

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4908 –LR

Financing Agreement

(Additional Financing for Emergency Monrovia Urban Sanitation Project)

between

REPUBLIC OF LIBERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 4, 2011

Public Disclosure Authorized

CREDIT NUMBER 4908-LR

FINANCING AGREEMENT

AGREEMENT dated May 4, 2011, entered into between REPUBLIC OF LIBERIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of, *inter alia*, providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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) 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 General Conditions, or in the Original Financing Agreement, or in the Appendix to this Agreement. If the same term is defined in this Agreement and in the Original Financing Agreement, the definition in this Agreement shall prevail.

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 credit in an amount equivalent to two million, six hundred thousand Special Drawing Rights (SDR 2,600,000) (variously, “Credit” and “Financing”) 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.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are August 15 and February 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is United States Dollars.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General 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. The Additional Condition of Effectiveness consists of that the Project Implementation Manual has been updated by the Recipient in form and substance satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.03. For purposes of Section 8.05(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 date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is its Minister of Finance.
- 5.02. The Recipient's Address is:

Minister of Finance
Ministry of Finance
Broad Street
1000 Monrovia 10
Republic of Liberia

e-mail: communications@mofliberia.org

5.03. The Association's Address 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/ Augustine Kpehe Ngafuan
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Ohene Owusu Nyanin
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient to increase access to solid waste collection service in Monrovia.

The Project consists of the Original Project and the following additional Part:

Component C: Landfill Cells at Whein Town

Construction of landfill cells for solid waste disposal at Whein Town, Monrovia.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Management and Implementation Arrangements

Project Implementation Unit

1. The Recipient shall at all times during implementation of the Project maintain the Project Implementation Unit (PIU) within MCC with a mandate and resources satisfactory to the Association, for the purpose of ensuring the prompt and efficient overall coordination, monitoring, reporting, evaluation and communication of Project activities. The PIU shall be adequately staffed by competent and duly qualified staff in adequate numbers as shall be acceptable to the Association, consisting of, without limitation, the Project manager, a procurement specialist, a social development specialist, a monitoring and evaluation specialist, and a sanitary/environmental engineer; all with terms of reference, qualifications, and experience satisfactory to the Association, and all appointed in accordance with the provisions of Section III of this Schedule 2.
2. The Recipient shall ensure the carrying out by MCC, in a manner satisfactory to the Association, of the undertakings of MCC relating to project implementation responsibilities arising pursuant to the Transitional MOU.
3. *Project Oversight Committee*
 - (a) **Composition:** The Recipient shall at all times during implementation of the Project maintain an oversight committee with a structure, composition, functions and responsibilities acceptable to the Association, for purposes of overseeing the execution of the Project. The Project Oversight Committee shall be chaired by the Minister of Finance and shall be comprised of representatives of the Mayor of Monrovia, the Deputy Minister of the Ministry of Public Works and such others that the Chairman shall appoint satisfactory to the Association.
 - (b) **Role:** The Project Oversight Committee shall be responsible for:
 - (i) reviewing Project progress;
 - (ii) providing ongoing guidance and direction to the Project Management Committee;
 - (iii) approval of all major plans as well as for any deviation therefrom; and
 - (iv) ensuring that day to day implementation problems are resolved in a timely and effective manner. It shall function under terms of reference that are acceptable to the Association.

4. *Project Management Committee*

- (a) Composition: Except as otherwise provided in this Agreement, the Recipient shall maintain or cause to be maintained, at all times during Project implementation, a project management committee in MCC, consisting of the mayor of Monrovia, the financial controller of MCC, the head of the MCC sanitation department, a management specialist, the Project manager, and a supervision engineer as permanent invitee to the PMC.
- (b) Role: The PMC shall be responsible for the coordination and day to day implementation of the Project. Without limitation to the generality of the foregoing, the PMC shall carry out the tasks that shall include:
 - (i) review monthly reports for each technical assistance activity;
 - (ii) manage inputs from various technical assistance activities;
 - (iii) make decisions to accelerate the pace of reforms and reorganization;
 - (iv) ensure the smooth interface between the diverse strategies being followed under the Project; and
 - (v) monitoring and evaluation.

5. *Project Financial Management Unit*

- (a) Composition: The Recipient shall maintain the PFMU at all times during Project implementation, adequately staffed with persons under terms of reference, qualifications and experience satisfactory to the Association.
- (b) Role: The PFMU shall be responsible for carrying out all the financial management obligations under the Project, which shall be performed in accordance with the provisions of the FM MOU, which shall be on terms and conditions acceptable to the Association. Without limitation to the generality of the foregoing, the PFMU shall carry out the following tasks: (i) maintenance of accounting records and preparation of Financial Statements; (ii) preparation of the interim Financial Reports referred to in paragraph B.2 of Section II of this Schedule 2; (iii) process payments of Project Eligible Expenditures; and (iv) facilitate the audits of the Recipient's Financial Statements for the Project, as required pursuant to the provisions of paragraph B.3 of Section II of this Schedule 2. 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.

