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**CREDIT NUMBER 4735 - GH**

# **Financing Agreement**

**(Social Opportunities Project)**

**between**

**REPUBLIC OF GHANA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated September 8, 2010**

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Public Disclosure Authorized



**CREDIT NUMBER 4735 -GH**

**FINANCING AGREEMENT**

AGREEMENT dated September 8, 2010, 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 up to the equivalent of fifty-eight million four hundred thousand Special Drawing Rights (SDR58,400,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 June 1 and December 1 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. 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 to 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 — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Condition of Effectiveness consists of the following: the Project Implementation Manual, in form and substance satisfactory to the Association, has been duly adopted by the Recipient.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.03. 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 years after the date of this Agreement.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Recipient's Representative is its minister responsible for finance.

5.02. The Recipient's Address is:

The Minister  
Ministry of Finance and Economic Planning  
P.O. Box MB40  
Accra, Ghana

Facsimile:

233-21-667069  
233-21-663854

5.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

248423 (MCI)

1-202-477-6391

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

**REPUBLIC OF GHANA**

**By: /s/ Kwabena Duffuor**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By: /s/ Ishac Diwan**

**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are to improve targeting in social protection spending, increase access to conditional cash transfers nationwide, increase access to employment and cash-earning opportunities for the rural poor during the agricultural off-season, and improve economic and social infrastructure in target districts.

The Project consists of the following parts:

#### **A. Rationalizing the National Social Protection Policy**

Support to the Recipient to help redirect its social protection expenditures to the most effective areas and reduce those in less effective activities through the provision of technical assistance, studies and training.

#### **B. Labor Intensive Public Works**

Development and implementation of quick-response mechanisms against seasonal poverty, external shocks, including floods and droughts, during a crisis and maximizing local employment by providing short-term paid employment opportunities to selected rural poor households to finance costs of LIPWs, including:

- (i) rehabilitation and maintenance of rural feeder and access roads;
- (ii) rehabilitation of small dams and related public infrastructure; and
- (iii) other works, including, construction of schools and clinics, dugouts, soil and land conservation works for catchment protection and tree planting on communal lands.

#### **C. Program for Livelihood Empowerment Against Poverty**

Support for the Recipient's efforts to carry out the full rollout of the LEAP program by (i) strengthening its management and administration; (ii) providing technical assistance to improve targeting; and (iii) providing Cash Transfers to Beneficiaries under LEAP.

**D. Capacity Building**

Strengthening the Recipient's capacity to implement its National Social Protection Strategy (NSPS) at the national and local levels, with the view of enabling a gradual scaling-up and targeting at the national level by:

- (i) establishing a LIPW supportive policy and institutional framework;
- (ii) building capacity to support LIPW implementation of: (a) rehabilitation and maintenance of roads; (b) rehabilitation of small dams and water storage infrastructure; and (c) other works, including, construction of schools and clinics, dugouts, soil and land conservation works for catchment protection and tree planting on communal lands;
- (iii) building capacity (a) to support implementation of LEAP; (b) for disaster risk management; and (c) at the district and regional levels; and
- (iv) other activities and pilot programs that could become necessary during implementation to support the overall objective of strengthening safety nets and providing safety ladders.

**E. Project Management and Coordination**

Provision of technical assistance, vehicles, equipment and other operational support to the Recipient to carry out the coordination, administration, monitoring, evaluation and audit of the Project.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Inter-ministerial Committee

1. Part A of the Project will be led by an inter-ministerial committee to be chaired by the MoFEP. Parts C and D(iii) of the Project will be managed by MoFEP at the policy level in cooperation with the MESW.
2. While the DAs will be the main focal point of Project implementation of all other Project-supported activities, the Project will be implemented by the MLGRD.

