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(Subject to Change)

Nightingale Rukuba-Ngaiza / Jacqueline Veloz Lockward

July 29, 2018

CREDIT NUMBER _____-GH

Financing Agreement
(Ghana Secondary Cities Support Program)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER [____]-GH

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF GHANA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to seventy-one million one hundred thousand Special Drawing Rights (SDR 71,100,000 (variously, "Credit" and "Financing"), to assist in financing the program described in Schedule 1 to this Agreement ("Program").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.

- 2.06. The Payment Dates are April 1 and October 1 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Dollar

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the objective of the Program. To this end, the Recipient shall carry out the Program through the MLGRD in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen that shall make it improbable that the Program, or a significant part of it, will be carried out, or that the Recipient will be able to perform its obligations under this Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 30 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Recipient has prepared the Program Operational Manual in form and substance satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

SCHEDULE 1

Program Description

The objective of the Program is to improve urban management and basic urban services in Participating Municipal Assemblies.

The Program consists of the following activities:

Part 1: **Local Window**

Provide grants to Participating Municipal Assemblies for:

- (a) the rehabilitation, upgrading and construction of urban infrastructure and the improvement of service delivery (“Urban Development Grants”); and
- (b) the carrying out of institutional and capacity development initiatives to enhance their urban management performance (“Capacity Support Grants”).

Part 2: **Regional Window**

Provide Grants to Regional Coordinating Councils to provide technical services, mentor and monitor MMDAs, to improve their scores on District Assembly Performance Assessment Tools and Urban Performance Benchmarks (“RCC Annual Grants”).

Part 3: **National Window**

Carrying out a program of activities for MLGRD and OHLGS to: (a) strengthen their policy, technical and administrative support and monitoring on urban management and development; (b) to manage Annual Performance Assessments; and (c) manage Program implementation.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Institutions

1. The Recipient shall carry out the Program:

- (a) through the MLGRD, which will be the lead coordinating entity for Program implementation and shall be responsible for, *inter alia*, Program planning, budgeting, disbursement and accounting; and assisted by:
 - (i) MOF which shall be responsible for ensuring that the Financing is included in the medium term development plans, and budgeted for and disbursed within the corresponding annual budgets of Participating Municipal Assemblies, RCCs, MLGRD; and, (ii) OHLGS, which shall be responsible for the recruitment, training, deploying and transferring staff required for the implementation of the Program.
- (b) maintain at all times during Program implementation adequate institutional arrangements satisfactory to the Association to achieve the objectives of the Program as further detailed in the Program Operations Manual, including the following Program Institutions:
 - (i) *Responsiveness Factor Grant Steering Committee* chaired by the Minister for Local Government and Rural Development or a representative, shall be responsible for *inter alia*, providing overall policy and strategic oversight and direction in Program execution, approving the annual work plan and budget, ensuring adequate resource allocation consistent with the APA Results, and reviewing the Program's progress, the APA Results and the achievement of the DLRs.
 - (ii) *RFG Technical Working Group* chaired by the Executive Secretary of the IMCC Secretariat responsible for *inter alia*, (A) reviewing and verifying the APA Results, (B) assessing Program implementation progress and accountability reports, with a view to identifying emerging technical issues and challenges and recommending measures to address them; and (C) providing technical guidance to the Participating MAs, RCCs and MDAs on measures to improve performance; and the RFG Steering Committee on policy and strategic issues.

B. Additional Program Implementation Arrangements

1. ***Participation Agreement***

- (a) In implementing Part 1 (*Local Window*) and Part 2 (*Regional Window*) of the Program, the Recipient through MLGRD shall ensure that the Participating Municipal Assemblies receiving Urban Development Grants and Capacity Support Grants under Part 1 of the Program, and the RCCs receiving the RCC Annual Grants under Part 2 of the Program, meet the requirements set forth in the POM; and with respect to Part 1, the Participating Municipal Assemblies meet the following additional requirements, namely: (i) the conditions for receiving the Responsive Factor Grants; and (ii) receive a score that is equal to or above the national average for DPAT results to demonstrate that they have basic management capacity and satisfy the key fiduciary requirements for implementing the Program.
- (b) not later than one month after the Effectiveness Date, enter into a Participation Agreement with each respective Participating Municipal Assembly and RCC satisfactory to the Association, outlining the obligations of each party regarding its respective obligations in implementing the Program.

