Financing Agreement

(Nutrition and Malaria Control for Child Survival Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 8, 2007
FINANCING AGREEMENT

AGREEMENT dated August 8, 2007, entered into between the REPUBLIC OF GHANA ("Recipient") and the 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 sixteen million four hundred thousand Special Drawing Rights (SDR 16,400,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Payment Dates are January 15 and July 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

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

3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

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 is that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

ARTICLE V — TERMINATION

5.01. 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: 233-21-667069
      Accra

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) or 64145 (MCI)
      Facsimile: 1-202-477-6391
      Washington, D.C.
AGREED at Accra, Republic of Ghana, as of the day and year first above written.

REPUBLIC OF GHANA

By /s/ Kwadwo Baah-Wiredu

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Mats Karlsson

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient in improving the utilization of selected community-based health and nutrition services for children under the age of two and pregnant women in selected districts.

The Project consists of the following Parts:

Part A. Institutional Strengthening

1. Establishment and/or building the capacity of an inter-ministerial steering committee on nutrition and child survival, the Technical Committee, the District Assemblies, the GHS, the MOH, community health and development committees and other MDAs and inter-sectoral structures to coordinate effectively the development and implementation of health and nutrition policies and community-based services.

2. Development and revision of strategies and action plans for mainstreaming nutrition into the national and district-level multi-sectoral development agenda, including the development of a multi-sectoral nutrition policy, a community-based health and nutrition service delivery strategy, a health and nutrition curriculum for primary and secondary schools and an advocacy strategy.

3. Development of strategies and mechanisms for reducing malnutrition and micronutrient deficiencies, including those for public education, small-scale fortification, salt iodization enforcement, and semi-annual distribution of vitamin A supplements.


5. Support to the MOH, the GHS and the district assemblies to strengthen their monitoring and evaluation systems for efficient planning and management of community-based health and nutrition service delivery.

Part B. Community-based Health and Nutrition Service Delivery

1. Building the capacity of relevant central, regional and district government structures to plan, administer and supervise Sub-projects under Part B.3 of the Project.
2. Development and implementation of communication strategies and training programs for influencing household and community behavior related to health and nutrition.

3. Carrying out of Sub-projects to implement community-based health and nutrition programs in selected districts, including pilot Sub-projects to verify the effectiveness of the performance-based incentive systems developed under Part A.4 of the Project.

Part C. Malaria Prevention

1. Procurement and distribution of LLINs for pregnant women and children under the age of five.

2. Support to GHS to conduct operational research and community surveys on ownership and utilization of LLINs, monitor insecticide resistance and carry out other activities to improve the monitoring and evaluation of the national malaria control program.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. MOH and GHS

(a) The Recipient shall maintain, at all times during the implementation of the Project, the MOH and the GHS with functions, staffing and resources satisfactory to the Association.

(b) Without limitation upon the provision of paragraph 1(a) of this Part A, the MOH shall be responsible for the formulation of policies related to the Project and for the overall coordination and oversight of Project activities, and the GHS shall be responsible for the delivery of services supported through the Project.

2. Technical Committee

(a) The Recipient shall establish and maintain, at all times during the implementation of the Project, the Technical Committee with functions, composition and resources satisfactory to the Association.

(b) Without limitation upon the provision of paragraph 2(a) of this Part A, the Technical Committee shall be chaired by a representative of the MOH at a level not lower than that of a Chief Director, and comprise representatives of the MOH, the GHS, the MOLGRDE, the MOWAC, the GES, the MOFA and the MOFEP.

(c) Without limitation upon the provision of paragraph 2(a) of this Part A, the Technical Committee shall be responsible, *inter alia*, for: (i) developing action plans and providing guidelines, standards and technical support for the implementation of the Project; and (ii) approving the Sub-projects submitted for its consideration by the RAC.

