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N. Rukuba-Ngaiza/ V.Wood
May 9, 2022

NEGOTIATED VERSION

CREDIT NUMBER _____-GH

Financing Agreement

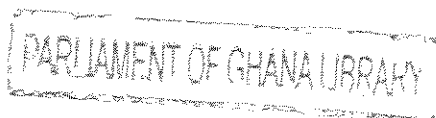
(PFM for Service Delivery Program)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION



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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 the amount of one hundred and fifty million Dollars (\$150,000,000) (variously, "Credit" and "Financing"), to assist in financing: (a) the program described in Part 1 of Schedule 1 to this Agreement ("Program"); and the project described in Part 2 of Schedule 2 to this Agreement ("Project") (the Program and the Project hereinafter jointly referred to as the "Operation").
- 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 the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.

- 2.05. The Interest Charge is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum; on the Withdrawn Credit Balance.
- 2.06. The Payment Dates are April 15 and October 15 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 — OPERATION

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

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following, namely that the Recipient has prepared and adopted the Operations Manual in form and substance satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is its minister responsible for finance.
- 5.02. For purposes of Section 11.01 of the General Conditions:
 - (a) the Recipient's address is:

Ministry of Finance
P.O. Box MB40
Accra, Ghana; and

(b) the Recipient's Electronic Address is:

E-mail: chiefdirector@mofep.gov.gh

5.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association's address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF GHANA

By

Authorized Representative

Name: _____

Title: _____

Date: _____

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: _____

Title: _____

Date: _____

SCHEDULE 1

Program Description

The objective of the Program is to improve resource mobilization and allocation, budget execution and accountability.

The Operation consists of the Program and the Project:

Part 1: The Program

The carrying out of a program of activities to:

1. Improve public resource mobilization, including through the provision of support to: (a) increase tax receipts and expand tax net; (b) increase transparency of tax expenditures; and (c) improve taxpayer compliance.
2. Improve resource allocation consistent with government priorities, including through the provision of support to: (a) manage subsidies or transfers to the State-Owned Enterprise (SOE) sector; (b) improve performance, transparency, disclosure and accountability of the SOE sector; (c) improve the management of public investments; and (d) improve annual budgeting process.
3. Improve budget execution and accountability to enable better service delivery, including through the provision of support to: (a) ensure that all MDAs and public service providing institutions receive their allocated budgets in time; (b) improve management of public expenditure through increased use of competitive procurement methods, enhanced commitment control, and timely payments; and (c) improve accountability and legislative oversight.
4. Strengthen reforms coordination and Stimulus for Change, including through the provision of support to ensure adequate governance structure, effective change management approach, smooth coordination and progress reporting mechanism, promote stakeholder engagement, and ensure adequate monitoring through research publications, field inspections and structured surveys.

Part 2: The Project

The provision of technical assistance and capacity building services to, *inter alia*, (a) ensure quality control of interconnection solutions for PFM systems, and training/certification modules provided by the MoF; (b) develop and implement better monitoring tools for GIFMIS; (c) include climate and gender considerations in PFM; (d) develop a human resource strategy and implement an improved performance management system for end-users of HRMIS; (e) support targeted reforms on change management, including coaching

on rapid results initiatives; and (f) support Operation management, coordination, monitoring and evaluation, and recruitment of an Independent Verification Agent to verify achievement of Disbursement-Linked Results (DLRs).

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Institutions

1. Ministry of Finance

The Recipient, through the Ministry of Finance (MoF) shall be responsible for the overall coordination, supervision, and implementation of the Operation.

2. Program Coordination Office

(a) The Recipient shall maintain throughout implementation of the Operation, a program coordination office (“Program Coordination Office” or “PCO”) with a composition, mandate and resources satisfactory to the Association, including: (i) a Program director; (ii) eight (8) Program executives; (iii) a procurement specialist; (iv) a financial management specialist; (v) an environmental and social management specialist; (vi) a monitoring and evaluation specialist; (vii) eight (8) change management facilitators, all with qualifications, experience and under terms of reference satisfactory to the Association.

