

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: 36786-GM

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 8.3 MILLION
(US\$12.0 MILLION EQUIVALENT)

TO THE

REPUBLIC OF THE GAMBIA

FOR A

COMMUNITY-DRIVEN DEVELOPMENT PROJECT

August 4, 2006

Rural Development IV
Country Department 14
Africa Region

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2006)

Currency Unit = Gambian Dalasi
28.25 GM Dalasi = US\$1
US\$ 1 = SDR 1.4614

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
APL	Adaptable Program Loan
CAS	Country Assistance Strategy
CBEMP	Capacity Building and Economic Management Project
CBO	Community-based organization
CDA	Community Development Assistant
CDD	Community-Driven Development
CDDP	Community-Driven Development Project
CDF	Community Development Fund
CDO	Community Development Officer
CPAR	Country Procurement Assessment Review
CSO	Civil Society Organization
DoSA	Department of State for Agriculture
DoSE	Department of State for Education
DoSFEA	Department of State for Finance and Economic Affairs
DoSHSW	Department of State for Health and Social Welfare
DoSLGL	Department of State for Local Government and Lands
DoSWR	Department of State for Water Resources
EC	European Commission
ERR	Economic Rate of Return
ESMF	Environmental and Social Management Framework
FAA	Financial Accountability Assessment
FMR	Financial Management Report
GALGA	Gambian Association of Local Government Authorities
GGF	Good Governance Facility
ICB	International Competitive Bidding
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFMIS	Integrated Financial Management Information System
IFR	Interim Financial Report
LAC	Local Area Council
LGA	Local Government Area
M&E	Monitoring & Evaluation
MDFT	Multi-Disciplinary Facilitation Team
MDG	Millennium Development Goals
MFI	Micro-finance Institutions

MIS	Management Information System
NAO	National Audit Office
NCB	National Competitive Bidding
NGO	Non-Governmental Organization
NMWMP	National Medical Waste Management Plan
NaNA	National Nutrition Agency
O&M	Organization and Management
PCT	Project Coordinating Team
PHRD	Policy and Human Resources Development
PIM	Project Implementation Manual
PMP	Pest Management Plan
PRSP	Poverty Reduction Strategy Paper
PSC	Project Steering Committee
RFP	Rural Finance Project
RPF	Resettlement Policy Framework
RRA	Rapid Results Approach
SBD	Standard Bidding Documents
SOE	Statement of expense
TAC	Technical Advisory Committee
TOR	Terms of Reference
VDC	Village Development Committee
VDP	Village Development Plan
WDC	Ward Development Committee

Vice President:	Gobind T. Nankani
Country Director:	Madani M. Tall
Sector Managers:	Mary Barton-Dock, Eva Jarawan
Task Team Leaders:	Renato Nardello, Astrid Helgeland-Lawson

**GAMBIA, THE
Community Development Project**

CONTENTS

	Page
A. STRATEGIC CONTEXT AND RATIONALE	1
1. Country and sector issues.....	1
2. Rationale for World Bank involvement.....	2
3. Higher level objectives to which the project contributes.....	2
B. PROJECT DESCRIPTION	2
1. Lending instrument	2
2. Project development objective and key indicators.....	3
3. Project components.....	3
4. Lessons learned and reflected in the project design.....	4
5. Alternatives considered and reasons for rejection	5
C. IMPLEMENTATION	5
1. Partnership arrangements.....	5
2. Institutional and implementation arrangements.....	6
3. Monitoring and evaluation of outcomes/results.....	9
4. Sustainability.....	9
5. Critical risks and possible controversial aspects.....	10
6. Grant conditions and covenants	11
D. APPRAISAL SUMMARY	12
1. Economic and financial analyses	12
2. Technical.....	12
3. Fiduciary	13
4. Social.....	14
5. Environment.....	15
6. Safeguard policies.....	15
7. Policy Exceptions and Readiness.....	16

Annex 1: Country and Sector or Program Background	17
Annex 2: Major Related Projects Financed by the World Bank and/or other Agencies	20
Annex 3: Results Framework and Monitoring	21
Annex 4: Detailed Project Description.....	25
Annex 5: Project Costs	30
Annex 6: Implementation Arrangements	31
Annex 7: Financial Management and Disbursement Arrangements.....	39
Annex 8: Procurement Arrangements	50
Annex 9: Economic and Financial Analysis	55
Annex 10: Safeguard Policy Issues.....	58
Annex 11: Project Preparation and Supervision	61
Annex 12: Documents in the Project File	62
Annex 13: Statement of Loans and Credits.....	64
Annex 14: Country at a Glance	65
Annex 15: Map	67

(Map: IBRD-34958)

GAMBIA, THE
COMMUNITY-DRIVEN DEVELOPMENT PROJECT
PROJECT APPRAISAL DOCUMENT

AFRICA

AFTS4

<p>Date: August 4, 2006</p> <p>Country Director: Madani M. Tall Sector Managers: Mary A. Barton-Dock, Eva Jarawan</p> <p>Project ID: P082969</p> <p>Lending Instrument: Specific Investment Loan</p>	<p>Team Leaders: Renato Nardello, Astrid Helgeland-Lawson</p> <p>Sectors: General agriculture, fishing and forestry sector (40%); Health (30%); Other social services (15%); Sub-national government administration (10%); General water, sanitation and flood protection sector (5%)</p> <p>Themes: Rural services and infrastructure (P); Health system performance (P); Other rural development (P); Participation and civic engagement (S); Rural non-farm income generation (S)</p> <p>Environmental screening category: Partial Assessment</p>
--	--

Project Financing Data

[] Loan [] Credit [X] Grant [] Guarantee [] Other:

For Loans/Credits/Others:
Total World Bank financing (US\$m.): 12.00
Proposed terms:

Financing Plan (US\$m)

Source	Local	Foreign	Total
BORROWER/RECIPIENT	2.20	0.00	2.20
IDA Grant	6.00	6.00	12.00
JAPAN: MINISTRY OF FINANCE - PHRD GRANTS	2.00	2.80	4.80
Total:	10.20	8.80	19.00

Borrower:
Department of State for Finance and Economic Affairs
Banjul, Gambia, The

Responsible Agency:
Department of State for Local Government and Lands
Banjul, Gambia, The

Estimated disbursements (World Bank FY/US\$m)									
FY	0	0	0	0	0	0	0	0	0
Annual	0.74	1.85	3.10	3.43	2.15	0.73	0.00	0.00	0.00
Cumulative	0.74	2.59	5.69	9.12	11.27	12.00	12.00	12.00	12.00
Project implementation period: Start February 26, 2007 End: February 24, 2012 Expected effectiveness date: February 26, 2007 Expected closing date: February 24, 2012									
Does the project depart from the CAS in content or other significant respects? [] Yes [X] No <i>Ref. PAD A.3</i>									
Does the project require any exceptions from World Bank policies? [] Yes [X] No <i>Ref. PAD D.7</i> Have these been approved by World Bank management? [] Yes [] No Is approval for any policy exception sought from the Board? [] Yes [] No									
Does the project include any critical risks rated "substantial" or "high"? [X] Yes [] No <i>Ref. PAD C.5</i>									
Does the project meet the Regional criteria for readiness for implementation? [X] Yes [] No <i>Ref. PAD D.7</i>									
Project development objective <i>Ref. PAD B.2, Technical Annex 3</i> Rural communities, in partnership with Local Government Authorities, plan, implement and maintain their priority social and economic investments.									
Project description <i>Ref. PAD B.3.a, Technical Annex 4</i> <u>Component A:</u> Community Development Facility will finance community-driven activities identified on the basis of a participatory strategic planning process. <u>Component B:</u> Strengthening Capacity for Community Development will address the technical and fiduciary skills needed at the different decentralized levels to implement local development activities. <u>Component C:</u> Project Coordination, Monitoring and Evaluation will support a Project Coordination Team (PCT) responsible for technical and fiduciary oversight of the project and the Monitoring and Evaluation (M&E) will focus on results-oriented data collection to inform decision-making and impact evaluation.									
Which safeguard policies are triggered, if any? <i>Ref. PAD D.6, Technical Annex 10</i> The project has triggered (i) OP 4.01 Environmental Assessment due to future construction and rehabilitation activities as well as potential impacts related to medical waste management; (ii) OP 4.09 Pest Management due to the potential increase in the use of pesticides to improve agricultural production; and (iii) OP 4.12 Involuntary Resettlement due to the potential need for land acquisition for future sub-projects. The safeguard screening category is S2, and the environmental screening category is B.									
Significant, non-standard conditions, if any, for: <i>Ref. PAD C.7</i> <u>Board presentation:</u> The overdue audits on TF025078 related to the Community Driven Rural Services Support (a predecessor project) for the period 1999-2001 must be provided before Board Presentation. <u>Grant effectiveness conditions:</u> a) The PHRD co-financing agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of the Financing Agreement) have been fulfilled; b) The Recipient has appointed external auditors with qualifications and experience satisfactory to the Association; c) The Recipient has adopted the PIM, including administrative, accounting and financial procedures, as									

well as guidelines for environmental and social screening, in form and substance satisfactory to the Association;

d)The Recipient has established the PCT under terms of reference acceptable to IDA with the following key staff with qualifications and experience satisfactory to the Association: Project Coordinator, Community Development Facility Manager, Capacity Building Manager, Financial Manager, Procurement Specialist, and M&E Specialist;

e)The Recipient has recruited a Financial Controller for at least three LGAs, with qualifications and experience satisfactory to the Association;

f)Establishment of a Financial Management System in form and substance satisfactory to the Association.

Covenants applicable to project implementation:

- Conditions of Disbursement :No withdrawal shall be made under Category (4)(b) until it is confirmed that the three outstanding LGAs, in addition to those referred to in the effectiveness condition (e), have each recruited a financial controller under terms of reference, and with qualifications and experience satisfactory to the Association;

- Other Covenants

a)Submission of a Progress report every six months (each quarter for the first year of implementation);

b)Submission of Annual Work Plans and Budgets acceptable to IDA by October 31 of each year (the first one 60 days after effectiveness);

c)Mid-term review of the Project to be undertaken by the 30th month from effectiveness;

d)Implementation of the Project in accordance with the PIM, ESMF, and RPF;

e)Maintain throughout Project implementation the PCT, PSC and FCs.

A. STRATEGIC CONTEXT AND RATIONALE

1. Country and sector issues

1. *Key elements of The Gambia's poverty reduction strategy.* Poverty in The Gambia is pervasive and largely a rural phenomenon. Two thirds of Gambians live below the poverty line while almost 40 percent of the households are food poor. Three-quarters of the poor live in rural areas, where extreme poverty is increasing. The objective of The Gambia's Poverty Reduction Strategy (PRSP) is to reduce disparities in access to sources of income and empowerment, and is articulated around five pillars: (i) the creation of an enabling environment for economic growth and poverty reduction; (ii) enhancing the productive capacity and social protection of the poor; (iii) improving the coverage of and access to basic social services; (iv) building the capacity of local communities and their organizations to play a greater role in poverty reduction; and (v) mainstreaming cross-cutting poverty issues (Gender, Environment, Nutrition, HIV/AIDS, etc.). The PRSP also emphasizes decentralizing the public sector and directly intervening at the community level. However, recent poor economic performance has undermined progress toward both the PRSP and the Millennium Development Goals (MDGs).

2. *Key issues and constraints.* Poverty in The Gambia is much higher in rural areas, where it has increased considerably since 1992. This situation arose despite being addressed in The Gambia Poverty Reduction Strategy, and is largely attributable to insufficient resources reaching the poorest areas of the country. Severe capacity constraints have limited the ability of The Gambia to identify, recruit, deploy, and retain high-calibre extension staff to tackle the multiple determinants of poverty. Outcomes in key sectors reinforce this reality: agriculture is constrained by its lack of diversification; education lacks sufficient human capital; health outcomes compare poorly to neighbouring countries and are constrained by insufficient funding, lack of qualified personnel, and drug shortages.

3. While the Local Government Act of 2002 articulates a strong framework for decentralization in the country, its implementation is lagging. Though participation and community empowerment are seen as critical contributors to reducing poverty, they conflict with entrenched interests and approaches that are top-down and supply-driven across the major sectors. Political decentralization is in place, with local elections occurring every four years. Administrative decentralization is only partially effective, with a fair amount of deconcentration of line ministry staff outside of Banjul, but with no functional devolution to date. Fiscal decentralization instruments mandated by the Act are not utilized by either central or local governments, leading to a massive financing gap for critical services at decentralized levels. At ward and village levels, structures established under the Act are often not functional unless provided with external support. These weaknesses translate into poor development outcomes at decentralized levels, particularly in the poorest and most vulnerable localities and in the most critical sectors.

4. *What the country is doing to address these issues.* Some of the key constraints identified above also serve as potential catalysts to address poor development outcomes in rural areas. In particular, the Government has established enabling legislation such as The Local Government Act (2002) and the Audit and Finance Act (2004) in order to stimulate local development. The Government has stated its commitment to a meaningful process of devolution, whereby citizens, local governments, and civil servants have the mandate, ability, and resources to achieve tangible development results.

2. Rationale for World Bank involvement

5. In order to address the multiple determinants of poverty in rural areas, and in consideration of the limited size of the country, the Government requested that the World Bank support a multi-sectoral project based on the community-driven development approach. By supporting communities and local governments, the proposed Community-Driven Development Project (CDDP) provides a single mechanism for working across sectors. This will allow the project to efficiently tackle some of the priority issues affecting rural areas, particularly related to past weaknesses associated with a centralized, supply-driven approach to poverty reduction. This approach will transfer the requisite skills and resources to decentralized administrative structures in order to address key poverty issues.

6. The International Development Association's (IDA) support can help promote local institutions as key partners in the local development process, be catalytic in helping to consolidate a transparent and equitable resource allocation at the local level, and provide a demonstration effect related to decentralization that could be supported by other donors. In this vein, the proposed project will complement the efforts of other development partners who support rural development and decentralization (see Annex 2). The World Bank's comparative advantage to support the CDDP lies in its long track record and corresponding technical leadership with respect to community-driven development (CDD) approaches around the world.

3. Higher level objectives to which the project contributes

7. As noted above and in Annex 1, The Gambia's first PRSP was articulated around five pillars. A new PRSP is currently under preparation along the same lines. The current Country Assistance Strategy (CAS, February 2003) supports three of the five pillars: (i) improving an enabling policy environment to promote growth and poverty reduction; (ii) improving the coverage of unmet basic social services needs; and (iii) building the capacity of local communities and civil society organizations (CSOs) to play an active role in the development process. The proposed project addresses all three focus pillars in that it seeks to create an environment conducive to growth and poverty reduction, empower rural communities to become agents of development, and aims to improve their access to quality social and economic services. At the same time, the project addresses the other two pillars of the PRSP (productive capacity and cross-cutting issues). A new CAS is being prepared in Fiscal Year 2007 (the expected Board Presentation is in June 2007)

8. The project replaces two operations initially foreseen in the Fiscal Years 2003-2005 CAS: a Community-Based Rural Development Project and a follow-up operation to the Participatory Health, Nutrition, and Population Project. Based on lessons learned from previous support to agricultural and health sectors, the World Bank and the Government agreed that future operations would focus on downstream, decentralized support to the sectors. The participatory assessment undertaken in preparation of the current CAS and the growing importance of rural poverty in The Gambia further validate the proposed decentralized, multi-sectoral, and community-driven approach.

B. PROJECT DESCRIPTION

1. Lending instrument

9. The proposed Community-Driven Development Project will be a five-year Specific Investment Loan (SIL).

2. Project development objective and key indicators

10. The project development objective is the following: Rural communities, in partnership with Local Government Authorities, plan, implement and maintain their priority social and economic investments.

11. Key outcome indicators (disaggregated by gender/age group whenever possible) include:

- At least 70 percent of Community Subprojects' results are achieved;
- Satisfaction with the results of the Community Subprojects increases by 10 percent each year in sample targeted rural population up to 90 percent by Year 5;
- At least 70 percent of Community Subprojects are fully functional two years after their completion.

3. Project components

12. The project will target 88 wards and approximately 600 villages in the six rural Local Government Areas (LGAs) of The Gambia, and will benefit a population estimated at 435,000 people, which is about 50 percent of rural population (See Section C.2 for details on the decentralized administrative structures targeted by the project).

13. The project has three components: A) Community Development Facility, B) Capacity strengthening for community development, and C) Project coordination, monitoring and evaluation.

14. **Component A: Community Development Facility (CDF) - US\$10.8 million (of which IDA US\$9.2 million and PHRD US\$0.5 million).** The CDF will finance community-driven activities identified on the basis of a participatory strategic planning process. It provides an opportunity for communities to take charge of local development challenges through experience with participatory planning, budgeting, financial management, and implementation of development activities. The project will be demand-driven, and participating villages and wards will have an open menu of social and economic activities, including capacity building activities and income generating activities. Criteria and procedures for use of the CDF will be described in detail in the Project Implementation Manual (PIM). The technical and fiduciary review of the activities will be placed at levels corresponding to their area of implementation and their complexity. The budget allocation for participating villages and wards will be determined with a formula based on population and poverty levels. The investment envelope will be made known at the outset of the planning cycle. Each Local Government Authority will manage a project designated sub-account to disburse grant allocations to villages and wards. Village and ward development committees (VDCs and WDCs) will manage funds to implement their own development plans. About five percent of the CDF will be earmarked for a Good Governance Facility, which will finance activities to strengthen accountability and transparency related to the project. Gambian CSOs will develop proposals and implement activities under the Good Governance Facility.

15. **Component B: Strengthening Capacity for Community Development - US\$6.3 million (of which IDA US\$2.1 million and PHRD US\$3.35 million).** Capacity-building activities will address the technical and fiduciary skills needed at the different decentralized levels to implement local development activities. In particular, the component will: (i) develop the capacity of villages and wards to undertake participatory planning and resource allocation based on a simple, results-oriented approach grounded in the principles of community empowerment,

transparency, and ownership; (ii) strengthen the capacity of deconcentrated staff to facilitate community-level development planning and investment; (iii) strengthen capacities of Local Government Authorities to effectively monitor local development plans and to manage and account for funds provided to villages and wards for investment activities; (iv) provide limited support for capacity building for key sectoral government agencies, geared toward strengthening sectoral capacities to support community-level social and economic activities; (v) support implementation of the project's public outreach campaign; and (vi) support strengthening of environmental management capacity. Training packages for at least the first eighteen months of project activity will be defined before project effectiveness.

16. Component C: Project Coordination, Monitoring and Evaluation - US\$1.65 million (of which IDA US\$0.45 million and PHRD US\$0.95 million). The component will support a Project Coordination Team (PCT) responsible for technical and fiduciary oversight of the project. It will be mainstreamed within the Department of State for Local Government and Lands (DOSLGL) and its size will be limited to core functions critical to the project's success and for which severe capacity constraints exist in the Gambian civil service (overall coordination, monitoring and evaluation, and fiduciary matters). Monitoring and Evaluation (M&E) will focus on results-oriented data collection to inform decision-making and impact evaluation. It will enable beneficiaries and DOSLGL to: monitor due diligence focused on whether project implementation complies with fiduciary guidelines as well as with social and environmental safeguard policies; monitor and evaluate achievement of the development objectives; evaluate whether the project's implementation approach will be sustainable and have the desired outcomes; assess project impacts on local governance and decision-making; and assess the extent to which project activities empower marginalized groups (women and youth). The project will finance fiduciary specialists both at the central level (one Financial Manager and one Procurement Specialist) and at the decentralized level (one Financial Controller in each of the six Local Government Authorities).

4. Lessons learned and reflected in the project design

17. The CDDP will support multi-sectoral community development. Its design adopts several lessons from other CDD projects:

(i) *Project implementation should build, not undermine, local capacity.* Establishing parallel structures for project implementation undermines sustainability and the transfer of knowledge. Therefore, CDDP's implementation will be mainstreamed within Government structures.

