Financing Agreement

(Africa Higher Education Centers of Excellence Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 10, 2015
FINANCING AGREEMENT

AGREEMENT dated April 10, 2015, 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 credit in an amount equivalent to fifteen million and six hundred thousand Special Drawing Rights (SDR 15,600,000) (variously, "Credit" 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.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 objective of the Project. To this end, the Recipient shall carry out the Project through the Participating Universities in accordance with the provisions of Article IV of the General Conditions and the Performance and Funding Contract.

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:

   (a) the Participating Universities’ Legislation have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Participating Universities to perform any of their obligations under the Performance and Funding Contracts; and

   (b) a situation has arisen which shall make it improbable that the Participating Universities will comply with or carry out their obligations under this Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following:

(a) The Performance and Funding Contracts and at least one Partnership Agreement have been executed in form and substance satisfactory to the Association on behalf of the Recipient and the Participating Universities on the one hand and on behalf of the Participating Universities and the Network Partners on the other hand.

(b) The Implementation Teams and the National Review Committee have been created, all in form and substance satisfactory to the Association, respectively by the Participating Universities and by the Recipient.

(c) The Project Regional Operations Manual has been endorsed by the Recipient in form and substance satisfactory to the Association.

(d) The Annual Work Program for the first year of the Project, the Implementation Plan (including the Financial Management Procedures Manual and the Procurement Procedures Manual) have been prepared and adopted by the Participating Universities all in form and substance satisfactory to the Association.

5.02. The Additional Legal Matter consists of the following, namely that the Performance and Funding Contract has been duly authorized or ratified by the Recipient and the Participating Universities and is legally binding upon the Recipient and the Participating Universities in accordance with its terms.

5.03. The Effectiveness Deadline is the date one hundred twenty (120) 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 (20) years after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Minister in charge of finance.

6.02. The Recipient’s Address is:

Ministry of Finance
P.O. Box MB40
Accra, Ghana

Facsimile:
233-302667069

6.03. 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
AGREED at Accra, Ghana, as of the day and year first above written.

REPUBLIC OF GHANA

By

Authorized Representative

Name: Mr. Seth Terkper
Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Justina Crookes
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient to promote regional specialization among Participating Universities in areas that address regional challenges and strengthen the capacities of these universities to deliver quality training and applied research.

The Project consists of the following part:

Part 1: Strengthening Africa Centers of Excellence

Support capacity-building for the Africa Centers of Excellence in Participating Universities, in particular to:

(a) Enhance capacity to deliver regional high quality training to address the development challenge, including, inter alia, update curricula of existing programs or create new education programs to meet the development challenge; meet international benchmarks for quality education (e.g. international accreditation); deliver short-term courses for professionals; attract regional students; training of faculty to introduce new approaches to teaching and learning; enhance work-place learning such as internships; encourage entrepreneurship among students, upgrading of qualifications of faculty; and improve learning resources, including lab equipment, and minor rehabilitation or extension of existing facilities.

(b) Enhance capacity to deliver applied research to address the regional development challenge, including, inter alia, faculty development and staff training, minor rehabilitation works or extension of existing facilities, scholarships and post-doctoral studies, networking activities with national and international partners, hosting and participating in conferences, research equipment and materials and laboratory refurbishment, research dissemination, knowledge and technology transfer, and patenting or other intellectual property rights-related costs.

(c) Build and use industry/sector partnerships to enhance impact of the Africa Centers of Excellence on development and increase relevance of said centers education and research, including, inter alia, industry advisory boards, internships, industry lectures, training of trainers for sector training institutions (such as polytechnics, nursing, teacher or agricultural colleges), joint research, training, and other activities to communicate, interact and reach out to civil society, the private sector, and grassroots communities.
(d) Build and strengthen regional and international academic partnerships to raise quality of education, raise the capacity of Network Partners and to raise the Africa Centers of Excellence’s capacity, including, *inter alia*, joint delivery of education programs, professional courses for regional faculty, faculty exchanges/visiting faculty, joint research, joint conferences, sharing of specialized equipment and library resources.

