June 16, 2011

Honorable Kwabena Duffuor
Minister for Finance and Economic Planning
Ministry of Finance and Economic Planning
PO Box MB40
Accra
Republic of Ghana

Ghana: Economic Management Capacity Building Project
(Credit Numbers, 4124-GH and 4124-1-GH)
(Amendment to the Amending and Restating Development Credit Agreement)

Honorable Minister:

We refer to the Amending and Restating Development Credit Agreement between the Republic of Ghana (“Recipient”) and the International Development Association (“Association”) dated April 14, 2008 (the “Agreement”) for the above mentioned project. We also refer to your letter dated April 13, 2011, requesting specific amendments to the Agreement.

We are pleased to inform you that the Association concurs with your request and hereby proposes to amend the Agreement in respect of the provisions below:

1. Sections I.B.1 and I.B.2 of Schedule 2 to the Agreement are amended by deleting the term, “MPSR” from said sections and inserting the term, “Public Sector Reform Secretariat”.

2. Section II.A.2 of Schedule 2 to the Agreement is amended to read as follows:

“2. The performance indicators referred to above in paragraph 1 consist of the following, with minimum targets set to be achieved, unless otherwise specified below, as of the Closing Date:

(a) Private sector credit (including bonds) to GDP ratio increases to 27%;
(b) Private sector savings to GDP ratio increases to 22%;
(c) Establishment of a new pay range structure;
(d) The Fair Wages and Salaries Commission is strengthened and resourced to implement the New Pay Policy;
(e) The Civil Service Law (1993) is reviewed, finalized, and resubmitted to Cabinet;
Voluntary Retirement Programs (VRPs) implemented in four subvented agencies;

Limited subvented agencies reform program is completed, including: (i) the categorization of subvented agencies, (b) the operationalization of the Pension Reform Implementation Committee (PRIC), and (c) re-engineering of the GRATIS Foundation;

Completion of an institutional and staff census by the Ghana Education Service to identify ghost workers and delete them from the payroll;

Percentage of regulated institutions inspected by SEC using an agreed template increases to 50%;

Long Term Savings Act is amended to address tax and regulatory issues identified in the PAD;

Average time for SEC to review finalized Public Offer proposals as per SEC Guidelines decreases to 4 weeks;

BoG compliance with relevant Basel Core Principles increases to 100%;

Percentage of Banks and non-banking financial institutions supervised by BoG according to an agreed template increases to 100%;

NIC compliance with IAIS Core Principles increases to 100%;

Percentage of insurance companies inspected within the year by NIC is 100%;

Number of new equity issues in the Ghanaian market is four each year;

The secondary market turnover as % of market capitalization (excluding Anglogold) increases to 5%;

Dematerialized trading takes place through a demutualized exchange on an automated clearing and settlement platform on a T + 3 basis;

Number of private investment funds established and operating is 8;

Percentage of contribution to private pension schemes / total mandatory contributions in the pension sector increases to 15%;

Percentage of SSNIT assets under management by private investment funds increases to 65%;

Percentage growth in number of deposit accounts at commercial banks and RCBs is 10% and 6% respectively;

Number of Credit Bureaus licensed and operating is 4;
A new framework for public and private pension design and regulation is implemented; and

A PPP policy is approved by Cabinet.

3. Section III.A.3 in Schedule 2 to the Agreement is amended to read as follows:
   “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.”

4. Section III.D in Schedule 2 to the Agreement is amended to read as follows:
   “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.”

5. The table set forth in Section IV.A.2 of Schedule 2 to the Agreement is deleted in its entirety and is replaced with the Annex to this amendment letter.

6. Section IV.B.2 of Schedule 2 to the Agreement is amended to read as follows:
   “2. The Closing Date is December 31, 2012.”

7. The following Definitions of the APPENDIX to the Agreement are amended to read as follows:

   27. “Public Sector Reform Secretariat” means the Recipients department within the Office of the President, and responsible for public sector reform.”


   32. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated October 14, 2005, 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.”

   35. “PSR Annual Work Program and Budget” means the work program and budget prepared annually by Public Sector Reform Secretariat for Part A of the Project, in accordance with Section I.E of Schedule 2 to this Agreement.”
All other provisions of the Agreement, as amended herein, shall remain in full force and effect.

Please indicate your agreement with the foregoing amendment to the Agreement on behalf of the Recipient by countersigning and dating the two original copies of this letter and returning one countersigned original to us. The amendments to the Agreement shall become effective as of the date of countersignature of this letter.

Sincerely,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Ishac Diwan
Ishac Diwan
Country Director for Ghana
Africa Region

CONFIRMED:

REPUBLIC OF GHANA

By: Honorable Kwabena Duffuor
Authorized Representative

Title: Minister for Finance and Economic Planning

Date: June 28, 2011
<table>
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<tr>
<th>Category</th>
<th>Amount of the Original Credit Allocated (Expressed in SDR Equivalent)</th>
<th>Amount of the Additional Credit Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed (inclusive of Taxes)</th>
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<tbody>
<tr>
<td>1) Subprograms</td>
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</tr>
<tr>
<td>(a) Under part A.1: Public Sector Reform</td>
<td>3,100,000</td>
<td>4,160,000</td>
<td>Such % of eligible expenditures as the Association shall determine for each Fiscal Year</td>
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<td>(b) Under part B: Regulation and Supervision of Financial Markets</td>
<td>2,100,000</td>
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<td>(c) Under part C: Banking and NBFI Regulation and Supervision</td>
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<td>(d) Under part D: Insurance Regulation and Supervision</td>
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<td>(e) Under part E: Strengthening of Capital Markets</td>
<td>1,600,000</td>
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<td>(f) Under part F: Pension Sector Development</td>
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<td>(g) Under part G: Access to Finance and Financial Sector Governance</td>
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<td>(h) Under part A.2: Public Sector Reform retrenchment scheme</td>
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<td>2,240,000</td>
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<td>2) Refunding of Project Preparation Advances</td>
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<td>Amount due pursuant to Section 2.07 of the General Conditions</td>
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<td>TOTAL</td>
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<td>6,400,000</td>
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