

The World Bank
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INDEVAS

CONFORMED COPY

Date September 30, 2011

Dr. Kwabena Duffuor
Minister for Finance and Economic Planning
Ministry of Finance and Economic Planning
Accra, Ghana

**Re: EITI - MDTF Grant No.TF010102
Extractive Industries Transparency Initiative Post Compliance Grant I Project**

Excellency:

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 (“World Bank”), acting as administrator of grant funds provided by Australia, Belgium, Canada, the European Union represented by the European Commission, Finland, France, Germany, the Netherlands, Norway, Spain, Switzerland, the United Kingdom, and the United States (the “Donors”), under the Multi-Donor Trust Fund for Extractive Industries Transparency Initiative (EITI) Implementation Support Facility, proposes to extend to the Recipient a grant in an amount not to exceed four hundred thousand United States Dollars (USD 400,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in 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 World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature (the "Effective Date").

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Sergiy V. Kulyk
Sergiy V. Kulyk
Acting Country Director for Ghana

AGREED:
REPUBLIC OF GHANA

By: /s/ Dr. Kwabena Duffuor
Authorized Representative

Name: Kwabena Duffuor

Title: Minister for Finance and Economic Planning

Date: November 28, 2011

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
- (2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

Article I

Standard Conditions; Definitions

- 1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 (“Standard Conditions”) constitute an integral part of this Agreement, and the following additional terms have the following means:
- 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 as follows:
- (a) “EITI” means the Recipient’s Extractive Industries Transparency Initiative.
 - (b) “Financial Services Reform” and “FSR” means the unit in MOFEP in charge of financial services reforms.
 - (c) “Ghana Extractive Industries Transparency Initiative Secretariat” and “GEITIS” means the Recipient’s secretariat in charge of implementing extractive industries initiatives work programs including communication and monitoring and evaluations of the programs.
 - (d) “Ministry of Finance and Economic Planning” and “MOFEP” means the Recipient’s ministry in charge of finance.
 - (e) “Project Coordination Unit” and “PCU” means the Recipient’s unit in MOFEP in charge of Project coordination.
 - (f) “Procurement Plan” means the Recipient’s procurement plan for the Project, dated August 15, 2011, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

Article II Project Execution

- 2.01. **Project Objectives and Description.** The objectives of the Project are to support the Recipient’s post EITI compliance goals of: (i) deepening and widening EITI , including enhancing the coverage and quality of EITI reports, extending EITI to oil and gas; and (ii) supporting Recipient’s goals of building on EITI to improve the overall management and governance in extractive industries.

The Project consists of the following parts:

PART- A. Enhancing the Quality of EITI Reporting

Supporting the reports through: (i) enhancing EITI data collection, reconciliation, aggregation, and reporting with a focus on the quality of information generated from companies and

government institutions; and (ii) developing templates and other technical assistances for a consistent reporting of oil revenues, sub-national revenues flows, and the utilization of extractive industries revenues at the sub-national level.

PART- B. Communication and Outreach

Strengthening the capacity of Ghana Extractive industries Transparency Initiative Secretariat (GEITIS) to widely disseminate EITI information in the national and local media, and organize targeted communications to various groups, including members of parliament, citizens groups, and districts assemblies.

PART- C. Capacity Enhancement

Facilitating stakeholder engagement in the EITI through: (i) targeted training on extractive industries related revenues, policies and practices in district assemblies for civil society organizations, traditional rulers, and media representatives focusing on capacity building for oil and gas stakeholders in regions and districts in the western region of the Recipient; and (ii) supporting regional experience exchange forum in the Recipient with the objective of sharing EITI experiences between industries, government and charities and civil societies in the Recipient and in other countries of west Africa.

PART- D Project Management

Supporting GEITIS through: (i) training of key staff in oil and gas fiscal systems and monitoring and evaluation skills; and (ii) providing consultancy services, logistics and equipment to support EITI processes.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. ***Institutional and Other Arrangements.***

A. Institutional Arrangements

(a) The Recipient shall maintain, at all times during the implementation of the Project, the GEITIS, and the Project Coordination Unit (PCU) of the Financial Services Reform Project (FSR) within MOFEP, with functions, staffing and resources satisfactory to the World Bank.

(b) Without limitation to the provisions of Section I.A.1 of this Schedule, MOFEP through the PCU shall be responsible for day-to-day administration of overall planning, coordination, technical, fiduciary (*i.e.*, procurement and financial management), coordination, monitoring, evaluation and reporting activities under the Project.

B. The Recipient shall ensure that PCU designates, no later than three months after Effective Date of this Agreement, an accounts officer from within its staff to carry out financial management of the Project.

C. The Recipient shall not use the proceeds of the Grant for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import, to the Recipient’s knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions.

2.04. Donor ***Visibility and Visit.***

(a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donor(s) to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. ***Project Monitoring, Reporting and Evaluation.***

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five days after the end of the period covered by such report.

- (b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.06. ***Financial Management.***

- (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
- (b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
- (c) The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. ***Procurement***

- (a) General. All goods, and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
 - (i) Section I of the "Guidelines: Procurement of Goods under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Procurement Guidelines"), in the case of goods;
 - (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 Project 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 World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
- (c) Particular Methods of Procurement of Goods
 - (i) Except as otherwise provided in sub-paragraph (ii) below, goods 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 goods for those contracts specified in the Procurement Plan: (a) Limited International Bidding (b) National Competitive Bidding (subject to the additional procedures in paragraph II below); (c) Shopping; and (d) Direct Contracting.
 - (iii) The following additional provisions shall apply to NCB for goods under the Project: (a) foreign bidders shall be allowed to participate in the NCB 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 Grant shall provide that: (i) the bidders, suppliers, contractors and subcontractors shall permit the World Bank, 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 World Bank; 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.
- (d) Particular Methods of Procurement of Consultants' Services
- (i) Except as otherwise provided in item (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 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) Selection based on Consultants' Qualifications; (d) Least-Cost Selection; (e) Selection of Individual Consultants; (f) Single Source Procedures for selection of firms; and (g) Single Source Procedures for the Selection of Individual Consultants.
- (e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III Withdrawal of Grant Proceeds

3.01. ***Eligible Expenditures.*** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank 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 the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed inclusive of Taxes
(1) Goods, consultants' services , Training and Operating Costs	400,000	100%
TOTAL AMOUNT	400,000	

For the purpose of this Article III:

- (i) "Training and Workshops" means the reasonable cost of: (i) training materials and rental of training facilities and equipment; (ii) tuition fees, travel, accommodation and *per diem* of trainers and trainees; and (iii) any other expenses related to training (including study tours and workshops) to be carried out under the Project; and
- (ii) the term "Operating Costs" means the incremental expenses incurred under the Project on account of Project implementation, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, 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. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is October 22, 2012.

Article IV

4.01. Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its minister responsible for finance.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions 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. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 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) or 64145	1-202-477-6391	(MCI)