
CONFORMED COPY

CREDIT NUMBER 4789-GH

Financing Agreement

(Sustainable Rural Water and Sanitation Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 8, 2010

CREDIT NUMBER 4789-GH

FINANCING AGREEMENT

AGREEMENT dated September 8, 2010, entered into between the REPUBLIC OF GHANA (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to forty nine million seven hundred thousand Special Drawing Rights (SDR 49,700,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 2 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 February 15 and August 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by CWSA in accordance with the provisions of Article IV of the General Conditions and the Subsidiary Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consists of the following:
 - (a) The Recipient's Act 564 of 1998 has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the CWSA to perform any of its obligations under the Subsidiary Agreement.
 - (b) The Recipient's Act 462 of 1993, or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of any of the District Assemblies or for the suspension of their respective operations.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) the Recipient has submitted to the Association the Project Implementation Manual, in form and substance satisfactory to the Association; and
 - (b) the Subsidiary Agreement has been executed on behalf of the Recipient and CWSA.
- 5.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and CWSA and is legally binding upon the Recipient and in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

- 5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the 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 ,	233-30-2667069 233-30--2663854

- 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 Accra, Republic of Ghana, as of the day and year first above written.

REPUBLIC OF GHANA

By /s/ Dr. Kwabena Duffuor

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ishac Diwan

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to expand access to, and ensure sustainable water supply and sanitation services in rural and small town communities in six regions of the Recipient.

The Project consists of the following parts:

Part A: Rural and Small Town Water Supply

1. Improving access to water supply services in rural and small town Communities in six identified regions, through the provision of Grants to District Assemblies for the carrying out of specific development projects for construction and rehabilitation of onsite piped water supply system based on groundwater sources, including: (a) the construction of fitted boreholes with hand pump for rural Communities; (b) construction of mechanized boreholes, small-sized elevated tanks with limited reticulation schemes and stand pipes for medium-sized small town Communities; (c) construction of mechanized boreholes, larger-sized elevated tanks and reticulation schemes for larger-sized small towns Communities; (d) construction of piped schemes to connect with transmission lines of Ghana Water Company Limited systems for rural and small town Communities; (e) rehabilitation of broken boreholes in rural and small town Communities; and (f) rehabilitation of non-optimal performing water supply systems in small town Communities.
2. Provision of technical advisory services to facilitate the design, appraisal, supervision and monitoring and evaluation of Subprojects under Part A.1 of the Project.

Part B: Rural and Small Town Integrated Sanitation and Hygiene Promotion

1. The promotion of Community led total sanitation and hygiene education in rural and small town Communities, through the provision of Grants to the District Assemblies for the carrying out of specific development projects: (a) for behavioral change education and communication campaigns; (b) for the construction of core elements of basic household latrines; and (c) for the construction of latrines, urinals and hand-washing facilities for schools, and health facilities and the establishment of sanitary markets and other sanitation technologies.

Part C: Institutional Strengthening and Project Management

1. Carrying out of a program for strengthening the capacity of public sector institutions at the national, regional, district and community level, including: (a) the carrying out of an assessment of the roles of MWRWH, MLGRD and Community level institutions in policy making, planning implementation, coordination monitoring,

supervision and reporting of activities; (b) the provision of training to Regional Coordinating Councils for the supervision and coordination of the District Assemblies in the implementation of water and sanitation Subprojects; (c) strengthening the capacity of key directorates in MWRWH, and MLGRD for planning and overall monitoring; (d) the provision of technical advisory services, training and logistical support for District Assemblies to, *inter alia*, assume key monitoring and evaluation role in water and sanitation development and operations in rural and small town Communities; and (e) the Provision of training and logistical support to non-governmental organizations and private service providers, to ensure that there is a competitive and efficient private sector to provide to Communities under the Project quality goods, works and services relating to water and sanitation, including providers of training and Community development services.

2. Establishment of a sector information system to facilitate information sharing, coordination and enhancement of monitoring and evaluation in water and sanitation development and operations, including carrying out of the review, improvement and completion of the district monitoring and evaluation systems.