##### B. Project Steering Committee

1. The Recipient shall maintain, at all times during the implementation of the Project, a Project Steering Committee (PSC) with a mandate, composition and resources satisfactory to the Association.
2. Without limitation to the provisions of paragraph 1 of this Part B, the PSC shall be chaired by the minister of MLGRD, and comprise representatives of the Recipient's other relevant ministries and institutions and civil society organizations.
3. Without limitation to the provisions of paragraph 1 of this Part B, the PSC shall be responsible for, *inter alia*:
  - (a) (i) providing guidance on strategic, policy and implementation issues; (ii) coordinating activities of ministries, agencies and other stakeholders involved in Project implementation; (iii) reviewing and approving annual work plans, budget and annual reports; (iv) reviewing and assessing quarterly and annual Project progress reports and making the necessary recommendations; and (v) assessing progress towards achieving the Project's objectives and taking all necessary corrective action; and
  - (b) facilitating the coordination of Project activities among the entities represented in the PSC, and making recommendations for removal of any obstacles to the implementation of the Project.

##### C. National Coordination Office

1. (a) At the national level, MLGRD will establish, and maintain for the duration of the Project, a national coordination office (NCO), which will assist it in overseeing and coordinating Project implementation. It will

report directly to the chief director of MLGRD and will function as a secretariat for the PSC. Its main functions will include: (i) coordinating, consolidating, and reviewing the Project's annual work programs, budgets and procurement plans; (ii) preparing quarterly Project progress and financial monitoring reports; (iii) disbursing Project funds to DAs and other implementing agencies, and ensuring the replenishment of Project accounts; and (iv) undertaking necessary reporting, audit, and monitoring and evaluation activities.

- (b) The NCO will be headed by a national coordinator who will be supported by a chief financial controller located in Accra as well as decentralized staff in order to provide closer support to front-line activities (such staff includes, *inter alia*, a chief infrastructure engineer with competence in procurement; a chief institution and capacity building specialist; a safeguard specialist, and a monitoring and evaluation specialist). The NCO activities will be fully mainstreamed within the existing structures of MLGRD at all levels for the duration of the Project.
2. (a) At the regional level, the RCCs, under the leadership of the regional ministers, will provide coordination and technical backstopping for the implementation of the Project. The Recipient's regional economic planning officer, as the head of the RPCU secretariat, will act as technical head of the Project at the regional level and will report to the regional coordinating director of the RPCU. The RPCU, with the support of the RCO, will perform *inter alia* the following functions: (i) coordinate Project planning and execution; (ii) review and consolidate districts' annual work plans and budgets; (iii) provide technical backstopping to District Assembly staff; identify and bring on board relevant implementing agencies; (iv) undertake Project monitoring and evaluation to review progress and provide timely guidance on an as-needed basis; and (v) chair monthly meetings relating to the Project.
- (b) The Recipient shall maintain for the duration of the Project the RCOs, under the auspices of the RPCU, with functions, staffing and resources satisfactory to the Association, for the purpose of ensuring the prompt and efficient implementation of the Project, including: (i) planning, coordination and monitoring the Project at the regional level; (ii) assisting the RCC and RPCU staff and relevant line ministries and agencies in providing timely and efficient backstopping to the DAs (e.g., review/preparation of the detailed engineering designs, procurement, contracts supervision, etc.); and (iii) support the DAs to implement annual work programs.

- (c) Each RCO will be headed by a coordinator and supported by, *inter alia*, an infrastructure engineer, a capacity-building specialist, and a financial management specialist. The RCOs will assist in building capacity in the RCCs by gradually mainstreaming the Project implementation functions fully into the RCCs and other relevant regional-level institutions.
3. (a) At the District level, the DAs will have full responsibility for Project implementation. The DPCU, which includes the heads of the technical departments, will be responsible for the planning of activities which are selected from their development plans, in close consultation and collaboration with target communities. It will also be responsible for the timely preparation and submission of annual work programs and budgets, detailed design of LIPWs, procurement, supervision, and payment to providers of goods, works and services. Project funds will be directly transferred into DA bank accounts in accordance with the PIM.
  - (b) DAs will be responsible for the implementation of LIPWs.
4. Implementation of disaster risk management activities will be carried out by the DAs.

#### **D. Project Implementation Manual**

1. The Recipient shall adopt a Project Implementation Manual in form and substance satisfactory to the Association, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) environmental and social safeguard guidelines; (e) monitoring, evaluation, reporting and communication; (f) the Recipient's detailed rules and regulations to be followed for determining eligibility and selection of Beneficiaries and disbursement of Cash Transfers to such Beneficiaries under Part C (iii) of the Project, and (g) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
2. The Recipient shall carry out (and cause to be carried out) the Project in accordance with the arrangements and procedures set out in the PIM (provided, however, that in case of any conflict between the arrangements and procedures set out in the PIM 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 PIM.

