OFFICIAL DOCUMENTS

GRANT NUMBER D271-LR

Financing Agreement
(Fourth Poverty Reduction Support Development Policy Operation)

between

REPUBLIC OF LIBERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

February 3, 2018
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF LIBERIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement).

WHEREAS (A) The Association has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I A of Schedule 1 to this Agreement; and (ii) the Recipient's maintenance of an adequate macroeconomic policy framework.

(B) pursuant to the grant agreement (Grant Agreement) to be entered into between the Association and International Bank for Reconstruction and Development (World Bank), acting as administrator of Liberia Forest Landscape Single Donor Trust Fund, the World Bank has agreed to make to the Recipient, a grant ("Grant"), in an amount not to exceed four million six hundred seventy thousand US Dollars ($4,670,000) to assist in financing the Program. The World Bank has decided to provide the Grant on the basis, inter alia, of: (a) the actions which the Recipient has already taken under the Program and which are described in Schedule 1 to the Financing Agreement; and (b) the Recipient's maintenance of an adequate macroeconomic policy framework.

The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient a grant, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to fourteen million two hundred thousand Special Drawing Rights (SDR 14,200,000 ("Financing").

2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
2.03. The Payment Dates are March 15 and September 15 in each year.

2.04. The Payment Currency is Dollar.

2.05. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

**ARTICLE III — PROGRAM**

3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

   (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient’s macroeconomic policy framework and the progress achieved in carrying out the Program;

   (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and

   (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section 1 of Schedule 1 to this Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

4.01. The Additional Event of Suspension consist of the following, namely, a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

4.02. The Additional Event of Acceleration consist of the following, the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.
ARTICLE V—EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient’s macroeconomic policy framework.

5.02. The Effectiveness Deadline is the date ninety days (90) days after the Signature Date.

5.03. For purposes of Section 10.05 (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 Signature Date.

ARTICLE VI—REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Minister responsible for finance and economic development.

6.02. For purposes of Section 11.01 of the General Conditions the Recipient’s address is:

Ministry of Finance and Development Planning
P.O. Box 10-9013
Broad Street
Monrovia
Republic of Liberia

6.03. For purposes of Section 11.01 of the General Conditions, the Association’s address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and
AGREED as of the Signature Date.

REPUBLIC OF LIBERIA

By

[Signature]

Authorized Representative

Name: Samuel A. Tweah Jr.
Title: Minister
Date: February 2, 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Henry G. Kerdi
Title: Country Director
Date: February 2, 2018
SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I.  Actions under the Program

A.  Actions Taken Under the Program.  The actions taken by the Recipient under the Program include the following:

1.  The Recipient has through the Central Bank of Liberia, issued a regulation to improve the capacity of CBL to compel financial institutions to comply with their obligations on anti-money laundering and combat the financing of terrorism to promote a more efficient sanctions regime, as evidenced by Regulation No. CBL/RSD/002/2017 revising Regulation No. CBL/RSD/004/2013 concerning AML/CFT Regulations for Financial Institutions in Liberia.

2.  The Recipient has through the Liberia Anti-Corruption Commission, issued a regulation to facilitate civil servants' declaration of their assets to promote integrity in the civil service, as evidenced by the Regulation on the Administration, Monitoring, Receiving and Implementation of Asset Declaration in Accordance with the National Code of Conduct for all Public Officials and Employees of the Government of the Republic of Liberia dated May 6, 2017.

3.  The Recipient has through its Civil Service Agency: (a) completed the merger of discretionary allowances and base pay for civil servants; and (b) set out the consolidated pay scale for grades 1-10 to remove distortions in civil servants' salaries and enhance transparency and accountability in the public service, as evidenced by CSA's Report entitled "Merger of Discretionary Allowances and Base Pay for Civil Service" dated December 4, 2017.

4.  The Recipient has submitted to its parliament for enactment, a draft "Modernized Customs Code of Liberia (2017)" to strengthen customs and tax administration, as evidenced by the President's letters to the Liberian Senate and House of Representative, both dated June 27, 2017.

5.  The Recipient has through its Ministry of Finance and Development Planning: (a) published on its website quarterly comprehensive GFS-compliant fiscal operations reports for Liberia for FY2015/16 and FY2016/17 to promote budget transparency; and (b) submitted the IPSAS compliant financial statements for FY2015/16 and FY2016/17 to the GAC to improve internal budget controls, as evidenced by the letters from the Ministry of Finance and Development Planning to the Auditor General dated, December 14, 2016 and November 17, 2017 respectively.
6. The Recipient through the Minister of Finance and Development Planning, has approved the transfer of the Financial Management Training School to the University of Liberia to enhance the professionalization of financial management and procurement specialists, and started the transfer process, as evidenced by the letters from the MFDP dated November 10, 2017, and the University of Liberia dated November 13, 2017.

7. The Recipient has through the Liberia Electricity Corporation, signed the contract between LEC and ESBI, a competitively selected firm, to enable ESBI to take over and improve the management of LEC, as evidenced by the Management Services Contract dated November 8, 2017.

