Honorable Seth E. Terkper  
Minister for Finance  
Ministry of Finance  
PO Box MB40  
Accra,  
Republic of Ghana  

Re: Ghana: Commercial Agriculture Project (Credit Number 5077-GH) – Amendment to the Financing Agreement

Honorable Minister:

We refer to the Financing Agreement between Republic of Ghana (the Recipient) and the International Development Association (the Association) dated September 25, 2012, (the Agreement). We also refer to your letter dated October 7, 2014, requesting the Association for certain amendments to the Agreement.

The Association hereby accedes to your request and proposes to amend the Agreement as follows:

1. Schedule 1 to the Agreement shall be amended as set forth in Annex 1 to this letter (Amendment).

2. Schedule 2 to the Agreement shall be amended as set forth in Annex 2 to this Amendment.

3. Section IV.A and IV.B of Schedule 2 to the Agreement shall be amended as set forth in the Annex 3 to this Amendment.

4. The Appendix to the Agreement shall be amended as set forth in Annex 4 to this Amendment.

All other provisions of the Agreement, except 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 Amendment shall become effective as of the date of countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

Henry G. R. Kerali
Country Director for Ghana
Africa Region

CONFIRMED:

REPUBLIC OF GHANA

[Signature]

Authorized Representative

Name: CASSIEL ATO FORSON M.
Title: DEPUTY MINISTER (F)
Date: ACCRA
ANNEX I

Amendment to the Project Description under Schedule 1 to the Agreement

Schedule 1 to the Agreement shall be amended as set forth below:

1. The Project objective stated in Schedule 1 to the Agreement shall be amended as follows:

   “The objective of the Project is to improve agricultural productivity and production of both smallholder and nucleus farms in selected project intervention areas with increased access to reliable water, land, finance, and agricultural input and output markets.”

2. Part B of Schedule 1 to the Agreement shall be amended as follows:
   (a) Part B.2 shall be deleted and replaced with the following:

       “2.” “Carrying out a full feasibility study for the Accra Plains PPP transaction(s), including facilitating an international investor conference, through the provision of technical advisory services and acquisition of goods.”

   (b) Part B.3 shall be deleted; and

   (c) Part B.4 shall be deleted.

3. Part C of Schedule 1 to the Agreement shall be amended as follows:
   (a) Part C.2 shall be deleted and replaced with the following:

       “2.” “Carrying out: (a) a program of activities to facilitate investments in land development for commercial agriculture (sub-projects) in the SADA zone, through the provision of Matching Grants to Eligible Beneficiaries; (b) identifying high potential locations for improved rainfed rice cultivation in inland valleys, including (i) preparing designs for selected inland valley areas, (ii) land clearing, land leveling, water management interventions such as contour bunding, farm roads at nucleus farms and adjacent outgrowers; (iii) facilitating the connection of nucleus investors to the existing power grid; and (c) preparing public information packs about commercial opportunities for irrigation development, all through the provision of technical advisory services, works and acquisition of goods.”

   (b) Part C.3 shall be deleted and replaced with the following:

       “3.” “Carrying out rehabilitation and construction of a limited number of agricultural storage infrastructure and processing facilities in the SADA zone, including developing an implementation plan for said rehabilitation
and construction activities, through the provision of technical advisory services, works and acquisition of goods.”

4. Part E shall be inserted under Schedule 1 to the Agreements as follows:

"Part E:” “Investments in Physical Rehabilitation and Modernization of Selected Public Irrigation and Drainage Infrastructure”

“Preparing designs for rehabilitation and modernization of selected existing irrigation and drainage infrastructure, and carrying out rehabilitation and modernization of existing irrigation schemes and associated technical supervision, in particular:”

“1.” “Preparing detailed designs, cost estimates, construction drawings, bidding documents and related investments required for the physical rehabilitation and/or modernization of the Kpong irrigation scheme located on the right bank of the Volta River below the Kpong dam, through the provision of technical advisory services and acquisition of goods.”