B. Annual Work Plans

The Recipient, through the PIU, shall:

- (a) not later than June 30 of each year during Project implementation, 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 mitigation and remedial measures to avoid potential environmental and social impacts of proposed Project activities in accordance with the requirements of the Safeguards Documents; (iii) the annual budget for the Project Management Operating Costs; (iv) the annual budget for Training; and (v) the Procurement Plan, disbursement schedule and chart of accounts for each said twelve month period; and
- (b) thereafter implement each said Annual Work Plan, approved by the Association, in accordance with its terms.

C. The Project Implementation Manual

- 1. The Recipient shall carry out the Project in accordance with the Project Implementation Manual, and 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 Project Implementation Manual or any provision thereof.
- 2. In case of any conflict between the terms of the Project Implementation Manual and those of this Agreement, the terms of this Agreement shall prevail.

D. Anti-Corruption

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

E. Safeguards

- 1. Without limitation to the provisions of Section 4.01(a) of the General Conditions (referring to the obligation of the Recipient to ensure the carrying out of the Project in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices), the Recipient shall:
 - (a) carry out and shall ensure that the Project is carried out in accordance with the provisions of the Safeguards Documents, and, except as the Association shall otherwise agree in writing, shall not amend or waive,

or permit to be amended or waived, any provision of any of the Safeguards Documents; and

- (b) ensure, for the purposes of facilitating the carrying out of the activities under Component C of the Project:
 - (i) the carrying out of the EIPSC Environmental Management Plan;
 - (ii) the preparation, adoption and disclosure of a RAP for the landfill cells, if needed; thereafter, submission of said RAP, to the Association for review and approval; subsequently the adoption and the local disclosure, in a manner acceptable to the Association, of said RAP;
 - (iii) compliance with environmental and social impact mitigation and monitoring measures included in the Environmental Impact Assessment for the landfill at Whein Town; and
 - (iv) the reporting by MCC to the Association, in conjunction with the Project Reports to be furnished to the Association pursuant to the provisions of paragraph 1(a) of Section II.A of this Schedule 2, on the carrying out of the measures required under such EMPs and RAPs, if any.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. 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.
2. Without limitation to Section 4.08(b) of the General Conditions, each Project Report mentioned in paragraph 1 of this Section II.A of this Schedule 2 shall include, *inter alia*, detailed information with respect to the status of the implementation of the Environmental Impact Assessment, the EIPSC Environmental Management Plan (with respect to urban works under Part D of the EIPSC Project), and EMPs and RAPs, if any, for the landfill cells referred Section I.E of this Schedule 2, including any measures undertaken (or caused to be undertaken) by the Recipient to address issues which arose during the implementation of the said Safeguards Documents.

3. Without limitation to Section 4.08(b) of the General Conditions, the Recipient shall submit to the Association contract management and expenditure information in quarterly reports. The procurement management report will consist of information on procurement of goods, works and consultants' services and compliance with the Procurement Plan and procurement methods specified in Section III of this Schedule 2. The report will also provide any information on complaints by bidders, unsatisfactory performance by contractors and any information on contractual disputes.
4. The Recipient shall, in preparing the report referred to in Section 4.08(c) of the General Conditions, 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 during the implementation of the Project, maintain, or cause to be maintained, a financial management system in accordance with the provisions of Section 4.09 of the General Conditions. Without limitation to the generality of the foregoing, the Recipient shall:
 - (a) no later than three months after the Effective Date, ensure that MCC modifies the FM MOU, in a manner satisfactory to the Association, as necessary to conform the financial management arrangements for the Project to include the activities undertaken under Component C of the Project; and
 - (b) maintain independent auditors to carry out financial audits pursuant to Section 4.09 of the General Conditions.
2. Without limitation on the provisions of paragraph B.1 of this 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 audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each 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 Credit 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, Works and Non-consulting Services.** All goods, works and non-consulting 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 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.
4. **Provisions Applicable to Procurement of Goods, Works, Consultants' and Non-consulting Services Initiated under the Original Financing.** Notwithstanding the provisions of this Section III (Procurement) of this Schedule 2: (i) to the extent the initiation of procurement process in respect of a contract for goods, works, consultants' or non-consulting service to be financed out of the proceeds of the Financing occurred prior to the Retroactive Financing Date; and (ii) there are no proceeds remaining under the Original Financing to finance such contract; then, on an exceptional basis only and subject to the Association's prior no-objection: (a) Section I.D (*Anti-Corruption*) of this Schedule (including the related provisions under the General Conditions) shall not apply to the proceeds of the Financing utilized to finance such good, work, consultants' or non-consulting service; and (b) this Section III of this Schedule shall not apply to the procurement of such contract; provided, however, that the provisions of Section III (Procurement) of Schedule 2 to the Original Financing Agreement shall apply to the procurement of such contract.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method	
(a)	Limited International Bidding
(b)	National Competitive Bidding, subject to the provisions of paragraph 3 of this part B
(c)	Shopping
(d)	Force Account
(e)	Direct Contracting

3. **Exceptions to National Competitive Bidding Procedures.** The following provisions shall apply to the procurement of goods, works and non-consulting services under National Competitive Bidding procedures: (a) foreign bidders shall be allowed to participate in National Competitive Bidding procedures; (b) bidders shall be given at least one month to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later; (c) no domestic preference shall be given for domestic bidders and for domestically manufactured goods; and (d) in accordance with paragraph 1.14(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractor and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14(a)(v) of the Procurement Guidelines.

