



CREDIT NUMBER 2665 GH

DEVELOPMENT CREDIT AGREEMENT

(Private Sector Development Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *January 11*, 1995

CREDIT NUMBER 2665 GH

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated *January 11*, 1995, between REPUBLIC OF GHANA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS the Association has received a letter dated October 19, 1994, from the Borrower describing a program of actions, objectives and policies designed to strengthen the technological and financial capabilities of the private sector (hereinafter called the Program), and declaring the Borrower's commitment to the execution of the Program;

WHEREAS the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Beneficiaries" means MEST, MOJ, MTI, CSIR, the CSIR Commercialized Institutes, the CSIR Secretariat, GSB, GTFA, LSCC and EMPRETEC;

(b) "Cedis" means the currency of the Borrower;

(c) "Commercialized CSIR Institutes" means the following institutes under the supervision of CSIR which are to be operated on

a commercial basis: the Building and Roads Research Institute, the Food Research Institute, the Industrial Research Institute, and the Scientific Instrumentation Center;

(d) "CSIR" means the Borrower's Council for Scientific and Industrial Research;

(e) "CSIR Secretariat" means the administrative secretariat of CSIR;

(f) "EMPRETEC" means EMPRETEC Ghana Foundation, a non-profit making company established under the laws of the Borrower, designated by the Borrower to act as the fund manager for the TED Fund;

(g) "GSB" means the Ghana Standards Board, established under the Standards Decree 1973 (N.R.C.D. 173);

(h) "GTFA" means the Ghana Trade Fair Authority, established pursuant to the Ghana Trade Fair Authority Law, 1989 (P.N.D.C.L. 215), and operated under the ministerial supervision of MTI;

(i) "ISO" means the International Standards Organization;

(j) "LSCC" means the legal sector coordinating committee, established by the Borrower to implement Part D of the Project;

(k) "MFEP" means the Borrower's Ministry of Finance and Economic Planning;

(l) "MEST" means the Borrower's Ministry of Environment, Science and Technology;

(m) "MOJ" means the Borrower's Ministry of Justice;

(n) "MTI" means the Borrower's Ministry of Trade and Industry;

(o) "PCT" means the project coordination team established within MFEP to coordinate Project implementation;

(p) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to the letter agreement dated March 16, 1994, and confirmed March 31, 1994, between the Borrower and the Association;

(q) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(r) "TED Fund" means the technology and enterprise development fund established under Part B of the Project;

(s) "TED Fund Framework Agreement" means the agreement between EMPRETEC and the Borrower relating to the execution of Part B of the Project; and

(t) "TED Fund Procedures Manual" means the procedures manual, in form and substance satisfactory to the Association, governing EMPRETEC's operation of the TED Fund, to be annexed to the TED Fund Framework Agreement.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to nine million Special Drawing Rights (SDR 9,000,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) After the Effective Date, the Association shall, on behalf of the Borrower, promptly withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn

balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be June 30, 2000 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next payment date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on May 15 and November 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each May 15 and November 15, commencing May 15, 2005 and ending November 15, 2034. Each installment to and including the installment payable on November 15, 2014 shall be one percent (1%) of such principal amount, and each

installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out (i) Part A.1 of the Project through MEST, CSIR, the CSIR Secretariat and the Commercialized CSIR Institutes, (ii) Part A.2 of the Project through MTI and GSB, (iii) Part B of the Project through MTI and EMPRETEC, (iv) Part C.1 of the Project through MTI and GTFA, (v) Part C.2 of the Project through MEST and MTI's Ghana Export Promotion Council,

and (vi) Part D of the Project through MOJ, with due diligence and efficiency and in conformity with appropriate administrative, scientific and financial practices, and with due regard to ecological and environmental factors, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. Without limitation upon any of its obligations under Section 3.01 of this Agreement, the Borrower shall:

(a) open and maintain in a commercial bank a private sector development project account, to be managed by MFEP under terms and conditions satisfactory to the Association, to be used exclusively for the purposes of meeting expenditures under the Project; and

(b) in addition to the initial deposit referred to in Section 6.01 (c) of this Agreement, deposit into said account promptly before each fiscal quarter starting after the Effective Date, the Borrower's contribution to the financing of the Project required for such ensuing quarter, as estimated by the Borrower in consultation with the Association.