**E. Cash Transfers**

- (a) For the implementation of Part C (iii) of the Project, the Recipient shall provide Cash Transfers to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Association, and described in the Recipient's program guidelines and as specified in the PIM.
- (b) Each Cash Transfer shall be in an amount which the Association and the Recipient are satisfied meets the reasonable cost of maintaining the Beneficiary's needs within the parameters defined by the Recipient's responsible agency.
- (c) The Recipient shall ensure that the amount of each Cash Transfer is used by the Beneficiary for its intended purpose.

**F. Annual Work Plans and Budgets**

- 1. The Recipient shall prepare and furnish to the Association for its approval, not later than November 30 of each year during the implementation of the Project, an Annual Work Plan and Budget containing all eligible Project activities and expenditures planned for the Recipient's following fiscal year and shall ensure that the Project is implemented in accordance with the approved Annual Work Plans and Budgets; provided, however, that in case of any conflict between the Annual Work Plans and Budgets and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 2. The Recipient shall not make or allow to be made any change to the approved Annual Work Plan and Budget without prior agreement in writing of the Association.

**G. Environmental and Social Safeguards Management**

- 1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the ESMF and the RPF throughout the period of implementation of the Project.
- 2. Without limitation to the provisions of paragraph 1 of this Part G, the Recipient shall, prior to any construction, rehabilitation and maintenance activity under the Project: (a) as and when required under the ESMF or the RPF, carry out in accordance with the ESMF or RPF (as applicable), an assessment of such activity; (b) in the event that on the basis of such assessment, such activity, if carried out, would have a potential for adverse impact, not permit such activity to be carried out until an appropriate environmental management plan, resettlement action plan or other plan, as required, under the ESMF or RPF (as applicable) has been prepared and adopted by the Recipient to mitigate such potential adverse

impact; and (c) thereafter, ensure that the agreed plan (or plans, as the case may be) referred to in (b) above is (or are) carried out with due diligence.

3. The Recipient shall not abrogate, amend or waive, or permit to be abrogated, amended or waived, the ESMF or RPF (as applicable) (including any environmental impact assessments, environmental management plans and resettlement action plans prepared under paragraph 2 of this Part G) or any provision thereof, without prior agreement in writing of the Association.
4. The Recipient shall monitor and regularly report to the Association, including through the Project Reports referred to in Part A of Section II of this Schedule, the status of compliance with the ESMF and RPF (including any environmental impact assessments, environmental management plans and resettlement action plans prepared under paragraph 2 of this Part G), giving details of: (a) measures taken or to be taken in accordance with the said frameworks, assessments and plans; (b) conditions, if any, which interfere or threaten to interfere with the implementation of the said frameworks, assessments and plans; and (c) remedial measures taken or to be taken to address such conditions.
5. In case of any conflict between the provisions of the ESMF or RPF (as applicable) (including any environmental impact assessments, environmental management plans and resettlement action plans prepared under paragraph 2 of this Part G) and the provisions of this Agreement, the provisions of this Agreement shall prevail.

#### **H. Policy on Use of Labor Intensive Methods**

The Recipient shall, by no later than December 1, 2011, prepare and deliver to the Association a post-national consultation draft policy on the use of labor-intensive methods.

#### **I. 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. 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 agreed upon with the Association and set forth in the PIM. Each Project Report shall cover the period of six (6) calendar months, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall, no later than November 30, 2013, submit to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of the mid-term report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Part A, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and (b) review with the Association the mid-term report, on or about the date one (1) month after its submission, and thereafter take all measures required to ensure the efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter.
3. 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 (6) 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 (45) days 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 of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.
4. The Recipient shall, not later than six (6) months after the Effective Date, appoint the independent auditors referred to in Section 4.09(b) of the General Conditions, in accordance with the provisions of Section III of this Schedule, with qualifications, experience and terms of reference acceptable to the Association.

