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[Signature]
20/06/14

GRANT NUMBER H854-GH

Financing Agreement

(Greater Accra Metropolitan Area Sanitation and Water Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *December 17*, 2013

- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that Project Implementing Entity's Memorandum and Articles of Association, and status of its incorporation pursuant to the Companies Act 461 of 1993 (as amended under Legal Instrument 1648 of 1st July 1999), of the laws of the Recipient, have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Association, the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

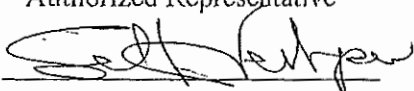
ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Recipient has adopted and submitted to the Association, the Project Implementation Manual, in form and substance satisfactory to the Association;
 - (b) the Recipient has appointed to the LGPCU, a project coordinator, a procurement consultant, a financial management consultant, a project accountant, and an environmental and social management monitoring specialist, all in accordance with Section III.C of Schedule 2 to this Agreement; and
 - (c) the Recipient has established the Steering Committee and brought said Steering Committee to operation, in form and substance satisfactory to the Association; and
 - (d) the Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.
- 5.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

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

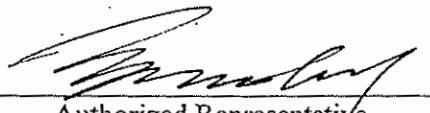
REPUBLIC OF GHANA

By:

Authorized Representative
Name: 
Title: HON. SETH E. TERKPER
MIN. OF FIN. & ECON. PLANNING
P. O. BOX MB 40
ACCRA

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:


Authorized Representative
Name: YUSEPHA CROOKES
Title: COUNTRY DIRECTOR, GHANA

environmental sanitation services, all through the provision of works, technical advisory services and acquisition of goods.

Part D: Institutional Strengthening

Strengthening the institutional and technical capacity for Project management, implementation, monitoring and evaluation, through the provision of technical advisory services, training, operating costs, and acquisition of goods, including:

1. Strengthening the capacity of the GAMA MMAs for, *inter alia*, project management, integrated planning of sanitation services with active community participation, oversight and enforcement of environmental sanitation regulations and by-laws, including the establishment of monitoring, regulatory, and social accountability mechanisms.
2. Strengthening the capacity of the MLGRD's EHSD to, *inter alia*, provide strategic sanitation, leadership and training to key staff of the Waste Management Departments in the GAMA and elsewhere, assist the GAMA Waste Management Departments in implementing community-level interventions, strengthen the sanitation monitoring system, regulate environmental sanitation service providers, and mediate a dialogue between the MMAs and other key stakeholders for the establishment of sustainable arrangements for operating and managing sanitation facilities shared between the MMAs.
3. Strengthening the capacity of MLGRD's LGPCU to, *inter alia*, procure and supervise the implementation of larger infrastructure serving more than one MMA, guide the establishment and management of an output-based subsidy fund, procure and supervise the production of integrated master plans for liquid waste, solid waste drainage, and procure and supervise the development and implementation of a hygiene and sanitation behavior change.
4. Strengthening the capacity of the Ghana Water Company Limited for, *inter alia*, the establishment of a special services unit to engage low income communities in participatory review, selection, implementation and oversight of water services, manage implementation of bulk water supply and related services.
5. Strengthening the capacity of the local private sector actors' participation in the provision of access to sanitation to low income communities, including carrying out an assessment to develop microfinance and other credit systems to assist households with sanitation facilities.
6. Strengthening the social accountability mechanism within the MLGRD, and developing social accountability mechanisms within the MMA's, GWCL and relevant agencies and entities for improved levels of service.

Sanitation Directorate (EHSD) within the MLGRD to facilitate the implementation, management and supervision of the environmental and sanitation activities under Parts A and C of the Project.

B. Implementation Arrangements

Project Implementation Manual

1. The Recipient shall carry out the Project, and cause the Project to be carried out, in accordance with the provisions of a manual satisfactory to the Association (the Project Implementation Manual), which shall include, *inter alia*, the following provisions: (a) capacity building activities for sustained achievement of the Project's objectives; (b) disbursement, financial management and procurement procedures; (c) institutional administration, coordination and day-to-day execution of activities of the Project; (d) monitoring, evaluation, reporting, information, education and communication; (e) Project impact and implementation indicators, including the procedures for monitoring and evaluation of the Project activities; (f) the Environmental and Social Management Framework; (g) the Resettlement Policy Framework; (h) the format of: (I) the unaudited interim financial reports referred to in Section II.B.2 of Schedule 2 to this Agreement; and (II) the Financial Statements; and (i) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
2. The Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual without the prior written agreement of the Association; provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

C. Subsidiary Agreement

1. To facilitate the carrying out of Parts B and D.4 of the Project (the Project Implementing Entity's Respective Parts of the Project), the Recipient shall make part of the proceeds of the Financing allocated from time to time to Category 2 of the table set forth in Section IV.A.2 of this Schedule available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association, which shall include those set forth in Schedule 3 to this Agreement ("Subsidiary Agreement").
2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall

- (a) include in the Project Reports referred to in Section II.A of this Schedule, adequate information on the implementation of the Safeguard Instruments, giving details of:
 - (i) measures taken in furtherance of such Safeguard Instruments;
 - (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments; and
 - (iii) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such Safeguard Instruments.
- (b) afford the Association a reasonable opportunity to exchange views with the Recipient on such reports.

