Agreement Amending Development Credit Agreement

(Small Towns Water Supply and Sanitation Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 8, 2007
AGREEMENT AMENDING
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated August 8, 2007, between the REPUBLIC OF GHANA (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower and the Association have entered into a Development Credit Agreement, dated August 13, 2004 (the Development Credit Agreement), for the purpose of assisting in the financing of the Small Towns Water Supply and Sanitation Project (the Project) described in Schedule 2 to the Development Credit Agreement;

(B) the Borrower has requested the Association to provide additional financing in order to complete ongoing Project activities, by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to six million six hundred thousand Special Drawing Rights (SDR 6,600,000); and

WHEREAS the Association has agreed on the basis, inter alia, of the foregoing, to provide such additional financing to the Borrower upon the terms and conditions set forth in this Amending Agreement (as hereinafter defined);

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Section 1.01. Section 1.02 of the Development Credit Agreement is amended by:

(i) inserting the following paragraph (c) and renumbering the existing paragraphs (c) through (dd) as paragraphs (d) to (ee):

“(c) ‘Amending Agreement’ means this Agreement Amending the Development Credit Agreement between the Borrower and the Association, dated August 13, 2004;”

Section 1.02. Section 2.01 of the Development Credit Agreement is 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 the Development Credit Agreement, an amount in various currencies equivalent to twenty four million four hundred thousand Special Drawing Rights (SDR 24,400,000) (the Credit), which includes: (a) an original amount in various currencies equivalent to seventeen million eight hundred thousand Special Drawing Rights (SDR 17,800,000) (the Original Financing); and (b) an additional amount in various currencies equivalent to six million six hundred thousand Special Drawing Rights (SDR 6,600,000) (the Additional Financing).”
Section 1.03. Section 2.04 (b) (i) of the Development Credit Agreement is amended by adding after the term “cancelled” the following proviso:

“provided however, that any commitment charge on the Additional Financing shall accrue from a date sixty (60) days after the date of the Amending Agreement;”

Section 1.04. Section 2.07 (a) of the Development Credit Agreement is amended to read as follows:

“(a) Subject to paragraphs (b) and (c) below, the Borrower shall:

(A) repay the principal amount of the Original Financing in semi-annual installments payable on each March 15 and September 15, commencing September 15, 2014 and ending March 15, 2044. Each installment to and including the installment payable on March 15, 2024, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount; and

(B) repay the principal amount of the Additional Financing in semi-annual installments payable on each June 15 and December 15 commencing December 15, 2017 and ending June 15, 2047. Each installment to and including the installment payable on June 15, 2027 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.”

Section 1.05. The table set forth in paragraph 1 of Schedule 1 to the Development Credit Agreement is deleted and replaced with the table set forth in Attachment I to this Amending Agreement.

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 that the execution and delivery of this Amending Agreement has been duly authorized or ratified by all necessary governmental action, and this Amending Agreement is legally binding upon the Borrower in accordance with its terms.

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 showing on behalf of the Borrower, that this Amending Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower and is legally binding upon the Borrower in accordance with its terms.
Section 2.03. This Amending Agreement shall come into force and effect on the date upon which the Association shall dispatch 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 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 Accra, Republic of Ghana, as of the day and year first above written.

REPUBLIC OF GHANA

By /s/ Kwadwo Baah-Wiredu

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Mats Karlsson

Authorized Representative
SCHEDULE 1

Withdrawal of the Proceeds of the Credit

<table>
<thead>
<tr>
<th>Category</th>
<th>Original Financing</th>
<th>Additional Financing</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Grants for Subprojects</td>
<td>13,700,000</td>
<td>5,710,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>250,000</td>
<td>230,000</td>
<td>100% of foreign expenditures and 90% of local expenditures</td>
</tr>
<tr>
<td>(3) Consultants’ services and training</td>
<td>1,400,000</td>
<td>330,000</td>
<td>90%</td>
</tr>
<tr>
<td>(4) Management Fee under Part C of the Project</td>
<td>1,250,000</td>
<td>330,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>1,200,000</td>
<td>0</td>
<td></td>
</tr>
</tbody>
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TOTAL 17,800,000  6,600,000