Liberia Public Sector Modernization
Project Multi-Donor Trust Fund
Grant Agreement

(Public Sector Modernization Project)

between

REPUBLIC OF LIBERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of the Liberia Public Sector Modernization Project Multi-
Donor Trust Fund

Dated: December 19, 2016
AGREEMENT dated December 19, 2016, entered into between:

Republic of Liberia ("Recipient"); and

INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Liberia Public Sector Modernization Project Multi-Donor Trust Fund.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The 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 the Project through CSA in accordance with the provisions of Article II of the Standard Conditions.

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 four million three hundred twenty five thousand and six hundred eighty three United States Dollars ($4,325,683) ("Grant") to assist in co-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.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

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 responsible for finance and development planning.

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

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

Email: bkamara@mfdp.gov.lr

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: INDEVAS, Telex: 248423 (MCI) or 64145 (MCI)
AGREED at Monrovia, Liberia, as of the day and year first above written.

REPUBLIC OF LIBERIA

By

[Signature]

Authorized Representative

Name: Boima S. Kamara
Title: Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Liberia Public Sector Modernization Project Multi-Donor Trust Fund

By

[Signature]

Authorized Representative

Name: Larisa Leshchenko
Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to improve pay and performance management in Participating Ministries and strengthen payroll management in the Civil Service in the Recipient's territory.

The Project consists of the following parts:

Part A: Improve Pay Management

Carrying out a program aimed at enabling the Recipient's civil service to attract and retain competent managerial and professional staff and to boost motivation and engagement among civil servants, including: (i) mapping of civil servants into appropriate grades; (ii) conducting a comparative remuneration survey; (iii) revising the human resources (HR) policy manual to include pay administration and grading procedures; (iv) training Civil Service Agency staff in key HR functions; (v) developing a pay strategy; and (vi) conducting an information awareness campaign.

Part B: Strengthened Payroll Management

Carrying out a program aimed at establishing accurate civil service payroll and at ensuring predictability in the wage bill, including: (i) preparing and disseminating HR planning procedures; (ii) identifying staffing requirements; (iii) strengthening of personnel records and issuing biometric cards; (iv) decentralizing the HRMIS; (v) putting in place an independent systems audit; (vi) training ministry staff in payroll management functions; and (vii) updating personnel files for all employees.

Part C: Improved Performance

Carrying out a program aimed at enabling selected ministries, agencies and commissions (MACs) to focus on performing their core functions and establishing performance and accountability standards among civil servants, including:

(a) Organizational Development:

(i) carrying out a mapping of existing organization structures and revising current organizational re-design model; (ii) conducting mandates, function and organization review of Participating Ministries; (iii) undertaking organizational diagnosis of each Participating Ministry (including staffing and skills gaps); and (iv) preparing legislation to amend structure and functions of Participating Ministries.
(b) **Human Resource Management:**

(i) supporting the implementation of performance management in the Civil Service; (ii) supporting the implementation of a policy framework for Civil Service management in Participating Ministries; (iii) supporting training and career development; (iv) developing a policy framework for establishing a civil service commission; and (v) developing a policy framework for the appointment of principal administrative officers.

**Part D: Project and Program Coordination**

Providing support in: (a) Project coordination; (b) communication and change management; (c) monitoring and evaluation; and (d) fiduciary compliance and management.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Implementation Arrangements

A. Institutional Arrangements

1. Civil Service Agency

The Recipient shall maintain at all times until the completion of the Project, the CSA with mandate, composition and resources adequate for overall Project implementation in coordination with the Governance Commission, the Liberia Institute of Public Administration (LIPA), and the Project Financial Management Unit.

2. Strategic Oversight Team

(a) The Recipient shall establish and maintain at all times during the implementation of the Project, a Strategic Oversight Team with a mandate, composition and resources adequate for implementation of the Project.

(b) Without limitation to sub-paragraph (a) of this paragraph, the Strategic Oversight Team shall be led by the director general of the CSA, and shall be responsible for, inter alia: (i) regularly monitoring the progress of the achievement of the Disbursement Linked Indicators ("DLIs") and ensuring the satisfactory implementation of the Project; (ii) reviewing implementation bottlenecks and ensuring alignment of reforms with the Recipient’s program; and (iii) validating verification of Disbursement-Linked Indicators target.

3. Change Teams

The Recipient shall establish at the ministerial level and thereafter maintain at all times during the implementation of the Project, an adequate number of Change Teams, with composition, mandate and resources to, inter alia: (i) lead reforms related to that implementing ministry or agency under the guidance of the head of the ministry or agency; and (ii) report on achievement of agency level Disbursement-Linked Indicators.

