

---

Project Code: GMB1037

## LOAN AGREEMENT

BETWEEN

REPUBLIC OF THE GAMBIA

AND

ISLAMIC DEVELOPMENT BANK

REGARDING ENHANCING VALUE ADDITION IN THE GROUNDNUT SECTOR PHASE II  
PROJECT, GAMBIA

## LOAN AGREEMENT

---

THIS AGREEMENT is made on \_\_\_\_/\_\_\_\_/1444H corresponding to \_\_\_\_/\_\_\_\_/2022G

BY AND BETWEEN

REPUBLIC OF THE GAMBIA ("Recipient");

AND

ISLAMIC DEVELOPMENT BANK (IsDB).

each a "Party" and together the "Parties".

### WHEREAS

- A. The Recipient has requested IsDB to provide a Loan Financing for the purposes of the Project described in Schedule-I to this Agreement.

IsDB has on \_\_\_\_/\_\_\_\_/1444H (10/ 09/2022G) approved and agreed on the basis, inter alia, of the foregoing to provide a Loan Financing for an amount not exceeding ID 4.1 million (Islamic Dinar Four Million and One Hundred Thousand) Approximately equivalent to USD \$ 5.54 million (United States Dollars Five Million Five Hundred and Forty Thousand) upon the terms and conditions hereinafter set forth.

NOW THEREFORE the Parties agree as follows:

### Article-1. GENERAL CONDITIONS; DEFINITIONS

#### 1.1. General Conditions

- 1.1.1 This Agreement is subject to the 2020 Edition of the IsDB General Conditions Applicable to Loan Financing (**General Conditions**). The General Conditions constitute an integral part of this Agreement.
- 1.1.2 In the event of any inconsistency between the terms of this Agreement and the General Conditions the terms of this Agreement shall prevail.
- 1.1.3. This Agreement is a Loan Agreement in accordance with the General Conditions.

#### 1.2. Definitions

- 1.2.1. Whenever used in this Agreement, the several terms defined in the General Conditions have the respective meaning therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Agreement have the following meaning:

<b>"Grace Period":</b>	means the period of Seven Years [7 (years)] starting from the date of this Agreement and during which the Recipient shall not be obliged to repay the Principal Amount to IsDB.
------------------------	---

<b>"Principal Amount":</b>	means the aggregate Disbursements made by IsDB in accordance with this Agreement and the provisions of Sections 3.3, 4.5 and 4.6 of the General Conditions.
<b>"Service Fee":</b>	means the fee to cover the administrative expenses incurred by IsDB in administering the Loan in accordance with Article 4.4 of this Agreement

## Article-2. FINANCING AMOUNT; WITHDRAWAL

IsDB shall make available to the Recipient an amount not exceeding **ID 4.1 million (Islamic Dinar Four Million and One Hundred Thousand) equivalent to USD \$ 5.54 million** (United States Dollars Five Million Five Hundred and Forty Thousand) ("**Approved Amount**"). The Approved Amount shall be utilized in accordance with the financing plan set out in Schedule-I.

- 2.1 IsDB shall effect Disbursements in accordance with the provisions of the Disbursement Letter and subject to the satisfaction of the conditions set out in Sections 3.3 (Disbursement Requests) and 4.5 (Conditions to Disbursement) of the General Conditions
- 2.2 The Last Disbursement Date shall be 30/09/2024G.
- 2.3 **Special Account:** No Special account will be used. The reimbursement method will be used for the PMU expenses

## Article-3. IMPLEMENTATION ARRANGEMENTS

- 3.1. The Executing Agency of the Project shall be Gambia Groundnut Corporation (GGC) /Gambian Agency for the Management of Public Works (GAMWORKS).
- 3.2. The Project shall be executed over a period of (2) years from the date of the first Disbursement.
- 3.3. Except as IsDB may otherwise agree, the Recipient shall procure, or cause to be procured, the Project components to be financed from the Approved Amount in accordance with Schedule-II to this Agreement.