(e) Enhance governance and management of the Africa Centers of Excellence and the Participating Universities to improve monitoring and evaluation, including monitoring of labor market outcomes of graduates, administration, fiduciary management (including financial management, procurement, oversight and capacity), transparency, ability to generate resources, and project implementation.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain throughout the period of Project implementation:

   (a) Its representative in the Regional Steering Committee to provide overall guidance and oversight for the Project and to participate in the semi-annual meetings.

   (b) The National Review Committee to hold semi-annual reviews of performance and implementation support, including approvals of withdrawal applications and implementation planning.

   (c) The Implementation Teams to run the day-to-day management of the Project, and provide secretariat services to the National Review Committee.

All with the composition, staffing, and powers acceptable to the Association as further described in the Project Regional Operations Manual.

2. (a) The Recipient shall, not later than November 30 in each calendar year during Project implementation, prepare, in cooperation with the Participating Universities and furnish to the Association, a program of activities proposed for inclusion in the Project during the following calendar year, including: (a) a detailed timetable for the sequencing and implementation of said activities; (b) the types of expenditures required for such activities; and (c) the planned procurement methods for the expenditures.

   (b) The Recipient shall exchange views with the Association on each such proposed annual work program, and shall thereafter carry out such program of activities for such following year as shall have been agreed between the Recipient and the Association (“Annual Work Program”).

   (c) Only those activities which are included in an Annual Work Program shall be included in the Project. Notwithstanding the foregoing, the Annual Work Program might be amended from time to time to include new activities with the prior and written concurrence of the Association.
3. The Recipient shall cause the Independent Verifiers to furnish to the Association every semester starting six months after the Effective Date, regular reports (the EEP Spending Reports) prepared in accordance with the provisions of the Project Regional Operations Manual.

4. The Recipient shall furnish to the Association every semester starting six months after the Effective Date, a procurement progress report (the Procurement Plan Progress Report) describing the status of all procurement activities under the Project as described in the Procurement Plan, as well as expected changes to the Procurement Plan.

5. The EEPs will comply with the eligibility criteria and procedures set forth in the Project Regional Operations Manual.

6. If, at any time, the Association determines that any portion of the financing under the Project was used for items improperly procured in violation of Section III to this Schedule, was not used for Eligible Expenditures or, in case of the Eligible Expenditure Programs of Part 1 of the Project, was not supported by evidence of actual spending by the Recipient under said Eligible Expenditure Programs and/or by evidence of satisfaction of other criteria set forth in this Agreement or in the Project Regional Operations Manual, the Recipient shall refund any such portion to the Association as the Association shall specify by notice to the Recipient.

B. Performance and Funding Contracts

1. To facilitate the carrying out of Part 1 of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Category (1) of the table set forth in Section IV.A.2 of this Schedule available to the Participating Universities under a contract between the Recipient and said Participating Universities under terms and conditions approved by the Association, as further described in the Project Regional Operations Manual (“Performance and Funding Contracts”).

2. The Recipient shall exercise its rights under the Performance and Funding Contracts 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 Performance and Funding Contracts or any of their provisions.

C. Partnership Agreements

1. To facilitate the carrying out of Part 1 of the Project, the Recipient shall cause the Participating Universities to enter into agreements with the Network Partners
under terms and conditions approved by the Association, as further described in the Project Regional Operations Manual ("Partnership Agreements").

2. The Recipient shall cause the Participating Universities to exercise their rights under the Partnership Agreements 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 cause the Participating Universities not to assign, amend, abrogate or waive the Partnership Agreements or any of their 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. Project Regional Operations Manual and Environmental and Social Management Plan

(a) The Recipient shall carry out the Project in accordance with the Project Regional Operations Manual and the Environmental and Social Management Plan.

(b) The Recipient shall not withdraw its endorsement to the Project Regional Operations Manual or amend the Environmental and Social Management Plan without the prior written approval of the Association.

(c) In the event of any conflict between the provisions of the Project Regional Operations Manual, the Environmental and Social Management Plan and this Agreement, the provisions of this Agreement shall prevail.


