

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
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CONFORMED

June 7, 2011

Honorable Kwabena Duffour
Minister of Finance and Economic Planning
Ministry of Finance and Economic Planning
PO Box MB40
Accra
Ghana

**Re: Ghana: Advance Agreement for Preparation of Proposed Ghana
Commercial Agriculture Project No. Q7760**

Honorable Minister,

In response to the request for financial assistance made on behalf of the Republic of Ghana (“Recipient”), I am pleased to inform you that the International Development Association (the “Association” or the “World Bank”) proposes to extend to the Recipient an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed Two Million Nine Hundred and Seventy-Two Thousand Five Hundred and Thirteen Dollars (\$ 2,972,513) (“Advance”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve the investment climate for agri-business and establish inclusive PPPs aimed at increasing on-farm productivity and value addition in selected value chains (“**Project**”), for the carrying out of which the Recipient has requested the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of Association to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the Association. Upon receipt by the Association of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/Ishac Diwan
Ishac Diwan
Country Director for Ghana
Africa Region

**AGREED:
REPUBLIC OF GHANA**

By: /s Kwabena Duffour
Authorized representative

Name: Dr. Kwabena Duffour

Title: Minister of Finance and Economic Planning

Date: 6/15/2011

Enclosures:

- (1) Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010.
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with “World Bank Disbursement Guidelines for Projects”, dated May 1, 2006.
- (3) Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
- (4) Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
- (5) Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.

Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

1.03.

- (i) “Environmental Protection Agency” or “EPA” means the Recipient’s agency responsible for environmental protection and its successor.
- (ii) “Ghana Investment Promotion Agency” or “GIPC” means the Recipient’s agency responsible for investment promotion and its successor.
- (iii) “Lands Commission” means the Recipient’s agency responsible for land management, as defined in Article 258(1) of the 1992 Constitution of the Recipient.
- (iv) “Ministry of Finance and Economic Planning” or “MoFEP” means the Recipient’s ministry responsible for finance and its successor.
- (v) “Ministry of Food and Agriculture” or “MoFA” means the Recipient’s ministry responsible for food and agriculture and its successor.
- (vi) “Ministries of Trade and Industry” or “MoTI” means the Recipient’s ministry responsible for trade and industry and its successor.
- (vii) “Savannah Accelerated Development Authority” or “SADA” means the Recipient’s authority established and operating pursuant to ACT_____ of the Recipient.

Article II

Execution of the Activities

2.01. **Description of the Activities.** The Activities for which the Advance consist of the following parts:

- (i) The operational costs of the interim project preparation team established under the leadership of the Ministry of Food and Agriculture (MoFA), and including the participation of the Lands Commission, the Environmental Protection Agency (EPA), Ghana Investment Promotion Agency (GIPC), the Ministries of Trade

and Industry (MoTI) and Ministry of Finance and Economic Planning (MoFEP), as well as the Savannah Accelerated Development Authority (SADA);

- (ii) The provision of specific training assignments, including procurement training, financial management training and project management training;
- (iii) The provision of remaining design consultancy studies essential in the preparation of the project, including the institutional assessments, as well as the preparation of the project manuals for project implementation, financial management, procurement, and monitoring and evaluation;
- (iv) Preparing all necessary safeguards assessments as required by the Bank's safeguards policies;
- (v) The procurement of limited goods necessary for the effective functioning of the project preparation team;
- (vi) The arranging of a number of consultation processes and events that reflect the criticality of stakeholder participation in the project preparation process, such as workshops and consultation meetings;
- (vii) Other essential preparatory activities related to project preparation.

2.02. ***Execution of the Activities Generally.*** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities in accordance with the provisions of (a) Article II of the Standard Conditions, (b) this Article II, and (c) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.

2.03. ***Monitoring, Reporting and Evaluation of the Activities.*** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.04. ***Financial Management.*** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the Association not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the Association.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made. The audited Financial Statements for such period shall be furnished to the Association not later than six months after the end of such period.

2.05. ***Procurement***

(a) **General.** All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Activities in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of 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 the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and non-Consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts which are specified in the Procurement Plan: (A) National Competitive Bidding (subject to the following additional provisions in paragraph *f* below); (B) Shopping; and (C) Direct Contracting.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in sub-paragraph (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection; (F) Selection of Individual Consultants; and (G) Sole Source Procedures for the Selection of Individual Consultants.

(e) Review by the Association of Procurement Decisions. 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.

(f) National Competitive Bidding (NCB) procedures. The following additional provisions shall apply to NCB for goods, works and non-consulting services under the Project: (a) foreign bidders shall be allowed to participate in NCB procedures; (b) bidders shall be given at

least one month to submit bids from the date of 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 Credit shall provide that: 9i) 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.

**Article III
Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the Association may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:]

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed Inclusive of Taxes
(1) Goods, Consultants’ Services, Operating Costs and Training	2,972,513	100%
TOTAL AMOUNT	2,972,513	

For the purpose of this Article III. 3.01:

- (a) the term “Training” means the cost associated with the training and workshops for reasonable expenditures (other than expenditures for consultants’ services), including: (i) travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses; and

- (b) the term “Operating Costs” means the incremental expenses incurred on account of Project implementation including office equipment and supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, travel and *per diem*, excluding the salaries of the Recipient’s civil service.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is February 28, 2012.

Article IV Terms of the Advance

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the Association (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the Association (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the Association of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) **Repayment in the absence of a Refinancing Agreement:** If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then:

- (i) if the amount of the Withdrawn Advance Balance does not exceed \$50,000, it shall be repaid by the Recipient to the Association (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment), on such date as the Association shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and
- (ii) if the amount of the Withdrawn Advance Balance exceeds \$50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the “Aggregate Balance”) shall be paid by the Recipient to the Association in ten approximately equal semiannual installments, in the amounts and on the

dates (“Payment Dates”) which the Association shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date (“Notice Date”) of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

Article V
Recipient’s Representative; Addresses

6.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 9.02 of the Standard Conditions is the Minister responsible for Finance and Economic Planning.

6.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 9.01 of the Standard Conditions is:

Ministry of Finance and Economic Planning
PO Box MB40
Accra
Ghana

Cable:	Telex:	Facsimile:
ECONOMICON Accra	2205 MIFAEP GH	+233-30-2667069 +233-30-2663854

6.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 9.01 of the Standard Conditions 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) 64145 (MCI)	+1-202-477-6391