June 2, 2017

Honorable Ken Ofori Atta
Minister for Finance
Ministry of Finance
Accra
Republic of Ghana

Honorable Ofori Atta:

Japan Social Development Fund (JSDF)
Grant for Peri-Urban Vegetable Value Chain for Poverty Reduction
Project Grant No. TFOA4745

In response to the request for financial assistance made on behalf of the Republic of Ghana ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by Japan ("Donor") under the Japan Social Development Fund, proposes to extend to the Recipient, a grant in an amount not to exceed two million eight hundred and fifty thousand United States Dollars (U.S.$2,850,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Henry Kerali
Country Director for Ghana
Africa Region

AGREED:
REPUBLIC OF GHANA

By
Authorized Representative

Name CHARLES ADU BOAHEN
Title Hon. Deputy Minister
Date: 15th June 2017
MINISTRY OF FINANCE
DEPUTY MINISTER

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms have the following meanings:

(a) "Annual Work Plan and Budget" means the plan and budget referred to in 2.05 of the Annex to this Agreement.

(b) "Beneficiary" means an individual or group of farmers, registered and operating in accordance with the laws of the Recipient, which has met the eligibility criteria specified in the Project Operations Manual (hereinafter defined) and, as a result, has been extended, or is to be extended, a Sub-grant for the carrying out of a Sub-project. Beneficiaries shall mean all such beneficiaries collectively.

(c) "Environmental and Social Management Framework" or "ESMF" means the framework of the Recipient prepared for the Project, dated September 16, 2016, setting the policy framework, principles, standards, processes and institutional arrangements to be applied to assess potential adverse environmental and social impacts associated with Sub-projects under the Project, and the ways to avoid, minimize, mitigate or offset them, including public consultation, disclosure and reporting, as the said framework may be amended and/or supplemented from time to time with the prior concurrence of the World Bank.

(d) "Multi-year Supply Purchase Agreement" means an agreement between a Beneficiary and a Production Partnership Entrepreneur for selling and buying vegetables at agreed prices.

(e) "Operating Costs" means reasonable Project related incremental expenses incurred on account of Project implementation, including office rental fees, equipment maintenance, office maintenance, administration costs, utilities, insurance costs, communications, translation and interpretation, printing, procurement-related advertising, office supplies, bank charges, Project related travel including per diem, accommodation and transportation, vehicle rental and fuel, postal fee, but excluding salaries of officials and public servants of the Recipient’s civil service.

(f) "Pest Management Plan" or "PMP" means the Recipient's pest management plan of the Recipient prepared for the Project, dated September 16, 2016, acceptable to the World Bank, describing the actions and policies required or appropriate to promote and support the safe, effective and environmentally-sound pest management under the Project, as such Pest Management Plan may be amended from time to time, and such term includes all schedules and agreements supplemental to the Pest Management Plan.
"Productive Partnership Agreement" means an agreement to be entered into between a Production Partner and respective Beneficiary referred to in Section 2.08 of this Agreement.

"Productive Partnership Arrangement" means an arrangement entered into between the Beneficiaries and the Production Partners for purposes of establishing and maintaining.

"Productive Partnership Entrepreneur" means an individual or enterprise with experience in vegetables production and marketing systems who will enter into a Multi-Year Supply-Purchase Agreement with a Beneficiary.

"Project Operations Manual" means the manual referred to in Section 2.06 of the Annex to this Agreement, outlining, inter alia, the implementation, organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement, and procurement arrangements for purposes of implementation of the Project, Sub-projects and Productive Partnership Arrangements as the same may be amended from time to time with the concurrence of the World Bank, and such term includes any schedules to said manual.

"Resettlement Policy Framework" or "RPF" means the framework satisfactory to the World Bank, dated September 16, 2016 setting forth the guidelines and procedures for preparation of resettlement action plans in the likely event of acquisition of rights to land, resettlement procedures and compensation, institutional arrangements, including valuation procedures, budget, public consultation and participation, monitoring and evaluation, and disclosure, as the same may be amended from time to time with the agreement of the World Bank.

"Steering Committee" means the committee referred to in Section 2.04 of the Annex to this Agreement.

"Sub-grant Agreement" means an agreement entered into, or to be entered into, between the Recipient and a Beneficiary, for the purpose of extending a Sub-grant to such Beneficiary on the terms and conditions set forth or referred to in the Project Operations Manual.

"Sub-grant" means a grant made or proposed to be made out of the proceeds of the Grant to a Beneficiary for the purpose of financing a Sub-project under the Project.

"Sub-project" means a set of specific activities carried out or to be carried out by a Beneficiary under the Project and financed or proposed to be financed through a Sub-grant.

"Vegetable Warehousing System" means a facility equipped with refrigerators and with the capacity to transport vegetables to marketing centers.
Article II
Project Execution

2.01.  Project Objectives and Description. The objective of the Project is to improve productivity and market access by the beneficiary vegetable farmers in selected peri-urban communities in the Recipient’s territory.