## Article-4. PAYMENTS

- 4.1. The Recipient shall pay the Principal Amount
  - 4.1.1. For ISDB in 25 (Twenty-Five) years including a Grace Period in 7 (Seven) years consecutive semi-annual installments.
- 4.2. The Recipient shall pay the Service Fee in an amount estimated initially of ID 87,404.12 (ID Eighty-Seven Thousand Four Hundred- and Four-point Twelve Cent).
- 4.3. The Service Fee is payable from the date of this Agreement.
- 4.4. The Service Fee referred to in Article 4.2 is an estimation based on the Project implementation period set out in Article 3.2 and the tentative disbursement



schedule. The actual and final amount of the Service Fee shall be calculated at the end of the Project's implementation period, but the Service Fee amount shall not in any case exceed 1.5% of the Approved Amount when calculated on an annual basis.

- 4.5. Payments to be effected by the Recipient to IsDB shall be made to the following account of IsDB, or any other account as shall be notified to the Recipient by IsDB.

	US Dollar	Pound Sterling	Euro
A/c Name:	Islamic Development Bank, Jeddah, Saudi Arabia (Swift: ISLDSAJEXXX)		
IBAN:	GB36SINT60928000159111	GB40SINT60928000159137	GB89SINT60928000159127 FR7643899000019696500151088
A/c No.:	159111	159137	159127 96965 001 51 0
Bank/ Address:	Gulf International Bank (UK) Ltd, One Knightsbridge, London United Kingdom (Swift: SINTGB2LXXX)		Union de Banques Arabes et Françaises 92523 Paris, Neuilly Cedex, France (Swift: UBAFFRPP)
Correspondent Bank:	HSBC Bank, 452 Fifth Avenue New York, NY 10018, USA (Swift: MRMDUS33XXX)		Deutsche Bank AG Frankfurt AM Main (Swift: DEUTDEFFXXX) Credit Agricole SA Paris, France (Swift: AGRIFRPP)

- 4.6. **Donation Fee:** If any sum (the "Unpaid Sum") due and payable by the Recipient to IsDB is not paid on its due date (the "Due Date"), then in addition to paying the Unpaid Sum, the Recipient undertakes to make payment to charity (the "Donation to Charity Account"). The Donation to Charity Account shall be an amount denominated in US Dollars equal to the Unpaid Sum multiplied by one per cent. per annum, and multiplied further by the number of days beginning on the Due Date and ending on the day upon which the obligation of the Recipient to pay the Unpaid Sum is discharged in full (the "Unpaid Period") as follows:

$$\frac{\text{Unpaid Sum} \times 1\% \times \text{Unpaid Period}}{360 \text{ Days}}$$

- 4.7. Any Donation to Charity Account shall be limited to the higher of the computed amount notified by IsDB to the Recipient as the actual costs and expenses (including but not limited to legal costs and expenses but excluding any costs of funding or opportunity costs) incurred by IsDB as a result of the non-payment of the Unpaid Sum by the Recipient on its due date.
- 4.8. IsDB shall not exercise the undertaking to make a donation to charity if the Recipient is able to demonstrate, to the satisfaction of IsDB, that the Recipient's failure to make the payment is not due to its willful default.
- 4.9. Any Donation to Charity Account shall be payable by the Recipient within five Business Days of a demand by IsDB to the following IsDB Waqf Fund Account.



	<b>Euro</b>	<b>US Dollar</b>
<b>A/c Name:</b>	Islamic Development Bank, Jeddah, Saudi Arabia (Swift: ISLDSAJEXXX)	
<b>IBAN:</b>	GB67SINT60928000159135	GB40SINT60928000159136
<b>A/c No.:</b>	159135	159136
<b>Bank/Address:</b>	Gulf International Bank (UK) Ltd, One Knightsbridge, London United Kingdom (Swift: SINTGB2LXXX)	
<b>Correspondent Bank:</b>	Deutsche Bank AG Frankfurt AM Main (Swift: DEUTDEFFXXX)	HSBC Bank, 452 Fifth Avenue New York, NY 10018, USA (Swift: MRMDUS33XXX)

#### Article-5. PARTICULAR COVENANTS

The Recipient shall acknowledge IsDB's financing of the Project in its written materials and verbal statements and through the use of IsDB's logo on the Project assets, materials and reports.