“2.” “Preparing detailed designs, cost estimates, construction drawings, bidding documents and related investments required for construction of the second phase (Phase 2 area) of the Kpong left bank irrigation and drainage infrastructure, and completion of on-farm works in the first phase (Phase 1 area) of said Kpong left bank irrigation and drainage infrastructure, through the provision of technical advisory services and acquisition of goods.”

“3.” “Preparing detailed designs, cost estimates, construction drawings, bidding documents and related investments required for the physical rehabilitation and/or modernization of the Tono and Vea schemes located in the Upper East Region of the SADA zone, through the provision of technical advisory services and acquisition of goods.”

“4.” “Preparing detailed designs, cost estimates, construction drawings, bidding documents and related investments required for the physical rehabilitation and/or modernization of small irrigation schemes distributed throughout the territory of the Recipient, through provision of technical advisory services and acquisition of goods.”

“5.” Carrying out rehabilitation and modernization of all the respective schemes referred to in Parts E.1 through E.4 of the Project, inter alia, the Kpong irrigation scheme, Kpong left bank irrigation scheme, Tono and Vea schemes, and the small irrigation schemes within the territory of the Recipient.”

“6.” Carrying out associated technical supervision for rehabilitation and modernization of all the schemes referred to in Parts E.1 through E.5 of the Project.”
5. Part F shall be inserted under Schedule I to the Agreements as follows:

"Part F: Restructuring and Strengthening of Public Irrigation and Drainage Institutions"

"Carrying out the institutional reforms, including restructuring and strengthening Ghana Irrigation Development Authority (GIDA), and Irrigation Company of the Upper Region (ICOUR), in particular:"

"1." "(a) Assisting GIDA to carry out a plan for the retrenchment or staff buy-out of about 188 staff within a period of three years from the date of this Amendment; (b) implementing measures to mitigate the social impact of retrenchment, including, implementing the provisions of the Retrenchment Plan, including the provision of social, psychological, financial and professional counseling for retrenched GIDA staff, retraining such staff as may be appropriate, and providing other forms of assistance as may be needed; and (c) assisting GIDA to implement measures to provide incentives to retained staff, all through the payment of Severance Payments in accordance with the Retrenchment Plan, provision of technical advisory services and acquisition of goods."

"2." "(a) Assisting ICOUR to carry out a plan for the retrenchment or staff buy-out of about 108 staff within a period of thirty days from the first day of commencement of implementation of the relevant Retrenchment Plan; (b) implementing measures to mitigate the social impact of retrenchment, including, implementing the provisions of the Retrenchment Plan, including the provision of social, psychological, financial and professional counseling for retrenched ICOUR staff, retraining such staff as may be appropriate, and providing other forms of assistance as may be needed; and (c) assisting ICOUR to implement measures to provide incentives to retained staff, all through the payment of Severance Payments in accordance with the Retrenchment Plan, provision of technical advisory services and acquisition of goods."

"3." "Strengthening the technical and managerial capacity of GIDA, including: (a) carrying out construction of required office building, through the provision of works, technical advisory services and acquisition of goods; and (b) provision of training nationally and internationally, study tours, membership in relevant engineering institutions, subscription to relevant engineering and scientific journals, equipping a fully functional digital library, and provision of appropriate information and communication technologies."

"4." "Strengthening the operation and maintenance and management capacity of ICOUR for efficient operation and maintenance of the Tono and Vea schemes, through the acquisition of appropriate information technology tools, provision of relevant computer training to operate the systems, and planned twinning approach for a period of two years with a modern irrigation district internationally."
6. Part G shall be inserted under Schedule 1 to the Agreements as follows:

"Part G:" "Development of Water Users' Associations and Private Scheme Management"

"Establishing water users' associations at the appropriate levels in each scheme under the Project, and developing modalities for private sector involvement in the operation and management of larger schemes, in particular:"

"1." "Provision of technical assistance to draft legislation, by-laws, rules, model memoranda and agreements and other documents as may be required to facilitate the establishment and operationalization of water users associations within the territory of the Recipient, including provision of training to respective water users' associations in appropriate administrations, management, maintenance, technological practices and grievance redress mechanisms for sustainable functioning of said associations."

