

Conformed Copy

FPCR TF GRANT NUMBER TF092332

Food Price Crisis Response Trust Fund Grant Agreement

(Cofinancing of Agriculture and Infrastructure Development Project)

between

REPUBLIC OF LIBERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as Trustee of the Food Price Crisis Response Trust Fund

Dated June 21, 2008

FPCR TF GRANT NUMBER TF092332

FOOD PRICE CRISIS RESPONSE TRUST FUND

GRANT AGREEMENT

AGREEMENT, dated June 21, 2008, entered into between the REPUBLIC OF LIBERIA (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as trustee of the Food Price Crisis Response Trust Fund.

WHEREAS: (A) Pursuant to a financing agreement entered into between the Recipient and the International Development Association (IDA), dated August 21, 2007 (the “IDA Financing Agreement”), as amended to the date hereof, the Recipient has received a credit in an amount equivalent to twenty-four million three hundred thousand Special Drawing Rights (SDR 24,300,000) (the “IDA Credit”) for the purposes of financing the Project described in Schedule 1 of the IDA Financing Agreement (the “Original Project”);

(B) The Recipient has recognized the necessity of undertaking certain additional activities under Part B of the Project which are more particularly defined in Schedule 1 to this Agreement, and which are aimed at providing technical assistance to farmer-based organizations and support for agricultural productivity investments that have a high potential for contributing to the Government’s strategy for alleviating the negative impact of high food prices, especially on the lives of the poor;

(C) the International Bank for Reconstruction and Development (the “IBRD”) and IDA, pursuant to Resolution No. 2008-0004 of May 29, 2008, of the Executive Directors of the IBRD and Resolution No. 2008-0002 of May 29, 2008, of the Executive Directors of the IDA, have established the Food Price Crisis Response Trust Fund (the “FPCR TF”) to assist low income member countries of the World Bank in the carrying out of activities aimed at reducing the negative impact of high food prices on the lives of the poor in a timely way;

(D) The Recipient, having satisfied itself as to the feasibility and priority of the activities referred to in paragraph (B) hereof, has requested the World Bank, acting as administrator of the FPCR TF, to provide assistance from the resources of the FPCR TF towards the financing of the said activities;

(E) The World Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend a grant to the Recipient upon the terms and conditions set forth in this Agreement;

The Recipient and the World Bank 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 the IDA Financing Agreement, and the following additional terms have the following meaning:

(a) “Beneficiary” means a Farmer-based Organization (as hereinafter defined) which has met the eligibility criteria set out in the Operational Manual (as hereinafter defined) and which is proposed to be included under a Sub-Project Activity (as hereinafter defined);

(b) “Farmer-based Organization” or “FBO” means an organization established to address the common needs of smallholder farmers in the territory of the Recipient;

(c) “Operational Manual” or “OM” means a manual, in form and substance satisfactory to the Association, adopted by the SIU (the Recipient’s Special Implementation Unit) and approved by the World Bank, outlining the eligibility, appraisal and implementation modalities for Sub-Project Activities, including financial management, accounting and procurement arrangements, monitoring and evaluation, and other implementation arrangements, as the same may be amended from time to time with the concurrence of the World Bank, and such term includes any annexes to the Operational Manual;

(d) “Sub-Project Activities” means particular sets of interventions under Part B of the Project, which are aimed at providing technical assistance to Farmer-Based Organizations and support for agricultural productivity investments that have a high potential for contributing to the Government’s strategy for alleviating the negative impact of high food prices, especially on the lives of the poor, to be carried out pursuant to the accomplishment of the objectives of the Project by the Recipient, acting through the SIU, with the cooperation of any other such other partner agency or organization as may be agreed with the World Bank, under an agency agreement or other arrangements acceptable to the World Bank, and involving the targeting of Farmer-based

Organizations as Beneficiaries, as the same such Sub-Project Activities shall have been defined and selected in the manner prescribed in the Operational Manual.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement. To this end, the Recipient shall carry out the relevant Food Price Crisis Response Activities under Part B of the Project through its Ministry of Public Works with the assistance of MOA, MOF, MOT, and with the assistance of the SIU, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Agreement; and (c) the MOU.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Sub-Project Activities under Part B of the Project financed under the Grant, are carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article III
The Grant**

- 3.01. The World Bank 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 three million United States Dollars (\$3,000,000) (the "Grant") to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

Article IV
Recipient's Representative; Addresses

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

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

Ministry of Finance
Broad Street
Monrovia
Liberia

4.03. 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

Cable:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391

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

REPUBLIC OF LIBERIA

By /s/ Antoinette Sayeh

Authorized Representative

**INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Trustee of the
Food Prices Crisis Response Trust Fund**

By /s/ Ohene Owusu Nyanin

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient's efforts to: (a) rehabilitate its basic infrastructure; and (b) revive its agriculture activities.