#### Article-6. EFFECTIVENESS

- 6.1. This Agreement shall become effective upon satisfaction by the Recipient of the effectiveness conditions set out in Section 4.1 of the General Conditions providing a Legal Opinion from the relevant legal or judiciary authority confirming that the terms and conditions of the Financing Agreements constitute legally binding obligations upon the Recipient
- 6.2. The deadline to achieve the Effective Date of this Agreement is one hundred eighty (180) days after the date of signature of this Agreement as stated at the beginning of this Agreement.

#### Article-7. COMMUNICATIONS

The Recipient hereby appoints the Ministry of Finance, and Economic Affairs (MoFEA) to act as its authorized representative for the purposes of Section 8.12 of the General Conditions. Any notice in connection with this Agreement shall be sent to the following addresses of the Parties:

**For the Recipient:**

Ministry of Finance, and Economic Affairs (MoFEA),  
The Quadrangle, Banjul, The Gambia  
Tel: +220-4225713  
Fax : +2202447954  
Email : ddm@dosfea@gov.gm

**For IsDB:**

8111 King Khalid St. Al Nuzlah Al Yamania Dist.  
Unit No.1, Jeddah-22332-2444  
Kingdom of Saudi Arabia  
Tel: +966 12 6361400  
Fax: +966 12 6366871  
Email: [IDBARCHIVES@isdb.org](mailto:IDBARCHIVES@isdb.org)

#### Article-8. COUNTERPARTS AND SIGNATURES:

This Agreement and other documents to be delivered pursuant to this Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement or document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Delivery of a copy of this Agreement or any other document contemplated hereby, bearing an original manual or electronic signature, by electronic mail in "portable document format" (".pdf") or similar format intended to preserve the original graphic and pictorial appearance of a document, or through the use of electronic signature software will have the same effect as physical delivery of the paper document bearing an original signature.

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.

[END OF ARTICLES]

## Schedule I PROJECT DESCRIPTION AND FINANCING PLAN

---

### SECTION I:

#### 1- PROJECT DESCRIPTION:

##### Objectives of the Project:

1. The objective of the project is to modernize, expand and improve the efficiency of the Gambia Groundnut Corporation (GGC) operations, so it is able to (a) maintain its market share, (b) position itself in the high end of the groundnut value-chain to enhance its profitability, and (c) preserve and increase the income of 70% of rural population engaged in groundnut production. The project is expected to increase GGCs profitability (net profit margin) to 15% and contribute towards doubling of groundnut export revenues thus contributing to significant reduction in poverty among the groundnut farmers (75% of which are classified as poor).
2. The project physical works will be undertaken at the Groundnut Processing Facility of GGC at Denton Bridge, Banjul.

##### *Project Description:*

3. The initial project comprises eight (8) main Components namely; (i) Improving the Processing GGC Infrastructure; (ii) Improving River Transport System for Groundnuts; (iii) Groundnut Storage, Unloading and Handling Infrastructure; (iv) Groundnut Shell Waste Management; (v) Improving the Quality Testing Systems; (vi) Technical Assistance for Supporting the Groundnut Value Chain; (vii) Project Management and Supervision Activities; and (viii) Financial Audit and fifteen (15) sub-components embedded under these components.
4. The Phase II project, subject to this proposed financing, comprises 4 components namely:

***Component (i): Completion works of the Processing Infrastructure;*** This includes the following:

- Completing the external civil works - *USD \$100,000 - Represents 7.87% of Component Total*
  - site clearing,
  - steam pipes steel structure
  - foundation,
  - electrical cables
  - gutters, rain water/sewage gutters)
- Completion of the civil works inside the Shelling/Crushing warehouse - *USD \$355,000 - Represents 27.92% of Component Total*
  - roofing and side covers erection,
  - steel structure corrosion/painting treatment,
  - internal cable
  - pits maintenance,
  - bolt tightening etc.
- Erection of the following Electro-mechanical items -:
  - steam piping,
  - power supply cabling,
  - lighting,
  - HVAC,
  - compressed air,