"2." "Provision of technical assistance and appropriate incentives to facilitate the establishment and operationalization of private scheme management entities, including developing alternative models for said entities, and agreements between said entities and GIDA."
ANNEX 2

Amendment to the Implementation Arrangement under Schedule 2 to the Agreement

Schedule 2 to the Agreement shall be amended as set forth below:

1. Section I.A.3 of Schedule 2 to the Agreement shall be amended as follows:

“3. “Project Implementation Unit”

“(a)” “The Recipient shall maintain, at all times during the implementation of the Project, the Project Implementation Unit. To this end, the Project Implementation Unit shall be responsible for ensuring the prompt and efficient overall coordination, monitoring, reporting, evaluation, communication, and guidance of implementation of Project activities, including: (i) facilitating the coordination of the respective MDAs under the Project; (ii) coordinating technical, fiduciary aspects (i.e., financial management and procurement), social and environmental safeguards aspects, monitoring and evaluation of the Project; (iii) preparing the Annual Work Plans and Budgets; and (iv) carrying out the appraisal, review of Sub-projects design, technical support, supervision, monitoring and evaluation and approval of applications for Sub-projects under the respective Matching Grants, or for Agri-business Service under the Agri-business Service Grants; and (v) carrying out the administration and management of the respective Matching Grants and Agri-business Service Grants, including verification of Eligible Beneficiaries and Eligible Agri-business Service Providers.”

“(b)” “Without limitation to the provisions of paragraph (a) immediately above, the Project Implementation Unit shall in close coordination with GIDA and ICOUR, respectively take responsibility for timely, prompt and effective implementation of the Retrenchment Plan under Part F.1 and F.2 of the Project, in form and substance satisfactory to the Association.”

“(c)” Without limitation to the provisions of paragraph (a) of this Part A.3, the Recipient shall at all times during the implementation of the Project, maintain an operations manager, a contract management specialist, two irrigation drainage specialists, an oversight officer or equivalent for the purpose of overseeing the implementation of Parts E, F.1 and F.2 of the Project, and a social and environmental specialist, all with terms of reference, qualifications and experience acceptable to the Association.”

“(d)” “Without limitation to the provisions of paragraph (a) of this Part A.3, the Recipient maintain, at all times during the implementation of the Project, a special office (PIU Grants Management Desk) within the Project Implementation Unit for the purpose of ensuring effective and efficient administration and management of the Matching Grants and
Agri-business Service Grants, and monitoring the implementation of the related Sub-projects and Agri-business Services.”

“(e)” “The Recipient shall, for the purpose of ensuring adequate procurement capacity for the Project, maintain at all times during the Project implementation, at least four (4) procurement personnel (one of whom must be assigned specifically assigned the responsibility for civil works), all with qualifications, experience and terms of reference acceptable to the Association.

2. Section 1.G shall be inserted under Schedule 2 to the Agreements as follows:

“G.” Execution Covenants for Part F.1 and F.2 of the Project (Retrenchment of the Eligible Employees of GIDA and ICOUR)

“1.” “The Recipient shall carry out Part F.1 and F.2 of the Project in accordance with the Staff Retrenchment Plan, acceptable to the Association.”

“2.” “Without prejudice to the provisions of the laws of the Recipient, the Recipient shall, in a form and substance satisfactory to the Association, in coordination with GIDA and ICOUR, carry out the retrenchment of Eligible Employees of GIDA and ICOR in accordance with the Staff Retrenchment Plan.”

“3.” “The Recipient shall ensure that the staff retrenched under the Project shall not, for a period of ten (10) years from the date of retrenchment, be re-employed in either GIDA or ICOUR. To this end, the Recipient, in coordination with GIDA and ICOUR, shall employ independent auditors satisfactory to the Association, to verify that the retrenched staff is not re-employed by GIDA or ICOUR within said period.”

“4.” “The Recipient shall, not later than ninety (90) days from the date of disbursement made from the proceeds of the Credit for Severance Payments, furnish to the Association a report, duly certified by independent auditors satisfactory to the Association, confirming that such payments were indeed made to Eligible Employees of GIDA and ICOUR”.

