



CREDIT NUMBER 74550-GH

Financing Agreement

(First Resilient Recovery Development Policy Financing)

Between

THE REPUBLIC OF GHANA

And

INTERNATIONAL DEVELOPMENT ASSOCIATION



FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF GHANA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Recipient has already taken under the Program, and which are described in Section IA of Schedule 1 to this Agreement; and (ii) the Recipient’s maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in the amount of three hundred million Dollars (\$300,000,000), as such amount may be converted from time to time through a Currency Conversion (variously, “Credit” and “Financing”).
- 2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.03. The Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum, or such rate as may apply following a Currency Conversion; on the Withdrawn Credit Balance.
- 2.04. The Interest Charge is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and

(b) zero percent (0%) per annum, or such rate as may apply following a Currency Conversion; on the Withdrawn Credit Balance.

- 2.05 The Payment Dates are April 15 and October 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.07. The Payment Currency is Dollar.
- 2.08. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
 - (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consist of the following, namely, a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

AGREED as of the Signature Date.

REPUBLIC OF GHANA

By



Authorized Representative


Name: _____
Dr. Mohammed Amin Adam

Title: _____
Minister

Date: _____
11-Mar-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: _____
Robert R. Taliencio

Title: _____
Acting Director of Strategy and Operations

Date: _____
08-Feb-2024

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

Pillar A. Restoring Fiscal Sustainability

1. To improve domestic revenue mobilization, the Recipient has adopted the following revenue measures: (a) enacted the VAT (Amendment) Act which *inter alia* increases the VAT rate to 15 percent; (b) enacted the Income Tax (Amendment) Act which *inter alia* introduces a new tax bracket of 35 percent, a return and a withholding tax for gains on realization of assets and liabilities, and a review of the upper limits for vehicle benefits; and (c) removed the Benchmark Discount Policy for Imports via the Ghana Revenue Authority Commissioner General Order, and (d) issued pursuant to Section 5(3) of the Exemptions Act, the Administrative Guidelines.

Pillar B. Supporting Financial Sector Stability and Private Sector Development

2. To safeguard financial stability, the Recipient has through its Cabinet approved a costed *Financial Sector Strengthening Strategy* based on a rigorous estimation of losses, to ensure all banks operate with adequate capital buffers, with: (a) criteria for allocation of financial support, including viability of beneficiary banks; (b) a framework for identifying and resolving banks that may be found to be non-viable, based on solvency (including shareholder and public support), liquidity, and business models considerations; and (c) clear financing sources; as evidenced in its letter with Ref No. OPCA/3/3/300623 dated June 30, 2023.
3. To encourage private investment, including foreign direct investments, the Recipient has submitted to Parliament for approval, amendments to the Ghana Investment Promotion Centre Act which *inter alia*, substantially reduces minimum foreign capital requirements as evidenced by the Deputy Clerk of Parliament's acknowledgement of receipt, in its letter dated October 26, 2023.

Pillar C. Improving Energy Sector Financial Discipline

4. To minimize the fiscal burden caused by losses in the power sector, the Recipient through its Public Utilities Regulatory Commission (PURC) has: (a) issued the *2022-2025 Electricity and Water Major Tariff Review Decision* that sets the parameters for tariff adjustments on a quarterly basis, based on evolving macroeconomic conditions; and (b) published on PURC's website the related Decision as part of PURC's Rate Setting Guidelines.

5. To improve the financial health of the power sector, the Recipient has through its Ministry of Finance: (a) completed the Energy Sector Validation Audit and adopted a timebound payment plan to clear intra-sectoral legacy debt as indicated in its letter dated October 18, 2023; and (b) in its letter dated June 21, 2023, mandated, that: (i) the Cash Waterfall Mechanism be the sole means through which the Electricity Company of Ghana, Ltd. customer collections be disbursed to relevant entities; (ii) details of the inflows and outflows of the payments through a single collection account be published on a monthly basis on PURC's website; and be independently audited on a quarterly basis; and (c) PURC has published on its website the new Cash Waterfall Mechanism guidelines.
6. To improve the power sector's operational and commercial efficiency, the Recipient has: (a) through its Energy Commission and Public Utilities Regulatory Commission (PURC), approved Performance Improvement Programs (PIPs) for the Electricity Company of Ghana, Ltd. and Northern Electricity Distribution Company (outlining specific actions to reduce technical and non-technical losses), consistent with the newly issued PIP guidelines as evidenced in the joint letter dated August 21, 2023; and (b) through its Ministry of Energy has in its letter dated October 11, 2023, instructed the Attorney General to submit to Parliament for approval the *Draft Energy Commission (Planning and Competitive Procurement of Additional Electricity Generation Capacity) Regulations 2023*, which require that in the event of the use of any procurement method other than competitive procurement in accordance with the Public Procurement Act, the Recipient's Minister of Finance shall approve said procurement method, and provide a final no objection before the award of the contract.

