



WORLD BANK HIV/AIDS PROGRAM
A GUIDANCE NOTE ON DISBURSEMENT PROCEDURES

This document was prepared by the World Bank's Loan Department with the support of the World Bank's Global HIV/AIDS Program. Questions and comments on this document may be sent to: loafeedback@worldbank.org.



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FOREWORD

HIV/AIDS is rapidly reversing the hard-won development achievements of previous years. Fighting HIV/AIDS and other contagious diseases is one of the eight Millennium Development Goals (MDGs) which aim to halve poverty and broadly improve welfare by the year 2015. Given the dominant impact of HIV/AIDS on development, we recognize HIV/AIDS must be at the center of the development agenda.

In responding to this global pandemic, the World Bank has committed more than \$1.8 billion through grants, loans, and credits to fighting HIV/AIDS. Despite the growing financial support for HIV/AIDS programs, there are numerous challenges to implementing these programs. Among such challenges is the array of administrative tasks needed to ensure that funds reach the people who need them most, rapidly and securely. To accelerate implementation of HIV/AIDS programs, the Bank is taking steps to ensure that the systems of fiduciary accountability (procurement, financial management, and disbursement) are less demanding and more tailored to local conditions.

This document focuses on the disbursement of World Bank financing. It provides guidance on disbursement procedures that are designed to get funds *quickly and simply* to groups in dire need in order to confront one of the gravest development problems of the 21st century.

DEBREWOK ZEWDIE, DIRECTOR
World Bank Global HIV/AIDS Program

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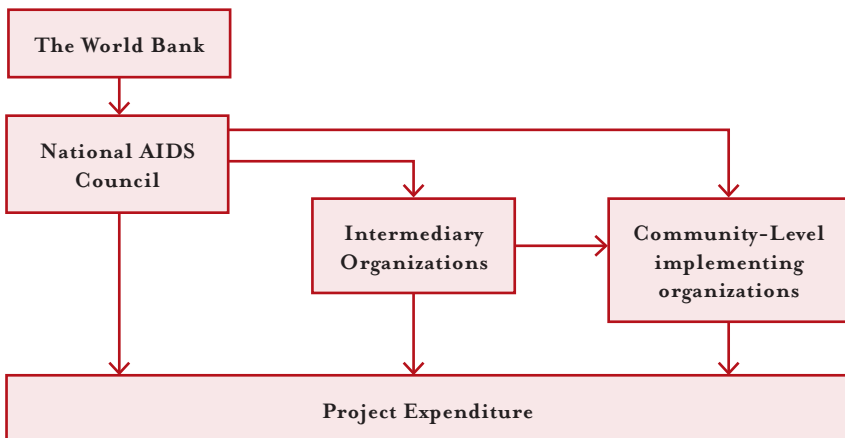
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INTRODUCTION

The HIV/AIDS programs supported by the World Bank are funded through a multi-layered structure in order to reach a large number of widely dispersed beneficiaries. By making funds available directly to National HIV/AIDS Councils (NACs), or their Secretariats, the World Bank aims to ensure that funds for HIV/AIDS activities provide the maximum benefit to organizations that work directly with HIV/AIDS infected and affected families and communities.

World Bank funding for HIV/AIDS programs can be in the form of a loan, credit, or grant. These programs typically entail many small transactions and require carefully designed accounting procedures, as funds flow from the NAC to intermediary bodies, and from there to community-level organizations. The purpose of this booklet is to provide guidance on disbursement procedures that are designed to get funds quickly and simply to beneficiary groups, while ensuring that the funds are used for the purposes intended.

The general framework for the flow of funds under HIV/AIDS country programs is shown below:



The disbursement procedures for National HIV/AIDS Councils, Intermediary Organizations, and Community-Level Organizations are explained in Sections I-III of this booklet. Section IV contains sample forms for requesting funds.

NATIONAL HIV/AIDS COUNCILS (OR ITS SECRETARIAT) (NAC)

NACs are funded by various donors, including the World Bank, and are responsible for coordinating and facilitating HIV/AIDS projects in their country. In addition to developing policy and designing the national HIV/AIDS strategy, the national body also: (i) has fiduciary responsibilities for the country program; (ii) disburses funds to intermediary and community-level implementing organizations, and requires financial reporting from them; and (iii) produces an HIV/AIDS Project Operations Manual, which details, among other things, specific accounting and reporting procedures for all organizations involved in the country's HIV/AIDS program. In some instances, the NAC hires Financial Management Agencies (FMAs) to monitor and evaluate the program. **Section I deals with disbursement procedures for the NACs.**

