Agreement Amending
Development Credit Agreement

(Capacity Building for Economic Management Project)

between

REPUBLIC OF THE GAMBIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 8, 2007
AGREEMENT AMENDING DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated November 8, 2007, between REPUBLIC OF THE GAMBIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower and the Association have entered into a Development Credit Agreement dated August 2, 2001, as amended to date (the Development Credit Agreement), providing an amount in various currencies equivalent to twelve million Special Drawing Rights (SDR 12,000,000) (the Credit) for the Capacity Building for Economic Management Project (the Project), as described in Schedule 2 to the Development Credit Agreement;

(B) the Borrower has requested the Association to provide further support to the Project, in the form of a grant, by increasing the financing made available under the Development Credit Agreement by an amount in various currencies equivalent to two million Special Drawing Rights (SDR 2,000,000) (the Grant), such Development Credit Agreement to hereinafter be referred to as the “Development Financing Agreement” to reflect both the Credit and the Grant (collectively, “the Financing”); and

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

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Amendments to the Development Credit Agreement

Section 1.01. All references to the “Development Credit Agreement” are replaced with “Development Financing Agreement”, with the exception of the reference in Section 1.01..

Section 1.02. Section 1.01. is amended to read as follows:

“The “General Conditions Applicable to Development Credit Agreements” of the Association, dated January 1, 1985 as amended through October 6, 1999, with the modifications set out in Schedule 6 to this Agreement (the General Conditions) constitute an integral part of this Agreement:”
Section 1.03. Section 1.02 is amended by:

(a) amending definitions (g) and (h) as follows:

“(g) “Eligible Categories” means with respect to Special Account Credit, categories (1), (2), (3), (4) and (5), and with respect to Special Account Grant, categories (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, works, and services referred to in Section 2.02 (a) of this Agreement;”

(b) deleting the word “and” after definition (r); deleting definition (s) and making the following additional amendments:

“(s) “Special Account Credit” means the special deposit account referred to in Part B of Schedule 1 to this Agreement for the Credit;

(t) “Special Account Grant” means the special deposit account referred to in Part B of Schedule 1 to this Agreement for the Grant;

(u) “Special Accounts” means Special Account Credit and Special Account Grant, collectively; and

(v) “Amending Agreement” means this Agreement Amending Development Credit Agreement between the Borrower and the Association, dated November 8, 2007.”

Section 1.04. The subject line of Article II is amended to read “The Financing”, and Section 2.01 is amended to read as follows:

“Section 2.01. The Association agrees to:

(a) lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to twelve million Special Drawing Rights (SDR 12,000,000)(the Credit); and

(b) make available an additional amount in various currencies equivalent to two million Special Drawing Rights (SDR 2,000,000) (the Grant).”

Section 1.05. Section 2.02 (a) is amended to read as follows:

“Section 2.02. (a) (i) 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, works, and services required for all parts of the Project, and to be financed out of the proceeds of the Credit;
(ii) The amount of the Grant may be withdrawn from the Grant 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 goods and services for Part B of the Project and Operating Costs, and to be financed out of the proceeds of the Grant; and

(iii) The Borrower and the Association intend, to the extent practicable, that the proceeds of the Credit be disbursed on account of expenditures in respect of the Project before disbursements of the proceeds of the Grant are made.”

Section 1.06. Section 2.03 is amended to read as follows:

“Section 2.03. The Closing Date shall be December 31, 2008, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.”

Section 1.07. Section 2.04 is amended to read as follows:

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

(b) Each commitment charge shall accrue: (i) from the date sixty days after the date (the accrual date) for the Credit, and from the date sixty days after the date of the Amending Agreement (the accrual date) for the Grant, to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or the Grant Account (as the case may be), or canceled; and (ii) at the respective 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 respective 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) Each 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 1.08. The references to: “Credit” in Section 3.02, Section 3.04 (c), and Article IV are deleted and replaced with “Financing”; “Credit Account” are replaced with “Financing Accounts” in Article IV; and “Special Account” in Article IV are replaced with “Special Accounts.”

Section 1.09. Schedule 1 is deleted in its entirety and replaced by the revised Schedule 1 set forth in Annex I to this Amending Agreement.
Section 1.10. Part 2(f) of the Project, as set forth in Schedule 2, is amended to read as follows:

“Improving the Borrower’s financial management information system by establishing the accounting and budgeting modules of an IFMIS, through the provision of technical advisory services, training and the acquisition of equipment and software.”

Section 1.11. Schedule 5 is deleted in its entirety and replaced by the revised Schedule 5 set forth in Annex II to this Amending Agreement.

Section 1.12. A new Schedule 6 is set out in Annex III to this Amending Agreement.

Section 1.13. All other provisions of the Development Financing Agreement shall remain in full force and effect.

ARTICLE II

Effective Date; Termination

Section 2.01. This Amending Agreement shall not become effective unless evidence satisfactory to the Association shall have been furnished to the Association that the execution and delivery of this Amending Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action.

Section 2.02. As part of the evidence to be furnished pursuant to Section 2.01 of this Amending Agreement, there shall be furnished to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association showing, on behalf of the Borrower, that this Amending Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower and is legally binding upon the Borrower in accordance with its terms.