F. Annual Work Plans and Budgets

1. The Recipient shall, and shall cause the Project Implementing Entity, to prepare and furnish to the Association for its approval, not later than October 31 of each year during the implementation of the Project, a proposed annual work plan and budget containing all activities proposed to be carried out under the Project in the following Fiscal Year.
2. Each such proposed annual work plan and budget shall specify among the activities, any training activities that may be required under the Project, including: (a) the type of training; (b) the purpose of the training; (c) the personnel to be trained; (d) the institution or individual who will conduct the training; (e) the location and duration of the training; (f) the cost of the training; and (g) the outcome and impact of the training.
3. The Recipient shall, and shall cause the Project Implementing Entity, to afford the Association a reasonable opportunity to exchange views with the Recipient and the Project Implementing Entity on each such proposed annual work plan and budget, and thereafter to implement the Project or cause it to be implemented with due diligence in accordance with such annual work plan and budget as shall have been approved by the Association ("Annual Work Plan").

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient 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 acceptable to the Association. Each Project Report shall cover the period of six calendar months, and shall be

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the provisions of paragraph 3 of this Part B; (c) Shopping; and (d) Direct Contracting.
3. Exceptions to National Competitive Bidding Procedures. The following provisions shall apply to the procurement of goods and works under National Competitive Bidding procedures: (a) foreign bidders shall be allowed to participate in National Competitive Bidding 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 Financing shall provide that: (i) 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.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts 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 of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of

For the purpose of the table set forth immediately above:

1. "Operating Costs" means the incremental expenses incurred on account of Project implementation, based on Annual Work Plans approved by the Association pursuant to Section I.F of Schedule 2 to this Agreement, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, *per diem* and supervision costs of locally contracted employees, excluding the salaries of the Recipient's civil service.
2. "Training" means the cost associated with the training, workshops and study tours, based on Annual Work Plans approved by the Association pursuant to Section I.F of Schedule 2 to this Agreement, for reasonable expenditures (other than expenditures for consultants' services), including: (a) travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is November 30, 2018.

5. the obligation of the Project Implementing Entity to comply with the provisions of the Anti-Corruption Guidelines;
 6. the obligation of the Project Implementing Entity not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subsidiary Agreement or any provision thereof, unless previously agreed by the Recipient and the Association; and
 7. the obligation of the Project Implementing Entity to take or permit to be taken all actions to enable the Recipient to comply with its obligations under this Agreement and/or the Subsidiary Agreement, as the case may be.
- B. The obligations of the Recipient:**
1. to promptly disburse to the Project Implementing Entity the proceeds of the Grant to finance the carrying out the Respective Parts of the Project with due diligence and efficiency;
 2. to support the implementation of the Respective Parts of the Project and take all necessary measures to obtain, throughout Project implementation, the cooperation of the LGPCU, and the EHSD to coordinate and monitor the implementation of the Respective Parts of the Project, specifically the implementation, management and supervision of the environmental activities under Part B of the Project;
 3. to take or permit to be taken all action to enable the Project Implementing Entity to comply with its obligations under the Project Agreement and/or the Subsidiary Agreement, as the case may be;
 4. to ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines;
 5. to provide adequate funding as shall be required for the implementation, monitoring and final evaluation of any Resettlement Action Plan or similar safeguard instrument that may be required under Part B of the Project; and
 6. not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subsidiary Agreement or any provision thereof unless as may otherwise be agreed by the Association.
- C. The right of the Recipient to take remedial actions against the Project Implementing Entity in case that the Project Implementing Entity shall have failed to comply with any of its obligations under the Subsidiary Agreement.**

Social Management Framework, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies.

9. "Fiscal Year" means the fiscal year of the Borrower commencing on January 1 of each year and ending on December 31 of the following year.
10. "Greater Accra Metropolitan Area" or "GAMA" means the geographical area in the territory of the Recipient covering eleven (11) Metropolitan and Municipal Assemblies in the Greater Accra Region.
11. "Greater Accra Region" means the area described as the Greater Accra Region pursuant to the Greater Accra Region Law (Provisional National Defense Council Law (PNDCL) No. 26 of 1982.
12. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010.
13. "Ghana Water Company Limited" and "GWCL" mean the water company established and operating pursuant to the Recipient's Companies Act 461 of 1993 (as amended under Legal Instrument 1648 of 1st July 1999) of the laws of the Recipient.
14. "Local Government Project Coordinating Unit" or "LGPCU" means the Project coordinating unit referred to in Section 5.01(b) of this Agreement, and Section I.A.2 of Schedule 2 to this Agreement.
15. "Memorandum and Articles of Association" means the Memorandum and Articles of Association of GWCL filed with the Registrar of Companies of the Recipient on 4th February 1999, Registration No. 83474, establishing GWCL as a company limited by shares, and registered with said Registrar as Ghana Water Company Limited.
16. "MLGRD" means the Recipient's Ministry of Local Government and Rural Development, and any successor thereto.
17. "MMA" means a Metropolitan and/or Municipal Assembly established pursuant to the Recipient's Local Government Act 462 of 1993.
18. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on March 14, 2013, and on behalf of the Recipient on April 24, 2013.

28. "Subsidiary Agreement" means the agreement referred to in Section 1.C of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entity.
29. "Waste Management Department" means an administrative department in the MMA, responsible for waste management.