3. Strengthening the operational capacity of CWSA for the implementation of the Project, including coordination of the implementing agencies at the district levels to ensure compliance with fiduciary controls, supervision, monitoring and reporting, through the provision of technical advisory services, operating costs, acquisition of goods, including -motor vehicles.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Steering Committee

- (a) The Recipient shall ensure that the Steering Committee is maintained at all times during the implementation of the Project, with a composition, mandate and resources satisfactory to the Association.
- (b) Without limitation to sub-paragraph (a) of this paragraph, the Steering Committee shall be responsible for, *inter alia*: (i) reviewing and endorsing for approval by the Association of the District Assemblies Annual Work Plans and Budgets, and ensuring their consistency with the Project Implementation Manual; (ii) reviewing progress made towards achieving the Project's objectives; (iii) facilitating the coordination of Project activities, and making recommendations for removal of any obstacles to the implementation of the Project; and (iv) providing comments on reports and reviews prepared by the CWSA for the benefit of the Association.

2. CWSA

- (a) Without limitation to the provisions of Section I.A.1(a) of this Schedule, the Recipient shall ensure that CWSA is maintained at all times during the implementation of the Project with staffing and resources satisfactory to the Association, for the purpose of ensuring the prompt and efficient overall coordination, monitoring, reporting, evaluation and communication, overall guidance of Project activities, including the supervision of District Assemblies in the implementation of the Project.
- (b) Without limitation to the provisions of sub-paragraph (a) immediately above, CWSA shall be responsible for promotion, appraisal of the District Assemblies implementing capacity, verification of eligibility of the respective District Assemblies for Subprojects, review of Subprojects design, technical support, supervision, monitoring, evaluation and provision of Grants for District Assemblies.

3. **Regional Coordinating Councils.** Without limitation to the provisions of Section I.A.1(a) of this Schedule, the Recipient shall ensure that Regional Coordinating Councils are maintained at all times during the implementation of the Project in the regions of Project operation to coordinate regional development

programs and to provide assistance to CWSA in monitoring the implementation of Subprojects by the respective District Assemblies, and in ensuring the proper operation and maintenance of the water and sanitation facilities rehabilitated or constructed under the Project.

4. **District Assemblies.** Without limitation to the provisions of Section I.A.1(a) of this Schedule, the Recipient shall ensure that the District Assemblies are maintained at all times during the implementation of the Project in the regions of Project operation with staffing and resources satisfactory to the Association, for the purpose of ensuring the prompt and efficient implementation of the Subprojects under Parts A.1 and B.1 of the Project, including the operation and maintenance of the water and sanitation facilities rehabilitated or constructed under the Project.

B. Implementation Arrangements

1. Project Implementation Manual

The Recipient shall ensure that the Project is carried out in accordance with the arrangements, procedures and guidelines set out in the Project Implementation Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail).

2. Subsidiary Agreement

- (a) To facilitate the carrying out of the Project, the Recipient shall make available to CWSA on a grant basis the proceeds of the Financing under a subsidiary agreement, between the Recipient and CWSA, under terms and conditions approved by the Association, which shall, *inter alia*, include the following (“Subsidiary Agreement”):
 - (i) the requirement that CWSA carry out, or to ensure the carrying out of, the Project with due diligence and efficiency, in conformity with appropriate administrative, financial, technical, environmental and social standards acceptable to the Association, and provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for the purpose;
 - (ii) the obligation of CWSA to: (A) comply, and to ensure compliance with the procedures for procurement of works, goods, and consultants’ services set forth in Section III of this Schedule 2; and (B) ensure that all such works, goods and

consultants' services, are used solely for the purpose of the Project;

