Dr. K. Y. Amoako, President  
African Center for Economic Transformation  
50 Liberation Road  
PMB CT4, Cantonments  
Accra, Ghana

Dear Dr. Amoako,

FY2011 Development Grant Facility Window 2  
African Center for Economic Transformation (ACET)  
DGF File: 502411

I am writing on behalf of the International Bank for Reconstruction and Development (the Bank) to indicate the Bank’s agreement to make available to the African Center for Economic Transformation (the Recipient) a grant in the amount of one and half million United States dollars (US$1.5million) (the Grant) to support a Global Partnership Program (the Program). The Grant is made from the Bank's FY2011 Development Grant Facility (DGF) Window 2.

Annual applications for Window 2 DGF funding may be made for a maximum period of three years and consequently no DGF Window 2 funding can be considered for the Program after FY2013.

1. Use of the Grant Funds

1.1 The agreed objectives of the Program are set forth in Annex 1 (the Objectives). The Recipient declares its commitment to the Objectives and agrees to use the Grant only for the intended purposes described in the Objectives.

1.2 The Bank shall arrange to have the Grant funds paid to the Recipient following effectiveness and upon receipt of a countersigned copy of this Grant Agreement.

1.3 The Recipient shall exercise the same care in the administration of the Grant as it exercises in the administration of its own funds, having due regard to economy and efficiency and the need to uphold the highest standards of integrity in the administration of public funds.

1.4 The Recipient shall ensure that the Grant is not used for payments (a) prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.
1.5 The Grant funds (and any interest income earned thereon) shall be used to finance payments made by the Recipient on or after July 1, 2010 (the Commencement Date) for funds committed prior to December 31, 2011 (the period from the Commencement Date through December 31, 2011 being the Grant Period). The Recipient understands that all Grant funds must be committed by December 31, 2011 and paid by March 31, 2012. Any Grant funds that are not paid by March 31, 2012 shall be returned to the Bank, unless otherwise agreed in writing by the Bank.

1.6 The Recipient shall ensure that the Grant is not used for payments for which corrupt, fraudulent, collusive, or coercive or obstructive practices (generally referred to herein as “fraud and corruption”) were engaged in by representatives of the Recipient, including its officials, officers, employees and agents, and any subgrantee or other person or entity that receives Grant funds (e.g., end users), transacts Grant funds (e.g., fiscal agents) or takes or influences decisions related to Grant funds, in all cases whether or not in physical possession of such funds (“Representatives”). The Recipient further agrees to take all appropriate measures to prevent fraud and corruption in connection with the Grant, including adopting appropriate fiduciary and administrative practices and institutional arrangements to ensure that the Grant is used only for the purposes for which it was granted.

1.7 If the Bank determines that an amount of the Grant has been used in a manner inconsistent with the provisions of this Grant Agreement, the Recipient shall, upon notice by the Bank to the Recipient, promptly refund such amount to the Bank. If the Bank determines that any Representatives have engaged in fraud and corruption in connection with the Grant, the Recipient shall take timely and appropriate action, satisfactory to the Bank, to address such fraud and corruption.

1.8 The Recipient agrees to immediately report to the Bank any allegations of fraud and corruption in connection with the Grant that come to its attention and cooperate fully with the Bank in any investigation into allegations of fraud and corruption in connection with the Grant. If at any time the Bank determines through its Sanctions Board that a person or entity has engaged in fraud and corruption in connection with the Grant, the Bank may sanction such person or entity (a “debarred entity”), including by declaring it ineligible to (i) receive the proceeds of any Bank loan, credit or grant, (ii) provide goods, works or services to the Bank, or (iii) otherwise participate in any project financed by the Bank. The Recipient agrees that it will not provide any Grant funds to any entity which has been debarred or suspended by the Bank from eligibility. Debarments are listed on the Bank's external website and suspensions will be made available to the Recipient through a password protected website.