### **Section III. Procurement**

#### **A. General**

1. Goods and Works. All goods and works 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 and Works**

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. Other Methods of Procurement of Goods and Works. The following methods, other than International Competitive Bidding, may be used for goods and works for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the provisions of paragraph 3 of this Part B; (b) Shopping; and (c) Direct Contracting.
3. Exceptions to National Competitive Bidding Procedures. 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 assignments which are specified in the Procurement Plan: (a) Selection based on Consultants' Qualifications; (b) Least-Cost Selection; (c) Selection of Individual Consultants; and (d) Sole Source Procedures for the Selection of Individual Consultants.

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

1. 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.
2. All terms of reference for consultants' services, regardless of contract value, shall be subject to the Association's Prior Review.
3. All training activities under the Project shall be specified in the relevant Annual Work Plan and Budget for approval by the Association, including: (a) the type of training; (b) the purpose of the training; (c) the personnel to be trained; (d) the institution or individual who will conduct the training; (e) the location and duration of the training; (f) the cost of the training; and (g) the outcome and impact of the training.



#### 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 Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, consultants’ services and Training for the Project, excluding Parts B and C (iii) of the Project	7,200,000	100%
(2) Civil works under Part B of the Project	36,900,000	100%
(3) Cash Transfers under Part C (iii) of the Project for:		
(a) First scheduled disbursement	1,650,000	Percentage specified in line 5 of Schedule 4 of this Agreement for Fiscal Year 2010
(b) Second scheduled disbursement	3,300,000	Percentage specified in line 5 of Schedule 4 of this Agreement for Fiscal Year 2011
(c) Third scheduled disbursement	3,300,000	Percentage specified in line 5 of Schedule 4 of this Agreement for Fiscal Year 2012

(d) Fourth scheduled disbursement	3,300,000	Percentage specified in line 5 of Schedule 4 of this Agreement for Fiscal Year 2013
(e) Fifth scheduled disbursement	1,650,000	Percentage specified in line 5 of Schedule 4 of this Agreement for Fiscal Year 2014
(4) Unallocated	1,100,000	
<b>TOTAL AMOUNT</b>	<b>58,400,000</b>	

**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 this Agreement, except that withdrawals up to an aggregate amount not to exceed the equivalent of \$2,500,000 may be made for payments made prior to this date but on or after July 1, 2009 for Eligible Expenditures under Category (3)(a); or
  - (b) payments under Category (2), until the Association has received satisfactory evidence that the Recipient has issued a directive confirming that works under Part B of the Project constitute Community Work; or
  - (c) payments under Category (3), until the Recipient has furnished to the Association satisfactory evidence that it has: (i) completed an operational review of LEAP, and (ii) adopted an action plan based on findings of such operational review; or
  - (d) payments under Category (3)(a), until the Recipient shall have furnished evidence to the Association satisfactory evidence that (i) the cumulative number of households who received Cash Transfers by the end of FY 2010 is at least 14,000, and (ii) the Recipient has appropriated in the MESW Budget at least GHC 7,500,000 for Cash Transfers made by the end of FY 2010 and completed this transfer; or
  - (e) payments under Category (3)(b) until the Recipient shall have furnished to the Association satisfactory evidence that: (i) the cumulative number of households who received Cash Transfers by the end of FY 2011 is at least 35,000, and (ii) the Recipient has appropriated in the MESW Budget at

least GHC 12,000,000 for Cash Transfers by the end of FY 2011 and completed this transfer; or

- (f) payments under Category (3)(c), until the Recipient shall have furnished to the Association satisfactory evidence that: (i) the cumulative number of households who received Cash Transfers by the end of FY 2012 is at least 50,000, and (ii) the Recipient has appropriated in the MESW Budget at least GHC 18,000,000 for Cash Transfers to be made by the end of FY 2012 and completed this transfer; or
- (g) payments under Category (3)(d) until the Recipient shall have furnished to the Association satisfactory evidence that: (i) the cumulative number of households who received Cash Transfers by the end of FY 2013 is at least 80,000, and (ii) the Recipient has appropriated in the MESW Budget at least GHC 24,000,000 for Cash Transfers to be made by the end of FY 2013 and completed this transfer; or
- (h) payments under Category (3)(e) until the Recipient shall have furnished to the Association satisfactory evidence that: (i) the cumulative number of households who received Cash Transfers by the end of FY 2014 is at least 110,000, and (ii) the Recipient has appropriated in the MESW Budget at least GHC 30,000,000 for Cash Transfers to be made by the end of FY 2014 and completed this transfer; or
- (i) payments under Category (3)(f) until the Recipient shall have furnished to the Association satisfactory evidence that: (i) the cumulative number of households who received Cash Transfers by the end of FY 2015 is at least 140,000 and (ii) the Recipient has appropriated in the MESW Budget at least GHC 36,000,000 for Cash Transfers to be made by the end of FY 2015 and completed this transfer.

