

Public Disclosure Authorized

CONFORMED COPY

ACGF GRANT NUMBER TF097110-LR

Africa Catalytic Growth Fund Grant Agreement

(Youth, Employment, Skills Project)

between

REPUBLIC OF LIBERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Africa Catalytic Growth Fund)

Dated July 29, 2010

ACGF GRANT NUMBER TF097110-LR

**AFRICA CATALYTIC GROWTH FUND
GRANT AGREEMENT**

AGREEMENT dated July 29, 2010, entered into between REPUBLIC OF LIBERIA (“Recipient”); and INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of the Africa Catalytic Growth Fund.

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 1, 2008, (“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 this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out Part 1 of the Project through its Ministry of Finance with the assistance of LACE, and Part 2 of the Project through its Ministry of Finance through the PFMU; all in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this agreement; (c) the Subsidiary Grant Agreement; (d) the ESMF; (e) the RPF; (f) the MAAFP; (g) the LACE Operational Manual for Part 1 of the Project; and (h) the MA Operational Manual for Part 2 of the Project.
- 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 Project is 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 ten million United States Dollars (\$10,000,000) (“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. The Recipient’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section in respect of Part 1 of the Project is the Executive Director of LACE and any person whom he or she shall designate in writing.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

**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 execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.
 - (b) The Management Agency Agreement has been executed on behalf of the Recipient and a management agent selected by the Recipient in conformity with the provisions of paragraph B.4 of Section I of Schedule 2 to this Agreement.
 - (c) The financing agreement of even date herewith, between the Recipient and the World Bank, providing a grant in support of the Project (“Financing Agreement”), has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- 4.02. As part of the evidence to be furnished pursuant to Section 4.01 of this Agreement, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing the following matters, namely, that, on behalf of the

Recipient, this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

- 4.03. 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 of this Agreement (“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.
- 4.04. 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 by the date ninety (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. Except as provided in Section 3.02 of this Agreement, the Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.
- 5.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
P.O. Box 10-9016
1000 Monrovia 10
Liberia

Facsimile: (231) 22-60-75

- 5.03. 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:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (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
(acting as administrator of the Africa Catalytic Growth Fund)

By

/s/ Ohene Owusu Nyanin
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to expand access of poor and young Liberians to temporary employment programs and to improve youth employability, in support of the Recipient's response to the employment crisis.

The Project consists of the following Parts:

Part 1: Community Works

1. Scaling up of the Recipient's ongoing Cash for Work Temporary Employment Program that provides direct short-term employment via Community-based public works projects, consisting of the provision of support for the carrying out of qualifying Subprojects, and support to LACE to enable it to carry out an implementing agency function for Part 1 of the Project, including provision of consultants' services, Incremental Operating Costs, training and workshops, equipment and vehicles required by LACE for the implementation of Part 1 of the Project.
2. Provision of technical assistance (consisting of consultants' services, Incremental Operating Costs, training and workshops, and goods) to build the capacity of the Recipient for coordination and monitoring of public works activities.

Part 2: Employment through Skills Training

1. Carrying out of skills development activities toward enhancing employability and improving employment of youth through the provision of support for the carrying out of qualifying Subprojects involving skills training and vocational education focusing on key skills that are in high demand, both in the micro and small enterprises and in the large industries.
2. Provision of technical assistance (consisting of consultants' services, Incremental Operating Costs, training and workshops, and goods) to help build the Recipient's institutional and policy framework, with the long-term objective of creating an efficient demand-driven technical and vocational education and training system.

SCHEDULE 2

Project Execution

Section I. Implementation and Other Arrangements

A. Institutional Arrangements in Respect of Part 1 of the Project

1. *The LACE Board*

- (a) The Recipient shall maintain the LACE throughout Project implementation, in a form and substance, and with resources satisfactory to the World Bank.
- (b) The LACE Board shall be responsible for inter alia: (i) providing overall guidance on the management and implementation of Part 1 of the Project; (ii) oversight of the work of LACE; (iii) giving directives and guidance on the interpretation of the Recipient's policies pertaining to those sectors affected by the Project; and (iv) reviewing the Annual Work Plans, and key Project Reports and other reports to be prepared in accordance with paragraphs A and B of Section II of Schedule 2 to this Agreement.

