from the loan, or applied for withdrawal from the loan of any funds for the purpose of payment of such amounts and has obtained funds for such purpose out of the proceeds of any other loan or grant available to it
5. The said amounts are for the payments due in implementation of the Project provided for in the loan agreement; the goods and/or services purchased are appropriate for such purposes and the cost and terms of purchase are reasonable
6. To date there is no existing default in the performance of the loan agreement referred to heretofore

7. The undersigned hereby agrees that any cancellation of the loan in accordance with the loan agreement shall not be effective with respect to any part of the loan as to which the lender shall have entered into a commitment pursuant to this application.
8. The obligation of the lender pursuant to the Irrevocable commitment shall not be deemed to terminate:
  - 8.1 Until the date of receipt by the lender of written notice from the corresponding bank specifying the amount of such cancellation: or
  - 8.2 With respect to any unused balance under any such letter of credit upon final payment thereunder, or upon the expiration thereof, until the date of receipt by the lender of written notice from the corresponding bank specifying the amount of such unused balance

**Borrower (Authorized representative)**

**Signature**        |  
**Name**                |  
**Function**           |

## Form (3. B. 2)

**Application for Irrevocable commitment by the lender to cover payments paid by (name of corresponding Bank**

Date \_\_\_\_\_ |  
 Loan Agreement No. \_\_\_\_\_ |  
 Application Serial No. \_\_\_\_\_ |  
 Form No. \_\_\_\_\_ |

1	2	3	4	5	6		8	9	10	11
Item No.	Description as per list of goods	Description of goods and / or services	Date and No of contract or P. O	Date of lender's approval of contract	Opening corresponding bank		Expiration date	Beneficiary	Amount and currency	Remarks
					Name credit No.	Proportion				

**Borrower (Authorized representative)**

Signature |  
 Name |  
 Function |

### Form (3. B. 3)

#### Bank's request for irrevocable agreement to reimburse

Date \_\_\_\_\_  
Our Letter of Credit No. \_\_\_\_\_  
Loan No. \_\_\_\_\_  
To (Lender's name) \_\_\_\_\_  
(Address) \_\_\_\_\_

Gentlemen,

We have been requested by \_\_\_\_\_  
to (advise or confirm) \_\_\_\_\_ a documentary letter of  
credit No. \_\_\_\_\_ for account of \_\_\_\_\_  
in the amount of \_\_\_\_\_  
in favour of \_\_\_\_\_ (Name and address of supplier)  
relating to \_\_\_\_\_ (Description of merchandise)  
expiring on \_\_\_\_\_

We request an irrevocable undertaking by (Lender name) to reimburse us for payments which shall be made by us under said letter of credit. Upon receipt of such agreement in form satisfactory to us we will \_\_\_\_\_ (advise or confirm) said letter of credit.

In the meantime, pending the receipt of the necessary agreement, we are enclosing herewith two copies of the proposed letter of credit.

**Very truly yours,**

**Bank** |  
**Authorized Signature** |

## Form (3. B. 4)

### Irrevocable agreement to reimburse

To (bank) | \_\_\_\_\_  
Address | \_\_\_\_\_  
Date | \_\_\_\_\_  
Your Letter of Credit No. | \_\_\_\_\_  
Issuing Bank Credit No. | \_\_\_\_\_  
Loan No. | \_\_\_\_\_  
Serial No. | \_\_\_\_\_

Gentlemen,

We transmit herewith copy of a letter of credit which we understand you are prepared to \_\_\_\_\_ (advise or confirm) \_\_\_\_\_  
for account of \_\_\_\_\_  
in favour of \_\_\_\_\_  
in the amount of \_\_\_\_\_  
relating to \_\_\_\_\_  
expiring on \_\_\_\_\_

At the request of \_\_\_\_\_  
and in consideration of your acceptance hereof as provided below, we hereby agree to reimburse you for payments which shall be made by you to or on the order of said beneficiary under and in accordance with the terms of said letter of credit as set forth in the enclosed copy thereof as the same shall be amended or extended from time to time with our written approval. Reimbursement shall be made by us promptly but not later than 30 days after receipt by us of written request therefor as hereunder provided.