2. Notwithstanding the foregoing, if the Association is not satisfied that the DLIs have been achieved for purposes of disbursement of Credit proceeds under Categories (3)(a), (3)(b), (3)(c), (3)(d) or (3)(e), as the case may be, then the Association, at its sole discretion, may either:

- (i) at a later date, when the Association is satisfied that such DLIs have been achieved for such sub-Category, authorize the disbursement of the Credit proceeds associated thereto;
- (ii) reallocate the amount allocated to such sub-Category to another Category or sub-Category in accordance with Section 2.08 of the General Conditions; or

- (iii) by notice to the Recipient, cancel the amount of the Credit allocated to such sub-Category,

provided, however, that if the Association determines that the DLIs have not been fully achieved for purposes of disbursement of Credit proceeds under sub-Categories (3)(a),(3)(b), (3)(c), (3)(d) or (3)(e), as the case may be, but at least fifty percent (50%) of each DLI under the relevant sub-Category has been achieved, then, the Association, at its sole discretion, may disburse proceeds of the Credit for such sub-Category on a *pro rata* basis in accordance with the following formula:

$$A \times B \times C = \text{Amount which the Association may disburse}$$

**Where:**

- A is the amount of expenditures incurred by the Recipient in connection with Part C (iii) of the Project for the relevant Fiscal Year.
  - B is the percentage specified in line 5 of Schedule 4 to this Agreement for the relevant Fiscal Year.
  - C is the ratio (not to exceed 1:1) of (i) actual number of households reached in connection with Part C (iii) of the Project in the relevant Fiscal Year, to (ii) the target number of households reached specified in line 2 of Schedule 4 to this Agreement for the relevant Fiscal Year.
3. It being understood that the proviso in Section IV.B.2 above is without prejudice to the Association's right, at its sole discretion, to either:
- (i) at a later date, when the Association is satisfied that the DLIs have been fully achieved for such sub-Category, authorize the disbursement of the Withheld Target Credit;
  - (ii) reallocate the Withheld Target Amount for such sub-Category to another Category or sub-Category in accordance with Section 2.08 of the General Conditions; or
  - (iii) by notice to the Recipient, cancel the Withheld Target Credit for such sub-Category.
4. The Closing Date is June 30, 2016.

**SCHEDULE 3****Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each June 1 and December 1:	
commencing June 1, 2020 to and including December 1, 2029	1.25%
commencing June 1, 2030 to and including December 1, 2044	2.5%

\* 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.

**SCHEDULE 4****Disbursement-Linked Indicators**

*Disbursement-Linked Indicators for Use with LEAP in Connection with Part C (iii) of the Project*

<b>Fiscal Year</b>	<b>2010 (including retroactive financing period provided under Section IV.B.1(a) of Schedule 2 to this Agreement)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
1. Eligible Expenditure:	Cash Transfers					
2. Cumulative number of households reached	14,000	35,000	50,000	80,000	110,000	140,000
3. Recipient's budget allocation (in GHC)	7,500,000	12,000,000	18,000,000	24,000,000	30,000,000	36,000,000
4. Expected amount to be financed by the Association (in US dollars)	2,500,000	5,000,000	5,000,000	5,000,000	2,500,000	
5. Percentage of the Recipient's budget allocation referred to in line 3 above which can be disbursed by the Association	60%	60%	50%	40%	25%	0%
6. Method of verification	<p>For number of households: reporting on a six-month period basis.</p> <p>For the Recipient budget allocation: prior budget approval by the Association and CAG certification that (i) budgeted amounts are being made available to disburse to eligible households; and (ii) such amounts have been transferred.</p>					

