Financing Agreement

(Greater Accra Metropolitan Area Sanitation and Water Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 27, 2013
GRANT NUMBER H854 - GH

FINANCING AGREEMENT

AGREEMENT dated December 17, 2013, entered into between
REPUBLIC OF GHANA ("Recipient") and INTERNATIONAL DEVELOPMENT
ASSOCIATION ("Association"). 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.

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 grant in an amount equivalent to one hundred million one hundred thousand Special Drawing Rights (SDR 100,100,000) (variously, "Grant" and "Financing") to assist in financing the project described in Schedule 1 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 Payment Dates are April 15 and October 15 in each year.

2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Parts A, C, D.1, D.2, D.3 D.5 and D.6 of the Project through MLGRD, and cause Parts B and D.4 of the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
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 — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that Project Implementing Entity’s Memorandum and Articles of Association, and status of its incorporation pursuant to the Companies Act 461 of 1993 (as amended under Legal Instrument 1648 of 1st July 1999), of the laws of the Recipient, have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Association, the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) the Recipient has adopted and submitted to the Association, the Project Implementation Manual, in form and substance satisfactory to the Association;

(b) the Recipient has appointed to the LGPCU, a project coordinator, a procurement consultant, a financial management consultant, a project accountant, and an environmental and social management monitoring specialist, all in accordance with Section III.C of Schedule 2 to this Agreement; and

(c) the Recipient has established the Steering Committee and brought said Steering Committee to operation, in form and substance satisfactory to the Association; and

(d) the Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.

5.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
5.04. 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 years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Minister responsible for finance.

6.02. The Recipient's Address is:

Ministry of Finance  
P.O. Box MB40  
Accra, Ghana  
Cable: Telex: Facsimile:  
ECONOMICON 2205 MIFAEP GH 233-30-2667069

6.03. The Association's Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  
Cable: Telex: Facsimile:  
INDEVAS 248423 (MCI) 1-202-477-6391  
Washington, D.C.
AGREED at Accra, Ghana, as of the day and year first above written.

REPUBLIC OF GHANA

By:

Authorized Representative

Name: HON SETH E. TERKPER
Title: MIN. OF FIN. & ECON. PLANNING
P. O. BOX MB 40
ACCRA

17/12/13

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

Authorized Representative

Name: Yussufu Crookes
Title: COUNTRY DIRECTOR, GHANA
SCHEDULE 1

Project Description

The objective of the Project is to increase access to improved sanitation and improved water supply in the Greater Accra Metropolitan Area (GAMA), with emphasis on low income communities; and to strengthen management of environmental sanitation in the GAMA.

The Project consists of the following parts:

Part A: Provision of Environmental Sanitation and Water Supply Services to Priority Low Income Areas of the GAMA

1. Increasing the access to environmental sanitation services and water supply in low-income areas of the GAMA, including: (a) promoting construction and upgrade of domestic toilets; (b) installation of house connections for water supply; (c) construction of institutional environmental sanitation and water supply facilities in schools, health centers and other public areas; (d) designing pilot activities for installation of latrines, toilets and sewerage systems in selected communities; (e) developing a sustainable septage management service; (f) developing a unified regulatory framework for septage haulers; and (g) establishing and strengthening the social accountability mechanisms to report service delivery, all through the provision of works, technical advisory services, and acquisition of goods.

Part B: Improvement and Expansion of Water Distribution Network in the GAMA

1. Improving and expanding the water distribution network to low income communities in the GAMA, including installation of distribution mains, booster pumps, water meters and other facilities required for water supply, all through the provision of works, technical advisory services, and acquisition of goods.

Part C: Planning, Improvement and Expansion of GAMA-wide Environmental Sanitation Services

1. Developing integrated GAMA-wide plans for liquid and solid waste management and drainage, and implementation of critical elements of the plans such as the improvement of wastewater or septage treatment and disposal, including: (a) rehabilitation of dysfunctional local sewerage and wastewater treatment systems under the liquid waste master plan; (b) assessing gas potential on wastewater and septage treatment systems and abandoned solid waste landfills and dumps; (c) developing the design of large and small septage treatment plants; and (d) strengthening the capacity of the municipal authorities to manage
environmental sanitation services, all through the provision of works, technical advisory services and acquisition of goods.

