

CONFORMED COPY

GRANT NUMBER H580-GM

Financing Agreement

(Integrated Financial Management Information System Project)

between

REPUBLIC OF THE GAMBIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

July 8, 2010

GRANT NUMBER H580-GM

FINANCING AGREEMENT

AGREEMENT dated July 8, 2010 between REPUBLIC OF THE GAMBIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Financing Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to three million five hundred thousand Special Drawing Rights (SDR 3,500,000) (“Grant”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are April 15 and October 15 in each year.
- 2.05. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Finance, in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Recipient has adopted the Project Implementation Manual and the Financial Management Procedures Manual, in form and substance satisfactory to the Association.
 - (b) The Recipient has recruited a procurement specialist within the PCU, with qualifications and experience and under terms of reference and terms and conditions acceptable to the Association.
 - (c) The accounting system of the PCU has been adapted for the Project in form and substance satisfactory to the Association.
 - (d) The IFMIS has been extended for use by the PCU and the Recipient has granted the PCU self accounting status within the IFMIS system.
 - (e) The IFMIS Phase II Contract has been amended in form and substance satisfactory to the Association to reflect the requirements of the Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006, including, without limitation, a third-party audit clause for the benefit of the Association.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V – REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is the Minister responsible for finance.

5.02. The Recipient's Address is:

Ministry of Finance
The Quadrangle
Banjul
Republic of The Gambia

Facsimile:

220-4227-954

6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391

AGREED at Washington, D.C., United States of America, as of the day and year first above written.

REPUBLIC OF THE GAMBIA

By //S// Baboucarr Jallow

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By //s// Habib Fetini

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to increase the capacity of the Recipient in public resource management.

The Project consists of the following parts:

Part A: IFMIS Rollout, Interfaces and System Training

1. The provision of IFMIS hardware for: (i) the extension of the technical infrastructure to additional IFMIS sites with additional workstations and printers; and (ii) the expansion of the capacity of the existing data center and disaster recovery sites with additional servers.
2. The provision of the IFMIS system and application software.
3. The installation and configuration of the IFMIS network through the provision of equipment for the setting up of the local area network and the wide area network, as well as the establishment of system interfaces.
4. Management and monitoring of the IFMIS installation, configuration and implementation, through the provision of goods, equipment and training.
5. Provision of IFMIS system training and certification for the core application team and the core technical team, as well as training on report development and end-user training.
6. Provision of technical assistance for the transfer of IFMIS skills to the end users of the IFMIS system.

Part B: New IFMIS Activities

1. The carrying out of business process review workshops and the implementation of a sensitization campaign aimed at explaining how the IFMIS will change the business process.
2. The provision of the necessary IFMIS licenses.
3. The provision of services for the validation of human resources and payroll records.

Part C: Communications and Change Management

The implementation of a sensitization and information program on IFMIS use, including through the carrying out of workshops and seminars.

Part D: Accounting and IT Capacity Building for Sustainability

1. Provision of overseas training for staff members of the Recipient in professional accounting and of IT courses coordinated by the DNT.
2. Provision of local training for at least 60 staff members of the Recipient enrolled in professional accounting and IT courses.
3. Capacity building of DNT in accounting, financial management and IT, through the provision of library books and equipment.

Part E: Project Implementation Support

Project coordination and management, including through the financing of Operating Costs, expenditures related to monitoring and evaluation, financial audits, training, and communication.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain throughout Project implementation, a Project steering committee (the “Steering Committee”), a Project implementing committee (the “Project Implementing Committee”) and a Project coordination unit within MoF (the “PCU”), with responsibilities and procedures set forth below and with composition, functions and resources satisfactory to the Association:

(a) **Steering Committee**

(i) The Steering Committee shall be headed by the Permanent Secretary of the Recipient’s MoF and composed of, *inter alia*, representatives of the Gambia Revenue Authority, the National Audit office, and key sector ministries.