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 table 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 Method	
(a)	Quality-Based Selection
(b)	Least-Cost Selection
(c)	Selection Based on Consultants' Qualifications
(d)	Single-Source Selection
(e)	Selection of Individual Consultants
(f)	Fixed Budget Selection

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's prior review. All other contracts shall be subject to post review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and 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 Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works (other than Category 3 or Category 5 works), non-consulting services and consultants' services for the Project	0	
(2) Waste Collection and Disposal Operating Costs under Component A of the Project	1,500,000	100% from the Effective Date until December 10, 2011; thereafter, 80% until December 10, 2012; thereafter, 60% until the Closing Date
(3) Works for transfer stations under Component A(ii) of the Project	0	
(4) Works and Goods for Component C of the Project	1,100,000	100%
(5) Unallocated		
TOTAL AMOUNT	2,600,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed five hundred thousand (SDR 500,000) equivalent (US\$800,000) may be made for payments made prior to this date but on or after the Retroactive Financing Date, for Eligible Expenditures under Category 4 related to works and goods for the construction of landfill cells.
2. The Closing Date is December 31, 2013.

Section V. Other Undertakings

- A. All Training activities under the Project shall be specified in the relevant Annual Work Plan for approval by the Association, including: (a) the type of training; (b) the purpose of the training; (c) the personnel to be trained; (d) the institution or individual who will conduct the training; (e) the location and duration of the training; (f) the cost of the training; and (g) the outcome and impact of the training.

Section VI. Amendments to Original Financing Agreement

- A. The Original Financing Agreement is amended as follows:

1. Notwithstanding the terms and conditions of the Financing Agreement and to the extent the initiation of the procurement process in respect of any good, work or consultants' or non-consulting service to be financed, at least in part, out of the proceeds of the Financing occurred on or after the Retroactive Financing Date referred to in the Appendix to the Financing Agreement between the Republic of Liberia and the Association (Credit No. 4908-LR), the Recipient acknowledges and agrees that: (a) Section I.D of Schedule 2 to the Financing Agreement (Credit No. 4908-LR) shall apply to the proceeds of the Financing utilized to finance such good, work or consultants' service; and (b) the provisions set forth or referred to in Section III (Procurement) of the same Schedule (including the related provisions under the General Conditions applicable to such Agreement) shall apply to the procurement of such good, work or consultants' or non-consulting service.

2. Section I.B (a) of the Original Financing Agreement is deleted in its entirety and replaced by the following:

“(a) not later than June 30 of each year during Project implementation, 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 mitigation and remedial measures to avoid potential environmental and social impacts of proposed Project activities in accordance with the requirements of the Safeguards Documents; (iii) the annual budget for the Project Management Operating Costs; (iv) the annual budget for Training; and (v) the Procurement Plan, disbursement schedule and chart of accounts for each said twelve month period; and”

3. The Appendix (Definitions) to the Original Financing Agreement shall be amended in the indicated numbered paragraphs as follows:

5. “EIPSC Environmental Management Plan” means the Environmental Management Plan, adopted by the Recipient in September 2008 and updated in January 2011 and subsequently disclosed locally and in the World Bank’s InfoShop, satisfactory to the World Bank, for the purposes of the urban works under Part D of the EIPSC Project (as defined hereafter) related to waste collection and transport, which works are associated with the Project.

8. “Environmental Management Plan” and “EMP” means a plan, satisfactory to the World Bank, proposing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental impacts, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the prior written agreement of the World Bank.

18. “Project Implementation Unit” and “PIU” means the unit referred to in Section I.A.1 of Schedule 2 to this Agreement.

25. “Safeguards Documents” means, collectively, the Environmental Impact Assessment, the EIPSC Environmental Management Plan, the EMPs, and the RAPs, if any.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each August 15 and February 15:	
commencing on August 15, 2021 to and including February 15, 2031	1%
commencing on August 15, 2031 to and including February 15, 2051	2%

* 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 3.03(b) of the General Conditions.

APPENDIX

Section I. Definitions

1. “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 and revised in January 2011.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in January 2011.
4. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
5. “Original Financing Agreement” means the grant agreement for the Emergency Monrovia Urban Sanitation Project between the Recipient and the Association, as Administrator of the Liberia Reconstruction Trust Fund, dated October 22, 2009, as amended to the date of this Agreement] (Trust Fund No. TF094060).
6. “Original Project” means the Project described in the Original Financing Agreement.
7. “Procurement Guidelines” means 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 Bank in January 2011.
8. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 10, 2011, 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.
9. “Retroactive Financing Date” is the date which is 12 months prior to the date of this Agreement.