

**THE GAMBIA FISCAL MANAGEMENT
DEVELOPMENT PROJECT**

**PROJECT PREPARATION PHASE
PHASE 2**

[Ministry of Finance and Economic Affairs]

*Annual report and financial statements for the year ended 31December
2020*

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1. General Information

Members of the Project Steering Committee:	Mr. Abdoulie Jallow-Permanent Secretary, MoFEA	Chairperson
	Mr. Yusupha Jobe-Director General, PURA	Member
	Mr. Samba Sallah-Deputy Commissioner, Domestic Tax	Member
	Mr. Saloum Malang-Director General, GPPA	Member
	Mr. Modou Ceesay-Director General, IAD	Member
	Mrs. Amie Njie-Permanent Secretary ,MoICI	Member
	Mr Lamin Fatty-Ag. Director- DPPP,MoFEA	Member
	Ms. Ndey Anta Taal-Project Manager, GFMDP-PIU	Member
Bankers:	Central Bank of The Gambia 1-2 ECOWAS Avenue Banjul The Gambia	
Secretary	Director, Directorate of Public Private Partnership	
Auditors	DT Associates, The Gambia 1 Paradise Beach Place Bertil Harding Highway P O Box 268 Banjul The Gambia	
Donor	International Development Association (IDA) 1818 H Street, NW Washington DC 20433 USA Fax: 202 477 6391	
Registered Office	The Gambia Fiscal Management Development Project Directorate of Public Private Partnership Ministry of Finance and Economic Affairs Ashobi Store Building AU Boulevard Banjul The Gambia	

2. Project Background

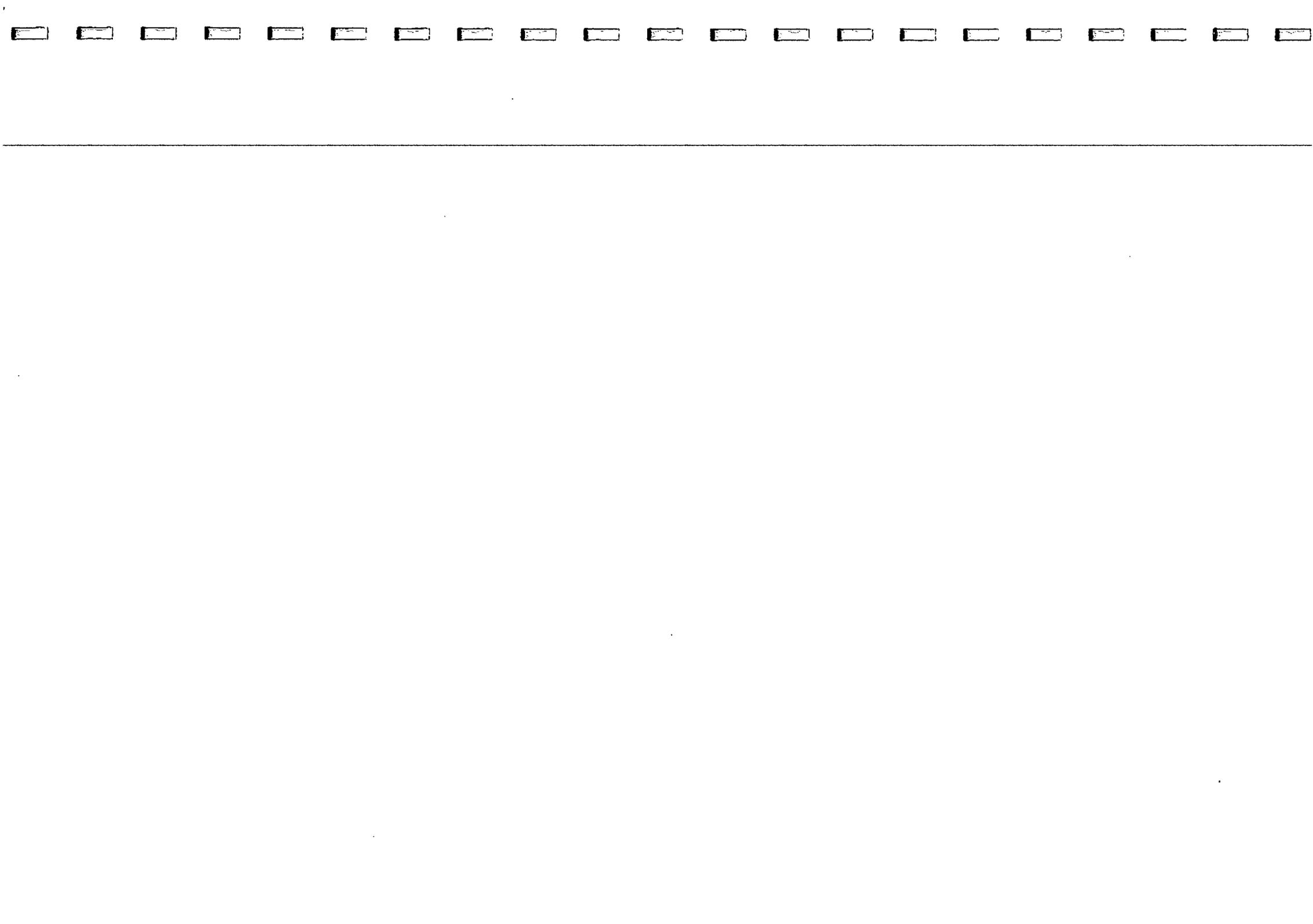
On 17th April 2019, the Government of the Gambia and the Bank approved a Financing Agreement for the Project Preparatory Phase of the State-Owned Enterprise Restructuring Project (SOER), through an IDA Grant and Credit amounting to US\$ 3,400,000. The Grant was signed on the 17th April 2019.