INTERMEDIARY ORGANIZATIONS

District and local governments, Nongovernmental Organizations (NGOs), private sector service providers, and line ministries that receive funds from the NAC and fund the activities of community-level implementing organizations are all known as "intermediary organizations". Most of the intermediary organizations also implement a part of the program and hence play the role of both an intermediary and an implementer. Intermediaries receive funds from the NAC to disburse to community-level implementing organizations. They also provide training, advice, and oversight on community-level subprojects. They are financially and operationally accountable to the NAC. **Section II deals with disbursement procedures for intermediary organizations.**

COMMUNITY-LEVEL IMPLEMENTING ORGANIZATIONS

These organizations are typically community-based groups, NGOs and other types of civil society organizations that implement HIV/AIDS subprojects at the community level. In addition to carrying out work themselves, they may purchase goods and services from local suppliers. When implementing subprojects, they are financially and operationally accountable to the intermediary or the NAC, from which they have received funds. **Section III deals with disbursement issues related to community-level implementing organizations.**

These arrangements may vary, depending on the country. Project-specific arrangements are detailed in the Project Operations Manual and in contracts between the disbursing and receiving organizations.

SECTION I. DISBURSEMENT PROCEDURES FOR NATIONAL AIDS COUNCILS (OR ITS SECRETARIAT) (NAC)

The NAC oversees implementation of the HIV/AIDS program in the country, and has overall fiduciary responsibility for the program's resources. The NAC disburses to and verifies the work of the intermediary and/or community-level implementing organizations, and accounts to the World Bank for the use of program resources.

The NACs occasionally hire Financial Management Agencies (FMAs) to undertake the task of financial management and disbursement on their behalf. FMA tasks could include reviewing requests for funds and making recommendations to the NAC for releasing payments to intermediaries and other implementing organizations, supporting the NAC on management of its resources, and thus performing the fiduciary role on behalf of the NAC.

I. DISBURSEMENT BY THE NAC

The NAC disburses funds on the basis of its contractual financing agreements with recipient organizations, or in the case of line ministries, on the basis of their implementation plans. A financing agreement sets out the terms for subprojects including disbursement and reporting requirements. An implementation plan represents an agreement on the program between the NAC and a designated line ministry or other lead agency responsible for implementing specific activities in the implementation plan.

The NAC disburses the **Initial advance** of funds in accordance with payment terms specified in the financing agreement or implementation plan. Typically, a certain percentage of the total amount is disbursed as soon as the agreement is signed. The objective is to ensure that the implementing organizations have sufficient funds to start the project activities.

The NAC disburses **Subsequent payments** when projects achieve certain output-based (physical) or expenditure-based milestones, as specified

Sample formats for these forms are provided in **Section IV: Forms 2 through 4B**.

For organizations with expenditure-based financing agreements, the requests for funds must list expenditures by the categories specified in the financing agreement e.g. — training, goods, operating costs etc. See Sample Forms 3B and 4B.

If an organization does not need funding during a reporting period, the recipient organization must still submit a report to the NAC detailing the progress and explaining why funds are not needed and the reasons for the delay, if any. If an organization does not implement any subprojects, the NAC may take the remedial actions specified in the Project Operations Manual and financing agreement.

Upon completion of subprojects, the organization submits final statements to the NAC in accordance with the financing agreement. The NAC reconciles the final statement for each project or subproject with previous requests for funds. Organizations with expenditure-based agreements are typically required to submit a summary of how project funds were spent, using as the final statement the same form that was used to request funds. Organizations with output-based agreements typically summarize the milestones achieved by the subproject in their report.

Depending on the financing agreement, the NAC may also require an audit report and/or a physical evaluation of the project by a NAC representative. Procedures for physical evaluations are usually specified in the Project Operations Manual.

Organizations reporting to the NAC are typically required to keep all project and subproject accounting records for one year after the final project audit has been completed. Depending on procedures specified in the Project Operations Manual and the financing agreement, the NAC may verify that these records are being retained.

The NAC retains all supporting documentation at its premises for at least one year after it has submitted the final audit report for the project to the World Bank.

III. NAC'S ACCOUNTABILITY TO THE WORLD BANK

The World Bank disburses funds to the NAC in accordance with the procedures detailed in the *World Bank Disbursement Handbook*. Procedures designed specifically for HIV/AIDS projects are described below, and should be read in conjunction with the *Disbursement Handbook*.

REPORTING ON FUNDS SPENT BY THE NAC OR INTERMEDIARIES

As described in the *Disbursement Handbook*, the Bank may advance funds into a Designated Account of the Borrower to finance eligible expenditures as they are incurred. The NAC would account for these advances by reporting actual expenditures incurred by it or the intermediaries.