3. Regional Advisory Committee

(a) The Recipient shall maintain in each beneficiary region, at all times during the implementation of the Project, a Regional Advisory Committee with functions, composition and resources satisfactory to the Association.
(b) Without limitation upon the provision of paragraph 3(a) of this Part A, the RAC shall be chaired by the regional coordinating director of the respective regional coordinating committee and comprise the regional directors of the GHS, the MOFA, the MOWAC, the MOLGRDE, the GES, and the regional planning officer of the MOFEP, and shall be responsible, *inter alia*, for: (i) recommending, for approval by the Technical Committee, Sub-projects prepared by the district assemblies; (ii) providing technical support to the DAC; and (iii) reviewing performance at the district level on a quarterly basis.

4. **District Advisory Committee**

   (a) The Recipient shall maintain in each beneficiary district, at all times during the implementation of the Project, a District Advisory Committee with functions, composition and resources satisfactory to the Association.

   (b) Without limitation upon the provision of paragraph 4(a) of this Part A, the DAC shall be chaired by the district chief executive of the respective District Assembly and comprise district representatives of the GHS, the MOFA, the MOLGRDE and the GES, and shall be responsible, *inter alia*, for: (i) developing, in consultation with the beneficiary communities, Sub-project proposals for consideration by the RAC and supporting the implementation of Sub-projects by the respective beneficiary communities; (ii) ensuring the training of community-based health and nutrition service providers; and (iii) submitting quarterly and annual progress reports to the RAC and the Technical Committee.

**B. Five-Year Program of Work**

The Recipient shall, not later than December 31, 2007, adopt a five year program of work for the health sector, in form and substance satisfactory to the Association.

**C. Annual Program of Work**

Not later than October 31 of each year during the implementation of the Project, the Recipient shall, through the MOH, prepare and furnish to the Association an Annual Program of Work, in form and substance satisfactory to the Association, detailing the Project activities and Eligible Expenditures planned for the following Fiscal Year.
D. **Operational Documents**

The Recipient shall carry out the Project in accordance with the arrangements and procedures set out in the Memorandum of Understanding and the CMA, (provided, however, that in case of any conflict between the arrangements and procedures set out in the said documents and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the said documents.

E. **Sub-projects Manual**

The Recipient shall adopt a Sub-projects Manual as a supplemental document of the CMA, in form and substance satisfactory to the Association, defining the eligibility criteria and approval, disbursement, administration and monitoring and evaluation arrangements including key output indicators for Sub-projects, and shall thereafter carry out Part B.3 of the Project in accordance with the arrangements and procedures set out in the Sub-projects Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the Sub-projects Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the Sub-projects Manual.

F. **Sub-projects**

1. **General**

The Recipient shall appraise, approve and monitor Sub-projects and administer the Sub-grants in accordance with the provisions set forth or referred to in this Part E and in more detail in the Sub-projects Manual.

2. **Eligibility Criteria for Sub-projects**

No proposed Sub-project shall be eligible for financing out of the proceeds of the Financing unless it has been determined in accordance with the guidelines set forth in the Sub-projects Manual that the proposed Sub-project satisfies the eligibility criteria specified in the Sub-projects Manual.

3. **Terms and Conditions of Sub-grants**

A Sub-project shall be carried out pursuant to a Sub-grant Agreement, to be concluded between the Recipient and the respective District Assembly, under terms and conditions described or referred to in more detail in the Sub-projects Manual and satisfactory to the Association, which, *inter alia*, shall include the following:
(a) the description of the activities to be implemented, including the outputs and performance targets to be achieved, and the arrangements for monitoring and reporting on the implementation of the Sub-project;

(b) the modalities of transfer of funds for the financing of the Sub-project;

(c) the obligation of the District Assembly to: (A) carry out the Sub-project with due diligence and efficiency and in accordance with sound technical, environmental, financial, and managerial practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (B) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Sub-project and at the Association’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; and (C) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives;

(d) the requirement that the goods and consultants’ services to be financed from the proceeds of the Sub-project Agreement shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of this Schedule, and shall be used exclusively in the carrying out of the Sub-project; and

(e) the right of the Recipient, to: (i) suspend or terminate the right of the District Assembly to use the proceeds of the Sub-grant, or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon the District Assembly’s failure to perform any of its obligations under the Sub-project Agreement; (ii) inspect by itself, or jointly with the Association, if the Association shall so request, the goods included in the Sub-project, the use thereof and any relevant records and documents; and (iii) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation and financial conditions of Sub-projects.

