GRANT NUMBER H851-GH

Financing Agreement

(Natural Resources and Environmental Governance Technical Assistance Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 8th Nov, 2013
GRANT NUMBER H851-GH

FINANCING AGREEMENT

AGREEMENT dated November 8, 2013, entered into between REPUBLIC OF GHANA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to three million four hundred thousand Special Drawing Rights (SDR 3,400,000) ("Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Payment Dates are March 15 and September 15 in each year.

2.05. The Payment Currency is US Dollars.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.
ARTICLE IV — TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is its Minister responsible for finance.

5.02. The Recipient's Address is:

Ministry of Finance
P.O. Box MB40
Accra, Ghana

Cable: ECONOMICON
Telex: 2205 MIFAEP GH
Facsimile: 233-30-2667069

5.03. The Association's Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Accra, Ghana, as of the day and year first above written.

REPUBLIC OF GHANA

By

[Signature]

Authorized Representative

Name: SETH E. TERKPER (HON.)

Title: FINANCE MINISTER

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: YUSUPH COOKE

Title: COUNTRY DIRECTOR, GHANA
SCHEDULE 1

Project Description

The objective of the Project is to improve the institutional capacity of key ministries, departments and agencies (MDAs), in natural resources and environmental management.

The Project consists of the following parts:

Part A: Supporting Policy making and Knowledge Management

Carrying out studies and relevant consultations to address key issues on natural resources and environmental governance, including: (a) developing public consultation guidelines for natural resources and environment sectors; (b) carrying out a socio-economic analyses of benefit sharing arrangements in the forest sectors; (c) developing guidelines for local procurement in the mining sector; and (d) developing climate change support and impact monitoring disclosure systems, all through the provision of technical advisory services, training, operating costs and acquisition of goods.

Part B: Strengthening Institutional Capacity to Support Sustainable Natural Resources and Environmental Management

Strengthening the institutional capacity of the relevant MDAs for delivery of key services, including: (a) developing a revenue forecasting model for natural resources; (b) building the capacity for forest management and forest planning in district offices; (c) strengthening the Minerals Commission, the Mineral Commission’s district offices and EPA for effective management of artisanal and small scale mining activities; and (d) provision of training to key staff involved in negotiations and policymaking on climate change related matters, all through the provision of technical advisory services, training, operating costs and acquisition of goods.

Part C: Project Management and Related Capacity Building

Strengthening the institutional and personnel capacity of the NREG Secretariat and relevant MDAs for Project management, planning, implementation, coordination, reporting, monitoring and evaluation, and auditing, through the provision of technical advisory services, training, operating costs and acquisition of goods.
SCHEDULE 2

Project Execution

Section I.  Implementation Arrangements

A.  Institutional Arrangements

1.  Technical Coordination Committee

(a)  The Recipient shall ensure that the Technical Coordination Committee is maintained at all times during the implementation of the Project, with a composition, functions and responsibilities satisfactory to the Association, as set forth in the Project Implementation Manual, for purposes of overseeing and coordinating the Project implementation.

(b)  Without limitation to sub-paragraph (a) of this paragraph, the Technical Coordination Committee shall be responsible for, inter alia: (i) reviewing progress made towards achieving the Project's objectives; (ii) facilitating the coordination of Project activities, and making recommendations for removal of any obstacles to the implementation of the Project; and (iii) providing comments on reports and reviews prepared by the NREG Secretariat for the benefit of the Association.

2.  Ministry of Finance (MoF) – NREG Secretariat

(a)  The Recipient shall, at all times during the implementation of the Project, maintain within the MoF, a coordination unit (the NREG Secretariat), with adequate staff and resources satisfactory to the Association, for the purpose of ensuring prompt and efficient oversight and coordination of the Project implementation.

(b)  Without limitation on the provisions of paragraph 2 (a) immediately above, the NREG Secretariat shall be responsible for: (i) the overall coordination, planning, management, implementation, monitoring, evaluation, reporting and communication of the Project; (ii) fiduciary (i.e., financial management and procurement) responsibility of the Project; and (iii) ensuring compliance with environmental safeguards aspects of the Project.

