

CONFORMED COPY

GRANT NUMBER TF091041 - LBR

Trust Fund for Liberia Grant Agreement

(Emergency Senior Executive Service Project)

between

REPUBLIC OF LIBERIA

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION,
(as Administrator of the Trust Fund for Liberia)**

Dated October 12, 2007

GRANT NUMBER TF091041 - LBR

TRUST FUND GRANT AGREEMENT

AGREEMENT dated October 12, 2007, entered into between REPUBLIC OF LIBERIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”), acting as administrator of the Trust Fund for Liberia (TFLIB), established on August 25, 2004, by Resolution No. IDA 2004-007 and Resolution No. 2004-008, of the Executive Directors of the Association and the International Bank for Reconstruction and Development (the IBRD), respectively (collectively, the World Bank).

WHEREAS (A) the Board of Governors of the IBRD has approved, on October 13, 2004, inter alia, the transfer from IBRD surplus, by way of a grant, of the amount of twenty-five million Dollars (\$25,000,000), to be used for financing emergency projects in Liberia in accordance with the Country Reengagement Note discussed by the World Bank’s Executive Directors on March 9, 2004;

(B) the Recipient, requested the Association to allocate two million three hundred thousand Dollars (\$2,300,000) (the Grant) of the said twenty-five million Dollars (\$25,000,000) to assist in financing the Project described in Schedule 2 to this Agreement (the Project); and

(C) the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW, THEREFORE, the Recipient and the Association hereby agree as follows:

ARTICLE I — STANDARD CONDITIONS; DEFINITIONS

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006 (“Standard Conditions”), constitute an integral 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 Standard Conditions or in this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in the amount of two million three hundred thousand Dollars (\$2,300,000) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through MOF and in accordance with the provisions of Article II of the Standard Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV- EFFECTIVENESS; TERMINATION

- 4.01. This Agreement shall not become effective until evidence satisfactory to the Association has been furnished to the Association that the conditions specified below have been satisfied.
 - (a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.
- 4.02. As part of the evidence to be furnished pursuant to Section 4.01(a), there shall be furnished to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association or, if the Association so requests, a certificate satisfactory to the Association of a competent official of the Association, showing the following matters:
 - (a) on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

- 4.03. Except as the Recipient and the Association shall otherwise agree, this Agreement shall enter into effect on the date upon which the Association dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the Association to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the Association may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 4.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the Association, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Association shall promptly notify the Recipient of such later date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance.
- 5.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:
- Ministry of Finance
P.O. Box 10-9016
1000 Monrovia 10
Liberia
- 5.03. The Association's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Monrovia, Republic of Liberia, as of the day and year first above written.

REPUBLIC OF LIBERIA

By /s/ Antoinette Sayeh

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION,
Acting as Administrator of the Trust Fund for Liberia

By Emmanuel Doe Fiadzo

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient to recruit experienced and qualified professionals with the requisite technical and managerial skills for strategic decision making for improved public service delivery.

The Project consists of the following parts:

Component A: Establishment of SES Scheme

Establishment of a program to enable the Recipient to recruit and retain approximately 100 personnel in the SES over three years, including financing of salaries.

Component B: Institutional Strengthening of the CSA

Provision of basic furniture and office equipment to support and strengthen the capacity of CSA as the oversight civil service institution to eventually manage the SES program at the end of the Project, as well as institutional support including travel and relocation expenses, workshops and seminars, cost of independent assessment of SES candidates, external audit and monitoring and evaluation activities.

SCHEDULE 2

Project Execution

Section I. Implementation and Other Arrangements

1. The Program Implementation Committee

- (a) The Recipient shall maintain at all times during Project implementation, a Program Implementation Committee, with functions and responsibilities acceptable to the Association, including, *inter alia*, the responsibility of the Implementation Committee to assist the Recipient, the PFMU and the CSA in the coordination, implementation, monitoring, evaluation and supervision of the Project.

2. The Civil Service Agency (CSA)

- (a) The Recipient shall maintain, at all times during Project implementation, the CSA working jointly with the PFMU, with a structure, functions and responsibilities acceptable to the Association.