2. ***Partnership Agreement***

The Recipient through MLGRD, shall not later than one month after the Effectiveness Date, enter into a Partnership Agreement with the Commission on Human Rights and Administrative Justice, satisfactory to the Association which shall *inter alia* include the requirements on handling and reporting fraud and corruption allegations in the Program to CHRAJ and the institutional and operational requirements for complying with the Association's governance and anti-corruption requirements.

3. **Budgetary Allocation**

Throughout the Program implementation period, the Recipient shall ensure that sufficient budget is provided to MLGRD in a timely manner to enable MLGRD to implement the Program activities related to the APA, capacity building, Value for Money Audits, procurement audits and ensure that funding is allocated to the Participating Municipal Assemblies as per the formula and timing defined in the Program.

4. Annual Performance Assessment (“APA”)

The Recipient shall ensure that with respect to each Participating Municipal Assembly and for each FY throughout the period of implementation of the Program:

- (a) carries out, or cause to be carried out, in accordance with the Program Operation Manual:
 - (i) an APA covering a FY to determine: (A) whether the Participating Municipal Assembly has met the DLRs for said FY; (B) the disbursement amount for the Participating Municipal Assembly for said FY based on the calculation formula/performance score system as stipulated in this Agreement and the Program Operation Manual; and
 - (ii) furnish a final draft APA, not later than September 30 of each year to the Association for its review.
- (b) carries out each APA:
 - (i) not later than six (6) months from the Effectiveness Date, and appoints independent verification agents under terms of reference acceptable to the Association (“Verification Agents”), to verify the data and other evidence supporting the achievement of one or more DLIs as set forth in the table in Section IV.A.1 of this Schedule 2 and recommend corresponding payments to be made, as applicable.
 - (ii) (A) Ensure that the Verification Agents carry out verification and process(es) in accordance with the Verification Protocol; and (B) submit to the Association the corresponding verification reports in a timely manner and in form and substance satisfactory to the Association.
- (c) In the event that there is a need for verification services prior to the appointment of the Verification Agents in accordance with sub-paragraph (b)(i) above, put in place adequate interim arrangement satisfactory to the Association and approved in writing by the Association for verification of the DLIs.

5. Value for Money Audits

The Recipient shall:

- (a) beginning in (FY 2020), carry out under terms of reference satisfactory to the Association, Value for Money Audits of the Program activities implemented by the Participating Municipal Assembly in the preceding FY and furnish said audit, as a part of the APA, to the Association not later than six (6) months after the end of the FY to which the audit relates; and
- (b) ensure that the findings of the audit are taken into account in the APA for the FY to which the audit relates.

C. Program Operations Manual

1. The Recipient shall prepare a manual (Program Operations Manual or POM) in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Program including *inter alia*: (a) disbursement and flow of funds arrangements; (b) institutional arrangements; (c) financial management, governance and procurement systems; (d) environmental and social management systems including the ESSA and operation of grievance redress mechanism; (e) monitoring and evaluation, reporting and communication, including Program indicators; (f) Program Action Plan; (g) detailed arrangements for verification of achievement of the DLR (including the Verification Protocol); and (h) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Program.
2. The Recipient shall: (a) furnish to and exchange views with the Association on such manual promptly upon its preparation; and (b) thereafter adopt the POM as shall have been approved by the Association.
3. The Recipient shall ensure that each Participating Municipal Assembly, RCCs, and National Level Institutions and Agencies carry out the Program in accordance with the arrangements and procedures set out in the POM (provided, however, that in case of any conflict between the arrangements and procedures set out in the Program and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the POM or any of its provisions without prior approval in writing by the Association.