REPORTING ON FUNDS DISBURSED TO COMMUNITY-LEVEL IMPLEMENTING ORGANIZATIONS

For funds disbursed to community-level organizations, an advance payment made to a community-level organization may be reported as an expenditure. The NAC or the intermediary does not have to wait for reporting from the community level organization to report these amounts as an expenditure. Nevertheless, the NAC or the intermediary does have to monitor the use of these advances by the community-level organization.

The World Bank requires that at the end of the project, the NAC reconciles the payments made to the community-level organization with the actual expenditures or physical milestones. This is to ensure that total amount advanced to a community-level organization does not exceed the organization's expenditures or achieved physical milestones.

IV. SUPPORTING DOCUMENTATION

The documentation requirements for reporting expenditures are described in the World Bank's project legal agreements and project Disbursement Letter. In the case of disbursements to community-level implementing organizations for subprojects, the only supporting documentation required for reporting expenditures is a simple summary statement (See Sample Form I), detailing the payments to the subprojects.

V. ARRANGEMENTS FOR ADVANCES

The World Bank provides advances to the projects to ensure the implementing entities have adequate funds to start operating. The Bank determines the maximum amount that may be advanced pending provision of supporting documentation to the Bank (“Authorized Allocation”) based on the planned project expenditures. The amount of funds that the World Bank will disburse into the Designated Account is agreed between the Borrower and the Bank at negotiations.

If the NAC determines that the Authorized Allocation for the advance needs to be increased because of higher-than-expected level of expenditures, it can be discussed and agreed between the Bank and the NAC. The adjustment will be enacted through an amendment to the Legal Agreement or in case of new projects (for projects with concept notes approved after July 1, 2005) through a change to the Disbursement Letter.

OTHER DISBURSEMENT MECHANISMS

Besides requesting advances into the Designated Account, the NACs can use other disbursement mechanisms, such as:

- Reimbursement, in cases where the NAC pre-finances expenditures.
- Direct payment, for large payments, when sufficient funds are not available in the designated Account.
- Special Commitment procedures, for large procurements of Anti-Retrovirals (ARVs) or any other high-cost items.

SECTION II. DISBURSEMENT PROCEDURES FOR INTERMEDIARY ORGANIZATIONS

District and local governments, NGOs, private sector service providers, and line ministries that operate NAC-funded programs are “intermediary organizations”. Intermediary organizations are selected by the NAC to manage projects under the country’s HIV/AIDS program. They have responsibilities to the community-level implementing organizations to which they disburse, and are accountable to the NAC for the use of program resources. Many of the intermediaries also implement a part of the program directly and thus play the role of intermediary and implementer.

I. DISBURSEMENT BY THE INTERMEDIARY

The NAC provides funds to intermediaries to finance activities directly implemented by them and to disburse to community-level implementing organizations. They also provide training, advice, and oversight for community-level subprojects. They are financially and operationally accountable to the NAC.

Intermediary organizations disburse grants to community-level organizations, based on contractual subproject financing agreements. These agreements typically include a list of activities, estimated costs and sources of financing, and projected outputs. The intermediary typically provides assistance to the community-level organization in finalizing these plans, and signature of the financing agreement constitutes the intermediary’s formal approval of the plans.

The intermediary organizations disburse the **initial advance** in accordance with payment terms specified in the financing agreement with the community-level implementing organizations. Typically, a certain percentage of the total amount is disbursed as soon as the agreement is signed. The objective is to ensure that the implementing organizations have sufficient funds to start the project activities.

The intermediary organization makes **subsequent payments** when projects achieve certain output-based (physical) or expenditure-based milestones, as specified in the financing agreement. The community-level organization submits a request for funds to the intermediary when each milestone is reached.

For agreements using output-based milestones, the intermediary organization makes payments in tranches (lump sums). The payments are made on the achievement of physical milestones specified in the financing agreement and are not tied to any specific level of expenditure. The intermediary generally should not set more than two milestones for a community-level subproject. More than two milestones can slow payments and create liquidity pressures for community-level groups.

In Zambia, an agreement between the Community Response to HIV/AIDS (a semi-independent unit of the Ministry of Finance and National Planning) and a community-based organization (CBO) specifies that the CBO will provide training in home-based care for 30 caregivers. An initial advance of 50 percent was made to the CBO and it was agreed that the balance would be released after 15 caregivers were trained.

