

CONFORMED COPY

CREDIT NUMBER 2157 GH

(Urban II Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 21, 1990

CREDIT NUMBER 2157 GH

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated December 21, 1990, between REPUBLIC OF GHANA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS: (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) the Borrower intends to seek additional funds from other donors to assist in the financing of the Project;

(C) Part C of the Project will be carried out by Home Finance Company Limited (HFC) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to HFC part of the proceeds of the Credit as provided in this Agreement; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Association and HFC;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "HFC" means the Home Finance Company Limited, a private company incorporated under the Companies Code 1963 (Act 179) of the Republic of Ghana;

(b) "Project Agreement" means the agreement between the Association and HFC, of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(c) "Financing Agreement" means the agreement to be entered into between the Borrower and HFC pursuant to Section 3.01 (c) of this Agreement, as the same may be amended from time to time, and such term includes all schedules supplemental to the Financing Agreement;

(d) "Participation Agreement" means the agreement to be entered into between HFC and each OSI (as such term is hereinafter defined) pursuant to Section 2.02 of the Project Agreement;

(e) "OSI" means a bank or financial institution which shall, for the purpose of the Project, be designated by HFC as a mortgage originating and servicing institution;

(f) "Subloan" means a loan made or proposed to be made by an OSI in part out of the proceeds of the Credit to a Beneficiary for the financing of the cost of purchase of a new housing unit;

(g) "Beneficiary" means a household to which an OSI proposes to make or has made a Sub-loan and which meets the eligibility criteria set forth in paragraph 3 of Schedule 2 to the Project Agreement;

(h) "Housing Policy Statement" means the statement of housing policy reforms by the Borrower, dated March 16, 1990;

(i) "MWH" means the Borrower's Ministry of Works and Housing;

(j) "TSC" means the Technical Services Center, a division of MWH;

(k) "MLG" means the Borrower's Ministry of Local Government;

(l) "MRH" means the Borrower's Ministry of Roads and Highways;

(m) "TCPD" means the Town and Country Planning Department, a division of MLG;

(n) "EPC" means the Borrower's Environmental Protection Council;

(o) "DUR" means the Department of Urban Roads in MRH;

(p) "HFIC" means the Housing Finance and Institutional

Reform Committee established by the Borrower under the chairmanship of a Deputy Governor of the Bank of Ghana;

(q) "Project Preparation Advances" means the project preparation advances granted by the Association to the Borrower pursuant to exchanges of letters dated March 20, 1989 and May 16, 1989 and July 19, 1990 and September 19, 1990, respectively, between the Borrower and the Association; and

(r) "Special Accounts" means the accounts referred to in Section 2.02 (b) of this Agreement.

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to fifty-three million seven hundred thousand Special Drawing Rights (SDR 53,700,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) amounts paid (or if the Association shall so agree, to be paid) by HFC in respect of Sub-loans under Part C.2 of the Project; and (ii) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for Parts A, B and C.1 of the Project and to be financed out of the proceeds of the Credit.

(b) The Borrower shall open and maintain in dollars three special deposit accounts in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment, namely: (i) a special account for the purposes of Parts A.1 (a) and A.5 (a) and (b) of the Project (Special Account DUR); (ii) a special account for Parts A and B (except Parts A.1 (a) and A.5 (a) and (b)) of the Project (Special Account TSC); and (iii) a special account for the purposes of Part C.1 and 2 of the Project (Special Account HFC). Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advances withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advances shall thereupon be cancelled.

Section 2.03. The Closing Date shall be June 30, 1996, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next payment date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on June 1 and December 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each June 1 and December 1 commencing December 1, 2000, and ending June 1, 2030. Each installment to and including the installment payable on June 1, 2010, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end:

- (i) shall carry out Parts A and B of the Project with due diligence and efficiency and in conformity with appropriate administrative and financial practices and shall provide, promptly as needed, the funds, facilities, services and other re-sources required for such Parts of the Project; and
- (ii) without limitation or restriction upon any of

its other obligations under the Development Credit Agreement, the Borrower shall cause HFC to perform all its obligations set forth in the Project Agreement, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable HFC to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) Without limitation upon the provisions of paragraph (a) of this Section, and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out Parts A and B of the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

(c) The Borrower shall make part of the proceeds of the Credit available to HFC under a financing agreement to be entered into between the Borrower and HFC, under terms and conditions which shall have been approved by the Association which shall include the terms and conditions set forth in Schedule 6 to this Agreement.

(d) The Borrower shall exercise its rights under the Financing Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Financing Agreement or any provision thereof.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for Parts A and B of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Part C of the Project shall be carried out by HFC pursuant to Section 2.03 of the Project Agreement.