**APPENDIX****Definitions**

1. “Annual Work Plan and Budget” means the plan and budget referred to in Section I.F of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
3. “Beneficiary” means a household which is eligible pursuant to the PIM to receive, or an actual recipient of, a Cash Transfer under Part C(iii) of the Project.
4. “Cash Transfer” means a non-refundable grant by the Recipient to a Beneficiary made or to be made in accordance with the provisions of the Project Implementation Manual.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “Community Work” means works undertaken by community members (to be selected by such communities in accordance with the PIM) in the Recipient’s territory in which Part B of the Project is implemented and for which: (i) there is an element of volunteerism, and (ii) the piece work rates are applied (such rates being based on the prevailing local market rates for similar works).
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
8. “Disbursement-Linked Indicators” or “DLIs” means, collectively, the disbursement-linked targets set forth in lines 2 and 3 of Schedule 4 to this Agreement for which disbursements are expected to be made in FYs 2010, 2011, 2012, 2013, 2014 and 2015 to the extent such targets are achieved; and “DLI” means, individually, any one of such targets.
9. “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

10. “District Assembly” or “DA” means a District Assembly established pursuant to the Recipient’s Local Government Act of 1993 (Act 462).
11. “DPCU” means a District Planning Coordination Unit established pursuant to the Recipient’s Local Government Act of 1993 (Act 462).
12. “ESMF” means the Recipient’s Environmental and Social Management Framework, dated January 2010, as the said framework may be amended and/or supplemented from time to time with the prior written approval of the Association, setting forth the policy framework, principles, standards, processes and institutional arrangements to be applied to assess potential adverse environmental, physical cultural property and social impacts associated with activities under Part B of the Project and the ways to avoid, minimize, mitigate or offset them, including public consultation, disclosure and reporting.
13. “Fiscal Year” or “FY” mean the Recipient’s fiscal year beginning on January 1 and ending on December 31 of each year.
14. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
15. “GHC” means Ghanaian Cedi, the Recipient’s lawful currency.
16. “LEAP” means the Recipient’s Livelihood Empowerment Against Poverty program adopted on March 8, 2007 which is being partly supported under Part C of the Project.
17. “LIPW” is the acronym for labor intensive public works.
18. “MESW” means the Recipient’s Ministry of Employment and Social Welfare.
19. “MESW Budget” means the Recipient’s budgetary appropriation to MESW.
20. “MLGRD” means the Recipient’s Ministry of Local Government and Rural Development.
21. “MoFEP” means the Recipient’s Ministry of Finance and Economic Planning.
22. “NCO” means the national coordination office for the Project referred to in Section I.C.1(a) of Schedule 2 to this Agreement.
23. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.



24. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 24, 2010 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.
25. “Project Implementation Manual” and “PIM” mean the Recipient’s Project Implementation Manual referred to in Section I.D of Schedule 2 to this Agreement.
26. “Project Steering Committee” and “PSC” mean the committee referred to in Section I.B of Schedule 2 to this Agreement.
27. “RCO” means the regional coordination office for the Project referred to in Section I.C.2(a) of Schedule 2 to this Agreement.
28. “Regional Coordinating Council” or “RCC” means the Regional Coordinating Council established pursuant to the Recipient’s Local Government Act of 1993 (Act 462).
29. “Regional Planning and Coordinating Unit” or “RPCU” means the Regional Planning and Coordinating Unit established pursuant to the Recipient’s National Planning Systems Act, 1993 (Act 488).
30. “RPF” means the Recipient’s Resettlement Policy Framework, dated January 2010, as the said framework may be amended and/or supplemented from time to time with the prior written approval of the Association, setting forth resettlement procedures, institutional arrangements, eligibility criteria, entitlements and compensation of Displaced Persons under the Project, including valuation procedures, budget, public consultation and participation, monitoring and evaluation and disclosure.
31. “Training” means the reasonable costs incurred for the training of personnel involved in Project supported activities, as specified in the relevant Annual Work Plan and Budget, 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 preparation and implementation.
32. “Withheld Target Credit” means the difference between the amount of the Credit allocated for sub-Categories (3)(a), (3)(b), (3)(c), (3)(d) or (3)(e), as the case may be, and the amount of the Credit actually disbursed for such sub-Category as such amount is determined pursuant to the proviso of Section IV.B.2 of Schedule 2 to this Agreement.