(b) Without limitation to sub-paragraph (a) above, the PCO shall be responsible for, *inter alia*: (i) coordinating the implementation of the Operation; (ii) preparing the relevant monitoring and evaluation framework and change management and communication strategies; (iii) providing logistical support and guidance to the Participating Agencies; (iv) consolidating annual work plans and budgets and submitting them to the PFM Steering Committee for approval; (v) consolidating progress reports and submitting them to the PFM Steering Committee; (vi) monitoring all disbursements, commitments and expenditures relating to the implementation of the Operation; (vii) maintaining the financial accounts and preparing annual financial statements for the Operation; (viii) facilitating annual audits of the Operation and coordinating policy dialogue; and (ix) collecting and analyzing data, preparing monitoring reports and presenting them to the PFM Steering Committee for consideration.

3. PFM Steering Committee

(a) The Recipient shall maintain throughout implementation of the Operation, a steering committee for the Operation (“PFM Steering Committee” or

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“PFM-SC”), with a composition, mandate and resources satisfactory to the Association.

- (b) Without limitation to sub-paragraph (a) above, the PFM-SC shall meet at least once a year, and shall be responsible for *inter alia*: (i) providing oversight for the Operation; (ii) reviewing the status, progress and performance of the Operation; (iii) ensuring inter-agency and inter-ministry cooperation on the Operation; and (iv) resolving any outstanding issues on the implementation of the Operation as necessary, all in accordance with this Agreement and the Operations Manual.

B. Program Action Plan and Operations Manual

1. The Recipient shall:

- (a) carry out the Program Action Plan (PAP), or cause the PAP to be carried out, in accordance with the schedule set out in the said PAP in a manner satisfactory to the Association; and
- (b) prepare and furnish to the Association for its review the Operations Manual containing detailed arrangements and procedures for the implementation of the Operation including, *inter alia*: (i) disbursement and flow of funds arrangements; (ii) institutional arrangements including delineation of roles and responsibilities of various entities, institutions and agencies involved in the Operation implementation and their coordination and inter-relationships as well as the allocation of functions and responsibilities; (iii) fiduciary arrangements, including financial management, procurement and governance; (iv) environmental and social management systems and operation of a grievance redress mechanism; (v) anti-corruption, including implementation of the Anti-Corruption Guidelines; (vi) monitoring and evaluation, reporting and communication, including Program indicators; (vii) detailed arrangements for verification of achievement of the DLRs (including the Verification Protocol); and (viii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Operation.

- 2. Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate, waive, suspend or fail to enforce any provision of the PAP and the Operations Manual without the prior written agreement of the Association.
- 3. In case of any conflict between the terms of the PAP or the Operations Manual and this Agreement, the terms of this Agreement shall prevail.

C. Independent Verification Agent and Verification Protocol

The Recipient shall: (1) not later than three (3) months after the Effective Date, recruit and thereafter maintain at all times during the implementation of the Program, an Independent Verification Agent, under terms of reference acceptable to the Association; and (2) ensure that the Independent Verification Agent prepares and provides verification reports certifying the achievement of the DLRs set out in Section IV.A.2, in accordance with the Verification Protocol.

D. Annual Work Plan and Budget for the Project

- (a) Each year the Recipient shall prepare a draft annual work plan and budget containing all activities and expenditures proposed to be included in the Project for the following year of Project implementation, of such scope and detail as the Association shall have reasonably requested, including a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing and disbursement schedule.
- (b) The Recipient shall furnish to the Association, as soon as available, but in any case, not later than November 30 of each year, the annual work plan and budget referred to in paragraph 1 above, for their review and approval; except for the annual work plan and budget for the Project for the first year of Project implementation, which shall be furnished no later than one (1) month after the Effective Date. Only the activities included in an annual work plan and budget expressly approved by the Association (each an "Annual Work Plan and Budget") are eligible for financing from the proceeds of the Financing.
- (c) The Recipient shall ensure that the Project is carried out in accordance with the Annual Work Plan and Budget, provided, however, that in case of any conflict between the Annual Work Plan and Budget and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (d) Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Annual Work Plan and Budget.

E. Environmental and Social Standards

- 1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
- 2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social



Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:

- (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.

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 seventy-five million dollars (\$75,000,000) equivalent or more per contract; (2) goods, estimated to cost fifty million Dollars (\$50,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost fifty million dollars (\$50,000,000) equivalent or more per contract; or (4) consulting services, estimated to cost twenty million dollars (\$20,000,000) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Program Report not later than three months after the end of each calendar semester, covering the calendar semester.