Pillar D. Strengthening Social and Climate Resilience

7. To protect the vulnerable and reduce extreme poverty, the Recipient through its Ministry of Gender, Children and Social Protection has submitted to its Parliament for approval a Social Protection Bill which *inter alia*, institutionalizes social protection flagship interventions; and establishes the Ghana National Household Registry as the basis for identification and targeting of social program beneficiaries; as evidenced by the Acting Deputy Clerk of Parliament acknowledgement of receipt, in its letter dated October 19, 2023.
8. To improve gender equality, the Recipient through its Ministry of Gender, Children and Social Protection has submitted to its Parliament for approval an Affirmative Action Bill which *inter alia*, introduces quotas for women in public sector employment; as evidenced by the Acting Deputy Clerk of Parliament acknowledgement of receipt, in its letter dated October 19, 2023.
9. To tackle climate change challenges, the Recipient through its Ministry of Environment, Science, Technology and Innovation has submitted to its Parliament for approval, the Environmental Protection Authority Bill which *inter alia*,

provides for climate change mitigation and adaptation provisions, and includes an institutional framework for climate actions and measures for the operationalization of carbon markets, as evidenced by the Acting Deputy Clerk of Parliament acknowledgement of receipt, in its letter dated October 19, 2023.

10. To foster climate change mitigation and adaptation and diversify livelihoods through community-based natural resource management, the Recipient's Parliament has approved the Wildlife Resource Management Bill which *inter alia*, provides a legal basis for Community Resource Management Areas and establishing benefit sharing arrangements for communities.

Section II. Availability of Financing Proceeds

- A. General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. Allocation of Financing Amounts.** The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Financing Allocated (expressed in USD)
(1) Single Withdrawal Tranche	300,000,000
TOTAL AMOUNT	300,000,000

- C. Withdrawal Tranche Release Conditions.**
 1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.
- D. Deposit of Financing Amounts.**
 1. The Recipient, within seven (7) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the Cedi equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03(a) of the General Conditions.

E. Closing Date. The Closing Date is December 31, 2024.

SCHEDULE 2

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
commencing on April 15, 2029, to and including October 15, 2048	1.65%
commencing April 15, 2049, to and including October 15, 2053	3.40%

* 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 3.05 (b) of the General Conditions.

APPENDIX

Section I. Definitions

1. “Affirmative Action Bill” means the Affirmative Action (Gender Equality) Bill, 2023, received by Parliament on October 19, 2023.
2. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association and expressed either as a positive or negative percentage per annum.
3. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association and expressed as a percentage per annum.
4. “Benchmark Discount Policy for Imports” means the Recipient’s policy on discounts on import values introduced in the Commissioner General’s Order (CGO) No. 2019/002 dated April 29, 2019, as said policy may be amended from time to time.
5. “Cabinet” means the Recipient’s cabinet, which consists of the President, as head, the Vice President, and not less than 10 and not more than 19 Ministers of State.
6. “Cash Waterfall Mechanism” means the sole means through which ECG’s customer collections be disbursed to intended recipients as defined in the Updated Cash Waterfall Model dated August 2023, and issued by the Public Utilities Regulatory Commission.
7. “Community Resource Management Areas” means a geographically defined area outside a protected area which is endowed with sufficient resources and where the community is organized for the purpose of sustainable resource management.
8. “Electricity Company of Ghana Ltd.” or “ECG” means the limited liability company wholly owned by the Recipient and under the Ministry of Energy; responsible for the distribution of electricity in the southern part of Ghana, established and operating pursuant to the Electricity Corporation Decree, 1967 (NLCD 125), as amended, or its successor.
9. “Energy Sector Validation Audit” means the *Final Legacy Debt Validation Report 2022*, dated September 4, 2023.

10. “Exemptions Act” means the Recipient’s Exemptions Act, 2022 (Act 1083).
11. “Exemptions Act, Administrative Guidelines” means the guidelines dated August 2, 2023, issued by the Minister of Finance, to provide the procedure for application of an exemption and the modalities for assessing and granting the exemption, as said guidelines may be amended from time to time.
12. “Financial Sector Strengthening Strategy” means the Government’s Financial Sector Strengthening Strategy to Preserve Financial Stability dated June 30, 2023.
13. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
14. “Ghana Investment Promotion Center Act” means the Ghana Investment Promotion Center Act, 2013 (Act 865), as said Act may be amended from time to time.
15. “Ghana National Household Registry” means a social registry that includes a database with a compilation of socio-economic data on poor and non-poor households in Ghana, with poverty ranking determined by a proxy means test.
16. “Ghana Revenue Authority Commissioner General Order” means the Order issued by said Commissioner General, Order No. 2022 dated December 15, 2022.
17. “Northern Electricity Distribution Company” or “NEDCo” means a subsidiary company under the Volta River Authority responsible for the distribution of electricity in the northern part of Ghana, established in 1987, or its successor.
18. “Parliament” means the Recipient’s legislative body.
19. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated November 1, 2023, from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution; and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
20. “Public Procurement Act” means the Public Procurement Act, 2003 (Act 663) as amended, and as said Act may be amended from time to time.
21. “Public Utilities Regulatory Commission” or “PURC” means the independent commission responsible for the regulation of the provision of electricity and water

utility services, established and operating pursuant to the Public Utilities Regulatory Commission Act, 1997 (Act 538), or its successor.

22. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
23. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
24. “Social Protection Bill” means the Social Protection Bill received by Parliament on October 19, 2023, that provides a legal basis for Government social protection programs and systems, ensuring their financing and sustainability.
25. “Volta River Authority” means the body corporate established on April 26, 1961, and operating pursuant to the Volta River Development Act, 1961 (Act 46) as amended, or its successor.
26. “Wildlife Resource Management Bill” means the Wildlife Resources Management Bill, submitted to Parliament in a letter dated February 25, 2022.