Honorable Kwabena Duffuor  
Minister for Finance and Economic Planning  
Ministry of Finance and Economic Planning  
PO Box MB40  
Accra, Republic of Ghana

Honorable Minister:

GHANA: Micro, Small and Medium Enterprise Project  
Amendment to the Development Credit Agreement (Credit No. 4139-GH)

We refer to the Development Credit Agreement (the Agreement) for the above-mentioned Project, dated February 2, 2006, between the Republic of Ghana (the Borrower) and the International Development Association (the Association). We also refer to your letters dated May 7, 2010 and November 9, 2010, respectively, requesting specific amendments to the Agreement.

We are pleased to inform you that the Association accedes to your request and proposes to amend the Agreement as set forth in this letter (the Amendment).

6. Section 1.02 of the Agreement shall be amended:

(a) by modifying sub-paragraphs (P) and (v), respectively, to read as follows:

“(p)” “LOC Performance Grant” means a performance-based grant under Part A.2 of the Project made or proposed to be made out of the Credit by the Borrower, through BDS Grants Manager, to an eligible bank or other eligible financial institution participating in an IFC-funded line of credit facility in accordance with the provisions of Section V of Schedule 4 to this Agreement.”

“(v)” “Participating Bank” means a commercial bank established and operating pursuant to the laws of the Borrower, which has met the eligibility criteria specified in the PCG Framework Agreement (as hereinafter defined) and as a result has received a Partial Credit Guarantee under Part A.1 of the Project or a Line of Credit Performance Grant under Part A.2 of the Project; and “Participating Banks” means, collectively, more than one Participating Bank.”

(b) by inserting new paragraphs (ii) and (jj), respectively, to read as follows:

“(ii)” “Original Credit Amount” means an amount of thirty one million one hundred thousand Special Drawing Rights (SDR 31,100,000) referred to in Section 2.01 of this Agreement; and”

“(jj)” “Reduced Credit Amount” means an amount of twenty four million one hundred sixty eight thousand three hundred and ten Special Drawing Rights (SDR 24,168,310) referred to in Section 2.01 of this Agreement.”
2. Section 2.01 of the Agreement shall be amended to read as follows:

“Section 2.01” “The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to twenty four million one hundred sixty eight thousand three hundred and ten Special Drawing Rights (SDR24,168,310) (the “Credit”), which consists of an amount in various currencies equivalent to thirty one million one hundred thousand Special Drawing Rights (SDR 31,100,000) (“Original Credit Amount”), as reduced by an amount in various currencies equivalent to Six million nine hundred thirty one thousand six hundred and ninety Special Drawing Rights (SDR 6,931,690) (“Reduced Credit Amount”).”

3. Section 2.03 of the Agreement is amended to read as follows:

“Section 2.03” “The Closing Date shall be June 30, 2013 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.”

4. The table set forth in paragraph A.1 of Schedule 1 to the Agreement shall be deleted in its entirety and replaced with the table set forth in Annex 1 to this Amendment.

5. Schedule 2 to the Agreement shall be amended as follows:

(a) “Part A: Access to Finance”

Paragraphs 1 and 2 under Part A of the Project shall be amended as follows:

“1.” “SME Loan Portfolio Partial Credit Guarantees”

“Provision of financing to facilitate SME loan portfolio partial credit guarantees in local currency to Participating Banks and other eligible participating financial institutions to be issued by IFC on a 50/50 pari passu basis and to be partially backstopped by the Borrower on a first loss basis.”

“2.” “Line of Credit Performance Grants”

“Provision of performance-based grants to Participating Banks and other eligible participating financial institutions in an IFC-funded SME line of credit program to encourage them to reach loan volume and performance targets, and to build their capacity and offset certain start-up costs associated with lending to a new market segment.”

(b) “Part B: Access to markets, Trade Facilitation and Entrepreneurship Development”

(i) Paragraph 2 shall be amended as follows:

6. by deleting subparagraphs 2(a) (ii), (iii) and iv), respectively, and modifying subparagraph 2 (a) (i) to read as follows:

“(a)” “Support for information and communication technology (ICT) based entrepreneurship development through establishment of an information and communication technology park (ICT Park) within the
Borrower’s Multi-Purpose Industrial Park at the port of Tema, through carrying out a comprehensive feasibility and implementation study, financing of key infrastructure and administrative costs, and building of a business and administrative center.”