2. Records, Accounts and Audit

2.1 The Recipient shall ensure that a financial management system is maintained and financial statements are prepared, in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the activities funded by the Grant.
2.2 The Recipient shall ensure that interim unaudited financial reports for the activities funded by the Grant are prepared and furnished to the Bank not later than 45 days after the end of each half year during the Grant Period, in form and substance satisfactory to the Bank.

2.3 The Recipient shall have its annual financial statements for the activities funded by the Grant audited by independent auditors in accordance with consistently applied auditing standards acceptable to the Bank. Each such audit of the financial statements shall cover the Recipient's fiscal year (which runs from January 1 to December 31) and shall be furnished to the Bank not later than six months after the end of such fiscal year.

2.4 The Recipient shall ensure that: (i) all records evidencing expenditures related to the activities funded by the Grant are retained until at least one year after the Bank has received all the audited financial statements covering the entire Grant Period; and (ii) the representatives of the Bank are able to examine such records, and are provided all such information concerning such records as they may from time to time reasonably request.

3. Reports

3.1 The Recipient shall submit to the Bank two interim activity reports not later than 45 days after the end of each half year during the Grant Period summarizing the activities funded by the Grant. The recipient will also submit an annual activity report not later than June 30, 2012 covering the entire grant period. The reports should: (a) be no more than 10 pages in length and written in clear, concise English; (b) specify the activities, results, milestones, deliverables and issues in relation to the Grant; (c) report on results, including whether or not the Grant's milestones and the Program's results framework have been met; (d) provide explanations of any variations; (e) report on any problems or issues either current or in the foreseeable future; and (f) describe what actions have been or may be taken to overcome such problems.

3.2 The Recipient agrees to submit to the Bank the results of an independent evaluation of the Program, in accordance with generally accepted principles and standards of development evaluation, such as those in the IEG/DAC Sourcebook for Evaluating Global and Regional Partnership Programs: Indicative Principles and Standards, 2007, by June 30 of the year following the last Grant Period. Such independent evaluation shall cover all Grant Periods.

4. General

4.1 The Recipient represents that it is a duly registered legal entity in its local jurisdiction. The Recipient further represents that it: (i) has a history of financial probity and a record of achievement and (ii) has disclosed any significant aspects to the contrary to the Bank.

4.2 The Recipient shall remain responsible for all aspects of the Grant under this Grant Agreement, including with respect to any subgrants. For subgrants, the Recipient shall conclude subgrant agreements that include such terms as are necessary to ensure that all relevant terms of this Grant Agreement, including those relating to the use of funds and fraud and corruption, are binding on subgrantees.
4.3 Communications for administrative and procedural purposes may be made by email, fax or letter as follows, unless otherwise notified in writing by one Contact to the other Contact:

(a) Communications made by the Bank to the Recipient will be directed to (the Recipient Contact):

Dr. K.Y. Amoako, President  
African Center for Economic Transformation  
50 Liberation Road PMB CT4, Cantonments, Accra, Ghana  
kyamoako@acetforafrica.org,  
Tel: +233 302 253 638  

With copy to:

Mr. Anthony Boateng  
Director, Finance and Administration  
African Center for Economic Transformation  
50 Liberation Road, PMB CT, 4, Cantonments  
Accra, Ghana  
Email: aboateng@acetforafrica.org  
Tel: +233 302 253 638  

(b) Communications made by the Recipient to the Bank will be directed to (the Bank Contact):

Ms. Anna Muganda Ballali  
AFRCP, Africa Region, World Bank  
1818 H Street N.W.  
Washington, D.C. 20433, USA  
amuganda@worldbank.org  
Tel: 202 473 2999  
Fax: 202 522 1272  

With copy to:

Mr. Tijan Sallah  
Manager  
AFRCP, Africa Region, World Bank  
1818H Street N.W., Washington, DC 20433, USA  
tsallah@worldbank.org  

4.4 The Bank will disclose this Grant Agreement and related information on the Grant in accordance with its Policy on Access to Information. By entering into this Grant Agreement, the Recipient consents to such disclosure.
4.5 This Grant Agreement, including any annexes, comprises the entire agreement between the Bank and the Recipient relating to the subject matter hereof. It supersedes any prior arrangements, agreements or understandings relating to the subject matter and also does not include any subsequent qualifying side or cover letters.

