No. 9303

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
GHANA

Development Credit Agreement—*Power Distribution Project* (with annexed Credit Regulations No. 1, as amended, and Project Agreement between the Association and the Electricity Corporation of Ghana). Signed at Washington, on 14 June 1968

Official text: English.

Registered by the International Development Association on 18 November 1968.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
GHANA

Contrat de crédit de développement — *Projet relatif à la distribution d'énergie* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié, et le Contrat relatif au Projet entre l'Association et l'Electricity Corporation of Ghana). Signé à Washington, le 14 juin 1968

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 18 novembre 1968.

No. 9303. DEVELOPMENT CREDIT AGREEMENT[1] *(POWER DISTRIBUTION PROJECT)* BETWEEN THE REPUBLIC OF GHANA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 14 JUNE 1968

AGREEMENT, dated June 14, 1968, between REPUBLIC OF GHANA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) The Electricity Corporation of Ghana (hereinafter called ECG) was established under the Electricity Corporation of Ghana Decree, 1967 with the principal object of supplying and distributing electric power within the territories of the Borrower;

(B) By an agreement dated May 6, 1968 between them (hereinafter called the Assets Transfer Agreement) the Borrower and ECG have provided, upon the terms and conditions set forth in the Assets Transfer Agreement, for the transfer to and assumption by ECG of the assets, facilities, operations and liabilities of the Electricity Division of the Ministry of Works and Housing of the Borrower;

(C) ECG has undertaken a program to improve and expand ECG's transmission and distribution systems;

(D) The Borrower and ECG have requested the Association to assist in the financing of part of such program; and

(E) The Association is willing to make a development credit available on the terms and conditions provided herein and in a project agreement [2] of even date herewith between the Association and ECG;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

CREDIT REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Development Credit Agreement accept all the provisions of Development Credit Regulations No. 1 of the

[1] Came into force on 20 September 1968, upon notification by the Association to the Government of Ghana.

[2] See p. 68 of this volume.

Association dated June 1, 1961 as amended February 9, 1967 [1] with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

(*a*) Section 6.02 is amended by inserting the words " or the Project Agreement " after the words " the Development Credit Agreement ".

(*b*) The following subparagraph is added to Section 9.01 :

" 13. The term ' Project Agreement ' shall have the meaning set forth in the Development Credit Agreement. "

Section 1.02. Wherever used in this Development Credit Agreement or in the Schedule thereto, unless the context otherwise requires, the following terms have the following meanings :

(*a*) " Project Agreement " means the agreement between the Association and ECG of even date herewith, providing for the carrying out of the Project, as the same shall be amended from time to time by agreement between the Borrower, the Association and ECG.

(*b*) " Subsidiary Loan Agreement " means the agreement referred to in Section 4.02 (*a*) of this Agreement to be entered into between the Borrower and ECG, as the same shall be amended from time to time with the approval of the Association.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to ten million dollars ($ 10,000,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Development Credit Agreement.

Section 2.03. Except as the Borrower and the Association shall otherwise agree :

(*a*) The Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account

[1] See p. 68 of this volume.

(i) amounts expended for the reasonable cost of goods to be financed out of the proceeds of the Credit, and (ii) if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods.

(*b*) No withdrawals shall be made on account of (i) expenditures prior to the date of this Development Credit Agreement or (ii) expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent (3/4 of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.05. Service charges shall be payable semi-annually on March 1 and September 1 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each March 1 and September 1 commencing March 1, 1978 and ending September 1, 2017, each installment to and including the installment payable on September 1, 1987 to be one-half of one per cent (1/2 of 1 %) of such principal amount, and each installment thereafter to be one and one-half per cent (1 1/2 %) of such principal amount.

Section 2.07. The currency of the United States of America is hereby specified for the purposes of Section 3.02 of the Regulations.

Article III

Use of the Proceeds of the Credit

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied in accordance with the provisions of the Development Credit Agreement to expenditures on the Project described in the Schedule to this Agreement. The specific allocation of the proceeds of the Credit, and the methods and procedures for procurement of the goods to be financed out of such proceeds, shall be determined by agreement between the Borrower, the Association and ECG, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used exclusively in carrying out the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (*a*) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering, financial and public utility standards and practices.

(*b*) The Borrower shall take all action which shall be necessary on its part to enable ECG to perform all its obligations under the Project Agreement and shall not take any action that would interfere with the performance of such obligations by ECG.

(*c*) Without limiting or restricting the Borrower's obligations under paragraph (*b*) of this Section, the Borrower specifically undertakes to enable ECG to establish and maintain tariffs at such levels as may be necessary for ECG to fulfill the requirements of Section 2.06 of the Project Agreement.

(*d*) The Borrower shall consult the Association about any proposed appointment to the position of Managing Director of ECG sufficiently in advance of any such appointment for the Association to have adequate opportunity to comment on the qualifications and experience of the person, or persons, the Borrower is considering for such position and shall make any such appointment only after consideration of the views expressed by the Association.

Section 4.02. (*a*) The Borrower shall relend the proceeds of the Credit withdrawn pursuant to Section 2.03 of this Agreement or the equivalent thereof to ECG on terms and conditions and pursuant to a subsidiary loan agreement satisfactory to the Association.

(*b*) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association, and, except as the Association shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of the Subsidiary Loan Agreement.

(*c*) The Borrower shall make or cause to be made available to ECG, promptly as needed and under arrangements satisfactory to the Association, such funds and other resources as shall be required for the carrying out of the Project.

Section 4.03. Except as the Association shall otherwise agree, the Borrower shall duly perform its obligations under the Assets Transfer Agreement and shall not amend, assign, suspend, abrogate or waive any provision of such agreement.