8. The Recipient has pursuant to the Liberia Land Authority Act, made the Liberia Land Authority operational to improve land governance including land administration and management, as evidenced by the; (a) Ministry of Finance and Development Planning allocation of budgetary resources for the LLA in its National Budget FY 2017/2018; and (b) President’s appointment of at least 4 out of the 5 Commissioners as indicated in the letter from the Minister of State without Portfolio dated November 28, 2017.

9. The Recipient’s through its Ministry of Health, has approved the Joint Financial Management Assessment Costed Plan 2017 to improve efficiency in the use of domestic and external resources for the health sector, as evidenced by the letter from the Ministry of Health dated November 20, 2017.

Section II. Availability of Financing Proceeds

A. General. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

B. Allocation of Financing Amounts. The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Withdrawal Tranche</td>
<td>14,200,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>14,200,000</td>
</tr>
</tbody>
</table>
C. **Withdrawal Tranche Release Conditions.**

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient’s macroeconomic policy framework.

D. **Deposits of Financing Amounts.**

1. The Recipient shall open, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain the following two deposit accounts on terms and conditions satisfactory to the Association:

   (a) a deposit account in Dollars ("Foreign Currency Deposit Account"); and

   (b) a deposit account in the Liberian Dollar ("Local Currency Deposit Account").

2. All withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Deposit Account. Upon each deposit of an amount of the Financing into the Foreign Currency Deposit Account, the Recipient shall deposit an equivalent amount into the Local Currency Deposit Account. All amounts withdrawn from the Local Currency Deposit Account shall be used exclusively for Eligible Expenditures.

E. **Audit.** Upon the Association’s request, the Recipient shall:

1. have the account referred to in Section 2.03 (a) of the General Conditions Deposit Account audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;

2. furnish to the Association as soon as available, but in any case, not later than four months after the date of the Association’s request for such audit the end of the Recipient’s fiscal year, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and
3. furnish to the Association such other information concerning the account referred to in Section 2.03 (a) of the General Conditions Deposit Account and its audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is December 31, 2018.
APPENDIX

Section I. Definitions

1. “Auditor General” is the Recipient’s officer, who heads the GAC (as hereinafter defined) responsible for auditing the public accounts and public funds; and carrying out other functions set forth in the General Auditing Commission Act, 2014.

2. “Central Bank of Liberia” or “CBL,” means the Recipient’s institution in charge of the monetary policy, established and operating pursuant to the Central Bank Act, 1999; or its successor.

3. “ESBI” or “ESBI Engineering and Facility Management Limited” means a private management company which provides engineering and consultancy services in the energy sector, established and operating pursuant to the Republic of Ireland’s Companies Act, 1990; or its successor.

4. “Financial Management Training School” means a department in the University of Liberia, responsible for providing training in procurement and financial management, or its successor.

5. “General Auditing Commission” or “GAC” means the Recipient’s office responsible for conducting audits on all funds owned or controlled by the Recipient, established under Article 89 C of the Recipient’s Constitution and operating pursuant to the General Auditing Commission Act, 2014 or its successor.


7. “GFS” means “Governance, Finance, Statistics”

8. “House of Representatives” means the lower chamber of the bicameral legislative branch of the Recipient.

9. “Liberia Anti-Corruption Commission” means a government agency responsible for investigating and prosecuting corruption established and operating pursuant to the Anti-Corruption Act, August 28, 2008, or its successor thereto.

11. “Liberia Electricity Corporation” or “LEC” means a public utility responsible for producing and supplying electric power in the Recipient’s territory, established and operating pursuant to the Liberia Electricity Corporation Act of July 12, 1973, or its successor.

12. “Liberia Land Authority Act” means An Act to Amend Title 12, Executive Law of the Liberian Codes of Law Revised and to a New Chapter Creating the Liberia Land Authority “October 2016, as the same may be amended from time to time.

13. Liberia Land Authority” or “LLA” means an autonomous agency of the Recipient, responsible for developing policies, undertaking actions and implementing programs in support of land governance, including land administration and management, established and operating pursuant to the Recipient’s law entitled ‘An Act to Amend Title 12, Executive Law of the Liberian Codes of Law Revised and to Add thereto a New Chapter Creating the Liberia Land Authority’ October 2016, or its successor.

14. “Liberian Senate” means the upper house of the bicameral legislative branch of Recipient.

15. Management Services Contract” means the contract entered into between ESBI and LEC for ESBI’s provision of management services to LEC.

16. “Ministry of Finance and Development Planning” or “MFDP” means the Recipient’s ministry responsible for finance and development planning or its successor.

17. “Ministry of Health” means the Recipient’s ministry responsible for health or its successor.


19. “Program” means the program of objectives, policies, and actions set forth or referred to in the letter dated December 8, 2017 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.

20. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
21. "Single Withdrawal Tranche" means the amount of the Financing allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule I to this Agreement.

22. "University of Liberia" means the Recipient's institution of higher learning established and operating pursuant to the University of Liberia Act of 1951; or its successor.