2. *LACE Annual Work Plans*

The Recipient shall cause LACE to:

- (a) not later than November 30 of each year during Project implementation, starting in 2010, furnish to the World Bank, for its approval, an annual work plan (the Annual Work Plan) for Part 1 of the Project for each subsequent year, each said plan to include, inter alia: (i) the Project activities to be carried out by LACE, local NGOs, community leaders and other Subproject stakeholders; (ii) the mitigation measures to avoid potential environmental and social impacts of proposed Subprojects; (iii) the annual budget for Subprojects and all other expenditures for capacity building and project Management; and (iv) the procurement plan and disbursement schedule for each said twelve month period; and
- (b) thereafter implement each said Annual Work Plan, approved by the World Bank, in accordance with its terms.

3. *The LACE Operational Manual and MAAFP*

The Recipient shall cause LACE to:

- (a) (i) maintain the LACE Operational Manual, in form and substance satisfactory to the World Bank, for the implementation of Part 1 of the Project; (ii) take all measures necessary to ensure that Part 1 of the Project is carried out in conformity with the LACE Operational Manual; and (iii) not assign, amend, abrogate or waive the LACE Operational Manual or any provision thereof if, in the opinion of the World Bank, such assignment, amendment or waiver will materially affect the implementation of the Project; and
- (b) (i) maintain the MAAFP, in form and substance satisfactory to the World Bank, for the implementation of the Project; (ii) take all measures necessary to ensure that the Project is carried out in conformity with the MAAFP; and (iii) not assign, amend, abrogate or waive the MAAFP or any provision thereof if, in the opinion of the World Bank, such assignment, amendment or waiver will materially affect the implementation of the Project.

4. *Subsidiary Grant Agreement*

- (a) The Recipient shall ensure that the Subsidiary Grant Agreement shall maintain, at all times during Project implementation, provisions to the following effect:
 - (i) The Recipient's obligation to provide the proceeds of the Grant to LACE on terms and conditions satisfactory to the World Bank.
 - (ii) LACE's obligation to carry out Part 1 of the Project with due diligence and efficiency, in conformity with appropriate administrative, financial, technical, environmental and social practices, under the supervision of qualified and experienced management assisted by competent staff in adequate numbers, and in accordance with the provisions of this Agreement, the Operational Manual, and the MAAFP.
 - (iii) LACE's obligation to procure the goods, works and services required for Part 1 of the Project and to be financed out of the proceeds of the Grant, in accordance with the provisions of Section III of Schedule 2 to this Agreement, as said provisions

may be further elaborated in the Procurement Plan and the LACE Operational Manual.

- (iv) LACE's obligation to implement Part 1 of the Project in accordance with the provisions of the ESMF and RPF, and, except as the World Bank shall otherwise agree, LACE shall not amend or waive, or permit to be amended or waived, any provision of the ESMF or the RPF, if such amendment or waiver may, in the opinion of the World Bank, materially or adversely affect Project implementation.
 - (v) LACE's obligation to abide by the terms of the Anti-Corruption Guidelines and carry out the obligations set forth in Sections 4.04, 4.05, 4.06, 4.07, 4.08, 4.09; and 4.10 of the General Conditions (relating to insurance; land acquisition; use of goods, works and services; maintenance; plans and schedules; records, reports and documents; monitoring and evaluation; financial management; financial statements; audits; and cooperation and consultation, respectively) in respect of Part 1 of the Project.
 - (vi) LACE's obligation to: (1) maintain a separate financial management system for the implementation of Part 1 of the Project; (2) prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, adequate to reflect its operations and financial condition; and (3) register separately the operations, resources and expenditures related to the Project.
 - (vii) LACE's obligation to promptly inform the Recipient and the World Bank of any condition which interferes or threatens to interfere with the progress of the Project and the performance of its obligations under the Subsidiary Grant Agreement.
 - (viii) LACE's obligation to neither take nor concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Grant Agreement.
- (b) The Subsidiary Grant Agreement shall include a provision stipulating that in the case of conflict between the Subsidiary Grant Agreement and this Agreement, the provisions of this Agreement shall apply.