(ii) The Steering Committee shall be responsible for:

(A) Reviewing the periodic assessments of work plans and budgets carried out by the PCU and ensuring their consistency with the Program;

(B) Provide overall strategic orientation in the execution of the Project; and

(C) Taking measures to facilitate resolution of problems or conflicts that may arise during the course of the Project.

(b) **Project Implementing Committee**

(i) The Project Implementing Committee shall be headed by the Director of DNT and composed of, *inter alia*, representatives of DNT, the PCU, the MoF, the Ministry of the Recipient in charge of planning, and the Project coordinator. The Project Implementing Committee shall meet at least monthly.

(ii) The Project Implementing Committee shall be responsible for:

- (A) Reviewing the periodic assessments of work plans and budgets carried out by the PCU and ensuring their consistency with the Project's development objectives;
- (B) Overseeing the execution of the Project and provide strategic orientation;
- (C) Taking measures to facilitate resolution of problems or conflicts that may arise during the course of the Project;
- (D) Facilitating the coordination of the Project's activities among the entities represented in the Steering Committee, and making recommendations in view of the removal of any impediment to the achievement of the Project's objectives;
- (E) Providing comments on reports and reviews prepared by PCU for the benefit of the Association; and
- (F) Approving the work plans, updated Procurement Plans and related budgets submitted by the PCU.

(c) **PCU**

- (i) The PCU shall be in charge of coordination of Project implementation.
- (ii) The PCU shall consist of the following key staff with terms of reference, qualifications and experience satisfactory to the Association: a Project coordinator; a procurement specialist; and a financial specialist.
- (iii) To this end, the Recipient shall, throughout Project implementation, maintain the PCU with responsibilities set forth below and with composition, functions and resources satisfactory to the Association:
 - (A) overseeing the day-to-day execution of the Project;
 - (B) identifying necessary Project adjustments based on monitoring and evaluation results;
 - (C) preparing updated Procurement Plan and related budgets to be submitted to the Project Implementation Committee and the Association for approval;

- (D) carrying out Project financial management and procurement activities; and
- (E) monitoring and evaluating the Project and preparing Project progress reports and monitoring and evaluation reports.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Manuals

1. The Recipient shall prepare under terms of reference acceptable to the Association, and furnish to the Association, for review and comments:
 - (a) a Project implementation manual (Project Implementation Manual), setting forth the detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) procurement; (iii) monitoring, evaluation, reporting and communication; and (iv) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; and
 - (b) a financial manual (Financial Management Procedures Manual), setting out the financial management, and accounting arrangements, to be agreed with the Association for purposes of Project implementation.
2. The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on both such manuals, and thereafter shall adopt and carry out the Project in accordance with such manuals as shall have been found satisfactory to the Association.
3. The Recipient shall not amend, abrogate, repeal, suspend, waive, or otherwise fail to enforce, or permit to be amended, abrogated, repealed, suspended or waived, the Project Implementation Manual or the Financial Management Procedures Manual, or any provision thereof without the prior written approval of the Association. In case of inconsistency between this Agreement, on the one hand, and the Project Implementation Manual or the Financial Management Procedure Manual, on the other hand, the terms of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation**A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators satisfactory to the Association set forth in the Project Implementation Manual. Each Project Report shall cover the period of three months, and shall be furnished to the Association not later than 30 days after the end of the period covered by such report.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement**A. General**

1. **Goods and Non-Consulting Services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

- 2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
- 3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-Consulting Services

- 1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
- 2. **Other Methods of Procurement of Goods and non-consulting services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(i) Limited International Bidding
(ii) National Competitive Bidding
(iii) Shopping
(iv) Direct Contracting

C. Particular Methods of Procurement of Consultants’ Services

- 1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
- 2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(i) Least-Cost Selection
(ii) Selection Based on Consultant's Qualifications
(iii) Single Source Selection
(iv) Individual Consultants

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts are subject to the Association's Post Review.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Consultants’ Services (including audits) for Parts A, B, C and D of the Project	950,000	100%
(2) Goods and non-consulting services for Parts A, B, C and D of the Project	790,000	100%
(3) Training for Parts A, B, C and D of the Project	350,000	100%
(4) Operating Costs for Parts A,B,C and D of the Project	50,000	100%
(5) Refund of Preparation Advance	1,360,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	3,500,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement except that withdrawals up to an aggregate amount not to exceed SDR 700,000 equivalent may be made for payments made prior to this date but on or after August 1, 2009, for Eligible Expenditures under Categories (1), (2), (3) and (4).
2. The Closing Date is December 31, 2012.