“5.” Prior to the payment of any retroactive financing or any subsequent payments, thereafter, relating to Severance Payments referred to in Category 11 in the table set forth in Section IV.2 of this Schedule 2 to the Agreement, and prior to retrenchment of respective staff of GIDA and ICOUR, in accordance with the provisions of the Retrenchment Manual, the Recipient shall: (a) furnish to the Association a list of eligible GIDA and ICOUR employees to be retrenched including, for each individual employee, the total amount of severance payments due under the retrenchment program specified in the Staff Retrenchment Plan, as well as the retrenchment notification processes for each individual employee,
duly certified by an independent audit firm employed by GIDA or ICOUR, as the case may be, under terms and conditions satisfactory to the Association; and (b) in coordination with GIDA and ICOUR, respectively, furnish to the Association analysis demonstrating, among other matters, GIDA's or ICOUR's compliance with all relevant laws of the Recipient, regulations, and collective bargaining agreements, as well as with satisfactory oversight arrangements for effecting the retrenchment.
ANNEX 3

Amendment to the Arrangements for Withdrawal of Proceeds of the Financing, Withdrawal Conditions and Withdrawal Period under Section IV of Schedule 2 to the Agreement

Section IV.A and IV.B of Schedule 2 to the Agreement shall be amended as set forth below:

1. The table set forth in Section IV.A.2 of Schedule 2 to the Agreements shall be amended as follows:

"Section IV. Withdrawal of the Proceeds of the Financing"

"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) Works for Part C.2(b) of the Project, goods, non-consulting services, consultants’ services and Operating Costs for Part A (except Part A.3(d)) and Parts C.1(a) and C.2(a) of the Project</td>
<td>4,418,500</td>
<td>35%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consultants’ services, Training and Operating Costs for Part B of the Project</td>
<td>3,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Viability Gap Funding for goods, works and services under Part B of the Project</td>
<td>0</td>
<td>_</td>
</tr>
<tr>
<td>(4) Works, goods, non-consulting services and consultants’ services for Part C.3 of the Project</td>
<td>1,740,000</td>
<td>Such percentage of Eligible Expenditures as the Association shall determine for each Fiscal Year</td>
</tr>
<tr>
<td><strong>(5)</strong> Matching Grants for Sub-projects for Parts A.3(d), C.1(b) and C.2(a) of the Project</td>
<td>3,968,652</td>
<td>50% of the goods, works and services financed by such Matching Grants</td>
</tr>
<tr>
<td><strong>(6)</strong> Agri-business Service Grants for Agri-business Services under Part C.4 of the Project</td>
<td>400,000</td>
<td>50% of goods, works and services financed by such Agri-business Service Grants</td>
</tr>
<tr>
<td><strong>(7)</strong> Goods, consultants’ services, Training and Operating Costs for Part D of the Project</td>
<td>9,481,500</td>
<td>67%</td>
</tr>
<tr>
<td><strong>(8)</strong> Refund of Preparation Advance</td>
<td>691,348</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td><strong>(9A)</strong> Works for Part E.1, E.2 and E.4 of the Project</td>
<td>24,000,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>(9B)</strong> Goods, non-consulting services, and consultants’ services for Part E.1, E.2 and E.4 of the Project</td>
<td>5,000,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>(10A)</strong> Works for Part E.3 of the Project</td>
<td>2,500,000</td>
<td>25%</td>
</tr>
<tr>
<td><strong>(10B)</strong> Goods, non-consulting services, and consultants’ services for Part E.3 of the Project</td>
<td>700,000</td>
<td>25%</td>
</tr>
<tr>
<td><strong>(11)</strong> Severance Payments for Part F.1 and F.2 of the Project</td>
<td>3,300,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>(12)</strong> Goods, works, non-consulting services, consultants services, and Training for Parts F.3,F.4, G.1 and G.2 of the Project</td>
<td>5,200,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
2. Section IV.B.1 of Schedule 2 to the Agreements shall be deleted, and the following shall be inserted:

'B. ' 'Withdrawal Conditions; Withdrawal Period'

"1." "Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for:

"(a)" "payments made prior to the date of the Amendment, except that withdrawals up to an aggregate amount not to exceed SDR 5 million may be made for payments made prior to this date but on or after September 1, 2015, for Eligible Expenditures under Categories (9B), (10B), (11) and (12), provided that no Severance Payments under Category (11) shall be Eligible Expenditure for retroactive financing under this subparagraph unless the requirements under Section I.G.5 of Schedule 2 to this Agreement have been complied with; or"

"(b)" "any Eligible Expenditure under Categories (9A) and (10A), unless the Recipient has: (i) in form and substance satisfactory to the Association, made in full the Severance Payments to the Eligible Employees of GIDA and ICOUR, respectively, who are included in the list set forth in the Staff Retrenchment Plan as part of the first phase; and (b) in accordance with the Staff Retrenchment Plan, submitted an independent verification report, acceptable to the Association, relating to such Severance Payments.

"(c)" "any Eligible Expenditure under Category (11) in respect of any Severance Payments unless the Recipient has, in form and substance satisfactory to the Association, met the requirement referred to in Section I.G.5 of Schedule 2 to this Agreement."

"(d)" "any Eligible Expenditure under Category (5) or (6), unless the Recipient has: (i) submitted, in form and substance satisfactory to the Association, the Matching Grants Manual and the Agriculture Service Grants Manual; and (ii) established the PIU Grants Management Desk."

"2." "The Closing Date is September 30, 2019."
ANNEX 4

Amendment to the Appendix to the Agreement

The Appendix to the Agreement shall be amended as set forth below:

1. (i) Paragraph 12 of the Appendix to the Agreement shall be renumbered as paragraph 13, (ii) subsequent paragraphs shall be renumbered as paragraphs 15 through paragraph 40, and (iii) new paragraphs 13 and 14 shall be inserted as follows:

   “13.” “Eligible Employees of GIDA” means employees of GIDA eligible to receive retirement or retrenchment benefits in accordance with the laws of the Recipient.”

   “14.” “Eligible Employees of ICOUR” means employees of ICOUR eligible to receive retirement or retrenchment benefits in accordance with the laws of the Recipient.”

2. (i) Paragraph 20 of the Appendix to the Agreement as renumbered shall be renumbered as paragraph 22, (ii) subsequent paragraphs as renumbered shall be renumbered as paragraphs 23 through 42, respectively, and (iii) new paragraphs 20 and 21 shall be inserted as follows:

   “20.” “Ghana Irrigation Development Authority” means the authority established and operating pursuant to the Irrigation Development Authority Act of 1977 of the laws of the Recipient.”

   “21.” “Irrigation Company of Upper Region” means the company established and operating pursuant to Certificate of Incorporation No. 21, 958 issued by the Recipient’s Registrar of Companies on February 9, 1983, under the Companies Code (Act 179) as amended of the laws of the Recipient.”

3. (i) Paragraphs 41 and 42 of the Appendix to the Agreement as renumbered shall be renumbered as paragraphs 43 and 44, respectively, and (ii) new paragraphs 41 and 42 shall be inserted as follows:

   “41.” “Severance Payment” means the payment to be made to the staff of GIDA and ICOUR, respectively under Part F.1 and F.2 of the Project pursuant to the applicable laws of the Recipient and the Staff Retrenchment Plan.”

   “42.” “Staff Retrenchment Plan” means GIDA and ICOUR staff retrenchment plan, acceptable to the Association, and dated July 31, 2015, and adopted by the Recipient. Said plan referred to in Section I.G of Schedule 2 to this Agreement, setting forth, *inter alia*, a specification of the Eligible Employees of GIDA and ICOUR, the severance payments to be made, the verification process to be followed to confirm that said eligible employees of GIDA have received such payments, have been removed from GIDA’s and ICOUR’ payrolls, respectively, and do not return to
either GIDA or ICOUR employment (during ten year post retrenchment period), as such Staff Retrenchment Plan may be amended from time to time, and such term includes any schedules to the retrenchment plan.”