In addition to the IDA Credit amounting to US\$ 3,400,000 signed on the 17th April 2019, on June 04, 2020 a second Financing Agreement was approved, signed on 22nd June 2020 and became effective on July 28, 2020 following an approval by the Donor to extend to the GoTG a facility of XDR 23.10 million (US \$35 million) to finance an additional five (5) years of The Gambia State Owned Enterprise Restructuring Project (SOER) activities now renamed The Gambia Fiscal Management Development Project (GFMDP) IDA-D6190. The project closing date is 30th June 2025.

The total funds now available for the project is XDR25.7 million.

Project cost estimates by application of funds– Project Preparatory Advance (PPA) IDA Credit-V2740

Expenditures	USD (\$000)
Telecom policy, legal and regulatory preparation	600
Transaction advisor (consortium) for the wholesale Fibre network	1,000
Transaction advisor (consortium) for GAMCEL (+ repositioning of GAMTEL)	1,000
Special audit of the remaining SOEs	500
Legal adviser to finalize the SOE Act and review the ICT Act	150
Elaboration of an operational manual of the SOE Restructuring Project	50,
Recruitment of the fiduciary staff	100
Total Project Preparatory Advance	3,400
Disbursed to date	(1,000)
Transferred to the Follow -on Financing under (Grant D6190)	2,400
Project cost estimates by application of funds – Follow-on financing IDA Grant D6190	XDR (\$000)
Goods, non-consulting services, consulting services, training, and operating cost	18,700
Eligible Expenditures Program (Part 2A)	4,400
Undisbursed PPA (transferred from IDA Credit V2740)	2600
Total project costs	25,700



Sources	XDR (\$000)
Project Preparatory Advance (PPA) IDA Credit-V2740	2,600
Follow-on financing IDA Grant D6190	23,100
Total project costs	<u>25,700</u>

	USD (\$000)
Government counterpart funding	<u>350</u>

Project Oversight

The Project's Development Objective is to increase fiscal space and improve effectiveness of public resources management. The project will focus on the following components:

Project Objectives

Component 1: aims to increase fiscal space for public services and implementing reforms of the Gambia procurement system for more efficient and better-quality procurement.

Component 2: provides incentives for achieving results in cost-cutting measures for fiscal risk management and performance monitoring of SOEs, as well as technical assistance (TA) to reinforce the Government's oversight and public accountability of the SOE sector and critical reforms to enhance financial viability of SOEs in the telecommunications sector.

Component 3: will provide support relating project implementation management and coordination

The project will seek to improve the Government's effectiveness in fiscal management for better public service delivery. This will be achieved by: (a) enhancing GRA's compliance management, revenue risk analysis, and enforcement capacity, for broadening the tax base and improving voluntary compliance; (b) introducing electronic Government procurement (e-GP); and (c) improving financial and operational performance of SOEs, staff and operational costs of the Project Implementation Unit during the term of the project. The operation is built around two interlinked components that seek to address core challenges currently hampering fiscal management and service delivery.

Project Preparation Context

The Project was conceived and designed to address the urgent and significant needs of the GoTG in relation to address the low capacity and inadequate policies that has been over the years impacting negatively on the improved service delivery and sustainable and inclusive growth. The main rationale for the Project intervention is to address the current fragile economic governance environment in the Gambia by supporting the administration to put in place structures, policies and processes intended to address the inadequate policies and low capacity of the administration to design, implement and enforce improved policies. Removing these binding constraints is critical to contribute to sustainable and inclusive growth as well as to ensure improved service delivery. The key result areas of the Project concentration are increased fiscal space and improved effectiveness of public resource management.