4. Project Financial Management Unit

(a) The Recipient shall maintain, throughout the implementation of the Project, the financial management unit within the MoF ("PFMU"), with staff in number and with terms of reference acceptable to the World Bank, to assist the CSA, SOT, and Change Teams.
5. **Donor Steering Committee**

In order to ensure the proper review of the progress of the implementation of core reform activities under the Project, the Recipient shall establish, and thereafter maintain at all times until the completion of the Project, with a mandate, composition and resources acceptable to the World Bank, a joint government-donor steering committee ("Steering Committee").

**B. Implementation Arrangements**

1. **Operational Manual**

   (a) The Recipient shall prepare and adopt, in accordance with terms of reference acceptable to the World Bank, an operational manual, containing detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) Project budgeting, disbursement including Disbursement-Linked Indicators (DLIs), and financial management; (iii) procurement; (iv) monitoring (including a DLI matrix and verification protocol), evaluation, reporting and communication; and (v) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

   (b) The Recipient shall carry out the Project in accordance with the Operational Manual and shall not amend, abrogate, waive or permit to be amended, abrogated, or waived, the aforementioned manual, or any provision thereof, without the prior written consent of the World Bank.

2. **Annual Work Plan and Budget**

   (a) The Recipient shall prepare, in accordance with terms of references acceptable to the World Bank, and furnish to the World Bank no later than July 1 of each calendar year throughout the implementation of the Project, a work plan of activities proposed for inclusion in the Project for the next calendar year, together with a budget for such activities and a timetable for their implementation (AWPB).

   (b) The Recipient shall afford the World Bank a reasonable opportunity to exchange views with the Recipient on such proposed work plan; and, thereafter, carry out such work plan during the period covered by said plan, according to such budget, both as shall have been approved by the World Bank.
(c) The Recipient shall ensure that only such activities as shall have been included in the Annual Work Plan shall be eligible for inclusion in the Project and for financing out of the proceeds of the Financing.

3. **External Controls**

(a) The Recipient shall, by no later than four months after the Effective Date, appoint external monitoring and evaluation experts ("Independent Verifiers"), in accordance with Section III of this Schedule, to act as third-party verifiers of the proper fulfillment of DLIs as set forth in Schedule 3 of this Agreement.

(b) The Recipient shall cause the Independent Verifiers, no later than December 31, 2016, and thereafter no later than one month after each subsequent calendar quarter, or such other date as agreed with the World Bank, to carry out an assessment of the performance of Participating Ministries vis-à-vis the set reforms and performance standards and a verification of the level of fulfillment of DLIs set forth in Schedule 3 of this Agreement, and provide to the Recipient and the World Bank a report on the DLIs containing, *inter alia*, a proposal for disbursement as well as a recommendation on the amount of the associated financial rewards.

C. **Anti-Corruption**

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

D. **Donor Visibility and Visit**

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. **Project Monitoring, Reporting and Evaluation**

A. **Project Reports; Completion Report**

1. 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 forty-five days after the end of the period covered by such report.

2. The Recipient shall, every six (6) months from the Effective Date: (a) prepare and furnish to the World Bank a mid-term report including a note on the EEP, in such detail as the World Bank shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of the mid-term report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Part A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objectives during the period following such date; and (b) review with the World Bank the mid-term report, on or about the date one month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the World Bank's views on the matter.

B. 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. Without limitation to the provisions of Part A of this Section, the Recipient shall prepare and furnish to the World Bank on or before February 14, and August 14, respectively of each calendar year covering the immediately preceding calendar semester (January 1 to June 30 and July 1 to December 31 respectively), interim unaudited financial reports ("IFRs") for Parts A, B and C of the Project covering the semester, in form and substance satisfactory to the World Bank. Notwithstanding the foregoing, the first IFR shall be prepared and furnished to the World Bank on or before February 14, 2017, and it shall cover the period commencing on July 1 to December 31, 2016, through the end of the first of the above-mentioned semesters in which the Effective Date occurred.

3. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the World Bank, not later than forty-five (45) days after the end of each calendar quarter, IFRs for Part D of the Project covering the quarter, in form and substance satisfactory to the World Bank.

4. 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 (6) months after the end of such period.
Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, consultants' services and non-consulting 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:


   (b) the provisions of this Section III, 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”).