- (iii) the requirement that CWSA fully collaborate with the Recipient in order to permit timely compliance with the requirements set forth in Section II.A and II.B of this Schedule 2, including that CWSA: (A) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Project and the achievement of its objectives; (B) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect its operations and financial condition, including the operations, resources and expenditures related to the Project; and (B) (2) have such financial statements audited annually by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (C) enable the Recipient and the Association to inspect the Project, its operation and any relevant records and documents; and (D) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing;
- (iv) the obligation of CWSA to exchange views with the Recipient and the Association with regard to the progress of the Project, and the performance of its obligations under the Subsidiary Agreement;
- (v) the requirement that CWSA will appraise, approve and monitor each Subproject submitted by a District Assembly and make and administer each Grant to fund a Subproject, all in accordance with the provisions of Section I.F of this Schedule;
- (vi) the obligation of CWSA to ensure that the Project, including the Subprojects, are carried out in accordance with the provisions of Section I.D of this Schedule;
- (vii) the obligation of CWSA to prepare and implement each Annual Work Plan in accordance with the provisions of Section I.E of this Schedule;

- (viii) the requirement that CWSA promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of the Project, or the performance of its obligations under the Subsidiary Agreement;
 - (ix) the requirement that CWSA carry out the Project, or to ensure that the Project is carried out in compliance with the provisions of the Anti-Corruption Guidelines; and
 - (x) rights of the Recipient adequate to protect its interests and those of the Association, including the right to: (A) suspend or terminate the right of CWSA to use the proceeds of the Financing, or (B) obtain refund of all or any part if such amount of the Financing then withdrawn, in either case upon CWSA's failure to perform any of its obligations under the Subsidiary Agreement.
- (b) The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

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

D Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the Safeguard Instruments, including the guidelines, rules and procedures defined in said Safeguard Instruments. To that end, the Recipient shall cause CWSA to ensure that, for the Subprojects proposed for inclusion in each Annual Work Plan to be prepared under Section I.E of this Schedule 2, the following actions are taken in a manner acceptable to the Association:
- (a) if an Environmental Management Plan would be required for a Subproject on the basis of the ESMF: (i) such Environmental Management Plan shall be prepared in accordance with the requirements of the ESMF, disclosed locally and furnished to the Association as part of the Annual Work Plan; and (ii) the Subproject shall be carried out in accordance with such Environmental Management Plan as approved by the Association; and

- (b) If a Resettlement Plan would be required for a Subproject on the basis of the RPF: (i) said Resettlement Plan shall be prepared in accordance with the requirements of the RPF, disclosed locally and furnished to the Association as part of the Annual Work Plan; and (ii) no works under a Subproject shall be commenced until: (A) all measures required to be taken under said Resettlement Plan prior to the initiation of said works have been taken; (B) CWSA has prepared and furnished to the Association a report in form and substance satisfactory to the Association, on the status of compliance with the requirements of said Resettlement Plan; and (C) the Association has confirmed that said works may be commenced.
- 2. The Recipient shall cause CWSA to ensure that all measures required for carrying out the recommendations of the Safeguard Instruments are taken in a timely manner.
- 3. Without limitation to its other reporting obligations under this agreement and under Section 4.08 of the General Conditions, the Recipient shall cause CWSA to include in the Project Reports referred to in Section II.A of this Schedule adequate information on the implementation of the Safeguard Instruments, giving details of:
 - (a) measures taken in furtherance of such Safeguard Instruments;
 - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments;
 - (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such Safeguard Instruments; and
 - (d) afford the Association a reasonable opportunity to exchange views with the Recipient on such reports. Each such report shall be furnished to the Association not later than one month after the end of the six months covered by such report and the first such report shall be furnished to the Association not later than one month after the end of the six months in which the works under the first Subproject commenced.

E. Annual Work Plans and Budgets; Subprojects

- 1. The Recipient shall cause CWSA to prepare and furnish to the Association for its approval, not later than November 30 of each year during the implementation of the Project, a proposed annual work plan and budget containing all Subprojects

and other activities proposed to be carried out under the Project in the following Fiscal Year.

2. Each such proposed annual work plan and budget shall specify among the activities, any training activities that may be required under the Project, including: (a) the type of training; (b) the purpose of the training; (c) the personnel to be trained; (d) the institution or individual who will conduct the training; (e) the location and duration of the training; (f) the cost of the training; and (g) the outcome and impact of the training.
3. The Recipient shall cause CWSA to afford the Association a reasonable opportunity to exchange views with the Recipient and CWSA on each such proposed annual work plan and budget, and thereafter to implement the Project or cause it to be implemented with due diligence in accordance with such annual work plan and budget as shall have been approved by the Association (“Annual Work Plan”).

