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**OFFICIAL  
DOCUMENTS**

**CREDIT NUMBER 1443 GM**

# **Project Agreement**

**(Urban Management and Development Project)**

**between**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**and**

**SOCIAL SECURITY AND HOUSING FINANCE CORPORATION**

Dated *May 11*, 1984

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**PROJECT AGREEMENT**

AGREEMENT, dated *May 11*, 1984, between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and SOCIAL SECURITY AND HOUSING FINANCE CORPORATION (hereinafter called SSHFC).

WHEREAS by the Development Credit Agreement of even date herewith between The Republic of The Gambia (hereinafter called the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to eleven million Special Drawing Rights (SDR 11,000,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that SSHFC agree to undertake such obligations toward the Association as are hereinafter set forth; and

WHEREAS by a subsidiary loan agreement to be entered into between the Borrower and SSHFC, part of the proceeds of the credit provided for under the Development Credit Agreement will be made available to SSHFC on the terms and conditions therein set forth; and

WHEREAS SSHFC, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto agree as follows:

**ARTICLE I**

**Definitions**

Section 1.01. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Development Credit Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) the term "SSHFC Act" shall mean the Social Security and Housing Finance Corporation Act, Act 13 of 1981 of the laws of the Borrower;

(b) the term "Plot" shall mean a demarcated plot developed and allocated pursuant to the provisions of Section 2.01 (b) (i) of this Agreement; and

(c) the term "Loan" shall mean a housing construction loan granted by SSHFC to a beneficiary pursuant to the provisions of Section 2.01 (b) (ii) of this Agreement.

## ARTICLE II

### Execution of the Project

Section 2.01. (a) SSHFC shall carry out Part D of the Project described in Schedule 3 to the Development Credit Agreement with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and investment standards and practices and in accordance with the provisions of the SSHFC Act.

(b) For the purposes of carrying out Part D.2 of the Project, SSHFC:

- (i) shall apply the beneficiary selection criteria for the allocation of Plots set forth in the Schedule to this Agreement. For this purpose, SSHFC shall establish a Plot Allocation Committee within its organization to be composed of its Managing Director, Housing Department Director and its Accountant, the Project Director and a representative of MLGL;
- (ii) shall make Loans to beneficiaries selected pursuant to sub-paragraph (i) of this paragraph, at an interest rate of 9% subject to the review and adjustment referred to in Section 4.05 of the Development Credit Agreement, and with a repayment period of 25 years;
- (iii) undertakes that, except as the Association shall otherwise agree, all Loans made to beneficiaries under Part D.2 of the Project shall be made on terms whereby SSHFC shall obtain, by written agreement or other appropriate legal means, rights adequate to protect the interests of the Borrower, the Association and of SSHFC, including in every

such case: (A) the right to require the goods and services to be financed out of the proceeds of the Loan to be used exclusively in the construction of residential premises pursuant to Part D.2 of the Project; (B) the right of the Association and SSHFC to inspect such goods and sites; (C) the right of SSHFC to suspend or terminate the right of the beneficiary to use the proceeds of the Loan upon failure by such beneficiary to perform its obligations under its agreement with SSHFC; (D) the right of a beneficiary to freely sub-let the Plot (including the building thereon) or dispose of his interest except that such right may be exercised only after 5 years of occupation after giving SSHFC the right of first refusal and only in favor of a person or persons satisfying the beneficiary selection criteria set forth in the Schedule to this Agreement; and

- (iv) shall exercise its rights in relation to each Loan in such manner as to protect the interests of the Borrower, the Association and SSHFC, to comply with its obligations under this Agreement and under the Subsidiary Loan Agreement and to achieve the purposes of Part D.2 of the Project.

Section 2.02. (a) In order to assist SSHFC in the carrying out of the study referred to in Part D.3 of the Project, SSHFC shall employ financial consultants.

(b) In order to assist SSHFC in specific aspects of its operations, SSHFC shall, as and when needed and with the approval of the Association, employ appropriate consultants.

(c) The qualifications, experience and terms and conditions of employment of such consultants shall be satisfactory to the Association, and 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.

Section 2.03. Except as the Association shall otherwise agree, procurement of the goods required for Part D.2 of the Project and to be financed out of the proceeds of the Credit

shall be governed by the provisions of Schedule 4 to the Development Credit Agreement.