E. Program Action Plan

1. Without limitation to the provision of Section I.B of this Schedule the Recipient shall carry out the Program Action Plan, in a manner satisfactory to the Association.

F. Mid-Term Review

1. The Recipient shall:
 - (a) carry out not later than thirty (30) months from Effectiveness Date a midterm review to assess the overall progress in implementation of the Program;
 - (b) prepare and furnish to the Association, at least three (3) months prior to such review, a progress report on the implementation of the Program, of such scope and in such detail as shall be acceptable to the Association; and
 - (c) review, jointly with the Association, the report referred to in paragraph 1 above and thereafter take all measures required to ensure the efficient completion of the Program and the achievement of the objectives thereof, based on the conclusions and recommendations of said report and the Association's views on the matter.

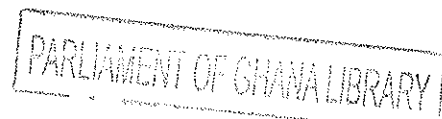
Section II. Excluded Activities

The Recipient shall ensure that the Program excludes any activities which:

- A. in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- B. involve the procurement of: (1) works, estimated to cost \$ 3,400,000 equivalent or more per contract; (2) goods, estimated to cost \$2,300,000 equivalent or more per contract; (3) non-consulting services, estimated to cost 1,100,000 equivalent or more per contract; or (4) consulting services, estimated to cost \$230,000 equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

The Recipient through MLGRD shall furnish to the Association each Program Report not later than four months after the end of each calendar year, covering the calendar year.



Section IV. Withdrawal of Financing Proceeds

A. General

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Program Expenditures, on the basis of the results (“Disbursement Linked Results” or “DLRs”) achieved by the Recipient (as set forth in Schedule 3 to this Agreement), as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”), as set forth in the table in paragraph 2 of this Part A.
2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the Disbursement Linked Indicators as applicable) (“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Financing to each Category.

