



LR - Strengthening Governance (10792)

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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June 18, 2012

Honorable Amara Konneh
Minister of Finance
Ministry of Finance
P.O. Box 10-9013 Broad Street
Monrovia
Republic of Liberia

Re: Republic of Liberia: State and Peace-Building Fund (SPF)
Grant No. TF010792
Strengthening Governance—Civil Service Reforms and Capacity
Building Project

Honorable Minister:

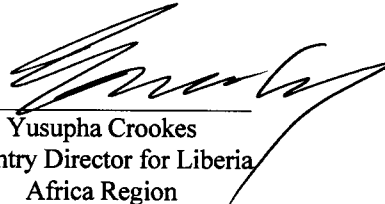
In response to the request for financial assistance made on behalf of The Republic of Liberia ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided under the State and Peace-Building Fund (SPF), proposes to extend to the Recipient, a grant in an amount not to exceed two million United States Dollars (U.S.\$2,000,000) ("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 abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is 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.

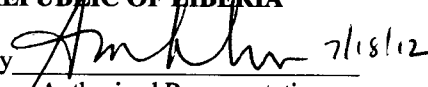
Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date specified by the World Bank in accordance with Section 4.02 of the Annex to this Agreement.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By 
Yusupha Crookes
Country Director for Liberia
Africa Region

AGREED:

REPUBLIC OF LIBERIA

By  7/18/12
Authorized Representative
Name Amara Konneh
Title Minister of Finance
Date: July 18, 2012

Enclosures:

- ✓ (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012
- ✓ (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 February 15, 2012 (“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) “Civil Service Agency” or “CSA” means the Recipient’s agency responsible for managing civil service, created pursuant to the Recipient’s 1973 Civil Service Agency Act.
- (b) “Governance Commission” means the commission for governance reform established by the Recipient pursuant to the Governance Commission Act of 2007.
- (c) “Liberia Institute of Public Administration” or “LIPA” means the Recipient’s institution responsible for, *inter alia*, training of civil servants.
- (d) “Project Financial Management Unit” and “PFMU” mean the Project Financial Management Unit established within MOF for purposes of carrying out financial management of World Bank-financed Projects being implemented in the Recipient’s territory, and referred to in paragraph 2.03 (c) of this Annex.
- (e) “South-South” means cooperation between developing countries on knowledge exchange and other development matters of mutual interest.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to support the strengthening of core civil service functions in the government structure of the Recipient and to build the capacity of its officials to implement a civil service reform agenda. The Project consists of the following parts:

- (a) Implementation of a pay and grading structure across the Recipient’s civil service to conform with the new CSA 10-grade scale;
- (b) provision of technical assistance for the continuation of functional reviews of the Recipient’s ministries and the implementation of proposed structures in ministries that have completed reviews;

- (c) carrying out a revision of the civil service pension law to facilitate the conversion of the non-contributory pension scheme to a contributory system;
- (d) setting up a personnel document management system;
- (e) carrying out a program to improve the civil service entrance examination, such program to include: (i) a revision of the entrance examination; (ii) provision of computers for testing; (iii) installation of examination software; and (iv) minor upgrade of testing facilities, excluding construction and/or repair of buildings;
- (f) developing a policy for human resource management, including a performance management system;
- (g) designing a communication strategy to increase stakeholders' involvement in reforms;
- (h) carrying out a training program including: (i) in-service training through the LIPA and the CSA; (ii) skills upgrading for the LIPA instructors in the areas of critical need in the civil service; development of a training curriculum for civil servants' career development; and
- (i) strengthening of LIPA through South-South collaboration and through collaboration with public sector training institutions in and outside the Africa region.

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 MOF in coordination with the CSA, in accordance with the provisions of: (a) 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"); and (c) this Article II.