The project is the result of extensive and active policy dialogue and it is designed to build on the World Bank's existing technical assessment and analytical work. The consultative and policy dialogue approach used in designing the Project has ensured that the Project is aligned with the Gambia's development agenda especially the NDP priorities and the CEN. The consultative design approach will also enhance political commitment from top and encourage sense of ownership which are prerequisites for smooth implementation and sustainability of the Project activities.

The Project is designed to strengthen and promote strong synergies with other World Bank operations, particularly the Financial Management and State-Owned Enterprise Performance DPO. The DPO supports the authorities' policy reform efforts with respect to fiscal consolidation, public investment, debt management and some sectoral reforms, to restore fiscal space and reduce the debt burden and accumulation of arrears and as result will benefit from the increased capacity in formulating and implementing policies this Project aims to strengthen. Hence, synergies will be achieved in fiscal management and capacity for service delivery. During the design of the operation, extensive consultations and coordination with other Development Partners including the IMF, European Union (EU) and the African Development Bank were conducted. This informed the design of the operation, including its scope and choice of activities. This approach, which will be continued during implementation to ensures complementarities and synergies with other interventions throughout.

The Project design also draw lessons from previous project implementation and taken note of number of implementation arrangements and shortfalls that had negatively impacted on the attainment of the related objectives. In consideration of these lessons drawn from other project implementation as well other policy engagement with GoTG, the project design has incorporated mechanisms to deal with these resulting challenges using a number of tried and tested strategies including working closely with reform champions in the areas where there is reform traction, supporting the development strategies and ensuring funding to implement reforms, provision of resources to provide technical and legal advice to the government and thereby addressing the noted capacity issues, embedding flexibility in the Public Private Partnership (PPP) design and by development of a stakeholder engagement plan and a communication strategy as well as change management activities geared toward SOE employees and public at large.

3. Statement of responsibilities

The Project Implementing Unit of the Gambia Fiscal Management Development Project is required to prepare financial statements, which give a true and fair view of the state of affairs of the Project for the year ended 31st December 2020 and of the Surplus or Deficit for that year in accordance with the terms and conditions of the Financing Agreement between the Government of The Gambia and IDA.

The responsibility for the preparation of financial statements including adequate disclosure is that of the Project Implementing Unit (PIU). The PIU is also responsible for the selection and application of accounting policies. The agency would prepare the PFSs in accordance with the International Public Sector Accounting Standards (IPSAS), cash basis.

The PIU is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Project and to enable them to ensure that the financial statements comply with the relevant Financing Agreement. The PIU is also responsible for preparing Statements of Expenditure (SoE) and for the operation of the Special Accounts in accordance with the Financing Agreements. They are also responsible for safeguarding the assets of the Project hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Project Steering Committee


.....

Mr. Abdoulie Jallow

**Committee Chairperson (Permanent Secretary,
MOFEA)**

Date.....23rd/08/.....2021


.....

Ms. Ndey Anta Taal

Project Manager

Date.....23rd/08/.....2021

4. Audit scope and objectives

Audit Objective

The purpose of the audit of the project financial statements is to provide a professional opinion on the financial position of The Gambia Fiscal Management Development Project (GFMDP) for the year ended 31 December 2020.

Audit Scope

The audit will be conducted in accordance with International Standards on Auditing. Those Standards require that the auditor plans and performs the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

1. In complying with International Standards on Auditing, the auditor is expected to pay particular attention to the following matters, including special considerations for public sector entities:
 - a) In planning and performing the audit to reduce audit risk to an acceptably low level, the auditor should consider the risks of material misstatements in the financial statements due to fraud, as required by International Standard on Auditing 240.
 - b) When designing and performing audit procedures and in evaluating and reporting the results thereof, the auditor should recognize that noncompliance by the entity with laws and regulations may materially affect the financial statements, as required by International Standard on Auditing 250.
 - c) The auditor should communicate audit matters of governance interest arising from the audit of financial statements to those charged with governance of an entity, as required by International Standard on Auditing 260.
 - d) The auditor should appropriately communicate to those charged with governance and to management any deficiencies in internal control that the auditor has identified in an audit of financial statements, as required by International Standard on Auditing 265.
 - e) To reduce audit risk to an acceptably low level, the auditor should determine overall responses to assessed risks at the financial statement level, and should design and perform further audit procedures to respond to assessed risks at the assertion level, as required by International Standard on Auditing 330.
 - f) When certain aspects of an entity's operations are performed by a third-party service provider, the auditor is expected to include an understanding and assessment of the internal control environment of the service provider during the audit process, as required by International Standard on Auditing 402.
 - g) As part of the audit process, the auditor is expected to obtain written representations from management and, where appropriate, those charged with governance, as required by International Standard on Auditing 580.
 - h) When the external auditor decides to use the work of an entity's internal audit function to modify the nature or timing, or reduce the extent, of audit procedures to be

