Financing Agreement

(Fourth Agriculture Development Policy Financing)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 7th August, 2012
FINANCING AGREEMENT

AGREEMENT dated 7th August, 2012, entered into between the REPUBLIC OF GHANA ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of (a) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement, and (b) the Recipient’s maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore 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 credit in an amount equivalent to thirty two million three hundred thousand Special Drawing Rights (SDR 32,300,000) (variously, “Credit” and “Financing”).

2.02. The Recipient may withdraw the proceeds of the Financing in support of the Program in accordance with Section II of Schedule 1 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Payment Dates are February 15 and August 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 2 to this Agreement.

2.07. The Payment Currency is Dollar.
ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the Program and its implementation. To this end:

(a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient’s macroeconomic policy framework and the progress achieved in carrying out the Program;

(b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and

(c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS

5.01. The Additional Condition of Effectiveness is that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient’s macroeconomic policy framework.

5.02. The Effectiveness Deadline is the date ninety (90) days 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 and Economic Planning
P.O. Box MB40
Accra, Ghana

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

Cable:              Telex:        Facsimile:
       Accra         2205 MIFAEP GH     233-30-2663854

6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INDEVAS
               Telex: 248423(MCI)
               Facsimile: 1-202-477-6391

Washington, D.C.
AGREED at Accra, Ghana, as of the day and year first above written.

REPUBLIC OF GHANA

By

Kwabena Duffour
Authorized Representative

Name: Kwabena Duffour
Title: Minister of Finance and Economic Planning

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Yusupha Crookes
Title: Country Director, Ghana
SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section 1. Actions under the Program

The actions taken by the Recipient under the Program include the following:

Agricultural Technology for Improved On-farm Productivity

1. The Recipient has, through its Cabinet, approved a science, technology and innovation policy and a science, technology and innovation development program, in accordance with the sixteenth paragraph of the Letter of Development Policy.

2. The Recipient has, through the Office of the President, constituted, and, through the Ministry of Food and Agriculture, adequately funded the National Seed Council, the National Fertilizer Council and the Plant Protection Advisory Council, in accordance with the sixteenth paragraph of the Letter of Development Policy.

3. The Recipient has, through the Ministry of Food and Agriculture, developed implementation modalities for the 2012 agricultural input support program, in accordance with the fifteenth paragraph of the Letter of Development Policy.

Market and Value Chain Development

4. The Recipient has, through the enactment of the EDIF Amendment Act, adapted the Export Development and Investment Fund to incorporate an investment fund window for agriculture and, through the Ministry of Food and Agriculture, developed guidelines for the operation of said window, in accordance with the eighteenth paragraph of the Letter of Development Policy.

5. The Recipient has, through the Ministry of Food and Agriculture, publicly disclosed the operational modalities for buffer stock purchases and sales of the National Food Buffer Stock Company.

Irrigation and Other Infrastructure

6. The Recipient has, through the Ministry of Food and Agriculture and the Ghana Irrigation Development Authority, prepared a new irrigation sector pre-investment framework, in accordance with the nineteenth paragraph of the Letter of Development Policy.
Fisheries

7. The Recipient has, through the Ministry of Food and Agriculture, and the Fisheries Commission, commenced updating the fishing license register for all existing industrial and semi-industrial fishing vessels, and has, through the Ministry of Food and Agriculture, effected a suspension of the issuance of new fishing licenses, in accordance with the twentieth paragraph of the Letter of Development Policy.

Agriculture Sector Management

8. The Recipient has, through the Ministry of Food and Agriculture, developed a methodology for identifying agriculture sector spending for budgeting and planning purposes across ministries, departments and agencies, and has applied said methodology to identify agriculture spending in the Ministry of Environment, Science and Technology and the Ministry of Trade and Industry for the Fiscal Year 2012 budget, in accordance with the twenty first paragraph of the Letter of Development Policy.

Section II. Availability of Financing Proceeds

A. General. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

B. Allocation of Financing Amounts. The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing. The allocation of the amounts of the Financing to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>32,300,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>32,300,000</td>
</tr>
</tbody>
</table>

C. Withdrawal Tranche Release Conditions. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied (a) with the Program being carried out by the Recipient, and (b) with the adequacy of the Recipient’s macroeconomic policy framework.

D. Deposits of Financing Amounts. Except as the Association may otherwise agree:
1. all withdrawals from the Financing Account shall be deposited by the Association into an account designated by the Recipient and acceptable to the Association; and

2. the Recipient shall ensure that upon each deposit of an amount of the Financing into this account, an equivalent amount is accounted for in the Recipient's budget management system, in a manner acceptable to the Association.

E. Audit. The Recipient shall:

1. have the account and the recording of amounts of the Financing into the Recipient's budget management system referred to in Part D of this Section audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;

2. furnish to the Association as soon as available, but in any case not later than seven (7) months after the end of the Fiscal Year, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and

3. furnish to the Association such other information concerning the account and the recording of amounts of the Financing into the Recipient's budget management system referred to in Part D of this Section and their audit as the Association shall reasonably request.

