

CONFORMED COPY

CREDIT NUMBERS 4124-GH and 4124-1-GH

Financing Agreement

(Amending and Restating Development Credit Agreement)

(Economic Management Capacity Building Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 14, 2008

CREDIT NUMBERS 4124-GH and 4124-1-GH

**FINANCING AGREEMENT
(Amending and Restating Development Credit Agreement)**

AGREEMENT dated April 14, 2008, entered into between the REPUBLIC OF GHANA (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS (A) under an agreement dated December 28, 2005, between the Association and the Recipient (“Development Credit Agreement”), the Association agreed to provide the Recipient with a credit in an amount equivalent to seventeen million three hundred thousand Special Drawing Rights (SDR 17,300,000) to assist in financing the Economic Management Capacity Building Project described in Schedule 2 to the Development Credit Agreement;

(B) the Recipient has requested the Association to provide additional financial assistance in support of the Economic Management Capacity Building Project by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to six million four hundred thousand Special Drawing Rights (SDR 6,400,000); and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing to extend such additional assistance to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Development Credit Agreement as of the Effective Date of this Agreement, to read 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 twenty three million seven hundred thousand Special Drawing Rights (SDR 23,700,000) (variously, “Credit” and “Financing”) which consists

of: (a) an Original Credit in various currencies equivalent to seventeen million three hundred thousand Special Drawing Rights (SDR 17,300,000); and (b) an Additional Credit in various currencies equivalent to six million four hundred thousand Special Drawing Rights (SDR 6,400,000), 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 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.
- 3.03. Except as the Recipient and the Association shall otherwise agree, the Recipient shall:
 - (a) maintain in the Bank of Ghana, until the completion of the Project, a PSR Project Account and an FSR Project Account;
 - (b) at quarterly intervals, replenish the said accounts by amounts required to finance the Recipient’s contribution for expenditures under the Project as specified in the respective Annual Work Program and Budget; and

- (c) ensure that the funds deposited into the said accounts in accordance with paragraph (b) of this Section shall be used exclusively to finance expenditures under the Project.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension shall be that a situation has arisen which shall make it improbable that FINSSP or the PSR Strategy, 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:	Telex:	Facsimile:
ECONOMICON Accra	2205 MIFAEP GH `	233-21-667069 233-21-663854

- 6.03. 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 Washington, District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF GHANA

By /s/ Kwadwo Baah-Wiredu

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ishac Diwan

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient to perform its role as a facilitator for economic development through: (i) implementation by MDAs of a reform initiative for improved public sector management and service delivery; and (ii) strengthening of the governance and competitiveness of the financial sector.

The Project consists of the following parts:

Part A: Public Sector Reform

1. Development of a framework for prioritization and budgeting of the PSR Strategy, through: (i) the translation of the PSR Strategy into specific, costed and time-bound implementation plans; and (ii) the implementation of selected reform initiatives identified for selected MDAs.

2. Implementation of a retrenchment scheme to right-size staffing levels at selected subvented agencies, including provision of Severance Payments to eligible staff seeking retrenchment and provision of retraining and counseling services to such staff.

Part B: Regulation and Supervision of Financial Markets

Strengthening of financial markets regulation and supervision through: (i) technology upgrading of SEC; (ii) provision of technical advisory services to enhance SEC performance in the areas of supervision, surveillance and enforcement; (iii) support for the implementation of the amendments to Long-Term Savings Act, 2004; (iv) support for the institutional development, regulation and supervision of the Long-Term Savings Agency; and (v) carrying out of a SEC public education campaign.

Part C: Banking and Non-Banking Financial Institution Regulation and Supervision

Strengthening of banking and non-banking financial regulation and supervision through: (i) review of the structure of the banking supervision department and the overall organizational structures of BoG; (ii) support for the preparation of legislation and regulations critical for the implementation of banking and non-banking financial reforms; (iii) improvements to the technological base of BoG; and (iv) review and streamlining of regulatory and supervision responsibilities between BoG and the Credit Union Association for credit unions and between BoG and ARB Apex Bank for rural banks, and provision of related capacity building support.

Part D: Insurance Regulation and Supervision

Strengthening of insurance regulation and supervision through: (i) support to NIC for the design of a curriculum and a strategic plan for training of insurance industry staff

at the Insurance Industry Training Center, and updating of the business plan and support for the operation of the said center; (ii) revision and introduction of a modern legal and regulatory insurance framework; (iii) capacity building support to NIC to improve insurance supervision; and (iv) capacity building support to the research and actuarial units within NIC.