*For agreements using expenditure-based milestones, requests for funds are, in essence, requests for reimbursement of eligible expenditures. Before the intermediary releases additional funds, it reviews the reported expenditures against what was planned in the financing agreement. **To ensure that funds are always available for eligible expenditures, community-level organizations should not let their funds fall below 50 percent of the amount of the last advance before requesting additional funds.***

II. VERIFICATION BY THE INTERMEDIARY

The intermediaries' requirements for documentation of expenditures vary by organization and subproject and are specified in the subproject financing agreement between the intermediary and the community-level implementing organization.

During implementation, the intermediary typically requires that organizations submitting requests for funds provide documentation of their expenditures or progress on agreed results. This documentation may include progress and completion reports, technical inspection certificates, minutes of community meetings, receipts, and memoranda of expenses. Specific documentation requirements are detailed in each financing agreement. Documentation is typically attached to one of the request for funds forms illustrated in Sample Form 4A (for output-based subprojects) or Sample Form 4B (for expenditure-based subprojects).

If payment milestones are output-based, technical inspection certificates, progress and completion reports, and/or minutes of meetings should verify the physical progress reported in the request for funds.

If payment milestones are expenditure-based, invoices, delivery notices, creditors' statements, memoranda of receipts and expenses, and/or minutes of community meetings should agree with the expenditures listed in the request for funds.

If funding is not needed during a reporting period, the community organization must still submit a report detailing the progress and explaining why funds are not needed and the reasons for the delay, if any. If an organization does not implement any subprojects, the NAC or the intermediary may take the remedial actions specified in its Project Operations Manual and financing agreement.

Upon completion of subprojects, the community organization submits final statements to the intermediary in accordance with the financing agreement. The intermediary reconciles the final statement for each subproject with previous requests for funds. Organizations with expenditure-based agreements are typically required to submit a summary of how subproject funds were spent, using the same form that was used to request funds. Organizations with output-based agreements typically have to summarize the results achieved by the subproject.

Depending on the financing agreement, the intermediary may also require an audit report and/or a physical evaluation of the project by an

intermediary representative. Procedures for physical evaluations are specified in the subproject financing agreement.

Organizations reporting to the intermediary are typically required to keep all project and subproject accounting records for at least one year after the final subproject audit has been completed (or after subproject completion if no audit is required), unless otherwise stated in the financing agreement. The financing agreement will specify whether the intermediary is required to verify that organizations and subprojects are keeping the necessary accounting documentation. The intermediary retains all requests for funds and supporting documentation at its premises, typically for one year, for audit purposes.

III. INTERMEDIARY'S ACCOUNTABILITY TO THE NAC

When an intermediary is selected by the NAC, it enters into a contractual financing agreement that specifies its responsibilities to the NAC. The agreement also addresses, *inter alia*, the timing of fund transfers from the NAC to the intermediaries, payment of fees to the intermediary for services performed, etc.

The NAC transfers funds to intermediaries only after their financing agreements are in place.

REQUESTING REIMBURSEMENT FOR FUNDS DISBURSED TO COMMUNITY-LEVEL ORGANIZATIONS

The intermediary requests reimbursement from the NAC for payments made to community-level implementing organizations, following procedures specified in its financing agreement. These requests are generally submitted on a monthly basis. As part of the funding request, the intermediary typically lists the community-level organizations and the amounts disbursed to them, using the form specified in the financing agreement. (Sample Form 2 illustrates the information typically submitted in such a form). If required by the financing agreement, the intermediary also provides a detailed breakdown consistent with the summary, by organization or region.

The financing agreement specifies whether requests for funds should be submitted on a periodic basis (monthly, quarterly, etc.) or submitted when funds fall below a certain level in the project intermediary's bank account. If funds are not required during a specified reporting period, the intermediary must use the same request for funds form to inform the NAC that no funds are needed, and provide an explanation if implementation has been delayed.

IV. SUPPORTING DOCUMENTATION

The documentation required for funding requests is specified in the financing agreement or NAC's Project Operations Manual. Depending on the financing agreement, a NAC inspector may visit the intermediary to verify receipts and other documentation, before authorizing submission of the funding request.

Documentation of expenditures by community-level implementing organizations is not submitted, but is retained at the intermediary's premises for audit.

V. AT THE END OF SUBPROJECTS

At the completion of the intermediary's project, the intermediary must submit a final statement to the NAC summarizing how project funds were spent, including funds spent by community-level implementing organizations, using the same request for funds form. This final statement must be reconciled with approved funding requests. Depending on the financing agreement, the intermediary may need to submit an audit report along with the final statement.

The financing agreement specifies whether a representative from the NAC will visit the project once it has been completed to evaluate the physical outputs.

All project accounting records are to be kept for at least one year

after the final project audit has been performed, unless otherwise stated in the financing agreement. Such records include documents submitted with requests for funds, minutes of meetings, and any project reports.

