

CONFORMED COPY

CREDIT NUMBER 3555 GM

Development Credit Agreement

(Capacity Building for Economic Management Project)

between

REPUBLIC OF THE GAMBIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 2, 2001

CREDIT NUMBER 3555 GM

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated August 2, 2001, between REPUBLIC OF THE GAMBIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS 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; 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 as amended through October 6, 1999 (the General Conditions), constitute an integral part of this Agreement:

(a) A new paragraph (12) is added to Section 2.01 to read as set forth below, and the existing paragraphs (12) through (14) of said Section are accordingly renumbered as paragraphs (13) through (15):

"12. 'Participating Country' means any country that the Association determines meets the requirements set forth in Section 11 of Resolution No. 194 of the Board of Governors of the Association, adopted on April 8, 1999; and 'Participating Countries' means, collectively, all such countries."; and

(b) The second sentence of Section 5.01 is modified to read:

"Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a Participating Country or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

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) "ASYCUDA" means Automated System Custom Data Administration;
- (b) "CED" means Customs and Excise Department;
- (c) "CRD" means the Borrower's Central Revenue Department;
- (d) "CSD" means the Borrower's Central Statistics Department;
- (e) "DOSFEA" means the Borrower's Department of State for Finance and Economic Affairs;
- (f) "DOSJ" means the Borrower's Department of State for Justice;
- (g) "Eligible Categories" means categories (1), (2), (3), (4) and (5) set forth in the table in Part A.1 of Schedule 1 to this Agreement;
- (h) "Eligible Expenditures" means the expenditures for goods and services referred to in Section 2.02 (a) of this Agreement;
- (i) "IFMIS" means Integrated Financial Management Information System;
- (j) "MDI" means the Management Development Institute established by the Borrower pursuant to the Management Development Institute Act (No. 13) of 1982;
- (k) "MFAU" means the Macroeconomic and Financial Analysis Unit within DOSFEA;
- (l) "PBU" means the Programming and Budgeting Unit within DOSFEA;
- (m) "PCU" means the Project Coordination Unit within DOSFEA;
- (n) "Project Implementation Plan" or "PIP" means the project implementation plan, adopted by the Borrower, and giving details of procurement and disbursement arrangements, performance indicators and other administrative, financial and organizational arrangements, as shall be agreed with the Association for purposes of the implementation of the Project, as the same may be amended from time to time, and such term includes any schedules to the PIP;
- (o) "Project Management Report" means each report prepared in accordance with Section 4.02 of this Agreement;
- (p) "Project Oversight Committee" means the committee, established by the Borrower in January 2001, which provides high level guidance for the Project;
- (q) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to the letter agreement signed on behalf of the Association on October 6, 1998, and on behalf of the Borrower on October 7, 1998;
- (r) "SPACO" means the Strategy for Poverty Alleviation Coordinating Office, within DOSFEA; and

(s) "Special Account" means the account referred to in Part B of Schedule 1 to this Agreement.

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 twelve million Special Drawing Rights (SDR 12,000,000).

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 and to be financed out of the proceeds of the Credit.

(b) 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 canceled.

Section 2.03. The Closing Date shall be December 31, 2006, 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 canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and 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 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 June 1 and December 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 1 and December 1 commencing December 1, 2011 and ending June 1, 2041. Each installment to and including the installment payable on June 1, 2021 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 per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; 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 repayment of installments under paragraph (a) above by: (A) 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; and (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above 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.

(d) 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. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through DOSFEA with due diligence and efficiency and in conformity with appropriate financial, administrative and capacity building practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works 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. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan designed to ensure the sustainability of the Project; and

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan.

Section 3.04. Without limitation upon the provisions of Section 3.01 of the Agreement, the Borrower shall:

(a) open and thereafter maintain, until completion of the Project, an account in the Central Bank of the Gambia on terms and conditions acceptable to the Association;

(b) deposit into the Project Account an initial amount of \$20,000 equivalent to the Borrower's estimated counterpart contribution to the costs of the Project for the first four months of Project Implementation, and thereafter at quarterly intervals, deposit into the Project Account the estimated amount required for expenditures for the following quarter as agreed by the Borrower and the Association in each annual work plan; and

(c) ensure that the amounts deposited in the Project Account in accordance with paragraphs (a) and (b) of this Section will be used exclusively for the

Borrower's counterpart expenditures under the Project and not otherwise financed out of the proceeds of the Credit.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

- (i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account for each fiscal year audited, in accordance with auditing standards acceptable to the Association, 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 six months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited; and (B) an opinion on such statements, records and accounts and 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 such records and accounts, and the audit thereof, and concerning said auditors, as the Association may 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 Project Management Reports or statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate 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 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 annual audit 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 Project Management Reports or 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.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, the Borrower shall carry out a time-bound action plan acceptable to the Association for the strengthening of the financial management system referred to in paragraph (a) of said Section 4.01 in order to enable the Borrower, not later than eighteen months after the Effectiveness Date, or such later date as the Association shall agree, to prepare quarterly Project Management Reports, acceptable to the Association, each of which:

- (i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report; and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by said

report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by said report;

- (ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and (B) explains variances between the actual and previously forecast implementation targets; and
- (iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, the Borrower shall prepare, in accordance with guidelines acceptable to the Association, and furnish to the Association not later than 45 days after the end of each calendar quarter a Project Management Report for such period.