(ii) *Empowering communities achieves better outcomes.* Enabling beneficiaries to make decisions about -and act on- development opportunities enhances sustainability and builds capacity. Therefore, the CDDP will use community involvement as a catalyst to achieve project outcomes.

(iii) *Balance top-down with bottom-up.* In order to improve outreach and ensure sustainability, it is crucial to find a good balance between community-led initiatives and national level responses to poverty reduction. The project will, therefore, provide support to central level for coordination and capacity building.

(iv) *Make M&E meaningful.* Project indicators should be focused, realistic, and results-oriented. Active collection and reflection on progress toward these objectives enables

M&E to act as a management tool. The CDDP will fully incorporate these lessons into its M&E system. (See Section C3 for details).

(v) *Supply of services does not necessarily increase utilization rates.* Experiences demonstrate the need to initiate specific activities to improve the knowledge of, and the demand for, services. The CDDP will focus capacity building efforts at decentralized levels on this issue.

(vi) *Capacity building is more effective if it is through learning by doing.* Experiential learning is an effective means to develop capacity and achieve sustainable results. The CDDP will adopt “learning by doing” throughout the project’s activities, including the use of the Rapid Results Approach at decentralized levels.

5. Alternatives considered and reasons for rejection

18. Other instruments and approaches also considered were:

- Two freestanding operations were initially proposed in the Fiscal Years 2003-2005 CAS: a Community-based Rural Development Project and a successor to the Participatory Health, Nutrition and Population Project. In the context of reduced IDA allocation for The Gambia and considering the small size of the country (The Gambia is the smallest country of continental Africa), the two operations were replaced by this multi-sectoral community-driven development project, considered as the best approach for working efficiently and effectively across sectors at decentralized levels.
- The choice of an Adaptable Program Loan (APL) was discussed and rejected at the Project Concept stage. While an APL in principle ensures long-term commitment from the World Bank, it was considered that the small size of the country does not require a phased approach. In addition, it was considered that the World Bank long-term commitment is implicit in its support to the PRSP process.

C. IMPLEMENTATION

1. Partnership arrangements

19. The project will be co-financed by the Government of Japan, which has made available a co-financing grant of US\$4.8 million under its Policy and Human Resources Development (PHRD) Fund. The PHRD co-financing grant will support up to 75 percent of in-country training and technical assistance for capacity building. The PHRD funds will be pooled with IDA funds and the closing date of the grant will coincide with the closing date of the project.

20. The project will coordinate its activities with the following donor-supported interventions that are currently under preparation:

The *International Fund for Agricultural Development* (IFAD) will provide support the Rural Finance Project, the successor to the ongoing Rural Finance and Community Initiatives Project (RFCIP)—expected to close in December 2006. The Rural Finance Project is expected to concentrate on the development of Micro-Finance Institutions (MFI) at decentralized levels. It will provide on-demand capacity development to communities and individuals willing to engage in economic activities that can be supported by MFIs. The Rural Finance Project is expected to become effective in 2007.

The *African Development Bank* (AfDB) will support the Entrepreneurship Development and Livelihoods Promotion (EDLPP) project. This project is expected to become effective in early 2007, and is anticipated to be a grant of about US\$12 million. The project will focus on support to MFIs and to entrepreneurship activities nationwide.

The *European Commission* (EC) is preparing a program of Support to Decentralization and Local Development. The program, currently being prepared, is expected to start in 2007. It will build on lessons learned from the implementation of the EC-funded Support to Decentralization and Rural Development Project, closed in 2004. It is expected that the EC project, with an estimated allocation of Euro 5 million (about US\$6.0 million), would focus on policy reforms and institutional capacity building related to deepening decentralization in The Gambia.

2. Institutional and implementation arrangements

2.1. Administrative structures in The Gambia

21. Implementation arrangements are grounded in The Local Government Act of 2002. Table 1 below provides a summary of the administrative structures in The Gambia. It also provides an overview of project coverage of these levels.

TABLE 1: GOVERNMENT ORGANIZATION

Level	Numbers	Representative Body
Central	1	Parliament
Local Areas	8 total, of which 6 covered by CDDP	Local Area Council (LAC)
Wards	114 total, of which 88 (all rural wards) covered by CDDP	Ward Development Committee (WDC)
Villages	1896 total, of which about 600 covered by CDDP	Village Development Committee (VDC)

22. Table 2 outlines the composition and development mandate of critical structures referenced in the Act.

TABLE 2: DECENTRALIZED STRUCTURES IN THE GAMBIA

Level	Structures	Development Mandate in the Local Government Act
LGAs	<p><i>Local Government Authority (Local Area Council)</i></p> <ul style="list-style-type: none"> -1 Elected Councilor from each ward - Finance, Establishment, Development Committees <p><i>Local Government Services</i></p> <ul style="list-style-type: none"> -Departments of Finance, Services, Planning and Development, and Administration 	<ul style="list-style-type: none"> - Coordinate development plans and programs; - Promote economic, social, spatial, and human settlement policies. <ul style="list-style-type: none"> - Plan and implement any program or project for developing the infrastructure, improving social services, developing human and financial resources; - Prepare the development plan for areas

Level	Structures	Development Mandate in the Local Government Act
	<p>Technical Advisory Committee (TAC):</p> <ul style="list-style-type: none"> -Central Government’s technical departments that have extension workers at village and ward levels (MDFTs); -Representatives of locally involved NGOs. 	<p>incorporating all ward plans.</p> <ul style="list-style-type: none"> - Provides technical advice to LAC, WDCs, and VDCs to ensure local projects conform to the national standards, policies, and priorities.
Ward	<p>WDCs</p> <ul style="list-style-type: none"> - Ward Councillor (Chair); -Male and female elected representative from each VDC; - Representatives of organizations involved in ward level development; - Other co-opted members; - May establish subcommittees. 	<ul style="list-style-type: none"> - Coordinate and prioritize all development planning at the ward level; - Prepare ward development plans; - Coordinate development assistance at ward level; - Review village plans to identify shared priorities and concerns; - May operate bank accounts.
Village	<p>VDCs</p> <ul style="list-style-type: none"> - Male and female representatives from each <i>kabilo</i> (clan); - Male and female representative of each community-based organization (CBO); - Youth representative; - Other co-opted members; - May establish subcommittees. 	<ul style="list-style-type: none"> - Identifying and prioritizing local development needs, in consultation with the local community; - Developing plans; raising, coordinating and managing financial resources at village level; - Implementing and managing development plans and projects at village level; - Carrying out other functions as assigned by the LAC or WDC; - May operate bank accounts.

2.2 Implementation Arrangements

23. The project will be housed at the DOSLGL. Its implementation structure will comprise: (i) a Project Steering Committee (PSC); (ii) a Project Coordination Team (PCT); and (iii) field staff comprising Community Development Officers (CDOs) and Agents (CDAs), and extension workers of various governmental agencies.

24. The PSC will be responsible for the overall coordination and policy guidance of the project. It will reflect the multi sectoral nature of the project, and will include representatives of *inter alia*: Department of State for Finance and Economic Affairs (DoSFEA), DoSLGL, Department of State for Agriculture (DoSA), Department of State for Health and Social Welfare (DoSHSW), Department of State for Water Resources (DoSWR), Department of State for Education (DoSE), National Nutrition Agency (NaNA), NGO representatives, and The Gambian Association of Local Government Authorities (GALGA). The PSC will be responsible for: (i) approving the project’s annual work plan and budget prepared by the project coordination team; (ii) providing overall co-ordination and policy advice; and (iii) approving subsequent updates of the PIM. The PSC will meet at least quarterly. It will be chaired by the Permanent Secretary of DOSLGL and have the Project Coordinator as Secretary. The exact composition and terms of reference of the PSC will be defined in the PIM.

25. The **PCT** will be responsible for the day-to-day coordination of the project, including oversight of all technical, social, environmental, fiduciary, and administrative matters. It will be located in the DOSLGL, whose mandate includes decentralization reforms and community development issues. This arrangement will ensure skills transfer within an appropriate institutional context, which leads to a higher likelihood of sustainability once the project closes.

26. At the central level, the key staff of the PCT will comprise: (i) the Project Coordinator; (ii) the CDF Manager (Component A); (iii) the Capacity Building Manager (Component B); (iv) the M&E Specialist (Component C); (v) the Procurement Specialist; (vi) the Financial Manager; (vii) the Administrative Assistant, and (viii) the Accountant. In addition, in each of the six targeted LGAs, the project will recruit a Financial Controller to provide technical assistance to the Local Government Authority and to ensure compliance of financial management with the provisions of the PIM. The PCT will report to DOSLGL's Permanent Secretary. The CDF Manager will be the Environmental Focal Point in the PCT.

27. The **CDDP field staff** (notably the cadre of DOSLGL CDAs and CDOs as well as extension staff of various agencies) will be responsible for coordinating the project activities at village and ward levels. The project will build upon the successful model of the Multi-Disciplinary Facilitation Teams (MDFTs), which bring together extension workers from government agencies and NGOs to address development issues at village and ward levels. Annual work plans will be used to coordinate project activities at local level. DOSLGL staff will assist with the identification and provision of support services by relevant sectoral line departments on a demand-driven basis. Significant capacity building activities will be undertaken at the inception of the project in order to strengthen the skills and abilities of field staff to effectively play these roles. An environmental focal point will be nominated within each MDFT for the purpose of the implementation of the Environmental and Social Management Framework (ESMF).

28. Villages and wards will take the lead in identifying and implementing development activities, with support from the project field staff. Their respective VDCs and WDCs will coordinate and monitor development planning and implementation of identified activities. They will leverage the requisite resources to undertake project activities, including mobilizing community traditional leadership, civil society organizations, and the private sector.

2.3 Flow of Funds

29. Local Government Authorities will be responsible for disbursing the formula-based grants for development activities at village and ward levels. Each Local Government Authority will set up a designated sub-account to receive project funds for the purpose of disbursing grants. Disbursements of funds from Local Government Authorities to villages and wards will be based on a tripartite agreement signed by the village/ward, the Local Government Authorities and the CDDP. The tripartite agreement will include the village/ward development plan and the indicative list and costing of sub-projects (see also Annex 7 Appendix 3). The VDCs and WDCs will be responsible for the management of financial and procurement aspects related to their grant allocation. VDCs and WDCs will request fund replenishments to their respective Local Government Authority on the basis of physical progress, certified by the relevant CDA/MDFT. Disbursements to VDC and WDC will be effected by the local Project Financial Controller and the Chief Executive Officer.

30. Local Government Authorities, via the project Financial Controller at LGA level, will submit replenishment requests to the PCT accompanied by a schedule detailing resources to be used for: (i) facilitation of planning and technical backstopping of identified development activities by MDFTs; and (ii) transfers to VDCs and WDCs to finance approved development activities.

3. Monitoring and evaluation of outcomes/results

31. Monitoring and evaluation is seen as a key part of the CDDP implementation process. Annex 3 outlines the indicators to measure the achievement of the project's development objective and intermediate outcomes. The project's M&E will be geared toward tracking the CDDP's key outcomes and results. The system will be results-oriented and conceived as a management tool to be used by both project staff and participating communities. The M&E system will be oriented towards: (i) Monitoring due diligence, focused on compliance with the PIM; (ii) Monitoring and evaluating the achievement of development objectives and outcomes; (iii) Assessing sustainability of outcomes; (iv) Assessing impact on local governance and decision-making; (v) Evaluating the level of empowerment of marginalized groups (women and youth); and (vi) Monitoring compliance with the ESMF and the Resettlement Policy Framework (RPF).

32. An M&E Specialist in the PCT will supervise all M&E activities under the project, be responsible for ensuring quality control of data from decentralized levels, and take the lead in compiling the data for quarterly reporting. The Financial Manager will be responsible for analyzing the data related to fiduciary matters. All technical and financial data will be captured in a Management Information System (MIS). A mid-term evaluation will be carried out at the latest 30 months from the date of project effectiveness.

33. At the LGA level, the focus of M&E will be on fiduciary aspects, particularly with respect to monitoring the use of funds at village and ward levels. This function will be monitored by the project Financial Controller in each LGA. The Capacity Building Manager will monitor the technical aspects of implementation, including the LGA, ward, and village capacity building activities. The project staff will also monitor outcomes related to the coordination function assigned to the LGA's TAC.

34. At village and ward levels, citizens will use Participatory M&E to track the progress with respect to desired outcomes and results they have identified as part of the Development Planning process. This level of M&E will be self-standing, in that it will be managed by the communities themselves and will utilize the community scorecard approach, with technical support from CDAs when necessary. Fiduciary and technical audits will be undertaken within samples of participating villages to ensure compliance with PIM procedures. Baseline data for the purpose of impact evaluation will be collected, in treatment and control villages, by a third party before project activities begin. CDAs and CDOs will coordinate data collection referring to the intermediate outcomes at village and ward levels, and will provide periodic reports to the PCT for management and reporting purposes.

4. Sustainability

35. Project sustainability is based on three justifications. First, the design and implementation arrangements for the project are grounded in the Local Government Act of 2002 (See Section C.2 for details). While this legislation demonstrates The Government of The Gambia's overall

commitment to decentralization, the CDDP provides the necessary catalyst to put portions of The Act into action through its focused support to lower institutional levels (in particular villages and wards). Admittedly, strong political will at central level will be critical for these gains to be realized and sustained, particularly once the project closes. Other donors strengthening their support for decentralization, particularly as the project phases out, will also contribute significantly to sustainability.

36. Second, the project will avoid creating parallel structures at the levels of coordination and implementation, given that it will strengthen the capacities of the Local Government Authorities, WDCs, and VDCs. Existing staff of the Government Departments of State will be integral to project implementation, including Local Government Authorities' civil servants and deconcentrated extension workers from line ministries. The project's significant focus on capacity building is geared toward skills enhancement of civil servants and citizens who will participate in project activities.

37. Third, at the level of development activities to be financed by the CDF, the required funds will be allocated to prospective operation and maintenance needs identified during sub-project appraisal, to ensure sustainability well into the future. For these reasons, the project's sustainability is considered likely.

5. Critical risks and possible controversial aspects

TABLE 3: POTENTIAL RISKS AND PROJECT RATING

Risks	Risk Mitigation Measures	Risk Rating with Mitigation
To project development objective		
Slow implementation of the decentralization process delays progress toward or contradicts project objectives.	By supporting the provisions of the Local Government Act, the project will ultimately contribute to the building of political will for decentralization. In addition, the project will work with other development partners (i.e. European Union, World Bank/IMF macro colleagues) to further support the implementation of the decentralization framework.	Substantial
Weak technical and fiduciary capacity within DOSLGL, MDFTs, LGAs, wards, and villages leads to poor outcomes.	Strong emphasis on capacity development to build skills across administrative levels. Donors should engage in policy dialogue with the Government of The Gambia on civil service reform.	Substantial
Politicization of project activities, particularly during electoral periods.	Project's public outreach program will sensitize stakeholders about the need to keep development activities apolitical.	Substantial
To component results		
Duplication of activities by different projects causes confusion at decentralized levels.	Strong focus on coordination with other major projects working at decentralized levels.	Modest
Elite capture of planning and implementation at village and ward	Planning process focused on empowerment of diverse stakeholders.	Modest

levels.	Accountability mechanisms to be put in place at decentralized levels.	
Lack of capacity and brain drain hampers recruitment of qualified staff, both at the project and LGA levels, and retention of capacity building activities.	The project will support adequate incentives to attract and retain staff and other support workers.	Modest
Misappropriation of project funds.	Strong fiduciary, accountability, and transparency mechanisms built into design.	Modest
To fiduciary aspects Procurement		
Lack of experience with Bank procedures	Recruitment of a qualified procurement specialist and training at different levels	High
Insufficient capacity at the local level	The preparation of a PIM which defines the procurement methods and procedures for community-based contracting; standard bidding documents for NCB, small works and consulting assignments Frequent supervision and control from the main procurement specialist to advice local communities responsible on all procurement matters	High
Overall risk rating		Modest

6. Grant conditions and covenants

6.1 Conditions of effectiveness

- a) The PHRD co-financing agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of the Financing Agreement) have been fulfilled;
- b) The Recipient has appointed external auditors with qualifications and experience satisfactory to IDA;
- c) The Recipient has adopted the PIM, including administrative, accounting and financial procedures, as well as guidelines for environmental and social screening, in form and substance satisfactory to IDA;
- d) The Recipient has established the PCT under terms of reference acceptable to IDA with the following key staff with qualifications and experience satisfactory to IDA: Project Coordinator, Community Development Facility Manager, Capacity Building Manager, Financial Manager, Procurement Specialist, and M&E Specialist;
- e) The Recipient has recruited a Financial Controller for at least three LGAs, with qualifications and experience satisfactory to IDA;
- f) The Recipient has established a Financial Management System in form and substance satisfactory to IDA.

6.2 Condition of Disbursement

38. No withdrawal shall be made under Category (4)(b) until it is confirmed that the three outstanding LGAs, in addition to those referred to in the effectiveness condition (e), have each recruited a financial controller under terms of reference, and with qualifications and experience satisfactory to IDA.

6.3 Other covenants

- a) Submission of a Progress report every six months (each quarter for the first year of implementation);
- b) Submission of Annual Work Plans and Budgets acceptable to IDA by October 31 of each year (the first one is due 60 days after effectiveness);
- c) Mid-term review of the Project to be undertaken by the 30th month from effectiveness;
- d) Implementation of the Project in accordance with the PIM, ESMF, and RPF;
- e) Maintain throughout Project implementation the PCT, PSC and the Financial Controllers.

D. APPRAISAL SUMMARY

1. Economic and financial analyses

39. The project comprises three components, of which Component A (Community Development Facility) will have direct economic or social impact on the beneficiaries, Component B (Strengthening Capacity for Community Development) will contribute directly to these benefits, while Component C (Project Coordination, Monitoring and Evaluation) will be a precondition for delivering the project outputs under Components A and B as planned and achieving the desired impact. Given the demand-driven nature of the project, it is not possible to determine beforehand the type and mix of projects that will be implemented by the communities. Furthermore, the benefits of many social investments may be difficult or impossible to quantify in monetary terms. A meaningful quantification of project costs and benefits is, therefore, difficult. However, on the basis of existing ward and village development plans and making conservative assumptions regarding the economic returns of likely subprojects, the economic rate of return (ERR) has been calculated for various scenarios (see Annex 9). Taking into account the quantifiable benefits under Component A, the ERR for the whole project is estimated at about 6.4 percent. The ERR increases to 15.3 percent (net present value: US\$1.39 million), if the costs of only Component A are included in the analysis. Given the fact that capacity building projects are generally not subject to economic analysis, as they only yield longer-term, intangible benefits, the project can be justified on the grounds of the ERR for Component A, particularly as many social benefits that directly contribute to improved livelihoods of the rural poor have not been captured by the analysis.

2. Technical

40. The guiding premise of the CDDP is that there is considerable latent technical and managerial capacity at the local level, which can be released through a participatory strategic planning process that is followed with a predictable investment envelope to finance activities. In addition, because the anticipated investments will likely be simple infrastructure, local artisans and entrepreneurs have sufficient technical knowledge and experience to implement and manage them. The technical quality of subprojects would be ensured by: (i) allowing communities to choose activities and technologies they are familiar with; (ii) allowing communities to procure technical assistance from the public or private sector if they choose to do so; and (iii) ensuring

that deconcentrated sectoral extension workers (MDFTs) and the expertise of line agencies would be available to assist communities with guidance on issues related to their specific technical disciplines. Activities related to the different sectors would be carried out within the respective policy framework and general guidelines of the Government.

