

CONFORMED COPY

CREDIT NUMBER 2602 GM

Development Credit Agreement

(Capacity Building for Environmental Management
Technical Assistance Project)

between

THE REPUBLIC OF THE GAMBIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 11, 1994

CREDIT NUMBER 2602 GM

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 11, 1994, between THE REPUBLIC OF THE
GAMBIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the
Association).

WHEREAS: (A) the Borrower, having satisfied itself as to the
feasibility and priority of the Project described in Schedule 2 to
this Agreement, has requested the Association to assist in the
financing of the Project;

(B) the Borrower intends to contract from Gesellschaft fur
Technische Zusammenarbeit (GTZ) a grant (the GTZ Grant) in an
aggregate principal amount equivalent to \$1,300,000 to assist in
financing the Project on the terms and conditions set forth in an
agreement (the GTZ Grant Agreement) to be entered into between the
Borrower and GTZ; and

(C) the Borrower is committed to the carrying out of its
Gambia Environment Action Plan; and

WHEREAS the Association has agreed, on the basis, inter alia,
of the foregoing, to extend the Credit to the Borrower upon the
terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions), constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "GEAP" means the Gambia Environment Action Plan, being the Borrower's framework for natural resources and environmental management and planning, as approved by the Borrower in July 1992;

(b) "NEA" means the Borrower's National Environment Agency established by the Borrower on July 1, 1993;

(c) "NEMA" means the Borrower's National Environment Management Act, 1987, as the same may be amended from time to time;

(d) "NGOs" means nongovernmental organizations operating in the territory of the Borrower;

(e) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated April 15, 1993 and April 21, 1993 between the Borrower and the Association;

(f) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement; and

(g) "Selected Government Agencies" means the Borrower's Ministry of Natural Resources, Ministry of Agriculture, Ministry for Local Government and Lands, Ministry of Health and Social Welfare, Ministry of Trade, Industry and Employment and such other agencies as the Borrower and the Association shall agree from time to time.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to one million nine hundred thousand Special Drawing Rights (SDR 1,900,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special deposit account in its central bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance

shall thereupon be cancelled.

Section 2.03. The Closing Date shall be December 31, 1997 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next payment date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on April 15 and October 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each April 15 and October 15, commencing April 15, 2004 and ending October 15, 2033. Each installment to and including the installment payable on October 15, 2013 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end: (a) shall carry out the Project through NEA with due diligence and efficiency and in conformity with appropriate financial, administrative, environmental and ecological practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project; and (b) without limitation to Subsection 3.01 (a) above, shall make, in each year of the Project, budgetary allocations in its fiscal budget appropriate to ensure the timely execution of the Project.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. The Borrower, on conclusion of its current review of the provisions of NEMA, and having prepared any draft amendment to NEMA that it deems necessary or desirable to empower NEA to fulfill its mandate for environmental planning and management, particularly, without limitation, its regulatory and monitoring role, shall: (i) provide to the Association any amendment for its review and comment; and (ii) take due account of the Association's comments.

Section 3.04. The Borrower shall cause NEA to (a) prepare and submit to the Association for the Association's review and comments thereon:

(i) by no later than three months after the Effective Date, (A) an environmental education strategy paper including, without limitation, a mission statement, identification of key target constituencies and determination of the most effective methods for increasing public awareness of environmental concerns; and (B) an environmental information system strategy paper including, without limitation, the results of the environmental information workshop; and

(ii) by no later than twelve months after the Effective Date: (A) two strategy papers in respect of Parts D and F of the Project; and (B) the common data architecture and an action plan for the upgrading of key data sets in respect of Part E of the Project, and shall take into account the Association's views and comments in respect of the strategy papers insofar as these affect Project implementation, and in respect of the common data architecture and action plan in a manner satisfactory to the Association; and

(b) review, together with the Association, by no later than March 31 in each year of Project implementation, the implementation of its human resource management plan, annual workplan and schedule of consultants' recruitment for the current year, and thereafter shall prepare, by no later than May 31 in each year, a human resource management plan, an annual workplan, a schedule for consultants' recruitment and draft consultants' terms of reference for the following year, taking into account any difficulties encountered during the current year and the views expressed and comments made by the Association at the time of review of the current plan in a manner satisfactory to the Association.

Section 3.05. The Borrower: (a) by no later than twelve months after the Effective Date, shall establish an inspectorate for enforcing environmental standards with status, regulatory powers and duties satisfactory to the Association and shall allocate appropriate staff thereto;

(b) by no later than eighteen months after the Effective Date, shall place in full force and effect environmental impact assessment procedures acceptable to the Association; and

(c) shall make available to the public, at a reasonable charge, the results of all environmental assessments and all environmental monitoring data kept in its environmental information system with a view to the promotion of environmental awareness.

Section 3.06. (a) By no later than November 30, 1995, the Borrower shall, and shall cause NEA to, prepare and submit to the Association for its review and comments, and in such detail as the Association shall reasonably request, a report (for the purposes of this Section, the "Midterm Report") on the progress and status of the Project, including: (i) a study of the items set forth in Sub-section (b) below; and (ii) an action plan, including a timetable for measures and action to be taken, for the implementation of the remainder of the Project.

