Financing Agreement

(Additional Financing for the Accelerated Electricity Expansion Project and Amendments to the Original Financing Agreement)

between

REPUBLIC OF LIBERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 20, 2015
AGREEMENT dated August 20, 2015, entered into between
REPUBLIC OF LIBERIA ("Recipient") and INTERNATIONAL DEVELOPMENT
ASSOCIATION ("Association") for the purpose of providing additional financing for
activities related to the Original Project (as defined in the Appendix to this Agreement) and
amending the Original Financing Agreement (as set forth in Section II of the Appendix to
this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) 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 General Conditions or in the Appendix
to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set
forth or referred to in this Agreement, a credit in an amount equivalent to forty-
two million seven hundred thousand Special Drawing Rights
(SDR 42,700,000) (variously, “Credit” and “Financing”), to assist in financing the
project described in Schedule 1 to this Agreement (“Project”).

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with
Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the
Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance
shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are May 15 and November 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the
repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) The Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

(b) The Project Implementing Entity shall have failed to perform any of its obligations under the Subsidiary Agreement.

4.02. The Additional Events of Acceleration consist of the following, namely that any event specified in paragraphs (a) and (b) of Section 4.01 of this Agreement occurs and is continuing for a period of thirty (30) 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, that the Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity, in accordance with the provisions of Section 1.B of Schedule 2 to this Agreement.

5.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.04. For purposes of Section 8.05(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 (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its minister responsible for finance.

6.02. The Recipient's Address is:

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

6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: Telex: Facsimile:

INDEVAS 248423 (MCI) 1-202-477-6391
AGREED at Monrovia, Republic of Liberia, as of the day and year first above written.

REPUBLIC OF LIBERIA

By

[Signature]

Authorized Representative

Name: Amara M. Kromah

Title: Minister of Finance and Development Planning

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: INGUMA DORAZA

Title: COUNTRY MANAGER
SCHEDULE 1

Project Description

The objectives of the Project are to increase access to electricity and strengthen the institutional capacity in the Recipient’s electricity sector.

The Project consists of the following parts:

Part 1: Extension of Electricity Transmission and Distribution Systems and Connection of New Users

(a) *Electrification of Greater Monrovia (North-West).* Increasing access to electricity services for household consumers and large institutional customers in the Greater Monrovia area, including through the construction and rehabilitation of transmission and distribution networks (including substations and transmission lines) and construction of new connections.

(b) *Electrification of the Monrovia-Bomi-Grand Cape Mount Corridor.* Construction and upgrading of electricity transmission and distribution infrastructure on the Monrovia-Bomi-Grand Cape Mount Corridor, including transmission lines, distribution lines, substations, and connections to end users.

(c) *Project Management.* Provision of technical assistance and operational support for: (i) detailed engineering design and demand/market studies; (ii) Project implementation, fiduciary and safeguards management, and supervision; and (iii) preparation of safeguards studies and instruments for Project activities, as needed.

Part 2: Strengthening LEC’s Commercial Capacity

(a) *LEC’s modern management information systems.* Improvement of LEC’s operational performance in commercial and incident management, including through the acquisition, installation and deployment of a commercial information management system (“CMS”) and an incidents management system (“IMS”).

(b) *Technical assistance to LEC.* Strengthening LEC’s management capacity, including, *inter alia,* through: (i) engaging competent managerial personnel specializing in the areas of, *inter alia,* utilities management, financial and commercial management, and business planning and operations; and (ii) developing and implementing a training program to train young professionals in the use of the CMS and IMS.
SCHEDULE 2

Project Execution

Section I. Implementation and Other Arrangements

A. Implementation Arrangements

The Recipient shall take all necessary measures on its part to ensure that the Project Implementing Entity carry out the Management Action Plan in a manner satisfactory to the Association.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available, in the form of a grant, to the Project Implementing Entity under a subsidiary agreement between the Recipient and LEC, under terms and conditions acceptable to the Association ("Subsidiary Agreement").

2. The Recipient shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive or fail to enforce any provision of the Subsidiary Agreement if any such action may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

C. Anti-Corruption

The Recipient shall take all necessary measures on its part to ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

The Recipient shall take all necessary measures on its part to ensure that the Project Implementation Entity implement the Project in accordance with the provisions of Section E of the Schedule to the Project Agreement.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall cause LEC to monitor and evaluate the progress of the Project and to prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one (1) calendar
semester, and shall be furnished to the Association not later than forty-five (45) days 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 4.09 of the General Conditions.