Part E: Strengthening of Capital Markets

Strengthening of capital markets through: (i) review of GSE rules and regulations; (ii) support for the development and implementation of a GSE business strategy for the management of business and regulatory risks associated with stock exchange demutualization; (iii) upgrading of the technical infrastructure of GSE; and (iv) provision of other capacity building support to market operators and GSE staff.

Part F: Pension Sector Development

Support for the development of the pension sector through: (i) strengthening of legislation and regulations for the governance of the pensions sector in order to establish a framework for outsourcing SSNIT's investment management to external, independent and regulated private investment fund managers; (ii) evaluation and design of a process for outsourcing of SSNIT's investment management functions; (iii) strengthening of the capacity of SSNIT staff to undertake actuarial simulations of revenue and benefit flows according to different medium-term reform scenarios; and (iv) improvement of the timeliness and accuracy of individual data account records at SSNIT.

Part G: Access to Finance and Finance Sector Governance

Strengthening of the banking and non-banking financial institutions system through: (i) provision of technical assistance to the Recipient for the development of a strategic vision and a corporate governance framework for the Ghana Commercial Bank, the Agricultural Development Bank, the National Investment Bank and the State Insurance Corporation; (ii) application of the Finmark approach to analyze access to finance issues; (iii) facilitation of the flow of remittances through support for private sector innovation in the provision of remittance transfer mechanisms for low-income households and research of remittance flow patterns; (iv) establishment of a sound basis for governance and regulation of the Venture Capital Trust Fund; (v) support for the work program of the Presidential Commission on Pension Reform through technical studies of policy reform areas it is considering; (vi) support to the aid and debt management unit of MOFEP to enhance its debt management functions, segregate MOFEP borrowing activities from BoG monetary policy, and restructure government borrowing patterns; (vii) support for BoG research of cross-border capital flows; and (viii) support to FSD in the preparation and implementation of Recipient's financial sector policies and oversight of relevant agencies.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Steering Committees

1. The Recipient shall maintain, at all times until the completion of the Project, a PSR Steering Committee for Part A of the Project, and an FSR Steering Committee for Parts B through G of the Project, both with a composition, mandate and resources satisfactory to the Association.
2. Without limitation upon the provisions of paragraph 1 of this Part A, the PSR Steering Committee and the FSR Steering Committee shall be responsible for, *inter alia*: (a) reviewing and endorsing for approval by the respective Pooled Funding Partners of the respective Annual Work Programs and Budgets and ensuring their consistency with the PSR Strategy and FINSSP; (b) reviewing progress made towards achieving the Project's objectives; (c) facilitating the coordination of Project activities among the entities represented in the said Steering Committees, and making recommendations for removal of any obstacles to the implementation of the Project; and (d) providing comments on reports and reviews prepared by the Implementing Agencies for the benefit of the Association.

B. Implementing Agencies

1. The Recipient shall ensure that MPSR and FSD are maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the Association, for the purpose of ensuring the prompt and efficient implementation of the Project.
2. Without limitation to the provisions of paragraph 1 of this Part B, MPSR shall be responsible for the overall coordination, financial management, monitoring, reporting and evaluation of Subprogram activities carried out by MDAs under Part A of the Project.
3. Without limitation to the provisions of paragraph 1 of this Part B, FSD shall be responsible for: (a) the day-to-day implementation, procurement and monitoring and evaluation of activities under Part G of the Project; and (b) the overall coordination, financial management, monitoring, reporting and evaluation of Subprograms carried out by other Implementing Agencies under Parts B through F of the Project as specified in paragraph 4 below.
4. Without limitation upon the provisions of paragraphs 1 and 3 of this Part B, the Recipient shall cause the day-to-day implementation, procurement and

monitoring and evaluation of: (a) Part B of the Project to be carried out by SEC; (b) Part C of the Project to be carried out by BoG; (c) Part D of the Project to be carried out by NIC; (d) Part E of the Project to be carried out by GSE; and (e) Part F of the Project to be carried out by SSNIT.