ARTICLE V

Effective Date; Termination

Section 5.01. 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 Borrower has adopted the PIP in form and substance satisfactory to the Association;
- (b) the Borrower has established an accounting and financial management system satisfactory to the Association; and
- (c) the Borrower has appointed the auditor referred to in Section 4.01 (b) (i) of this Agreement in accordance with the provisions of Section II of Schedule 3 to this Agreement.

Section 5.02. 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 VI

Representative of the Borrower; Addresses

Section 6.01. The Secretary of State responsible for 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.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Department of State for Finance
and Economic Affairs
The Quadrangle
Banjul
Republic of the Gambia

Cable address:

Telex:

Facsimile:

MINFIN 2264
Republic of the Gambia

(220) 227 954

For the Association:

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

Cable address:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI) or (202) 4776391
64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, 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.

REPUBLIC OF THE GAMBIA

By /s/ John P. Bojang

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Praful Patel

Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

A. General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil Works	600,000	90%
(2) Goods	2,700,000	100% of foreign expenditures and 40% of local expenditures
(3) Consultants' services	5,300,000	100% of foreign expenditures and 80% of local expenditures
(4) Training	1,600,000	100% of foreign expenditures and 90% of local expenditures
(5) Operating costs	100,000	90%
(6) Refunding of Project Preparation Advance	1,000,000	Amount due pursuant to Section 2.02 (b) of this Agreement
(7) Unallocated	700,000	

TOTAL 12,000,000

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) the term "Operating costs" means the incremental operating costs arising under the Project on account of maintenance of vehicles, supplies, audits, salaries and allowances of contractual staff, but excluding salaries of officials of the Borrower's civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (i) goods and works under contracts costing less than \$100,000 equivalent each; (ii) consulting services under contracts with firms costing less than \$100,000 equivalent each; (iii) consulting services under contracts with individuals costing less than \$50,000 equivalent each; and (iv) training and Operating Costs, all under such terms and conditions as the Association shall specify by notice to the Borrower.

B. Special Account

1. The Borrower shall 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 and attachment.

2. After the Association has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Credit Account of amounts to be deposited into the Special Account shall be made as follows:

(a) until the Association shall have received: (i) the first Project Management Report referred to in Section 4.02 (b) of this Agreement; and (ii) a request from the Borrower for withdrawal on the basis of Project Management Reports, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) upon receipt by the Association of a Project Management Report pursuant to Section 4.02 (b) of this Agreement, accompanied by a request from the Borrower for withdrawal on the basis of Project Management Reports, all further withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. 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.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if the Association determines at any time that any Project Management Report does not adequately provide the information required pursuant to Section 4.02 of this Agreement;

(b) if the Association determines at any time that all further withdrawals should be made by the Borrower directly from the Credit Account; or

(c) if the Borrower shall have failed to furnish to the Association within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of: (i) the records and accounts for the Special Account, or (ii) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Project Management Reports.

5. The Association shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

6. (a) If the Association determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or 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. 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 determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, 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 subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Development Credit Agreement.

Annex A to SCHEDULE 1

Operation of Special Account When Withdrawals Are Not Made On the Basis of Project Management Reports

1. For the purposes of this Annex:

the term "Authorized Allocation" means an amount equivalent to \$800,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 2 of this Annex; provided, however, that, unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$400,000 until the aggregate amount of withdrawals from the Credit Account, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall equal or exceed the equivalent of SDR 2,000,000.

2. 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 deposit into the Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. 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.

(b) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposit into the Special Account at such intervals as the Association shall specify. 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 Part B.3 of Schedule 1 to this Agreement 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. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Eligible Categories.

3. The Association shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Credit minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions, 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 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.

Annex B to SCHEDULE 1

Operation of Special Account When Withdrawals Are Made On the Basis of Project Management Reports

1. Except as the Association may otherwise specify by notice to the Borrower, all withdrawals from the Credit Account shall be deposited by the Association into the respective Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Special Account's Eligible Categories.

2. Each application for withdrawal from the Credit Account for deposit into the Special Account shall be supported by a Project Management Report.

3. Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Association has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said Project Management Report to be remaining in the Special Account, shall not exceed the equivalent of \$1,200,000.