(a) The Recipient shall cause the Participating Universities to carry out the Project in accordance with the Implementation Plan (including the Procurement Manual and the Financial Management Manual) and the Environmental and Social management Plan.

(b) The Recipient shall cause the Participating Universities not to amend the Implementation Plan or the Environmental and Social Management Plan without the prior written approval of the Association.

(c) In the event of any conflict between the provisions of the Implementation Plan or the Environmental and Social Management Plan and this Agreement, the provisions of this Agreement shall prevail.
G. External Controls

(a) The Recipient shall, by no later than two months after the Effective Date, appoint external monitoring and evaluation experts ("Independent Verifiers"), to act as third-party verifiers of the proper fulfillment of DLIs as set forth in Schedule 4 to this Agreement.

(b) The Recipient shall cause the Independent Verifiers to carry out, prior to each Withdrawal an assessment of the performance of Participating Universities vis-à-vis the level of fulfillment of DLIs and DLRs set forth in Schedule 4 of this Agreement, and provide to the Recipient and the Association an EEP Spending Report containing, inter alia, said assessment on the DLIs and DLRs fulfillment and a proposal for disbursement under each Withdrawal.

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 indicators set forth in the Project Regional Operations Manual and found acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association and to the African Association of Universities not later than forty five days after the end of the period covered by such report.

2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, 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 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 additional provisions referred to in subparagraph 3 below; (c) Shopping; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; and (e) Direct Contracting.

3. Additional Provisions for National Competitive Bidding 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.

E. **Procurement Audits**

1. The Recipient shall cause the Participating Universities to have all the procurement procedures carried out under the Project audited in accordance with adequate audit standards acceptable to the Association. Each such procurement audit for the Project shall cover the period of one fiscal year of the Participating University. The procurement audit for such period shall be furnished to the Association not later than six (6) months after the end of such period.
2. For the purpose of paragraph (1) above, the Recipient shall, not later than six (6) months after the Effective Date, recruit an external independent auditor, under terms of reference and with qualifications acceptable to 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 Credit 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) Eligible Expenditure Programs under Part 1 of the Project for Africa Center of Excellence 1</td>
<td>5,200,000</td>
<td>100% of amounts spent and reported under the EEP Spending Reports for each Withdrawal</td>
</tr>
<tr>
<td>(2) Eligible Expenditure Programs under Part 1 of the Project for Africa Center of Excellence 2</td>
<td>5,200,000</td>
<td>100% of amounts spent and reported under the EEP Spending Reports for each Withdrawal</td>
</tr>
<tr>
<td>(3) Eligible Expenditure Programs under Part 1 of the Project for Africa Center of Excellence 3</td>
<td>5,200,000</td>
<td>100% of amounts spent and reported under the EEP Spending Reports for each Withdrawal</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>15,600,000</td>
<td></td>
</tr>
</tbody>
</table>

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For the purpose of the table set forth immediately above, the following terms have the following meanings, respectively, "Africa Center of Excellence 1" means the West African Centre for Cell Biology of Infectious Pathogens of the University of Ghana Legon, "Africa Center of Excellence 2" means the West Africa Centre for Crop Improvement of the University of Ghana Legon, and "Africa Center of Excellence 3" means the Regional Centre for Water and Environmental Sanitation of the University of Kwame Nkrumah University of Science and Technology.

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 December 31, 2018.