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

The Recipient shall:

- (a) establish and thereafter maintain at all times until completion of the Project, a project steering committee (Steering Committee) to be responsible for the Project oversight, including ensuring smooth coordination among the agencies involved in the implementation of the Project. The Steering Committee shall meet every quarter and shall comprise representatives of the CSA, the LIPA and the Government Commission, in addition to technical staff responsible for individual components of the Project;
- (b) establish and thereafter maintain at all times until completion of the Project, a project implementation committee (Project Implementation Committee), with a composition satisfactory to the World Bank, to be responsible for the day to day technical management and coordination of the Project. The Project Implementation Committee shall be chaired by the head of the Recipient's civil service reform directorate (Civil Service Reform Directorate);

(c) maintain at all times until the completion of the Project, the Project Financial Management Unit (PFMU) (or any successor financial managements as may be appropriately determined by the Recipient acceptable to the World Bank), with a composition and resources satisfactory to the World Bank, to be responsible for carrying out the day to day financial management of the Project including: (i) establishing and maintaining an effective accounting system; (ii) preparing the Financial Statements; facilitating the financial audits required to be carried out pursuant to the provisions of Section 2.07 (b) of the Standard Conditions; (iii) coordinating the soliciting and engagement of the procurement management firm required to be recruited pursuant to the provisions of Section 4.01 (d) of this Annex; and (iv) preparing Project Reports;

(d) select and appoint a project coordinator (Project Coordinator), with qualifications and experience satisfactory to the World Bank, to be responsible for coordinating the activities under the Project; and

(e) within four months of the effectiveness of this Agreement, select and appoint, under terms of reference satisfactory to the World Bank, an external auditor with qualifications and experience satisfactory to the World Bank, to conduct the audits of the Financial Statements referred to in paragraph 2.05(c) below.

2.04. Project Monitoring, Reporting and Evaluation. (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 indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) 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 2.06 of this Agreement.

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 (45) 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 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, and non-consulting services; and

(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 Project 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 otherwise provided in sub-paragraph (ii) below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the following additional provisions: (1) foreign bidders shall be allowed to participate in the NCB procedures; (2) 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; (3) no domestic preference shall be given for domestic bidders for goods and works; and (4) in accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Credit shall provide that: (A) the bidders, suppliers, contractors and subcontractors shall permit the World Bank, 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 World Bank; and (B) 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 1.16(a)(v) of the Procurement Guidelines; (c) Shopping and (d) Direct Contracting.

(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 may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Quality-Based Selection; (B) Selection under a Fixed Budget; (C) Least-Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-Source Selection of consulting firms; (F) Selection of Individual Consultants and (G) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

(f) The Recipient shall, within forty five (45) days of Effectiveness of the Grant, recruit and hire a consultant, in conformity with the provisions of this Section, to provide services relevant to management of the procurement activities under the Project, satisfactory to 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) 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, non-consulting services, Training and consultants' services under the Project	2,000,000	100%
TOTAL AMOUNT	2,000,000	

For the purpose of this Section “Training” means training and training-related activities under the Project, including seminars, workshops and study tours, together with all costs associated with travel and subsistence allowances for training participants, trainers’ fees, rental of training facilities, preparation and reproduction of training materials and other activities reasonably incidental to the preparation and implementation of training activities, other than consultants’ services.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 30, 2014.

Article IV Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied.

(a) The Recipient has established the Steering Committee referred to in Paragraph 2.03 (a) of this Annex;

(b) the Recipient has established the Project Implementation Committee referred to in Paragraph 2.03 (b) of this Annex;

(c) the Recipient has selected and recruited the Project Coordinator referred to in Paragraph 2.03 (d) of this Annex; and

4.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank 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 World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.03. **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 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V
Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its minister at the time responsible for finance.

5.02. **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
e-mail: communications@mofliberia.org

5.03. **World Bank's Address.** The World Bank'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

INDEVAS	248423 (MCI) or	1-202-477-6391
Washington, D.C.	64145 (MCI)	