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: (a) Program Expenditures (inclusive of Taxes), on the basis of the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); and (b) the Project's Eligible Expenditures (inclusive of Taxes), 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 Result (as applicable)	Formula	Amount of the Financing Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) DLI #1: Increased Tax Receipts	DLR 1.1 Adopt data-driven, revised policy framework for conceptualizing, appraising, and approving new tax expenditures by Cabinet, based on the publication of repository of tax expenditures and the cost of these expenditures	Disburse: (a) \$1,500,000 when MoF Publishes a repository of tax expenditures; (b) \$1,500,000 when MoF Publishes the cost of these expenditures; and (c) \$1,500,000 when MoF develops and adopts a revised data- driven policy framework for conceptualizing, appraising, and approving new tax expenditures for approval by Cabinet, all up to a maximum of \$4,500,000.	21,500,000	N/A
	DLR 1.2 500 Tax Expenditure Claims granted for climate smart investments	Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR <i>Where:</i> <i>Baseline = 0</i> <i>Amount Allocated =</i> <i>5,000,000</i> <i>Target = 500</i>		
	DLR 1.3 79,500 increase in the number of non-salaried active taxpayers	Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus		

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		<p>Baseline)) minus amount disbursed previously under this DLR</p> <p><i>Where:</i> <i>Baseline = 159,000</i> <i>Amount Allocated = 5,500,000</i> <i>Target = 238,500</i></p>		
	<p>DLR 1.4 3 percentage point increase in GRA tax to GDP ratio (Non-rebased Percentage)</p>	<p>Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR</p> <p><i>Where:</i> <i>Baseline = 12.3%</i> <i>Amount Allocated = 6,500,000</i> <i>Target = 15.3%</i></p>		
(2) DLI #2 Taxpayer Compliance Facilitated	<p>DLR2.1 Reduction in number of hours to prepare, file, and pay value added tax, profit tax, and labor tax to 158.8</p>	<p>Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR</p> <p><i>Where:</i> <i>Baseline = 226</i> <i>Amount Allocated = 5,000,000</i> <i>Target = 158.8</i></p>	13,500,000	N/A
	<p>DLR 2.2 90% of tax audits based on Automated Risk-based Selection</p>	<p>Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR</p>		

		<p><i>Where:</i> <i>Baseline = 0</i> <i>Amount Allocated = 5,500,000</i> <i>Target = 90%</i></p>		
	<p>DLR 2.3 90% of administrative reviews of taxpayers appeals finalized within the stipulated time of 60 days</p>	<p>Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR</p> <p><i>Where:</i> <i>Baseline = 27%</i> <i>Amount Allocated = 3,000,000</i> <i>Target = 90%</i></p>		
(3) DLI #3 Enhanced Coordination and Alignment of External Finance	<p>DLR 3.1 14 sectors where at least 2 sector working group meetings are held: (a) to discuss the development and implementation of the respective sector development plans; and (b) to produce an Annual Donor Coordination Report for a given Fiscal Year</p>	<p>Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR</p> <p><i>Where:</i> <i>Baseline = 0</i> <i>Amount Allocated = 5,200,000</i> <i>Target = 14 sectors</i></p>	12,000,000	N/A
	<p>DLR 3.2 40 existing and newly signed donor funded projects are on government budget and are spent through the Treasury Single Account using GIFMIS</p>	<p>Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR</p> <p><i>Where:</i> <i>Baseline = 0</i></p>		

		<p><i>Amount Allocated = 6,800,000</i> <i>Target = 40</i></p>		
(4) DLI #4 Enhanced Transparency of the SOE sector	<p>DLI 4.1 15 SOEs' Comprehensive Performance Evaluation Reports (CPEs) are submitted by SIGA to Cabinet</p>	<p>\$333,333 for each CPER, up to a total amount of \$5,000,000</p>	15,000,000	N/A
	<p>DLR 4.2 3 comprehensive annual State Ownership Reports (SORs) are published within 8 months after the end of the FY</p>	<p>\$1,500,000 for each SOR, up to a total amount of \$4,500,000</p>		
	<p>DLR 4.3 1 percentage point decrease in the ratio of total net SOE Transfers to the total public spending</p>	<p>Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR</p> <p><i>Where:</i> <i>Baseline = x%*</i> <i>Amount Allocated = 5,500,000</i> <i>Target = x%* - 1%</i></p>		
(5) DLI #5 Improved Management of Public Investments	<p>DLR 5.1 75% of total CAPEX allocated: (a) to complete legacy near-completion projects; and (b) for new projects that are pre-appraised in line with Public Investment Management (PIM) regulations</p>	<p>Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR</p> <p><i>Where:</i> <i>Baseline = x%*</i></p>	10,500,000	N/A