VI. DISBURSEMENT PROCEDURES FOR LINE MINISTRIES

Line ministries are often selected by the NAC to directly implement HIV/AIDS initiatives through their local-level offices. The ministries receive funding from the NAC for these initiatives and are accountable to the NAC for the use of program funds.

NAC'S DISBURSEMENT TO LINE MINISTRIES

The NAC disburses funds to line ministries based on their implementation plans, which serve as contractual agreements with the NAC. The implementation plan includes information on program activities, budget, and accounting and reporting requirements.

The NAC disburses the **initial advance** in accordance with the expenditure forecast in the implementation plan. It is advisable for the ministry to maintain a separate bank account to receive and disburse project funds.

The NAC disburses **subsequent payments** when projects achieve certain output-based (results) or expenditure-based milestones, as specified in the implementation plan. The line ministry submits a request for funds to the NAC when these milestones are reached.

In Malawi, at the beginning of each fiscal year, the Ministry of Education submits an implementation plan to the NAC. Once this plan is approved, the NAC advances funds to the Ministry. During the year, the Ministry submits regular expenditure reports along with funds requirement for the forthcoming period, to the NAC. On the basis of these reports, the NAC disburses funds to the Ministry.

For implementation plans using output-based milestones, the NAC makes payments in tranches (lump sums), and they are not tied to any specific level of expenditure. The request for funds form (see Sample Form 3A for an example) must detail how much progress on results has been made against the implementation plan.

For implementation plans using expenditure-based milestones, requests for funds are, in essence, requests for reimbursement of eligible expenditures (see Sample Form 3B for an example). The line ministry submits a list of expenses to date along with the request for funds. Before the NAC releases the funds, it reviews expenditures against the implementation plan. To ensure that funds are always available for eligible expenditures, line ministries should not let their funds fall below 50 percent of the amount initially advanced before requesting additional funds.

VII. LINE MINISTRY'S ACCOUNTABILITY TO THE NAC

The line ministry must submit documentation along with subsequent requests for funds after the first advance has been disbursed. The type of documentation required is specified in the implementation plan, and may differ from one project to another.

If payment is based on achieving output-based milestones, required documentation may include copies of technical inspection certificates, progress and completion reports, and/or minutes of meetings.

If payment is based on achieving expenditure-based milestones, documentation may include copies of invoices, delivery advices, creditors' statements, receipts, memoranda of expenses, etc.

The line ministry is typically required to report to the NAC on a monthly basis, whether or not it is submitting a funding request. If the ministry does not request funds during that period, the ministry must still submit a statement on the use of funds received and indicate that no further funds are needed. If there is a delay, the reasons for the delay should also be

reported. In case the line ministry fails to submit the monthly statement, the NAC may not make any further payments.

Upon completion of the project, the line ministry submits a final statement to the NAC, in accordance with the implementation plan. The final statement must include the ministry's reconciliation of the project bank account.

The implementation plan specifies whether a representative from the NAC will visit the project once it has been completed, and what process will be used for the review. The plan also specifies whether an audit report needs to be submitted with the final statement, or whether the audit will be carried out by the NAC.

The line ministry must keep all project records for at least one year after the final project audit has been performed, unless otherwise stated in the implementation plan. These records include documents submitted with requests for funds, minutes of meetings, and any reports prepared on the project.

SECTION III. FUNDING PROCEDURES FOR COMMUNITY-LEVEL IMPLEMENTING ORGANIZATIONS

Community-level implementing organizations are chosen by the NAC or an intermediary organization to carry out subprojects at the community level, using project funds. They are responsible for ensuring that the funds are spent in accordance with the subproject financing agreement.

I. DISBURSEMENT FROM THE NAC OR INTERMEDIARY

Community-level organizations receive grants to carry out subprojects under the country's HIV/AIDS program, based on contractual subproject financing agreements with the NAC or an intermediary. These agreements typically include a list of activities, estimated costs and sources of financing, and projected outputs. They also include a list of the implementing organization's responsibilities for each aspect of the subproject before, during, and after implementation.

Each agreement specifies the name of the intermediary or the NAC to which the community-level organization will apply for funding. That organization will monitor and evaluate the subproject.

The NAC or intermediary disburses the **initial advance** in accordance with payment terms specified in the financing agreement. Typically, a certain percentage of the total amount is disbursed as soon as the agreement is signed. The objective is to ensure that the implementing organizations have sufficient funds mobilized to start the project activities.

