

CONFORMED COPY

CREDIT NUMBER 4356-GH

Project Agreement

(Energy Development and Access Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

ARB APEX BANK LIMITED

Dated August 8, 2007

PROJECT AGREEMENT

AGREEMENT (“Project Agreement”) dated August 8, 2007, entered into between the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and the ARB APEX BANK LIMITED (“Project Implementing Entity”) in connection with the Financing Agreement of same date between the Republic of Ghana (“Recipient”) and the Association (“Financing Agreement”) and in connection with the Co-financing Agreements between the Recipient and the Association for the Co-financings from the GEF and GPOBA. 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 the Project 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 and the Program. To this end, the Project Implementing Entity shall carry out Parts C.4 and C.5 (d) and (e) of the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the counterpart funds, facilities, services and other resources required for its Respective Part of 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 its Respective Part of 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 Managing Director or such other person or persons as the Managing Director shall designate in writing.

3.02. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423(MCI) or
64145(MCI)

1-202-477-6391

3.03. The Project Implementing Entity's Address is:

Managing Director
ARB Apex Bank Limited
P.O. Box GP20321
Accra, Ghana

Facsimile:

233-21-250385 or
233-21-772260

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Mats Karlsson

Authorized Representative

ARB APEX BANK LIMITED

By /s/ Emmanuel Kwabong

Authorized Representative

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. **Subsidiary Agreement**

1. To facilitate the carrying out of its Respective Part of the Project and the transfer of part of the proceeds of the Financing and the Co-financings from the GEF and GPOBA 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 relevant terms and conditions set out in Section I.A of Schedule 2 to the Financing Agreement and in Section I.A of Schedule 2 of the Co-financing Agreements for the Co-financings from the GEF and GPOBA.
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 and the relevant Co-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, this Agreement shall prevail.

B. **Project Coordination**

The Project Implementing Entity shall coordinate the implementation of its Respective Part of the Project with MOE, REA (upon its establishment), ECG, VRA, EC, EPA, PURC and MOFEP through the Project Steering Committee.

C. **Operational Manuals**

1. The Project Implementing Entity shall adopt a Project Implementation Plan, in form and substance satisfactory to the Association, containing detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of its Respective Part of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) solar PV batteries disposal; (v) monitoring, evaluation, reporting and communication; and (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for its Respective Part of the Project.
2. The Project Implementing Entity shall adopt a Solar PV Financing Manual, in form and substance satisfactory to the Association, defining eligibility criteria and appraisal, approval, contracting and supervision arrangements and procedures for Solar PV Subprojects, including model Sub-financing Agreement(s).

3. The Project Implementing Entity shall implement its Respective Part of the Project in accordance with the guidelines, procedures, and other specifications set forth in the Project Implementation Plan and the Solar PV Financing Manual, and shall not amend or waive any provision of the aforementioned documents, without prior written approval in writing by the Recipient and the Association.

D. Annual Work Plans and Budgets

1. Not later than September 30 of each year during the implementation of the Project, the Project Implementing Entity shall prepare and furnish to the Recipient for inclusion in the Annual Work Plan and Budget, its annual work plan and budget containing all eligible activities and expenditures under its Respective Part of the Project planned for the following FY, including a specification of the source or sources of financing for each contract for expenditures eligible for financing from each such source and the percentage of financing of each contract from each such source.
2. The Project Implementing Entity shall not make or allow to be made any material change to the approved Annual Work Plan and Budget without prior approval in writing by the Recipient and the Association.

E. Solar PV Loans and Solar PV Grants

1. General

The Project Implementing Entity shall ensure that Solar PV Subprojects are appraised, approved and monitored and that the Solar PV Loans and Solar PV Grants are administered in accordance with the provisions and procedures set forth or referred to in this Part E and in more detail in the Solar PV Financing Manual.

2. Eligibility Criteria for Subprojects

No proposed Solar PV Subproject shall be eligible for a Solar PV Loan or Solar PV Grant, as the case may be, unless the Project Implementing Entity has determined that the proposed Solar PV Subproject satisfies the eligibility criteria set forth or referred to in the Solar PV Financing Manual.

3. Approval of Solar PV Loans and Solar PV Grants

The Project Implementing Entity shall carry out an appraisal of the compatibility of each proposed Solar PV Subproject with the eligibility criteria and the technical, financial and procurement guidelines and procedures set forth in the Solar PV Financing Manual, and based on such appraisal, approve the proposed Subproject in accordance with the guidelines and procedures set forth in the Solar PV Financing Manual.

4. Terms and Conditions of Solar PV Loans and Solar PV Grants

A Solar PV Subproject shall be carried out pursuant to a Sub-financing Agreement, to be concluded between the Project Implementing Entity on behalf of the Recipient and

the relevant Beneficiary, under terms and conditions described or referred to in more detail in the Solar PV Financing Manual and satisfactory to the Association, which, *inter alia*, shall include the following:

- (a) the financing terms of the Solar PV Loan and the Solar PV Grant, respectively;
- (b) the description of the activities to be implemented, including the outputs and performance targets to be achieved, and the arrangements for monitoring and reporting on the implementation of the Solar PV Subproject;
- (c) the obligation of the Beneficiary to contribute, in cash and/or in-kind, a minimum percentage of the projected solar PV Subproject cost as specified in the Solar PV Financing Manual;
- (d) the modalities of transfer of funds by the Project Implementing Entity to the Beneficiary for the financing of the Solar PV Subproject;
- (e) the obligation of the Beneficiary to: (A) carry out the Solar PV Subproject with due diligence and efficiency and in accordance with sound technical, engineering, environmental, financial, and managerial practices; and (B) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Solar PV Subproject;
- (f) the requirement that the goods, works and consultants' services to be financed from the proceeds of the Solar PV Loan and Solar PV Grant, as the case may be, shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of this Schedule, and shall be used exclusively in the carrying out of the Solar PV Subproject; and
- (g) the right of the Project Implementing Entity, on behalf of the Recipient, to: (i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants and construction included in the Solar PV Subproject, the operations thereof and any relevant records and documents; (ii) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation and financial conditions of the Solar PV Subproject; and (iii) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-financing upon failure by the Beneficiary to perform any of its obligations under the Sub-financing Agreement.

5. **Administration of Sub-financing Agreements**

The Project Implementing Entity shall exercise its rights under the Sub-financing Agreements in such manner as to protect the interests of the Project Implementing Entity, the Recipient and the Association and to accomplish the purposes of the Project, and, except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any Sub-financing Agreement or any substantial provision thereof.

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 sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than one month 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:
 - (i) tons of CO₂ emissions avoided, calculated over the estimated lifetime of renewable energy equipment installed under the Project Implementing Entity's Respective Part of the Project; and
 - (ii) number of new consumers connected through renewable energy off-grid.
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 (30) months after the Effective Date, the Project Implementing Entity shall undertake in conjunction with the Recipient, the Association, and the Co-financiers a comprehensive mid-term review of the Project during which it shall exchange views generally on all matters relating to the progress of the Project and the performance by the Project Implementing Entity of its obligations under this 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 as part of the Project Report, not later than one month 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 of the Project Implementing Entity. 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, works and services required for the Project Implementing Entity's Respective 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 this Schedule.

B. Solar PV Line of Credit

Except as the Association shall agree otherwise, the Project Implementing Entity shall deposit all repayments of the principal amounts of Solar PV Loans extended through the revolving line of credit facility established under Part C.4(a) of the Project, for the purpose of providing additional consumer credits and/or grants for solar PV systems in accordance with the provisions of the Solar PV Financing Manual.