Part D: Institutional Strengthening

Strengthening the institutional and technical capacity for Project management, implementation, monitoring and evaluation, through the provision of technical advisory services, training, operating costs, and acquisition of goods, including:

1. Strengthening the capacity of the GAMA MMAs for, *inter alia*, project management, integrated planning of sanitation services with active community participation, oversight and enforcement of environmental sanitation regulations and by-laws, including the establishment of monitoring, regulatory, and social accountability mechanisms.

2. Strengthening the capacity of the MLGRD’s EHSD to, *inter alia*, provide strategic sanitation, leadership and training to key staff of the Waste Management Departments in the GAMA and elsewhere, assist the GAMA Waste Management Departments in implementing community-level interventions, strengthen the sanitation monitoring system, regulate environmental sanitation service providers, and mediate a dialogue between the MMAs and other key stakeholders for the establishment of sustainable arrangements for operating and managing sanitation facilities shared between the MMAs.

3. Strengthening the capacity of MLGRD’s LGPCU to, *inter alia*, procure and supervise the implementation of larger infrastructure serving more than one MMA, guide the establishment and management of an output-based subsidy fund, procure and supervise the production of integrated master plans for liquid waste, solid waste drainage, and procure and supervise the development and implementation of a hygiene and sanitation behavior change.

4. Strengthening the capacity of the Ghana Water Company Limited for, *inter alia*, the establishment of a special services unit to engage low income communities in participatory review, selection, implementation and oversight of water services, manage implementation of bulk water supply and related services.

5. Strengthening the capacity of the local private sector actors’ participation in the provision of access to sanitation to low income communities, including carrying out an assessment to develop microfinance and other credit systems to assist households with sanitation facilities.

6. Strengthening the social accountability mechanism within the MLGRD, and developing social accountability mechanisms within the MMA’s, GWCL and relevant agencies and entities for improved levels of service.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Steering Committee

(a) The Recipient shall ensure that the Steering Committee is maintained at all times during the implementation of the Project, with a composition, functions and responsibilities satisfactory to the Association, as set forth in the Project Implementation Manual, for purposes of providing strategic direction and overseeing Project implementation.

(b) Without limitation to sub-paragraph (a) of this paragraph, the Steering Committee shall be responsible for, inter alia: (i) approving Annual Work Plans; (ii) reviewing progress made towards achieving the Project’s objectives; (iii) facilitating the coordination of Project activities, and making recommendations for removal of any obstacles to the implementation of the Project; and (iv) providing comments on progress reports and reviews prepared by the Local Government Project Coordinating Unit and the GWCL for the benefit of the Association.

2. Ministry of Local Government and Rural Development (MLGRD) – Local Government Project Coordinating Unit (LGPCU)

(a) The Recipient shall, at all times during the implementation of the Project, maintain within the MLGRD, a coordinating unit (the Local Government Project Coordinating Unit or LGPCU), with adequate staff and resources satisfactory to the Association, for the purpose of ensuring prompt and efficient coordination of the Project implementation.

(b) Without limitation on the provisions of paragraph 2 (a) immediately above, the LGPCU shall be responsible for: (i) the coordination, monitoring, evaluation, reporting and communication of the Project; (ii) planning and implementation of the activities under Parts A, C and D.1, D.2, D.3, D.5 and D.6 of the Project; (iii) fiduciary (i.e., financial management and procurement) of Parts A, C and D.1, D.2, D.3, D.5 and D.6 of the Project; and (iv) ensuring compliance with social and environmental safeguards aspects of the Project.

(c) Without limitation on the provisions of paragraphs 2(a) and (b) immediately above, the LGPCU shall work in close collaboration with, and provide all the required support to the Environmental Health and
Sanitation Directorate (EHSD) within the MLGRD to facilitate the implementation, management and supervision of the environmental and sanitation activities under Parts A and C of the Project.