- anti-fire system,
- SCADA/PLC,
- earthing,
- crude oil reservoirs,
- groundnuts and shells silos,
- overhead cranes etc.;
- Commissioning of the Shelling & Crushing Plant - ;
  - operational testing,
  - performance testing,
  - SCADA/PLC testing)
- Plant integration with the Cogeneration Plant -
- Employer's staff training on-site.;

**Component (ii) Groundnut Shell Waste Management;** This involves the following:

- Civil works for:
  - Power island building (steam turbine and generator) - USD \$871,319 - Represents 27.36% of Component Total
  - Transformers benches/evacuation station - USD \$40,058 - Represents 1.26% of Component Total
  - Fuel station building; - USD \$63,871 - Represents 2% of Component Total
  - Boiler building; - USD \$447,359 - Represents 14% of Component Total
  -
- Miscellaneous civil works; (USD \$160,000 - Represents 5% of Component Total)
  - roadworks,
  - earthing,
  - piping,
  - cabling pathways,
  - landscaping,
  - Power transformers
  - foundations and walls etc
- Power plant equipment/systems commissioning;
- Performance tests;
- Employer's staff training
- Spare parts provision;
- Maintenance Workshop installation;

**Component (iii): Project Management;** This involves the Project Management Unit expenses

**Component (iv): Supervision Activities;** This involves the Supervision Consultancy for completion works of the processing infrastructure (component i) and the new cogeneration plant (groundnut shell waste management - component ii);

**Component (v) Financial Audit:** This involves consultancy services of a local auditor with international affiliation to conduct yearly project audits and to assess internal control systems.

Tables 1, below summarize the percentage of outstanding works between the two operations.

**Table 1: Component physical weight under each operation**

COMPONENT	ISTISNA'A	NEW LOAN	ESTIMATED REQUIRED WORKS TO COMPLETION
(i) Improving GGC Processing Infrastructure	80%	20%	45%
(ii) Groundnut Shell waste Management (Cogeneration Plant)	75%	25%	100%

## 2. IMPLEMENTATION ARRANGEMENTS

### *Readiness for Implementation:*

The contract to complete the works and the consultancy services to supervise these works are signed, the same PMU will continue to manage the project. The only component which needs to be procured is the financial auditor to perform the financial audit of the years 2021, 2022 and 2023 for the entire project.

**Implementation Arrangements:** The institutional arrangement remains the same as the original project. The Ministry of Finance and Economic Affairs (MoFEA) through the Gambia Groundnut Corporation (GGC) will continue to be the Executing Agency of the Additional Financing. GAMWORKS will continue also to be the Project Management Unit (PMU) of the project and a new Delegated Project Management/Implementation Contract Agreement will be signed between MoFEA, GGC and GAMWORKS defining the extent of its intervention to complete the project under this proposed additional financing. GAMWORKS will, on behalf of GGC undertake the project implementation activities including procurement, contract management, monitoring, reporting etc.... The Cost of these services was estimated at the level of USD400,000.

### Financial Management Arrangements

1. A virtual assessment of the PMU was conducted with the objective of ascertaining its capacity to ensure that (i) project funds are used efficiently and economically; (ii) periodic, accurate, reliable

and timely financial reports are prepared; (iii) project assets are protected; and (iv) audit reports are submitted on time; (v) adequate internal controls are in place. The overall risk associated with the financial management environment of the EA is assessed as low; the MTPLU has adequate accounting systems and internal control procedures, skilled staff and experience in handling externally financed projects.