The Project consists of the following parts:

Part 1: Farmer Managed Irrigation Systems Development

Development of selected irrigation infrastructures in the selected farming communities for better vegetable production and empowerment of selected farmers for increased earnings, through:
(a) designing and implementing agriculture irrigation infrastructure; and
(b) establishing producer associations/water user groups to ensure fair field water distribution, irrigation infrastructure management, and capacity building of such users for irrigation systems management.

Part 2: Farmer Capacity Development and Support for Productivity Improvement

Support the adoption of modern and improved production technologies, through:
(a) carrying out a sustained farmers’ capacity development program on the modern vegetable production and post-harvest handling techniques; and
(b) providing subsidies as Sub-grants to the selected Beneficiaries for Sub-projects to help accelerate technology adoption and increase productivity.

Part 3: Improving Post-Harvest Handling and Market Access

Carrying out a program of activities to improve selected farmers’ income through:
(a) developing and coordinating the vegetable value chain support to producers’ organizations; (b) enhancing their productivity and competitiveness, and to develop market linkages; (c) supporting Beneficiaries to enter into arrangements with Productive Partners to purchase vegetable; (d) establish Vegetable Warehousing Systems and equipment; and (f) provide relevant training to technical operators.

Part 4: Project Management and Administration, Monitoring and Evaluation, and Knowledge Dissemination

Establishment of an effective coordination, management, monitoring and evaluation system for the Project, thereby ensuring the implementation at each level of suitable financial management and procurement systems by Ministry of Food and Agriculture, timely and accurate monitoring and evaluation and reporting on Project activities, all through the provision of goods, consultants’ services, non-consulting services, training, and the financing of operating costs.

2.02.  Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Food and Agriculture in accordance with the provisions of:
(a) Article II of the Standard Conditions;
(b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and
(c) this Article II.
2.03. **Staffing.** Without limitations upon the foregoing, the Recipient shall: (a) implement the Project in accordance with this Agreement and the Project Operations Manual, and in a manner and substance satisfactory to the World Bank; and (b) maintain until the completion of the Project, with the functions and responsibilities further described in the Project Operations Manual, a Project implementation team, with staff and experience, qualifications and expertise satisfactory to the World Bank. The Project implementation team will be responsible for the day to day implementation of the Project.

2.04. **Steering Committee.** The Recipient shall maintain, at all times during the implementation of the Project, a Steering Committee with a mandate, composition and resources satisfactory to the World Bank. The Steering Committee shall meet semi-annually or more often if required and be responsible for, inter alia: (a) providing strategic and policy direction on the Project activities; (b) facilitating the removal of any obstacles to the implementation of the Project; (c) reviewing and approving the Annual Work Plans and Budgets for the Project; and (d) reviewing and approving Sub-grants proposed to be made to eligible Beneficiaries.

2.05. **Annual Work Plans and Budget.** The Recipient shall: (a) prepare and furnish to the World Bank for its approval, not later than October 31 of each year during the implementation of the Project, an Annual Work Plan and Budget containing all eligible Project activities and expenditures planned for the following fiscal year, including a specification of the source or sources of financing for all eligible expenditures; (b) ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets approved for the respective fiscal year; provided, however, that in case of any conflict between the Annual Work Plans and Budgets and the provisions of this Agreement, the provisions of this Agreement shall prevail; and (c) not make or allow to be made any change to the approved Annual Work Plan and Budget without prior approval in writing by the World Bank.

2.06. **Project Operations Manual (POM).** The Recipient shall, prepare and adopt a Project Operations Manual, and thereafter ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Operations Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive the Operations Manual or any of its provisions without prior approval in writing by the World Bank.

2.07. **Sub-Projects.**

(a) For purposes of Part 2 of the Project, the Recipient shall ensure: (A) that Sub-projects to be financed from the proceeds of the Grant are approved by the World Bank; (B) the selection and approval of Sub-projects in accordance with the eligibility criteria and selection procedures set forth in the Project Operations Manual (“Project Operations Manual”); and (C) the conclusion of Sub-grant Agreements with the selected Beneficiaries on terms and conditions satisfactory to the World Bank and specified in the Project Operations Manual (provided, however, that in case of any conflict between the provision set out in the Sub-grant Agreements and the provisions of this Agreement, the provisions of this Agreement shall prevail), which shall include the following:
(i) the financing of Sub-projects shall be on a grant basis; and

(ii) the Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including the right to: (A) suspend or terminate the right of a Beneficiary to use the proceeds of the Sub-grant upon the Beneficiary's failure to perform any of their obligations under the related Sub-grant Agreement; and (B) require such Beneficiary to: (i) carry out the Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including requirements of the Project Operations Manual, ESMPF, RPF, PMP, and the provisions of the Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the Recipient; (ii) provide, promptly as needed, the resources required for the purposes of the Sub-project; (iii) procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of this Agreement and the Project Operations Manual; (iv) maintain policies and procedures adequate to monitor and evaluate the progress of the Sub-project and the achievement of its objectives in accordance with indicators acceptable to the World Bank; (v) enable the Recipient and the World Bank to inspect the Sub-project, its operation and any relevant records and documents; and (vi) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the Sub-project.