F Grants for Subprojects

1. General

Without limitation to the provisions of Section 1.A of this Schedule, the Recipient shall cause CWSA to appraise, approve and monitor Subprojects and administer the Grants in accordance with the provisions and procedures set forth or referred to in this Section I.F and in more detail in the Project Implementation Manual; provided, however, that in case of any conflict between the provisions of said Project Implementation Manual and of this Agreement, the provisions of this Agreement shall prevail.

2. Eligibility Criteria for Subprojects

No proposed Subproject shall be eligible for financing under a Grant out of the proceeds of the Financing unless: (a) CWSA has determined, on the basis of an appraisal conducted in accordance with this sub-paragraph and the guidelines set forth in the Project Implementation Manual, that the proposed Subproject satisfies the eligibility criteria specified below and referred to in more detail in the Project Implementation Manual; and (b) if required pursuant to paragraph 3 below, the Subproject has been approved by the Steering Committee and/or the Association. Said eligibility criteria shall include, *inter alia*, the following:

- (i) The proposed Subproject shall fall within the areas described under Parts A.1 and B.1 of the Project in Schedule 1 to this Agreement;

- (ii) the proposed Subproject shall be initiated by a District Assembly;
- (iii) the District Assembly has adequate technical, financial management and procurement capacity to implement the proposed Subproject and is able to provide the resources necessary for that purpose;
- (iv) if the District Assembly has already received a Grant for a Subproject, it has completed such Subproject to the satisfaction of the CWSA, in accordance with the terms of said Subproject Agreement; and
- (v) if a Subproject requires an EMP and/or a RAP, such EMP and/or RAP has been prepared, disclosed and implemented in accordance with the provisions of Section I.D of this Schedule 2 and has been approved by the Association.

(c) **Approval of Grants**

Each Subproject which is estimated to cost the equivalent of \$ 500,000 or more shall be furnished to the Recipient's Steering Committee for prior approval; and each Subproject which is estimated to cost the equivalent of \$1,000,000 or more or which shall require an EMP or a RAP, shall be furnished to the Association for prior approval.

(d) **Terms and Conditions of Grants**

Each Grant shall be made to a District Assembly on a non-reimbursable grant basis, for a Subproject under a Subproject Agreement, to be concluded between the CWSA and the relevant District Assembly, under terms and conditions described or referred to in more detail in the Project Implementation Manual and in form and substance satisfactory to the Association, which, *inter alia*, shall include the following:

- (i) the description of the Subproject to be implemented, including the outputs and performance targets to be achieved, and the arrangements for monitoring and reporting on the implementation of the Subproject; and in the case of a Subproject under Part A.1 of the Project, the obligation of the District Assembly to contribute toward the Subproject, in cash a minimum amount equal to 5% of the total cost of the Subproject;
- (ii) the obligation of the District Assembly to: (A) carry out the Subproject with due diligence and efficiency and in accordance

with sound technical, engineering, environmental, financial, and managerial practices and provide promptly as needed the resources required for the purpose; (B) carry out the Subproject in accordance with the Anti-Corruption Guidelines and the Safeguard Instruments;

- (iii) the obligation of the District Assembly to refund any withdrawn amount of Grant, if it is determined by CWSA or the Association that such amount has been used for ineligible expenditures;
- (iv) the requirement that the goods, works and consultants' services to be financed from the proceeds of the Grant shall be procured in accordance with the provisions of Section III of this Schedule, and shall be used exclusively in the carrying out of the Subproject;
- (v) the obligation of the District Assembly to: (A) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Subproject and the achievement of its objectives; (B) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Subprojects; and (B) (2) at the Association's or CWSA's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to CWSA and the Association; and
- (vi) the right of the CWSA to: (i) inspect by itself, or jointly with the Recipient and Association, if the Recipient or the Association shall so request, the goods, works, sites, plants and construction included in the Subproject, the operations thereof and any relevant records and documents; (ii) obtain all information as CWSA, or the Recipient or the Association, shall reasonably request regarding the administration, operation and financial condition of the Subproject; and (iii) suspend or terminate the right of the District Assembly to use the proceeds of the Grant upon failure by the District Assembly to perform any of its obligations under the Subproject Agreement.