Section 3.03. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.04. The Borrower shall carry out, and shall cause the Beneficiaries to carry out, jointly with the Association, semiannual reviews of the progress made in carrying out the Project and the Program.

Section 3.05. (a) The Borrower shall carry out, and shall cause the Beneficiaries to carry out, jointly with the Association, not earlier than April 1, 1997 and not later than June 30, 1997, a midterm review of the progress made in carrying out the Project and the Program. This review shall cover, among other things: (i) progress in commercializing the operations of CSIR, the Commercialized CSIR Institutes and GSB, (ii) progress regarding the

accreditation of GSB by ISO, (iii) operations of the TED Fund and EMPRETEC, and compliance with the TED Fund Framework Agreement and the TED Fund Procedures Manual, (iv) adequacy of institutional arrangements for Project implementation, (v) the findings of the studies prepared under the Project, (vi) the effectiveness of training provided under the Project, (vii) the development by the Borrower of a legal sector development strategy, (viii) review of the monitoring indicators agreed upon with the Association, and (ix) status of procurement and disbursement under the Project.

(b) The Borrower shall transmit to the Association, at least 45 days prior to the midterm review described in paragraph (a) above, a report, in scope and detail satisfactory to the Association, describing the status of the items listed in such paragraph and of Project and Program implementation generally.

(c) Based on such midterm review, the Borrower shall promptly prepare an action plan, acceptable to the Association, for the further implementation of the Project and the Program, and shall thereafter implement such action plan.

Section 3.06. Without limitation upon the provisions of Article IX of the General Conditions, the Borrower shall:

(a) prepare and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan, of such scope and in such detail as the Association shall reasonably request, for the future operation of the Project;

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan; and

(c) thereafter, carry out said plan with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of (i) EMPRETEC and (ii) the

departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

- (b) The Borrower shall, and shall cause EMPRETEC to:
- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
 - (ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
 - (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall, and shall cause EMPRETEC to:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and

- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

- (a) a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out; and

- (b) (i) as a result of events which have occurred after the date of this Agreement, a situation shall have arisen which shall make it improbable that EMPRETEC or the Borrower will be able to perform its obligations under the TED Fund Framework Agreement; or (ii) EMPRETEC's articles of association, or any provisions of the TED Fund Framework Agreement or the TED Fund Procedures Manual shall have been amended, suspended, abrogated, repealed or waived without the prior consent of the Association; or (iii) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of EMPRETEC, or for the suspension of its operations; or (iv) the Borrower or EMPRETEC shall have failed to perform any of their respective obligations under the TED Fund Framework Agreement, including EMPRETEC's obligation to conduct its activities in accordance with the TED Fund Procedures Manual.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Cabinet of the Borrower shall have approved for submission to Parliament a bill, satisfactory to the Association, enhancing the commercial nature of CSIR's operations;

(b) the TED Fund Framework Agreement, in form and substance satisfactory to the Association, shall have been duly signed by EMPRETEC and the Borrower, and EMPRETEC shall have adopted the TED Fund Procedures Manual, in form and substance satisfactory to the Association;

(c) the Borrower shall have established the private sector development project account referred to in Section 3.02 and shall have deposited therein an initial amount in Cedis equivalent to \$60,000;

(d) the Borrower shall have established the PCT under terms of reference (including staffing) as agreed upon with the Association;

(e) the LSCC shall have been established with membership and under terms of reference satisfactory to the Association, and shall have prepared detailed terms of reference and letters of invitation for: (i) a study on the library requirements of the MOJ and the judiciary, (ii) a study on the operation of the judiciary, and (iii) a study on the production and dissemination of legal information; and

(f) the CSIR Secretariat shall have established, for use by the Commercialized CSIR Institutes, a model staff restructuring plan, satisfactory to the Association, for adjusting the ratio of administrative/support staff to research and technical staff to 4:1 by January 1, 1996, and to 3:1 by January 1, 1998.