2. 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: a) Limited International Bidding; b) National Competitive Bidding, subject to the additional provisions in paragraph 3 below; c) Shopping; d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank; e) Direct Contracting; f) Force Account; g) Procurement from UN Agency; h) Well-established Private Sector Procurement Methods or Commercial Practices which have been found
acceptable to the World Bank; and (i) Procurement under Public Private Partnership Arrangements in accordance with procedures which have been found acceptable to the World Bank.

3. Exceptions to National Competitive Bidding Procedures. The following provisions shall apply to the procurement of goods and non-consulting services under National Competitive Bidding procedures: (a) foreign bidders shall be allowed to participate in National Competitive Bidding procedures; (b) 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; (c) no domestic preference shall be given for domestic bidders and for domestically manufactured goods; and (d) in accordance with para. 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) 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 (ii) 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. 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, other than Quality- and Cost-based Selection, may be used for 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) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank; (g) Selection of UN Agency; (h) Selection of consultants under Indefinite Delivery Contract or Price Agreement; (i) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (j) Single-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 Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article 111 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, and consultants' services, Training and Operating Costs under Part D of the Project</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Eligible Expenditures Program under Parts A, B and C of the Project</td>
<td>3,325,683</td>
<td>100%</td>
</tr>
<tr>
<td>(a) First Withdrawal</td>
<td>1,500,000</td>
<td>Such percentage as shall be specified in the Annual Work Plan and Budget for the respective Fiscal Year</td>
</tr>
<tr>
<td>(b) Second Withdrawal</td>
<td>500,000</td>
<td>Such percentage as shall be specified in the Annual Work Plan</td>
</tr>
</tbody>
</table>

13
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>and Budget for the respective Fiscal Year</td>
</tr>
<tr>
<td>(c) Third Withdrawal</td>
<td>500,000</td>
<td>Such percentage as shall be specified in the Annual Work Plan and Budget for the respective Fiscal Year</td>
</tr>
<tr>
<td>(d) Fourth Withdrawal</td>
<td>500,000</td>
<td>Such percentage as shall be specified in the Annual Work Plan and Budget for the respective Fiscal Year</td>
</tr>
<tr>
<td>(e) Fifth Withdrawal</td>
<td>325,683</td>
<td>Such percentage as shall be specified in the Annual Work Plan and Budget for the respective Fiscal Year</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>4,325,683</strong></td>
<td></td>
</tr>
</tbody>
</table>

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 $1,000,000 equivalent may be made for payments prior to this date on or after December 1st, 2015, for eligible Expenditures under Category (1).

   (b) under Category (2)(a) unless the Recipient shall have furnished to the World Bank the IFR for the period ending December 31, 2016; and

   (c) under Category (2)(b) unless the Recipient shall have furnished to the World Bank:

       (i) the IFR for the period ending June 30, 2017; and
(ii) by no later than six (6) months after the First Withdrawal, evidence, satisfactory to the World Bank, of the achievement of DLI 2, as set out in the DLI Table:

(d) under Category (2)(c) unless the Recipient shall have furnished to the World Bank:

(i) the IFRs for the periods ending June 30, 2018; and

(ii) by no later than one year after the Second Withdrawal, evidence, satisfactory to the World Bank, of the achievement of DLIs 1 and 3, as set out in the DLI Table; or

(e) under Category (2)(d) unless the Recipient shall have furnished to the World Bank:

(i) the IFR for the period ending June 30, 2018; and

(ii) by no later than one year after the Third Withdrawal, evidence, satisfactory to the World Bank, of the achievement of DLIs 1 and 2, as set out in the DLI Table.

(f) under Category (2)(e) unless the Recipient shall have furnished to the World Bank:

(i) the IFR for the period ending June 30, 2018; and

(ii) by no later than one year after the Fourth Withdrawal, evidence, satisfactory to the World Bank, of the achievement of DLIs 2 and 3, as set out in the DLI Table.

2. Notwithstanding the provisions of Part B.1 of this Section, the Recipient may withdraw an amount not to exceed the equivalent of 50% of the amount of each Category 2(a) through (e) as an advance on or after the withdrawal commencement date assigned to said Category, provided, however, in each case, that if the DLIs for said Category referred to in Part B.1 (b)(ii), (c)(ii), (d)(ii) or (e)(ii) of this Section (as the case may be), in the opinion of the World Bank, are not achieved (or only partially achieved) by the date referred to in said Part, the Recipient shall refund such advance (or a portion of such advance as determined by the World Bank) to the World Bank promptly upon notice thereof by the World Bank. Except as otherwise agreed with the Recipient, the World Bank shall cancel the amount so refunded.