3. Fiduciary

3.1 Financial Management

41. A financial management assessment was carried out to determine whether the project implementing agencies at the central and local levels have acceptable financial management arrangements. The conclusion of the assessment is that, in order to satisfy the World Bank's minimum requirements under OP/BP 10.02, the financial management arrangements for the project need to be improved before project effectiveness. Strengthening of financial management arrangements shall be achieved with the implementation of the action plan provided in appendix 1 of Annex 7. Key actions identified are: (i) staffing of the PCT and the LGA with qualified and experienced Financial Controllers; (ii) elaboration and adoption of a PIM in form and substance satisfactory to IDA; (iii) setting up accounting software; and (iv) appointment of external auditors with experience and qualifications satisfactory to IDA. Once the action plan is implemented, the financial management arrangement will be adequate to provide, with reasonable assurance, accurate and timely information on the status of the project as required by IDA.

3.2 Procurement

42. A Country Procurement Assessment Review (CPAR), carried out in The Gambia in October 1998, flagged the main issues such as the lack of capacity regarding the Recipient's staff, the absence of standard bidding documents at the national level, the insufficient capacity of local contractors for contracts subject to International Competitive Bidding (ICB), and corruption. Recommendations were made to address these issues. The World Bank, through the Capacity Building and Economic Management Project (CBEMP), provided support to strengthen the Recipient's capacity in procurement, modernize the procurement process and improve regulation (approval of Gambia Public Procurement Act). Thanks to this plan, some of the issues, such as training staff responsible for procurement and designing standard bidding documents, including provisions in the Code against corruption have been addressed. Nonetheless, the situation remains risky.

43. A CPIP has been carried out in 2005 as an update of the CPAR but the report is not yet commented by the Government and subsequently an action plan with clear recommendations (capacity building, institutional reinforcement through a regulatory body, an appeal body, strengthening of the private sector, judiciary reinforcement, etc.) is not yet discussed and agreed.

Assessment of the agency's capacity to implement procurement

44. Procurement activities will be carried out by the Project Coordination Unit located in the DOSLGL. The project procurement functions will be assured by a Procurement Specialist. Given the difficulty of finding qualified procurement specialists in The Gambia, the CDDP Procurement Specialist, recruited on a competitive basis, will be eligible for short-term consulting fees. The recruitment of the procurement specialist, and other key staff in the project, is condition of project effectiveness.

45. An assessment of the capacity of the Implementing Agency to implement procurement actions for the project reviewed the organizational structure for implementing the project and the interaction between the project's staff responsible for procurement and the Government's central unit for administration and finance.

46. The key issues and risks concerning procurement for implementation of the project have been identified and include lack of experience in World Bank procurement procedures and insufficient capacity at the local level. The corrective measures which have been agreed are: (i) recruitment of a highly qualified procurement specialist knowledgeable of World Bank guidelines; (ii) training of project, LGA staff and communities on procurement issues; and (iii) preparation of a PIM which defines the procurement methods and procedures for community-based contracting; standard bidding documents for NCB, small works and consulting assignments and (iv) Frequent supervision and control from the main procurement specialist to advice local communities responsible on all procurement matters.

47. The overall project risk for procurement is high.

4. Social

48. A social and gender assessment was financed as part of project preparation, and outlines the key opportunities, constraints, and prospective impacts and risks arising out of The Gambia's socio-cultural and political context, particularly in rural areas. The CDDP design draws from these recommendations, and builds upon the country's rich legacy with respect to participatory and demand-driven development activities at community level. Project design also responds to the institutional opportunity to work in concert with LGAs to develop their capacity to support community-driven initiatives. The design also reflects concern raised in the social and gender assessment with respect to the issue of inclusion, particularly of women and youth in decision-making and access to resources. The CDDP strategic planning methodology is broadly participatory and geared toward fostering inclusion throughout all stages of project work at the local level. This approach will give voice to those who are typically on the margins, and enable them to have meaningful roles in articulating the community's future and putting that vision into action through the project's CDF. Existing leadership structures at the village level, notably the VDC, will be validated for their representativeness and leadership qualities during the planning process supported by the project. This approach will mitigate exclusionary and elite captured entities that would diminish the project's ability to promote transparency, inclusion, and strengthened village governance. Mechanisms to monitor inclusiveness, satisfaction with project outcomes, transparency, and local governance are also developed in the M&E framework, and will be disaggregated by gender in order to take corrective action when necessary. In addition to conventional M&E, communities themselves will monitor progress with respect to these indicators through the use of community scorecards.

49. Project preparation has been broadly participatory. A Core Team, comprising representatives of government agencies and civil society organizations, has overseen the project design, including oversight of the social and gender assessment and the ESMF. These assessments, in addition to field visits by project preparation staff, engaged various stakeholders at community and local government levels in technical discussions to vet the proposed project design. These stakeholders, particularly at village and LGA level, will be the leading actors in project implementation.

5. Environment

50. Under Component A, the CDDP will finance community-driven activities which will be identified on the basis of a participatory strategic planning process. Activities are likely to include sub-projects such as: construction and rehabilitation of feeder roads, health care facilities, and vaccination parks; and activities related to improvements in agricultural production and thus an increased use of pesticides. Based on experience with similar sub-projects, potential negative environmental and social impacts are likely to include soil erosion, water and soil pollution, loss of vegetation, increase in solid and liquid waste, including medical waste, pesticide poisoning, and pesticide residues in the food chain.

51. Since the locations and potential negative localized impacts of the future sub-projects were not known at appraisal, the Recipient has prepared an ESMF that outlines an environmental and social screening process for sub-projects and includes: i) Guidelines for an Environmental Management Plan (EMP); ii) Environmental Guidelines for Contractors; iii) a summary of the World Bank's safeguard policies; iv) a Pest Management Plan (PMP); and v) a National Medical Waste Management Plan (NMWMP). A RPF was prepared for identifying and mitigating potential negative environmental and social impacts at the sub-project planning stage. The RPF outlines the policies and procedures to be followed in the event that sub-projects require land acquisition. To ensure that the sub-projects are implemented in an environmentally and socially sustainable manner, the ESMF formulates recommendations to strengthen environmental management capacity, as well as implementation and monitoring of corrective measures. Annex 10 provides further detail on the ESMF and RPF.

52. In coordination with the PCT, the day-to-day monitoring activities will be carried out by technical agents of the MDFT, the LGAs and VDC to follow-up on environmental and social indicators and the implementation of corrective measures, if necessary.

6. Safeguard policies

53. The project has triggered (i) OP 4.01 Environmental Assessment due to future construction and rehabilitation activities as well as potential impacts related to medical waste management; (ii) OP 4.09 Pest Management due to the potential increase in the use of pesticides to improve agricultural production; and (iii) OP 4.12 Involuntary Resettlement due to the potential need for land acquisition for future sub-projects. The safeguard screening category is S2, and the environmental screening category is B.

54. In an effort to address potential negative environmental and social impacts of future sub-projects, the Recipient has prepared an ESMF and an RPF. Both documents have been approved and disclosed in The Gambia and at the World Bank's InfoShop on February 17, 2006.

55. The ESMF outlines an environmental and social screening process for sub-projects and includes: (i) Guidelines for an EMP; (ii) Environmental Guidelines for Contractors; (iii) a Summary of the World Bank's safeguard policies; (iv) a PMP; and (v) a NMWMP.

56. The RPF outlines the policies and procedures to be followed in the event that sub-projects require land acquisition.

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	[X]	[]
Natural Habitats (OP/BP 4.04)	[]	[X]
Pest Management (OP 4.09)	[X]	[]
Cultural Property (OPN 11.03, being revised as OP 4.11)	[]	[X]
Involuntary Resettlement (OP/BP 4.12)	[X]	[]
Indigenous Peoples (OD 4.20, being revised as OP 4.10)	[]	[X]
Forests (OP/BP 4.36)	[]	[X]
Safety of Dams (OP/BP 4.37)	[]	[X]
Projects in Disputed Areas (OP/BP/GP 7.60)*	[]	[X]
Projects on International Waterways (OP/BP/GP 7.50)	[]	[X]

7. Policy Exceptions and Readiness

Procurement plan for the first 18 months of activities: This was provided at Negotiations.

Disclosure requirements met: All disclosure arrangements have been met. The ESMF and the RPF were fully disclosed.

Results assessments arrangements completed: The Results Framework has been discussed and agreed upon with the Government.

* *By supporting the proposed project, the World Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

Annex 1: Country and Sector or Program Background

THE GAMBIA, Community-Driven Development Project

1.1 Key elements of The Gambia's poverty reduction strategy

1. Poverty in The Gambia is pervasive and is largely a rural phenomenon. Two thirds of Gambians live below the poverty line while almost 40 percent of the households are food poor. Three-quarters of the poor live in rural areas, where extreme poverty is increasing. The objective of The Gambia's Poverty Reduction Strategy is to reduce disparities in access to sources of income and empowerment, and is articulated around five pillars: (i) creating an enabling environment for economic growth and poverty reduction; (ii) enhancing the productive capacity and social protection of the poor; (iii) improving the coverage of and access to basic social services; (iv) building the capacity of local communities and their organizations to play a greater role in poverty reduction; and (v) mainstreaming cross-cutting poverty issues (gender, environment, nutrition, HIV/AIDS, etc.). The strategy emphasizes decentralization and direct interventions at the community level, thus enabling local governments to develop the capacity and responsibility for implementing and monitoring the PRSP with the goal of attaining the MDGs.

2. However, recent poor economic performance has undermined progress toward both the PRSP and MDGs. The poverty headcount target and half of the country's education and health indicators are substantially off-track. The Gambia's health and social indicators are among the lowest in sub-Saharan Africa. While health status in the country has improved over the last decade, infant and child mortality rates are still high and maternal mortality remains a critical issue due to malnutrition and infectious diseases, including HIV/AIDS and malaria.

1.2 Key issues and constraints

3. Poverty in The Gambia is much higher in rural areas, where it has increased considerably since 1992. The latest Household Poverty Survey revealed a high incidence of poverty and threat to livelihood security in the country, with an increasing proportion of the population living below the poverty line over the past decade: overall poverty is 69 percent. Seventy-four percent of the total population is rural while only 52 percent of the total population is literate. Almost 30 percent of the total population is categorized as undernourished and 20 percent of the under five children are said to be suffering malnutrition. Women and youth are particularly disadvantaged due to lack of diversified access to resources and income generation opportunities. The 2003 Food Security and Nutrition Survey reports that up to 11 percent of the rural population in The Gambia is categorized as most vulnerable to food insecurity. This group has less than four months of food self sufficiency, against a food stress period of about six months per year.

4. The capacity of the Gambian population to achieve sustainable household livelihood security in terms of access to income and resources to meet basic needs (including adequate access to food, potable water, quality health services, educational opportunities, housing, and time for community participation and social integration) has increasingly been eroded in the past decade. The World Human Development Report (WHDR, 2005) has ranked The Gambia 155th among 174 countries and as one of the least developed countries. This situation is directly related to the agricultural sector, the principal income-generating activity in rural areas. Overall agricultural production and productivity are low and over-dependent on groundnut. Livestock

and fisheries remain predominantly traditional. The causes of this situation include the lack of diversification within and from agricultural activities, the absence of a basic rural infrastructure base (storage, processing, transport), poor extension services, and insufficient access to capital and new technologies.

5. While the Local Government Act of 2002 articulates a strong framework for decentralization in the country, implementation of the legislation is lagging. Under this Act, local governments became critical to the fight against poverty. They are now full stakeholders in social and economic development and are expected to fulfill Government's mission of continuity, presence and proximity in the implementation of national policies and the delivery of public services in their areas of administrative control. Through decentralization, local government authorities are now expected to consolidate the spatial and institutional environments for the performance of economic operators, guarantee equal access to social services and ensure the consistency of economic development, social action and inclusion. The integration of local potential into the new national strategies of development is the basis of local government policy and it is recognized in particular that local government authorities need to be able to meet fully the demands relating to service delivery, local development, democracy and participation.

6. Though participation and community empowerment are seen as critical contributors to reducing poverty, this conflicts with entrenched interests and approaches that are top-down and supply-driven across the major sectors. Political decentralization is in place, with local government elections occurring every four years. Administrative decentralization is only partially affected, with a fair amount of deconcentration of line ministry staff outside of Banjul, but with no functional devolution having taken place to date. As a result of this centralized accountability chain, extension staff of key Departments of State lack the ability to make meaningful and informed decisions about issues that directly affect poverty outcomes in rural areas. Fiscal decentralization instruments mandated by the Act are not operational, leading to a massive financing gap for critical services at decentralized levels. In short, the Local Government Authorities are clearly not yet fulfilling many of the functional roles mandated to them under the Act. At ward and village levels, structures established under the Local Government Act are often not functional unless externally supported. Linkages between deconcentrated line department staff and ward and village committees are not clearly defined and interactions are on an *ad hoc* basis. These weaknesses translate into poor development outcomes at decentralized levels, particularly in the poorest and most vulnerable localities and in the most critical sectors.

1.3 What the country is doing to address these issues.

7. Some of the key constraints identified above also serve as potential catalysts to address poor development outcomes in rural areas. In particular, the Government has demonstrated its priority in enabling legislation such as The Local Government Act (2002) and Audit and Finance Act (2004). It acknowledges its past weaknesses and the failure of the state to provide adequate social services, capacity building activities at local levels, and access to markets to make a meaningful and sustained impact on poverty and has stated its commitment to a meaningful process of devolution, whereby citizens, local governments, and civil servants have the mandate, ability, and resources to achieve tangible development results. This situation arose despite being addressed in the Gambia PRSP, and is largely attributable to insufficient resources reaching the poorest areas of the country. In particular, the public sector has failed to deliver critical services

in rural areas. Severe capacity constraints have limited the ability of the state to recruit and retain high-calibre extension staff to tackle the multiple determinants of poverty. As a result, rural communities in non-served or underserved settlements get by with poor socio-economic conditions. Outcomes in key sectors reinforce this reality: agriculture is constrained by its lack of diversification; education lacks sufficient human capital; health outcomes compare poorly to neighbouring countries and are constrained by insufficient funding, lack of qualified personnel, and drug shortages.

Annex 2: Major Related Projects Financed by the World Bank and/or other Agencies
THE GAMBIA, Community-Driven Development Project

AfDB: Social Development Fund. Objectives: (i) increased access to social and economic services and infrastructure; (ii) strengthened grassroots institutions and local administration through better governance and effective decentralization policy implementation.

AfDB: Community Skills Improvement Project. Objectives: (i) to strengthen capacities of partner implementing agencies; (ii) to provide access to functional literacy and income-generating skills to women and out-of-school youth; and (iii) to ensure access to micro-credit.

IFAD: Rural Finance and Community Initiatives Project. Objective: Improvement of household food security and incomes in the rural areas of The Gambia by developing on and off- farm production activities by increasing access to rural microfinance services and agricultural technical support.

European Union: Support to Decentralized Rural Development. Objective: To reduce poverty. It consisted of five pillars of intervention: (i) Support to local government reform; (ii) Divisional projects; (iii) Village water supplies; (iv) Micro-credit; and (v) Discretionary interventions.

Sector Issues	Project	Last WB Ratings	
		IP	DO
World Bank Financed			
Sector reforms and enabling environment	Poverty Alleviation and Capacity Building Project (P057997)—Expected closing date Dec. 31, 2006	S	S
	Capacity Building for Economic Management (P057995)—Expected closing date Dec. 2006	MS	MS
Health	Participatory Health, Nutrition and Population Project (P000825)—Closed	MS	MU
	The Gambia HIV/AIDS Rapid Response Project (P060329) —Expected closing date Dec. 2006	MS	MS
Education	Third Education APL 1 (1999-2005) (P035643)	MS	MS
	Third Education APL 2 (P0..)—Approved in June 2006		
Other Dev. Agencies			
IFAD	Rural Finance and Community Initiatives Project		
AfDB	Social Development Fund Community Skills Improvement Project		
EC	Support to Decentralized Rural Development		

Annex 3: Results Framework and Monitoring
THE GAMBIA, Community-Driven Development Project

PDO	Project Outcome Indicators (All indicators gender disaggregated)	Use of Project Outcome Information
Rural communities, in partnership with Local Government Authorities, plan, implement and maintain their priority social and economic investments.	<p>70 percent of Community Subprojects results¹ achieved.</p> <p>Satisfaction² with the results of the subprojects increases by 10 percent each year in sample targeted rural population up to 90 percent by the end of the project.</p> <p>70 percent of community subprojects are fully functional two years after their completion.</p>	<p>Determines need to adjust the planning and implementation process and resource allocation.</p> <p>Determines relevance of investments selected and need to adjust planning and implementation process.</p> <p>Determines if maintenance and operational expenses have been integrated into the planning process and need to adjust planning and implementation process.</p>
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
Component One: Community Development Facility		
Local Government Authorities, villages and wards receive and account for funds in a timely and transparent manner.	<p>100 percent of annually budgeted funds are disbursed each year.</p> <p>Average replenishment time for LGA, WDC and VDC is reduced by 50 percent compared to Year 1.</p> <p>80 percent of surveyed citizens in villages know the use and the amount of funds disbursed through their VDC.</p> <p>60 percent of surveyed citizens in wards know the use and the amount of funds disbursed through their WDC.</p> <p>All funds utilized in accordance with PIM Financial and Procurement guidelines.</p>	<p>Indicates the need to adjust project procedures.</p> <p>Indicates process improvement and enhanced organizational effectiveness. Flags skill, motivation and training deficits.</p> <p>Determines if transparency has been achieved in the use of funds at the local levels.</p> <p>Shows if financial management and procurement capacity is in place and if strategy for compliance needs to be changed.</p>

¹ Sample Results: (a) Percentage of produce reaching market sellers fresh and on time; (b) Reduce absenteeism in fifth and sixth grades in three public schools in low-income districts by 30% in 90 days; (c) Increase availability of seeds by x% based on March baseline for community bank and individual households.

² Criteria for “functional” and “satisfied” defined in the PIM

Component Two: Strengthened Capacity for Community Development		
Targeted rural villages and wards are able to plan and manage social and economic investment activities.	All targeted villages and wards have strategic development plans, developed in accordance with PIM technical guidelines.	Indicates if planning of capacity building activities are effective and if strategy for compliance needs to be changed.
	90 percent of village and ward development plan activities implemented in accordance with PIM technical standards.	Indicates if implementation capacity building activities are effective.
Services delivered in support of community-driven development improved.	Satisfaction with quality ³ of services provided in support of CDD increases by 10 percent each year in sample rural population up to 75 percent by Year 5.	Indicates if capacity-strengthening activities for service providers and coordination of services at ward level are effective.
Component Three: Project Coordination and Monitoring & Evaluation		
Project components are effectively coordinated and monitored.	90percent of regular and random technical, financial and procurement audits at PCT, LGA, ward and village level are unqualified.	Indicates if management and oversight of project activities on annual basis at national and decentralized levels is effective.

³ "Quality", including timing of service defined in the PIM

Project Outcome Indicators	Baseline	Target Values					Data Collection and Reporting			Responsibility for Data Collection
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Data Collection	
70% of economic and social Community Subproject results achieved.		70% of YR1 act.	70% of YR2 act.	70% of YR3 act.	70% of YR4 act.	70% of YR5 act.	Reports every 3 months	Reports by CDAs to CDO, PCT and DSLGL	CDO	
Satisfaction, with the results of the Community Subprojects, increases by 10% each year in sample targeted rural population up to 90% by FY05.		50	60	70	80	90	Yearly reports	Yearly cross-sectional samples surveyed & report	PCT – with communication agency.	
Community Subprojects fully functional 70% after 2 years from their completion.		0	70%	70%	70%	70%	Yearly reports	Reports by CDAs to CDO, PCT and DSLGL	CDO	
Intermediate Outcome Indicators										
Component A: 100% of annually budgeted funds are disbursed each year.		100%	100%	100%	100%	100%	Monthly disbursement reports	Monthly disbursement reports	M&E Officer, PCT	
Average replenishment time by LGA, WDC and VDC is reduced by 50% compared to Year 1.		0	10%	20%	45%	50%	Bi-annual report	VDC, WDC and LGA fin. Officer	M&E Officer, PCT	
80 % of surveyed citizens in villages know the use and the amount of funds disbursed through their VDC.		80%	60%	80/60	80/60	80/60	Yearly report	Yearly cross-sectional samples surveyed & report	PCT – with communication agency	
60% of surveyed citizens in wards know use and amount of funds disbursed through their WDC.										