Section 6.02. The date one hundred and twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. The Minister for Finance and Economic Planning of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Minister for Finance and
Economic Planning
Ministry of Finance and Economic Planning
P.O. Box M40
Accra, Ghana

Cable address:

ECONOMICON
Accra

Telex:

2205 MIFAEP GH

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF GHANA

By /s/ Ekwow Spio-Garbrah
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox
Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Consultants' Services and Training for the Project (other than Part B)	2,220,000	100%
(2) Equipment and Materials:		100% of foreign expenditures and 90% of local expenditures
(a) for Part A of the Project	2,750,000	
(b) for Part C.2 of the Project	280,000	
(c) for Part D of the Project and Project Administration	170,000	
(3) Vehicles and Vehicle Maintenance	270,000	100% of foreign expenditures and 90% of local expenditures

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(4) Civil Works:		90%
(a) for Part A of the Project	200,000	
(b) for Part C.1 of the Project	490,000	
(5) TED Fund:		
(a) Consultants' Services and Training	1,400,000	100%
(b) Office Equip- ment	25,000	100%
(c) EMPRETEC's Management Fee	265,000	100%
(6) Refunding of Project Preparation Advance	280,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(7) Unallocated	650,000	
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TOTAL	9,000,000	
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2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;

(c) the term equipment and materials for "Project Administration" means equipment and materials acquired by MFEP, MEST, MOJ and MTI to administer implementation of the Project;

(d) the term "training" means fellowships, conferences, workshops, courses and other forms of training, each as are approved by the Association; and

(e) the term "EMPRETEC's Management Fee" means the management fee charged by EMPRETEC to manage the TED Fund and covering salaries, travel allowances, vehicle operating costs, advertising, outreach costs, and other costs.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made:

(a) in respect of payments made for expenditures prior to the date of this Agreement;

(b) under Category (2)(a) until (i) each of the Commercialized CSIR Institutes shall have adopted business plans (including training programs) satisfactory to the Association, (ii) GSB shall have adopted a business plan satisfactory to the Association, setting out, inter alia, actions to obtain ISO 9000 accreditation, (iii) the CSIR Secretariat, each of the Commercialized CSIR Institutes and GSB shall have appointed a marketing manager, under terms of reference and with qualifications and experience satisfactory to the Association, (iv) each of the Commercialized CSIR Institutes shall have adopted a staffing plan, satisfactory to the Association, which shall provide, inter alia, for an adjustment in the ratio of administrative/support staff to research and technical staff to 4:1 by January 1, 1996, and to 3:1 by January 1, 1998, and (v) the CSIR Secretariat, each of the Commercialized CSIR Institutes and GSB shall have adopted an inter-institutional rationalization plan, regarding the sharing of equipment and usage targets, which shall enhance their commercialization and be satisfactory to the Association;

(c) under Category (2)(b) until the Borrower has (i) established, in a manner satisfactory to the Association, the commercial feasibility of the design center under Part C.2 of the

Project, and (ii) adopted an organizational, implementation and staffing plan for the design center, satisfactory to the Association;

(d) under Category (4)(b) until the Borrower has (i) established, in a manner satisfactory to the Association, the commercial feasibility of the GTFA rehabilitation activities under Part C.1 of the Project, and (ii) adopted a restructuring plan for GTFA satisfactory to the Association; and

(e) under Category (5)(b) unless, at the time of the mid-term review referred to in Section 3.05 of this Agreement, the Borrower establishes, in a manner satisfactory to the Association, that the TED Fund has been operated in accordance with the TED Fund Procedures Manual with a view towards augmenting the capacity of the private sector to mobilize financing.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts for goods, works and services not exceeding \$50,000 equivalent, under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in fostering the development of Ghana's private sector by (a) improving the efficiency of technical research and development activities, (b) increasing access to financial expertise for project feasibility assessments, (c) enhancing the effectiveness of export promotion and design activities, and (d) improving the delivery of legal services.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Research and Development Activities

1. Increasing the effectiveness of the technical research and development activities of CSIR and the Commercialized CSIR Institutes by commercializing their activities, strengthening their procedures, and improving their equipment and staff resources.
2. Improving the effectiveness of GSB, inter alia, by commercializing its activities and implementing a program to establish ISO 9000 accreditation.