Section 2.03. This Amending Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Borrower notice of its acceptance of the evidence required by Section 2.01 of this Amending Agreement.

Section 2.04. If this Amending Agreement shall not have come into force and effect by a date ninety (90) days after the date of this Amending Agreement, this Amending Agreement and all obligations of the parties hereunder shall terminate, unless the Association establishes a later date for the purposes of this Section. If this Amending Agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this Amending Agreement had not been executed.
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amending 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/ Dodou B. Jagne

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Irene Xenakis

Authorized Representative
### Annex I

#### SCHEDULE 1

**Withdrawal of the Proceeds of the Financing**

A. **General**

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR Equivalent)</th>
<th>Amount of the Grant Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Civil Works</td>
<td>980,000</td>
<td>_</td>
<td>100% of foreign expenditures and 90% of local expenditures</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>2,945,000</td>
<td>900,000</td>
<td>100% of foreign expenditures and 90% of local expenditures</td>
</tr>
<tr>
<td>(3) Consultants’ Services</td>
<td>4,730,000</td>
<td>870,000</td>
<td>100% of foreign expenditures and 90% of local expenditures</td>
</tr>
<tr>
<td>(4) Training</td>
<td>1,835,000</td>
<td>160,000</td>
<td>100% of foreign expenditures and 90% of local expenditures</td>
</tr>
<tr>
<td>(5) Operating Costs</td>
<td>610,000</td>
<td>70,000</td>
<td>90%</td>
</tr>
<tr>
<td>(6) Refunding of Project Preparation Advance</td>
<td>900,000</td>
<td></td>
<td>Amount due pursuant to Section 2.02 (b) of this Agreement</td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>12,000,000</strong></td>
<td><strong>2,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
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 Financing 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 Accounts

1. The Borrower shall open and maintain in Dollars Special Account Credit and Special Account Grant in its Central Bank, on terms and conditions satisfactory to the Association.

2. After the Association has received evidence satisfactory to it that the Special Accounts have been opened, withdrawals from the Financing Accounts of amounts to be deposited into the Special Accounts 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 Accounts shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of the Special Accounts, 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 Accounts:

(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 Financing Accounts; 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: (A) the records and accounts for the Special Accounts, or (B) 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 Accounts 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 or the Grant 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 Accounts 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 Credit or the Special Account Grant 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 Credit or the Special Account Grant, as the case may be, (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 Credit or the Special Grant 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 Accounts 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 Accounts.

(d) Refunds to the Association made pursuant to sub-paragraph (a), (b) or (c) of this paragraph 6 shall be credited to the Credit Account or the Grant Account, as the case may be, for subsequent withdrawal or for cancellation in accordance with the provisions of this Agreement.
Annex A
to
SCHEDULE 1

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

1. For the purposes of this Annex:

(a) the term “Authorized Allocation” means:

   (i) with respect to Special Account Credit, an amount equivalent to $800,000 to be withdrawn from the Credit Account and deposited into the Special Account Credit 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; and

   (ii) with respect to Special Account Grant, an amount equivalent to $500,000 to be withdrawn from the Grant Account and deposited into the Special Account Grant pursuant to paragraph 2 of this Annex.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Accounts 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 Accounts 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 or the Grant Account and deposit into the Special Account Credit or the Special Account Grant, as the case may be, such amount as the Borrower shall have requested.

(b) For replenishment of the Special Accounts, the Borrower shall furnish to the Association requests for deposit into the Special Accounts 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 or the Grant Account and deposit into the Special Account Credit or the Special Account Grant, as the case may be, 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 respective Special Account for Eligible Expenditures. Each such deposit into
the Special Accounts shall be withdrawn by the Association from the Credit Account or the Grant Account, as the case may be, under one or more of the Eligible Categories.

3. The Association shall not be required to make further deposits into the Special Accounts, once the total unwritten amount of the Credit or the Grant, as the case may be, 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 or the Grant Account of the remaining unwritten amount of the Credit or the Grant 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 Accounts as of the date of such notice will be utilized in making payments for Eligible Expenditures.
Annex B
to
SCHEDULE 1
Operation of Special Accounts
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 and the Grant Account shall be deposited by the Association into the Special Account Credit or the Special Account Grant, as the case may be, in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account Credit or the Special Account Grant shall be withdrawn by the Association from the Credit Account or the Grant Account, as the case may be, under one or more of the respective Special Account’s Eligible Categories.

2. Each application for withdrawal from the Credit Account or the Grant Account for deposit into the Special Account Credit or the Special Account Grant, as the case may be, shall be supported by a Project Management Report.

3. Upon receipt of each application for withdrawal of an amount of the Credit or the Grant, the Association shall, on behalf of the Borrower, withdraw from the Credit Account or the Grant Account and deposit into the Special Account Credit or the Special Account Grant, as the case may be, 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 Credit, shall not exceed the equivalent of $1,200,000, and in the Special Account Grant, shall not exceed the equivalent of $300,000.”
Annex II

“Schedule 5

Performance Monitoring Indicators


3. Revenue: Operations of the Gambia Revenue Authority started by September 30, 2006; at least 50 per cent of large taxpayers submit self-assessment in the year 2006; CRD and CED information technology systems upgraded by June 30, 2006; and the Gambia Revenue Authority operations manual is prepared, disseminated to staff, and training provided on its contents.