B. Institutional Arrangements in Respect of Part 2 of the Project

1. *PFMU*

- (a) The Recipient shall maintain the PFMU, throughout Project implementation, in a form and substance, and with resources satisfactory to the Association.
- (b) The PFMU shall be responsible for, *inter alia*: (i) providing overall guidance on the management and implementation of Part 2 of the Project; (ii) oversight of the work of the Management Agent; (iii) reviewing the MA Annual Work Plans and Project Reports and other reports to be prepared in accordance with paragraphs A and B of Section II of Schedule 2 to this Agreement.

2. *MA Annual Work Plans*

The Recipient shall cause the Management Agent to:

- (a) not later than November 30 of each year during Project implementation, starting in 2010, furnish to the Association, for its approval, an annual work plan (“MA Annual Work Plan”) for Part 2 of the Project for each subsequent year, each said plan to include, *inter alia*: (i) the Project activities to be carried out by the Management Agent, local NGOs, Community leaders and other Subproject stakeholders; (ii) the mitigation measures to avoid potential environmental and social impacts of proposed Subprojects; (iii) the annual budget for Subprojects and all other expenditures for capacity building and project management activities), and for the timely furnishing of each such proposed PFMU Annual Work Plan to the Association for its approval; and
- (b) thereafter, implement each said MA Annual Work Plan, approved by the Association, in accordance with its terms.

3. *The MA Operational Manual*

The Recipient shall cause the Management Agent to:

- (i) adopt and maintain the MA Operational Manual, in form and substance satisfactory to the Association, for the implementation of Part 2 of the Project; (ii) take all measures necessary to ensure that Part 2 of the Project is carried out in conformity with the MA Operational Manual; and (iii) not assign, amend, abrogate or waive the MA Operational Manual or any provision thereof if, in the opinion of the Association, such assignment, amendment or waiver will materially affect the implementation of the Project.

4. *The Management Agency Agreement*

In order to facilitate the implementation of Part 2 of the Project, the Recipient shall ensure the selection of a management agent (the “Management Agent”) in accordance with criteria and method acceptable to the Association and the entering into of an agreement (the “Management Agency Agreement”) between the Recipient and the Management Agent providing for detailed arrangements, satisfactory to the Association, for the implementation by the Management Agent of designated activities under Part 2 of the Project, including, inter alia: (i) procedures for the procurement of goods, works and services; (ii) environmental and social guidelines; (iii) guidelines for the preparation of the MA Annual Work Plans; (iv) the procurement plan and projected disbursement schedule for the activities to be carried out by the Management Agent under Part 2 of the Project during such twelve-month period; (v) internal control systems to be followed by the Management Agent; (vi) the guidelines for Project monitoring and evaluation; and (vii) the requirement that the Management Agent abide by the terms of the Anti-Corruption Guidelines.

C. Anti-Corruption

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

D. Environmental and Social Management

The Recipient shall ensure that, not later than by three (3) months after effectiveness of the Financing Agreement, the ESMF and the RPF are revised to incorporate measures related to activities to be carried out under the Project, and that the modified ESMF and RPF are duly disclosed in-country and in the World Bank’s InfoShop.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 agreed with 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. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 2.06 of the Standard Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall cause LACE to prepare and furnish to the World Bank not later than forty-five (45) days after the end of each quarter, Interim Unaudited Financial Reports for Part 1 of the Project covering the quarter, in form and substance satisfactory to the World Bank.
3. Without limitation on the provisions of Part A of this Section, the Recipient shall cause prepare and furnish to the World Bank, or cause to be prepared and furnished to the World Bank not later than forty-five (45) days after the end of each quarter, interim unaudited financial reports for Part 2 of the Project covering the quarter, in form and substance satisfactory to the World Bank.
4. The Recipient shall cause LACE to 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 fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.
5. The Recipient shall cause the Financial Statements for Part 2 of the Project to be 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 (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works 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 World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following methods of procurement, other than International Competitive Bidding, may be used for goods and works in the circumstances specified in the Procurement Plan for each such method: (a) Limited International Bidding; (b) National Competitive Bidding, provided that foreign firms shall not be excluded from bidding; (c) Direct Contracting; (d) Shopping; and (e) Established Private or Commercial Practices which have been found acceptable to the Association.

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 methods of procurement, other than Quality- and Cost-based Selection, may be used for consultants' services in the circumstances 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; (f) Established Private or Commercial Practices which have been found acceptable to the Association; (g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (h) Sole Source Procedures for the Selection of Individual Consultants.

