Financing Agreement

(Additional Financing for the Ghana Oil and Gas Capacity Building Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 10, 2015
CREDIT NUMBER 5522-GH

FINANCING AGREEMENT

AGREEMENT dated ___, 2015, entered into between
REPUBLIC OF GHANA (“Recipient”) and INTERNATIONAL DEVELOPMENT
ASSOCIATION (“Association”) for the purpose of providing additional financing for the
Original Project (as defined in the Appendix to this Agreement). 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 or in the Original Financing 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 credit in an amount equivalent to
twelve million nine hundred thousand Special Drawing Rights (SDR 12,900,000)
(variously, “Credit” and “Financing”), to assist in financing the project described
in Schedule I 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance
shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance
shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are April 1 and October 1 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the
repayment schedule set forth in Schedule 3 to this Agreement.
2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project, or cause it to be carried out, 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.

4.02. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years 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, Republic of Ghana

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, Republic of Ghana, as of the day and year first above written.

REPUBLIC OF GHANA

By

[Signature]
Authorized Representative

Name: Mr. Seth Terkper
Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: [Signature]
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient’s efforts to: (i) improve management and regulatory capacity while enhancing transparency; and (ii) strengthen local technical skills in its emerging oil and gas sector.

The Project consists of the Original Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

The Project's institutional and implementation arrangements shall be identical to those set forth in Sections I.A to Section I.E of Schedule 2 to the Original Financing Agreement, except as set forth immediately below in Section I.A of this Schedule, in respect of the Anti-Corruption Guidelines referred to in Section I.C of Schedule 2 to the Original Financing Agreement.

A. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 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, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. 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, Works and Non-consulting Services.** All goods, works 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works 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 Works and Non-consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the provisions of paragraph 3 of this Part B</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
</tbody>
</table>

3. **Exceptions to National Competitive Bidding Procedures.** The following provisions shall apply to the procurement of goods and works 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 1.16(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 1.16(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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection</td>
<td></td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
<td></td>
</tr>
<tr>
<td>(c) Selection based on Consultants' Qualifications</td>
<td></td>
</tr>
<tr>
<td>(d) Least-Cost Selection</td>
<td></td>
</tr>
<tr>
<td>(e) Single-source Selection of consulting firms</td>
<td></td>
</tr>
<tr>
<td>(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
<td></td>
</tr>
<tr>
<td>(g) Single-source Procedures for the Selection of Individual Consultants.</td>
<td></td>
</tr>
</tbody>
</table>

D. **Review by the Association of Procurement Decisions**

1. 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.
2. All terms of reference for consultants' services, regardless of contract value, shall be subject to the Association's prior review.

E. **Transitional Provisions in respect of Procurement**

1. Notwithstanding the terms and conditions of the Original Financing Agreement and to the extent that the procurement of any goods, works, non-consulting services or consultants' services to be financed, at least in part, out of the proceeds of the Original Credit was or will be initiated on or after February 3, 2014, the Recipient acknowledges and agrees that the provisions of this Agreement set forth or referred to in: (a) Section I.A (Anti-Corruption) of this Schedule (including the related provisions under the General Conditions) shall apply to the proceeds of the Original Credit utilized to finance such goods, works, non-consulting services or consultants' services, and (b) Section III (Procurement) of this Schedule (including the related provisions under the General Conditions) shall apply to the procurement of such goods, works, non-consulting services or consultants' services.

2. Notwithstanding the provisions of Section I.A (Anti-Corruption) and Section III (Procurement) of this Schedule 2: (i) to the extent that the procurement of any goods, works, non-consulting services or consultants' services to be financed out of the proceeds of the Original Credit was initiated prior to February 3, 2014; and (ii) there are no proceeds remaining under the Original Credit to finance such goods, works, non-consulting services or consultants' service; then, on an exceptional basis only and subject to the Association's prior no-objection, Section I.A of this Schedule 2 shall not apply to the proceeds of the Financing utilized to finance such goods, works, non-consulting services or consultants' services, and Section III of this Schedule shall not apply to the procurement of such goods, works, non-consulting services or consultants' services; provided, however, that the provisions of Section I.C (Anti-corruption) of Schedule 2 to the Original Financing Agreement, including the modifications thereto set forth in Section II of the Appendix to the Original Financing Agreement, and those of Section III of Schedule 2 (Procurement) to the Original Financing Agreement shall apply, respectively, to the proceeds of the Financing utilized to finance such goods, works, non-consulting services and consultants' services and to the procurement of such goods, works, non-consulting services and consultants' services.

**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 Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing 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 Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services,</td>
<td>12,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training and Operating Costs for the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>12,900,000</td>
<td></td>
</tr>
</tbody>
</table>

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, except that withdrawals up to an aggregate amount not to exceed SDR 2.5 million equivalent may be made for payments made prior to this date but on or after June 1, 2014, for Eligible Expenditures.

2. The Closing Date is June 30, 2017.

Section V. Other Undertakings

1. The Recipient shall, not later than December 31, 2015, cause KNUST to recruit, pay and maintain laboratory technicians, and provide an adequate budget for running the petroleum engineering laboratory.

2. The Recipient shall: (a) not later than June 30, 2015, cause EPA to employ qualified laboratory technicians and make such budgetary allocations as shall be appropriate to operate the EPA's Western Region office; and (b) not later than June 30, 2015, ensure that EPA has made all necessary arrangements to staff the marine vessel financed under the Project, and at all times during the
implementation of the Project, make such budgetary allocations as shall be appropriate to cover the operating and maintenance costs of said marine vessel.
## SCHEDULE 3

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 1 and October 1:</td>
<td></td>
</tr>
<tr>
<td>commencing October 1, 2029 to and including April 1, 2029</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing October 1, 2029 to and including April 1, 2039</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions

The capitalized terms defined in the Section I of the Appendix to the Original Financing Agreement shall have the meanings set forth therein, and the following terms shall have the following meaning:


2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

5. “Original Credit” means the credit provided under the Original Financing Agreement.

6. “Original Financing Agreement” means the financing agreement for an Oil and Gas Capacity Building Project between the Recipient and the Association, dated April 11, 2011 (Credit No 4847-GH).

7. “Original Project” means the Project described in the Original Financing Agreement.


9. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 29, 2014 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.
Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. Service Charge and Interest Charge

(a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

2. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).