C. Memoranda of Understanding

1. The Recipient shall implement the Project in accordance with the provisions of the PSR Memorandum of Understanding and the FSR Memorandum of Understanding; provided, however, that in case of any conflict between the provisions of said memoranda of understanding and of this Agreement, the provisions of this Agreement shall prevail.
2. Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the PSR Memorandum of Understanding and the FSR Memorandum of Understanding, if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

D. Project Implementation Manual

1. The Recipient shall adopt the PSR PIM and the FSR PIM, both in form and substance satisfactory to the Association, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day implementation of the Project; (b) disbursement and financial management; (c) procurement; and (d) monitoring, evaluation and reporting; and such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
2. The Recipient shall carry out the Project in accordance with the arrangements and procedures set out in the PSR PIM and the FSR PIM (provided, however, that in case of any conflict between the arrangements and procedures of said manuals 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 said manuals, if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

E. Annual Work Programs and Budgets

The Recipient shall prepare and furnish to the Association for its joint approval with the other Pooled Funding Partners, not later than October 1 of each year during the implementation of the Project, or such later date as the Association may agree in consultation with the other Pooled Funding Partners, the respective Annual Work Program and Budget containing each proposed Subprogram to be

carried out in the following Fiscal Year by the respective Implementing Agencies, with confirmation of availability of the Recipient's contribution for expenditures under the Project for that Fiscal Year.

F. Subprograms

The Recipient shall cause the Implementing Agencies to implement, coordinate, monitor and evaluate Subprograms in accordance with the provisions set forth in this Agreement and in more detail in the PSR PIM and the FSR PIM, and shall not make or allow to be made any material change to any approved Subprogram without consultation and approval of the Association.

G. Severance Payments

For purposes of the provision of Severance Payments to public sector employees accepting retrenchment under Part A.2 of the Project, the Recipient shall: (i) prepare and furnish to the Association a detailed retrenchment scheme for each eligible subvented agency, in form and substance satisfactory to the Association; (ii) carry out Part A.2 of the Project in accordance with said schemes; and (iii) not amend or waive any provision thereof which, in the opinion of the Association, may materially or adversely affect the implementation of the Project.

H. 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 the indicators set forth below in paragraph 2 of this Part A. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
2. The performance indicators referred to above in paragraph 1 consist of the following, with minimum targets set to be achieved, unless otherwise specified below, as of the Closing Date:
 - (a) Private sector credit (including bonds) to GDP ratio increases to 25%;
 - (b) Private sector savings to GDP ratio increases to 20%;

- (c) Enhanced structure, strategy and responsibility within government for public sector reform by end 2006;
- (d) Initiation of a substantive reform program at least, one MDA;
- (e) 60% of civil service recruitment and promotion based on new merit based system;
- (f) Government subvention for selected subvented agencies reduced by 35%;
- (g) SEC effectively supervises relevant financial institutions according to an agreed template;
- (h) BoG effectively supervises banks and non-banking financial institutions according to an agreed template;
- (i) NIC effectively supervises insurance sector according to an agreed template;
- (j) Dematerialized trading takes place through a demutualized exchange on an automated clearing and settlement platform on a T + 3 basis;
- (k) SSNIT assets under management by regulated investment funds or other financial intermediaries increased to 65%;
- (l) 70% of public servants remunerated on the basis of a unified national pay spine;
- (m) 60% of civil service positions have satisfactory job description;
- (n) Staff of at least 4 subvented agencies leave the agencies by mutual agreement;
- (o) Central management agencies under restructuring (Public Services Commission, Office of the Head of Civil Service, the State Enterprises Commission, Controller and Accountant General's Department, MOFEP) achieve 90% of outputs agreed under memoranda of understanding;
- (p) At least 25 MDAs publishing data on achieving service standards; and
- (q) A new pay range structure to guide pay awards established by December 2008.

B. Annual Reports on Financial Institutions

The Recipient shall furnish to the Association, within 6 months after the fiscal year for each financial institution, until the completion of the Project, annual reports on the financial status of all financial institutions operating in the territory of the Recipient and regulated by BoG, NIC, SEC, or any other statutory regulator that may be established by the Recipient.

C. 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 one month 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, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advances was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods 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 of procurement, other than International Competitive Bidding, may be used for goods and works in the circumstances specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; and (c) Direct Contracting.