4. Administration of Sub-project Agreements

The Recipient shall exercise its rights under each Sub-project Agreement in such manner as to protect its interests and those of the Association and to accomplish the purposes of the Project, and, except as the Association shall otherwise agree,
the Recipient shall not assign, amend, abrogate or waive any Sub-project Agreement or any substantial provision thereof.

G. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar year, and shall be furnished to the Association not later than three months after the end of the period covered by such report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following (with end targets set to be achieved by the Closing Date in the districts having benefited from at least two years of support under the Project):

(i) proportion of infants under six months of age who are exclusively breastfed in the past 24 hours increased by 15 percentage points;

(ii) proportion of infants between six and nine months of age who receive semi-solid/solid foods in addition to breast milk in the past 24 hours increased by 15 percentage points;

(iii) proportion of children under two years of age with diarrhea who receive oral re-hydration therapy increased by 15 percentage points;

(iv) proportion of pregnant women and children under five years of age who sleep under LLINs the night preceding the survey is carried out reaches at least 60% and 40% respectively;

(v) proportion of planned supervision and support activities by districts in the intervention areas having been conducted reaches 75%;
(vi) national nutrition policy developed;

(vii) proportion of children under two years of age being weighed regularly (3 times in 4 months) reaches 75%;

(viii) proportion of mothers of children under two years of age who had at least 4 prenatal care visits during their most recent pregnancy increases by 10 percentage points;

(ix) proportion of caretakers of children under two years of age who were able to cite at least two danger signs in children needing professional medical attention reaches 60%;

(x) proportion of households consuming adequately iodized salt increases by 15 percentage points;

(xi) proportion of children between six and fifty nine months of age who have received at least one vitamin A supplement in the last six months is maintained at 80%;

(xii) proportion of new mothers who receive high-dosage vitamin A supplements within 8 weeks of delivery increases by 10 percentage points; and

(xiii) proportion of households having at least two LLIN’s reaches 80%.

2. The Recipient shall undertake in conjunction with the Association a comprehensive midterm review of the Project during the annual health sector review in the second year of implementation of the Project, at which it shall exchange views generally on all matters relating to the progress of the Project and the performance by the Recipient of its obligations under the Financing Agreement, having regard to the performance indicators referred to in paragraph 1 (b) of this Part A.

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 three months after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year. The audited Financial Statements for each such period shall be furnished to the Association not later than nine months after the end of such period.

Section III. Procurement

A. General

1. **Goods.** All goods 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods.** The following methods, other than International Competitive Bidding, may be used for procurement of goods in the circumstances specified in the Procurement Plan for each such method: (a) Limited International Bidding; (b) National Competitive Bidding, provided however that foreign firms shall not be excluded from bidding; (c) Direct Contracting; (d) Shopping; and (e) Procurement from the United Nations Children’s Fund and/or the Inter-Agency Procurement Services Office.

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 in the circumstances specified in the Procurement Plan for each such method: (a) Least Cost Selection; (b) Selection based on Consultants’ Qualifications; (c) Single-source Selection; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (e) Sole Source Procedures for the Selection of Individual Consultants.

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

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

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below and detailed in the Annual Program of Work.

2. The following table specifies each Category of Eligible Expenditures that may be financed out of the proceeds of the Financing, the allocations of the amounts of the Credit to each such Category, and the percentage of expenditures to be financed for Eligible Expenditures in each such 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) Goods, consultants’ services including audits, Training and Operating Costs, excluding Sub-grants</td>
<td>12,190,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-grants</td>
<td>4,210,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>16,400,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

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

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 3,300,000 may be made for payments made prior to this date but on or after June 1, 2007 for Eligible Expenditures under Category (1); or

   (b) for Sub-grants under Category (2), unless the Recipient has adopted the Sub-projects Manual, in form and substance satisfactory to the Association.