Section 3.04. The Borrower shall prepare and furnish to the Association for its review and comments, not later than June 30, 1992, proposals for strengthening the foreclosure procedures with respect to defaults under housing loans secured by mortgages.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of Parts A and B of the Project of the departments or agencies of the Borrower responsible for carrying out Parts A and B of the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a

certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special Accounts was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE V

##### Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

- (a) HFC shall have failed to perform any of its obligations under the Project Agreement.
- (b) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that HFC will be able to perform its obligations under the Project Agreement.
- (c) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of HFC or for the suspension of its operations.
- (d) An event shall have occurred which shall make it improbable that the Borrower will carry out the Housing Policy Statement or any significant part thereof.
- (e) The Housing Policy Statement shall have been amended, suspended, abrogated, withdrawn or waived so as to affect materially and adversely the ability of HFC to perform any of its obligations under the Project Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

- (a) any event specified in paragraph (a) of Section 5.01 of

this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower; and

(b) the event specified in paragraph (c) of Section 5.01 of this Agreement shall occur.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Financing Agreement has been executed on behalf of the Borrower and HFC;

(b) a management agreement acceptable to the Association has been executed on behalf of HFC and Merchant Bank (Ghana) Limited;

(c) HFC has furnished to the Association its operational guidelines and detailed financial projections acceptable to the Association; and

(d) the Borrower has employed consultants for the purposes of Part B.3 of the Project in accordance with the provisions set forth in Section II of Schedule 3 to this Agreement.

Section 6.02. The following is specified as additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

(a) that the Project Agreement has been duly authorized or ratified by HFC, and is legally binding upon HFC in accordance with its terms; and

(b) that the Financing Agreement has been duly authorized or ratified by the Borrower and HFC and is legally binding upon the Borrower and HFC in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VII

##### Representatives of the Borrower; Addresses

Section 7.01. The PNDC Secretary for Finance and Economic Planning of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

PNDC Secretary for Finance and  
Economic Planning  
Ministry of Finance and  
Economic Planning  
P.O. Box M 40  
Accra, Ghana

Cable address:

Telex:

ECONOMICON  
Accra

2205 MIFAEP GH

For the Association:

International Development  
Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

INDEVAS  
Washington, D.C.

Telex:

248423 (RCA)  
82987 (FTCC)  
64145 (WUI) or  
197688 (TRT)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF GHANA

By /s/ Joseph L. S. Abbey  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox  
Regional Vice President  
Africa

#### SCHEDULE 1

##### Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works:		
(a) for Part A.1 (a) and A.5 (b) of the Project	16,900,000) ) ) ) )	100% of foreign expenditures and 90% of local expenditures
(b) for Parts A and B of the Project (ex- cept Part A.1 (a) and A.5 (b) of the Project)	12,300,000) ) ) ) ) )	
(2) Equipment, vehicles and spare parts:		
(a) for Part A.1 (a),	700,000)	100% of foreign



	A.5 (a) and (b) of the Project	) ) )	expenditures and 90% of local expenditures
	(b) for Parts A and B of the Project (except Part A.1 (a), A.5 (a) and (b))	1,600,000) ) ) ) ) )	
		Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
	(c) for Part C.1 of the Project	100,000	100% of foreign expenditures and 95% of local expenditures
(3)	Consultants' services:		
	(a) for Part A.1 (a) and A.5 (a) and (b) of the Project	1,400,000) ) )	100% of foreign expenditures and 90% of local expenditures
	(b) for Parts A and B of the Project (except Part A.1 (a), A.5 (a) and (b))	5,600,000) ) ) ) ) )	
	(c) for Part C.1 of the Project	500,000	100% of foreign expenditures and 95% of local expenditures
(4)	Training:		
	(a) for Part A.1 (a) and A.5 (a) and (b) of the Project	200,000) ) )	100% of foreign expenditures and 90% of local expenditures
	(b) for Parts A and B of the Project (except Part A.1 (a), A.5 (a) and (b))	900,000) ) ) ) )	
	(c) for Part C.1 of the Project	200,000	100% of foreign expenditures and 95% of local expenditures
		Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(5)	Sub-loans to Beneficiaries	5,500,000	40%
(6)	Operating costs:		
	(a) for Part A.1 (a), A.5 (a) and (b) of the Project	400,000) ) ) )	100% of foreign expenditures and 90% of local expenditures
	(b) for Parts A and B of the Project	1,000,000) )	

	(except Part A.1	)	
	(a), A.5 (a) and	)	
	(b))	)	
(7)	Refunding of Project Preparation Advances	620,000	Amounts due pursuant to Section 2.02 (c) of this Agreement
(8)	Unallocated	5,780,000	
		<hr/>	
	TOTAL	53,700,000	
		=====	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) the term "operating costs" means the office expenses incurred for rent, utilities, transportation and supplies.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in: (i) rehabilitating and improving the urban infrastructure and services in selected cities; (ii) strengthening the technical, financial and managerial capacities of local government; (iii) introducing reforms in the housing sector; and (iv) relieving the acute shortage of affordable houses.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Local Government Sector Rehabilitation

1. Infrastructure rehabilitation and improvements:

(a) Development and rehabilitation of roads and attendant drainage, improvement of intersections and signalization, and other transport system management measures in Accra, Kumasi and Sekondi-Takoradi.

