

CONFORMED COPY

CREDIT NUMBER 4345-GH

Project Agreement

(Health Insurance Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

NATIONAL HEALTH INSURANCE COUNCIL

Dated August 8, 2007

PROJECT AGREEMENT

Agreement (“Project Agreement”) dated August 8, 2007, entered into between the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and the NATIONAL HEALTH INSURANCE COUNCIL (“Project Implementing Entity”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the REPUBLIC OF GHANA (“Recipient) and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity's Representative is its Executive Secretary.

3.02. The Association's Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423(MCI)

1-202-477-6391

3.03. The Project Implementing Entity's Address is:

Private Mail Bag
Ministries Post Office, Accra

Facsimile:

021-232-325

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Mats Karlsson

Authorized Representative

NATIONAL HEALTH INSURANCE COUNCIL

By /s/ Ras Boateng

Authorized Representative

SCHEDULE

Execution of Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall coordinate the implementation of Project activities, through the Inter-Agency Steering Committee, with the MOH, the DMHIS and the Providers.
2. Prior to supplying any equipment to the Providers under the Project, the Project Implementing Entity shall execute a Memorandum of Understanding with such Providers, in form and substance satisfactory to the Association, requiring the Providers to set aside sufficient funds to allow for replacement of any equipment which malfunctions following its provision under the Project, and to assist in the monitoring of the indicators and the achievement of the targets set forth in Section II.A. 1(b) of the Schedule to this Agreement.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project and the transfer of the proceeds of the Financing by the Recipient to the Project Implementing Entity, the Project Implementing Entity shall enter into a Subsidiary Agreement with the Recipient, under terms and conditions acceptable to the Association, which shall include the terms and conditions set out in Section I.B.1 of Schedule 2 to the Financing Agreement.
2. The Project Implementing Entity shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Project Implementing Entity and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions. In case of any conflict between the Subsidiary Agreement and this Agreement, the latter shall prevail.

C. Project Implementation Manual

1. The Project Implementing Entity shall adopt a PIM in form and substance satisfactory to the Association, containing detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, reporting and communication; and (v) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
2. The Project Implementing Entity shall carry out the Project in accordance with the arrangements and procedures set out in the PIM (provided, however, that in case of any conflict between the arrangements and procedures set out in the PIM 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 the PIM, if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

D. Annual Work Plan

Not later than November 1 of each year during the implementation of the Project, the Project Implementing Entity shall prepare and furnish to the Association an Annual Work Plan, in form and substance satisfactory to the Association, detailing the Project activities and Eligible Expenditures planned for the following Fiscal Year.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Project Implementing Entity 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 subparagraph (b) of this paragraph. Each Project Report shall cover the period of one Fiscal Year, and shall be furnished to the Association not later than three months after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following (with end targets set to be achieved by the Closing Date):
 - (i) the percentage amount of total claims not paid within the statutory time period (30 days) due to delays caused by suspected error, abuse and fraud decrease to at least 15%;
 - (ii) policies adapted and plans for implementation developed to address issues related to contribution collection, risk equalization, and provider payment mechanisms;
 - (iii) at least 70% of the number of total bills submitted by the beneficiary Providers are submitted electronically;
 - (iv) at least 80% of the number of electronically submitted bills are paid to the beneficiary Providers within 30 days;
 - (v) the number of members whose entitlement to benefits can be validated through electronic verification by beneficiary Providers reaches at least 80% of the total number of members; and
 - (vi) a human resources training plan is developed and executed.

2. The Project Implementing Entity shall provide to the Recipient not later than three months after the Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.
3. On or about the date thirty six (36) months after the Effective Date, the Project Implementing Entity shall undertake in conjunction with the Recipient and the Association a comprehensive midterm review of the Project during which it shall exchange views generally on all matters relating to the progress of the Project, the performance by the Recipient of its obligations under the Financing Agreement and the performance by the Project Implementing Entity of its obligations under the Project Agreement, having regard to the performance indicators referred to in paragraph 1 (b) of this Part A.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall 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 and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.
2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Association not later than forty-five days (45) after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one Fiscal Year. The audited financial statements for each period shall be furnished to the Association not later than six months after the end of the period.

Section III. Procurement

All goods and services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.

Section IV. Other Undertakings

A. Appointment of Financial Auditors

The Project Implementing Entity shall, not later than six months after the Effective Date, appoint the independent auditors referred to in Section 4.09(b) of the General Conditions, in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.

B. Procurement Audits

1. The Project Implementing Entity shall, not later than six months after the Effective Date, put in place arrangements, satisfactory to the Association, including the appointment of independent procurement auditors in accordance with Section III of Schedule 2 to this Agreement, with qualifications, experience and terms of reference acceptable to the Association, for reviewing the procurement of goods and consultants' services financed under the Project, including the reviewing of procurement procedures and processes.
2. The Project Implementing Entity shall, not later than three months after the end of each Fiscal Year or such later date as the Association may agree, furnish to the Association an audit report on the procurement of goods and consultants' services carried out under the Project, prepared by the said independent procurement auditors.