3. The Project Financial Management Unit (PFMU)

- (a) The Recipient shall carry out the financial management of the Project through the Project Financial Management Unit (PFMU) at the MOF, with a structure, functions and responsibilities acceptable to the Association, including, *inter alia*, the responsibility of the PFMU to assist the Recipient, the CSA and the Program Implementation Committee in the coordination, implementation, monitoring, evaluation and supervision of the Project.
- (b) The Recipient shall ensure that the PFMU is at all times adequately staffed with professionals and administrative personnel, all hired under terms of reference, in adequate numbers, with qualifications and experience acceptable to the Association.
- (c) The Recipient shall ensure that the PFMU has at all times an integrated accounting/financial management software system, acceptable to the Association.

- (d) The Recipient shall ensure that the PFMU: (i) maintains the accounting records and prepares the financial statements of the Project; (ii) prepares the financial aspects of the Interim Un-audited Financial Reports; (iii) processes payments of Project Eligible Expenditures; and (iv) facilitates the financial audits of the Project, pursuant to the provisions of paragraph B.3 of Section II of Schedule 2 to this Agreement.
- (e) Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not introduce changes in the number of positions of the PFMU or in the professional skills required for occupying such positions, unless the said changes have been previously agreed with the Association in writing.

4. Annual Work Plans

The Recipient shall:

- (a) not later than December 15 of each year during Project implementation, starting in 2007, furnish to the Association for its approval, an annual work plan (the Annual Work Plan), each said plan to include, *inter alia*: (i) the Project activities to be carried out during the twelve months immediately following the presentation of each said plan; (ii) the annual budget for the Recurrent Costs; and (iii) the Procurement Plan, disbursement schedule and chart of accounts for each said twelve month period;
- (b) carry out the Annual Work Plan for the year 2008, as previously approved by the Association; and
- (c) thereafter implement each said Annual Work Plan, as approved by the Association, in accordance with its terms.

5. The Operational Manual

- (a) The Recipient shall by January 31, 2008, adopt a manual (the Operational Manual), in form and substance acceptable to the Association, the said manual to include, *inter alia*:

- (i) an institutional implementation plan for the management of the Project (including, *inter alia*, allocation of responsibilities among staff, yearly planning of activities and budget and time allocation for those activities);
 - (ii) the guidelines for the preparation of the Annual Work Plans;
 - (iii) an annual procurement plan for the implementation of the Project; and
 - (iv) a financial management and accounting procedures manual for the implementation of the Project.
- (b) The Recipient carry out the Project in accordance with the Operational Manual.
- (c) Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Operational Manual or any provision thereof.
- (d) In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

6. Selection of Senior Executive Service Staff

During the implementation of the Project, the Recipient shall ensure:

- (a) that the personnel to be recruited to the SES staff positions shall be selected by the SES Unit in the CSA, with the assistance of the PFMU;
- (b) the adoption of transparent and competitive procedures for the selection of SES staff, including, in particular that the positions, job descriptions/terms of reference, and the advertisement of positions, which shall all be specified in the Annual Work Plan; and
- (c) that approval of the SES positions, the process of competitive assessment of candidates, and the remuneration level established for each position,

are all carried out in line with guidelines established by and remaining under the control of the Implementation Committee.

7. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar year commencing from the Effective Date and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
 - (i) Number of SES positions recruited against clear job descriptions and placed in key ministries in three tranches under performance contracts; and
 - (ii) Number of ministries which have begun a thorough restructuring and reform process.
2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section III of this Schedule 2 to this Agreement.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall:
 - (a) maintain or cause to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions; and
 - (b) maintain an independent auditor to carry out financial audits pursuant to Section 2.07 of the Standard Conditions.
2. Without limitation on the provisions of paragraph B.1 of Section II of Schedule 2 to this Agreement, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each quarter, Interim Un-audited Financial Reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) Fiscal Year of the Recipient, commencing with the Fiscal Year in which the first withdrawal under the Grant Account was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods.** All goods required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods.** The following list specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Methods:
(a) National Competitive Bidding.
(b) Shopping.
(c) Procurement from United Nations Agencies (including the Inter-Agency Procurement Services Office).
(d) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following list specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Methods:
(a) Least-cost Selection.
(b) Selection Based on Consultants' Qualifications.
(c) Single Source Selection.
(d) Individual Consultants.