(B) by deleting subparagraph 2 (c) in its entirety and replacing said paragraph with the following:

“(c)” “(i) Establishing community-based rural technology facilities for SMEs in selected districts and identified priority sectors; and (ii) carrying out comprehensive feasibility and implementation studies for a small scale furniture producer center in the Multi-Purpose Industrial Park in Tema.”

6. Paragraph 3 shall be amended by deleting subparagraph ©, and renumbering subparagraph (d) as ©.

6. Schedule 5 to the Agreement setting forth the Key Performance Indicators shall be deleted in its entirety and replaced with the Schedule set forth in Annex 2 to this Amendment.

All other provisions of the Agreement, except as herein amended, shall remain in full force and effect.

Please indicate agreement to the foregoing, on behalf of the Borrower, by countersigning and dating the form of confirmation on the two original copies of this letter provided and returning one original, as countersigned, to us. Upon receipt by the Association of the copy of this letter countersigned by the Borrower, this amendment shall become effective as of the date of its countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Ishac Diwan
Ishac Diwan
Country Director for Ghana
Africa Region

CONFIRMED:

REPUBLIC OF GHANA

By: /s/ Kwabena Duffuor
Authorized Representative

Date: March 31, 2011
1. Honorable Hannah Tetteh,  
    Minister of Trade & Industry  
    Ministry of Trade & Industry

2. Honorable Haruna Idrissu  
    Minister of Communication  
    Ministry of Communication
Withdrawal of the Proceeds of the Credit

A. General

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)</th>
<th>% of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works</td>
<td>7,532,711</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>1,99,020</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ services and audits</td>
<td>6,359,406</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Training</td>
<td>723,790</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Operating Costs</td>
<td>507,808</td>
<td>100%</td>
</tr>
<tr>
<td>(6) BDS Grants</td>
<td>2,647,909</td>
<td>100% of the amounts disbursed</td>
</tr>
<tr>
<td>(7) LOC Performance Grants</td>
<td>160,780</td>
<td>100% of the amounts disbursed</td>
</tr>
<tr>
<td>(8) Subprograms</td>
<td>1,244,000</td>
<td>100%</td>
</tr>
<tr>
<td>(9) Partial Credit Guarantees</td>
<td>2,812,886</td>
<td>100% of the amounts disbursed</td>
</tr>
<tr>
<td>(10) Unallocated</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>24,168,310</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Schedule:

(a) the term “Training” means all costs associated with the training of personnel involved in Project supported activities including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation; and

(b) the term “Operating Costs” means the incremental operating costs incurred on account of the implementation of the Project including maintenance of vehicles, fuel, equipment, office supplies, utilities, consumables, travel per diems and allowances and travel and accommodation, but excluding salaries of the Borrower’s civil servants.
Annex 2

Schedule 5

Key Performance Indicators

1. Volume of bank credit to MSMEs.
2. Percentage increase in volume of SME Loans extended by participating banks.
3. Total incremental sales revenue ($) (project supported MSMEs).
4. Number of jobs (project supported MSMEs).
5. Number of newly registered MSMEs.
6. Number of approved bankable loan proposals.
7. Number of new Financial Instruments and/or products developed.
8. Total (cum.) number of MSME contract signed (service and/or sales contract with buyers and/or clients).
9. Number and Percentage of MSMEs assisted obtaining national or international product certification and/or standard.
10. Number of comprehensive supply chain and/or cluster strategies adopted.
11. Number of sub contracts signed in target sectors.
12. Number of visitors to the information center.
13. Number of incubates and/or incubated companies graduated from the ICT Park.
14. Number of tourist visits to the craft villages.
15. Number of certified MSME products.
16. Number of recommended law, amendments, regulations and/or codes enacted.
17. Average number of days to comply with business regulation and/or register a business.
18. Average official cost to comply with business regulations and/or cost of business start up.
19. Number of accreditation institutions to certify MSME products.
20. Number of SMEs utilizing common services of Community-Based Rural technology centers.