(e) **Administration of Subproject Agreements**

The Recipient shall ensure that CWSA shall exercise its rights under the each Subproject Agreement in such manner as to protect the interests of CWSA, the Recipient and the Association and to accomplish the purposes of the Project, and, except as the Association shall otherwise agree, CWSA shall not assign, amend, abrogate or waive any Subproject Agreement or any provision thereof without the prior written approval of the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall ensure that CWSA monitors and evaluates the progress of the Project and prepares Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of six months, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six 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, other than International Competitive Bidding, may be used for goods and works for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the provisions of paragraph 3 of this Part B; (b) Shopping; and (c) Direct Contracting.
3. **Exceptions to National Competitive Bidding Procedures.** The following provisions shall apply to the procurement of goods and works under National Competitive Bidding procedures: (a) foreign bidders shall be allowed to participate in National Competitive Bidding procedures; (b) bidders shall be given at least one month to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later; (c) no domestic preference shall be given for domestic bidders and for domestically manufactured goods; and (d) in accordance with paragraph 1.14(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder,

supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14(a)(v) of the Procurement Guidelines.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Selection based on Consultants' Qualifications; (b) Least-Cost Selection; (c) Selection of Individual Consultants; and (d) Sole Source Procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

1. The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.
2. All terms of reference for consultants' services, regardless of contract value, shall be subject to the Association's prior review.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, Consultants' services, Training and Operating Costs under Parts A.2 and C of the Project	10,200,000	100%
(2) Goods and works for Subprojects under Part A.1 of the Project	27,200,000	100% of Subproject expenditure up to and including June 30, 2012, and thereafter 95% of Subproject expenditure
(3) Goods, works and services for Subprojects under Part B of the Project	12,300,000	100%
TOTAL AMOUNT	49,700,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A.1 of this Section no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$2,000,000 equivalent may be made for payments made prior to this date but on or after April 1, 2010, for Eligible Expenditures under Category (1); or
 - (b) in respect of the Grants made for Subprojects under Category (2), unless the Subproject Agreements for the first three Subprojects for said Grants shall have been executed between the CWSA and the first three District Assemblies, and have been approved by the Association.

3. The Closing Date is June 30, 2016.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15:	
commencing August 15, 2020 to and including February 15, 2030	1.25%
commencing August 15, 2030 to and including February 15, 2045	2.5%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX

Section I. Definitions

1. “Affected Persons” means persons who, on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected.
2. “Annual Work Plan” means the work plan and budget for the Project prepared annually by the respective District Assemblies, and consolidated by the CWSA (as hereinafter defined) and approved by the Association in accordance with Section I.E of Schedule 2 to this Agreement.
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, with the modifications set forth in Section III of this Appendix.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Community” means an organized group living within a rural village, a small-sized town having a population of approximately 75 to 2000 people, a medium-sized town having a population of approximately 2001 to 5000 people, or a large-sized town having a population of approximately 5001 to 50,000 people.
6. “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 and May 2010.
7. “Community Water and Sanitation Agency” and “CWSA” each mean a legal entity established and operating pursuant to the Recipient’s Community Water and Sanitation Act 564 of 1998.
8. “District Assembly” and “DA” each mean a metropolitan municipal or District Assembly established pursuant to the Recipient’s Local Government Act 462 of 1993.
9. “Environmental and Social Management Framework” or “ESMF” means the document of the Recipient dated April 2010 setting forth the modalities for environmental screening and procedures for the preparation and implementation of

environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the ESMF.