performed directly by the external auditor, the determination shall be in accordance with International Standard on Auditing 610.

- i) In determining whether to use the work of an auditor's expert or the extent to which the work of an auditor's expert is adequate for audit purposes, the determination shall be made in accordance with International Standard on Auditing 620.

2. I. In evidencing compliance with agreed project financing arrangements, I the auditor is expected to carry out audit tests to confirm that:

- a) All Bank's resources have been used in accordance with the provisions of the relevant financing agreements and only for the purposes for which they were provided, with due attention to economy and efficiency. Relevant financing agreements include (PPA No. VA0089-GM)
- b) Counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided.
- c) Goods, works, and services financed have been procured in accordance with relevant financing agreements,¹ including specific provisions of the World Bank Procurement Framework.
- d) All necessary supporting documents, records, and accounts have been maintained in respect of all project activities, including expenditures reported using Statements of Expenditure (SOE) or Interim Unaudited Financial Statements (IFS) methods of reporting. The auditor is expected to verify that respective reports issued during the period were, in agreement with the underlying books of account.

Report of the Independent Auditors

To the Project Steering Committee, Gambia Fiscal Management Development Project (GFMDP) and IDA

Opinion

We have audited the accompanying financial statements of Gambia Fiscal Management Development Project (GFMDP) which comprise the statement of sources and uses of funds for the year ended 31 December 2020, the notes to the financial statements including a summary of significant accounting policies and other national disclosures.

In our opinion, the financial statements give a true and fair view of the fund balance of Gambia Fiscal Management Development Project (GFMDP) as at 31 December 2020 and the financial performance for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS) and in the manner required by the Financing Agreement.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Programme in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC Code) and we have fulfilled our other ethical responsibilities in accordance with IFAC Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Project implementation Unit (PIU) is responsible for the other information. The other information comprises the Report of the Steering Committee, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Report of the Independent Auditors (continued)

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Project Implementation Unit (PIU) for the Financial Statements

The GFMDP PIU shall be responsible for preparing financial statements and accompanying notes and annexes, in accordance with the International Public Sector Accounting Standards (IPSAS) including the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, the safeguarding of the assets of the project, and adequate disclosure. As part of the audit process, the auditor will request from management written confirmation concerning representations made to us in connection with the audit

Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Programme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee members.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the GFMDP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Programme to cease to continue as a going concern.

Report of the Independent Auditors (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Steering Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DT Associates

DT Associates

Chartered Accountants

Registered Auditors

Aji Penda Sankareh

Partner

Date: *23rd August* 2021

6. Statement of Receipts and Expenditures

For the year ended 31 December 2020

	<i>Notes</i>	For the year ended 31- Dec-20 US\$ (000)	9 months ended 31- Dec-19 US\$ (000)
Sources of funds			
Disbursements from World Bank	8.1	500	500
Direct payments to contractors	8.1	1,657	500
GOTG	8.2	180	-
Total funds		2,337	1,000
Expenditure			
Component 1		-	-
Component 2		-	-
Component 3:			
Operation and maintenance cost of office	8.3	5	-
Training (workshops, travel and per diem)	8.3	5	-
Staff costs (technical and support)	8.3	77	-
Consultancies	8.3	701	586
Purchase of Office vehicles and equipment	8.3	17	-
Other Payments	8.3	4	-
Total Expenditure		808	586
Surplus for the year		1,529	414
Net increase in cash		1,529	414
Cash at the beginning of the period		414	-
Cash at the end of the period	8.4	1,943	414

These financial statements were approved by the project steering committee on.....^{23rd August}..... 2021, and was signed on its behalf:


.....
Mr. Abdoulie Jallow

**Committee Chairperson (Permanent Secretary,
MOFEA)**


.....
Ms. Ndey Anta Taal

Project Manager

7. Notes (forming part of the financial statements)

Accounting Policies

7.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS), Financial Reporting under the Cash Basis of Accounting. The financial statements are presented in United States Dollars (USD). The accounting policies have been applied consistently throughout the period.