4.6 By confirming its agreement below, the Recipient represents that it is authorized to enter into this Grant Agreement and to withdraw Grant funds for the intended purposes and in accordance with the terms stated above. The Recipient acknowledges that any breach of this Grant Agreement or any issues raised with respect to the use of Grant funds may affect consideration of any possible future DGF grant application.

Please confirm your agreement to the foregoing on behalf of the Recipient by signing, dating and returning to us the enclosed copy of this Grant Agreement. Upon receipt by the Bank of the copy of this Grant Agreement countersigned by you, this Grant Agreement will become effective as of the Commencement Date.

Sincerely,

INTERNATIONAL BANK
FOR RECONSTRUCTION AND DEVELOPMENT

/s/ Otaviano Canuto
Vice President and Head of Network
Poverty Reduction and Economic Management

CONFIRMED AND AGREED:
African Center for Economic Transformation

By: /s/ Dr. K. Y. Amoako
President

Date: November 12, 2010
ANNEX 1

A. GRANT OBJECTIVES
The objective of the Grant is to assist African governments to accelerate growth and poverty reduction through an integrated package of services, involving on-demand policy advisory services, research, and institution building in particular to address the fundamental problem of weak governance and public sector capacity in Africa, especially in post-conflict fragile states.

B. ACTIVITIES
The Grant funds will be used to support the following activities:

(a) Policy advisory and institutional development: Provision of technical support to the Governments of Ghana, Liberia, Sierra Leone, and Rwanda in: (i) strengthening their planning and budgeting functions; (ii) designing and implementing aid policies and strategies; (iii) improving decision-making, public investment programs and coordination in their central governments; and (iv) supporting effective long-term planning or visioning.

(b) Policy analysis and research: Accelerate policy analysis and research work using the Growth Commission approach and, adapting it to Africa’s unique challenges through developing indicators to monitor progress on key attributes of growth and transformation, i.e., private sector development, financial sector reforms, export and trade competitiveness, and infrastructural development.

(c) Managing extractive industries: Provision of technical assistance support to the governments of Sierra Leone and Liberia in (i) policy formulation, negotiation and enforcement; (ii) creating structures that promote public accountability to maximize the public benefit from these endowments and helping each government to make tangible improvements in legal and regulatory structures that address issues such as how rights are awarded (competitive and transparent auctions), fiscal terms (better deals), and administrative structures and oversight (good governance, checks and balances), public participation, enforcements, and environmental sustainability.

C. DELIVERABLES
- Technical support on institutional strengthening to 4 countries (Ghana, Liberia, Sierra Leone, and Rwanda)
- Three research papers on country growth and two sub-sector studies in agro-processing and textiles in 2011.
- Policy advice on managing extractive industries to 2 countries (Sierra Leone, and Liberia)
D. BUDGET

The Recipient agrees to spend the Grant according to the following budget; provided that up to 10% of the total Grant amount may be reallocated among categories listed below without requiring an amendment to the Grant Agreement; and provided further that any reallocation shall be notified in writing to the Bank Contact.

<table>
<thead>
<tr>
<th>Expense Categories</th>
<th>Amount (in USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Expenses</td>
<td></td>
</tr>
<tr>
<td>Advisory and Institutional Development</td>
<td>350,000</td>
</tr>
<tr>
<td>Research – Economic Transformation Studies</td>
<td>300,000</td>
</tr>
<tr>
<td>Extractives Management</td>
<td>350,000</td>
</tr>
<tr>
<td>Dissemination/Workshops/Seminars</td>
<td>350,000</td>
</tr>
<tr>
<td>Overhead cost (if any, less than 10%)</td>
<td>150,000</td>
</tr>
<tr>
<td>Sub grants (if any)</td>
<td>0</td>
</tr>
<tr>
<td>Independent Evaluation (applicable in last year only)</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1,500,000</td>
</tr>
</tbody>
</table>