Project Outcome Indicators	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
All funds utilized in accordance with PIM Financial and Procurement guidelines.		100%	100	100	100	100	Bi-annual report	Accounting data related to release of tranches	LGA Financial Officer
Component B: All targeted villages and wards have development plans, developed in accordance with PIM. 95% of village and ward development plan activities implemented in accordance with PIM technical standards.		100%	100	100	100	100	3 year strategic plan	VDC/WDC Strategic Plans	CDO
Satisfaction with quality of services provided in support of CDD increases by 10% each year in sample rural population up to 75% by Year 5.		95%	95	95	95	95	Bi-annual report	Data from approval forms related to release of tranches.	CDO
All subprojects screened for environmental and social impact according to ESMF/PIM		35%	45	55	65	75	Annual Report	Yearly cross-sectional samples surveyed & report	PCT – with communication agency
Component C: 90% of regular and random technical, financial and procurement audits at PCT, LGA, ward and village level are unqualified.		100%	100%	100%	100%	100%	Annual reports	Appraisal forms	Env. Focal points
		90%	90	90	90	90	Annual Report Bi-annual supervision reports	Compilation of LGA data Supervision reports	M&E officer, PCT

Annex 4: Detailed Project Description
THE GAMBIA, Community-Driven Development Project

4.1 Project Coverage

1. The project will target 88 wards and approximately 600 villages in the six rural Local Government Areas of The Gambia, and will benefit a population estimated at 435,000 people. (See Annex 6 for details on the decentralized administrative structures within LGAs that will participate in the project).
2. The project will be based on the following key design principles:
 - (i) Address the priority concerns of the communities, ensuring that they play an effective role in project cycle (from planning to evaluation) of local development activities;
 - (ii) Select participating villages based on a transparent and equitable criteria;
 - (iii) Strengthen the capacities of decentralized actors, from community members to Local Government administrators and representatives;
 - (iv) Limit its support at central-level to: (a) few key government agencies (agriculture, health, local government, nutrition); and b) activities needed to supervise, coordinate and monitor activities at the decentralized level;
 - (v) Work with existing institutional arrangements that take into account the multi-sectoral nature of the project and the evolution towards a fully decentralized context;
 - (vi) Coordinate with other development partners to maximize synergies and complementarity;
 - (vii) Develop a results-oriented - yet simple - monitoring and evaluation system;
 - (viii) Build capacity through “learning by doing”.

4.2 Project Components

3. The project would be built around three components: A) Community Development Facility; B) Strengthening Capacity for Community Development; and C) Project Coordination and Monitoring and Evaluation.

Component A: Community Development Facility (US\$10.8 million, of which IDA US\$9.2 million and PHRD US\$0.5 million)

4. The component will support an investment facility to finance community-driven activities identified on the basis of a participatory strategic planning process. The CDF provides an opportunity for communities to take charge of local development challenges through experience with participatory planning, budgeting, financial management, and implementation of development activities. Given the demand-driven nature of the project, participating villages and wards will have an open menu of social and economic activities, including capacity building activities and matching grants for income generating activities. Criteria and procedures for use of the CDF will be described in detail in the PIM. Technical and fiduciary reviews of the activities will be placed at levels corresponding to their area of intervention and their level of complexity. The budget allocation for participating villages and wards will be determined via a formula based on population and poverty levels (see below). The investment envelope will be made known at the outset of the planning cycle. Each Local Government Authority will manage a project designated sub-account to disburse the formula-based grant allocations to villages and wards. In turn, villages and wards will manage funds to implement their Development Plans and

subprojects. While the PIM will describe in detail the CDF's criteria and procedures, the following paragraphs present the main features of Component A.

5. **Resource allocation.** In the six targeted rural LGAs, the CDF will cover all of the 88 wards, and approximately 600 villages (about one third of villages). A formula, based on population, will determine the grant allocation for each ward and village. Calculations will be made for each participating ward and village, and funds will be allocated on the basis of activity plans. It is anticipated that, on average, each village and ward will receive US\$12,000 and US\$30,000, respectively. Communities will contribute ten percent, through cash and/or in-kind contributions (e.g. local materials, voluntary labor).

6. **Selection of participating villages.** Given that all wards will participate, the list of participating villages in a given ward will be decided at the ward level. A transparent and equitable approach to select participating villages will be presented in the PIM, based on criteria that include village size and poverty proxies. The final list of villages selected to participate in the project will be validated by the PSC.

7. **Village and Ward Development Planning.** Strategic (three-year) development plans will be prepared by participating villages and wards. The DOSLGL's CDAs will facilitate this process. They will work in partnership with extension workers from other government agencies and civil society organizations, building on the MDFT model that was successfully introduced in the country by an EC financed project. The planning cycle will comprise: village/ward preparation and sensitization, diagnosis, three-year strategic development planning, results-oriented activity planning for specific goals from the strategic plan, M&E. Strategic plans will be prepared under the guidance of village and ward development committees and will be validated by the communities themselves. Both village and ward Strategic Plans will be endorsed by Local Government Authority through the Technical Advisory Committee. Disbursements of funds from Local Government Authorities to villages and wards will be based on a tripartite agreement signed by the village/ward, the Local Government Authorities and the CDDP. The tripartite agreement will include the village/ward Strategic Plan as well as the indicative list and costing of sub-projects (see also Annex 6). This will be followed by implementation of activities that are identified in the Strategic Plans. Village planning will be the initial priority of the project, with ward plans and financing commencing in Year Two of the project.

8. **Eligible activities.** Criteria for eligibility of activities to be financed by the fund will be described in the PIM. In general, an open menu will be used, and the PIM will provide a negative list and general qualifying criteria for eligible activities. CDAs will ensure that VDCs/WDCs are knowledgeable of these criteria and carry out their planning accordingly.

9. Activities to be financed are expected to fall under the following broad categories:

- i) Social and economic infrastructure;
- ii) Capacity-building activities;
- iii) Income generating activities that will either be introduced on a pilot basis, or be of a "public-good" nature.

10. For activities of a reasonable technical and financial threshold, line ministry extension workers will provide necessary advice and reviews. Only in the case of technically complex or expensive (above US\$15,000) individual activities will authorities at the level of the LGA be required to review and approve specific activities. Details of this arrangement will be outlined in the PIM.

11. VDCs and WDCs will manage finances to be spent on their plans, CDAs will facilitate the planning process, supervised by the CDOs. Supervision of activities under the plan will be undertaken by sectoral extension workers (MDFTs), except where technically complex. In this case, contracted technical assistance will support supervision.

12. With respect to M&E, both process- and outcome-oriented indicators will be monitored by project stakeholders. PCT staff will monitor prescribed indicators for both management and reporting purposes, and stakeholders at the local level will engage in participatory M&E.

13. **The Good Governance Facility (GGF).** Component A will also support accountability activities that are conceptualized, proposed, and implemented by Gambian civil society organizations (CSOs). Resources will be channeled to CSOs to promote good governance at decentralized levels, particularly focused on Area Councils, WDCs, and VDCs. An annual Call for Proposals will explain the principles of the CDDP and the GGF, outline application guidelines, and invite CSOs to submit proposals based on a simplified proposal format. A selection committee, reflecting the composition of the PSC, will review proposals for their feasibility, prospective impact, cost effectiveness, and innovation. The PIM will provide details of the functioning of the GGF.

14. The component will support civil works, equipment, training, study tours, technical assistance, consulting studies, goods, services, operating costs of field staff, including salaries and/or allowances.

Component B: Strengthening Capacity for Community Development (US\$6.3 million, of which IDA US\$2.1 million and PHRD US\$3.35 million)

15. **Villages and Wards.** At this level, intensive training will be undertaken to build the capacities of citizens to understand their roles and responsibilities in a decentralized governance context, and put these into action. Villages and wards will be trained in a simplified, results oriented strategic planning approach that is transparent and broadly participatory. This methodology will be described in the project's Field Guide, which forms part of the PIM. This process will be coordinated by VDCs and WDCs, but will rely upon broad engagement of diverse stakeholders (civil society, private sector, traditional leaders, etc.) at the local level to succeed. Villages and wards will also be trained in the Rapid Results Approach (RRA), a methodology that provides a direct means of achieving intermediate outcomes. RRA provides quick success, results and learning that is grounded in: capacity-building and learning; stakeholder exchanges for mid-term and final reviews across villages, wards and LGAs; proven tools including team operating plans, work plans, tracking charts, and progress reviews; and transparency, including participatory monitoring and public display of development activities at village and ward levels. RRA will be used in implementing activities identified in their strategic development plans. VDCs and WDCs will also receive focused training on fiduciary matters in order to efficiently and transparently handle financial resources made available to them under the CDF. As mentioned above, representatives from villages and wards will also be trained in participatory monitoring and evaluation, in order for them to track progress over time with respect to the goals set in their development plans.

16. **Local Government Authorities.** Given that the main entry-point and locus of project activities will be within the six rural LGAs, the project will work intensively to develop the skills and abilities of existing staff at this level to support and sustain community development. The first target audience will be the Planning and Development and Finance Departments of each Local Government Authority. These staff will be trained in key areas related to project implementation,

and will “learn by doing” through their support to downstream activities at village and ward levels, in addition to their technical and fiduciary reporting and oversight responsibilities under the project. The Technical Advisory Committee will be another target audience, given their mandate under the Local Government Act to ensure that development activities at LGA, ward, and village level conform to national standards, priorities, and policies.

17. **Staff of Government Agencies.** This will develop the capacity of sectoral extension workers to assist with identification, appraisal, and supervision of activities financed by the CDF. The project will build upon the successful model of the MDFTs, which brings together sectoral extension workers and other key stakeholders to address development issues at village and ward levels. Significant capacity building activities will need to be undertaken at the inception of the project in order to strengthen the skills and abilities of deconcentrated staff in the relevant government agencies to undertake these roles. Staff will be trained to enhance their role in supporting decentralized planning and implementation at village and ward levels, and the component will support sensitization and training in key areas such as participatory planning, reporting and work planning, team building and coordination, facilitation techniques, coaching skills, conflict resolution, M&E (especially as it relates to community-level activities within their sectoral discipline). In particular, training will focus on undertaking feasibility studies that verify the technical and fiduciary viability of development activities that are identified by participating communities. This support will be provided in the form of training, equipment (e.g. motorcycle transport for CDAs), and recurrent costs (e.g. fuel, allowances, etc).

18. The component will support civil works (office rehabilitation at LGA level), equipment, training, study tours, technical assistance, consulting studies, goods, services, operating costs of field staff, salaries and allowances of trainers.

Component C: Project Coordination, Monitoring and Evaluation (US\$1.65 million, of which IDA US\$0.45 million and PHRD US\$0.95 million)

19. The component will be based on the principles of simple design geared toward effective oversight of technical and fiduciary aspects of the project, and will be mainstreamed within DoSLGL. At the central level, the project will be implemented under the overall supervision of an Inter-Departmental Steering Committee responsible for policy orientation, for the approval of annual work plans and budgets, and for reviewing progress activities. A PCT will be responsible for oversight of project activities, and is justified in the Gambian context because of severe capacity constraints within the civil service. Its size will be limited to core functions critical to the project’s success (overall coordination, monitoring and evaluation, and fiduciary matters). The PCT will be located within the DOSLGL and reports to the Permanent Secretary of the latter. The key staff of the PCT at central level will comprise: (i) the Project Coordinator; (ii) the CDF Manager⁴ (Component A); (iii) the Capacity Building Manager (Component B); (iv) the M&E Specialist (Component C); (v) the Procurement Specialist; (vi) the Financial Manager; (vii) the Administrative Assistant, and (viii) the Accountant. In addition, at LGA level, a Financial Controller will provide technical assistance to the LGAs and will ensure compliance of financial management with World Bank requirements.

20. Monitoring and Evaluation (M&E) will focus on results-oriented data collection for the purpose of management decisions and impact evaluation. It will enable beneficiaries and DOSLGL to: monitor due diligence focused in compliance with the PIM; monitor and evaluate achievement of the development objectives; evaluate whether the project’s implementation

⁴ The CDF Manager will also be the Environmental Focal Point in the PCT

approach will be sustainable and have the desired outcomes; and assessing project's impacts on local governance and decision-making, along with evaluating the extent to which project activities empower marginalized groups (women and youth).

21. The M&E system will be based on four inter-related activities:

- **Project-level M&E:** the project team will monitor and evaluate project inputs, processes and outputs, and take management decisions based on findings;
- **Participatory M&E:** communities will identify indicators, decide on monitoring arrangements (source and frequency of data collection) and track progress toward the achievement of results identified in their development plans. Given rich experience in The Gambia with the Community Scorecard, this approach is likely to be employed;
- **Randomized technical and financial audits:** a third party will undertake, every year, random technical and financial audits of at least 10% of subprojects in participating wards and villages;
- **Impact evaluation:** a third party will conduct an external evaluation of the project, including developing and fielding a baseline survey at the beginning of the project.

22. The M&E Specialist of the PCT will supervise all M&E activities under the project. Collected data at all levels will be captured in a MIS.

23. The component will support civil works (rehabilitation), equipment, training, study tours, technical assistance, consulting studies, goods, services, operating costs of PCT and field staff, salaries and allowances of PCT staff and trainers.

Annex 5: Project Costs
THE GAMBIA, Community-Driven Development Project

TABLE 5.1: PROJECT BASELINE COSTS BY COMPONENT AND TOTAL COSTS

Component	(US\$ '000)		
	Local	Foreign	Total
A. Community Development Facility	10,500		10,500
B. Capacity Strengthening	4000	2100	6100
C. Project Coordination and M&E	1000	500	1500
D. PPF Refinancing		245	245
TOTAL BASELINE COST	15,500	2,845	18,345
Physical Contingencies	2	5	7
Price Contingencies	498	150	648
TOTAL PROJECT COST¹	16,000	3,000	19,000

Identifiable taxes and duties are US\$471,500 and the total project cost, including taxes, is US\$19,000,000. Therefore, taxes amount to 2.5 percent of total project cost.

TABLE 5.2: SUMMARY OF PROJECT COMPONENT COSTS BY FINANCIERS
(US\$ '000, rounded)

Component	IDA Grant		PHRD Grant		Government		Beneficiaries		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
A. Community Development Facility	9,200	85%	500	4%		0%	1,100	10%	10,800	56%
B. Capacity Strengthening	2,100	34%	3,350	53%	850	13%		0%	6,300	34%
C. Project Coordination and M&E	450	27%	950	58%	250	15%		0%	1,655	9%
D. PPF Refinancing	250	100%		0%		0%		0%	250	1%
Total PROJECT COSTS	12,000	63%	4,800	25%	1,100	6%	1,100	6%	19,000	100%

Annex 6: Implementation Arrangements
THE GAMBIA, Community-Driven Development Project

6.1. Administrative structures in The Gambia

1. The Project, whose implementation arrangements are grounded in The Local Government Act of 2002, will support the six rural LGAs of The Gambia. Table 6.1 below provides a summary of the administrative structures in The Gambia and an overview of project coverage of these levels.

TABLE 6.1: GOVERNMENT ORGANIZATION

Level	Numbers	Elected Body	Administrative Body
Central	1	Parliament	Departments of State
Local Areas	8 total, of which 6 covered by CDDP	LAC	LGA
Ward	114 total, of which 88 covered by CDDP	WDC	WDC
Village	1896 total, of which 600 covered by CDDP	VDC	VDC

2. Table 6.2 outlines the composition and development mandate of critical structures referenced in the Act.

TABLE 6.2: DECENTRALIZED STRUCTURES IN THE GAMBIA

Unit	Structures	Development Mandate in the Local Government Act
LGA	<p><i>LAC</i></p> <ul style="list-style-type: none"> -1 Elected Councilor from each ward - Finance, Development Committees <p><i>LGA:</i></p> <ul style="list-style-type: none"> -Departments of Finance, Services, Planning and Development, and Administration <p><i>TAC:</i></p> <ul style="list-style-type: none"> -Central Government's technical departments that have extension workers at village and ward levels (MDFTs); -Representatives of locally involved NGOs. 	<ul style="list-style-type: none"> - Coordinate development plans and programs; - Promote economic, social, spatial, and human settlement policies. <ul style="list-style-type: none"> - Plan and implement any program or project for developing the infrastructure, improving social services, developing human and financial resources; - Prepare the development plan for areas incorporating all ward plans. <ul style="list-style-type: none"> - Provides technical advice to Area Council, WDCs, and VDCs to ensure local projects conform with the national standards, policies, and priorities.

WDCs	<ul style="list-style-type: none"> - Ward Councillor (Chair); - Male and female elected representative from each VDC; - Representatives of organizations involved in ward level development activities; - Other co-opted members; - May establish subcommittees. 	<ul style="list-style-type: none"> - Coordinate and prioritize all development planning at the ward level; - Prepare ward development plans; - Coordinate development assistance at ward level; - Review village plans to identify shared priorities and concerns; - May operate bank accounts.
VDCs	<ul style="list-style-type: none"> - Male and female representatives from each <i>kabilo</i> (clan) - Male and female representative of each CBOs - Youth representative - Other co-opted members - May establish subcommittees 	<ul style="list-style-type: none"> - Identifying and prioritizing local development needs, in consultation with the local community; - Developing plans; raising, coordinating and managing financial resources at village level; - Implementing and managing development plans and projects at village level; - Carrying out other functions as assigned by the LAC or WDC; - May operate bank accounts.

6.2. Implementation Arrangements

3. The project will be housed in the Department of DoSLGL, and implementation will comprise (See Figure 6.1): (i) a PSC; (ii) a PCT; and (iii) field staff of DOSLGL (CDOs/CDAs) and sectoral extension workers (MDFTs).

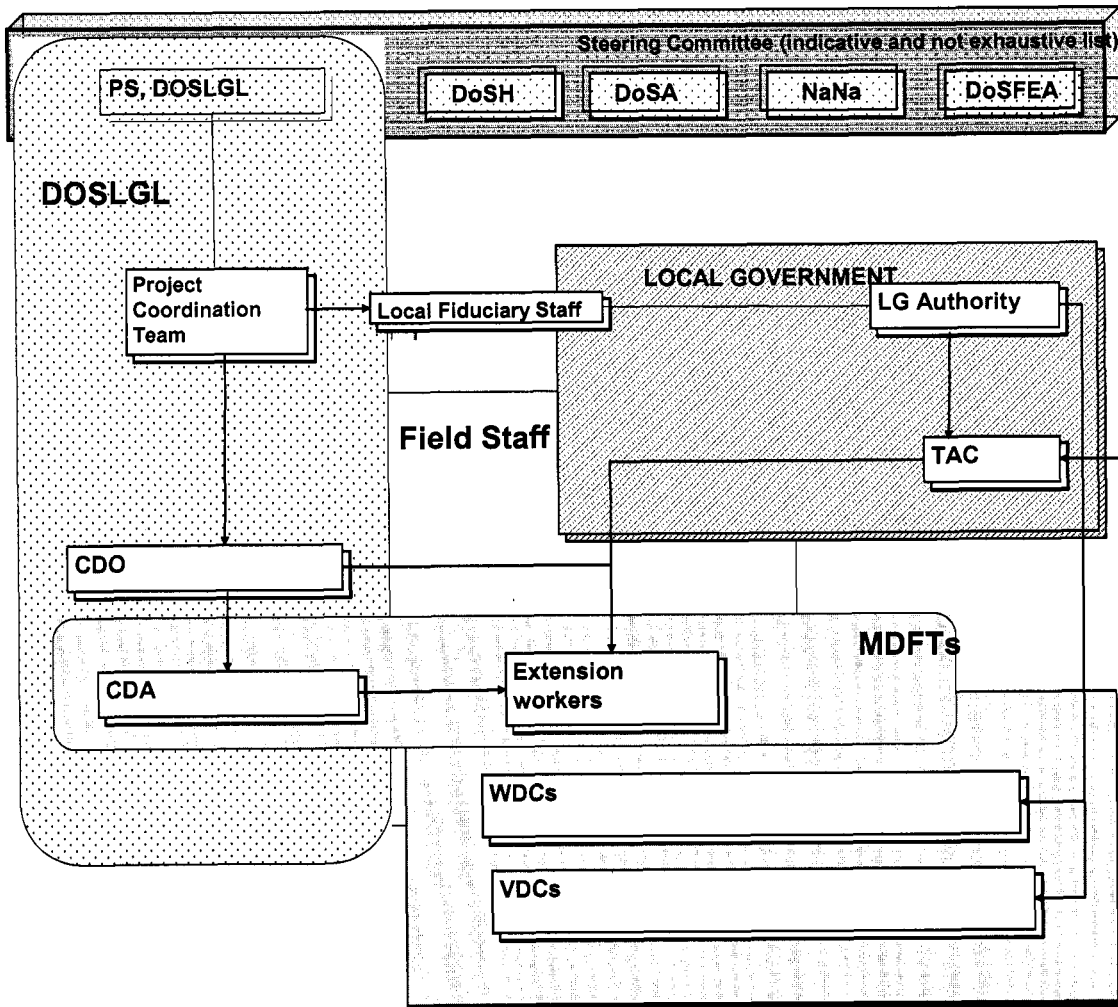
4. The **PSC** will be responsible for the overall coordination and policy guidance. It will reflect the multi sectoral nature of the project, and will include representatives of *inter alia*: DoSFEA, DoSLGL, DoSA, NaNA, DoSHSW, DoSWR, DoSE, NGO representatives, and the GALGA. The PSC will be responsible for: (i) approving the project’s annual work plan and budget prepared by the PCT; (ii) providing overall co-ordination, policy advice, and control of operations; and (iii) approving subsequent updates of the PIM and the financial and accounting manuals. The PSC will meet at least quarterly. It will be chaired by the Permanent Secretary of DoSLGL and will have the Project Coordinator as Secretary.