Section V. Other Undertakings

1. By not later than two (2) months after the Effective Date, the PCU staff has received training on the IFMIS functionality, transactions online and internal controls, in form and substance satisfactory to the Association.
2. The Recipient shall by not later than four (4) months after the Effective Date recruit in accordance with the provisions of Section III of this Schedule, the external auditors referred to Section II.B.3 of Schedule 2 of this Agreement.
3. The Recipient shall not amend, extend, abrogate, repeal, suspend, waive, (including issuing any change order thereto) or otherwise fail to enforce, or permit to be amended, abrogated, repealed, suspended or waived, the IFMIS Phase II Contract, or any provision thereof without the prior written approval of the Association.

APPENDIX**Section I. Definitions**

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
4. “DNT” means the Directorate of National Treasury of the Recipient.
5. “Financial Management Procedures Manual” means the manual referred to in Section I.C.1 (b) of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior approval of the Association, and such term includes any schedules to the Financial Management Procedures Manual.
6. “Gambia Revenue Authority” means the tax authority of the Recipient.
7. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
8. “IFMIS” means the Integrated Financial Management Information System, the centralized system for processing all central governmental transactions, initially established for 6 ministries of the Recipient under the Capacity Building and Economic Management Project for which the Association extended financing under Financing Agreements between the Association and the Recipient dated August 2, 2001 and November 8, 2007(Credit 3555-GM; Grant H334-GM).
9. “IFMIS Phase II Contract” means the contract signed between Soft Tech Consultants Ltd and the Recipient dated August 1, 2009.
10. “IT” means information technology.
11. “National Audit office” means the national audit authority of the Recipient.
12. “MoF” means the Ministry of Finance of the Recipient, and any successor thereto.

13. “Operating Costs” means the incremental operating expenses, based on annual budgets approved by the Association, incurred by the PCU, on account of office supplies, fuel and maintenance of vehicles, maintenance of equipment, telephone and other communications charges, office rent and insurance for vehicles, motorcycles and office equipment and furniture, bank and services fees, travel and supervision, but excluding salaries of the Recipient’s civil service.
14. “PCU” means the project coordination unit for the Project referenced in Section I.A.1 of Schedule 2 of this Agreement, established by the Recipient by Administrative Letter No. ISPEFG/07/Part /2008 dated September 29, 2009.
15. “Preparation Advance” means the advances referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement (Q705-GM) signed on behalf of the Association on December 18, 2009, and on behalf of the Recipient on December 24, 2009.
16. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 27, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
18. “Program” means the Public Financial Management Comprehensive Reform Strategy, the Recipient’s program for the improvement of public financial management, developed and validated by the Recipient in February 2010.
19. “Project Implementing Committee” means the committee for the Project referenced in Section I.A.1 of Schedule 2 of this Agreement, established pursuant to the Administrative Letter No. ISPEFG/07/Part /2008 dated September 29, 2009.
20. “Project Implementation Manual” means the manual referred to in Section I.C.1 (a) of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior approval of the Association, and such term includes any schedules to the Project Implementation Manual.
21. “Steering Committee” or “SC” means the steering committee for the Program referenced in Section I.A.1 of Schedule 2 of this Agreement, pursuant to the Administrative Letter No. ISPEFG/07/Part /2008 dated September 29, 2009.

22. “Training” means the training of persons under the Project, including seminars, class room training, workshops, study tours, and on the job training, and covers the following costs associated with such activity: travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”