Agreement Amending
Development Credit Agreement

(Thermal Power Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 15
CREDIT NUMBER 2682-1-GH

AGREEMENT AMENDING DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated , between REPUBLIC OF GHANA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower and the Association have entered into a Development Credit Agreement (Thermal Power Project) dated June 30, 1995 (the Development Credit Agreement) as amended from time to time for the purpose of assisting in the financing of the project described in Schedule 2 to the Development Credit Agreement (the Project);

(B) Revised Project cost estimates result in cost savings under the Project equivalent to approximately $71.8 million;

(C) the Borrower has requested the Association to restructure the Project by adding a new component to upgrade the distribution system and build the managerial capacities of Electricity Company of Ghana;

(D) Part C of the Project will be carried out by the Electricity Company of Ghana (ECG), with the Borrower’s assistance and, as part of such assistance, the Borrower will make available to ECG a portion of the proceeds of the Credit as provided in this Agreement:

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 Amending Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Amendments of the Development Credit Agreement

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.
Section 1.02. Subsections (f), (g) and (i) of Section 1.02 of the Development Credit Agreement are amended to read as follows:

“(f) "VRA Project Agreement" means the agreement between the Association and VRA agreement with VRA dated June 30, 1995, and such term includes all schedules and agreements supplemental to the Project Agreement;”

“(g) “MOE” means the Borrower’s Ministry of Energy;”

“(i) "VRA Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and VRA pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the VRA Subsidiary Loan Agreement;”

Section 1.03. New subsections (k) through (m) are added to Section 1.02 of the Development Credit Agreement as follows:

“(k) “Amending Agreement” means this agreement amending the Development Credit Agreement;

(l) “ECG” means the Electricity Company of Ghana Ltd., a privately held enterprise under the Company Code of 1963 (Act 179);

(m) “ECG Project Agreement” means the agreement between the Association and ECG of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the ECG Project Agreement;

(n) “ECG Subsidiary Loan Agreement” means the agreement to be entered into between the Borrower and ECG pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the ECG Subsidiary Loan Agreement; and

(o) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of this Agreement.”

Section 1.04. In Section 2.03 of the Development Credit Agreement, the Closing Date is amended to read December 31, 2006.

Section 1.05. A provision is added at the end of subsection 2.04 (b) (i) of the Development Credit Agreement reading as follows:

“Section 3.02. Except as the Association shall otherwise agree, procurement of goods, works and consultants’ services required for Part B(4), Part B(5) and C of
the Project and to be financed out of the proceeds of the Credit shall be governed in accordance with the provisions of (i) 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; and (ii) the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers”, dated January 1997 and revised in September 1997 and January 1999”.

Section 1.06. A new section 2.10 is added to the Development Credit Agreement as follows:

“Section 2.09. ECG is designated as representative of the Borrower in respect of Part C of the Project for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.”

Section 1.07 Section 3.01 is amended to read as follows:

“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:

(i) shall carry out Part B of the Project through MOE with due diligence and efficiency in conformity with appropriate administrative, financial, engineering and public utility practices and with due regard to ecological and environmental factors and shall provide, promptly as needed, the funds, facilities, services and other resources required for such Part of the Project; and

(ii) without any limitation or restriction upon any of its other obligations under this Agreement: (A) shall cause VRA and ECG to carry out Parts A and C of the Project respectively, to perform in accordance with the provisions of the Project Agreement all the respective obligations of VRA and ECG therein set forth, (B) shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable VRA and ECG to perform such obligations, and (C) shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall re lend a portion of the proceeds of the Credit to VRA under the VRA Subsidiary Loan Agreement to be entered into between the Borrower and VRA, and under the ECG Subsidiary Loan Agreement to be entered into between the Borrower and ECG, under terms and conditions which shall have been approved by the Association which shall include provisions requiring the respective repayment by VRA and ECG of principal in 17 years, including 3 years of grace, payment of interest
at the rate of 8% per annum, and the respective foreign exchange risks to be borne by VRA and ECG.

(c) The Borrower shall exercise its rights under the VRA Subsidiary Loan Agreement and the ECG Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.”