The NAC or intermediary disburses **subsequent payments** when subprojects achieve certain output-based (physical) or expenditure-based milestones, as specified in the financing agreement. The community-level organization submits a request for funds to the NAC or the intermediary when each milestone is reached.

For agreements using output-based milestones, requests for funds are tied to the subproject's achievement of results milestones, as clearly described in the financing agreement. The community-level implementing organizations should agree to no more than two milestones for a subproject. More than two milestones can slow payments and create liquidity pressures for community-level groups.

For agreements using expenditure-based milestones, requests for funds are, in essence, requests for reimbursement of eligible expenditures. Before the NAC or intermediary releases funds to community-level organizations, it reviews expenditures against the financing agreement. **To ensure that funds are always available for eligible expenditures, community-level organizations should not let their funds fall below 50 percent of the amount of the previous advance before requesting additional funds.**

II. SUBMISSION OF FUNDING REQUESTS

The community-level organization submits a request for funds to the NAC or the intermediary named in the financing agreement, using the form specified in the financing agreement (Annex 4A and Annex 4B illustrate the information typically submitted in such forms). If necessary, the request for funds may be submitted in local language. A community-level organization typically must report to the funding organization, with a funding request noting the progress of the activity, at least once every three months. If funding is not needed during that period, the organization must still submit a request for funds form detailing the progress of the activity and explaining why funds are not needed and the reasons for the delay, if any.

If payment is based on achieving output-based milestones, the request for funds should indicate the physical progress made, against what was planned in the financing agreement (see Sample Form 4A for an example).

If payment is based on achieving expenditure-based milestones, the organization must submit a list of expenses to date along with the request for funds (see Sample Form 4B for an example).

III. SUPPORTING DOCUMENTATION

The documentation to be submitted to the NAC or intermediary with the funding request is specified in the financing agreement, and varies by subproject. In the case of subprojects with output-based milestones, required documentation typically includes copies of technical inspection certificates, progress and completion reports, minutes of meetings, etc. In the case of subprojects with expenditure-based milestones, documentation typically includes copies of invoices, receipts, memoranda of expenditures, minutes of community meetings, etc.

If the community-level organization is funded by an intermediary, the documentation is not sent up to the next reporting level, but is retained at the intermediary's premises for audit.

IV. AT THE END OF SUBPROJECT

End-of-project procedures vary by subproject and are specified in the financing agreement. In the case of projects with expenditure-based milestones, the organization prepares a final statement, using the request for funds form. The statement typically summarizes how the funds have been spent, and reconciles the expenditures from the subproject bank account with approved funding requests. In the case of projects with output-based milestones, the final report would indicate the physical milestones achieved.

The financing agreement also specifies whether an audit report needs to be submitted with the final statement; who should perform the audit, if required; and whether a representative from the NAC or the intermediary will visit the completed subproject.

The community-level organization must keep all subproject accounting records for at least one year after the final subproject audit has been carried out, or after subproject completion if no audit is required, unless otherwise stated in the financing agreement. These records include documents that would have been submitted with requests for funds, minutes of meetings, and/or any reports prepared on the subproject.

SECTION IV — SAMPLE FORMS

REQUEST FOR FUNDS FOR PAYMENTS MADE TO COMMUNITY-LEVEL IMPLEMENTING ORGANIZATIONS

Sample Form I

From: NAC
To: World Bank

Name of NAC: _____

For the reporting period (enter dates): _____

NAME OF COMMUNITY ORGANIZATION	CURRENCY	AMOUNT OF APPROVED GRANT *1	AMOUNT OF CURRENT PAYMENT *2	AMOUNT OF CUMULATIVE PAYMENTS *3
COMMUNITY ORGANIZATION A				
COMMUNITY ORGANIZATION B				
COMMUNITY ORGANIZATION C				
COMMUNITY ORGANIZATION D				
COMMUNITY ORGANIZATION E				
TOTAL				

Name _____

Signature _____
 NAC FINANCIAL MANAGER NAC PROJECT LEADER

*1 — Approved grant amount, as per subproject financing agreement.
 *2 — Current amount paid to the community organization, claimed by the NAC in this disbursement application.
 *3 — Total amount paid to the community by the NAC, including the current payment (*2).