3. Notwithstanding the provisions of Part B.1 of this Section, if the World Bank is not satisfied that one (or more) of the DLIs referred to in said Part B.1 as a condition of withdrawal under said Category has been fully achieved by the date
specified in said Part B.1, the World Bank may at any time, by notice to the Recipient, decide in its sole discretion to: (a) authorize the withdrawal of all or a portion of the unwithdrawn proceeds of the Grant then allocated to said Category, at such later date (prior to the Closing Date) as the World Bank shall be satisfied that such DLI (or DLIs) has (or have) been achieved; (b) reallocate all or a portion of the proceeds of the Grant then allocated to such Category to any other Category; and/or (c) cancel all or a portion of the proceeds of the Grant then allocated to such Category.

4. Notwithstanding the foregoing provisions of this Section IV, if the World Bank determines:

(a) at any time prior to the Closing Date, that the then Withdrawn Grant Balance exceeds the total amount of Eligible Expenditures then incurred by the Recipient, the World Bank may, by notice to the Recipient, decide in its sole discretion to deduct the excess amount from future withdrawals under Categories (2)(a) through (2)(d) or to require a refund of the excess (in which case the amount so refunded shall be cancelled); or

(b) after the Closing Date, that the Withdrawn Grant Balance exceeds the total amount of Eligible Expenditures incurred by the Recipient, exclusive of any such expenditures financed by any other financier or by the World Bank under the Grant or the World Bank under any other loan, credit or grant, the Recipient shall, promptly upon notice from the World Bank, refund to the World Bank such excess amount of the Withdrawn Grant Balance. The World Bank shall cancel the refunded amount of the Withdrawn Grant Balance.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 30, 2019.
## Schedule 3

Disbursement Linked Indicators (DLI) Table

<table>
<thead>
<tr>
<th>DISBURSEMENT LINKED INDICATORS BY COMPONENT</th>
<th>ACTIONS TO BE COMPLETED FOR DISBURSEMENTS IN YEAR 0 (BY JULY 15, 2014)</th>
<th>ACTIONS TO BE COMPLETED FOR DISBURSEMENTS IN YEAR 1 (BY JUNE 30, 2015)</th>
<th>ACTIONS TO BE COMPLETED FOR DISBURSEMENTS IN YEAR 2 (BY JUNE 30, 2016)</th>
<th>ACTIONS TO BE COMPLETED FOR DISBURSEMENTS IN YEAR 3 (BY JUNE 30, 2017)</th>
<th>ACTIONS TO BE COMPLETED FOR DISBURSEMENTS IN YEAR 4 (BY JUNE 30, 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Pay Management</td>
<td>Civil Service Agency has prepared and submitted a Pay Strategy for Cabinet approval by June 30, 2014.</td>
<td>*At least 30% of P1-4 and E1-3 grade Civil Servants in Participating Ministries assigned into approved pay grades by June 30, 2016.</td>
<td>All P1-4 and E1-3 Civil Servants in Participating Ministries paid according to approved grades for at least six consecutive months by June 30, 2017.</td>
<td>None of the Participating Ministries has a supplementary payroll by June 30, 2017.</td>
<td>Discrepancy between current payroll (salary) and Personnel Listing at no more than 5 percent by June 30, 2018.</td>
</tr>
<tr>
<td>2. Payroll Management</td>
<td>Participating Ministries have issued employment appointment letters to all their staff on CSA approved personnel listing by June 30, 2015.</td>
<td></td>
<td>Participating Ministries have completed one annual cycle of the performance appraisal process for P &amp; E grade Civil Servants by June 30, 2016.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Improved Performance</td>
<td></td>
<td></td>
<td></td>
<td>At least 60 percent of P1-4 and E1-3 grade Civil Servants in Participating Ministries has achieved satisfactory performance rating or above on their quality-ensured annual performance appraisal by June 30, 2018.</td>
<td></td>
</tr>
</tbody>
</table>

1 Discrepancy is mentioned in terms of number of staff (and not salary).

2 Completed annual cycle of the performance appraisal process includes the performance plan, progress review, employee self-assessment, pre-appraisal meeting and annual appraisal meetings; appraisal reviewed and finalized appraisal appeals process, finalization and decision made.
Section I. Definitions


2. "A WPB" means the annual work plan and budget prepared by the Recipient pursuant to Section 1.B.2 of Schedule 2 to this Agreement.

3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

4. "Civil Servants" means employees in the Recipient's Civil Service (as hereinafter defined) engaged on permanent or contract basis other than: (i) employees holding political positions; (ii) members of the Recipient's judiciary, armed forces, and the police; and (iii) employees in parastatal institutions.