B. Implementation Arrangements

Project Implementation Manual

1. The Recipient shall carry out the Project, and cause the Project to be carried out, in accordance with the provisions of a manual satisfactory to the Association (the Project Implementation Manual), which shall include, *inter alia*, the following provisions: (a) capacity building activities for sustained achievement of the Project's objectives; (b) disbursement, financial management and procurement procedures; (c) institutional administration, coordination and day-to-day execution of activities of the Project; (d) monitoring, evaluation, reporting, information, education and communication; (e) Project impact and implementation indicators, including the procedures for monitoring and evaluation of the Project activities; (f) the Environmental and Social Management Framework; (g) the Resettlement Policy Framework; (h) the format of: (I) the unaudited interim financial reports referred to in Section II.B.2 of Schedule 2 to this Agreement; and (II) the Financial Statements; and (i) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual without the prior written agreement of the Association; provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

C. Subsidiary Agreement

1. To facilitate the carrying out of Parts B and D.4 of the Project (the Project Implementing Entity's Respective Parts of the Project), the Recipient shall make part of the proceeds of the Financing allocated from time to time to Category 2 of the table set forth in Section IV.A.2 of this Schedule available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association, which shall include those set forth in Schedule 3 to this Agreement ("Subsidiary Agreement").

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall
otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

D. Anti-Corruption

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

E. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project activities are carried out in accordance with the Safeguard Instruments, including the guidelines, rules and procedures defined in said Safeguard Instruments. To that end, the Recipient shall ensure that the following actions are taken in a manner acceptable to the Association:

(a) if an Environmental and Social Management Plan (ESMP) or similar safeguard instrument would be required for any construction, rehabilitation, upgrade or other infrastructure activity on the basis of the Environmental and Social Management Framework (ESMF): (i) such ESMP or similar safeguard instrument shall be prepared in accordance with the requirements of the ESMF, disclosed locally and furnished to the Association; and (ii) the pertinent construction, rehabilitation, upgrade or other infrastructure activity shall be carried out in accordance with such ESMP or similar safeguard instrument as approved by the Association; and

(b) if a Resettlement Action Plan (RAP) or similar safeguard instrument would be required for any works or related activity on the basis of the Resettlement Policy Framework (RPF): (i) said RAP or similar safeguard instrument shall be prepared in accordance with the requirements of the RPF, disclosed locally and furnished to the Association; and (ii) no works or related activity shall be commenced until (A) all measures required to be taken under said RAP or similar safeguard instrument prior to the initiation of said works or related activity have been taken; (B) Recipient has, or has caused to be prepared and furnished to the Association a report in form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP or similar safeguard instrument; and (C) the Association has confirmed that said works or related activity may be commenced.

2. The Recipient shall ensure that all measures required for carrying out the recommendations of the Safeguard Instruments are taken in a timely manner.

3. Without limitation to its other reporting obligations under this agreement and under Section 4.08 of the General Conditions, the Recipient shall:
(a) include in the Project Reports referred to in Section II.A of this Schedule, adequate information on the implementation of the Safeguard Instruments, giving details of:

(i) measures taken in furtherance of such Safeguard Instruments;

(ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments; and

(iii) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such Safeguard Instruments.

(b) afford the Association a reasonable opportunity to exchange views with the Recipient on such reports.

F. Annual Work Plans and Budgets

1. The Recipient shall, and shall cause the Project Implementing Entity, to prepare and furnish to the Association for its approval, not later than October 31 of each year during the implementation of the Project, a proposed annual work plan and budget containing all activities proposed to be carried out under the Project in the following Fiscal Year.

2. Each such proposed annual work plan and budget shall specify among the activities, any training activities that may be required under the Project, including: (a) the type of training; (b) the purpose of the training; (c) the personnel to be trained; (d) the institution or individual who will conduct the training; (e) the location and duration of the training; (f) the cost of the training; and (g) the outcome and impact of the training.

3. The Recipient shall, and shall cause the Project Implementing Entity, to afford the Association a reasonable opportunity to exchange views with the Recipient and the Project Implementing Entity on each such proposed annual work plan and budget, and thereafter to implement the Project or cause it to be implemented with due diligence in accordance with such annual work plan and budget as shall have been approved by the Association ("Annual Work Plan").