Section V. Other Undertakings

By June 30, 2016, or such other date as the Association shall agree upon, the Recipient through the Implementation Team shall: (i) carry out jointly with the Association, the Regional Steering Committee, the Participating Universities, the Association of African Universities, and the National Review Committee, a mid-term review of the implementation of operations under the Project, which shall cover the progress achieved in the implementation of the Project; and (ii) following such mid-term review, act promptly and diligently to take any corrective action as shall be agreed by the Association.
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, 2019 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.
<table>
<thead>
<tr>
<th>Disbursement Linked Indicator</th>
<th>Action to be Completed</th>
<th>Amount of the Financing Allocated Per DLI (expressed in SDR) Per Participating University</th>
<th>Amount Allocated per DLR for the Disbursement Calculation (expressed in SDR) Per Participating University</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DLI 1:</strong> Regional specialization endorsed and institutional readiness</td>
<td><strong>DLR 1:</strong> The national representative in the Regional Steering Committee has endorsed a resolution to promote regional specialization among Participating Universities and conditions for Effectiveness under Section 5.01 of this Agreement have been met.</td>
<td>530,000</td>
<td><strong>DLR 1:</strong> 530,000</td>
</tr>
<tr>
<td><strong>DLI 2:</strong> Excellence in education and research capacity and development impact</td>
<td><strong>DLR 2.1:</strong> Number of new short term students in Participating Universities courses of which 30% must be regional students. <em>Amounts:</em> SDR 260 per male national student, SDR 325 per female national student, SDR 520 per male regional student, and SDR 650 per female regional student. <strong>DLR 2.2:</strong> Number of new Master students in Participating Universities courses of which 30% must be regional students. <em>Amounts:</em> SDR 1,300 per national student, SDR 1,625 per female national student, SDR 2,600 per male regional student and SDR 3,250 per female regional student. <strong>DLR 2.3:</strong> Number of new Doctorate students in Participating Universities courses of which 30% must be regional students. <em>Amounts:</em> SDR 6,520 per male national student, SDR 7,800 per female national student, SDR 12,500 per male regional student, and SDR 15,600 per female regional student.</td>
<td>4,150,000</td>
<td><strong>DLR 2.1:</strong> 260,000 <strong>DLR 2.2:</strong> 260,000 <strong>DLR 2.3:</strong> 260,000</td>
</tr>
<tr>
<td>Disbursement Linked Indicator</td>
<td>Action to be Completed</td>
<td>Amount of the Financing Allocated Per DLI (expressed in SDR) Per Participating University</td>
<td>Amount Allocated per DLR for the Disbursement Calculation (expressed in SDR) Per Participating University</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>DLR 2.4:</td>
<td>Number of Outreach Periods for faculty, Master and Doctorate students Amounts: SDR 1,300 per outreach period within the country and SDR 2,600 per outreach period within the region</td>
<td>DLR 2.4: 520,000</td>
<td>DLR 2.4: 520,000</td>
</tr>
<tr>
<td>DLR 2.5:</td>
<td>Number of certification and evaluation of quality of education programs in the Participating Universities Amounts: SDR 390,000 per internationally accredited program, SDR 65,000 per nationally or regionally accredited program, SDR 65,000 per program per gap-assessment certified or undertaken by an international quality assurance agency, SDR 65,000 per program for self-evaluation of satisfactory international standard, and SDR 65,000 per program description meeting international standard.</td>
<td>DLR 2.5: 520,000</td>
<td>DLR 2.5: 520,000</td>
</tr>
<tr>
<td>DLR 2.6:</td>
<td>Number of published articles in internationally recognized and peer reviewed journals by faculty of the Participating Universities. Amounts: SDR 15,000 per article and SDR 30,000 per article with a regional co-author.</td>
<td>DLR 2.6: 520,000</td>
<td>DLR 2.6: 520,000</td>
</tr>
<tr>
<td>DLR 2.7:</td>
<td>External revenue generation by faculty of the Participating Universities. Amounts: SDR 1 per SDR 1 externally generated revenue, and SDR 2 per SDR 1 externally generated revenue from the region.</td>
<td>DLR 2.7: 780,000</td>
<td>DLR 2.7: 780,000</td>
</tr>
<tr>
<td>DLR 2.8:</td>
<td>Completion of milestones for improved learning and research environment specified in the Performance and Funding Contracts.</td>
<td>DLR 2.8: 1,030,000</td>
<td>DLR 2.8: 1,030,000</td>
</tr>
<tr>
<td>Disbursement Linked Indicator</td>
<td>Action to be Completed</td>
<td>Amount of the Financing Allocated Per DLI (expressed in SDR) Per Participating University</td>
<td>Amount Allocated per DLR for the Disbursement Calculation (expressed in SDR) Per Participating University</td>
</tr>
<tr>
<td>------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| DLI 3: Timely, transparent and institutionally reviewed Financial Management | DLR 3.1: Timely withdrawal application supported by adequate financial reporting for the Participating Universities account for the period. *Amounts: SDR 16,250 per year.*  
DLR 3.2: Functioning Audit Committee under the Participating Universities’ councils. *Amounts: SDR. 16,250 per year.*  
DLR 3.3: Functioning internal audit unit for the Participating Universities. *Amounts: SDR 16,250 per year.*  
DLR 3.4: Web Transparency on financial management (web-access to audit reports, interim financial reports, budgets and Annual Work Program). *Amounts: SDR 16,250 per year.* | 260,000                                                                                             | DLR 3.1: 65,000                                                                                       |
|                             |                                                                                        |                                                                                           | DLR 3.2: 65,000                                                                                       |
|                             |                                                                                        |                                                                                           | DLR 3.3: 65,000                                                                                       |
|                             |                                                                                        |                                                                                           | DLR 3.4: 65,000                                                                                       |
| DLI 4: Timely and audited Procurement | DLR 4.1: Timely annual procurement audits. *Amounts: SDR 32,500 per year.*  
DLR 4.2: Timely implementation of the Procurement Plan. *Amounts: SDR:32,500 per year.* | 260,000                                                                                             | DLR 4.1: 130,000                                                                                      |
|                             |                                                                                        |                                                                                           | DLR 4.2: 130,000                                                                                      |
APPENDIX