The Project consists of the Original Project with the supplementation of additional activities ("Food Price Crisis Response Activities") under Part B of the Project to benefit Farmer-based Organizations, comprising a program of Sub-Project Activities which are aimed at providing technical assistance to establish farmer field schools and support for post-harvest infrastructure improvements for rice and cassava production, and which have a high potential for contributing to accomplishment of the Recipient's strategy for alleviating the negative impact of high food prices, especially on the lives of the poor.

SCHEDULE 2

Project Execution

Section I. Implementation and Other Arrangements

1. The provisions of Section I of Schedule 2 to the IDA Financing Agreement shall apply to this Agreement, *mutatis mutandis*.
2. The Recipient shall, not later than 3 months after the date of this Agreement, amend the MOU to incorporate provisions, satisfactory to the World Bank, relating to Sub-Project Activities under Part B of the Project.
3. In order to facilitate the implementation of the Food Price Crisis Response Activities under Part B of the Project, the Recipient shall ensure that the SIU shall adopt, not later than six months after the date of this Agreement (the Effective Date), a manual, in form and substance satisfactory to the World Bank (the Operational Manual), outlining the eligibility, appraisal and implementation modalities for the Sub-project Activities under Part B of the Project, including financial management, accounting and procurement arrangements, monitoring and evaluation, and other implementation arrangements, and, except as the World Bank shall otherwise agree, shall not amend, abrogate, or waive the Operational Manual.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of Sub-Projects Activities under Part B 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 satisfactory to the World Bank. Each Project Report shall cover the period of one (1) calendar year commencing from the Effective Date and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.
2. Without limitation to the generality of paragraph 1 above, the Recipient shall carry out jointly with the World Bank, on or about twenty-four (24) months after the Effective Date, a comprehensive mid-term review to assess the status of Project implementation. The Recipient shall not later than one (1) month before such review, prepare and furnish to the World Bank a report that is satisfactory to the World Bank in scope and detail for purposes of such review.

3. For purposes of Section 2.06 (b)(ii) of the Standard Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the World Bank not later than June 30, 2012.

B. Financial Management, Financial Reports and Audits

1. The provisions of Part B of Section II of Schedule 2 to the IDA Financing Agreement shall apply to this Agreement, *mutatis mutandis*.

Section III. Procurement

The provisions of Section III of Schedule 2 to the IDA Financing Agreement shall apply to this Agreement, *mutatis mutandis*.

Section IV. 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 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 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 (expressed in USD) | Percentage of Expenditures to be Financed (inclusive of Taxes) |
|--|---|---|
| (1) Works, goods, consultants' services, training and operating costs relating to Sub-Project Activities under Part B of the Project | 3,000,000 | 100% |
| TOTAL AMOUNT | 3,000,000 | |

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

(a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$450,000 equivalent maybe made for payments made prior to this date but on or after June 1, 2008; or

(b) until evidence satisfactory to the World Bank has been furnished to the World Bank that the MOU referred to in paragraph G.10 of Section I of Schedule 2 to the IDA Financing Agreement, and the Annual Work Plan referred to in paragraph E.8 of Section I of Schedule 2 to the IDA Financing Agreement, have each been amended, satisfactory to the World Bank, to provide, with adequate particularity, for: (i) the establishment and operation of the program of Sub-Project Activities required under Part B of the Project for the agricultural productivity improvements responding to the food crisis emergency in the territory of the Recipient; (ii) the scope and parameters of the Sub-Project Activities under such program (with respect to the annual budget of forecast eligible expenditures, procurement plan, and applicable disbursement mechanisms); (iii) the specific rights and obligations of any partner implementation organization or agency appointed by the SIU, with respect to the carrying out of such Sub-Project Activities.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2011.