5. Day-to-day management and coordination of the project will involve a mix of existing staff from the DoSLGL and interim PCT Staff.

6. The **PCT** will be responsible for the day-to-day coordination of the project, including oversight of all technical, fiduciary, and administrative matters. It will be located in the DOSLGL, whose mandate includes decentralization reforms and community development issues. This arrangement will ensure skills transfer within an appropriate institutional context, which leads to a higher likelihood of sustainability once the project closes. The key staff of the PCT at central level will comprise: (i) the Project Coordinator; (ii) the CDF Manager⁵ (Component A); (iii) the Capacity Building Manager (Component B); (iv) the M&E Specialist (Component C); (v) the Procurement Specialist; (vi) the Financial Manager; (vii) the Administrative Assistant, and (viii) the Accountant. In addition, at LGA level, a Financial Controller will provide technical assistance to the Local Government Authorities and will ensure compliance of financial management with World Bank requirements. The PCT will report to DOSLGL’s Permanent Secretary. Detailed terms of reference for the PCT and its staff will be developed in the PIM.

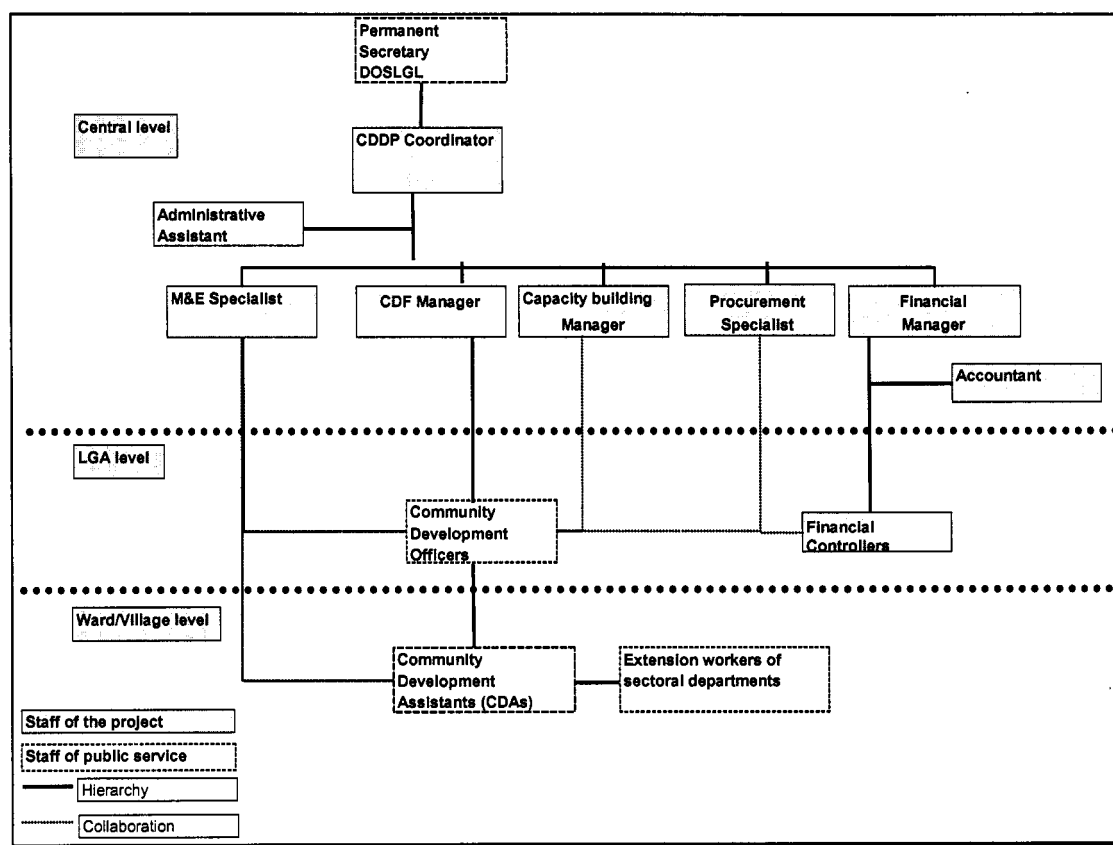
⁵ The CDF Manager will also be the Environmental Focal Point in the PCT

FIGURE 6.1: PROJECT INSTITUTIONAL CHART



7. The CDDP **field staff** (notably the cadre of DOSLGL CDAs and CDOs as well as extension staff of various agencies) will be responsible for coordinating the project activities at village and ward levels. The project will build upon the successful model of the MDFTs, which bring together extension workers from government agencies and NGOs to address development issues at village and ward levels. Annual work plans will be used to coordinate project activities at local level. DOSLGL staff will assist with the identification and provision of support services by relevant sectoral line departments on a demand-driven basis. Significant capacity building activities will be undertaken at the inception of the project in order to strengthen the skills and abilities of field staff to effectively play these roles. Figure 6.2 below provides an overview of these arrangements.

FIGURE 6.2: CDDP'S TEAM ORGANIZATIONAL CHART



6.3 Sub-Project Cycle

8. Ultimately, project implementation responsibilities will rest with villages and wards themselves. Their respective VDCs and WDCs will act as the umbrella institutions to spearhead development planning and implementation of activities that are identified. They will leverage the requisite resources to undertake project activities, including mobilizing community traditional leadership, civil society organizations, and the private sector. Table 6.3 provides an overview of the key phases and steps in the sub-project cycle at the village level. Similar phases and steps will be used at ward level in year 3 of ward participation, in order to develop ward level plans and undertake development activities identified therein. Intensive capacity building activities will also be built into the sub-project cycle to strengthen communities' awareness and abilities within the context of decentralization.

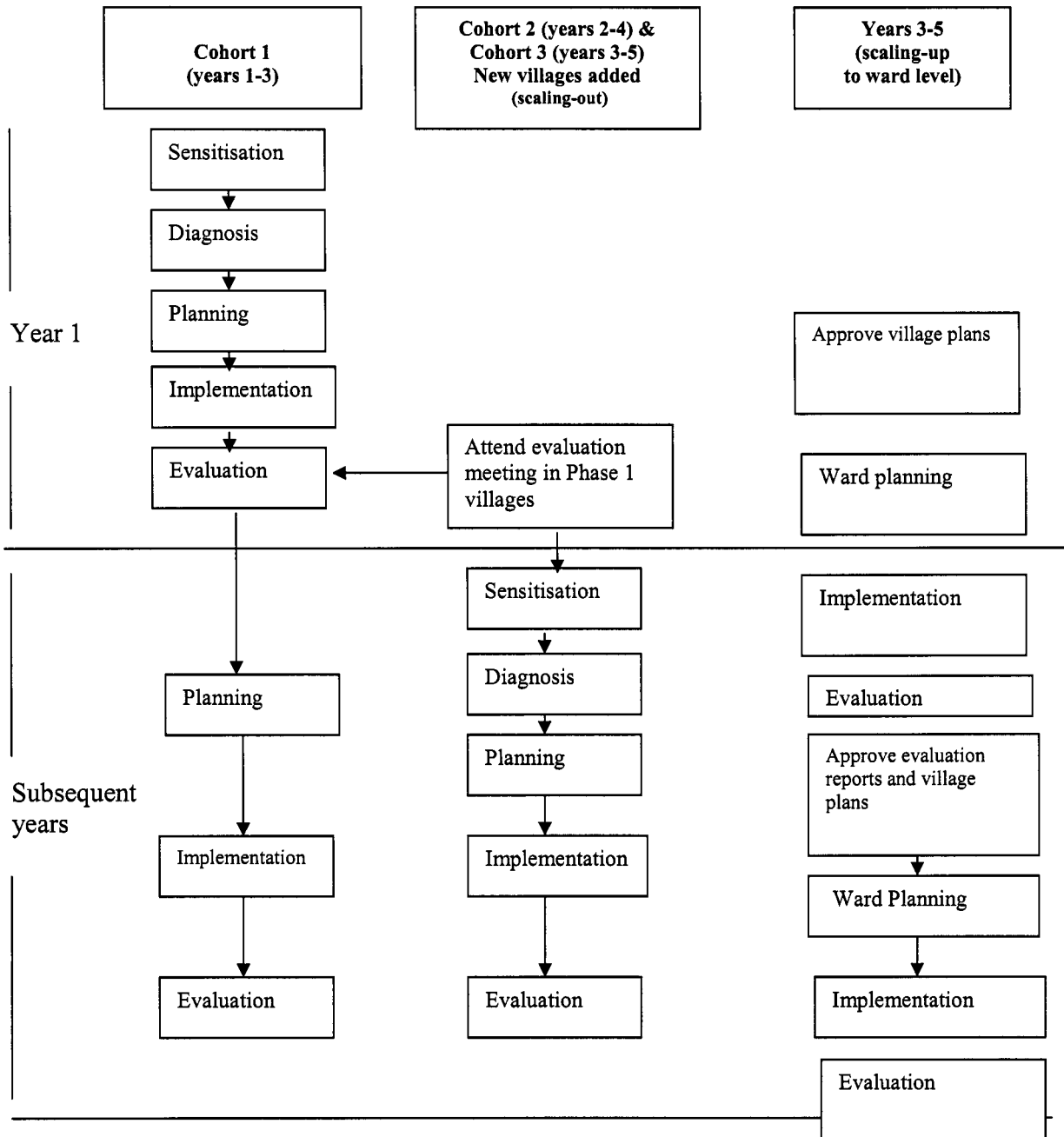
TABLE 6.3: SUBPROJECT CYCLE PHASES AND STEPS

Phase	Steps
<i>Preparation</i>	<ul style="list-style-type: none"> - Baseline study (for impact evaluation) - Briefing local leadership; - Training of trainers for CDOs; - Training of CDAs; - Village leadership agreement; - Definition of tasks, profile and incentives for village Facilitator and village Facilitation Team; - Village sensitization.
<i>Village diagnosis</i>	<ul style="list-style-type: none"> - Village planning information meeting; - Actor inventory and analysis; - Inventory and analysis of village situation; - Validation of diagnosis in village plenary meeting.
<i>Village planning</i>	<ul style="list-style-type: none"> - Visioning: development of long-term vision; - CDF allocation disclosed ; - Development of three-year results-oriented strategic plan; - Validation of the 3-year plan; - Identification of priority results areas, scope and budget allocation; - Feasibility studies for the priority results areas; - Creation (if not existing) or strengthening (if existing) of VDC; - Establishment of Participatory M&E committee.
<i>Village Development Plan Review</i>	<ul style="list-style-type: none"> - Development of rules and criteria for review of village plans by TAC - Communication of village plan to Ward; - Presentation of village plan to TAC and Local Government Authority.
<i>Implementation of village action plan (annualized)</i>	<ul style="list-style-type: none"> - Training on rapid results approach; - Rapid results leaders identified; - Rapid results initiative teams formed; - Work Plans and monitoring arrangements developed; - Feasibility studies adjusted, if necessary based on work plan, and implemented; - Establishment of PME committee.
<i>Disbursements to VDC</i>	<ul style="list-style-type: none"> - Feasibility studies verified; - Verification of subproject physical progress; - Random audits satisfactory (at least 10% of subprojects will undergo technical/financial audit).
<i>Progress Reporting</i>	<ul style="list-style-type: none"> - Regular updating by PME committee of performance indicators; - Simplified reporting submitted quarterly to CDDP.
<i>Evaluation of action plan implementation (annualized)</i>	<ul style="list-style-type: none"> - Preparation of evaluation by PME committee; - Village meeting to validate, take corrective action on findings.
<i>Operation and Maintenance</i>	<ul style="list-style-type: none"> - Outline recurrent costs; - Identify source of funds for recurrent costs.
<i>Development of subsequent Rapid Results Initiatives and other activities based on a 3-year strategic plan</i>	See above

6.4. Project Phasing, ‘Scaling Up’ and ‘Scaling Out’

9. Because of the large number of villages involved and the intensive sub-project cycle, the project has made the strategic choice to phase in its implementation to all participating villages. Such phasing and flexibility in design will also allow for continuous improvement of key facilitation and training processes over the course of the project. In this way, a CDA and their cohort of MDFTs will be assigned to a given ward, and will support all village and ward level activities within that geographic locality. Figure 6.3 shows the intended sequence to be followed. The precise number of villages in the Year One, Two, and Three cohorts will be defined in the first annual workplan of the project (within 60 days from effectiveness). Scaling out to new geographic communities will occur within wards on an annualized basis. ‘Scaling up’ to the ward level will occur in Year 3 of the project.

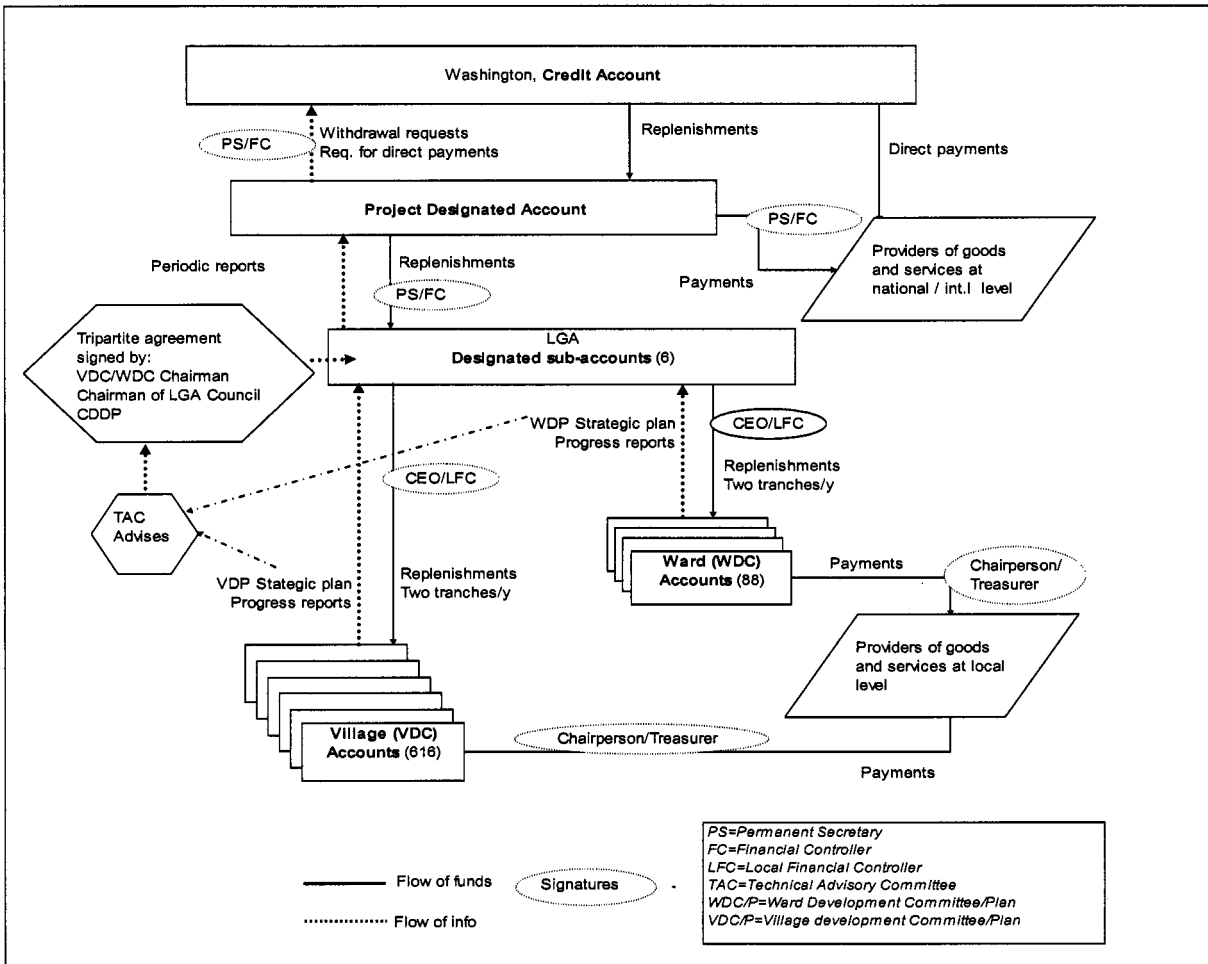
FIGURE 6.3: PROJECT PHASING



Flow of Funds

10. Figure 6.4 below illustrates the flow of funds. Local Government Authorities will be responsible for disbursing the formula-based grants for village and ward development activities. Each Local Government Authority will set up a designated sub-account to receive project funds for the purpose of disbursing grants. Disbursements from LGA level to villages and wards will be defined in a tripartite agreement signed by the village/ward, the Local Government Authority and the CDDP. The tripartite agreement will include the village/ward development plan and the indicative costing of sub-projects. Disbursements to WDC and VDC accounts will be based on their overall grant allocation as determined by a formula. VDCs and WDCs will then be responsible for financial management and procurement matters at their level, and will provide expenditure justifications to their respective LGA. The justification of the use of funds for subsequent installments will be based on physical progress certified by the relevant CDA/CDO. Local Government Authorities' replenishment request to the PCT will be accompanied by a schedule detailing resources that are to be used for: (i) facilitation of planning and technical backstopping of identified development activities by MDFTs; and (ii) transfers to VDCs and WDCs to finance approved development activities.

FIGURE 6.4: PROJECT FLOW OF FUNDS



Annex 7: Financial Management and Disbursement Arrangements

THE GAMBIA, Community-Driven Development Project

7.1. Executive summary and conclusions

1. The Country Financial Accountability Assessment (CFAA) of The Gambia was conducted in 2003. The table in Appendix 1 shows the Financial Management Risk Assessment at the Country level. The overall risk rating of the public financial management system was high. Since that exercise, no major progress was noted. The weaknesses noted include poor resource allocation, non-compliance, limited execution, inadequate monitoring and scrutiny, insufficient capacity, lack of enforcement, non-transparency and poor parliamentary oversight. In response, the authorities have been implementing various initiatives to strengthen public financial management including reclassification of the budget according to Government Finance Statistics, implementation of a cash management system, and the ongoing implementation of an integrated financial management information system (IFMIS).