2. Accounting System: The Gambia via the Financial Reporting Act 2013 adopted the International Accounting Standards and International Financial Reporting Standards IFRS issued by International Accounting Standard Board IASB, thus the project accounting shall be based on these international standards. The financial and administrative procedure **manual and HIBTP accounting software used for the istisna'a operation shall be adopted** for the project. The manual shall be reviewed and updated by the PMU and a copy submitted to PFM for review and clearance.
3. Financial Reporting: In accordance with the IsDB reporting and auditing requirements, the PMU will prepare and submit unaudited quarterly interim financial reports and the audited annual financial reports of the project in accordance with International Standards of Auditing. The interim financial reports will be sent to the IsDB no later than 45 days after the end of the semester and the audited reports must be submitted to the IsDB no later than six months after the end of each audit period.
4. Financial Audit: As per auditing global best practice, the same auditor cannot continue to audit the project following 7 annual audit exercises to ensure independence. Recruitment of a new Financial Auditing firm to perform the Financial Audit services for the years 2021(**final audit for original istisna'a operation**), **2022 and 2023 will be undertaken**. The auditor shall submit an opinion on a) Project Financial Statements and Special Account(s) b) the Statement of Expenditures; and c) a Management Letter. The Management Letter would include weaknesses in the internal control systems. The audits will be done in accordance with International Auditing Standards and the audited reports must be submitted to the Bank no later than six months after the end of each audit period. Furthermore, the auditor will review and clear all statements of expenditure prepared by the PMU for replenishment of the special account(s) as well as conduct a final audit of the proposed financing before closing of the project accounts.

#### Procurement Arrangements

5. All procurement activities of Goods, works, and acquisition of consultancy services funded **by the Bank will be carried out in accordance with the Bank's procurement Guidelines** for Goods, Works and related services, the Procurement Guidelines for the Use of Consultants services current edition, and the rules against fraud and corruption using the relevant Bank Standard Bidding Documents, and the provisions stipulated in the Financing Agreement.

**Disbursement Procedures and Plan:** Disbursement will be undertaken as per IsDB disbursement procedures and guidelines. Upon effectiveness, the project provides for the use of direct payment and reimbursement as applicable disbursement method, and this method will be further specified in the Disbursement Letter.

The disbursement modalities will be applicable as follows:



- Direct payment will be executed in favor of the selected Contractors (Improving GGC Processing Infrastructure and Groundnut Shell waste Management) or Consultants (Design and supervision of works, and financial audit);
  - The reimbursement method will be used for the PMU expenses.
5. Supporting documentation will be retained by the implementing agency for review purposes by Bank missions and external auditors. Any advances made for contracts will be secured by a bank guarantee and civil work contracts will be secured by performance-based bonds and/or a retention amount withheld.

The planned disbursement plan is as follow:

**Table 3: Disbursement Plan (for the entire project)**

Project Component	2022			2023				2024			Total in USD M	Disb. Methods
	Old Istisna'a Operation		Add. Fin.	Additional Financing Loan				Additional Financing Loan				
	Q3	Q4	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
Improving GGC Processing Infrastructure	1.39	3.15			1.12		0.14				5.80	Direct Payment
Groundnut Shell waste Management (Cogen)	1.71	6.74			1.60			1.60			11.64	Direct Payment
Design and Supervision Consultant			0.10	0.20		0.20		0.12			0.62	Direct Payment
Project Management Unit (PMU)			0.10		0.10		0.10	0.10			0.40	Reimburse ment
Financial Auditor	0.02	0.02		0.02		0.02				0.02	0.06	Direct Payment
Total	3.11	9.90	0.20	0.22	2.82	0.22	0.24	1.82	0	0.02	18.55	

## SECTION II- PROJECT COST ESTIMATE &amp; FINANCING PLAN

Table 4: Project Finance Plan

Item	Component	IsDB		Total
		Loan	%	
A	Improving GGC Processing Infrastructure	1.26	100%	1.26
B	Groundnut Shell waste Management	3.19	100%	3.19
C	Project Management and Supervision	1.02	100%	1.02
C1	Design and Supervision Consultant	0.62	100%	0.62
C2	Project Management Unit	0.40	100%	0.40
G	Financial Audit	0.06	100%	0.06
Sub-Total		5.54	100%	5.54
Contingencies				
Total		5.54	100%	5.54

## Schedule II PROCUREMENT OF GOODS AND SERVICES

All procurement activities of Goods works, and acquisition of consultancy services funded by the Bank will be carried out in accordance with the Bank's procurement Guidelines for Goods, Works and related services, the Procurement Guidelines for the Use of Consultants services current edition, and the rules against fraud and corruption using the relevant Bank Standard Bidding Documents, and the provisions stipulated in the Financing Agreement.