D. 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.

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 World Bank 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 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 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 Financing Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Consultants’ services, goods, works, vehicles, and Incremental Operating Costs related to activities under Part 1 of the Project	2,500,000	100%
(2) Consultants’ services, goods, works, vehicles, Training and Workshops, and Incremental Operating Costs in respect of activities under Part 2 of the Project	7,500,000	100%
TOTAL AMOUNT	10,000,000	

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; and
 - (b) under Category (2), unless and until the Recipient prepares the MA Operational Manual in form and substance satisfactory to the World Bank.
2. The Closing Date is June 30, 2013.

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.
2. “Cash for Work Temporary Employment Program,” or CfWTEP” means a program of Sub-projects established by the Recipient in 2008 and aimed at creating temporary job opportunities for the food insecure population in targeted urban and rural areas; or any successor program to such program.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Community” means a local or village level institution, or inhabitants in the poorest sections or areas of the Recipient’s territory, as defined in Section 50B.3. of Title 12 of the Liberian Code of Laws of July 22, 2004.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
6. “ESMF” means the Environmental and Social Management Framework, dated April 27, 2007, prepared by LACE and approved by the World Bank, which sets forth an environmental and social screening process that enables Subproject implementers to identify and assess potential adverse environmental and social impacts, and offset and reduce them to acceptable levels, or enhance positive impacts, and in accordance with which environmental management plans will be prepared and submitted to the World Bank for its approval, as the same may be further amended from time to time with the concurrence of the World Bank.
7. “FY” or “Fiscal Year” means the Recipient’s and LACE’s (as hereinafter defined) fiscal year which runs from January 1 through December 31 of each year.
8. “Incremental Operating Costs” means reasonable incremental expenses, based on an annual budget previously approved by the World Bank, and incurred by LACE or by the other appropriate agencies of the Recipient, on account of Project implementation, management and monitoring, including office space rental and security guard services, utilities and supplies, bank charges, communications, vehicle operation, maintenance and insurance, building and equipment maintenance costs, travel and supervision costs, and salaries of

supporting staff, but excluding salaries of officials of the Recipient's civil service, all financed with the proceeds of the Grant.

9. "Interim Unaudited Financial Report" means any of the reports referred to in paragraph B.2 of Section II of Schedule 2 to this Agreement, and which: (a) sets forth the sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing funds provided under the Designated Account, and explains variances between the actual and planned uses of such funds; (b) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and (c) sets forth the status of procurement under the Project, as at the end of the period covered by the said report.
10. "LACE" means the Recipient's Agency for Community Empowerment, a socio-economic development fund established pursuant to Chapter 50B of Title 12 of the Liberian Code of Laws of the Recipient as of July 22, 2004, to engender national initiatives geared towards alleviating poverty and attaining the Millennium Development Goals.
11. "LACE Annual Work Plan" means the plan referred to in paragraph A.2 of Section I of Schedule 2 to this Agreement (pertaining to Part 1 of the Project).
12. "LACE Board" or "the Board" means the Recipient's Agency for Community Empowerment's Board of Directors established pursuant to Chapter 50B of Title 12 of the Liberian Code of Laws of the Recipient as of July 22, 2004, to provide oversight and policy guidance to the LACE MU (as hereinafter defined).
13. "LACE MU" or "the MU" means the Recipient's Agency for Community Empowerment's Management Unit, comprising, *inter alia*, the Executive Director, the Deputy Executive Director for Administration and the Finance Director, responsible for the day-to-day running of LACE.
14. "LACE Operational Manual" means the manual, in form and substance satisfactory to the World Bank, adopted by LACE and approved by the World Bank, on February 7, 2005, outlining, *inter alia*: (i) the eligibility, appraisal and implementation modalities for Sub-projects under IDA financed Project for which LACE is designated to be the implementing agency; (ii) financial management, accounting and procurement arrangements; (iii) monitoring and evaluation arrangement; and (iv) 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 LACE Operational Manual.
15. "MA Annual Work Plan" means the plan referred to in paragraph B.2 of Section I of Schedule 2 to this Agreement pertaining to Part 2 of the Project.