Section 2.04. (a) SSHFC undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Credit relented to it by the Borrower against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by SSHFC to replace or repair such goods.

(b) SSHFC shall cause all goods and services financed out of the proceeds of the Credit relented to it by the Borrower to be used exclusively for the purposes of Part D of the Project.

Section 2.05. (a) SSHFC shall furnish to the Association, promptly upon their preparation, the plans, specifications, reports, contract documents and construction and procurement schedules for Part D of the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) SSHFC shall: (i) maintain records and procedures adequate to record and monitor the progress of Part D of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Credit, and to disclose their use in the carrying out of Part D of the Project; (ii) enable the Association's representatives to visit the facilities and construction sites included in Part D of the Project and to examine the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) furnish to the Association at regular intervals all such information as the Association shall reasonably request concerning Part D of the Project, its cost and, where appropriate, the benefits to be derived from it, the expenditures of such proceeds and the goods and services financed out of such proceeds.

(c) Upon the award by SSHFC of any contract for goods, works or services to be financed out of the proceeds of the Credit, the Association may publish a description thereof, the name and nationality of the party to whom the contract was awarded and the contract price.

(d) Promptly after completion of Part D of the Project, but in any event not later than six months after the Closing Date or

such later date as may be agreed for this purpose between SSHFC and the Association, SSHFC shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution of Part D of the Project, its cost and the benefits derived and to be derived from it, the performance by SSHFC and the Association of their respective obligations under the Project Agreement and the accomplishment of the purposes of the Credit.

(e) SSHFC shall enable the Association's representatives to examine all plants, installations, sites, works, buildings, property and equipment of SSHFC and any relevant records and documents.

Section 2.06. SSHFC shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Association shall otherwise agree, SSHFC shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Loan Agreement or any provision thereof.

Section 2.07. (a) SSHFC shall, at the request of the Association, exchange views with the Association with regard to the progress of Part D of the Project, the performance of its obligations under this Agreement and under the Subsidiary Loan Agreement, and other matters relating to the purposes of the Credit.

(b) SSHFC shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of Part D of the Project, the accomplishment of the purposes of the Credit, or the performance by SSHFC of its obligations under this Agreement and under the Subsidiary Loan Agreement.

### ARTICLE III

#### Management and Operations of SSHFC

Section 3.01. SSHFC shall carry on its operations and conduct its affairs in accordance with sound administrative, financial, actuarial and urban development principles and practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. SSHFC shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and urban development practices.

Section 3.03. SSHFC shall take out and maintain with responsible insurers, or make other provisions satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

Section 3.04. Until the Closing Date, SSHFC shall consult with the Association on the qualifications and experience of any person it proposes to appoint as its Housing Department Director whenever such post shall become vacant.

#### **ARTICLE IV**

##### **Financial Covenants**

Section 4.01. (a) SSHFC shall maintain records adequate to reflect in accordance with consistently maintained appropriate accounting practices its operations and financial condition, including, without limitation to the foregoing, separate accounts reflecting all expenditures in respect of Part D of the Project on account of which withdrawals are requested from the Credit Account on the basis of statements of expenditure.

(b) SSHFC shall retain, until one year after the Closing Date, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing the expenditures on account of which withdrawals are requested from the Credit Account on the basis of statements of expenditure, and shall enable the Association's representatives to examine such records.

Section 4.02. SSHFC shall:

(a) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(b) furnish to the Association as soon as available, but in any case not later than six months after the end of each such

year, (i) certified copies of its financial statements for such year as so audited, and (ii) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested, including, without limitation to the foregoing, separate opinions by said auditors in respect of the expenditures and records referred to in Section 4.01 (b) of this Agreement, as to whether the proceeds of the Credit made available to it and withdrawn from the Credit Account on the basis of statements of expenditure have been used for the purpose for which they were provided; and

(c) furnish to the Association such other information concerning said accounts, financial statements, records and expenditures, as well as the audit thereof, as the Association shall from time to time reasonably request.

Section 4.03. (a) Promptly after the completion of the study referred to in Part D.3 of the Project but in any event not later than March 31, 1985, SSHFC shall prepare and submit to the Association for its review and comments a proposed statement of financial and operating procedures for SSHFC.

(b) After review of its proposed statement by the Association, SSHFC shall adopt a statement of financial and operating procedures which shall be satisfactory to the Association and shall thereafter conduct its operations in accordance with the said statement.