(b) The Recipient shall exercise its rights under each Sub-grant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Sub-grant Agreement or any of its provisions.

2.08. Productive Partnership Arrangements.

(a) In implementing Part 3(c) of the Project, the Recipient shall:

(i) select the respective Productive Partnership Entrepreneurs in accordance with detailed criteria set forth in the Project Operations Manual; and

(ii) require each selected Partner to enter into an agreement (Productive Partnership Agreement) with the Beneficiaries on terms and conditions approved by the Association, which shall inter alia include: (A) a requirement for the Productive Partner Entrepreneur to contribute 40% of the costs for the Vegetable Warehouse Systems; and (B) the Beneficiaries receive 62% and the Production Partner Entrepreneur 38% of the profits accruing from the Productive Partnership Agreement.

(b) Except as the Association shall otherwise agree, the Recipient shall ensure that the Beneficiaries do not assign, amend, abrogate, terminate, waive or fail to enforce any Productive Partnership Agreement or any of its provisions.

(c) In the event of any inconsistency between the provisions of the Production Partnership Agreement and this Agreement, the provisions of this Agreement shall prevail.
2.09. Environmental and Social Safeguards.

(a) The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Management Framework (ESMF), Resettlement Policy Framework (RPF), and the Pest Management Plan (PMP), respectively. To this end, the Recipient shall ensure that the respective Beneficiary has pursuant to the Sub-grant Agreement, specifically required the following actions be taken in a manner acceptable to the World Bank: (i) if an environmental management plan or similar safeguard instrument would be required for a Sub-project on the basis of the ESMF: (A) such environmental management plan or similar safeguard instrument shall be prepared in accordance with the requirements of the ESMF, disclosed locally and furnished to the World Bank for approval; and (B) the Sub-project shall be carried out in accordance with such environmental management plan or similar safeguard instrument as approved by the World Bank; (ii) if a resettlement action plan would be required for a Sub-project on the basis of the Resettlement Policy Framework: (A) said resettlement action plan shall be prepared in accordance with the requirements of the Resettlement Policy Framework, disclosed locally and furnished to the World Bank for approval; and (B) no works under a Sub-project shall commence until: (i) all measures required to be taken under said resettlement action plan prior to the initiation of said works have been taken; (ii) has received from the responsible Beneficiary and furnished to the World Bank, a report in form and substance satisfactory to the World Bank, on the status of compliance with the requirements of said resettlement action plan; and (iii) the World Bank has confirmed that said works may commence.

(b) The Recipient shall ensure that all measures required for carrying out any environmental management plan or similar safeguard instrument, and any resettlement action plan are taken in a timely manner.

(c) Without limitation to its other reporting obligations under this agreement and under Section 2.06 of the Standard Conditions, the Recipient shall include in the Project Reports referred to in Section 2.07 of this Annex adequate information on the implementation of the ESMF, RPF, PMP, any environmental management plan or similar safeguard instrument, and any resettlement action plan, giving details of: (i) measures taken in furtherance of the ESMF, RPF, PMP, any environmental management plan or similar safeguard instrument, and any resettlement action plan; (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESMF, RPF, PMP, any environmental management plan or similar safeguard instrument, and any resettlement action plan; (iii) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of the ESMF, the RPF, the PMP, any environmental management plan or similar safeguard instrument, and any resettlement action plan.
2.10. **Donor Visibility and Visit.**

(a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor's support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, enable the representatives of the Donor to visit any part of the Recipient's territory for purposes related to the Project.

2.11. **Project Monitoring, Reporting and Evaluation.**

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.12. **Financial Management.**

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than (6) six months after the end of such period.

2.13. **Procurement**

(a) **General.** All goods, works, non-consulting services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated
January 2011 (revised July 2014) (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank 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.

(c) Particular Methods of Procurement of Goods, Works and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts which are specified in the Procurement Plan: (A) National Competitive Bidding; and (B) Shopping.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in sub-paragraph (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality-and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection based on Consultants’ Qualifications; (C) Single-source Selection of consulting firms; (D) Selection of Individual Consultants; and (E) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.
Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in US$)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants</td>
<td>324,792</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Training</td>
<td>504,400</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods</td>
<td>1,189,700</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Works</td>
<td>588,156</td>
<td>60%</td>
</tr>
<tr>
<td>(5) Operating Costs</td>
<td>132,952</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Sub-Grants</td>
<td>150,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,850,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2020.
Article IV
Effectiveness; Termination

4.01. The Recipient shall prepare and adopt a Project Operations Manual satisfactory to the World Bank.

Article V
Recipient’s Representative; Addresses

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Recipient’s minister of finance.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

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

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

5.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

- International Bank for Reconstruction and Development/International Development Association
- 1818 H Street, N.W.
- Washington, D.C. 20433
- United States of America

Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391