16. "MA Operational Manual" means the manual, in form and substance satisfactory to the Association, to be adopted and maintained by the Management Agent pursuant to the provisions of paragraph B.3 of Section I of Schedule 2 to this Agreement to carry out the activities described in Part 2 of the Project.
17. "MAAFP" means the Manual of Administrative, Accounting and Financial Procedures, prepared by LACE, dated May 2005, and describing the organization and functioning of LACE, including procedures relating to personnel management, preparation of work plans, disbursement of funds, monitoring and evaluation, procurement for LACE's own use, accounting and audit, as the same may be updated from time to time with the prior agreement of the World Bank.
18. "Management Agency Agreement" means the agreement to be entered between the Ministry of Finance, on behalf of the Recipient, and the Management Agent under terms and conditions satisfactory to the Association and pursuant to the provisions of paragraph B.4 of Section I of Schedule 2 to this Agreement.
19. "Management Agent" means the management agent selected by the Recipient in accordance with criteria and method acceptable to the Association and engaged under terms and conditions acceptable to the Association, as referred in Paragraph B.4 of Section I of Schedule 2 to this Agreement, to provide designated services in connection with the implementation of activities under Part 2 of the Project.
20. "NGO" means a non-governmental organization duly authorized to operate in the Recipient's territory in accordance with the relevant laws of the Recipient.
21. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October 2006 and May 2010.
22. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 7, 2010, 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.
23. "Project Financial Management Unit" and "PFMU" mean the Project Financial Management Unit established within the Recipient's Ministry of Finance for purposes of financial management of World Bank financed Projects under implementation in the Recipient's territory and referred to in paragraph B.1 of Section I of Schedule 2 to this Agreement.
24. "RPF" means the Resettlement Policy Framework prepared and adopted by the Recipient, dated April 27, 2007, which sets forth a framework of principles and procedures governing acquisition of rights to land, resettlement and

compensation, as well as reporting and monitoring arrangements to ensure compliance with the said framework, as such framework may be amended by the Recipient from time to time in accordance with paragraph A.4 (a)(iv) of Section I of Schedule 2 to this Agreement, and in accordance with which the Subproject implementers are obliged to identify and mitigate specific harms to persons who may be displaced or otherwise adversely affected by the Subprojects in terms of the affected persons' access to lands or livelihoods, and in accordance with which resettlement action plans will be prepared and submitted to the Association for its approval.

25. "Subproject" means a set of activities to be financed by LACE and to be carried out under the supervision of LACE and with the involvement of a local NGO under Part 1 of the Project; or a set of activities identified within the scope of the Management Agency Agreement with the Management Agent and intended to be carried out by the Management Agent or under the supervision of the Management Agent under Part 2 of the Project.
26. "Subsidiary Grant Agreement" means the agreement entered into between the Recipient and LACE dated June 15, 2007, pursuant to the financing (IDA Grant No. H305-LBR) in the amount of SDR 3.3 million provided by the World Bank in support of the Community Empowerment Project II, under the agreement between the Recipient and the World Bank dated June 15, 2007; and as the same such Subsidiary Grant Agreement has been amended on July 24, 2008, pursuant to additional financing (Grant No. TF092325) in the amount of \$3.0 million provided by the World Bank in support of the Community Empowerment Project II, under the agreement between the Recipient and the World Bank dated June 21, 2008; and as the same such Subsidiary Grant Agreement may be further amended from time to time with the concurrence of the World Bank; and such term includes all schedules to the Subsidiary Grant Agreement.
27. "Training and Workshops" means reasonable non-consultant expenditures financed with the proceeds of the Grant, and incurred by agencies of the Recipient under the Project to finance training activities within the scope of any Annual Work Plan and budget for the Project as approved by the World Bank, including: (a) transportation costs of trainers and trainees; (b) trainer's fees; (c) rental of training/workshop facilities and equipment; and (d) acquisition of training/workshop equipment and material.

Section II. Modifications to the the Standard Conditions:

1. The provisions of Section 4.02 (j) of the Standard Conditions are modified to read as follows:

... (j) *Ineligibility*. IBRD or IDA has declared the Recipient (other than the Member Country) ineligible to receive proceeds of any financing made by IBRD or IDA or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA, as a result of: (i) a determination by IBRD or IDA that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Recipient is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Section III. Modifications to the Anti-Corruption Guidelines:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in

corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”