Section 1.08. Section 3.03 of the Development Credit Agreement is amended to read as follows:

“Section 3.03. The Association and the Borrower hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Part A and C of the Project shall be carried out by VRA and ECG respectively, pursuant to Section 2.03 of the VRA Project Agreement and Section 2.03 of the ECG Project Agreement. Paragraph 1 of Schedule 1 to the Development Credit Agreement is revised as per Annex 1 to this Amending Agreement.”

Section 1.09. Section 3.06 is amended to read as follows:

“Section 3.06. The Borrower shall carry out, and shall cause VRA and ECG to carry out, in a timely manner an action plan, satisfactory to the Association, to implement the measures set out in the Environmental Assessment.”

Section 1.10. Section 3.09 is amended to read as follows:

“Section 3.09. (a) The Borrower shall carry out, jointly with the Association, VRA and ECG, not earlier than 12 months and not later than 16 months following the Effective Date, a mid-term review of the progress made in carrying out the Project and the Program. This review shall cover, among other things: (i) the respective performance of ECG VRA in carrying out the Project; (ii) the extent to which the institutional objectives of the Project are being achieved; (iii) the work of the Power Sector Reform Committee; (iv) the implementation of the Electricity Demand Management Program and the operation of the Electricity Demand Management Fund; (v) compliance with the financial, audit and other obligations of the Borrower, VRA and ECG included in this Agreement and the Project Agreement; (vi) construction of the Power Plant; (vii) the evolution of the key performance indicators agreed upon with the Association; (viii) procurement under the Project; (ix) implementation of the environmental action plan referred to in Section 3.06 of this Agreement; and (x) the provision of funds for the Project by the Borrower, ECG and VRA.
(b) The Borrower shall transmit to the Association, at least 30 days prior to such review, a report, in scope and detail satisfactory to the Association, prepared by VRA (with respect to Part A of the Project) by ECG (with respect to Part C of the Project and the Program) and the Borrower (with respect to Part B of the Project and the Program), describing the status of progress regarding the items listed in paragraph (a) above and of Project and Program implementation generally.

(c) Based on such review, the Borrower shall, jointly with VRA and ECG, promptly prepare an action plan, acceptable to the Association, for the further implementation of the Project and the Program, and shall thereafter implement such action plan.”

Section 1.11 The subparagraphs (b), (c), and (e) in Section 5.01 are amended to read as follows:

“(b) VRA or ECG shall have failed to perform any of its respective obligations under the Project Agreement;

(c) as a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that VRA or ECG will be able to perform its respective obligations under the Project Agreement;

(e) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of VRA or ECG or for the suspension of their respective operations;”

Section 1.12 The objectives of the Project set forth in Schedule 2 to the Development Credit Agreement are amended to read as follows:

“The objectives of the Project are to: (a) increase VRA’s generating capacity to meet increasing electricity demand, (b) improve VRA's operational efficiency and power sector financial sustainability and strengthen its institutional capacity, (c) facilitate distribution system improvement, (d) strengthen institutional capabilities in the power sector and (d) improve the Borrower's management of the power sector.”

Section 1.13. Part B of Schedule 2 to the Development Credit Agreement is amended by adding the following new subsections:

“4. Strengthening environmental remediation in the power sector.
5. Provision of technical assistance to ECG for: (a) developing load forecasting models; (b) procurement assistance and supervision; and (c) training in treasury management and electricity tariff setting”
Section 1.14. Schedule 2 to the Development Credit Agreement is amended by adding a new Part C: Distribution System Upgrading:

“1. Development of 33kV sub-transmission systems in Accra, Tema and Kumasi, including (a) construction of 33 kV substations; (b) cable contracts; (c) construction of 33 kV lines and (d) supply of vehicles.

2. Distribution works for (11 kV and LV) system improvements

3. Improvements in metering, billing and revenue collection improvements, including (a) extension of computer billing system and additional equipment; (b) demand and energy metering; (c) computerization and billing and operations activities in District Offices; (d) hardware for computerization of district billing and (e) equipment for a customer call center.