Section I. Definitions

1. “Association of African Universities” or “AAU” means a regional entity established in Ghana with membership consisting of African universities for the purpose of promoting collaboration among African universities of higher learning.

2. “Africa Centers of Excellence” means the academic centers within the Participating University essentially in the areas of science, technology, engineering, and mathematics, as well as the agriculture and health sciences, or any other area as per the needs to comprehensively address the development challenge of the proposed center and as established in the Project Regional Operations Manual.

3. “Annual Work Program” means the annual work program to be prepared by the Recipient in cooperation with the Participating University not later than November 30 in each calendar year during Project implementation including a program of activities proposed for inclusion in the Project during the following calendar year.


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


7. “Disbursement-Linked Indicators” or “DLIs” means a set of indicators as specified in Schedule 4 to this Agreement.

8. “Disbursement-Linked Result” or “DLRs” means a set of quantitative result associated with each DLI as specified in Schedule 4 to this Agreement.

9. “EEP” or “Eligible Expenditure Programs” means a set of defined expenditures for goods, works, consulting and non-consulting services, Training and Operating Costs (including salaries and scholarships) made by the Participating University for Part 1 of the Project.
10. "EEP Spending Report" means the report prepared by the Independent Verifiers in accordance with the details provided in the Project Regional Operations Manual and referred to in Section I.A.5 and 6 of Schedule 2 to this Agreement to make disbursement recommendation for each Withdrawal based on the spending status of the Eligible Expenditure Programs under Part 1 of the Project and the compliance with the Disbursement-Linked Indicators.

11. "Environmental and Social Management Plan" means a document dated February 3, 2014 adopted by the Recipient and the Participating Universities which outlines general implementation procedures, mitigation measures and monitoring procedures for environmental and social purposes under the Project, as said plan may be amended from time to time with the Association's prior written approval.


13. "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.

14. "Implementation Teams" means the teams within the administrative structure of the Participating Universities led by the Africa Centers of Excellence and to be created by said Universities, in charge of the day-to-day management of the Project.

15. "Implementation Plan" means the implementation plan as referred to in Section 5.01 of this Agreement to be adopted by the Participating Universities for the implementation of the Project, including, inter alia: (i) the terms of reference, functions and responsibilities for the members of the Implementation Teams or the personnel of the Participating Universities working on the Project; (ii) the Procurement Procedures Manual; (iii) the Financial Management Procedures Manual; (iv) the indicators to be used in the monitoring and evaluation of the Project; (v) the criteria, detailed rules and procedures for the EEPs; (vi) the detailed content of the EEP Spending Report, the customized statements of expenditures, the interim financial reports, the Procurement Plan Progress Report and the Project Reports; (vii) flow and disbursement arrangements of Project funds; and (viii) the Disbursement-Linked Indicators; as said plan may be amended from time to time with the Association’s prior approval.

