

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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CONFORMED COPY

March 15, 2011

H.E. Augustine K. Ngafuan
Minister of Finance
Ministry of Finance
P.O. Box 10-9013 Broad Street
Monrovia
Republic of Liberia

Re: Republic of Liberia: Grant for Biodiversity Conservation through
Expanding the Protected Area Network in Liberia (EXPAN)
GEF MSP Grant No. TF097657

Excellency:

In response to the request for financial assistance made on behalf of Republic of Liberia (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”), acting as Implementing Agency of the Global Environment Facility (GEF), proposes to extend to the Recipient a grant in an amount not to exceed one million forty five thousand United States Dollars (U.S.\$950,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”). This Grant is funded out of the GEF for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer

of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 180 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
Acting as Implementing Agency of the Global Environment Facility

By /s/ Ohene Owusu Nyanin
Country Manager for the Republic of Liberia
Africa Region

AGREED:
REPUBLIC OF LIBERIA

By /s/ Augustine K. Ngafuan
Authorized Representative

Name _____

Title Minister of Finance

Date: March 15, 2011

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
- (2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 31, 2010 (“Standard Conditions”) constitute an integral part of this Agreement.

1.02. **Definitions.** 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 and the following terms have the following meanings:

(a) “Environmental and Social Management Framework” and “ESMF” means the Recipient’s framework dated February 24, 2011, which (i) anticipates and outlines all possible negative social and environmental impacts of the Project; (ii) describes the mitigation and safety measures to be undertaken under the Project to ensure that all environmental concerns are adequately taken into account for purposes of Project implementation; and (iii) specifies the tools for conducting impact assessment and for tracking progress implementation.

(b) “Process Framework” means the Recipient’s framework February 24, 2011, setting out the arrangements to avoid, minimize, or mitigate potentially adverse effects of restrictions of access to natural resources, including related compensation measures for communities affected by Resettlement activities resulting from the Project.

(c) “Protected Area” and “PA” means a geographically defined area which is designated or regulated and managed to achieve specific conservation objectives.

(d) “Resettlement” means (i) the involuntary taking of land, including anything growing on or permanently affixed to such land, such as buildings and crops, resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the affected person, and encompassing restrictions on the use of resources imposed on people living outside a park or protected area, or on those who continue living inside the park or protected area during and after Project implementation.

Article II Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to contribute to the conservation of the Recipient’s biodiversity, providing better representation of ecosystems within

the Recipient's current protected area network and enabling active conservation and sustainable use of biodiversity with local communities. The Project consists of the following parts:

Part 1: Strengthening of the Forestry Development Authority Conservation Department (FDA-CD)

Providing technical assistance to the FDA-CD with particular focus on the decentralized FDA offices in charge of the Protected Areas (PAs), encompassing: i) the provision of training at, *inter alia*, post-graduate level to its staff; and ii) the renovation and refurbishing of its offices.

Part 2: Creation of New Protected Areas (PAs) and Community Mapping

Providing technical assistance for the preparation and establishment of two new proposed PAs with a focus on the community mapping approach, encompassing: i) the funding of physical infrastructures; ii) the elaboration of management plans; and iii) the financing of operating costs.

Part 3: Development of Community Livelihood Programme around Protected Areas (PAs)

Carrying out a program to identify and promote sustainable income-generating activities for local communities living in and around PAs, through, *inter alia*, market analysis, and restoration and maintenance of environmental assets.

Part 4: Project Management

Establishment of an efficient system for Project management, monitoring and evaluation by the entities involved in the implementation of the Project, through the creation of a regional project management office.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Conservation Department of the Forestry Development Authority (FDA-CD) in accordance with: (a) the provisions of Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines"), with the modifications set forth in Section II of the Appendix to this Agreement; and (c) this Article II.