Part B: Technology and Enterprise Development

Establishment and operation of a technology and enterprise development fund to increase the access of small- and medium-sized private sector enterprises to specialized business advisors, and to assist the private sector in mobilizing financial resources by improving its capability to design and prepare financing proposals.

Part C: Export Promotion

1. Development and implementation of a restructuring plan for the GTFA to improve its facilities and the efficiency of its operations, including preparation of a feasibility study for an international trade and business center, a survey of the rehabilitation and redesign requirements of its existing facilities, and rehabilitation of facilities.
2. Preparation of a feasibility study regarding the creation of an industrial design center, and development and execution of an

implementation plan to equip and otherwise support the center's establishment.

Part D: Legal Sector

Strengthening the operational capacity of legal sector institutions through, inter alia, training of personnel, improving the legal information systems, and the development of institutional reform proposals.

* * *

The Project is expected to be completed by December 31, 1999.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part D hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines), and in accordance with the following additional procedures:

(a) When contract award is delayed beyond the original bid validity period, such period may be extended once, subject to and in accordance with the provisions of paragraph 2.59 of the Guidelines, by the minimum amount of time required to complete the evaluation, obtain necessary approvals and clearances and award the contract. The bid validity period may be extended a second time only if the bidding documents or the request for extension shall provide for appropriate adjustment of the bid price to reflect changes in the cost of inputs for the contract over the period of extension. Such an increase in the bid price shall not be taken into account in the bid evaluation. With respect to each contract made subject to the Association's prior review in accordance with the provisions of Part E.1 (a) of this Section, the Association's prior approval will be required for (i) a first extension of the bid validity period if the period of extension exceeds sixty (60) days and (ii) any subsequent extension of the bid validity period.

(b) In the procurement of goods and works in accordance with this Part A, the Borrower shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Bank, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

2. To the extent practicable, contracts for goods and works shall be grouped into bid packages estimated to cost the equivalent of \$100,000 or more.

3. Goods procured under this Part A shall be exempted from pre-shipment price inspection by a third party inspection firm.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Ghana may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. Items or groups of items for goods estimated to cost the equivalent of \$100,000 or less per contract, up to an aggregate amount equivalent to \$400,000, may be procured under contracts awarded through limited international bidding procedures on the basis of evaluation and comparison of bids obtained from at least three qualified suppliers eligible under the Guidelines and in accordance with procedures set forth in Sections I and II of the Guidelines (excluding paragraphs 2.8, 2.9, 2.55, 2.56 thereof).

2. Items or groups of items for works estimated to cost the equivalent of \$200,000 or less per contract, up to an aggregate amount equivalent to \$300,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association

3. Items or groups of items for goods estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount equivalent to \$500,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

4. Contracts for proprietary equipment, up to an aggregate amount equivalent to \$200,000, may be awarded after direct negotiations

with suppliers, in accordance with procedures acceptable to the Association.

Part E: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for goods and works estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

1. In order to assist the Borrower in carrying out the Project, the Borrower shall employ, and shall cause the Beneficiaries to employ, consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and

by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, the Borrower and the Beneficiaries shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Association.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to (a) contracts financed from the TED Fund estimated to cost less than \$20,000 equivalent each, or (b) other contracts for the employment of consulting firms estimated to cost less than \$50,000 equivalent each, or (c) other contracts for the employment of individuals estimated to cost less than \$25,000 equivalent each. However, said exceptions to prior Association review shall not apply to (a) the terms of reference for such contracts, (b) single-source selection of consulting firms, (c) assignments of a critical nature, as reasonably determined by the Association, (d) amendments to contracts financed from the TED Fund raising the contract value to \$20,000 equivalent or above, (e) amendments to other contracts for the employment of consulting firms raising the contract value to \$50,000 equivalent or above, or (f) amendments to other contracts for the employment of individual consultants raising the contract value to \$25,000 equivalent or above.