2. However, no major progress was made on decentralization and local government finance. Various studies in The Gambia including the CFAA show serious weaknesses at that level, notably, budgetary controls, financial recording and use of manual ledgers are generally very poor. Accounting records are not kept up to date, basic controls are not in operation, there is very little segregation of duties between record keeping and authorization of expenditure, and credit control procedures are weak. The LACs have not prepared financial statements in recent years. There are many problems with the draft Financial & Accounting Manual. The internal audit function does not exist in most councils and the external audits performed by the National Audit Office (NAO) is done on a transactional basis and has not extended to an effective review of operational controls of the provision of an opinion on council financial statements. Finally, inadequate intergovernmental fiscal transfers, cumbersome procedures, and a weak system for tax collection also seriously hamper local development.

3. The CDDP will assist in addressing some of the deficiencies, notably institutional capacity and accountability and transparency. It will be coordinated by a PCT at the central level while Local Government Authorities will be assisted by Financial Controllers at the LGA level.

4. A financial management assessment was carried out to determine whether the project implementing agencies (the PCT at the central level and the LGAs at the local level) have acceptable financial management arrangements. The conclusion of the assessment is that the financial management arrangements for the project need to be improved before project effectiveness to satisfy the World Bank's minimum requirements under OP/BP10.02 and will then be adequate to provide, with reasonable assurance, accurate and timely information on the status of the project required by IDA. The financial management arrangements will be strengthened with the implementation of the action plan in Appendix 1.

7.2. Staffing and implementation arrangements

5. **Overall project orientation and coordination.** The overall policy guidance will be entrusted to a national steering committee. The steering committee will comprise high-level representatives from the main stakeholders concerned with CDDP: the DoSFEA, the DoSLGL, DoSA, DoSHSW, DoSWR, DoSE, NaNA, the GALGA, representatives of the private sector, and civil society.

6. **Project Coordination.** The PCT will be responsible for day-to-day coordination of the project, and will be located in the DoSLGL. It will operate in conformity with the principles procedures and conditions laid out in the Grant Agreement and in the PIM. Its responsibilities will include:

- Coordination and provision of technical support to communities with regard to the formulation, design, appraisal and implementation of development plans with technical support from the relevant social line departments;
- Support the preparation, review, financing and M&E of capacity building programs of concerned line departments,
- Liaise with Local Government Authorities to ensure they are informed of the project's development initiatives planned for villages and Wards within their jurisdiction, and
- Management of the Designated Account

7. At the local level, the PCT will be supported for the technical implementation by DOSLGL's field staff, notably its cadre of CDAs and CDOs responsible for supporting the implementation of CDDP activities at village and ward levels.

8. **Financial management:** Management of project resources will be under the responsibility of the PCT. A Financial Manager with qualifications and experience satisfactory to the World Bank will be recruited at the PCT. He will be assisted by an Accountant at the central level and six Financial Controllers at the LGAs level. The Financial Manager has, as far as financial management is concerned, the responsibility to collect and control invoices, manage the project's bank accounts, keep the books of accounts, prepare and produce quarterly Un-Audited Interim Financial Reports (IFR) and make the necessary arrangements for the annual financial audit of project account. The recruitment of the Financial Manager within the PCT and of a Financial Controller in at least three LGAs will be effectiveness conditions of the project.

7.3. Accounting and financial management procedures and computerized management information system

9. **Accounting policies and Procedures.** Accounting procedures will follow the Companies Act⁶ in The Gambia. The project accounts will therefore be maintained under the private accounting rules and on an accrual basis. The Chart of Account will be drawn up using the cost tables of the project. A PIM will be developed and will provide all the required details on accounting and financial procedures. It will set out in particular the flow of accounting and financial information of the Project and the beneficiaries i.e. DoSLGL, Local Government Authorities and local Communities (VDCs and WDCs) as well as the modalities and formats of periodic reports. The basis of the intervention at the local level will be the World Bank Guidelines Fiduciary Management for CDD Projects. The basis for the disbursement of funds will be a simple financial report and milestones (for instance, assessments of subproject progress) defined in the financing agreement between the PCT and the beneficiary community. An overview of funding flows and cash management mechanisms is provided in the paragraph on disbursements and in Appendix 3. The project will provide funds to also build the capacity of local communities. The selection of local communities will be done through a formula that takes into account population and poverty data. The formula will be detailed in the PIM, whose endorsement by the PSC will be a condition of effectiveness.

⁶ A new Accounting Standard was recently elaborated and should soon be tabled before the National Assembly. This standard is much closer to the Generally Accepted Accounting Principles (GAAP) as enunciated in the International Accounting Standards pronounced by the International Federation of Accountants (IFAC).

10. **Reporting and Monitoring.** The PCT will be responsible of the overall reporting of the project. The Financial Manager will make sure that quarterly Un-Audited IFRs are produced and transmitted to the World Bank not later than one month after the end of each quarter. The first IFR shall be provided to the World Bank not later than one month after the end of the first calendar quarter after following the date of effectiveness and shall cover the period from the incurrence of the first project expenditure to the end of the relevant quarter. The format of the IFR was discussed and agreed upon during project negotiations. The Financial Controller at LGAs level will address to the PCT monthly reports on the use of funds. Annually, the PCT will prepare, not later than June 30 of the following year, audited annual financial statements. These financial statements will be subject to periodic audits (see paragraph on audits).

11. **Information system.** A computerized information system will be established at the PCT. The computerized information system will be defined in such a way as to provide all of the above data, in addition to providing data for the purposes of monitoring grants to local communities. The system will be integrated with the LGA level in order to avoid any delay in submission of the withdrawal applications. The accounting system will be elaborated based on the reporting requirements as defined in the accounting manual. The installation of this system satisfactory to IDA will be an effectiveness condition.

12. **Internal Audit.** The Project is required to have in place satisfactory internal audit arrangements to assist management in ensuring the continuing adequacy of and conformity with the project's procedures. Although the project does not have an internal audit body, key internal controls will be undertaken. Thus several controls will be undertaken by all the high level staff of the PCT: approval and authorization controls (including for procurement) will be documented in the manual, bank reconciliations will be prepared regularly and on a timely basis by staff independent of the payment function, subsidiary records of fixed assets and stocks will be maintained and all assets will be duly insured. The PIM, therefore, will outline the specific internal controls to be carried out by each staff member of the PCT as well as the PSC and LACs. In addition, the external auditors, during their reviews, will pay attention to the continuing adequacy of and conformity with the project's procedures by the PCT.

13. **External audits.** An annual audit of the project will be conducted by external auditors with qualifications and experiences satisfactory to the IDA. Besides expressing an opinion on the Project Financial Statements in accordance with International Standards on Auditing, the auditors will be required to verify a randomly selected sample of about 10 percent of sub-projects grants approved in the year under review, to verify whether the Grants for local communities have been disbursed according to the PIM and that the intended identified beneficiaries have received the funds. In addition to the audit report, the auditors will be expected to prepare management's letters giving observations and comments, and providing recommendations for improvements in accounting records, systems, controls and compliance with financial covenants in the World Bank agreement. The selection process of the auditor will be conducted by the NAO. A selection of an auditor with experience and qualifications satisfactory to the World Bank will be an effectiveness condition. The audit report for the fiscal year ended must be submitted no later than June 30 following the end of that fiscal year.

Audit report

- 1) Project financial statements
- 2) Special opinion on the Grant to the Local Communities
- 3) Management letter

Due Date

June 30
June 30
June 30

7.4. Risks analysis

14. **At the country level.** The fiduciary risk at the Country level was rated High after the CFAA in 2003. Since that exercise, key elements of the financial management reform that have been followed up are: (i) general and sector specific Public Expenditure Reviews have been undertaken; (ii) the backlog of audited accounts is being reduced; and (iii) the Government, with IDA funding, is implementing an IFMIS which, once completed, would improve the transparency and timeliness of public accounts. Despite these gains, the Public Financial Management risk remains high.

15. **At the project level.** Because of the high fiduciary risk at the country level, IDA has taken special measures to ensure adequate financial management of its portfolio. Project management staff are appointed on a competitive basis and World Bank funding is following special mechanisms to mitigate fiduciary risk. IDA projects are invariably audited by independent and competent auditing firms. The table in Appendix 2 identifies the key risks at the project level and provides a basis for determining how management should address these risks.

7.5 Grant Conditions and financial covenants

16. The financial management related effectiveness conditions of the Grant are:

- a) the Recipient has appointed external auditors with qualifications and experience satisfactory to IDA;
- b) the Recipient has adopted the PIM, including administrative, accounting and financial procedures, in form and substance satisfactory to IDA;
- c) the Recipient has installed the Financial Management System in form and substance satisfactory to IDA;
- d) the Recipient has appointed the core staff of the PCT (Project Coordinator, Procurement Specialist, Financial Manager and M&E Specialist);
- e) the Recipient has recruited a Financial Controller, with qualifications and experience satisfactory to IDA, for at least three LGAs.

7.6 Flow of funds

17. The flow of funds, described in Appendix 3, comprises:

- One Designated Account at the central level at the Central Bank (managed by the PCT);
- Six sub-accounts at the LGAs level, each managed by the Chief Executing Officer of the LAC and the CDDP Local Financial Controller;
- Accounts of Local Communities (open in a commercial bank or a financial institution acceptable to the World Bank).

18. Table 7.1 below specifies the bank accounts to be opened at the various Levels.

TABLE 7.1: BANK ACCOUNTS TO BE OPENED AT THE VARIOUS LEVELS

Administrative Level	Account Type	Signatories	Bank	Number of accounts
National	Designated Account in US\$	1. Project coordinator or Permanent Secretary, DOSLGL 2. CDDP Financial Controller (PCT) or the Accountant-General	Central Bank of The Gambia	1
LGA	Sub Account in Dalasis	1. Chief Executing Officer of the LAC 2. CDDP Financial Controller, LGA level	Commercial	6
Local Communities	Accounts	1. Chairperson of Local/Ward Development Committee 2. Treasurer of WDC/VDC	Commercial or an acceptable financial institution	As required

- Reporting on the use of funds for the designated account and the sub accounts will be based on Statement of Expenditures (SOE).
- Reporting on the use of funds by Local Communities will be based on a simple financial report and milestones (for instance, assessments of subproject progress) defined in the tripartite financing agreement between the Local Government Authority (represented by the Chairman of the Council), the VDC/WDC (represented by its chairman), and the CDDP (represented by the CDO). Payments will be made in installments. The initial installment will be a minimum of 25% of the approved subprojects' proposals. Subsequent payments (no more than 2) will be based on physical progress, certified by the CDA/MDFT, and not on financial progress. However, VDC and WDC will be required to produce periodic financial reports in order to demonstrate good accounting practices at the community level.

7.7 Disbursement arrangements

19. **Disbursement Methods.** The project will start with the disbursement methods based on Reimbursement, Designated Account Advance, Direct Payment and Special Commitment. These methods will be used at the beginning of the project. The project is expected to shift to the quarterly IFR-based disbursement as soon as IDA is satisfied with the ability of the implementing entity.

20. **Minimum Value of Applications.** The minimum value of Direct Payment and Special Commitment will be US\$80,000.

21. Reporting on Use of Loan Proceeds

- Initially, the supporting documentation for replenishment applications should be a summary sheet and an SOE and records evidencing eligible expenditures against contracts valued at: (i) US\$250,000 for works; (ii) US\$150,000 for goods; (iii) US\$100,000 for consulting firms; (iv) US\$50,000 for individual consultants; (v) workshops and training; and (vi) Sub-project grants and operating costs, all under such terms and conditions as IDA shall specify by notice to the Recipient,
- The supporting documentation for requests for direct payment should be records evidencing eligible expenditures (copies of receipts, suppliers' invoices).
- The project will submit on a monthly basis a bank statement and a reconciliation of the designated account together with the replenishment application.

- All supporting documentation for SOEs will be retained at the PCT and must be made available for periodic review by World Bank missions and external auditors. Fund flows are described in Appendix 3.

22. **Designated Account.** The designated account will be managed by the PCT. The designated account will be located in the Central Bank. The currency of the designated account will be the US Dollar (US\$) and the total allocation will be US\$1,200,000.

23. **Sub Accounts.** Sub Accounts will be managed by Chief Executive Officer of the LAC in coordination with the project Financial Controller at LGA level. The currency of the Sub Accounts will be the Gambian Dalasi (GMD) and the total allocation will be the equivalent of US\$150,000.

24. **Counterpart Funding**

- **Government's Contribution:** The Government's contribution to the CDDP is estimated at US\$1.10 million, mainly mobilized in the form of salaries and operating costs of incumbent staff, as parallel financing of some activities.
- **Communities' Contributions.** Communities' contributions will be established as an element in the financing plan of subprojects and in the tripartite agreement between the Project, the Local Government Authority and the Village or Ward. Contributions may be in cash, in kind or a mixture of the two. The contribution will be clearly specified in the tripartite agreement. If it is an in-kind contribution, the agreement will clearly specify: (i) how it will be valued (input or output e.g. days of labor, a trench is dug, etc.); and (ii) who will assess it during the submission of the periodic reports. The PIM will define the criteria for valuing community contributions.

25. **Country Financing Parameters.** In application of the Country Financing Parameters for The Gambia, all expenditures will be financed at 100 percent. Table 7.2 sets out the expenditure categories to be financed out of the Credit proceeds.

TABLE 7.2 : DISBURSEMENT CATEGORIES

	Categories	Credit Allocated (in US\$ equivalent)	% of expenditures to be financed
(1)	Works	50,000	100%
(2)	Goods	400,000	100%
(3)	Training, Consultants' services and audits	1,500,000	100%
(4)	a) Sub Projects for effective LGAs	4,500,000	100% of amount disbursed
	b) Subprojects for other LGAs	4,500,000	
(5)	Operating costs	400,000	100%
(6)	Reimbursement of Project Preparation Facility (PPF)	245,000	Amount payable pursuant to Section 2.07 of the General Conditions
(7)	Unallocated	405,000	
	TOTAL	12,000,000	

7.8 Financial covenants

26. The standard financial covenants will be included in the Financing Agreement.

7.9 Supervision plan

27. On a regular basis (at least once per year), the system will be reviewed and assessed. The IFR will be reviewed as well as the annual audit reports.

Annex 7, Appendix 1: Action Plan for Financial Management

Action	Tasks	Entity	Target Completion Date
Staffing	<ul style="list-style-type: none"> • Recruitment of the Financial Manager at the PCT satisfactory to IDA • Recruitment of three Financial Controllers at the LGA level satisfactory to IDA • Recruitment of three remaining Financial Controllers at the LGA level satisfactory to IDA 		August 31, 2006 Prior to effectiveness Prior to disbursement for the remaining LGAs
Procedures	<ul style="list-style-type: none"> • Selection of a consultant satisfactory to IDA • Elaboration of the administrative and accounting manual • Draft manual • Final manual including IDA's comments 		July 31, 2006 August 31, 2006 September 15, 2006 September 30, 2006
Accounting system	<ul style="list-style-type: none"> • Setting up an integrated accounting system satisfactory to IDA 		September 30, 2006
External Audit	<ul style="list-style-type: none"> • Recruitment of an auditor satisfactory to IDA 	NAO	September 30, 2006

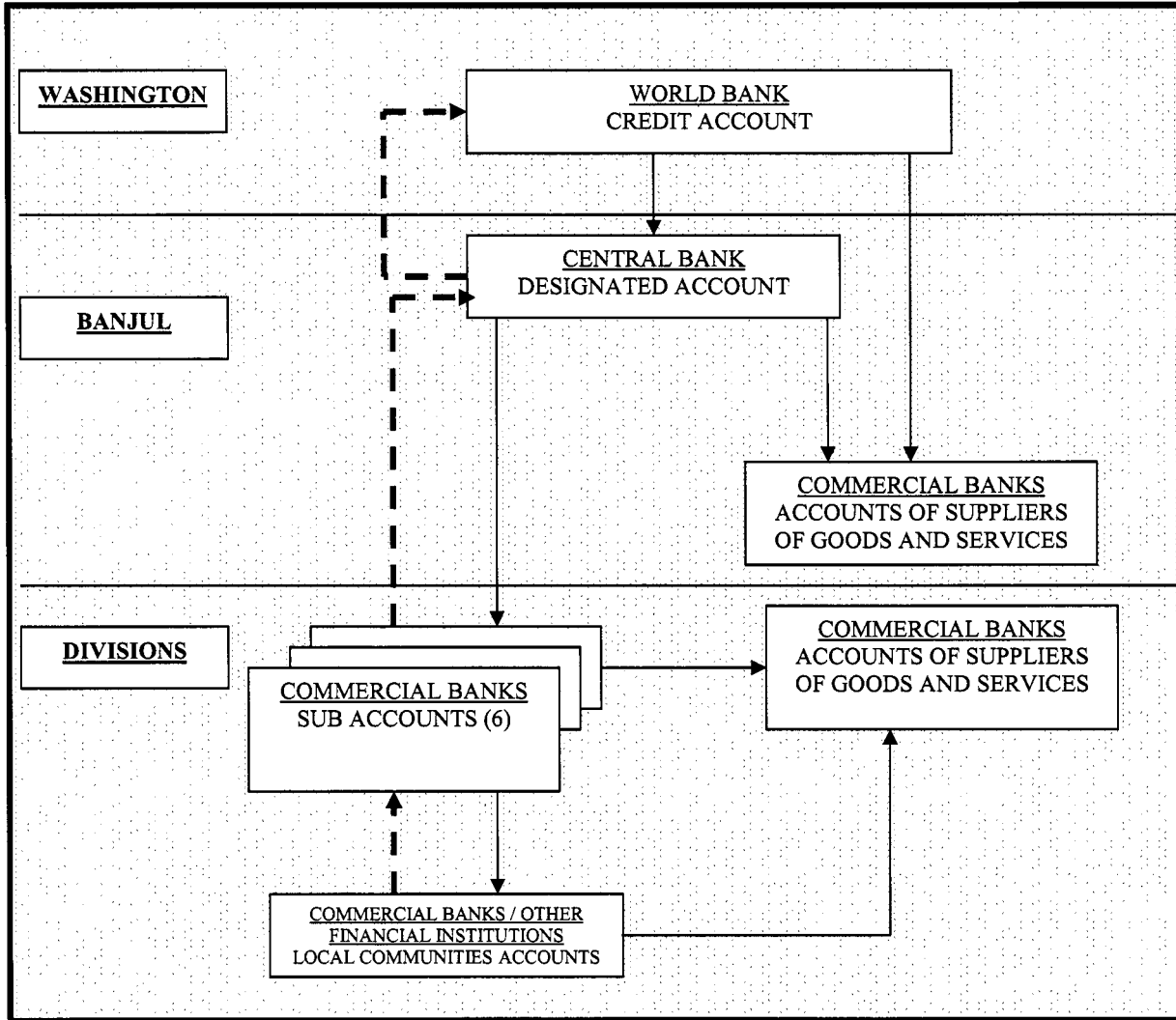
Annex 7, Appendix 2: Assessment of Fiduciary Risks

	<i>Risk Assessment</i>				<i>Comments</i>
	H	S	M	L	
Inherent Risk					
1. Corruption	X				<p>The fiduciary risk at the Country level was rated High after the CFAA in 2003. Since that exercise, key elements of the financial management reform that have been followed up are: (i) general and sector specific PERs have been undertaken; (ii) the backlog of audited accounts is being reduced; and (iii) the Government, with IDA funding, is implementing an IFMIS which, once completed, would improve the transparency and timeliness of public accounts. However, the PFM risk remains high.</p> <p>To mitigate the high fiduciary risk, the Financial Management Action Plan in Appendix 1 will be implemented prior to project effectiveness.</p>
2. Poor governance	X				
3. Weak judiciary	X				
4. Weak management capacity	X				
Overall Inherent Risk	X				
Control Risk					
1. Implementing Entity	X				<p>To mitigate the risks, the Legal and Institutional Framework as defined in Annex 6 will be set up prior to project effectiveness.</p> <p>The PSC will include the respective representatives of the Government as well as NGO and the GALGA. A PCT will also be set up to coordinate the implementation of the program.</p> <p>Subprojects will involve communities' organizations and wards.</p>
2. Funds Flow		X			<p>Flow of funds arrangements are complex and involve many levels including village levels. The PCT and beneficiaries will be trained on the arrangements and reporting requirements. A manual will outline all the details.</p>
3. Counterpart funds			X		<p>Counterpart contributions will be mobilized through Value Added Tax and by parallel financing of some activities. No major risk is anticipated.</p>
4. Staffing	X				<p>The difficulty in attracting high qualified accounting staff is a major risk for this project. To mitigate this risk, the project fiduciary staff (Financial Manager, Financial Controllers, and Procurement Specialist) will be recruited on a competitive basis and will be eligible for short-term consulting fees. The recruitment of the key staff is an effectiveness condition of the project.</p>

	<i>Risk Assessment</i>				<i>Comments</i>
	H	S	M	L	
5. Accounting Policies and Procedures			X		The adoption of the manual by the PSC is part of effectiveness conditions.
6. Internal Audit		X			Internal audit function does not exist. However, key internal control mechanisms (approval and authorization controls, bank reconciliation statements, etc.) will be included in the manual. Moreover, the Bank will pay attention to the internal control system during supervision missions and the review of the letter of comments of the external auditor.
7. External Audit			X		Prior to project effectiveness, an external auditor under TORs acceptable to IDA will be recruited. The recruitment process of the auditor as well as the assessment of their performance will be done by the NAO. The audit will be conducted in accordance with the International Standards on Auditing.
8. Reporting and Monitoring			X		The format and contents of the IFRs have been agreed upon during the negotiations. Given the fiduciary risks, the project will, however, use the transactions based disbursement mechanism in the beginning. The reporting format and contents of the subprojects will be included in the manual
9. Information Systems			X		The accounting software will be developed prior to project effectiveness.
Overall Control Risk		X			Although the fiduciary risk is Substantial, the actions above will be implemented prior to project effectiveness and their compliance will be monitored regularly during the implementation of the project.