This agreement is subject to the following terms and conditions:

1. That you will issue, advise or confirm said letter of credit
2. That we shall not be obliged to reimburse you for any such payment unless written request therefor, sufficiently identifying the items on said letter of credit to which such payment relates and accompanied by a copy of the supplier's invoice, shall have been mailed to us promptly after such payment is made
3. That we shall not be obliged to you in respect of interest on or commission, expenses or other charges in connection with, said letter of credit
4. That you agree that upon cancellation in whole or in part of said letter of credit you will advise us promptly thereof and of the amount of such cancellation; and that upon expiration of, or final payment under, said letter of credit you will advise us promptly thereof and of the amount of the unused balance there-under, if any

5. Please confirm your acceptance of this agreement on the foregoing terms and conditions by signing the form of acceptance on the enclosed copy of this letter and returning it to us.

**Very truly yours,**

**Lender's name**

**Authorized Signature**

## **Form of Acceptance**

We confirm our acceptance of this agreement on the terms and conditions above stated. The letter of credit referred to above bears our number

**Date** |

**Bank** |

**Authorized Signature** |

## Form (3. B. 5)

### Bank's report of payment and request for reimbursement

Date | \_\_\_\_\_  
Our Letter of Credit No. | \_\_\_\_\_  
Loan No. | \_\_\_\_\_  
To (Lender's name) | \_\_\_\_\_  
Address | \_\_\_\_\_  
Concerned Department | \_\_\_\_\_

We have paid \_\_\_\_\_ on \_\_\_\_\_ to or to the order of \_\_\_\_\_ (Name and address of beneficiary) under the above specified letter of credit.

Such payment was made against delivery of documents specified in said letter of credit evidencing:

Shipment of the merchandise specified below per \_\_\_\_\_  
from \_\_\_\_\_ to \_\_\_\_\_ or \_\_\_\_\_  
Shipment of said merchandise per S.S. \_\_\_\_\_  
from \_\_\_\_\_ to \_\_\_\_\_  
B/L No. \_\_\_\_\_ dated \_\_\_\_\_ or \_\_\_\_\_  
Storage of said merchandise at \_\_\_\_\_ or \_\_\_\_\_

Brief Description of Merchandise \_\_\_\_\_  
Said documents have been disposed of as follows:

Copy of the supplier's invoice is attached.

Such payment was made in accordance with the terms of said letter of credit as set forth in the copy thereof enclosed with your agreement to reimburse No. \_\_\_\_\_ and amendments thereof, if any, approved in writing by you.

We request reimbursement of the above amount pursuant to said agreement to Reimburse, by transferring said amount directly to us or to our account No. \_\_\_\_\_ with Bank (Name and address of the bank).

**Very truly yours,**

**Bank** | \_\_\_\_\_  
**Authorized Signature** | \_\_\_\_\_



## Form (3. B. 6)

### Borrower's application for approval of amendment of letter of credit

Date | \_\_\_\_\_  
Loan Agreement No. | \_\_\_\_\_  
Commitments No. | \_\_\_\_\_  
Application Serial No. | \_\_\_\_\_  
Letter of Credit No. | \_\_\_\_\_  
(Name and address of lender) | \_\_\_\_\_  
(Competent division) | \_\_\_\_\_

Agreement has been reached with the supplier (Name of supplier) to amend the letter of credit referred to above, in accordance with the attached copy of the amendment and we have communicated with the opening bank to make such amendment. Since amendment of the letter of credit by the corresponding bank requires the approval of the lender, the undersigned hereby requests that you confirm directly to the said bank (name of corresponding bank), your approval of such proposed amendment.

#### Borrower (Authorized representative)

Signature |

Name |

Function |