REQUEST FOR FUNDS FROM NAC (for either output-based or expenditure-based subprojects)

Sample Form 2

From: Intermediary

To: NAC

Name of Intermediary: _____

For the reporting period (enter dates): _____

		CURRENCY	AMOUNT PAID FOR THE PERIOD	CUMULATIVE AMOUNT PAID	SUPPORTING INFO *1
	RECEIPTS				
	TOTAL FUNDS RECEIVED FROM THE NAC				
	OTHERS				
1.	TOTAL				
	PAYMENTS				
	PAYMENTS TO SUBPROJECTS				
	SUBPROJECT A				
	SUBPROJECT B				
	SUBPROJECT C				
	SUBPROJECT D				
2.	TOTAL PAYMENTS MADE TO SUBPROJECTS				
	PAYMENTS MADE FOR INTERMEDIARY'S EXPENSES				
	(A) TRAINING (B) OPERATING COSTS (C) GOODS, ETC *2				
3.	TOTAL PAYMENTS FOR INTERMEDIARY EXPENSES				
4.	TOTAL PAYMENTS (2 + 3)				
5.	FUNDS AVAILABLE (1-4) *3				
6.	FUNDS REQUIRED FOR THE NEXT _____ MONTHS				
	FUNDS REQUESTED (6-5)				

Name _____

Signature _____

INTERMEDIARY HEAD

TREASURER

PROJECT LEADER

*1 — Reference number for supporting information or documentation included in the request for funds

*2 — List the expenditures categories provided in the Financing Agreement (training, operating costs, goods are used as examples in this form).

*3 — A positive amount if the intermediary has net cash on hand. Current bank statement must be attached and explanation must be provided if there is a difference between amount stated in line 5 and balance available as per bank statement.

REQUEST FOR FUNDS
(output-based reporting)

Sample Form 3A

From: Line Ministry
To: NAC

Name of Line ministry: _____

Country: _____

For the reporting period (enter dates): _____

1.	ACTIVITY (PLEASE PROVIDE BRIEF DESCRIPTION)	MILESTONE ACHIEVED *1	AMOUNT DUE
	A.		
	B.		
	C.		
	D.		
	E.		
2.	TOTAL FUNDS DUE FROM NAC		
3.	TOTAL FUNDS RECEIVED		
4.	BALANCE AVAILABLE *2		
5.	REQUIREMENT OF FUNDS FOR NEXT _____ MONTHS		
6.	NET FUNDS REQUESTED (5-4)		

Name _____

Signature _____

AUTHORIZED REPRESENTATIVE 1

AUTHORIZED REPRESENTATIVE 2

*1 — Physical milestone achieved, as per the implementation plan; e.g., number of persons treated or counselled, number of workshops held.

*2 — A positive amount if the line ministry has net cash on hand. Current bank statement must be attached and explanation must be provided if there is a difference between amount stated in line 4 and balance available as per bank statement.

REQUEST FOR FUNDS
(expenditure-based reporting)

Sample Form 3B

From: Line Ministry

To: NAC

Name of Line ministry: _____

Country: _____

For the reporting period (enter dates): _____

		FOR THE PERIOD BUDGET ACTUAL		CUMULATIVE BUDGET ACTUAL		SUPPORTING INFORMATION *1
	TOTAL FUNDS RECEIVED TO DATE					
1.	EXPENDITURE					
	A. TRAINING					
	B. OPERATING COSTS					
	C. GOODS, ETC.					
2.	TOTAL EXPENDITURE *2					
3.	FUNDS AVAILABLE *3					
4.	REQUIREMENT OF FUNDS FOR NEXT _____ MONTHS					
5.	NET FUNDS REQUESTED (4-3)					

Name _____

Signature _____

LINE MINISTRY REPRESENTATIVE 1

LINE MINISTRY REPRESENTATIVE 2

*1 — Reference number for supporting information or documentation included in the request for funds
 *2 — List the expenditures categories provided in the Financing Agreement (training, operating costs, goods are used as examples in this form.
 *3 — Will be a positive amount if the intermediary has net cash on hand. Current bank statement must be attached and explanation must be provided if there is a difference between amount stated in line 3 and balance available as per bank statement.

REQUEST FOR FUNDS
(output-based reporting)

Sample Form 4A

From: Community Level Organization
To: NAC/Intermediary

Name of Implementing organization: _____

For the reporting period (enter dates): _____

DISTRICT	VILLAGE

The NAC/intermediary has sanctioned an amount of _____ as per the subproject agreement signed on _____. We request release of _____ (amount) as first/second installment of funds.

