



RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
GHANA ECONOMIC TRANSFORMATION PROJECT  
APPROVED ON JULY 2, 2019  
TO  
MINISTRY OF FINANCE

FINANCE, COMPETITIVENESS AND INNOVATION

AFRICA WEST

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## ABBREVIATIONS AND ACRONYMS

COVID-19	Coronavirus disease
IDA	International Development Association
MOF	Ministry of Finance
PCU	Project Coordination Unit
SME	Small and Medium Enterprise
TOR	Terms of Reference



**BASIC DATA**

**Product Information**

Project ID P166539	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 02-Jul-2019	Current Closing Date 30-Nov-2025

**Organizations**

Borrower Ministry of Finance	Responsible Agency Ghana Investment Promotion Center, Ministry of Trade and Industry, Ministry of Business Development
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**Project Development Objective (PDO)**

Original PDO

The Project Development Objective is to promote private investments and firm growth in non-resource based sectors.

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net	
					Commitment	Disbursed Undisbursed
IDA-64650	02-Jul-2019	17-Jan-2020		30-Nov-2025	200.00	0 196.61

**Policy Waiver(s)**

Does this restructuring trigger the need for any policy waiver(s)?

No



## **I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING**

### **A. Project Status**

1. The Project was approved on July 2, 2019 and is not yet effective. The Financing Agreement between the International Development Association (IDA) and the Ministry of Finance (MOF) was signed on January 17, 2020. However, the effectiveness deadline had to be extended to August 31, 2020, as only two of the four effectiveness conditions had been met by the initial deadline. Currently, three effectiveness conditions have been met, and the fourth one is close to being met.
2. While the Project is not yet effective, implementation has begun, in preparation for effectiveness. Under the Project Preparation Advance, a few activities are already underway, and others are being procured. The initial 18-month work plan and budget for the Project has been prepared and is being finalized, which will then feed into the procurement plan. In some cases, Terms of Reference (TOR) for various activities have been reviewed and cleared by IDA. In particular, one of the first activities to be launched once effectiveness is declared is the Small and Medium Enterprise (SME) grant and technical assistance program, implemented by the National Board for Small-Scale Industries, which will play a key role in helping SMEs recover from the COVID-19 crisis.

### **B. Rationale for Restructuring**

3. The remaining effectiveness condition yet to be met is the staffing of the Project Coordination Unit (PCU). According to the Financing Agreement, the PCU should be composed of, at least, a Project coordinator, a procurement specialist, a financial management specialist, an environmental and social specialist, and technical specialists with expertise in the areas to be supported by the Project, all to be recruited on a competitive basis and with qualifications, experience and TOR satisfactory to IDA. The status of these recruitments is as follows:
  - (a) Candidates have been competitively selected for the Project coordinator, procurement specialist, environmental and social specialist, and Component 3 technical specialist positions, and their contracts with MOF should be signed before August 28, 2020.
  - (b) For the financial management specialist, MOF suggested assigning two accountants from the Controller and Accountant General's Department to the PCU; IDA has reviewed their resumes and expressed its agreement with this arrangement.
  - (c) Finally, the Components 1 and 2 specialists positions had to be re-advertised, after a first round failed to attract enough qualified candidates. Interviews for these remaining positions have been conducted, but the candidates selected do not meet the requirement of having expertise in the areas to be supported by the Project, namely investment climate and industrial development. IDA has recommended that these positions be advertised once more after a revision of their TOR and MOF's recruitment strategy.
4. In order to declare effectiveness by August 31, 2020, the Financing Agreement has to be amended to allow more flexibility in the PCU staffing. The Financing Agreement will thus be amended to allow for the financial management specialist to be assigned to the PCU rather than be competitively recruited; and the recruitment of the technical specialists will be made a dated covenant (within three months of effectiveness) rather than a condition of effectiveness, to allow for the possibility of re-advertising the positions of Components 1 and 2 specialists.



II. DESCRIPTION OF PROPOSED CHANGES

5. The proposed changes to the Financing Agreement are as follows:

- (a) Section I.A.3 of Schedule 2, paragraph (a) will be revised as such: “The Recipient shall establish and maintain throughout Project implementation a Project Co-ordination Unit (“PCU”) with a composition, mandate and resources satisfactory to the Association, including without limitation (i) a Project coordinator, (ii) a procurement specialist, (iii) a financial management specialist, and (iv) an environmental and social specialist, all to be recruited on a competitive basis or assigned to the Project, and with qualifications, experience and terms of reference satisfactory to the Association”, removing the reference to technical specialists.
- (b) A new legal covenant will be added to Section I.A.3 of Schedule 2 which will read as such: “The Recipient shall, not later than three (3) months from the Effective Date recruit, and thereafter maintain throughout the Project Implementation technical specialists with expertise in the areas to be supported by the Project with experience, qualifications and terms of reference acceptable to the Association.”

