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TF091968

Grant Agreement

(Preparation for Commercial Debt Reduction Operation)

between

REPUBLIC OF LIBERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as Trustee of
the Debt Reduction Facility
for IDA-Only Countries

Dated June 27, 2008

GRANT AGREEMENT

AGREEMENT, dated June 27, 2008, between REPUBLIC OF LIBERIA (the “Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the “Association”), acting as Trustee of the Debt Reduction Facility for IDA-Only Countries (the “Facility”).

WHEREAS: (A) pursuant to Resolutions No. 89-13 and No. IDA 89-4 of the Executive Directors of the International Bank for Reconstruction and Development and the Association, respectively, as amended, the Facility has been established and is being administered by the Association as a trust to provide grants to assist in the reduction of the commercial debt of certain members of the Association;

WHEREAS: (B) the Recipient has requested a grant from the Facility to finance the services of legal and financial advisors and related expenses to assist the Recipient in formulating and implementing a Commercial Debt Reduction Operation (the “Project”); and

WHEREAS: (C) on the basis of the foregoing, the Association has agreed to make available to the Recipient a grant out of the funds of the Facility to finance the services of legal and financial advisors and related expenses to assist the Recipient in the formulation and implementation of the Project on the terms and conditions hereinafter set forth;

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

Article I Standard Conditions; Definitions

Section 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.

Section 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 or as defined below:

- (a) “Preparation Grant” means the funds provided by the Facility to the Recipient pursuant to Article 3.01 of this Agreement;

- (b) “Preparation Grant Agreement” means this Agreement;
- (c) “Implementation Grant” means the funds provided by the Facility to the Recipient finance the cost of the debt buy-back as part of the implementation of the Project; and
- (d) “Implementation Grant Agreement” means the agreement to be entered into between the Association, as trustee of the Facility, and the Recipient for implementation of the Project.

Article II The Project

Section 2.01. The Recipient declares its commitment to carrying out activities required for the proposed Preparation for the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.

Section 2.02. Without limitation to the provisions of Section 2.01 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 1 to this Agreement.

Article III The Grant

Section 3.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to one million three hundred thousand United States dollars (US\$1,300,000) (“Preparation Grant”) to cover the cost of hiring financial and legal advisors and related expenses to assist the Recipient in carrying out the Project.

Section 3.02. The Recipient may withdraw the proceeds of the Preparation Grant in accordance with Section III of Schedule 1 to this Agreement.

Section 3.03. Neither the Recipient nor any other person shall have any rights with respect to the Preparation Grant, and the Association shall have no obligations with respect thereto, except as stated in this Agreement. The Association does not assume any fiduciary obligation to, or relationship of agency

or trust for or with, the Recipient and shall have no liability to the Recipient or to any other person for any action taken or omitted to be taken by it, except for the performance of its express obligations set forth in this Agreement.

Article IV
Recipient's Representative; Addresses

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

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

Ministry of Finance
Broad Street
P.O Box 10-9013
1000 Monrovia 10
Republic of Liberia

Telephone: (231) 226 352
Fax: (231) 226 715
E-mail: libfinancemin@yahoo.com

Section 4.03. 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: INDEVAS, Washington, D.C.
Fax: 1-202-477-6391
Telex: 248423(MCI)

Section 4.04. The Minister of Finance or any person authorized in writing by said person is designated as representative of the Recipient for the purposes of taking any action required or permitted to be taken by the Recipient under the provisions of this Agreement.

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

REPUBLIC OF LIBERIA

/s/ Antoinette Sayeh
By: _____
Antoinette Sayeh
Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Trustee of the Debt Reduction Facility for IDA-
Only Countries

/s/ Ohene Owusu Nyanin
By: _____
Ohene Owusu Nyanin
Country Manager, Liberia

SCHEDULE 1

Project Execution

Section I. Project Monitoring, Reporting and Evaluation

A. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the Association not later than 45 days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have the financial statements for the Project audited as follows:
 - (a) if the Implementation Grant Agreement shall have become effective on or before a date two years after the date of the first withdrawal of proceeds of the Preparation Agreement, the Recipient shall have the said financial statements included in the first audit that would be required under the Implementation Grant Agreement;
 - (b) if the Implementation Grant Agreement shall not have become effective on or before a date two years after the date of the first withdrawal of proceeds of the Preparation Agreement, the Recipient shall:
 - (i) have the said financial statements for the first two fiscal years after the date of the first withdrawal and for each subsequent fiscal year thereafter (or other period agreed to by the Association) audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association;
 - (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such period,

- (1) certified copies of the financial statements referred to in subparagraph (a) above for such period as so audited, and
 - (2) an opinion on such financial statements by said auditors, in scope and detail satisfactory to the Association; and
- (iii) furnish to the Association such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Association shall have reasonably requested.

Section II. Procurement

A. General

1. **Procurement and Consultant Guidelines.** All 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 Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 (“Consultant Guidelines”) in the case of consultants’ services.
2. **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 Consultant Guidelines.

B. 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 methods may be used for procurement of consultants’ services for those assignments which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use. (A) Quality Based Selection; (B) Least Cost Selection; (C) Selection based on Consultants’ Qualifications; (D) Single-source Selection; (E) Selection of Individual Consultants; and (F) Sole Source Procedures for the Selection of Individual Consultants.

C. Review by the Association of Procurement Decisions

1. Except as the Association shall otherwise determine by notice to the Recipient, each contract for procured on the basis of Quality and Cost Based Selection and Single-Source Selection shall be subject to Prior Review by the Association, All other contracts shall be subject to Post Review by the Association.

Section III. Withdrawal of Grant Proceeds

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 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of services including audits..
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 (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Consultant’s services, including financial and legal advisors services and audits	1,050,000	100%
(2) Unallocated	250,000	100%
TOTAL AMOUNT	1,300,000	

B. Withdrawal Conditions; Withdrawal Period

1. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2011.