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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 the 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 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the 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, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the provisions of paragraph 3 of this Part B; (c) Shopping; and (d) Direct Contracting.

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 1.14(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 1.14(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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of
Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

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.

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 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 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, Operating Costs and Training under Parts A, C, D.1, D.2, D.3, D.5 and D.6 of the Project</td>
<td>65,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants' services, Operating Costs and Training under Parts B and D.4 of the Project</td>
<td>33,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>1,900,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>100,100,000</td>
<td></td>
</tr>
</tbody>
</table>
For the purpose of the table set forth immediately above:

1. "Operating Costs" means the incremental expenses incurred on account of Project implementation, based on Annual Work Plans approved by the Association pursuant to Section I.F of Schedule 2 to this Agreement, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, per diem and supervision costs of locally contracted employees, excluding the salaries of the Recipient's civil service.

2. "Training" means the cost associated with the training, workshops and study tours, based on Annual Work Plans approved by the Association pursuant to Section I.F of Schedule 2 to this Agreement, for reasonable expenditures (other than expenditures for consultants' services), including: (a) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.

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.

2. The Closing Date is November 30, 2018.
SCHEDULE 3

Terms and Conditions of the Subsidiary Agreement

The Subsidiary Agreement shall include the following provisions:

A. Obligations of the Project Implementing Entity:

1. the requirement that the Project Implementing Entity carry out Parts B and D.4 (Respective Parts) of the Project with due diligence and efficiency, in conformity with appropriate administrative, financial, technical, environmental and social standards acceptable to the Association, and provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for the purpose;

2. the obligation of the Project Implementing Entity to: (a) comply, and to ensure compliance with the procedures for procurement of works, goods, and consultants’ services set forth in Section III of Schedule 2 to this Agreement; and (b) ensure that all such works, goods and consultants’ services, are used solely for the purpose of the Respective Parts of the Project;

3. the requirement that the Project Implementing Entity fully collaborate with the Recipient in order to permit timely compliance with the requirements set forth in Section II.A and II.B of Schedule 2 to this Agreement, including that the Project Implementing entity: (a) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Respective Parts of the Project and the achievement of the Project’s objectives; (b) (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect its operations and financial condition, including the operations, resources and expenditures related to Respective Parts of the Project; and (b) (ii) have such financial statements audited annually by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (c) enable the Recipient and the Association to inspect Respective Parts of the Project, its operation and any relevant records and documents; and (d) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing;

4. the obligation of Project Implementing Entity to exchange views with the Recipient and the Association with regard to the progress of Respective Parts of the Project, and the performance of its obligations under the Subsidiary Agreement;
the obligation of the Project Implementing Entity to comply with the provisions of the Anti-Corruption Guidelines;

6. the obligation of the Project Implementing Entity not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subsidiary Agreement or any provision thereof, unless previously agreed by the Recipient and the Association; and

7. the obligation of the Project Implementing Entity to take or permit to be taken all actions to enable the Recipient to comply with its obligations under this Agreement and/or the Subsidiary Agreement, as the case may be.

B. The obligations of the Recipient:

1. to promptly disburse to the Project Implementing Entity the proceeds of the Grant to finance the carrying out the Respective Parts of the Project with due diligence and efficiency;

2. to support the implementation of the Respective Parts of the Project and take all necessary measures to obtain, throughout Project implementation, the cooperation of the LGPCU, and the EHSD to coordinate and monitor the implementation of the Respective Parts of the Project, specifically the implementation, management and supervision of the environmental activities under Part B of the Project;

3. to take or permit to be taken all action to enable the Project Implementing Entity to comply with its obligations under the Project Agreement and/or the Subsidiary Agreement, as the case may be;

4. to ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines;

5. to provide adequate funding as shall be required for the implementation, monitoring and final evaluation of any Resettlement Action Plan or similar safeguard instrument that may be required under Part B of the Project; and

6. not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subsidiary Agreement or any provision thereof unless as may otherwise be agreed by the Association.