6. The procurement modes for the activities under IsDB Financings are therefore as follow:

**Table 5: Summary of Procurement Arrangements**

Project Components Financed by IsDB	Works	Services	
	Change Order	Consultancy	Consultancy
		SSS	LCS/LC
Works: Completion of works for the Improving GGC Processing Infrastructure by TIAJIN	X		
Supervision Consultant (PACE)		X	
Delegated Project Management/Implementation Contract Agreement with GAMWORKS		X	
Financial Audit			X



## Schedule III PRINCIPAL AMOUNT REPAYMENT SCHEDULE

(in Islamic Dinar)

1	31-Dec-29	113,888.89
2	30-Jun-30	113,888.89
3	31-Dec-30	113,888.89
4	30-Jun-31	113,888.89
5	31-Dec-31	113,888.89
6	30-Jun-32	113,888.89
7	31-Dec-32	113,888.89
8	30-Jun-33	113,888.89
9	31-Dec-33	113,888.89
10	30-Jun-34	113,888.89
11	31-Dec-34	113,888.89
12	30-Jun-35	113,888.89
13	31-Dec-35	113,888.89
14	30-Jun-36	113,888.89
15	31-Dec-36	113,888.89
16	30-Jun-37	113,888.89
17	31-Dec-37	113,888.89
18	30-Jun-38	113,888.89
19	31-Dec-38	113,888.89
20	30-Jun-39	113,888.89
21	31-Dec-39	113,888.89
22	30-Jun-40	113,888.89
23	31-Dec-40	113,888.89
24	30-Jun-41	113,888.89
25	31-Dec-41	113,888.89
26	30-Jun-42	113,888.89
27	31-Dec-42	113,888.89
28	30-Jun-43	113,888.89
29	31-Dec-43	113,888.89
30	30-Jun-44	113,888.89
31	31-Dec-44	113,888.89
32	30-Jun-45	113,888.89
33	31-Dec-45	113,888.89
34	30-Jun-46	113,888.89
35	31-Dec-46	113,888.89
36	30-Jun-47	113,888.89
Total	ID	4,100,000.00

**Schedule IV SERVICE FEE PAYMENT SCHEDULE**

---

(in Islamic Dinar)

1	31-Dec-22	1,748.08
2	30-Jun-23	1,748.08
3	31-Dec-23	17,480.83
4	30-Jun-24	17,480.83
5	31-Dec-24	4,894.63
6	30-Jun-25	4,894.63
7	31-Dec-25	4,894.63
8	30-Jun-26	4,894.63
9	31-Dec-26	4,894.63
10	30-Jun-27	4,894.63
11	31-Dec-27	4,894.63
12	30-Jun-28	4,894.63
13	31-Dec-28	4,894.63
14	30-Jun-29	4,894.63
Total	ID	87,404.12

## EXECUTION PAGE

IN WITNESS WHEREOF, the duly authorized representatives of the Parties have signed the present Agreement relating to Enhancing Value Addition in the Groundnut Sector Phase II (GMB1037) in English language on the date first above written.

### Parties

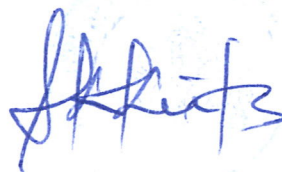
FOR AND ON BEHALF OF  
REPUBLIC OF THE GAMBIA

**Mr. Seedy MK Keita**  
Minister of Finance, and Economic Affairs (MoFEA)

FOR AND ON BEHALF OF  
ISLAMIC DEVELOPMENT BANK

**Dr. Muhammad Al Jasser**  
President

### Signatures



Date:



Date: 27/12/2022