SCHEDULE 2

Description of the Project

The objectives of the Project are to strengthen institutional and human capacity for economic policy formulation and execution, in the following areas: (a) statistical systems and macroeconomic analysis and poverty assessment, (b) public resource management, and (c) facilitation of private sector development.

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: Statistical Systems, Macroeconomic Analysis and Policy Formulation

1. Strengthening the National Statistical System

(a) Development of an appropriate legal framework for CSD to ensure greater autonomy, the preparation of a long-term strategic plan and the strengthening of the internal organization of CSD, through the provision of technical advisory services and training, and the acquisition of equipment.

(b) Improvement of data collection by CSD, through the provision of technical advisory services, acquisition of equipment, training of CSD staff to collect environmental data and the carrying out of the following surveys: (i) national establishment and labor force survey, (ii) national household budget survey, (iii) road transport survey, (iv) informal sector surveys, (v) regular distributive trade surveys, and (vi) rotating social statistics.

(c) Building CSD's capacity to produce timely and accurate data, through the provision of technical advisory services and training of staff.

(d) Introduction of modern computing systems and information technology for data collection, processing, transmission, storage and dissemination, through the

provision of technical advisory services and the acquisition of computing equipment.

(e) Rehabilitation of CSD offices and the acquisition of office furniture.

(f) Rehabilitation and expansion of offices for CSD/CRD and CED.

2. Strengthening Macroeconomic and Poverty Analysis

Strengthening the capacity of MFAU, PBU, SPACO and MDI to facilitate macroeconomic policy formulation, implementation, monitoring and evaluation, through the provision of technical advisory services, training and the acquisition of equipment.

Part B: Strengthening Public Resource Management

1. Revenue Management

(a) Strengthening capacity of CRD to improve the efficiency of tax collection, enhance accountability and improve services to the private sector, through the streamlining of procedures, simplifying the regulatory framework, provision of training and information technology and acquisition of equipment.

(b) Upgrading the ASYCUDA system at CED and the provision of relevant operational training.

(c) Rehabilitation of CRD and CED offices and the acquisition of office equipment.

2. Public Expenditure Management

(a) Defining broad sector goals for the development of the full PRSP, including carrying out workshops, focus groups, community outreach programs and training.

(b) Development of a comprehensive macroeconomic framework, including the strengthening of revenue forecasting and macroeconomic planning capacity for the medium term, through the provision of technical advisory services and training, and acquisition of equipment and software.

(c) Improving the budget process by: (i) conducting participatory public expenditure reviews, (ii) developing sector strategies, (iii) costing of programs and activities, (iv) integration of recurrent and development budgets, (v) development of a budget framework paper as a basis for the budget within a medium-term framework, and (vi) dissemination of new procedures, through the provision of technical advisory services and training, and acquisition of equipment and software.

(d) Strengthening the capacity of the Accountant General's Department in monitoring and accounting of public expenditures through the provision of technical advisory services and training and acquisition of equipments.

(e) Strengthening the audit function of the National Audit Office through the provision of training and the acquisition of equipment.

(f) Improving the Borrower's financial management information system by establishing an IFMIS, through the provision of technical advisory services, training and the acquisition of equipment and software.

(g) Restructuring and strengthening of the Borrower's public procurement framework through more transparent regulations and procedures, the provision of technical advisory services and training, and the acquisition of equipment.

Part C: Private Sector Development

1. Judiciary

(a) Design and implementation of an information strategy for the Judiciary and a Court Case Administration System in the High Court, through the provision of advisory services and training, and the acquisition of equipment.

(b) Development and carrying out of induction and continuing education training for judges and magistrates.

(c) Carrying out on a pilot basis in the High Court at Banjul an Alternate Dispute Resolution program, through the provision of technical advisory services and

training.

2. DOSJ

(a) (i) Strengthening the management capacity of staff with management responsibilities within DOSJ, through the provision of management training; and (ii) strengthening the capacities of the various divisions DOSJ, the Law Reform Commission and National Council for Law Reporting, through the provision of short-term training, workshops and seminars for state counsel.

(b) Carrying out a study for the restructuring of the Registrar General, Curator of Intestate Estates and the Registrar of Companies, through the provision of technical advisory services, training and study tours/attachments.

(c) Computer training for all staff of DOSJ.

(d) Refining the strategy for the sector, with identified priorities and actions through provision of technical advisory services and assistance to the DOSJ to carry out a series of stakeholder consultations to finalize the strategy.

3. Divestiture Strategy: Strengthening the Gambia Divestiture Agency for the privatization of state enterprises through the provision of training, and technical advisory services; and the carrying out of a study on the Social Security and Housing Finance Corporation to prepare it for divestiture.

4. Financial Sector: Strengthening banking supervision and enforcement of prudential norms, liquidity forecasting and the development of a framework for micro finance, through the provision of technical advisory services and short-term specialized training for the staff of the Central Bank.