		<p><i>Amount Allocated = 6,500,000</i> <i>Target = 75%</i></p>		
	<p>DLR 5.2 NDPC has submitted to parliament and Published its annual report and one (1) semi-annual report including PIM portfolio indicators within six (6) months of the period reported in a given FY</p>	<p>\$4,000,000 when the annual report and semi-annual reports are Published in the same FY</p> <p><i>Scalability: In case only 1 report is published in a FY, disburse \$2,000,000 for that FY. In that case, the remaining \$2,000,000 will be disbursed when 2 reports are published in a FY</i></p>		
<p>(6) DLI #6 Improved Budget Preparation</p>	<p>DLR 6.1 (a) Hard budget ceilings are introduced for ministries, departments and agencies (MDAs); and (b) Hyperion is configured to limit Part-A Proposals within the hard ceilings</p>	<p>\$4,500,000 when result is achieved</p>	<p>17,000,000</p>	<p>N/A</p>
	<p>DLR 6.2 10 sector-specific Program performance audit/evaluation reports are Published to enable strengthened program-based budgeting.</p>	<p>\$400,000 for each report published up to a total amount of \$4,000,000</p>		
	<p>DLR 6.3 At least 5 sectors' Budget Committees (BCs) evaluated on the Performance Scorecard show at least a 20% increase in average aggregated BC scores</p>	<p>\$1,000,000 for each BC showing at least 20% increase in average aggregated scores, up to a total amount of \$5,000,000</p>		
	<p>DLR 6.4 Cross-cutting Climate and Gender Budget Notes are prepared and</p>	<p>\$1,750,000 for each Climate and Gender Budget Note prepared,</p>		

	included in the annex of the Published national budget	up to a total amount of \$3,500,000		
(7) DLI #7 Budget holders effectively and transparently implement their approved budgets	DLR 7.1 650 additional education and health institutions use GIFMIS to receive warrants, IGF receipts and process their expenditure	Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR <i>Where:</i> <i>Baseline = 0</i> <i>Amount Allocated = 4,300,000</i> <i>Target = 650</i>	26,500,000	N/A
	DLR 7.2 90% of non-salary warrants -goods and services and CAPEX- are issued to spending budget holders within seven (7) days of their request in the system and at least 80% of their cash plan	Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR <i>Where:</i> <i>Baseline = x*</i> <i>Amount Allocated = 5,000,000</i> <i>Target = 90%</i>		
	DLR 7.3 10 percentage points increase in total contracts value that followed competitive procurement methods with awards Published	Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR <i>Where:</i> <i>Baseline = 35.78%</i> <i>Amount Allocated = 5,500,000</i> <i>Target = 45.78%</i>		



	<p>DLR 7.4 90% of non-salary budget on goods and services and CAPEX contracts is awarded after a commitment number is generated on GIFMIS</p>	<p>Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR</p> <p><i>Where:</i> <i>Baseline = x%*</i> <i>Amount Allocated = 5,500,000</i> <i>Target = 90%</i></p>		
	<p>DLR 7.5 At least 75% of all government payments are made on or before their due date</p>	<p>Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR</p> <p><i>Where:</i> <i>Baseline = x%*</i> <i>Amount Allocated = 6,200,000</i> <i>Target = 75%</i></p>		
<p>(8) DLI #8 Improved accountability and legislative oversight</p>	<p>DLR 8.1 Recipient's annual audited financial statements include comprehensive IPSAS Accrual disclosures on government liabilities and fixed assets</p>	<p>\$1,333,333 for each FY result is achieved, up to a total amount of \$4,000,000</p>	<p>15,000,000</p>	<p>N/A</p>
<p>DLR 8.2 50% of internal and external audit recommendations for a FY are implemented by the end of the subsequent FY</p>	<p>Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR</p> <p><i>Where:</i></p>			