H: High, S: Substantial, M: Moderate, L: Low

Annex 7, Appendix 3: Flow of Funds



Annex 8: Procurement Arrangements

THE GAMBIA, Community-Driven Development Project

8.1. General

8.1.1. Procurement context in the country

1. A CPAR, carried out in The Gambia in October 1998, flagged the main issues such as the lack of capacity regarding the Recipient's staff, the absence of standard bidding documents at the national level, the insufficient capacity of local contractors for contracts subject to ICB, and corruption. Recommendations were made to address these issues. The Bank, through the CBEMP, provided support to strengthen the Recipient's capacity in procurement, modernize the procurement process and improve regulation (approval of Gambia Public Procurement Act). Thanks to this plan, some of the issues have been addressed, including: training staff responsible for procurement, designing standard bidding documents, including provisions in the Code against corruption. Nonetheless, the situation remains risky.

2. A Country Procurement Issues Paper has been carried out in 2005 as an update of the CPAR. The Government has not yet provided its comments on the report and, therefore, the proposed action plan and recommendations (capacity building, institutional reinforcement through a regulatory body, an appeal body, strengthening of the private sector, judiciary reinforcement, etc.) have not yet been discussed and agreed upon.

8.2.2. Procurement methods for the project

3. Procurement for the proposed project would be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004, "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, and the provisions stipulated in the Financing Agreement. The various items under different expenditure categories are described in general terms hereafter. For each contract to be financed by the project, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Recipient and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

4. **Procurement of Works.** Works procured under this project would be limited to rehabilitation of office building at LGA and central levels. There will not be any major civil works contract under the project. All works estimated to cost at least US\$250,000 equivalent per contract will be procured under ICB procedures. The procurement will be done using the Bank's SBD for all ICB, and National SBD agreed with or satisfactory to the Bank for contracts procured under NCB or shopping. Contracts for works estimated to cost less than US\$250,000 equivalent would be procured under NCB procedures. Contracts for small works estimated to cost less than US\$50,000 will be based on shopping with a written proposal addressed to a minimum of three contractors regularly established and in order with the administration of the Recipient in terms of their fiscal and social status. The contract may only be awarded to the bidder who has offered the lowest price, after comparing at least three bids and provided he has the capacity to successfully perform the works.

5. **Procurement of Goods.** Goods procured under this project would include, but not be limited to: vehicles; motorcycles; office equipment; office furniture; IT, communication and multimedia equipment; medical equipment and drugs; farm equipment and inputs, etc.

6. When possible, goods will be grouped in bid packages estimated to cost at least US\$150,000 equivalent per contract and will be procured under ICB procedures. The procurement will be done using the Bank's SBD for all ICB, and National SBD agreed with or satisfactory to the Bank for other procurement methods. Contracts estimated to cost less than US\$150,000 equivalent for goods available locally would be procured under NCB procedures. Small articles and office supplies as well as small equipment and furniture available locally and whose estimated cost is less than US\$50,000 may be awarded through Shopping. In those cases, the written request proposal shall be addressed to several suppliers regularly established and in order with the administration of the Recipient in terms of their fiscal and social status. The contract will be awarded, after comparing a minimum of three quotations, to the bidder who has offered the lowest price and has demonstrated capacity to successfully perform the contract. Procurement under Direct Contracting may be allowed in accordance with provisions 3.6 and 3.7 of the Procurement Guidelines. Finally procurement of goods from agencies of the United Nation or through such agencies (like in the case of IAPSO) will also be allowed, according to articles 3.9 and 3.10 of the Procurement Guidelines.

7. **Community Participation.** Under component A (Community Development Facility), the project will finance community subprojects for a total value of US\$11.0 million of which IDA will finance US\$8.5 million. Funding for the subprojects will be in the form of grants to the VDCs and WDC. Communities will be required to contribute a minimum of 10 percent of the subproject budget in labor, kind, cash, or a combination thereof. The subprojects will comprise small social and economic infrastructures, communication activities and materials, minor repairs or works, capacity building etc. These subprojects are estimated to cost US\$50,000 or less per contract.

8. Financing of subprojects will depend on proposal formulated by VDCs and WDCs. Due to their demand-driven nature, it is not possible to determine the exact mix of goods, small works, and services to be procured under the subprojects. Procurement for the implementation of subprojects would be carried out in accordance with simplified procurement procedures referred to in the PIM. The PIM will contain a special section describing the procedures and tools in accordance with the Bank's *Guidelines for Simplified Procurement and Disbursement for Community-Based Investments* (February 1998). The PCT will be responsible for ensuring compliance with these guidelines. Ex-post reviews of random subprojects will be conducted periodically by independent technical audits.

9. **Procurement of non-consulting services.** Non-consulting services can include security services, banking services, insurance, transportation, catering, cleaning services, etc. Regarding the size of these types of contracts, the procurement process will be conducted under procedures acceptable to the Bank.

10. **Selection of Consultants.** Consulting services would include technical assistance, training, auditing, M&E, work supervision, information and communication, etc. Consultants will be selected through the following methods: (i) Quality and Cost Based Selection for firms (QCBS); (ii) Least Cost Selection (LCS) may be used for financial audits; (iii) Selection under a Fixed Budget (FBS) for recruitment of facilitators to assist or advise rural communities and community-based organizations; (iv) selection based on the Consultant's Qualification (CQS) for the selection of firms or Individual Consultants for specialized local training contracts whose amount are less than US\$100,000 equivalent; (v) Single Source Selection (SSS) will be used, with prior agreement

of IDA, for services in accordance with paragraphs 3.10 to 3.12 of the Guidelines for selecting consulting services; and (vi) Individual Consultant (IC) who will be selected in accordance with paragraphs 5.1 to 5.4 of the Bank Guidelines.

11. Short lists of consultants for services estimated to cost less than \$ 75,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

12. The Standard Request for Proposal (RFP) and the sample form of Evaluation Report for consultants, as developed by the Bank, will be used for appointment of consultants. Simplified contracts will be used for short-term assignments (not exceeding six months), carried out by firms or individual consultants.

13. **Operating Costs.** Operating costs financed by the Project are incremental expenses, including office supplies, vehicle operation and maintenance, maintenance of equipment, communication costs, rental expenses, utilities expenses, consumable, transport and accommodation, per diem, supervision costs, salaries and allowances of locally contracted staff. They will be procured using the implementing unit's administrative procedures, which will be detailed in the PIM.

14. **Others.** The procurement procedures and SBDs to be used for each procurement method, as well as model contracts for works and goods procured, will be detailed in the PIM.

8.2 Assessment of the agency's capacity to implement procurement

15. Procurement activities will be carried out by the PCT located at the DOSLGL. The agency is staffed by a Project Coordinator, a Capacity Building Manager, a CDF Manager, an M&E Specialist, a Financial Manager, and a Procurement Specialist. The Procurement Specialist will assure the procurement functions. Giving the difficulty of finding qualified fiduciary staff in The Gambia, the CDDP Procurement Specialist, recruited on a competitive basis, will be eligible for short-term consulting fees. The recruitment of the Procurement Specialist, and other key staff in the project, is a condition of project effectiveness.

16. An assessment of the capacity of the Implementing Agency to implement procurement actions for the project has been carried out by the Senior Procurement Specialist of the World Bank Senegal Country Office. The assessment reviewed the organizational structure for implementing the project and the interaction between the project's staff responsible for procurement and the government central unit for administration and finance.

17. The key issues and risks concerning procurement for implementation of the project have been identified and include lack of experience in World Bank procurement procedures and insufficient capacity at the local level. The corrective measures which have been agreed upon are: (i) recruitment of a qualified procurement specialist knowledgeable of World Bank guidelines; (ii) training on procurement aspects for staff of the project, members of MDFT, staff of Local Government Authorities, and community members; and (iii) preparation of a Project Implementation Manual which defines the procurement methods and procedures for community-based contracting; standard bidding documents for NCB, small works and consulting assignments and (iv) Frequent supervision and control from the main procurement specialist to advise local communities responsible on all procurement matters, (v) the fact that PIM is an effectiveness condition; (vi) the fact that the supervision and prior review thresholds are consistent with the high risk level identified.

18. The overall project risk for procurement is high.

8.3 Procurement Plan

19. The Recipient, at appraisal, developed a procurement plan for project implementation which provides the basis for the procurement methods. This plan has been agreed between the Recipient and the Project Team and finalized on May 24, 2006 and is available at DOSLGL. It will also be available in the project's database and in the Bank's external website. The Procurement Plan will be updated, in agreement with the World Bank, annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

8.4 Frequency of Procurement Supervision

20. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended at least two supervision missions to visit the field to carry out post review of procurement actions.

8.5 Details of the Procurement Arrangements Involving International Competition

Goods, Works, and Non Consulting Services

(a) List of contract packages to be procured following ICB and direct contracting:

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated Cost (US\$)	Procurement Method	P-Q	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments
PP1/G8	Purchase of "125cc" four-stroke motorcycles and accessories	170,620	ICB	No	No	Prior	Nov 24,2006	

(b) ICB contracts for goods, works and Non Consulting Services estimated to cost respectively US\$150,000, US\$250,000 and US\$50,000 and above per contract and all direct contracting will be subject to prior review by the Bank.

Consulting Services

(a) List of consulting assignments with short-list of international firms.

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost US\$	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date	Comments
PP1/CS1	Capacity strengthening for VDCs and WDCs	394,550	QCBS	Prior	Dec 11, 2006	
PP1/CS2	Capacity strengthening at LGA level	595,200	QCBS	Prior	Nov 25,2006	
PP1/CS3	Capacity strengthening at Central Government level	559,338	QCBS	Prior	Nov 20,2006	
PP1/CS4	Implementation of communication strategy	73,750	QCBS	Prior	Dec 02,2006	
PP1/CS7	International Technical Assistance impact evaluation & baseline survey	166,500	QCBS	Prior	Aug 15,2006	

(b) Consulting services for firms and individual consultants estimated to cost respectively the equivalent of US\$100,000 and US\$50,000 and above per contract and all single source selection of consultants with firms and individuals will be subject to prior review by the Bank.

(c) Short lists composed entirely of national consultants: Short lists of consultants for services estimated to cost less than US\$75,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Annex 9: Economic and Financial Analysis
THE GAMBIA, Community-Driven Development Project

9.1 Economic Analysis

1. Given the demand-driven nature of the project, support to villages and wards under the CDF will be within the framework of an “open menu” of social and economic infrastructures and activities, capacity building activities, and income generating activities that are of a public good nature. Therefore, it is difficult to quantify the benefits and costs of the project *ex ante*, as it is impossible to predict: (a) which investment activities will be pursued by the communities; and (b) which ones will actually receive funding. Consequently, there are inherent uncertainties in attempting to perform a traditional economic analysis, as: (i) the benefits and costs of each individual subproject vary due to the localized planning, design, construction, implementation, operation and maintenance (O&M) and utilization; (ii) the actual distribution of the types of subprojects to be selected by the local communities across the entire Project is not known; and (iii) most social and capacity building activities have only indirect economic benefits that are difficult or impossible to quantify in monetary terms. It is for these reasons that economic analyses are usually not carried out for Bank funded CDD-type operations.

2. Nevertheless, an attempt has been made to capture as much as possible the potential economic benefits that are likely to result from the project and to calculate the ERR for the project for various scenarios. The analysis takes into account: (i) a likely mix of subprojects that would be prioritized by communities, based on existing ward and village development plans and experience from other projects in The Gambia; and (ii) economic analyses carried out in the course of preparing projects that support similar community investments, while making conservative assumptions regarding the economic returns of individual subprojects funded by the CDF. In the absence of meaningful data available for The Gambia, a number of analyses from other countries have been used as reference. The subprojects included in the analysis as well as the assumptions concerning individual subprojects’ ERR and share of CDF are presented in Table 1 below.

TABLE 9.1: OVERVIEW OF SUBPROJECTS AND ASSUMPTIONS MADE FOR ECONOMIC ANALYSIS

Subproject		Benefits Quantified Yes/No	ERR (Range)	Source /a	ERR used	Share of Total CDF
Economic Infra-structure	Access Road Rehabilitation/Transport Infrastructure	Yes	30-35%	1,4,5	22%	10%
	Water Supply System Rehabilitation	Yes	18-36%	1,2,3,4,7	25%	15%
	Water Control/Small-scale Irrigation Schemes	Yes	12-43%	1,3,6	22%	15%
	Post-harvest Facilities (Markets/Storage/Processing)	Yes	14-49%	1,3,5,6	30%	10%
Social Infra-structure	Health Centre Rehabilitation	Yes	53%	4	35%	15%
	School Rehabilitation	Yes	16%	4	16%	10%
	Other (e.g. Sanitation, Community Centres)	No				
Other Activities	Community-driven Public Health Activities	No				20%
	Environmental Protection and Conservation	No				
	Capacity Building of Communities	No				5%
Total						100%

^a 1 = Ghana: Community-based Rural Development Project, PAD, WB, July 2004.

2 = Malawi: Smallholder Flood Plains Development Program, Formulation Report, FAO/IFAD, November 1997.

3 = Nigeria: Second National Fadama Development Project, PAD, WB, August 2003.

4 = Philippines: Kapitbisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services (KALAHY-CIDSS) Project, PAD, WB, August 2002.

5 = Sierra Leone: Rural Finance and Community Improvement Program, Formulation Report, FAO/IFAD, April 2006.

6 = The Gambia: Rural Finance and Community Initiatives Project, Appraisal Report, IFAD, 2000.

7 = Vietnam: Rural Infrastructure Sector Project, Formulation Report FAO/ADB, July 1997.

3. Profiles of generic subprojects were modelled for estimating expected cost and benefits per subproject. The following assumptions were made:

- (i) Each subproject generates a net stream of incremental benefits over 15 years, which results in the ERR specified in Table 1, regardless of the size of the subproject (i.e., if the investment cost per subproject changes, the recurrent costs and benefits will change proportionally);
- (ii) O &M costs are calculated as a share of investment costs and are constant throughout the subproject life cycle;
- (iii) No replacement costs have been added (included in O&M) and the investment has a residual/salvage value of zero in Year 15;
- (iv) Full benefits from each subproject materialize in Year 3 after the investment;
- (v) Benefits cease immediately after the subproject life of 15 years;
- (vi) Subproject models of one type are assumed to be representative for all subprojects of the same type;
- (vii) Annual subproject investments are calculated as a share of total annual CDF disbursement (village and ward grants) as presented in the detailed cost table for Component A.

9.2 Results of Economic Analysis and Sensitivity Analysis

4. Taking into account only the quantifiable benefits under Component A, the ERR for the whole project is estimated at about 6.4 percent. The ERR increases to 15.3 percent (net present value: US\$1.39 million), if the costs of only Component A are included in the analysis. Table 2 below provides an overview, on the basis of the project components considered, of how the ERR is affected by changes of benefits and costs and a delay of benefits.

Table 2: Sensitivity Analysis - ERR under Various Scenarios

Component Costs taken into account ¹	Base Case	Change of Benefits				Increase in Costs ²		Delay of Benefits ³	
		- 10%	- 20%	+ 10%	+ 20%	+ 10%	+ 20%	1 year	2 years
1	15.3%	12.7%	9.7%	17.6%	19.6%	12.3%	9.7%	14.3%	13.4%
1, 2	7.6%	6.0%	3.9%	9.0%	10.2%	5.4%	3.3%	7.0%	6.5%
1, 2, 3	6.4%	4.8%	2.9%	7.7%	8.8%	4.2%	2.2%	5.9%	5.5%

¹ CDF, ² Capacity Strengthening, ³ Project Coordination (economic costs, including contingencies)

² Subproject Costs

³ Base Case

9.3 Financial Analysis and Fiscal Impact

5. The above statements with regard to the difficulties of conducting an economic analysis for CDD-type projects also apply to financial analysis. Most of the subprojects will not be revenue-earning and therefore do not lend themselves to traditional financial analysis. However, the financial and fiscal sustainability of community investments in infrastructure or productive assets are critical if the benefits from these investments to the communities are to be sustained. Therefore, it will be necessary to specify, for each subproject at subproject appraisal, the costs of O&M, and to establish appropriate cost recovery and funding mechanisms, in order to ensure that the communities will continue to derive benefits from the subprojects.

6. In the short term, the fiscal impact of the project will be neutral, given that the Government's contribution to project costs primarily comprises taxes and duties on vehicles, equipment and petrol, which would not have been purchased without the project, and salaries of existing staff. It

is not possible to quantify the potential impact of the project on the Government's revenue earnings. However, in the long term, the fiscal impact of the project is expected to be positive, as the Government is able to tax economically productive activities.

9.4 Concluding Remarks

7. The economic analysis of the project on the basis of the assumptions described above provides sufficient justification for the project. Given the fact that capacity building projects are generally not subject to economic analysis, as they only yield longer-term, intangible benefits, the project can be justified on the grounds of the ERR for Component A (15.3 percent), particularly as many social benefits that directly contribute to improved livelihoods of the rural poor have not been captured by the analysis. Indirect benefits or those that could not be readily quantified, including those from community empowerment and strengthening of local institutions and communities, were not included in the analysis. In addition, the analysis is based on conservative estimates of ERR for individual subprojects. Therefore, the results are believed to be on the low side of the actual economic returns which will be realized when the project is implemented.

Annex 10: Safeguard Policy Issues

THE GAMBIA, Community-Driven Development Project

1. The project has triggered (i) OP 4.01 Environmental Assessment due to potential construction and rehabilitation activities as well as potential impacts related to potential medical waste; (ii) OP 4.09 Pest Management due to the potential increase in the use of pesticides to improve agricultural production; and (iii) OP 4.12 Involuntary Resettlement due to the potential need for land acquisition for future sub-projects. The safeguard screening category is S2, and the environmental screening category is B.