C. The right of the Recipient to take remedial actions against the Project Implementing Entity in case that the Project Implementing Entity shall have failed to comply with any of its obligations under the Subsidiary Agreement.
APPENDIX

Definitions

1. "Affected Persons" means persons who, on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected.

2. "Annual Work Plan" means the work plan and budget prepared annually by MLGRD, and the Project Implementing Entity, in accordance with Section I.F. 1 of Schedule 2 to this Agreement.


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


6. "EHSD" means the Environmental Health and Sanitation Directorate within the Recipient’s MLGRD (as hereinafter defined).

7. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s framework, acceptable to the Bank, dated December 2012, and published on December 19, 2012, setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the Environmental and Social Management Framework.

8. “Environmental and Social Management Plan” or “ESMP” means an environmental and social management plan or similar safeguard document, prepared in accordance with the Environmental and Social Management Framework and the provisions of Section I.E.1 of Schedule 2 to this Agreement, and acceptable to the Association, and giving details of the magnitude of the environmental impacts, as well as the specific actions, measures and policies designed to facilitate the achievement of the objective of the Environmental and
Social Management Framework, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies.

9. “Fiscal Year” means the fiscal year of the Borrower commencing on January 1 of each year and ending on December 31 of the following year.

10. “Greater Accra Metropolitan Area” or “GAMA” means the geographical area in the territory of the Recipient covering eleven (11) Metropolitan and Municipal Assemblies in the Greater Accra Region.

11. “Greater Accra Region” means the area described as the Greater Accra Region pursuant to the Greater Accra Region Law (Provisional National Defense Council Law (PNDCL) No. 26 of 1982.


14. “Local Government Project Coordinating Unit” or “LGPCU” means the Project coordinating unit referred to in Section 5.01(b) of this Agreement, and Section I.A.2 of Schedule 2 to this Agreement.

15. “Memorandum and Articles of Association” means the Memorandum and Articles of Association of GWCL filed with the Registrar of Companies of the Recipient on 4th February 1999, Registration No. 83474, establishing GWCL as a company limited by shares, and registered with said Registrar as Ghana Water Company Limited.


17. “MMA” means a Metropolitan and/or Municipal Assembly established pursuant to the Recipient’s Local Government Act 462 of 1993.

18. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on March 14, 2013, and on behalf of the Recipient on April 24, 2013.
19. "Project Management Unit" or "PMU" means the Project Implementing Entity's management unit referred to in Section I.A.1 of the Schedule to the Project Agreement.


22. "Project Implementation Manual" means the manual, satisfactory to the Association, and referred to in Section 5.01 (a) of this Agreement, and Section I.B.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with agreement of the Association.

23. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 25, 2013, 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.

24. "Resettlement Action Plan" or "RAP" means, in respect of any Project activity involving resettlement, a resettlement plan or similar safeguard instrument for such activity prepared and implemented in accordance with the RPF and the provisions of Section I.E of Schedule 2 to this Agreement and approved by the Association, such resettlement plan to include a program of actions, measures and policies for compensation and resettlement of the Affected Persons, and setting forth the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements designed to ensure proper implementation of, and regular feedback on compliance with such plan.

25. "Resettlement Policy Framework" or "RPF" means the Recipient's framework dated February 2013, and published on March 7, 2013, acceptable to the Association, setting forth the modalities for resettlement and compensation of Affected Persons under the Project, as the same may be amended from time to time with the agreement of the Association.

26. "Safeguard Instruments" means the ESMF, the RPF, related ESMPs (or similar safeguard instrument), and RAPs (or similar safeguard instrument) for the Project.

27. "Steering Committee" means the Recipient's inter-ministerial committee referred to in Section 5.01 (c) of this Agreement, and Section I.A.1 of Schedule 2 to this Agreement, with the structure, functions and responsibilities acceptable to the Association, as set forth in the Project Implementation Manual.
28. "Subsidiary Agreement" means the agreement referred to in Section 1.C of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entity.

29. "Waste Management Department" means an administrative department in the MMA, responsible for waste management.