(b) Repair of important town center roads, rehabilitation and improvement of primary drainage and provision of sanitation facilities in Tamale.

(c) Rehabilitation of the sewerage system in Tema, including construction of a new sewerage treatment/disposal facility, rehabilitation of sewerage pumping stations, repair of the main sewer outfalls and acquisition of maintenance tools and equipment.

(d) Rehabilitation and construction of paving, lighting, drainage water supply and sanitation facilities at the central market in Kumasi.

(e) Development of waste management systems in Sekondi-Takoradi, Tema and Tamale, including the acquisition of vehicles and

equipment.

2. Municipal Revenue Mobilization:

(a) Property revaluation in Kumasi, Sekondi-Takoradi and Tamale, including acquisition of vehicles and equipment, and training.

(b) Strengthening municipal revenue mobilization and financial management in Accra, Kumasi, Sekondi-Takoradi, Tema and Tamale, including acquisition of vehicles and equipment, and training.

3. Land Administration:

(a) Production of large-scale photomaps for Accra and Kumasi and of medium-scale topographic maps for Accra, Kumasi, Sekondi-Takoradi, Tema and Tamale.

(b) Land adjudication and titling in Accra and Kumasi on a pilot basis.

(c) Institutional support to land administration organizations, including acquisition of vehicles and equipment, and training.

(d) Studies on: (A) the progress in carrying out the land adjudication and titling program; and (B) the reorganization of the Survey Department.

4. Local Government Support:

(a) Rehabilitation of the local government training center at Tamale and construction of new buildings and facilities for the local government training school at Accra.

(b) Development of training programs for the local government sector.

(c) Establishment of a local government project support unit.

5. Strengthening of the Department of Urban Roads, the District Roads Units and City Technical Departments:

(a) Acquisition of soils laboratory equipment for the Department of Urban Roads.

(b) Construction of workshops and acquisition of road building and maintenance equipment, spare parts and vehicles for the District Roads Units in Accra, Kumasi, Sekondi-Takoradi, Tema and Tamale.

(c) Acquisition of equipment and vehicles for the City Technical Departments in Accra, Kumasi, Sekondi-Takoradi, Tema and Tamale.

6. Strengthening of the Environmental Protection Council's capability and capacity to carry out environmental assessment studies through the acquisition of equipment and vehicles, and training.

Part B: Housing Sector Reform

1. Improvements to the infrastructure and urban services in parts of Tema and Kumasi through the rehabilitation and upgrading of streets, water supply, primary, secondary and tertiary drainage, street lightings, public sanitation facilities and refuse collection and training of women in construction skills.

2. Development of a feasible and cost effective strategy to complete and/or divest the existing uncompleted government-owned housing units.

3. Restructuring of the State Housing Corporation, the Tema Development Corporation and the Architectural and Engineering Services Corporation.

4. Strengthening of the Technical Services Center through the acquisition of equipment and vehicles, and training.

Part C: Housing Finance

1. Establishment and operation of the Home Finance Company, including the acquisition of equipment and provision of training for HFC and the participating mortgage originating and servicing institutions.

2. Financing of eligible new housing units through the provision of Sub-loans to Beneficiaries.

3. Divestment of existing housing stock owned by housing parastatals.

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The Project is expected to be completed by December 31, 1995.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part D hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

2. To the extent practicable, contracts shall be grouped into bid packages estimated to cost the equivalent of \$100,000 or more.

3. Goods shall be exempted from pre-shipment price inspection by a third-party inspection firm.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Ghana may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. Civil works for the rehabilitation of workshops and training centers may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Items or groups of items estimated to cost the equivalent of \$100,000 or less per contract, up to an aggregate amount equivalent to \$1,000,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures

acceptable to the Association.

3. Civil works, up to an aggregate amount equivalent of \$100,000, may be carried out by force account in accordance with procedures satisfactory to the Association.

Part E: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of \$250,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of any Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of any Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Association has authorized withdrawals on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out Parts A and B of the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 4

Implementation Program

Project Coordination

1. TSC shall be the overall Project coordinating unit. It shall provide support to other Project entities and coordinate the overall Project monitoring, consolidation, accounting, audit, disbursement, procurement and reporting activities and shall ensure that EPC has been consulted by any Project entity for major civil works contracts prior to their award.