SCHEDULE 4

Implementation Program

1. The Borrower shall operate the PCT under terms of reference (including staffing) acceptable to the Association.

2. MEST shall prepare in consultation with the Beneficiaries, and transmit to the Association, semiannual reports, in scope and detail satisfactory to the Association, regarding implementation of the Project and, in the case of the Commercialized CSIR Institutes and GSB, projected equipment, training and other resource requirements.

3. Beginning not later than December 31, 1995, the Borrower shall, in carrying out Part A of the Project, cause the governing council of the CSIR and the management board of each Commercialized CSIR Institute to have at least 40% membership from the private sector.

4. In carrying out Part A of the Project, the Borrower shall cause:

(a) CSIR, the CSIR Secretariat, the Commercialized CSIR Institutes and GSB to be operated in accordance with commercial principles satisfactory to the Association, relating, inter alia, to the marketing of their services, their staffing, their incentive structures, the allocation of equipment and revenues, and to the composition of CSIR's governing body and the procedures for selecting its Director General;

(b) the Commercialized CSIR Institutes to implement, in a timely manner, the staff restructuring plan adopted in accordance with paragraph 3(b) of Schedule 1 to this Agreement so as to adjust the ratio of administrative/support staff to research and technical staff to 4:1 by January 1, 1996, and to 3:1 by January 1, 1998;

(c) the Commercialized CSIR Institutes to adopt, not later than January 1 of each year, a training program satisfactory to the Association; and

(d) the Commercialized CSIR Institutes and GSB to adopt annual equipment acquisition schedules, satisfactory to the Association, to meet projected work requirements, and thereafter implement such programs in a timely manner (with such modifications thereto as may be agreed to by the Association).

5. In carrying out Part B of the Project, the Borrower shall cause the TED Fund to be operated by EMPRETEC under operational procedures satisfactory to the Association, which shall provide, inter alia: (a) for cost sharing contributions by TED Fund recipients; (b) for the execution of a letter of understanding between EMPRETEC and such recipients, in form satisfactory to the Association, which shall provide, inter alia, for the ex ante deposit of the recipient's share of the initial payments due the consultants; (c) for EMPRETEC to conduct promotional activities for the TED Fund; (d) for periodic monitoring and reporting of the TED Fund activities; (e) for the management of the TED Fund by EMPRETEC to be carried out in accordance with the TED Fund Procedures Manual, and for the amendment of such manual only with the prior consent of the Association; (f) for semiannual financial audits of the TED Fund, which shall be transmitted to the Association promptly upon completion; (g) for quarterly management and technical audits, which shall be transmitted to the Association promptly upon completion; (h) for maintaining and updating annually a roster of eligible consultants; (i) for the procurement of consultants financed from the TED Fund to be made in accordance with Part II of Schedule 3 to this Agreement, except that prior Association review shall be required for the first ten contracts for consultants' services funded from the TED Fund; and (j) the total amount of financing any recipient can receive under the TED Fund shall be limited to \$40,000 equivalent.

6. In carrying out part B of the Project, the Borrower shall cause EMPRETEC to maintain, as the manager and financial/administrative officer of the TED Fund, persons under terms of reference and with qualifications and experience satisfactory to the Association.

7. In carrying out Parts C.1 and C.2 of the Project, the Borrower shall implement financing and action plans, satisfactory to the Association.

8. In carrying out Part D of the Project, the Borrower shall:

(a) operate the LSCC under terms of reference satisfactory to the Association, which shall provide, inter alia, for the development and submission to the Borrower of a legal sector development strategy not later than June 30, 1996; and

(b) adopt, not later than January 1 of each year, a training program satisfactory to the Association.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$750,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$500,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$1,500,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

- (b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.
- (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b)(ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts of the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

INTERNATIONAL DEVELOPMENT ASSOCIATION

CERTIFICATE

I hereby certify that the foregoing is a true copy
of the original in the archives of the International
Development Association.

S. H. Chi
FOR SECRETARY