10. “Environmental Management Plan” or “EMP” means an environmental management plan, prepared in accordance with the ESMF and the provisions of Section I.D.1 of Schedule 2 to this Agreement for the purposes of a Subproject and acceptable to the Association, and giving details of the magnitude of the environmental impacts, as well as the specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF under the Subproject, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies.
11. “Ghana Water Company Limited” means the water company established and operating pursuant to the Recipient’s Companies Act 461 of 1993 (as amended under Legal Instrument 1648 of 1st July 1999) of the laws of the Recipient.
12. “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.
13. “Grant” means a grant made or proposed to be made out of the proceeds of the Financing to a District Assembly, for the purpose of financing a Subproject in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.
14. “MLGRD” means the Recipient’s Ministry of Local Government and Rural Development, and any successor thereto.
15. “MWRWH” means the Recipient’s Ministry of Water Resources, Works and Housing, and any successor thereto.
16. “Operating Costs” means the incremental operating costs incurred by the CWSA on account of the management and implementation of the Project, on the basis of approved work plans and budgets for the Project, including hire of venues for Training; purchase of materials for approved Training; operation and maintenance costs for Project vehicles, office supplies, consumables, travel costs and per diems, and accommodation, but excluding salaries of the Recipient’s civil servants.
17. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.

18. “Project Implementation Manual” means the Recipient’s manual, in form and substance satisfactory to the Association, referred to in Section 5.01(a) of this Agreement, and containing or referring to detailed arrangements and procedures for the implementation of the Project, including: (i) capacity building activities for sustained achievement of the Project’s objectives; (ii) disbursement and financial management; (iii) a Grants manual defining eligibility criteria and approval, disbursement, administration and monitoring and evaluation arrangements for Subprojects together with sample grant agreement formats; (iv) institutional administration, coordination and day-to-day execution of activities of the Project; (v) monitoring, evaluation, reporting, information, education and communication; (vi) procurement; and (vii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as such manual may be amended and supplemented from time to time, with the prior written approval of the Association, and such term includes all schedules and annexes to said manual.
19. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 29, 2010, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
20. “Regional Coordinating Council” means the Recipient’s administrative units at the regional levels established and operating pursuant to the Local Government Act 462 of 1993, and referred to in Section I.A.3 of Schedule 2 to this Agreement.
21. “Resettlement Action Plan” or “RAP” means in respect of any Subproject involving resettlement, a resettlement plan for such Subproject prepared and implemented in accordance with the RPF and the provisions of Section I.D of Schedule 2 to this Agreement and approved by the Association, such resettlement plan to include a program of actions, measures and policies for compensation and resettlement of the Affected Persons, and setting forth the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements designed to ensure proper implementation of, and regular feedback on compliance with such plan.
22. “Resettlement Policy Framework” or “RPF” means the Resettlement Policy Framework of the Recipient dated March 2010, setting forth the modalities for resettlement and compensation of Affected Persons under the Project, as the same may be amended from time to time with the agreement of the Association.
23. “Safeguard Instruments” means the ESMF, the RPF, related EMPs, and Resettlement Action Plans for the Project.

24. “Steering Committee” means the Recipient’s inter-ministerial committee oversight committee established for the purpose of the Project, and referred to in Section I.A.1 of Schedule 2 to this Agreement.
25. “Subproject” means a specific development project for water supply or sanitation under Part A.1 or B.1 of the Project.
26. “Subproject Agreement” means an agreement entered into, or to be entered into, between the CWSA, and the respective District Assembly, for the purpose of extending a Grant to such District Assembly on the terms and conditions set forth or referred to in Section I.F (d) of Schedule 2 to this Agreement.
27. “Subsidiary Agreement” means the agreement referred to in Section 5.01(b) and to be concluded between the Recipient and CWSA pursuant to Section I.B.2 of Schedule 2 to this Agreement, as such agreement may be amended and/or supplemented from time to time with the prior written approval of the Association, and such terms includes all schedules to such agreement.
28. “Training” means the costs associated with the training and workshops, based on annual plans and budgets approved by the Association pursuant to Section III.E.1 of Schedule 2 to this Agreement, including travel and subsistence costs for training and workshops participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (1) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation

or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Section III. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”