		<p><i>Baseline = x%*</i> <i>Amount Allocated = 5,500,000</i> <i>Target = 50%</i></p>		
	<p>DLR 8.3 60% of Public Accounts Committee (PAC) recommendations implemented within 6 months of the date of the recommendation, but not later than 18 months after the end of the FY</p>	<p>Amount to be disbursed = Allocated Amount multiplied by (Actual Achievement divided by (Target minus Baseline)) minus amount disbursed previously under this DLR</p> <p><i>Where:</i> <i>Baseline = x%*</i> <i>Amount Allocated = 5,500,000</i> <i>Target = 60%</i></p>		
<p>(9) DLI #9 PFM reforms implementation is effectively led through an adequate governance structure and an effective change management approach</p>	<p>DLR 9.1 Two (2) semi-annual PFM Strategy implementation progress reports and one (1) change management facilitators' evaluation report are prepared and discussed in stakeholders' workshops in a given FY.</p>	<p>\$6,000,000 when all 3 reports are prepared and discussed in the same FY</p> <p><i>Scalability: In case only 1 or 2 reports are prepared and discussed in a FY, disburse \$2,000,000 per report for that FY. In that case, the remaining Allocated Amount will be disbursed when all 3 reports are prepared and discussed in a FY</i></p>	9,000,000	N/A
	<p>DLR 9.2 Ten (10) research papers on PFM reform lessons learned Published.</p>	<p>\$300,000 for each research paper published, up to a total amount of \$3,000,000</p>		

(10) Goods, non-consulting services, Operating Costs, Training and consulting services for the Project	N/A	N/A	10,000,000	100%
TOTAL AMOUNT			150,000,000	

**Note: Baseline x will be determined during implementation of the Program*

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; or
 - (b) for any DLR under Category (1) through (9) 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 \$ 35,000,000 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 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 Category (1) through (9) has not been achieved by the date by which the said DLR is set to be 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 for scalable DLRs in the table in Section IV.A.2 of this Part B; (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 September 30, 2027.

**SCHEDULE 3
Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
commencing October 15, 2027 to and including April 15, 2047.	1.65%
commencing October 15, 2047 to and including April 15, 2052.	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.



10. "Cabinet" means the Recipient's council of ministers.
11. "CAPEX" means capital expenditure.
12. "Category" means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
13. "Climate and Gender Budget Notes" means notes which summarize the budget from climate and gender perspective and which are included in the annual budget documents submitted to Parliament for discussion and approval.
14. "Comprehensive Performance Evaluation Report" or "CPER" means an evaluation report for a selected SOE that comprises the assessment of management performance, corporate governance, and profitability in comparison with peers and presents strategic options for SOE's turnaround or disposal.
15. "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.
16. "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.
17. "Due Date" means, with respect to DLR 7.5, the date on which government payments must be made in accordance with relevant legal or contractual obligations.
18. "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Project, dated May 9, 2022, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
19. "Environmental and Social Standards" or "ESSs" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v)

“Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.

20. “Fiscal Year” or “FY” means the twelve-month period starting January 1 and ending December 31 of the same year.
21. “General Conditions” means: (a) for the Program, the “International Development Association General Conditions for IDA Financing, Program-for-Results Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022; and (b) for the Project, the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
22. “GDP” means gross domestic product.
23. “GIFMIS” or “Ghana Integrated Financial Management Information Systems” means the Recipient’s official integrated financial management information system.
24. “GRA” or “Ghana Revenue Authority” means the Recipient’s authority established and operating pursuant to the Ghana Revenue Authority Act 2009 (Act 791), or its successor.
25. “HRMIS” or “Human Resource Management Information System” means the Recipient’s official human resource information management system.
26. “Hyperion” means the Recipient’s budget preparation and management system.
27. “IGF” means the Recipient’s internally generated funds.
28. “Independent Verification Agent” means an independent consultant or consultants recruited by the Recipient to carry out the functions indicated in Section I.C of Schedule 2 to this Agreement.
29. “IPSAS” or International Public Sector Accounting Standards” means the public international accounting standards issued by the International Public Sector Accounting Board.