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Results	DLR Calculation formula	Amount of Credit (expressed in SDR)
(1) DLI #1: Extent to which Participating Municipal Assemblies (MAs) have achieved Capacity Support Grant (CSG) Minimum Conditions (MC) (baseline 0)	DLR 1.1: Year 1: No. of all Participating MAs complying with CSG MCs DLR 1.2: Year 2: No. of all Participating MAs complying with CSG MCs DLR 1.3: Year 3: No. of all Participating MAs complying with CSG MCs DLR 1.4: Year 4: No. of Participating MAs that have not	DLR 1 Annual calculation up to the DLI Allocation: DLR 1.1: FY18 - No. of Participating MAs complying with CSG MCs x SDR 35,500. DLR 1.2: FY19 - No. of Participating MAs complying with CSG MCs x SDR 35,500. DLR 1.3: FY20 - No. of Participating MAs complying with CSG MCs x SDR 35,500.	2,130,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Results	DLR Calculation formula	Amount of Credit (expressed in SDR)
	received three annual CSGs and are complying with CSG MCs	DLR 1.4: FY21 - No. of Participating MAs complying with CSG MCs x SDR 35,500.	
(2) DLI #2: Extent to which Participating Municipal Assemblies have scored equal to or above the national average DPAT Score (baseline 0)	<p>DLR#2.0 – Year 0: Participating MAs with DPAT Score equal to or above the national average DPAT score for FY17.</p> <p>DLR#2.1 – Year 1: Participating MAs with DPAT Score equal to or above the national average DPAT Score for FY18.</p> <p>DLR#2.2 – Year 2: Participating MAs with DPAT Score equal to or above the national average DPAT Score for FY19.</p> <p>DLR#2.3 – Year 3: Participating MAs with DPAT score equal to or above the national average DPAT Score for FY20.</p> <p>DLR#2.4 – Year 4: Participating MAs with DPAT score equal to or above the national average</p>	DLR#2 annual calculation = total 2018 Urban Population for the Participating MAs that have a national average DPAT Score equal to or above the national average DPAT Score for the FY multiplied by SDR 2.13 up to the DLI Allocation.	23,320,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Results	DLR Calculation formula	Amount of Credit (expressed in SDR)
	DPAT Score for FY21.		
(3) DLI #3: Extent to which Participating Municipal Assemblies have achieved Urban Performance Benchmarks Targets (baseline 0)	<p>DLR#3.1 - NA in FY18</p> <p>DLR#3.2 – Year 2: Participating MAs have achieved Urban Performance Benchmarks Targets of 31% in FY19.</p> <p>DLR#3.3 – Year 3: Participating MAs have achieved Urban Performance Benchmarks Targets of 45% in FY20.</p> <p>DLR#3.4 – Year 4: Participating MAs have achieved Urban Performance Benchmarks Targets of 60% in FY21.</p>	<p>DLR#3 annual calculation: Year 1 (DLR#3.1) = 0 allocation.</p> <p>Year 2 onwards allocation = population multiplied by SDR 6.4. For Participating MAs that have scored the Urban Performance Benchmark Targets or above for the FY, their allocation for the FY will be based on their respective 2018 Urban Population multiplied by SDR 6.4 up to the DLI Allocation.</p> <p>For the Participating MAs that have scored below the FY target, the allocation will be on pro rata, based on their respective scores as a ratio to the FY target score multiplied by SDR 6.4 and multiplied by the Participating MA's respective 2018 urban population.</p>	29,650,000
(4) DLI #4: Extent to which Participating Municipal Assemblies have implemented the Annual Infrastructure and Services Delivery Target (baseline 0)	<p>DLR#4.1 – NA in FY18</p> <p>DLR#4.2 – NA in FY19</p> <p>DLR#4.3 – Year 3: Participating MAs have implemented at least 75% of their Annual Infrastructure and Services</p>	<p>DLR#4 annual calculation: Year 1 and 2 (DLR#4.1 and 4.2) = 0 allocation</p> <p>Year 3 onwards allocation: DLR#4 annual calculation: For Participating MAs that have implemented up to or above the FY Program Infrastructure and Services Delivery Target, their allocation for FY will be</p>	8,890,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Results	DLR Calculation formula	Amount of Credit (expressed in SDR)
	<p>Delivery Target for FY 20</p> <p>DLR#4.4 –Year 4: Participating MAs have implemented at least 85% of their Annual Infrastructure and Services Delivery Target for FY21.</p>	<p>based on their 2018 Urban Population multiplied by SDR 2.13.</p> <p>For Participating MAs that have implemented below the FY Program Infrastructure and Services Delivery Target, the allocation for the FY for each of the Participating MA will be based on pro rata, based on their respective Infrastructure and Services Delivery Target as a ratio of the FY target multiplied by SDR 2.13 and multiplied by the respective 2018 Urban Population of each Participating MA.</p>	
(5) DLI #5: Regional Coordinating Councils have adopted and implemented their Annual Capacity Support Plans (ACSP) for MAs (baseline 0)	<p>DLR#5.1 – Year 1: RCCs have adopted ACSP for Participating MAs for FY19.</p> <p>DLR#5.2 – Year 2: RCCs have adopted ACSP for Participating MAs for FY20</p> <p>DLR#5.3 – Year 3: RCCs have adopted ACSP for MAs for FY21 and implemented their ACSP for Participating MAs for FY19.</p> <p>DLR#5.4 – Year 4: RCCs have ACSP for Participating MAs</p>	<p>DLR#5 annual calculation = number of RCCs that have achieved the DLR 5 FY target multiplied by SDR 42,600 per year.</p>	SDR 2,130,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Results	DLR Calculation formula	Amount of Credit (expressed in SDR)
	for FY22 and implemented their ACSP for Participating MAs for FY20.		
(6) DLI #6: DPAT/APA Results Published by October 1 of each FY (baseline 0)	<p>DLR#6.0 –Year 0: DPAT/APA FY17 Results Published by October 1, 2018.</p> <p>DLR#6.1 –Year 1: DPAT/APA FY18 Results Published by October 1, 2019.</p> <p>DLR#6.2 –Year 2: DPAT/APA FY19 Results Published by October 1, 2020.</p> <p>DLR#6.3 –Year 3: DPAT/APA FY20 Results Published by October 1, 2021.</p> <p>DLR#6.4 –Year 4: DPAT/APA FY21 Results Published by October 1, 2022.</p>	<p>Annual calculation up to the DLI Allocation:</p> <p>DPAT/APA Results Published by October 1 of each year – SDR 356,000 per year.</p> <p>DPAT/APA Results publication delayed by 3 months after Oct 1 – SDR 267,000 per year;</p> <p>DPAT/APA Results publication delayed by 6 months after Oct 1 – SDR 178,000 per year;</p> <p>DPAT/APA Results publication delayed by 9 months after Oct 1 – SDR 89,000 per year;</p> <p>DPAT/APA Results not published in 12 months – 0 release.</p>	1,780,000
(7) DLI #7: Timely Allocation and Release of Program Funds to Municipal Assemblies; and Implementation of MLGRD/MDAs Annual Workplan to support Participating MAs (baseline 0)	<p>DLR#7.1 – Year 1:</p> <p>(i) Timely Allocation and Release of Program Funds are not applicable in FY 18.</p> <p>(ii) Adoption of MLGRD/MDAs</p>	<p>DLR#7 annual calculation up to the DLI Allocation:</p> <p>Year 1:</p> <p>(i) Timely Allocation and Release of Program Funds are not applicable in FY 18.</p> <p>(ii) If MLGRD adopts MLGRD/MDAs Annual</p>	1,780,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Results	DLR Calculation formula	Amount of Credit (expressed in SDR)
	<p>Annual Workplan of FY 19.</p> <p>DLR#7.2 – Year 2:</p> <p>(i) Allocation and Release of Program Funds to Participating MAs within 45 days of receipt of funds from Association in FY19;</p> <p>(ii) Adoption of MLGRD/MDAs Annual Workplan of FY 20</p> <p>DLR#7.3 – Year 3:</p> <p>(i) Allocation and Release of Program Funds to MAs within 45 days of receipt of funds from the Association in FY20;</p> <p>(ii) Adoption of MLGRD/MDAs Annual Workplan of FY 21 and implementation of at least 90% of MLGRD/MDAs Annual Workplan of FY 19.</p> <p>DLR#7.4 – Year 4:</p> <p>(i) Allocation and Release of Program Funds to MAs within 45 days of receipt of funds from the Association in FY21;</p>	<p>Workplan of FY 19, SDR 356,000 is allocated.</p> <p>Year 2-4:</p> <p>(i) Release of Program Funds to Participating MAs within 45 days of receipt of funds from the Association SDR 178,000 per year; For any delays in Timely Allocation and Release of Program Funds to Participating MAs, MLGRD will lose 25% of the SDR 178,000 for every 90 days delay.</p> <p>(ii) If MLGRD/MDAs has adopted the Annual Work Plan to support Participating MAs for the following year and has achieved the implementation target or above of the previous FY, it is allocated SDR 178,000 However, if implementation of previous Annual Workplan to support Participating MAs is below target, MLGRD/MDAs will receive an allocation on a pro rata basis (percentage of Annual Workplan implemented in the previous year against the target for the previous year multiplied by SDR 178,000).</p>	