2. The Closing Date is March 31, 2012.

Section V. Other Undertakings

A. Appointment of Financial Auditors

   The Recipient shall, not later than six months after the Effective Date, appoint the independent auditors referred to in Section 4.09 (b) of the General Conditions.

B. Procurement Audits

1. The Recipient shall, not later than six months after the Effective Date, put in place arrangements, satisfactory to the Association, including the appointment of independent procurement auditors in accordance with the provisions of Section III of Schedule 2 to this Agreement, with qualifications, experience and terms of reference acceptable to the Association, for reviewing the procurement of goods and consultants’ services financed under the Project, including the reviewing of procurement procedures and processes.

2. The Recipient shall, not later than three months after the end of each Fiscal Year, or such later date as the Association may agree, furnish to the Association an audit report on the procurement of goods, works and consultants’ services carried out under the Project, prepared by the said independent procurement auditors.
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 January 15 and July 15:</td>
<td></td>
</tr>
<tr>
<td>commencing July 15, 2017 to and including January 15, 2027</td>
<td>1%</td>
</tr>
<tr>
<td>commencing July 15, 2027 to and including January 15, 2047</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

Definitions

1. “Annual Program of Work” means the program of work referred to in Section I.B of Schedule 2 to this Agreement.


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

4. “CMA” means the Recipient’s Common Management Arrangements for financial support to the health sector adopted at the Health Partners Summit on December 6, 2001, as the CMA may be revised from time to time with the prior approval of the Association.


6. “District Assembly” means a district assembly established and operating in the territory of the Recipient pursuant to the laws of the Recipient.

7. “DAC” means the District Advisory Committee referred to in Section I.A.4 of Schedule 2 to this Agreement.

8. “Fiscal Year” means the Recipient’s fiscal year commencing January 1 and ending December 31 of each year.


10. “GES” means the Ghana Education Service.

11. “GHS” means the Ghana Health Service.


13. “Memorandum of Understanding” means the Memorandum of Understanding entered into between the Recipient, the Association and other development partners supporting the Recipient’s health sector programs, and providing for
common procedures on procurement, disbursement, cooperation and exchange of information, including the application of the CMA.

14. “MOFA” means the Recipient’s Ministry of Food and Agriculture.


18. “MOWAC” means the Recipient’s Ministry of Women’s Affairs and Children.

19. “Operating Costs” means the operating costs incurred on account of the implementation of the Project including maintenance of vehicles, fuel, equipment, office supplies, utilities, consumables, bank charges, advertising expenses, travel, per diems, and accommodation, but excluding salaries of civil and public servants.


21. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 11, 2007 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

22. “Program” means the Recipient’s National Health Policy, 2006 and the five-year program of work adopted pursuant to Section I.B of Schedule 2 to this Agreement defining objectives, policies and actions for the development of the Recipient’s health sector.

23. “RAC” means the Regional Advisory Committee referred to in Section I.A.3 of Schedule 2 to this Agreement.

24. “Sub-grant” means a grant made or to be made out of the proceeds of the Financing for the purpose of financing Eligible Expenditures required for a Sub-project in accordance with the provisions of Section I.E of Schedule 2 to this Agreement.

25. “Sub-grant Agreement” means an agreement entered into, or to be entered into, between the MOH, on behalf of the Recipient, and a District Assembly, for the purpose of extending a Sub-grant to such District Assembly on the terms and
conditions set forth or referred to in Section I.E.3 of Schedule 2 to this Agreement.

26. “Sub-project” means a set of specific activities carried out or to be carried out by a District Assembly under Part B.3 of the Project and financed or to be financed out of the proceeds of the Financing through a Sub-grant.

27. “Sub-projects Manual” means the manual referred to in Section I.D of Schedule 2 to this Agreement.

28. “Technical Committee” means the technical committee referred to in Section I.A.2 of Schedule 2 to this Agreement.

29. “Training” means the costs associated with the training and workshop participation of personnel involved in Project supported activities 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 course or workshop preparation and implementation.