CONFORMED COPY

May 16, 2011

Honorable Mambury Njie
Minister of Finance and Economic Affairs
Ministry of Finance and Economic Affairs
The Quadrangle
Banjul
Republic of the Gambia

Re: The Gambia: IDF Grant for Civil Service Reform Project
IDF Grant No. TF099400

Honorable Minister:

In response to the request for financial assistance made on behalf of The Republic of the Gambia ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") proposes to extend to the Recipient a grant from the World Bank’s Institutional Development Fund ("IDF") in an amount not to exceed four hundred ninety five thousand United States Dollars (U.S.$495,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement
shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Linda K. English
Acting Country Director for The Gambia
Africa Region

AGREED:
REPUBLIC OF THE GAMBIA

By /s/ Alieu Ngum
Authorized Representative
Title Ambassador
Date: May 16, 2011

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
(2) Disbursement Letter dated May 16, 2011, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 31, 2010 (“Standard Conditions”) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement and the following terms have the following meanings:

(a) “CPCU” or “Central Project Coordination Unit” means the unit within the Recipient’s Ministry of Finance and Economic Affairs responsible for the coordination, disbursement, budgeting, accounting, internal control, funds flow, financial reporting and auditing tasks for the Project.

(b) “PMO” or “Personnel Management Office” means the agency under the office of the president responsible for, *inter alia*, formulation and review of the schemes of service, policy for and administration of pensions and gratuities, personnel statistics, and manpower budgeting and control.

Article II

Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to improve the ability of the Recipient to effectively assess and monitor wage and pension requirements as well as staffing levels over the medium to long-term. The Project consists of the following parts:

**Part 1: Strengthening the Management of Pension Funds**

(a) carrying out an actuarial study to identify a strategy to transform the civil service pensions scheme (SCPS) from a non-contributory scheme to a contributory scheme and to transfer the management of the pensions funds from the central government to the social security and housing finance corporation (SSHFC); and

(b) building the capacity of the pension unit within the PMO with the aim of better managing the programs offered to civil servants and other eligible public service pensioners.

**Part 2: Strengthening the Ability of the Government to Manage the Wage Bill**

(a) developing adequate tools to provide policy makers recommendations on the appropriate planning of the wage bill, and expanding the wage bill and employment model to take into account pension expenditures;
(b) providing technical support to the PMO to establish an efficient human resources planning process which aligns salary policy with manpower planning and which is based on more accurate data to forecast future needs in both human resources and in associated financial resources. This includes: i) the addition and adoption of the existing pay and employment model for individual ministries to support bilateral negotiations between the PMO and line ministries on new staff hiring; and ii) the development of a medium-term manpower plan for each of the Recipient’s agencies based on an allocated budgetary envelop;

(c) building the capacity of the PMO to establish the necessary processes to develop and maintain a reliable human resources records management information system; and

(d) restructuring the pay and grading system.


Establishing a civil service reform unit under the president’s office, including developing the mandates, functions and operating procedures for that unit.

Part 4: Audit

Carrying out the audit of the Grant activities.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the PMO in cooperation with the CPCU in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”), with the modifications set forth in the Appendix to this Agreement; and (c) this Article II.

2.03. Institutional and Other Arrangements.

The Recipient shall:

(a) ensure that, at all time during Project implementation, the PMO be maintained in form and with functions and with staff in numbers with qualifications and experience satisfactory to the World Bank to allow for the due implementation of the Project;

(b) ensure that, at all time during Project implementation, the CPCU be maintained in form and with functions and with staff in numbers with qualifications and experience satisfactory to the World Bank to allow for the due implementation of the Project; and

(c) through the CPCU: (i) maintain a separate financial management system for the implementation of the Project; (ii) prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, adequate to reflect its operations and financial condition; and (iii) register separately the operations, resources and expenditures related to the Project.
2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank’s request, prepare Project Reports, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover such period as shall be indicated in the World Bank’s request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) The pension office producing an annual report on the status of the number of pensioners and their benefit.

(ii) The PMO submits ahead of budget preparation a current report on wage bill and overall hiring envelope for the Recipient’s next fiscal year.

(iii) The CSRU produces quarterly report on payroll evolution and submits it to the permanent secretaries of the PMO.

(c) The Recipient shall, upon the World Bank’s request, prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than five months after the Closing Date.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Two audits of the Financial Statements shall cover the entire period of the implementation of the Project during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement**

(a) General. All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the World Bank in January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Section II and III of the Procurement Guidelines, or Sections II, III, IV and V the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services.

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding.

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which the Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (A) Shopping; and (B) Direct Contracting.

(d) Particular Methods of Procurement of Consultants’ Services.

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Selection under a Fixed Budget; (B) Least Cost Selection; (C) Selection based on Consultants’ Qualifications; (D) Single-source Selection; (E) Selection of Individual Consultants; and (F) Sole Source Procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and
(c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in [USD])</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>20,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ Services including audit in Part 4 of the Project</td>
<td>339,500</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training and Workshop</td>
<td>135,500</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>495,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section, the term “Training and Workshop” means the costs associated with training and workshop participation of personnel involved in the implementation of the Project including travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshop preparation and implementation.

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three years after the date of countersignature of this Agreement by the Recipient.

Article IV

Recipient’s Representative; Addresses

4.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister responsible for Finance.
4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and Economic Affairs  
c/o Bertil Harding Highway, Kotu P.O. Box 2788  
Kanifing, KSMD

Facsimile: 220 446 0461

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable: INTBAFRAD  
Telex: 248423 (MCI) or 64145  
Facsimile: 1-202-477-6391 (MCI)