DETAILS	AMOUNT	PROOF SUBMITTED
FIRST INSTALLMENT		
SECOND INSTALLMENT		

Name _____

Signature _____

HEAD OF ORGANIZATION

TREASURER

REQUEST FOR FUNDS
 (expenditure-based reporting)

Sample Form 4B

From: Community-Level implementing organization
To: NAC/Intermediary

Name of Implementing organization: _____

For the reporting period (enter dates): _____

DISTRICT	VILLAGE

	DESCRIPTION OF ACTIVITY	AMOUNT PAID THIS PERIOD		SUPPORTING INFORMATION*1
	FUNDS RECEIVED			
	A. NAC / INTERMEDIARY			
	B. COMMUNITY CONTRIBUTION			
1.	TOTAL RECEIPTS			
2.	TOTAL EXPENDITURE			
3.	FUNDS AVAILABLE *2			
4.	REQUEST FOR SECOND INSTALLMENT			

*1 — Reference number for supporting information or documentation included in the request for funds.
 *2 — Will be a positive amount if the intermediary has net cash on hand. Current bank statement must be attached and explanation must be provided if there is a difference between amount stated in line 3 and balance available as per bank statement.

GLOSSARY OF TERMS

1. **Advance:** Funds deposited into a Designated Account of the NAC, intermediary, or community-level organization to finance eligible expenditures as they are incurred.
2. **Authorized Allocation:** The maximum amount of funds that the World Bank may advance into a Designated Account of the NAC at any given time.
3. **Borrower:** The government or organization to which the World Bank makes a loan or provides a credit. The term “Borrower” is also used to describe recipients of grants from the World Bank.
4. **Designated Account:** The account into which an advance disbursement is deposited, and from which the Borrower may make payments to contractors, suppliers, and others to cover eligible expenditures as they are incurred.
5. **Direct Payment:** payment by the World Bank to a third party (e.g., contractor, supplier, consultant) based on fulfillment of terms of the contract it has with the Borrower. Payment by the World Bank is made at the request of the Borrower.
6. **Disbursement Arrangements:** Arrangements for secure, efficient and cost-effective delivery of funds; includes the disbursement methods used for payment to the Borrower or to third parties, and the supporting documentation to be provided to the Bank as evidence for use of loan proceeds. Disbursement arrangements are sometimes more broadly defined to include the expenditures eligible for financing from the loan, and the expenditure categories and disbursement percentages for a loan.
7. **Disbursement Letter:** The additional instructions referenced in the Legal Agreement that are sent to the Borrower when a loan is signed describing the agreed procedures for withdrawing funds from the Loan Account. The Disbursement Letter is legally binding.
8. **Disbursement Method:** Methods that the World Bank uses to disburse loan proceeds from the Loan Account (i.e., reimbursement, advance, direct payment and Special Commitment).
9. **Documentation:** A general term used to indicate the supporting evidence for a decision or action taken or to be taken. In an accounting context, documentation generally refers to supporting documents such as records (vendor invoices, payment acknowledgement, shipping advice, etc.) or summary reports of expenditure to support a

payment, refund, accounting entry or other accounting event (see Supporting Documentation, Records, Summary Reports).

10. **Eligible Expenditures:** Except as otherwise agreed by the Bank, the reasonable cost of goods, works or services required for the project, to be financed from the proceeds of the loan, in accordance with the Legal Agreement and during the loan disbursing period. Excludes payments prohibited by a decision of the UN Security Council taken under Chapter VII of the Charter of the United Nations.
11. **Expenditure-Based Milestone:** an indicator of project progress that is measured by the amount of expenses incurred by the beneficiary.
12. **Expenditure Category:** A grouping of items or activities to be financed in a project.
13. **Legal Agreement:** An agreement between the World Bank and a Borrower setting forth the terms and conditions of a lending operation.
14. **Letter of Credit:** A letter from a commercial bank guaranteeing that a purchaser's payment to a supplier will be received on time and for the correct amount as soon as required conditions have been met. (See special commitment).
15. **Loan Account:** The account in the World Bank's accounting system to which the amount of the loan is credited.
16. **Loan Department (LOA):** The department in the World Bank that administers the disbursements of funds under all Bank lending operations and recipient-executed grants.
17. **Output-based milestone:** an indicator of physical progress that can be measured for purposes of reporting.
18. **Records:** The source documents evidencing the payment of eligible expenditures for a project (contracts, orders, invoices, bills, receipts and other documents).
19. **Reporting Period:** An interval specified (monthly, quarterly, etc.) for the reporting on the use of funds and/or project progress.
20. **Special Commitment (SC):** An irrevocable commitment by the World Bank and/or cofinancier, at the request of the Borrower, undertaking to reimburse a commercial bank for payments it makes to a supplier against a Letter of Credit (see Letter of Credit).
21. **Summary Report:** An interim unaudited financial report or statement of expenditure, used as supporting documentation.
22. **Supporting Documentation:** Documentation provided to the World Bank, NAC, or intermediary to show that (a) funds that have been disbursed have been used to finance eligible expenditures; or (b) funds being requested will be used to finance eligible expenditures.



THE WORLD BANK

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