* * *

The Project is expected to be completed by June 30, 2006.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Good and Works

Part A: General

1. Goods and works shall be procured in accordance with: (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines); and (b) the provisions of the following Parts of this Section I.

2. In paragraphs 1.6 and 1.8 of the Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods and works shall be grouped in bid packages estimated to cost \$100,000 equivalent or more each.

(b) Preference for domestically manufactured goods and domestic contractors

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods and works estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$800,000 and \$380,000 equivalent respectively, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International or National Shopping

Goods estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$300,000 equivalent, may be procured under contracts awarded on the basis of international/national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Direct Contracting

Goods which are of a proprietary nature and costing \$100,000 equivalent or less in the aggregate, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

4. Procurement from UN Agencies

Vehicles, motorcycles and computers estimated to cost less than \$50,000 equivalent per contract, may be procured from IAPSO in accordance with the provisions of paragraph 3.9 of the Guidelines.

5. Procurement of Small Works

Works estimated to cost less than \$20,000 equivalent per contract, up to an aggregate amount not to exceed \$80,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to: (i) each contract estimated to cost the equivalent of \$100,000 or more, and (ii) the first three contracts procured under National Competitive Bidding procedures, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

1. Consultants' services shall be procured in accordance with: (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997 and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines); and (b) the

provisions of the following Parts of this Section II.

2. In paragraph 1.10 of the Consultant Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country".

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services estimated to cost less than \$50,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services for audits estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Consultant's Qualifications

Services for training as well as other similar assignments estimated to cost less than \$50,000 equivalent per contract that meet the criteria set out in paragraph 3.7 of the consultant guidelines, may be procured under contracts awarded in accordance with paragraph 3.7 of the Consultant Guidelines.

3. Single Source Selection

Services which are estimated to cost less than \$10,000 equivalent per contract, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

4. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

(c) Contracts for audits, all contracts for the employment of project staff and all international training shall be awarded only after prior review and approval of the Association.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

1. The Borrower shall maintain until completion of the Project: (a) the Project Oversight Committee, chaired by the Secretary of State, DOSFEA, with the following members, the Secretary of State, DOSJ and the Governor of the Central Bank; (b) the Project Steering Committee comprising the heads of all the institutions under the Project, to oversee the implementation of the Project, lead the organizational and management reforms and coordinate inter-agency relations; and (c) the Project Coordination Unit to coordinate and monitor Project activities, manage the financial, procurement, record keeping and reporting activities. The PCU shall comprise a Project Director, a Deputy Project Director, a Financial Controller and Procurement Officer.

2. The Borrower shall carry out the Project in accordance with the PIP, and shall not amend or waive any provision thereof which in the opinion of the Association shall materially or adversely impact the implementation of the Project.

3. The Borrower shall: (a) appoint the Information Technology Advisor by December 31, 2001; and (b) furnish to the Association its acceptance of the final report of the Information System Strategy Plan by May 30, 2002 and the new system architecture for IFMIS by March 31, 2003.

4. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 5 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about June 30, 2003, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by September 30, 2003, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

SCHEDULE 5

Performance Indicators

Statistics: Increase in coverage and revision of methodologies for compilation of basis statistics by the end of the Project, Consumer Price Index based on new household survey completed by December 31, 2004.

MFAU: Macroeconomic forecasting model for The Gambia introduced by December 31, 2002. Discrepancies in revenue estimates decreased by 50% for fiscal year 2002 compared with fiscal year 2000.

Revenue Department: Self assessment for large taxpayers introduced; at least 80% of large tax payers submit self-assessment for the tax year 2003; information manuals on new business processes prepared and disseminated by December 31, 2002.

Customs: Data generated on a monthly basis by the ASYCUDA system by

December 31, 2002.

Public Expenditure Management: Sector strategies prepared for health, education, agriculture by December 31, 2001; costing of programs and activities in these sectors completed by December 31, 2001 budget classification changed to reflect program budgeting for the budget year 2003; recurrent and development budgets unified by the 2003 budget.

IFMIS: Strategy for ISSP completed by March 31, 2002. Revised accounting and budgeting system introduced by December 31, 2003. IFMIS pilot departments (DOSFEA, Accountant General's Department, Treasury, Agriculture, Prime Minister's Office, Tourism) producing accounts on a monthly basis by December 31, 2004.

Procurement: New procurement code adopted by June 30, 2003.

Legal: Information available on length of time between filing and disposal of cases in the High Court by December 31, 2002.

Reports: Reports on options for restructuring Registrar-General, Curator of Intestate Estates and Registrar of Companies by December 31, 2002.

Assessment Report: Assessment Report on the Alternative Dispute Resolution Pilot Scheme by June 30, 2003.

Financial Sector: System established for rationalization of issuance of Treasury Bills by December 31, 2003.