Part A of the Project

2. Policy guidance for Part A of the Project shall be provided by the Interministerial Committee comprising the PNDC secretaries of MWH, MLG and MRH. This committee which shall coopt a representative of EPC shall meet twice a year during the first two years of Project implementation and annually thereafter to review the progress of the Project.

3. The Project Coordinating Committee shall be responsible for

the coordination of all Project activities under Part A of the Project. It shall consist of the heads of all Project units which carry out parts of this component and shall be assisted by TSC as its secretariat. The Project Coordinating Committee shall meet quarterly during the first two years of Project implementation and bi-annually thereafter.

4. The roads and transport systems component of the Project shall be carried out by DUR.

5. All activities related to the development of local government training program and the local government support function shall be implemented by the Local Government Project Support Unit and the Training Support Unit, both to be established not later than February 1, 1991.

6. The land administration and property revaluation components shall be carried out by the Land Administration Steering Committee and the Land Valuation Board.

7. The activities in each city shall be coordinated by the Metropolitan/District Steering Committees to be assisted by TSC, DUR and the Local Government Project Support Unit.

#### Part B of the Project

8. Policy guidance for, and coordination of, the urban upgrading component and the housing consolidation studies under Part B of the Project shall be provided by MWH. TSC shall be responsible for the implementation of these components.

9. The housing finance and institutional reform components shall be carried out under the overall policy guidelines of HFIC. The Borrower, through HFIC and Bank of Ghana, and the Association shall annually review the progress achieved in carrying out the institutional reform program under Part B.3 of the Project.

#### Action Plans

10. In order to guide Project implementation and monitoring, the Borrower shall ensure that all Project units and agencies responsible for carrying out the Project prepare and revise periodically annual plans related to their respective Project activities. These annual plans shall be consolidated by TSC and furnished to the Association for its review and comments. Progress in carrying out the Project shall be measured against these plans. The Borrower, the Association and each of the Project Units shall annually exchange views on the progress achieved in carrying out the respective Parts of the Project.

### SCHEDULE 5

#### Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means: (i) in the case of Special Account DUR, Categories (1) (a), (2) (a), (3) (a), (4) (a) and (6) (a); (ii) in the case of Special Account TSC, Categories (1) (b), (2) (b), (3) (b), (4) (b) and (6) (b); and (iii) in the case of Special Account HFC, Categories (2) (c), (3) (c), (4) (c) and (5) as such Categories are set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount to be withdrawn from the Credit Account and deposited into the respective

Special Account pursuant to paragraph 3 (a) of this Schedule, equivalent to \$1,500,000 in the case of Special Account DUR, equivalent to \$1,500,000 in the case of Special Account TSC, and equivalent to \$750,000 in the case of Special Account HFC.

2. Payments out of any Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that a Special Account has been duly opened, withdrawals of the corresponding Authorized Allocation and subsequent withdrawals to replenish such Special Account shall be made as follows:

(a) For withdrawals of any Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the respective Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into such Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of any Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

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All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of any Special Account, the Borrower shall, at such time as the Association shall reasonably requested, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into any Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Credit allocated to the Eligible Categories less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the Eligible Categories shall follow such procedures as the Association shall

specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in any Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of any Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into such Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into any Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in any Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in any Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

#### SCHEDULE 6

##### Financing Agreement Terms and Conditions

1. The Borrower shall make available to HFC, out of the proceeds of the Credit, an amount not exceeding the equivalent of SDR 800,000 on a grant basis for the purposes of Part C.1 of the Project.

2. The Borrower shall make available to HFC, out of the proceeds of the Credit, an amount not exceeding the equivalent of SDR 5,500,000 for the purposes of Part C.2 of the Project.

3. The debt of HFC to the Borrower pursuant to paragraph 2 above shall be evidenced by bonds to be issued by HFC with a maturity of 30 years and an interest rate of 1% per annum. Interest on, and principal of, the bonds shall be paid monthly. The outstanding principal of the bonds shall be adjusted monthly on the basis of changes in the Consumer Price Index by applying the average increase/decrease during the last three months for which data are available.

4. The bonds shall be issued by HFC in amounts and frequency designed to match the Sub-loans made under Part C.2 of the Project. The proceeds of the sale of the bonds shall be used by HFC to finance the Sub-loans through the OSIs.

5. The payment of interest on, and the principal of, the bonds shall be undertaken by HFC out of the cash flow resulting from the servicing of the Sub-loans.

6. HFC shall have the right to prepay the principal of the bonds without penalty. In case of prepayments, the Borrower shall use the prepaid principal for the purchase of new bonds issued by HFC under the same terms and conditions as set forth in the Financing Agreement.



7. In case of the sale of such bonds by the Borrower in the secondary market, the Borrower shall use the proceeds of such sales for the purposes set forth in paragraph 6 above.