30. "IPSAS Accrual" means a financial accounting method that enables recording of revenue before the actual receipt of funds or recording of expenses as incurred and before the actual payment of funds as prescribed under the IPSAS accrual principles.
31. "MoF" means the Recipient's ministry responsible for finance.
32. "Non-rebased Percentage" means the GDP with the constant and uniform base year.
33. "NDPC" or "National Development Planning Commission" means the Recipient's commission established and operating pursuant to Articles 86 and 87 of the 1992 Constitution and The National Development Planning Commission Act, 1994 (Act 479), or its successor.
34. "Operating Costs" means the reasonable incremental expenses incurred by the Recipient on account of Project implementation, including costs related to audits, office equipment and supplies, vehicle operation and maintenance, shipping costs, office rentals, communication and insurance costs, office administration costs, costs of minor refurbishment of offices, bank charges, utilities, transport costs, travel, per diem and supervision costs, and salaries of contracted personnel, and other reasonable expenditures directly associated with implementation of the Project activities, but excluding salaries of officials of the Recipient's civil service.
35. "Operations Manual" means the manual referred to in Section I.B.1(b) of Schedule 2 to this Agreement.
36. "Participating Agencies" means the entities designated by the Recipient in the Operations Manual to assist the Recipient in the implementation of the Operation.
37. "Part-A Proposals" means a part of the budget with hard budget ceiling.
38. "Performance Evaluation Report" means a report which comprises *inter alia* the following: weightage for management performance, corporate governance, and profitability in comparison with the respective peers in the industry.
39. "Performance Scorecard" means a scorecard which evaluates the performance of Budget Committees.
40. "PFM" means public financial management.
41. "PFM Steering Committee" or "PFM-SC" means the committee referred to in Section I.A.3(a) of Schedule 2 to this Agreement

42. "PFM Strategy" means the Public Financial Management Strategy (2022-2026) approved in April 2022.
43. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions for the Project, the "World Bank Procurement Regulations for IPF Borrowers", dated November 2020.
44. "Program Action Plan" or "PAP" means the Recipient's plan dated May 9, 2022 and referred to in Section I.B.1(a) of Schedule 2 to this Agreement, as may be amended from time to time with the written agreement of the Association.
45. "Program Coordination Office" or "PCO" means the office referred to in Section I.A.2(a) of Schedule 2 to this Agreement.
46. "Public Accounts Committee" or "PAC" means the committee within Parliament whose duty is to examine the audited accounts showing the appropriation of the sums granted by Recipient's Parliament to meet the Recipient's public expenditure as presented to Parliament by the Recipient's Auditor-General.
47. "Public Investment Management" or "PIM" means a set of processes the Recipient uses to manage investments through projects for developing and maintaining infrastructure or other assets in the public interest.
48. "Publish", "Publishes" or "Published" means a publication on a government website.
49. "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.
50. "SIGA" or "State Interests and Governance Authority" means the Recipient's authority established and operating pursuant to State Interests and Governance Authority (SIGA) Act 2019 (Act 990), or its successor.
51. "State-Owned Enterprises" or "SOEs" means for the purposes of this Operation, all state-owned enterprises, joint venture companies and other state entities, as defined in the SIGA Act 2019 (Act 990).
52. "SOE Transfers" means sovereign guarantees, lending & on-lending subsidies and tax incentives, extended to SOEs by the Recipient.
53. "State Ownership Report" or "SOR" means a report prepared by the Recipient on SOEs' performance, and which includes, *inter alia*, the following information: debt and contingent liabilities statement; climate-smart investments; and gender representation.

54. "Stimulus for Change" means factors (such as openness to change, staff willingness, flexibility, optimism, and effective planning of change) and Program interventions designed to drive change in public institutions and their interaction with other stakeholders to overcome deficiencies, including through improvements in the activities, processes, structure, and results ambitions of public institutions.
55. "Target" means the target result for the relevant DLR as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
56. "Tax Expenditure Claims" means claims submitted by taxpayers to request for tax expenditure.
57. "Training" means the costs associated with training, workshops and study tours provided under the Project, based on the annual work plan and budget approved by the Association consisting of reasonable expenditures (other than expenditures for consultants' services) for: (i) travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (ii) course fees; (iii) training facility rentals; (iv) training material preparation, acquisition, reproduction and distribution expenses; and (v) and other costs directly related to training preparation and implementation.
58. "Treasury Single Account" means an account held by the Recipient for consolidating and managing the Recipient's funds as established by Section 46 of the Public Financial Management Act, 2016.
59. "Verification Protocol" means the DLR verification protocol agreed between the Recipient and the Association and included in the Operations Manual, for purposes of: (i) defining the DLR terms and requirements; (ii) listing the documentary evidence to be provided in support thereof; and (iii) providing the verification procedures and responsibilities to certify compliance with/achievement of each DLR, as such verification protocol may be revised, updated or supplemented from time to time with the mutual agreement of the Recipient and the Association.

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