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Results	DLR Calculation formula	Amount of Credit (expressed in SDR)
	(ii) Adoption of MLGRD/MDAs Annual Workplan of FY 22 and implementation of at least 95% of MLGRD/MDAs Annual Workplan of FY 20.		
(8) DLI #8: Key RCCs and MAs staff have been assigned and OHLGS Annual Capacity Building Plan (ACBP) to support Participating MAs and RCCs has been implemented (baseline 0)	<p>DLR#8.1 – Year 1: Key RCCs and MAs staff have been assigned; and OHLGS ACBP to support RCCs and Participating MAs in FY19 have been adopted.</p> <p>DLR#8.2 – Year 2: Key RCCs and Participating MAs Staff have been assigned; and OHLGS has adopted the ACBP for FY20</p> <p>DLR#8.3 – Year 3: Key RCCs and MAs Staff in place; and OHLGS has adopted the ACBP for FY21 and has implemented at least 90% of its ACBP for FY 19 for RCCs and MAs.</p> <p>DLR#8.4 – Year 4: Key RCCs and MAs Staff in place; and OHLGS has adopted the ACBP for FY22;</p>	<p>DLR#8 annual calculation =</p> <p>(i) Key RCC and MA Staff in place – SDR 142,000; If not – zero allocation for the FY.</p> <p>OHLGS has adopted the ACBP to support RCCs and Participating MAs for the following FY and has achieved implementation target or above for the previous FY – allocate SDR 142,000. However, if implementation of previous ACBP to support RCCs and Participating MAs is below target, OHLGS provide allocation on a pro rata basis.</p>	1,420,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Results	DLR Calculation formula	Amount of Credit (expressed in SDR)
	and implemented at least 95% of its ACBP for FY 20 for RCCS and MAs.		
TOTAL AMOUNT			71,100,000