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 of procurement, other than Quality- and Cost-based Selection, may be used for consultants' services in the circumstances specified in the Procurement Plan: (a) Selection Under a Fixed Budget; (b) Least Cost Selection; (c) Selection Based on Consultants Qualifications; (d) Single Source Selection; (e) Selection of Individual Consultants; and (f) Sole Source Procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for works estimated to cost the equivalent of \$200,000 or more or procured on the basis of Direct Contracting; (b) each contract for goods estimated to cost the equivalent of \$150,000 or more or procured on the basis of Direct Contracting; and (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more or procured on the basis of Single Source Selection. In addition, with respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more or procured on a sole source basis, the report on the qualifications and experience of all evaluated candidates, the terms of reference and the terms of employment of the consultants shall be subject to prior approval by the Association. 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 consisting of goods, works, services and Severance Payments required for Subprograms, 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, 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 Original Credit Allocated (Expressed in SDR Equivalent)	Amount of the Additional Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed (inclusive of Taxes)
(1) Subprograms			Such percentage of Eligible Expenditures as the Association shall determine for each Fiscal Year
(a) under Part A.1 of the Project	3,100,000	4,160,000	
(b) under Part B of the Project	2,800,000	0	
(c) under Part C of the Project	5,900,000	0	
(d) under Part D of the Project	500,000	0	
(e) under Part E of the Project	1,000,000	0	
(f) under Part F of the Project	200,000	0	
(g) under Part G of the Project	3,200,000		
(h) under Part A.2 of the Project	0	2,240,000	
(2) Refunding of Project Preparation Advances	600,000		Amount due pursuant to Section 2.07 of the General Conditions
TOTAL	17,300,000	6,400,000	

B. Withdrawal Conditions; Withdrawal Period

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

- (a) payments made prior to the date of the Development Credit Agreement, except that withdrawals of amounts of the Original Credit, in an aggregate amount not exceeding the equivalent of SDR 3,450,000, may be made on account of payments made for expenditures before that date but after March 31, 2005;
- (b) Subprograms under Category (1) (a), unless the PSR Annual Work Program and Budget for the respective Fiscal Year has been approved by the Association in accordance with Section I.E of Schedule 2 to this Agreement;
- (c) Subprograms under Categories (1) (b) through (g), unless the FSR Annual Work Program and Budget for the respective Fiscal Year has been approved by the Association in accordance with Section I.E of Schedule 2 to this Agreement; and
- (d) Severance Payments for Subprograms under Category 1(h) for any eligible subvented agency, unless such Severance Payments were made in accordance with the provisions of the retrenchment scheme for the relevant subvented agency referred to in Section I.G of Schedule 2 to this Agreement.

2. The Closing Date is June 30, 2011.

SCHEDULE 3**Repayment Schedule****I. Repayment of the Original Credit**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 1 and December 1:	
commencing December 1, 2015, to and including June 1, 2025.	1%
commencing December 1, 2025, to and including June 1, 2045.	2%

II. Repayment of the Additional Credit

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 1 and December 1:	
commencing June 1, 2018, to and including December 1, 2027.	1%
commencing June 1, 2028, to and including December 1, 2047.	2%

APPENDIX**Section I. Definitions**

1. “Additional Credit” means the additional financing in various currencies equivalent to six million four hundred thousand Special Drawing Rights (SDR 6,400,000) provided to the Recipient, on the terms and conditions set forth or referred to in this Agreement.
2. “Annual Work Programs and Budgets” means the PSR Annual Work Program and Budget and the FSR Annual Work Program and Budget; and “respective Annual Work Program and Budget” means the PSR Annual Work Program and Budget or the FSR Annual Work Program and Budget, as the case may be.
3. “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.
4. “BoG” means the Bank of Ghana.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “Cedi” means the currency of the Recipient.
7. “Co-financier” means any of the FSR Pooled Funding Partners or the PSR Pooled Funding Partners, referred to in paragraph 10 of the Appendix to the General Conditions.
8. “Co-financing” means any loan or grant provided or to be provided by any Co-financier to assist in financing the Project.
9. “Co-financing Agreement” means the agreement entered or to be entered into between the Recipient and any Co-financier providing for the Co-financing.
10. “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.
11. “DfID” means the Department for International Development of the United Kingdom of Great Britain and Northern Ireland.
12. “FINSSP” means the Recipient’s Financial Sector Strategic Plan dated June 2003.