III. SUMMARY OF CHANGES

	Changed	Not Changed
Legal Covenants	✓	
Other Change(s)	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Institutional Arrangements		✓



Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

**IV. DETAILED CHANGE(S)**

**LEGAL COVENANTS**

Loan/Credit/TF	Description	Status	Action
IDA-64650	Schedule 2 Section I.A.1(a) of FA. The Recipient shall establish, within one (1) month after the Effective Date, and thereafter maintain at all times during Project implementation, a Project Oversight Committee (“POC”), with a composition, mandate and resources satisfactory to the Association to provide policy guidance and oversight for the Project.	Not yet due	No Change
IDA-64650	Schedule 2 Section I.A.2(a) of FA. The Recipient shall establish, within one (1) month after the Effective Date, and maintain throughout Project Implementation, a Technical Committee for the Project, with a composition, mandate and resources satisfactory to the Association to be responsible for inter alia providing strategic and technical guidance on technical implementation of the Project in accordance with this Agreement and the PIM.	Not yet due	No Change
IDA-64650	Schedule 2 Section I.A.3(b) of FA. The Recipient shall, not later than three (3) months from the Effective Date recruit, and thereafter maintain	Not yet due	No Change



	<p>throughout the Project Implementation a monitoring and evaluation specialist with experience, qualifications and terms of reference acceptable to the Association.</p>		
IDA-64650	<p>Schedule 2 Section I.A.3(d) of FA. The Recipient shall, within three (3) months from the Effective Date, recruit, and thereafter maintain during the implementation of the Project, an independent external auditor for the Project, with qualifications, experience and under terms of reference acceptable to the Association.</p>	Not yet due	No Change
IDA-64650	<p>Schedule 2 Section I.A.5.1(a) of FA. The Recipient shall cause VCTF to carry out Parts 3.3(a), 3.3(b) and 3.3(c) of the Project (“VCTF Parts”) and to this end, shall cause VCTF to: (a) not later than one (1) month after the Effective Date, or any such later date as agreed with the Association, establish, and thereafter maintain, throughout Project implementation, the Fund Management Teams, with composition, mandate, governance and management structure and resources satisfactory to the Association, in charge of carrying out the implementation of the Part 3.3(a) and 3.3(b), respectively, of the Project.</p>	Not yet due	No Change
IDA-64650	<p>Schedule 2 Section I.A.5.2(c)(ii) of FA. The Recipient shall ensure that VCTF shall: enter into an agreement with SCF and SIF respectively (“SCF Agreement” and “SIF Agreement”, respectively) under terms and conditions acceptable to the Association, as set forth in the PIM, and including, inter alia, the obligation of SCF and SIF to: (ii) not later than one (1) month from the selection of their respective BoD, or such later date as agreed with the Association, cause their respective BoD to select and maintain an Investment Committee in form and with functions, composition, resources, terms of reference and qualifications acceptable to the Association and as further described in the PIM. To this end, without limiting the generality of the foregoing, the Investment Committee shall (A) be authorized to</p>	Not yet due	No Change



	<p>make all decisions relating to the SCF Investments and SIF Investment and SIF Direct Investments, respectively, and (B) be composed of independent experts with relevant expertise in the area of venture capital financing and entrepreneurship in the Recipient's territory, as further defined in the PIM.</p>		
IDA-64650	<p>Schedule 2 Section I.G.1 of FA. No later than ninety (90) days after the Effective Date, the Recipient shall recruit on a competitive basis one or more organizations with experience, independence, integrity and capacity and under terms of reference acceptable to the Association ("Independent Verification Agent(s)" or "IVA") to verify the data and other evidence supporting the achievement of one or more DLI as set forth in the DLI Verification Protocol and recommend corresponding payments to be made.</p>	Not yet due	No Change
IDA-64650	<p>Schedule 2 Section I.A.3(e) of FA. The Recipient shall, not later than three (3) months from the Effective Date recruit, and thereafter maintain throughout the Project Implementation technical specialists with expertise in the areas to be supported by the Project with experience, qualifications and terms of reference acceptable to the Association.</p>	Not yet due	New