(b) By no later than December 31, 1995, the Borrower shall, and shall cause NEA to, carry out, jointly with the Association, a midterm review (for the purposes of this Section, the "Midterm Review") of the progress made in Project implementation. The Midterm Review shall evaluate and assess, without limitation:

- (i) the overall progress of Project implementation having regard to the key monitoring indicators agreed with the Association;
- (ii) the extent of the progress made towards the revision of key policy matters and introduction of legislative measures in accordance with the GEAP;
- (iii) NEA's and Selected Government Agencies' (as appropriate) ability, effectiveness, staffing and performance in carrying out the Project;
- (iv) the functions and effect of the newly established environmental management system; and
- (v) such other matters as the Association may deem necessary or desirable.

(c) Following the Midterm Review, the Borrower shall, and shall cause NEA to, revise and furnish to the Association the Midterm Report, taking into account the conclusion of the Midterm Review and the Association's comments and recommendations made at the Midterm Review in a manner satisfactory to the Association.

(d) The Borrower shall, and shall cause NEA to, promptly and diligently carry out the Project in accordance with the Midterm Report and the action plan contained therein, taking, without limitation, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the implementation of the Project or to implement such other measures as may have been agreed upon between the Borrower and the Association.

Section 3.07. At all times throughout the duration of the Project, NEA shall operate in a competent and efficient manner, under a director with qualifications and experience acceptable to the Association, and with competent staff in sufficient numbers.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause NEA to maintain records and accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Project.

- (b) The Borrower shall have or shall cause NEA to:
- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each six month period audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
 - (ii) furnish to the Association, as soon as available, but in any case not later than: (A) one month after the end of each six month period, and (B) three months after the end of each fiscal year, with respect to the consolidated annual reports, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
 - (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause NEA to maintain, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the semiannual and annual audits referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

- (a) NEMA shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the implementation of the Project;

(b) The Borrower, or any other authority having jurisdiction, shall have taken any action for the dissolution or disestablishment of NEA or for the suspension of its operations; and

(c) (i) Subject to subparagraph (ii) of this paragraph:

- (A) The right of the Borrower to withdraw the proceeds of any loan or grant, including, without limitation, the GTZ Grant, made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms thereof, or
- (B) any such loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely any event specified in paragraph (c) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (c) (ii) of that Section.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the GTZ Grant Agreement has been entered into between GTZ and the Borrower;

(b) NEA has employed staff in such number and with such qualifications acceptable to the Association for the purposes of carrying out each part of the Project;

(c) NEA has established and is operating an accounting system acceptable to the Association;

(d) the auditors referred to in Section 4.01 (b) have been duly appointed; and

(e) NEA has established working groups, composed of members from NEA, Selected Government Agencies and NGOs, to advise in respect of Parts C and E of the Project.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. The Ministry of Finance and Economic Affairs of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

(3) Goods	110,000	100%
(4) Refunding of Project Preparation Advance	220,000	Amounts due pursuant to Section 2.02 (c) of this Agreement
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TOTAL	1,900,000	=====

2. No withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

3. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts not exceeding \$20,000 equivalent, under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (1) assist the Borrower in implementing the GEAP, and (2) strengthen NEA and other agencies of the Borrower and increase their capacity to develop and implement a system for environmental planning and management throughout the territory of the Borrower.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Institutional Support for GEAP Coordination and Implementation

1. Acquisition of vehicles and office equipment (including computers) by NEA to develop its operational capacity.
2. Strengthening of NEA's management and technical skill through the provision of training.
3. Provision of training in environmental management to Selected Government Agencies.

Part B: GEAP Monitoring and Policy Development

Assistance to NEA in reviewing and, as necessary, reorienting existing sectoral policies and identifying new policies as necessary in accordance with the GEAP through the provision of training.

Part C: Environmental Education and Public Awareness

Promotion of public awareness of environmental issues through, inter alia, the support of media campaigns and the enhancement of the skills and capabilities of Selected Government Agencies and NGOs.

Part D: Monitoring and Quality Control

Development of a system which determines acceptable thresholds, monitors quality and enforces environmental standards through the inspectorate in the areas of, inter alia, industrial emissions, water and solid waste through the acquisition of equipment and the provision of training.

Part E: Environmental Information Management

Development and implementation of an environmental information

system to include, inter alia:

(a) the design of a common data architecture to establish data coherence and compatibility;

(b) the identification, production and conversion of key data sets; and

(c) development of analytical capabilities within NEA in respect of environmental spatial information.

Part F: Contingency Planning and Disaster Preparedness

Development of: (a) a set of contingency plans to mitigate the effects of major environmental disasters which could affect the Borrower; and (b) a networking mechanism for the implementation of contingency plans.

* * *

The Project is expected to be completed by December 31, 1997.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: Procurement Procedures

Goods shall be procured under contracts awarded (A) on the basis of comparison of price quotations obtained from at least three suppliers from at least two countries eligible under the Guidelines, and in accordance with procedures satisfactory to the Association; or (B) to the international agencies' procurement service office, in accordance with procedures satisfactory to the Association.

Part B: Review by the Association of Procurement Decisions

Review of invitations to bid and of proposed awards and final contracts:

With respect to each contract, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

Section II. Employment of Consultants

1. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

2. For complex, time-based assignments, the Borrower shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Association.

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "Eligible Categories" means Categories (1) through (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "Eligible Expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the Eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to 240,000 dollars to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for Eligible Expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective Eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Credit allocated to the Eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the Eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for Eligible Expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