13. “Fiscal Year” means the Recipient’s fiscal year commencing January 1 and ending December 31 of each year.
14. “FSD” means the Financial Sector Division of MOFEP.
15. “FSR” means financial sector reform and refers to the Subprograms to be implemented under Parts B through G of the Project.
16. “FSR Annual Work Program and Budget” means the work program and budget prepared annually by FSD for Parts B through G of the Project, in accordance with Section I.E of Schedule 2 to this Agreement.
17. “FSR Funding Partners” means, collectively, the FSR Pooled Funding Partners and any national or international agency contributing funds for the FINSSP, and having signed the FSR Memorandum of Understanding.
18. “FSR Memorandum of Understanding” means the memorandum of understanding entered into between the Recipient and the FSR Funding Partners, providing for common arrangements and procedures on procurement, disbursement, accounting, monitoring, reporting, auditing, coordination and exchange of information required for the implementation of the FINSSP.
19. “FSR Pooled Funding Partners” means the Association and any other national or international agency pooling at least a part of their funds for the FINSSP and having signed the FSR Memorandum of Understanding.
20. “FSR Project Account” means the account referred to in Section 3.03 (a) of this Agreement.
21. “FSR Project Implementation Manual” or “FSR PIM” means the manual referred to in Section I.D.1 of Schedule 2 to this Agreement.
22. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
23. “GSE” means the Ghana Stock Exchange.
24. “Implementing Agencies” means the MDAs and other entities responsible for implementing Subprograms as specified in Section I.B of Schedule 2 to this Agreement.
25. “MDAs” means the Recipient’s ministries, departments and agencies.
26. “MOFEP” means the Recipient’s Ministry of Finance and Economic Planning.

27. “MPSR” means the Recipient’s Ministry of Public Sector Reform.
28. “NIC” means the Recipient’s National Insurance Commission.
29. “Original Credit” means the original financing in various currencies equivalent to seventeen million three hundred thousand Special Drawing Rights (SDR 17,300,000) provided to the Recipient, on the terms and conditions set forth or referred to in the Development Credit Agreement.
30. “Pooled Funding Partners” means the PSR Pooled Funding Partners and the FSR Pooled Funding Partners; and “respective Pooled Funding Partners” means the PSR Pooled Funding Partners or the FSR Pooled Funding Partners, as the case may be.
31. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
32. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated October 14, 2005 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.
33. “Project Preparation Advances” means the project preparation advances granted by the Association to the Recipient pursuant to the letter agreements signed on behalf of the Association on July 21, 2005 and August 4, 2005, respectively, and on behalf of the Recipient on July 27, 2005 and August 10, 2005, respectively.
34. “PSR” means public sector reform and refers to the Subprograms to be implemented under Part A of the Project.
35. “PSR Annual Work Program and Budget” means the work program and budget prepared annually by MPSR for Part A of the Project, in accordance with Section I.E of Schedule 2 to this Agreement.
36. “PSR Funding Partners” means, collectively, the PSR Pooled Funding Partners and any other national or international agency contributing funds for the PSR Strategy, and having signed the PSR Memorandum of Understanding.
37. “PSR Memorandum of Understanding” means the memorandum of understanding entered into between the Recipient and the PSR Funding Partners, providing for common arrangements and procedures on procurement, disbursement, accounting, monitoring, reporting, auditing, coordination and exchange of information required for the implementation of the PSR Strategy.

38. “PSR Pooled Funding Partners” means the Association and any other national or international agency pooling at least a part of their funds for the implementation of the PSR Strategy and having signed the PSR Memorandum of Understanding.
39. “PSR Project Account” means the account referred to in Section 3.03 (a) of this Agreement.
40. “PSR Project Implementation Manual” or “PSR PIM” means the manual referred to in Section I.D.1 of Schedule 2 to this Agreement.
41. “PSR Strategy” means the Recipient’s Public Sector Reform Strategy dated August 30, 2005.
42. “SEC” means the Recipient’s Securities and Exchange Commission.
43. “Severance Payments” means payments made by the Recipient to eligible public sector employees accepting retrenchment under Part A.2 of the Project.
44. “SSNIT” means the Recipient’s Social Security and National Insurance Trust.
45. “Subprogram” means a program of activities under Parts A through G of the Project and included in the respective Annual Work Program and Budget.
46. “Venture Capital Trust Fund” means the venture capital trust fund established by Recipient’s Venture Capital Trust Fund Act of 2004.

Section II. Modifications to the General Conditions

Section 3.01 (b) of the General Conditions is modified to read as follows:

“(b) The Commitment Charge shall accrue from a date sixty days after: (i) the date of the Development Credit Agreement with respect to the unwithdrawn balance of the Original Credit; and (ii) the date of the Financing Agreement (Amending and Restating Development Credit Agreement) with respect to the unwithdrawn balance of the Additional Credit, to the respective dates on which amounts are withdrawn by the Recipient from the Financing Account or cancelled. The Commitment Charge shall accrue at the rate set as of the June 30 immediately preceding the accrual date and at such other rate as may be set from time to time thereafter pursuant to this Section. The rate set as of June 30 in each year shall be applied from the next Payment Date in that year. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date. The Commitment Charge shall be computed on the basis of a 360-day year of twelve 30-day months.”