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) on the basis of DLRs achieved prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR 5,760,000 may be made on the basis of DLRs achieved under Category 2 (DLI 2) and Category 6 (DLI 6) prior to this date but on or after November 15, 2017; or/and
 - (b) for any DLR until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved.
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw an amount not to exceed 12,020,000 SDR as an advance provided, however, that if the DLRs in the opinion of the Association, are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advance (or portion of such advance as determined by the Association in accordance with the provisions of paragraph (3) of this Part B) to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.
3. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Categories 1-8 has not been achieved, the Association may, by notice to the Recipient: (a) authorize the withdrawal of such lesser amount of the unwithdrawn

proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the formula set out in the table in Section IV.A.2; (b) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR ; and/or (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.

4. The Closing Date is June 30, 2024.

SCHEDULE 3

Repayment Schedule

Use the table below for IDA credits with a 30-year maturity:

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each October 1 and April 1:	
commencing October 1, 2023 to and including April 1, 2043	1.65%
commencing October 1, 2043 to and including April 1, 2048	3.40%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

Section V. Other Undertakings

A. *DPAT Indicators and Performance Monitoring System*

The Recipient through MLGRD, shall not later than June 30, 2020, review and upgrade the DPAT indicators and performance scoring system in a manner satisfactory to the Association.

B. *Procurement Audits*

The Recipient through MLGRD, shall throughout the implementation of the Program, undertake annual procurement audits of the Participating Municipal Assemblies in a manner satisfactory to the Association.

APPENDIX

Section I. Definitions

1. "Annual Performance Assessments" or "APA" means the assessments referred to in Section I.B.4 of Schedule 2 to this Agreement, to be carried out each FY by Verification Agents in accordance with the provisions thereof, and the term "Annual Performance Assessments" or "APAs" means the plural thereof.
2. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, the Association's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing," dated February 1, 2012, and revised July 10, 2015.
3. "APA Results" means the results derived from the APA.
4. "APA Results Published" means the Recipient's publication of the APA Results in the Daily National Newspaper.
5. "Capacity Support Grant" or "CSG" means a budget transfer in the form of a Grant provided by the Recipient to a Participating Municipal Assembly under Part 1(b) of the Program based on its APA Results.
6. "Capacity Support Grant Minimum Conditions" or "CSG MC" means: (i) the approval of the UDAP in Year 1, (ii) implementation of the UDAP of the Previous Year; and (iii) approval of the UDAP for the subsequent year.
7. "Category" means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
8. "Commission on Human Rights and Administrative Justice" or "CHRAJ" means a national institution established and operating pursuant to CHRAJ Act 1993 (Act 456) or its successor.
9. "Disbursement Linked Indicator" or "DLI" means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
10. "Disbursement Linked Result" or "DLR" means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.