OP 4.01 Environmental Assessment

2. Under Component A, the CDDP will finance community-driven activities which will be identified on the basis of a participatory strategic planning process. Activities are likely to include sub-projects such as the construction and rehabilitation of feeder roads, health care facilities, and vaccination parks,, and activities related to improvements in agricultural production and a concomitant increase in the use of pesticides.

3. To identify and mitigate potential negative environmental and social impacts of future sub-projects, the Recipient has prepared an ESMF and a RPF. Both documents have been approved and disclosed in The Gambia and at the Bank's InfoShop on February 17, 2006.

4. These documents were prepared because the precise locations and potential localized negative environmental and social impacts of sub-projects were not known at the time of appraisal. However, based on experience with similar sub-projects, potential negative environmental and social impacts are likely to include soil erosion, water and soil pollution, loss of vegetation, increase in solid and liquid waste, including medical waste, pesticide poisoning, and high levels of pesticide residues in the food chain.

5. The ESMF outlines an environmental and social screening process for sub-projects to be implemented by qualified personnel at the sub-project planning stage as follows: (i) screening of sub-projects and sites using the Environmental and Social Screening Form (see Annex 1 of the ESMF); (ii) assigning the appropriate environmental categories based on the screening results; (iii) carrying out the appropriate environmental work (either the application of simple mitigation measures or the preparation of a separate EIA report) (see Annexes 2, 3, 6 of the ESMF); (iv) review and approval of the relevant environmental documents; (v) public consultations and disclosure; and (vi) environmental monitoring.

6. The ESMF includes (i) Guidelines for an EMP; (ii) Environmental Guidelines for Contractors (Annex 4 of the ESMF); (iii) a Summary of the Bank's safeguard policies (Annex 5 of the ESMF); (iv) a PMP (Annex 11 of the ESMF); and (v) a NMWMP (Annex 12 of the ESMF).

7. To ensure that the sub-projects are implemented in an environmentally and socially sustainable manner, the ESMF recommends that an Environmental Focal Point (EFP) be appointed within the MDFT in each division to serve as the environmental and social expert during the implementation of sub-projects, and to be responsible at the level of the CDD for the coordination and supervision (overseeing) of the implementation of the ESMF. To carry out these tasks, the EFP should visit all the sites where project activities will be implemented, only once at the beginning of the works, in order to complete the screening forms. This expert will take advantage of the support and permanent assistance of the environmental experts at the National Environment Agency (NEA). In coordination with the Project Coordination Unit, the day-to-day

monitoring activities will be carried out by technical agents of the MDFT, the municipalities, and VDC to follow-up on environmental and social indicators and the implementation of corrective measures, if necessary.

8. Capacity for environmental management and monitoring will be required at the national, divisional, district and village levels as follows: (a) The EFP and the other members of the MDFT in each Division will need to strengthen their capacity to apply and implement the screening process as outlined in the ESMF; (b) Selected members of the technical services of the municipalities, wards and members of the VDC will need to strengthen their environmental monitoring capacity; and (c) As necessary, members of the MDFT will require environmental training to enable them to assist the EFP of the Project Coordination Unit of the CDD. The ESMF provides details regarding the recommended training topics and related cost estimates as well as monitoring indicators.

9. **Medical Waste Management:** As regards safe medical waste management relevant to sub-project implementers will refer to the NMWM (Annex 12 of the ESMF), for guidance according to the type of health care facility to be constructed or rehabilitated, operated and maintained under the CDD. The plan includes an action plan and cost estimates for the proposed activities, including health care training program reviews and workshops for health care workers.

10. Thus, to ensure that all health care facilities nationwide use a proper health care waste management system, the plan proposed that they focus on: (i) proper methods for medical waste segregation, collection, storage, treatment, transportation, and disposal; (ii) provision of adequate personal protective equipment and waste handling, storage and transportation equipment; (iii) continual training and education on risks and hazards, proper procedures and methods; and (iv) enforcing and monitoring compliance with health and safety procedures and precautions through the establishment of Infection Control/Waste Management Committees, including the designation of a Waste Management Officer in each health care facility. Target groups for such training include, among others, municipal staff, domestic staff (orderlies, cleaners), medical staff and administration, private hospitals, clinics and practitioners.

OP 4.09 Pest Management

11. As part of the ESMF, the Recipient has prepared a PMP. This plan discusses, among other things, the current problems encountered with pest management in the agriculture sector. In 1995, the Agricultural Pest Management Unit (APMU) carried out an inventory of pests and diseases of crops in the country to identify the key pests for each crop and their management, developed a field manual for extension agents to be used as reference material by farmers in solving their pest problems. Tables 8 and 9 in the EMSF list the major insect and pests (such as red spider mites, seed bugs, rodents, fruit worms, blister beetles) and diseases (such as nematodes, fruit-rot, downey mildew, rosettes, smut) of individual crops (cereals, legumes, roots and tubers, and vegetables) in The Gambia which have reduced yields significantly over the years.

OP 4.12 Involuntary Resettlement

12. Given that the exact locations and potential negative social impacts related to land acquisition for sub-projects could not be determined beforehand, the Recipient has prepared a RPF. The RPF outlines the policies and procedures to be followed in the event that sub-projects require land acquisition. The overall responsibility for the implementation of the RPF will be with the: (i) Council at the divisional level; (ii) the WDC; and (iii) the VDC (at the village level). These institutions will ensure that the framework is publicly disseminated and that project staff have the

requisite skills and knowledge, or, when necessary, receive appropriate training to implement the framework.

Annex 11: Project Preparation and Supervision

THE GAMBIA, Community-Driven Development Project

	Planned	Actual
PCN review	01/17/2005	01/18/2005
Initial PID to PIC	01/24/2005	01/25/2005
Initial ISDS to PIC	01/24/2005	01/25/2005
Appraisal	04/10/2006	04/10/2006
Negotiations	05/15/2006	05/22/2006
Board approval	08/31/2006	
Planned date of effectiveness	12/01/2006	
Planned date of mid-term review	03/30/2009	
Planned closing date	04/30/2012	

Key institutions responsible for preparation of the project:

Secretary of State for Finance and Economic Affairs
Secretary of State for Local Government and Lands

Bank staff and consultants who worked on the project included:

Name	Title	Unit
Renato Nardello	Sr. Operations Off. (co-TTL)	AFTS4
Astrid Helgeland-Lawson	Sr. Operations Off. (co-TTL)	AFTH2
Muthoni Kaniaru	Counsel	LEGA
Daniel Murphy	Social Development Spec.	AFTS4
Fily Sissoko	Sr. Fin. Management Spec.	AFTFM
Osval Rocha Andrade Romao	Fin. Management Spec.	AFTFM
Bourama Diaite	Sr. Procurement Spec.	AFTPC
Christiane Frischmuth	Results Specialist	HRSCE
Edeltraut Gilgan-Hunt	Environmental Specialist	AFTS1
Yvette Djacheci	Sr. Social Development Spec.	AFTS3
Elisabeth Mekonnen	Language Program Assistant	AFTS4
Sossena Tassew	Language Program Assistant	AFTS4
Yassin Saine Njie	Team Assistant	AFMGM
Marie-Jeanne Ndiaye	Language Program Assistant	AFTS4
John May	Sr. Population Spec.	AFTH2
Thomas Muenzel	Consultant (FAO)	
Thomas Jorgenssen	Consultant	

Bank funds expended on project preparation:

1. Bank resources: US\$398,847
2. Trust funds: US\$101,522
3. Total: US\$500,369

Estimated Supervision costs:

1. Remaining costs to approval: US\$3,000
2. Estimated annual supervision cost: US\$120,000

Annex 12: Documents in the Project File

THE GAMBIA, Community-Driven Development Project

N	Year	Author	Title
1.		DOSLGL	Consultancy Report: A Survey Of Capacities And Capabilities Of Civil Society In The Gambia To Make Recommendations For The Development Of A Communication Strategy In The Implementation Of The Decentralization Programme Under The Local Government Reform Process
2.		DOSLGL	Draft Of Policy Measures To Implement The Local Government Act – A Divisional Planning Mechanism And Decentralization
3.		DOSLGL	The Gambia’s Community-Driven Development Project (CDD) – Regional Sensitization And Training Workshop Report For Mansakonko Local Government Area; From 11 To 15 April 2005
4.		DOSLGL	Process Facilitation Report – Decentralization Of Educational Services
5.		DOSLGL	Final Draft Policy For The Establishment And Operationalization Of The Council Development Fund (CDF)
6.	2006		2003 Population And Housing Census Provisional Results
7.	2005	EC	End Of Project Program Evaluation For The Support To Decentralized Rural Development (SDRD) 8 th European Development Fund
8.		EC	SDRD-Local Government Reform – Process Facilitation Of Decentralization Within The Agriculture And Natural Resources Sector
9.		DOSLGL	Study On The Future Of Divisional Planning In The Gambia
10.		DOSLGL	Local Government Decentralization Final Report Of Health Sector Facilitation (Local Government Act 2000)
11.			Children In The Gambia “Precious Assets” – A Parenting Manual And Guide For Training Facilitators On Integrated Early Childhood Development
12.	2005	IFAD	Rural Finance And Community Initiatives Project (RFCIP) – Appraisal Report
13.		DOSTIA	Restructuring Of The Indigenous Business Advisory Services (IBAS) Of The Department Of State For Trade, Industry And Employment
14.	2002	UNICEF	Gambia–UNICEF Programme of Co-Operation, 2002-2006 – Report On Needs Assessment For The Implementation Of The Basic Services Programme
15.		SPACO	Poverty Reduction Strategy (Prs) Planning Cycle

16. Report Of The 2003/2004 National Agricultural Sample Survey (NASS) – Statistical Yearbook Of Gambian Agriculture
17. National Youth Service Scheme (Nyss) – An Impact Assessment And Tracer Study Report
18. SPACO The Gambia Social Development Fund Operations Manual
19. 2003 DOSLGL Decentralization Local Government Reform
20. 2002 WB Fiduciary Management for CDD Project: A Reference Guide
21. 2002 de Silva, Samantha Communities Taking the Lead. A Handbook on Direct Financing of Community Subprojects. World Bank.

Annex 13: Statement of Loans and Credits
THE GAMBIA, Community-Driven Development Project
Operations Portfolio
(as at 8/2/06)

Project ID	FY	Purpose	Original Amount in US\$ Millions				Cancel.	Undisb.	Difference between expected and actual disbursements	
			IBRD	IDA	SF	GEF			Orig.	Frm. Rev'd
P057394	2002	GM GATEWAY PROJECT	0.00	16.00	0.00	0.00	0.00	7.80	5.01	0.00
P057995	2002	GM-Econ Mgmt Cap Bldg SIL (FY02)	0.00	15.00	0.00	0.00	0.00	5.41	2.90	2.00
P060329	2001	HIV/AIDS Rapid Response	0.00	15.00	0.00	0.00	0.00	0.65	-1.49	-2.18
P077903	2006	3 rd Education, Phase 2	0.00	20.00	0.00	0.00	0.00	8.23	0.01	0.00
P057997	1999	PVRTY ALL.&MUNIC.DEV	0.00	19.00	0.00	0.00	0.00	2.52	-1.29	1.11
Total:			0.00	85.00	0.00	0.00	0.00	24.611	5.14	0.933

THE GAMBIA
STATEMENT OF IFC's
Held and Disbursed Portfolio
In Millions of US Dollars
(as at 04/30/06)

FY Approval	Company	Held				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
1997	AEF KKF II	0.19	0.00	0.00	0.00	0.19	0.00	0.00	0.00
1994	AEF Lyefish	0.36	0.00	0.00	0.00	0.36	0.00	0.00	0.00
1993	AEF Ndebaan	0.20	0.00	0.00	0.00	0.20	0.00	0.00	0.00
Total portfolio:		0.755	0.00	0.00	0.00	0.75	0.00	0.00	0.00

Annex 14: Country at a Glance

THE GAMBIA, Community-Driven Development Project

Gambia, The at a glance

4/5/06

POVERTY and SOCIAL

2004

	The Gambia	Sub-Saharan Africa	Low-income
Population, mid-year (millions)	1.4	719	2,338
GNI per capita (Atlas method, US\$)	280	600	510
GNI (Atlas method, US\$ billions)	0.40	432	1,184

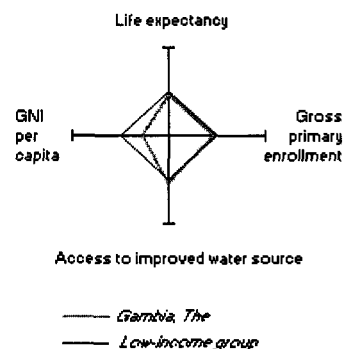
Average annual growth, 1998-04

	The Gambia	Sub-Saharan Africa	Low-income
Population (%)	2.8	2.2	1.8
Labor force (%)	2.9	1.0	2.1

Most recent estimate (latest year available, 1998-04)

	The Gambia	Sub-Saharan Africa	Low-income
Poverty (% of population below national poverty line)	58	..	..
Urban population (% of total population)	26	37	31
Life expectancy at birth (years)	53	46	58
Infant mortality (per 1,000 live births)	90	101	79
Child malnutrition (% of children under 5)	17	..	44
Access to an improved water source (% of population)	92	58	75
Literacy (% of population age 15+)	..	65	61
Gross primary enrollment (% of school-age population)	85	95	94
Male	86	102	101
Female	84	88	88

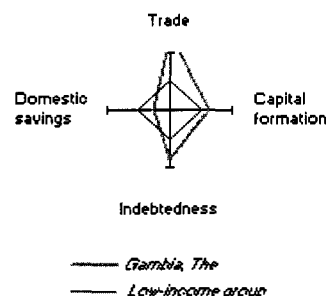
Development diamond*



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1984	1994	2003	2004
GDP (US\$ billions)	0.18	0.36	0.37	0.40
Gross capital formation/GDP	19.3	18.1	20.3	28.1
Exports of goods and services/GDP	51.1	43.7	43.1	46.0
Gross domestic savings/GDP	4.6	2.8	10.2	10.5
Gross national savings/GDP	..	..	17.7	13.7
Current account balance/GDP	-19.3	-5.0	-4.9	-11.8
Interest payments/GDP	3.9	2.1	2.5	2.2
Total debt/GDP	129.9	116.5	172.8	169.2
Total debt service/exports	16.1	15.3	11.9	15.9
Present value of debt/GDP	..	..	91.1	..
Present value of debt/exports	..	..	194.6	..

Economic ratios*

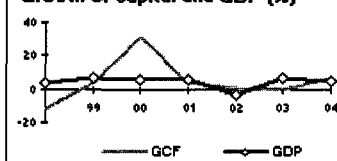


	1984-94	1994-04	2003	2004	2004-08
(average annual growth)					
GDP	3.4	4.0	6.9	5.1	4.8
GDP per capita	-0.7	0.9	4.4	3.0	2.9
Exports of goods and services	1.7	2.7	9.3	5.4	2.7

STRUCTURE of the ECONOMY

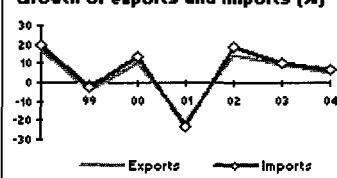
	1984	1994	2003	2004
(% of GDP)				
Agriculture	31.2	27.5	31.1	33.1
Industry	18.5	13.6	14.0	13.3
Manufacturing	9.7	6.1	5.3	5.3
Services	50.3	58.9	54.5	53.6
Household final consumption expenditure	40.8	82.7	78.8	78.5
General gov't final consumption expenditure	54.5	14.5	11.0	11.1
Imports of goods and services	64.8	59.0	52.3	63.7

Growth of capital and GDP (%)



	1984-94	1994-04	2003	2004
(average annual growth)				
Agriculture	-1.2	5.0	19.7	14.2
Industry	5.6	4.4	6.4	5.9
Manufacturing	3.6	2.3	4.7	4.7
Services	3.5	5.6	2.5	38.8
Household final consumption expenditure	6.6	3.0	10.4	10.5
General gov't final consumption expenditure	-5.1	5.8	1.3	1.2
Gross capital formation	5.4	2.6	0.0	6.9
Imports of goods and services	3.7	1.3	10.7	7.2

Growth of exports and imports (%)

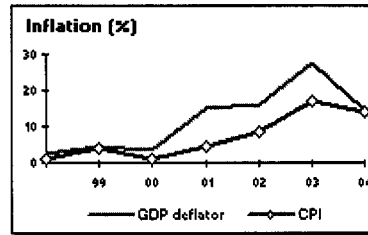


Note: 2004 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

PRICES and GOVERNMENT FINANCE

	1984	1994	2003	2004
Domestic prices				
<i>(% change)</i>				
Consumer prices	22.1	4.0	17.0	14.2
Implicit GDP deflator	9.0	3.8	27.4	14.3
Government finance				
<i>(% of GDP, includes current grants)</i>				
Current revenue	21.7	21.9	18.2	25.5
Current budget balance	-0.8	3.6	1.1	8.5
Overall surplus/deficit	-15.5	-3.1	-4.7	-5.7



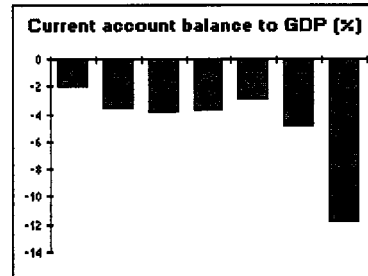
TRADE

	1984	1994	2003	2004
<i>(US\$ millions)</i>				
Total exports (fob)	57	124	102	118
Groundnuts	..	10	6	6
Fish	..	2	3	3
Manufactures
Total imports (cif)	81	179	161	197
Food	..	46	53	65
Fuel and energy	..	30	21	25
Capital goods	..	39	33	41
Export price index (2000=100)	..	113	112	121
Import price index (2000=100)	..	111	109	121
Terms of trade (2000=100)	..	102	103	100



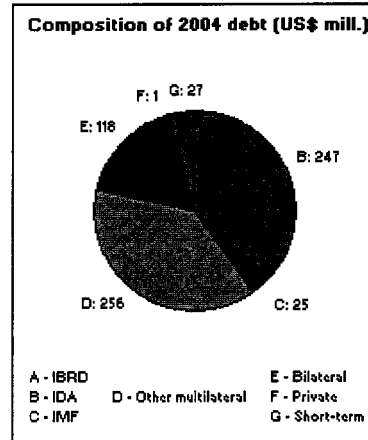
BALANCE of PAYMENTS

	1984	1994	2003	2004
<i>(US\$ millions)</i>				
Exports of goods and services	80	181	152	185
Imports of goods and services	108	239	185	255
Resource balance	-28	-58	-33	-71
Net income	1	-5	-19	-20
Net current transfers	..	45	30	39
Current account balance	-34	-18	-18	-47
Financing items (net)	52	27	13	80
Changes in net reserves	-18	-9	5	-33
Memo:				
Reserves including gold (US\$ millions)	..	..	62	78
Conversion rate (LDC, local/US\$)	3.6	9.6	27.3	30.0



EXTERNAL DEBT and RESOURCE FLOWS

	1984	1994	2003	2004
<i>(US\$ millions)</i>				
Total debt outstanding and disbursed	230	423	635	674
IBRD	0	0	0	0
IDA	30	148	220	247
Total debt service	13	31	20	34
IBRD	0	0	0	0
IDA	0	2	2	3
Composition of net resource flows				
Official grants	30	38	18	..
Official creditors	11	7	29	36
Private creditors	0	-4	0	0
Foreign direct investment (net inflows)	0	10	60	..
Portfolio equity (net inflows)	0	0	0	..
World Bank program				
Commitments	20	14	0	0
Disbursements	3	9	11	21
Principal repayments	0	1	1	1
Net flows	2	9	10	19
Interest payments	0	1	1	2
Net transfers	2	8	9	18



MAP SECTION