4. Voice/data connectivity in the Greater Accra area.

5. Provision of technical assistance for: (a) developing load forecasting models; (b) procurement assistance and supervision; (c) training in treasury management; (d) training in electricity tariff setting; (e) environmental remedial measures.”

Section 1.15. Schedule 3 to the Development Credit Agreement is amended by the revision of Section I, Part A of the said Schedule to read as follows:

“1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with principles and procedures consistent with those set forth in the “Guidelines for Procurement under IBRD Loans and IDA Credits”, dated January 1995 and revised in January and August 1996, September 1997 and January 1999.”

Section 1.16. Schedule 3 to the Development Credit Agreement is amended by the revision of Section II, paragraph 1 of the said Schedule to read as follows:

“1. In order to assist the Borrower in carrying out Part B of the Project, the Borrower shall employ consultants whose qualification, experience and terms and conditions of employment shall be satisfactory to the Association in accordance with the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers”, dated January 1997 and revised in September 1997 and January 1999.”
ARTICLE II

Effective Date; Termination

Section 2.01. This Amending Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association showing:

(a) 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, and that this Amending Agreement is legally binding upon the Borrower in accordance with its terms;

(b) that the execution and delivery of the ECG Project Agreement on behalf of ECG has been duly authorized or ratified and that the ECG Project Agreement is legally binding upon ECG in accordance with its terms;

(c) that the execution and delivery of the ECG Subsidiary Loan Agreement on behalf of the Borrower and ECG have been duly authorized or ratified by all necessary governmental action, and that this Amending Subsidiary Loan Agreement is legally binding upon the Borrower and ECG in accordance with its terms; and

(d) that a transaction advisor for award by the MOE of the ECG management contract, satisfactory to the Association, has been appointed in accordance with the provisions of Section II to Schedule 3 of the Development Credit Agreement.

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 that:

(a) on behalf of the Borrower, this Amending Agreement and the ECG Subsidiary Loan Agreement have been duly authorized or ratified by, and executed and delivered on behalf of the Borrower, and are legally binding upon the Borrower in accordance with their terms; and

(b) on behalf of ECG, the ECG Project Agreement and the ECG Subsidiary Loan Agreement have been duly authorized by, and executed and delivered on behalf of ECG, and are legally binding upon ECG in accordance with their terms.

Section 2.03. This Amending Agreement shall come into force and effect on the date upon which the Association dispatches 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.

THE REPUBLIC OF GHANA

By

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Africa
**ANNEX 1**

**SCHEDULE 1**

Withdrawal of the Proceeds of the Credit

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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>VRA:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) (a) Works for the Project Part A.1</td>
<td>97,400,000</td>
<td>100% of foreign expenditures</td>
</tr>
<tr>
<td></td>
<td>(b) Supply and Install Contracts</td>
<td></td>
</tr>
<tr>
<td>(2) Equipment and materials for Parts A.2, A.3 and A.4 of the Project</td>
<td>475,000</td>
<td>100% of foreign expenditures</td>
</tr>
<tr>
<td>(3) Consultants’ services and training for Parts A and of the Project</td>
<td>12,210,000</td>
<td>100% of foreign expenditures</td>
</tr>
<tr>
<td><strong>MOE:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Consultants’ services and training for:</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>(a) Parts B.1 and B.2 of the Project</td>
<td>2,700,000</td>
</tr>
<tr>
<td></td>
<td>(b) Part B.3 of the Project</td>
<td>300,000</td>
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<tr>
<td>(5) Equipment for Part B of the Project</td>
<td>445,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>520,000</td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Credit Allocated (Expressed in SDR Equivalent)</td>
<td>% of Expenditures to be Financed</td>
</tr>
<tr>
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<td>-------------------------------------------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>VRA: (additional)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(7) Consultants’ services for Akosombo Retrofit works</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(8) Equipment and materials for part C of the Project</td>
<td>7,100,000</td>
<td>100% of foreign expenditures</td>
</tr>
<tr>
<td>(9) Supply and install contracts for part C of the Project</td>
<td>2,600,000</td>
<td>100% of foreign expenditures</td>
</tr>
<tr>
<td>(10) Consultant services and training for part C of the Project</td>
<td>350,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>124,100,000</td>
<td></td>
</tr>
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