B.  Implementation Arrangements

Project Implementation Manual

1.  The Recipient shall carry out the Project, in accordance with the provisions of a manual satisfactory to the Association (the Project Implementation Manual),
which shall include, *inter alia*, provisions covering: (a) capacity building activities for sustained achievement of the Project's objectives; (b) disbursement, financial management and procurement procedures; (c) institutional administration, coordination and day-to-day execution of activities of the Project; (d) monitoring, evaluation, reporting, information, education and communication; (e) Project impact and implementation indicators, including the procedures for monitoring and evaluation of the Project activities; (f) the terms of reference for environmental safeguards under the Project; and (g) the format of: (I) the unaudited interim financial reports referred to in Section II.B.2 of Schedule 2 to this Agreement; and (II) the Financial Statements; and (h) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual without the prior written agreement of the Association; provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

C. **Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. **Environmental Safeguards**

The Recipient shall ensure that the terms of reference for any consultancy in respect of any Project activity under Parts A and B of the Project, shall be satisfactory to the Association following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Bank Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

E. **Annual Work Plans and Budgets**

1. The Recipient shall prepare and furnish to the Association for its approval, not later than October 31 of each year during the implementation of the Project, a proposed annual work plan and budget containing all activities proposed to be carried out under the Project in the following Fiscal Year.

2. Each such proposed annual work plan and budget shall specify among the activities, any training activities that may be required under the Project, including: (a) the type of training; (b) the purpose of the training; (c) the personnel to be trained; (d) the institution or individual who will conduct the
training; (e) the location and duration of the training; (f) the cost of the training; and (g) the outcome and impact of the training.

3. The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed annual work plan and budget, and thereafter to implement the Project or cause it to be implemented with due diligence in accordance with such annual work plan and budget as shall have been approved by the Association ("Annual Work Plan").

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of six calendar months, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods and Non-consulting Services. All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services, shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the provisions of paragraph 3 of this Part B; and (b) Shopping.

3. **Exceptions to National Competitive Bidding Procedures.** The following provisions shall apply to the procurement of goods under National Competitive Bidding procedures: (a) foreign bidders shall be allowed to participate in National Competitive Bidding procedures; (b) bidders shall be given at least one month to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later; (c) no domestic preference shall be given for domestic bidders and for domestically manufactured goods; and (d) in accordance with paragraph 1.14(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14(a)(v) of the Procurement Guidelines.
C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance 100% (inclusive of Taxes) of Eligible Expenditures, consisting of goods, non-consulting services, consultants’ services, Training and Operating Costs for the Project.

For the purpose of paragraph A.1 immediately above:

(a) "Operating Costs" means the incremental expenses incurred on account of Project implementation, based on Annual Work Plans approved by the Association pursuant to Section I.E of Schedule 2 to this Agreement, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, per diem and supervision costs of locally
contracted employees, excluding the salaries of the Recipient's civil service.

(b) "Training" means the cost associated with the training, workshops and study tours, based on Annual Work Plans approved by the Association pursuant to Section IE of Schedule 2 to this Agreement, for reasonable expenditures (other than expenditures for consultants' services), including: (a) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2016.
APPENDIX

Definitions


2. "Bank Safeguard Policies" means the Bank’s operational policies and procedures set forth in the Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.36, 7.50 and 7.60 as said manual is published under www.WorldBank.org/opmanual. (For the purpose of this definition, the term “Bank” refers to the IDA and International Bank for Reconstruction).


4. "EPA" means the Environmental Protection Agency, established and operating pursuant to the Environmental Management Act 1994, (Act 419), and its regulations of the laws of the Recipient.


7. "MoF" means the Recipient’s Ministry of Finance and any successor thereto.

8. "Natural Resources and Environmental Program" means the Recipient’s program designed to promote sustainable growth and poverty reduction through improved natural resource management and environmental governance, and set forth in Recipient’s document titled: “Natural Resources and Environmental Governance (NREG) Program, dated April 20, 2010.”

9. "NREG Secretariat" means the Project coordination unit referred to in Section I.A.2 of Schedule 2 to this Agreement.

11. "Project Implementation Manual" means the manual, satisfactory to the Association, and referred to in Section I.B.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with agreement of the Association.

12. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 18, 2013, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

13. "Technical Coordination Committee" means the Recipient's existing inter-sectoral committee referred to in Section I.A.1 of Schedule 2 to this Agreement, with the structure, functions and responsibilities acceptable to the Association, as set forth in the Project Implementation Manual.