The financial statements have been prepared on the historical cost. The cash flow is prepared using the direct method.

7.2 Revenue recognition

Income is recognised in the financial statements when received in the project's bank accounts. All approved withdrawal applications not received will not be recognised until evidence of transfer is received from the bank.

7.3 Foreign currency translation – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Transactions denominated in foreign currency are reported by applying the exchange rate on that date. Exchange differences arising from the settlement of outstanding payments, or from the reporting of payments at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

7.4 Comparative Information

The comparative information recorded in these financial statements are for a period of 9 months only.

8. Statement of Expenditure (SoE)

8.1 Statement of Expenditure – IDA Special Account

Source	For the year ended	9 months ended
	31-Dec-20	31-Dec-19
	US \$000	US \$000
International Development Association	1,657	500
Direct Disbursement (IDA)	500	500
Total receipts from IDA	2,157	1,000

8.2 Statement of Expenditure – GOTG

Source	For the year ended	9 months ended
	31-Dec-20	31-Dec-19
	US \$000	US \$000
Direct Disbursement (GOTG)	1,80	-
Total receipts from IDA	180	-

"The Ministry of Finance and Economic Affairs made an arrangement with the World Bank to pay USD350,000 towards the audit fees of USD 850,000 for the Second Phase of the Special Purpose Audit of the State Owned Enterprises. Payments amounting USD180,000 were made to Ernst and Young in June 2020 (USD150,000) and July 2020 (USD30,000) respectively."

8.3 Statement of Expenditure – IDA Special Account

Expenditure	For the year ended	9 months ended
	31-Dec-20	31-Dec-19
	US \$000	US \$000
Operation and maintenance cost of office	5	-
Training (workshops, travel and per diem)	5	-
Staff costs (technical and support)	77	-
Consultancies	701	586
Purchase of Office vehicles and equipment	17	-
Other Payments	4	-
Total expenditures	808	586

8.4 Reconciliation of Disbursement Funds received – IDA

	Amount disbursed	Amount As per	Difference
	as per GFMDP	Donor	
	31-Dec-20	31-Dec-20	
	US \$'000	US \$'000	31-Dec-20
			US \$'000
IDA (USA)	2,157	2,157	-
Total	2,157	2,157	-

8.5 Cash and Bank Closing Balance

Cash

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highlyliquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of the Gambia at the end of the financial year. Cash and cash equivalents included in the cash flow statements comprises the following amounts:

	For the year ended		9months ended
	31- Dec-20		31-Dec-19
	US\$ (000)		US\$ (000)
<u>Cash with Banks</u>			
Special Account: USD	1,943	414	

8.6 Undrawn Borrowing Facilities (USD)

	For the	9 months
	year ended	ended
	31- Dec-20	31-Dec-19
	US\$ (000)	US\$ (000)
Movement in undrawn borrowing facilities		
Undrawn borrowing facilities at 01/01	2,400	3,400
New commitments	34,438	-
Total available	36,838	3,400
Disbursements	(3,157)	(1,000)
Cancellations	-	-
Undrawn borrowing facilities as at 31 December	33,681	2,400

	31-Dec-20	31-Dec-19
	US\$ (000)	US\$ (000)
	Undrawn Borrowing Facilities by Agency (USD)	
World Bank – balance as at 31 December 2021 (Estimated)	33,917	2,400
Unrealized exchange gain (Estimated)	236	2,400

The unborrowed balance at 31st December 2020 was XDR 23,472,210 converted at the rate ruling (USD/XDR) at year end (XDR 1.444/US\$1.000) was US\$33,917,067 resulting in an unrealised gain of US\$ 236,440.

8.7 Special account statement - IDA

	For the year ended 31- Dec-20 414	9 months ended 31-Dec-19 -
Opening balance		
International Development Association	1,657	500
Total funds	2,071	500
Expenditures:-		
Component 1	-	-
Component 2	-	-
Component 3	128	86
Total expenditure	128	86
Closing balance	1,943	414

9. List of Fixed Assets

28-Feb-20	Canon C3530 Multifunction Colour Printer	165,000.00	PIU
28-Feb-20	Canon LBP 251 DW Laser Mono Printer	20,000.00	PIU
28-Feb-20	IPP 700VA	13,000.00	PIU
28-Feb-20	Shredder CC0940	12,000.00	PIU
28-Feb-20	Binding Machine	6,500.00	PIU
28-Feb-20	Metal Filing Cabinet	10,000.00	PIU