5. "Civil Service Agency" or "CSA" means the Recipient's agency established pursuant to its Civil Service Agency Act of 1973, for the purpose of implementing and ensuring a merit-oriented system throughout the Civil Service.

6. "Civil Service" means all the Recipient's executive entities (other than the judiciary, armed forces, and police).


8. "Disbursement-Linked Indicators" or "DLIs" means the disbursement-linked targets set forth in the columns entitled “Actions to be Completed for Disbursements” in Schedule 3 to this Agreement, which are to be achieved in a manner satisfactory to the World Bank. "DLI" means any one of such DLIs, each DLI having the value of U.S.$40,000 for each Participating Ministry that has achieved its DLI target and U.S.$400,000 to the Recipient's consolidated fund when all Participating Ministries achieve their target for a particular DLI.

9. "DLI Table" means the table set forth in Schedule 3 to this Agreement.

10. "Eligible Expenditures Program" or "EEP" each means a set of expenditures consisting of goods, consultants' services, non-consulting services, Operating Costs, Training and salaries of Civil Servants incurred by the Recipient for the implementation of Parts A, B and C of the Project, and financed through the relevant Budget/Account Codes, in accordance with the Recipient’s approved Chart of Account.
11. “Fifth Withdrawal” means the withdrawal referred to in Category 2(c) in the table in Section IV of Schedule 2 to this Agreement.

12. “First Withdrawal” means the withdrawal referred to in Category 2(a) in the table in Section IV of Schedule 2 to this Agreement.

13. “Fourth Withdrawal” means the withdrawal referred to in Category 2(d) in the table in Section IV of Schedule 2 to this Agreement.

14. “FY” or “Fiscal Year” means the Recipient’s Fiscal year starting July 1 and ending June 30 of the following year.

15. “Governance Commission” means the commission created pursuant to the Recipient’s Governance Commission Act of 2007 to formulate policy recommendations and implement strategies to promote good governance and promote integrity at all levels of society, and within every public and private institution in the country.

16. “Grade” means each of the numbered grades in the Recipient’s current Grading Structure, which runs on a scale from 1 to 10; and “Grades” means more than one of such Grade.

17. “Grading Structure” means the Recipient’s grading structure, acceptable to the World Bank, to be approved by CSA, providing a hierarchy of grades on a scale from 1 and above into which all jobs in the Civil Service are to be assigned.


19. “IFR” means any of the interim unaudited financial reports to be furnished to the World Bank by the Recipient pursuant to Section II.B.2 of Schedule 2 to this agreement; and “IFRs” means more than one IFR.

20. “Independent Verifiers” means the independent verifiers referred to in Section I.B.3 of Schedule 2 to this Agreement, recruited by the Recipient in accordance with Section III of Schedule 2 to this Agreement.

21. “Liberia Institute for Public Administration” or “LIPA” means the Recipient’s institution established pursuant to the Act of the National Legislature in May 1968, to be responsible for developing capacity for Civil Service.

22. “Operating Costs” means the incremental operating expenses approved by the World Bank on account of the Project, including office supplies, bank charges, contractual staff salaries, vehicle operation and maintenance, utilities and consumables, communication costs, travel and supervision costs, and per diem, but excluding the salaries of officials and public servants of the Recipient’s civil service.

23. “Operational Manual” means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement and to be adopted by the Recipient pursuant to Section 5.01 of this Agreement.
24. “Participating Ministries” means the Recipient’s ministries responsible for education, finance, health and social welfare, internal affairs, justice, information and tourism, and foreign affairs, participating in the Project, or any successors thereto, and any other ministries that the Recipient and the World Bank may agree later to include.

25. “Pay Strategy” means the Recipient’s Civil Service pay structure, acceptable to the World Bank, to be approved by the Cabinet, providing a pay range and incremental steps for each Grade in the Grading Structure in which Civil Servants are paid.

26. “PFMU” means the Project Financial Management Unit, referred to in Section I.A.4 of Schedule 2 to this Agreement.


28. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated September 15, 2016, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

29. “Second Withdrawal” means the withdrawal referred to in Category 2(b) in the table in Section IV of Schedule 2 to this Agreement.


31. “Strategic Oversight Team” means the team referred to in Section I.A.2 of Schedule 2 to this Agreement.

32. “Third Withdrawal” means the withdrawal referred to in Category 2(c) in the table in Section IV of Schedule 2 to this Agreement.

33. “Training” means the reasonable cost associated with the participation of personnel involved in Project supported training activities, workshops and study tours, including travel and subsistence costs for training, workshops and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course, workshop or study tour preparation and implementation.