16. "Independent Verifiers" means the independent verifiers referred to in Section I.G of Schedule 2 to this Agreement, recruited by the Recipient in order to prepare the EEP Spending Reports.
17. “National Review Committee” means a committee including representatives from the Recipient’s ministry in charge of finance and the Recipient’s ministry in charge of higher education, to be established by the Recipient to hold semi-annual reviews of performance and implementation support, including approvals of withdrawal applications and implementation planning, as further described in the Project Regional Operations Manual and the Implementation Plan.

18. “Network Partners” means collectively the academic and non-academic institutions working with the Participating University in order to achieve the objective of the Project and which have signed with said Participating University one or several Partnership Agreements.

19. “Operating Costs” means recurrent costs of the Project: (i) operation and maintenance of vehicle, repairs, fuel and spare parts; (ii) computer maintenance, including hardware and software; (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods); (iv) office supplies; (v) rent and maintenance for office facilities; (vi) utilities and insurances; (vii) travel and per diem costs for technical staff carrying out training, supervisory and quality control activities; (viii) salaries of Participating Universities’ staff; and (ix) salaries of support staff for the Implementation Team, but excluding salaries of the Recipient’s civil servants.

20. “Outreach Periods” means periods of time spent by faculty and students from the Participating University outside said university to carry out initiatives of scientific dissemination and applied research.

21. “Participating Universities” means collectively the University of Ghana established in the Recipient’s city of Accra, Kwame Nkrumah University established in the Recipient’s city of Kumasi, all located in the Recipient’s territory which are among the selected universities in the region to produce highly skilled graduates and applied research to help address specific regional development challenges, and “Participating University” means any of these universities.

22. “Participating University Legislation” means collectively the Recipient’s Act of Parliament, ACT 79 dated October 1, 1961 creating the University of Ghana, the Recipient’s Act of Parliament, ACT 80 dated August 22, 1961 creating the Kwame Nkrumah University of Science and Technology.

23. “Performance and Funding Contract” means the agreement to be signed between the Recipient and the Participating Universities referred to in Section 1.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Participating University for the implementation of the Project and including an attachment describing the commitments of said Participating University towards the Network Partners.

25. "Procurement Procedures Manual" means a manual to be adopted by the Participating Universities to cover procurement issues under the Project.

26. "Procurement Plan" means the Recipient's procurement plan for the Project, dated March 14, 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.


28. "Project Regional Operations Manual" means the manual to be endorsed by the Recipient as referred to in Section 5.01 of this Agreement, for the implementation of the Project, including, inter alia: (i) the terms of reference, functions and responsibilities for the members or the personnel of the Regional Steering Committee, the National Review Committee and the Implementation Team; (ii) the procedures for procurement of goods, works, non-consulting services, consultants' services, Operational Costs, and Training, as well as for financial management and audits under the Project; (iii) the indicators to be used in the monitoring and evaluation of the Project; (iv) the criteria, detailed rules and procedures for the EEPs; (v) the terms of reference for the Independent Verifiers, the detailed content of the EEP Spending Report, the customized statements of expenditures, the interim financial reports, the Procurement Plan Report and the Project Reports; (vi) flow and disbursement arrangements of Project funds; and (vii) the Disbursement-Linked Indicators; as said manual may be amended from time to time with the Association's prior approval.

29. "Regional Steering Committee" means the Regional Steering Committee for the Project, established and operating under the AAU aegis in charge of providing overall guidance and oversight for the Project.

30. "Training" means the training of persons involved in Project-supported activities, based on the Annual Work Program approved by the Association, such term including scholarships, seminars, workshops, and study tours, and study tours, and costs associated with such activity including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.

31. "Withdrawal" means each withdrawal under Category (1) of the table in Section IV of Schedule 2 to this Agreement.
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).