4. Customs: Data generated on a monthly basis by the ASYCUDA system by December 31, 2005.


8. Legal: Legal sector strategy finalized and approved by Cabinet by September 30, 2005; and Court Case Administration System designed by December 31, 2007.


11. Financial Sector: Rationalized system for issuing treasury bills established by December 31, 2005.”
Annex III

“Modifications to the General Conditions

For the purpose of this Agreement, the provisions of the General Conditions are modified as follows:

1. Section 1.01 is modified to read:

   “Section 1.01. Application of General Conditions

   These General Conditions set forth the terms and conditions generally applicable to the Development Financing Agreement to the extent and subject to any modifications set forth in such agreement.”

2. Section 2.01 is modified to read as follows:

   (a) Paragraph 3 of Section 2.01 is modified to read as follows:

       “3. “Borrower” means the party to the Development Financing Agreement to which the Financing is made.”

   (b) Paragraph 8 of Section 2.01 is modified to read as follows:

       “8. “Development Financing Agreement” means the particular Development Financing Agreement to which these General Conditions apply, as such agreement may be amended from time to time. Development Financing Agreement includes these General Conditions as applied thereto, and all schedules and agreements supplemental to the Development Financing Agreement.”

   (c) The following new paragraphs are added after paragraph 11 of Section 2.01, and paragraphs 12 through 14 are renumbered as paragraphs 16 through 18 accordingly:

       “12. “Grant” means the development grant provided for in the Development Financing Agreement.”

       “13. “Grant Account” means the account opened by the Association on its books in the name of the Borrower to which the amount of the Grant is credited.”

       “14. “Financing” means, collectively, the Credit and the Grant.”

       “15. “Financing Accounts” means, collectively, the Credit Account and the Grant Account (or, where the context so requires, either of the Credit Account or the Grant Account).”
3. The term “Credit”, wherever used in the following Articles and Sections of the General Conditions, is modified to read “Financing”: Sections 2.01(3), 2.01(12), 4.01, Article V, Article VI (excluding Section 6.05), Section 7.01 (d), Article VIII, and Article IX.

4. The term “Credit Account”, wherever used in the following Articles and Sections of the General Conditions, is modified to read “Financing Accounts”: Section 2.01(6), the heading of Article III, 4.01, Article V, Article VI, and Section 12.03.

5. The term “Development Credit Agreement”, wherever used in the General Conditions, is modified to read “Development Financing Agreement”.

6. Article III is modified as follows:

(a) Section 3.01 is modified to read as follows:

“Section 3.01. Financing Accounts

The amount of the Credit shall be credited to the Credit Account and may be withdrawn from the Credit Account by the Borrower as provided in the Development Financing Agreement and in these General Conditions. The amount of the Grant shall be credited to the Grant Account and may be withdrawn from the Grant Account by the Borrower as provided in the Development Financing Agreement and in these General Conditions.”

(b) The words “The principal of, and service charges on, the Credit” in Section 3.05 are modified to read “All amounts required to be paid under the Development Financing Agreement”.

7. Article IV is modified as follows:

(a) Section 4.02 (a) and the heading of Section 4.02 are modified to read as follows:

“Section 4.02. Currencies in which Payments are to be Made

(a) The Borrower shall pay all amounts required to be paid by it under the Development Financing Agreement in the currency specified in such agreement or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to paragraph (c) or (e) of this Section.”

(b) Wherever used in Section 4.02 (c) and (e) of the General Conditions, the words “principal and service charges” are modified to read “amounts”.
(c) Section 4.06 (b) is modified to read as follows:

“(b) All amounts which the Borrower shall be required to pay under the Development Financing Agreement shall be paid without restrictions of any kind imposed by, or in the territory of, the Borrower.”

8. Article VI is modified as follows:

(a) The word “credit” in paragraphs (a)(ii) and (c)(i) of Section 6.02 is replaced with the words “credit, grant or financing”.

(b) Section 6.03 (c) is modified by replacing the words “corrupt or fraudulent” with the words “corrupt, fraudulent, collusive or coercive”.

(c) Section 6.05 is modified to read as follows:

“Except as the Borrower and the Association shall otherwise agree, any cancellation of any amount of the Credit shall be applied pro rata to the several installments of the principal amount of the Credit maturing after the date of such cancellation.”

9. Section 7.01 is modified to read as follows:

(a) The words “principal or interest or any other amount” in paragraph (b) are modified to read “any amount”.

(b) The word “credit” in paragraph (b)(i) is replaced with the words “credit, grant or financing”.

10. Section 8.01(a) is modified to read as follows:

“(a) All amounts which the Borrower shall be required to pay under the Development Financing Agreement shall be paid without deduction for, and free from, any taxes levied by, or in the territory of, the Borrower.”