(c) SSHFC shall not amend the statement referred to in paragraph (b) of this Section without prior approval of the Association.

Section 4.04. From the date of this Agreement until the Closing Date, SSHFC shall not undertake any scheme whose total value shall exceed the equivalent of D 5,000,000, other than Part D.2 of the Project, without prior discussion with the Association.

Section 4.05. (a) SSHFC shall, from time to time and in any case no less frequently than once every 3 years, have its operations evaluated by an appropriately qualified actuary, who shall render a report upon its operations and state of affairs, with specific reference to the extent to which the pension obligations of the SSHFC are adequately provided for, together with any recommendations, if any, regarding changes in its operational



policies to ensure adequate protection for the contributors to its Social Security Fund.

(b) From the date of this Agreement until the Closing Date, SSHFC shall not transfer any sum or sums in aggregate of D. 500,000 in any of its fiscal years from the Social Security Fund to its Housing Finance Fund without prior consultation with the Association.

(c) SSHFC shall furnish to the Association as soon as available, but in any event not later than 3 months of receipt, the report referred to in paragraph (a) of this Section for its review and comments.

#### **ARTICLE V**

##### **Effective Date; Termination; Cancellation and Suspension**

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of SSHFC thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) a date 25 years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify SSHFC of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

#### **ARTICLE VI**

##### **Miscellaneous Provisions**

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between

the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address, hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

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

Cable address:

Telex:

INDEVAS  
Washington, D.C.

440098 (ITT)  
248423 (RCA) or  
64145 (WUI)

For SSHFC:

Managing Director  
Social Security and Housing  
Finance Corporation  
P.O. Box 570  
Banjul, The Gambia

Cable address:

Telex:

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Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of SSHFC may be taken or executed by its Managing Director or such other person or persons as SSHFC shall designate in writing, and SSHFC shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

*Is/ H. Fuchs*  
*Acting* Regional Vice President  
Western Africa

SOCIAL SECURITY AND HOUSING  
FINANCE CORPORATION

By

*Is/ Lamin A. Mbye*  
Authorized Representative

**SCHEDULE**

**Beneficiary Selection Criteria  
and other Matters related to the  
execution of Part D.2 of the Project**

1. SSHFC shall publish through local newspapers, radio and public notices, advertisements indicating, inter alia, the availability of Plots, the financial terms and allocation procedures.
2. Each applicant shall:
  - (i) be a citizen of The Gambia;
  - (ii) be a resident of any part of Banjul or Kombo-Saint Mary area for a minimum of two years;
  - (iii) be a person who has no other compound or Plot in Banjul or Kombo-Saint Mary nor has been granted a lease in any part of Kombo-Saint Mary area by the Minister of MLGH; and
  - (iv) earn between D 170 and D 700 per month in constant terms at the date of this Agreement.
3. SSHFC shall apply a points rating system agreed with the Association in the allocation of Plots to beneficiaries.
4. SSHFC shall take all measures to ensure that at least 50% of Plots are allocated to beneficiaries earning between D 170 and D 350 per month provided, however, that at least 20% of such Plots are allocated to beneficiaries earning between D 170 and D 250 per month. In addition, not more than 25% of Plots shall be allocated to beneficiaries earning between D 350 and D 600 per month and not more than 25% of Plots shall be allocated to beneficiaries earning D 600 and D 700 per month.
5. In order to ensure that at least 20% of beneficiaries are selected from the informal sector, SSHFC shall institute a savings scheme to assist potential informal sector beneficiaries to qualify.

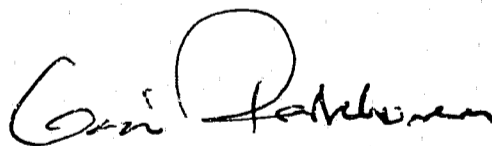
6. Loans made by SSHFC to beneficiaries shall, subject to affordability requirements, range from D 4,500 to a maximum amount of D 10,000.

INTERNATIONAL DEVELOPMENT ASSOCIATION

CERTIFICATE

I hereby certify that the foregoing is a true copy of the original in the archives of the International Development Association.

In witness whereof I have signed this Certificate and affixed the Seal of the Association thereunto the 11<sup>th</sup> day of May, 1984.



FOR SECRETARY