11. "District Assembly Common Fund" means a fund established pursuant to Article 252 (2) of the Recipient's Constitution to provide financing to local governments to implement decentralized local services.
12. "District Assembly Performance Assessment Tools" or "DPAT" means the national assessment tool used by the Government to assess performances of local governments for the allocation of RFG.
13. "DLI Allocation" means the amount of the Financing proceeds set forth in in the table in Annex 2 to Schedule 2 to this Agreement.
14. "DPAT Assessment Results" means the score from the District Assembly Performance Tool with respect to the Responsiveness Factor Grant; and the allocation of the RFG funds, Capacity Support Grant and Urban Development Grant to each Participating Municipal Assembly in a given FY based on the DPAT Assessment Results.
15. "DPAT/APA Results Published" means the publication of the DPAT Score and the allocation of the respective Grants (RFG, CSG and UDG) in the Daily National Newspaper.
16. "DPAT Score" means the score assigned to a Participating Municipal Assembly by RFG Technical Working Group, based on the national DPAT Assessment, for the previous FY of the Recipient.
17. "DPAT Average Score" means the total DPAT Scores for all the local governments divided by the total number of local governments, all in the Recipient's territory.
18. "Environmental Protection Agency" means the Recipient's agency responsible for environmental management established and operating pursuant to EPA Act 1993, (Act 490) or its successor.
19. "ESSA" or "Environmental and Social System Assessment" means an assessment of the Recipient's environmental and social safeguards system.
20. "Fiscal Year" means the Recipient's calendar year of January 1 and ending December 31.
21. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Program-for-Results Financing", dated July 14, 2017.
22. "Ghana Statistical Service" means
23. "Infrastructure and Services Delivery Target" means the targets relating to urban infrastructure and municipal services set forth in the Program Operation Manual.

24. “IVA” or “Independent Verification Agent” means (an) independent third-party agent/consultant(s) responsible for conducting the APA and verifying the results achieved under the Program.
25. “Key RCC and MA Staff” means the following staff in: (a) RCC: regional planning officer; regional finance officer; regional budget officer; regional internal auditor; director, public works; director, community development; and director, social welfare; and (b) in each respective Participating Municipal Assembly, municipal coordinating director; municipal planning officer; municipal finance officer; municipal budget analyst; municipal internal audit officer; municipal works engineer; municipal physical planning officer; municipal procurement officer; environmental and social safeguards focal person; client service officer; and social welfare and community development officer.
26. “Land Use and Spatial Planning Authority” means a national agency responsible for land use and spatial planning established and operating pursuant to the Land Use and Spatial Planning Act 2016, (Act 925) or its successor.
27. “Land Valuation Division” means a division in the Lands Commission responsible for valuation established and operating pursuant to the Lands Commission Act 2008, (Act 767) or its successor.
28. “MA Annual Workplan” means a workplan approved by the Municipal Assembly to be implemented within a fiscal year.
29. “MLGRD” means the Recipient’s Ministry of Local Government and Rural Development, or its successor.
30. “MoF” means the Recipient’s Ministry of Finance, or its successor.
31. [“Municipal Assembly” means a sub-national/local government of the Recipient, having a minimum population of 95,000, in accordance with the Recipient’s Local Governance Act, 2016 (Act 936).]¹
32. “National Level Institutions and Agencies” means Environmental Protection Agency, Land Use and Spatial Planning Authority and Land Valuation Division.
33. “OHLGS” means the Recipient’s Office of Head of Local Government Service, or its successor.
34. “OHLGS Annual Capacity Building Plan” means a plan prepared by OHLGS to provide technical and capacity building support to RCCs and Participating MAs under the Program.
35. “Participating Municipal Assemblies” means the following municipalities, namely, Suame; Old Tafo; Asokwa; Obuasi; (Ashanti Region); Berekum East; Sunyani; Techiman (*Brong Ahafo Region*); Awutu Senya East; Agona West; Mfantseman (*Central Region*); Lower Manya Krobo; New Juaben South; Birim Central;

¹ . AG office to provide alternative definition

Abuakwa South (Eastern Region); Sagnerigu; (Northern Region); Bawku (*Upper East Region*); Wa (*Upper West Region*) Ho (*Volta Region*); and Effia-Kwesimintsim (*Western Region*) and any other municipalities agreed with the Association.