D. Review by the Association of Procurement Decisions

1. Except as the Association shall otherwise determine by notice to the Recipient, the following shall be subject to Prior Review by the Association:
 - (a) each contract for goods estimated to cost the equivalent of \$50,000 or more;
 - (b) the first three (3) contracts for goods procured on the basis of National Competitive Bidding;
 - (c) each contract for goods procured on the basis of Direct Contracting;
 - (d) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more;
 - (e) each contract for the employment of individual consultants, regardless of the amount. With respect to each contract for the employment of individual consultants, the report on the qualifications and experience of all evaluated candidates, the terms of reference and the terms of employment of the consultants shall be subject to prior approval by the Association. The contract shall be awarded only after the said approval has been given by the Association;
 - (f) each contract for the employment of consultants' services procured on the basis of Single Source Selection; and
 - (g) all contracts for the employment SES personnel, regardless of the amount.
2. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Grant

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions, (b) this Section, and (c) such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects")

dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions) to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated	Percentage of Expenditures to be Financed
1. Recurrent Costs for SES Staff under Component A of the Project	1,880,000	100%
2. Goods, Consultants' Services, Training and Incremental Operating Costs under Component B of the Project	420,000	100%
TOTAL	2,300,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made in respect of payments for expenditures prior to the date of this Agreement.
2. The Closing Date is December 31, 2010.

Section V. Other Undertakings

A. Appointment of Financial Auditors

The Recipient shall, not later than six (6) months following the Effective Date, appoint the independent auditors referred to in Section 2.07 (b) of the Standard

Conditions, in accordance with the provisions of paragraph C of Section III of Schedule 2 to this Agreement.

B. Civil Service Reform (CRS) Strategy

1. The Recipient shall develop and adopt a civil service reform strategy satisfactory to the Association within six months of the date of this Agreement.
2. The Recipient shall ensure that the designation and filling of SES staff positions shall be consistent with the civil service reform strategy to be adopted in accordance with the provision in paragraph 1 above, and that the same strategy shall provide for adequate leadership enabling reform and capacity building in key ministries.
3. The Recipient shall during the implementation of the Project, ensure the carrying out of annual performance reviews of all SES staff under performance contracts in a manner consistent with the civil service reform strategy referred to in paragraph B.1 of this Section.

APPENDIX

Definitions

1. “Annual Work Plans” means any of the plans referred to in paragraph 4 of Section I of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
3. “Category” means a category set forth in the table in paragraph 2 of Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
5. “Civil Service Agency” and “CSA” mean the agency created pursuant to the Recipient’s Act amending the Public Employment Law and creating a Civil Service Agency dated July 1973, or any successor thereto.
6. “Fiscal Year” and “FY” mean the Recipient’s fiscal year which runs from July 1 through June 30 of the following year.
7. “MOF” means the Recipient’s Ministry of Finance.
8. “Interim Un-audited Financial Report” means the reports referred to in paragraph B.2 of Section II of Schedule 2 to this Agreement, and which: (a) sets forth the sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing funds provided under the Designated Account, and explains variances between the actual and planned uses of such funds; (b) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and (c) sets forth the status of procurement under the Project, as at the end of the period covered by the said report.
9. “Incremental Operating Costs” means reasonable incremental expenses, based on an annual budget previously approved by the Association, and incurred by CSA on account of Project implementation, management and monitoring,

including office space rental, utilities and supplies, bank charges, advertising expenses, communications, vehicle operation, maintenance and insurance, building and equipment maintenance costs, travel and supervision costs, and salaries of SES staff, all financed with the proceeds of the Grant.

10. Operational Manual” means the manual with Project implementation arrangements referred to in paragraph 5 of Section I of Schedule 2 to this Agreement.
11. “Project Financial Management Unit” and “PFMU” mean the Project Financial Management Unit established within MOF for purposes of financial management of the Association’s financed Projects under implementation in the Recipient’s territory and referred to in paragraph 3 of Section I of Schedule 2 to this Agreement.
12. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
13. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated October 4, 2007, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
14. “Program Implementation Committee” means the committee, acceptable to the Association, established for purposes of Project coordination, implementation, monitoring and evaluation and referred to in paragraph 1 of Section I of Schedule 2 to this Agreement.
15. “Standard Conditions” means the “Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006.
16. “Recurrent Costs” means salary payments payable to personnel of the SES scheme under the Project in line with guidelines set by the Program Implementation Committee referred to in paragraph 6 (c) of Section I of Schedule 2 to this Agreement.
17. “Training” means reasonable non-consultant expenditures, based on an annual budget previously approved by the Association, and incurred by the Recipient to finance training activities including: (a) transportation costs of trainers and trainees; (b) per diem for trainers and trainees; (c) workshops; (d) seminars and

courses; (e) rental of training facilities and equipment; (f) acquisition of training equipment and teaching material; (g) internet access to online learning; and (h) study tours, all financed with the proceeds of the Grant.