F. Excluded Expenditures. The Recipient undertakes that the proceeds of the Financing shall not be used to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.

G. Closing Date. The Closing Date is November 15, 2012.
**SCHEDULE 2**

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 February 15 and August 15:</td>
<td></td>
</tr>
<tr>
<td>commencing August 15, 2022 to and including February 15, 2032</td>
<td>1%</td>
</tr>
<tr>
<td>commencing August 15, 2032 to and including February 15, 2052</td>
<td>2%</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 1. Definitions

1. "Cabinet" means the Recipient's cabinet of ministers.

2. "Excluded Expenditure" means any expenditure:

   (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Association or the Bank has financed or agreed to finance, or which the Association or the Bank has financed or agreed to finance under another credit, grant or loan;

   (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:

<table>
<thead>
<tr>
<th>Group</th>
<th>Sub-group</th>
<th>Description of Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>112</td>
<td></td>
<td>Alcoholic beverages</td>
</tr>
<tr>
<td>121</td>
<td></td>
<td>Tobacco, un-manufactured, tobacco refuse</td>
</tr>
<tr>
<td>122</td>
<td></td>
<td>Tobacco, manufactured (whether or not containing tobacco substitutes)</td>
</tr>
<tr>
<td>525</td>
<td></td>
<td>Radioactive and associated materials</td>
</tr>
<tr>
<td>667</td>
<td></td>
<td>Pearls, precious and semiprecious stones, unworked or worked</td>
</tr>
<tr>
<td>718</td>
<td>718.7</td>
<td>Nuclear reactors, and parts thereof: fuel elements (cartridges), non-irradiated, for nuclear reactors</td>
</tr>
<tr>
<td>728</td>
<td>728.43</td>
<td>Tobacco processing machinery</td>
</tr>
<tr>
<td>897</td>
<td>897.3</td>
<td>Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)</td>
</tr>
<tr>
<td>971</td>
<td></td>
<td>Gold, non-monetary (excluding gold ores and concentrates)</td>
</tr>
</tbody>
</table>

   (c) for goods intended for a military or paramilitary purpose or for luxury consumption:
(d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party;

(e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

(f) with respect to which the Association determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds, without the Recipient (or other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.


5. "Fiscal Year" means the Recipient's fiscal year commencing January 1 and ending on December 31 of each year.


7. "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.


10. "Ministry of Environment, Science and Technology" means the Recipient's ministry at the time responsible for environment, science and technology, or any successor thereto.

11. "Ministry of Finance and Economic Planning" means the Recipient's ministry at the time responsible for finance, or any successor thereto.

12. "Ministry of Food and Agriculture" means the Recipient's ministry at the time responsible for agriculture, or any successor thereto.

13. "Ministry of Trade and Industry" means the Recipient's ministry at the time responsible for trade and industry, or any successor thereto.


16. "National Seed Council" means the Recipient's National Seed Council established under Section 48 of the Plants and Fertilizer Act, 2010 (Act 803) of the laws of the Recipient, as amended thereof, or any successor thereto.

17. "Office of the President" means the Recipient's office of the President.


19. "Program" means the program of actions, objectives and policies designed to enhance agricultural productivity and competitiveness, and achieve sustainable reductions in poverty and set forth or referred to in the Letter of Development Policy.

20. "Single Withdrawal Tranche" means the amount of the Financing allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule I to this Agreement.
Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.

2. Sections 2.04 (Designated Accounts) and 2.05 (Eligible Expenditures) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.

3. Sections 4.01 (Project Execution Generally), and 4.09 (Financial Management; Financial Statements; Audits) are deleted in their entirety, and the remaining Sections in Article IV are renumbered accordingly.

4. Paragraph (a) of Section 4.05 (renumbered as such pursuant to paragraph 3 above and relating to Use of Goods, Works and Services) is deleted in its entirety.

5. Paragraph (c) of Section 4.06 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

   "Section 4.06. Plans; Documents; Records

   ... (c) The Recipient shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Financing until two years after the Closing Date. The Recipient shall enable the Association’s representatives to examine such records."

6. Section 4.07 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

   "Section 4.07. Program Monitoring and Evaluation

   ... (c) The Recipient shall prepare, or cause to be prepared, and furnish to the Association not later than six months after the Closing Date, a report of such scope and in such detail as the Association shall reasonably request, on the execution of the Program, the performance by the Recipient and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing."

7. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:
(a) The definition of the term "Eligible Expenditure" is modified to read as follows:

"Eligible Expenditure' means any use to which the Financing is put in support of the Program, other than to finance expenditures excluded pursuant to the Financing Agreement."

(b) The term "Financial Statements" and its definition as set forth in the Appendix are deleted in their entirety.

(c) The term "Project" is modified to read "Program" and its definition is modified to read as follows:

"Program means the program referred to in the Financing Agreement in support of which the Financing is made." All references to "Project" throughout these General Conditions are deemed to be references to "Program".