36. "Participation Agreement" means a memorandum of understanding between MLGRD and each respective Participating Municipal Assembly or the RCC referred to in Section I. B. 2 (a) of Schedule 2 to this Agreement.
37. "Partnership Agreement" means a memorandum of understanding entered into between the CHRAJ and MLGRD referred to in Section 1.B (2) of Schedule 2 to this Agreement.
38. "Program Action Plan" means the Recipient's plan to address identified risks associated with Program implementation and achievement of Program development objective as referred to in Section I. E. 1 of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.
39. "Program Operational Manual" means the manual to be prepared by the Recipient pursuant to Section 5.01 of the Agreement, as the same may be amended from time to time with the agreement of the Association.
40. "Regional Coordinating Council" or "RCC" means a council established and operating pursuant to Article 255 of the Constitution of Ghana, 1992.
41. "RCC Annual Grants" means a budget transfer in the form of a Grant to be provided by the Recipient to an eligible Regional Coordinating Council under Part 2 of the Program based on its APA Results.
42. "RCC Annual Capacity Support Plan for Municipal Assemblies" or "ACSP" means the RCCs approved annual plans for delivering monitoring and technical support to Participating MAs.
43. "RCC's Minimum Conditions" means a set of minimum performance conditions, agreed to between the Recipient and a selected Regional Coordinating Council, as spelled out in the Program Operational Manual, verified annually, and primarily aimed at ensuring that the RCCs provide on annual basis mentoring and technical back up support to Participating MAs using program funds.
44. "Responsiveness Factor Grant" or "RFG" means a grant from the District Assembly Common Fund, allocated to a local government entity based on its DPAT Score.
45. "RFG Steering Committee" means the Recipient's steering committee responsible for overseeing the RFG program and referred to in Section A.1(b) (i) of Schedule 2 to this Agreement.

46. "RFG Technical Working Group" means the Recipient's inter-ministerial technical committee established by the Minister of MLGRD, responsible for the management of DPAT.
47. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.
48. "Timely Allocation and Release of Program Funds" means the Recipient's release of agreed allocation of financial resources to Municipal Assemblies within 45 days from receipt of the Financing from the Association.
49. "Urban Development Action Plan" or "UDAP" means a three-year plan prepared by a Participating Municipal Assembly to address the key urban challenges arising from the diagnostics on the Participating Municipality's urban service delivery including an annual work plan and budget.
50. "Urban Development Grant" or "UDG" means a budget transfer in the form of a Grant to be provided by the Recipient to a Participating Municipal Assembly under Part 1(a) of the Program based on its APA Results
51. "Urban Performance Benchmarks" means the measures for assessing improvements in urban management and comprise of the following: urban planning and services, urban economic development and competitiveness, and sustainable urban systems.
52. "Urban Population" means the Recipient's citizens residing in urban areas as defined by the Ghana Statistical Service using population estimates and urban ratios.
53. "Value for Money Audits" means the audits to be carried out in accordance with Section I.B.5 of Schedule 2 to this Agreement.
54. "Verification Protocol" means the Recipient's protocol, acceptable to the Association, setting forth the means by which the achievement of DLRs will be verified under the Program, as such Verification Protocol may be amended from time to time with the prior written agreement of the Association.
55. "Year 0" means the Recipient's fiscal year 2017, commencing on January 1, 2017 and concluding on December 31, 2017.
56. "Year 1" means the Recipient's fiscal year 2018, commencing on January 1, 2018 and concluding on December 31, 2018.

57. "Year 2" means the Recipient's fiscal year 2019, commencing on January 1, 2019 and concluding on December 31, 2019.
58. "Year 3" means the Recipient's fiscal year 2020, commencing on January 1, 2020 and concluding on December 31, 2020
59. "Year 4" means the Recipient's fiscal year 2021, commencing on January 1, 2021 and concluding on December 31, 2021.