2.03. ***Institutional and Other Arrangements.***

A. Institutional Arrangements

a) The Recipient shall, during the implementation of the Project, no later than November 30 of each year: (i) prepare a consolidated project-wide annual work plan and budget; (ii) coordinate and consolidate periodic reports from implementing and participating entities; (iii) monitor and evaluate project progress and problems; and (iv) ensure coordination among relevant ministries, non-governmental organizations, private sector organizations, donor-funded projects and donors and other stakeholders in implementation.

b) The Recipient shall, through the FDA-CD, no later than three (3) months after the date of countersignature of the Agreement, establish and thereafter maintain throughout Project implementation, a national steering committee under terms of reference satisfactory to the World Bank vested with responsibility for providing overall implementation strategy direction to the Project, overseeing planning, approving the annual work plan and budget, and reviewing the progress and impact of the Project (“Steering Committee”). The Steering Committee shall be chaired by the Recipient’s Forestry Department Authority (FDA) and its composition shall include representatives from the government and stakeholders.

c) The Recipient shall, no later than six (6) months after the countersignature of this Agreement, appoint an independent external auditor for the Project under terms of reference satisfactory to the World Bank.

B. Safeguards

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework (ESMF) and the Process Framework. In the event of any conflict between the provisions of the said Frameworks and those of this Agreement, the latter shall prevail.

a) Prior to the award of each contract for works under the Project, the Recipient shall (i) furnish to the World Bank a written attestation for the specific site where the works will be undertaken that the works shall not cause or result in Resettlement; (ii) submit to the World Bank for its review and approval the related site-specific Environmental and Social Impact Assessment (ESIA) or Environment and Social Management Plan (ESMP), as the case may be, in accordance with the provisions of the ESMF and in form and substance satisfactory to the World Bank; (iii) disclose the site-specific ESIA or ESMP as approved by the World Bank; and (iv) thereafter, ensure that the relevant mitigation and monitoring provisions of the ESIA or ESMP, as the case may be, are appropriately included in the works contract concluded for the site and that they are implemented in the carrying out of the Project.

b) The Recipient shall disclose the Process Framework which shall include: (i) definition of the restrictions on access to natural resources in proposed protected areas under the Project; (ii) identification and quantification of the impacts that those restrictions may have on different segments of the local population; (iii) remedial measures to compensate for associated loss of those assets and income; and (iv) provision of grievance resolution mechanisms in order to resolve any issues that may arise due to restrictions on resources over the course of the Project.

2.04. **Completion Report.** 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.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) 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 audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. ***Procurement***

(a) General. All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the World Bank in January 2011 (“Procurement Guidelines”), in the case of goods, works and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the World Bank in January 2011 (“Consultant Guidelines”), in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Activities in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods, Works and Non-consulting Services.

(i) Except as the World Bank may otherwise agree, goods and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding.

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts which are specified in the Procurement Plan: Shopping.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality-and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A)

Selection based on Consultants' Qualifications; (B) Single-source Selection; (C) Selection of Individual Consultants; and (D) Sole Source Procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. Except as the World Bank shall otherwise specify by notice to the Recipient, The Procurement Plan shall set forth those contracts which shall be subject to Prior Review by the World Bank. All other contracts shall be subject to Post Review by the World Bank.

Article III Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** 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 World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The 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 (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works and consultants' services under the Project	860,000	100%
(2) Operating costs	90,000	100%
TOTAL AMOUNT	950,000	

For the purpose of this Section, the term "Operating costs" means the reasonable cost of the following expenditures incurred under the Project: (i) salaries of Project staff (excluding civil servants); (ii) per diem and travel expenses of staff required to perform their responsibilities under Project; (iii) fuel, and vehicle maintenance and insurance services; (iv) communication technology (including, without limitation, internet and telephone service); (v) rent for office space and building security and office maintenance services; (vi) translation services, photocopies and publications; and (vii) utilities and office supplies.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made: (a) for payments made prior to the date of countersignature of this Agreement by the Recipient; and (b) for payments under Category (3) of the table in Section 3.01, for any year during the implementation of the Project, unless the recipient has furnished to the World Bank the annual work plan and budget, acceptable to the

World Bank, (as specified in Section 2.03 of this Agreement) for such operating costs, and unless the said payments are within the range specified in such budget.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is July 31, 2013.

**Article IV
Recipient's Representative; Addresses**

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister responsible for Finance.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
P.O. Box 10-9013 Broad Street
Monrovia
Republic of Liberia

Cable:	Telex:	Facsimile:
_____	_____	011-2317-7812997

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391