2. The Recipient shall cause LEC to prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall cause LEC 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 (1) fiscal year of LEC. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

**Section III. Procurement**

A. **General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting 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 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 Association 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, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Limited International Bidding</td>
</tr>
<tr>
<td>(b) National Competitive Bidding, subject to the additional provisions set forth in paragraph 3 immediately below</td>
</tr>
<tr>
<td>(c) Shopping</td>
</tr>
<tr>
<td>(d) Direct Contracting</td>
</tr>
</tbody>
</table>

3. **Additional provisions for National Competitive Bidding.** The following additional provisions shall apply to the procurement of goods, works and services through National Competitive Bidding:

   (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 paragraph 1.14(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, contractor and subcontractors shall permit the Association, 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 Association; 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 1.14(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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least-Cost Selection</td>
</tr>
<tr>
<td>(d) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Single-source Selection of consulting firms</td>
</tr>
<tr>
<td>(f) Single-source procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

**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 Association 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 Association 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:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, works, non-consulting services, consultants’ services, Training and Operating Costs</td>
<td>42,700,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>42,700,000</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 for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 8,600,000 equivalent may be made for payments made prior to this date but on or after April 15, 2015, for Eligible Expenditures.

2. The Closing Date is April 30, 2020.

Section V. **Other Undertakings**

Except as the Association shall otherwise agree, the Recipient shall exercise its rights and carry out its obligations under any material energy-related contract or arrangement in a manner which shall not adversely affect the financial condition of the Project Implementing Entity or its ability to perform any of its obligations under the Project Agreement. In the event that the Recipient shall have exercised its rights or carried out its obligations under any such energy-related contract or arrangement in a manner which, independent of the Project Implementing Entity’s own actions, adversely affects the financial condition of the Project Implementing Entity or its ability to perform any of its obligations under the Project Agreement, the Recipient shall compensate the Project Implementing Entity on account of such contract or arrangement so as to ensure the continuing ability of the Project Implementing Entity to accomplish the objectives of the Project.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15, commencing November 15, 2021, to and including May 15, 2053</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions

1. "Affected Persons" means persons who, on account of an involuntary taking of land under the Project, had or would have their: (a) standard of living adversely affected; or (b) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently; and "Affected Person" means any of the Affected Persons.

2. "Annual Work Plan" means the work plan prepared for each year of implementation of the Project, in accordance with Section D of the Schedule to the Project Agreement.


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


6. "CMS" means commercial management system.

7. "Environmental and Social Impact Assessment" or "ESIA" means, for a given Project activity, the environmental and social impact assessment of said activity prepared pursuant to the ESMF, as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association and subject to same initial consultation and disclosure requirements carried out for the ESMF.

8. "Environmental and Social Management Framework" or "ESMF" means the Environmental and Social Management Framework updated by the Recipient for the Project, disclosed in the Recipient's territory on April 21, 2015, and at the Association's Infoshop on April 17, 2015, as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association and subject to same initial consultation and disclosure requirements carried out for the ESMF.
9. "Environmental and Social Management Plan" or "ESMP" means, for a given Project activity, the environmental and social action plan of said activity prepared pursuant to the ESMF, as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association and subject to same initial consultation and disclosure requirements carried out for the ESMF.


11. "IMS" means incidents management system.

12. "LEC" means the Liberia Electricity Corporation, established and operating pursuant to the Project Implementing Entity’s Legislation.

13. "LEC Business Plan" means the plan referred to in paragraph A.3 of Section I of the Schedule to the Project Agreement.

14. "Management Action Plan" means the plan dated March 27, 2015, prepared by the Recipient, containing time-bound actions to maintain a sound management capacity in LEC, as the same plan may be revised from time to time with the prior agreement of the Association.

15. "Ministry of Lands, Mines and Energy" or "MLME" means the Recipient’s ministry responsible at the time for lands, mines and energy; or any successor thereto.

16. "Monrovia-Bomi-Grand Cape Mount Corridor" means the electricity transmission area in the Recipient’s territory connecting Monrovia to Bomi and Grand Cape Mount counties.

17. "Operating Costs" means incremental recurrent expenditures incurred on account of Project implementation, including, inter alia: local contractual support staff salaries; travel expenditures and other travel-related allowances; equipment rental and maintenance; vehicle operation (including fuel), maintenance and repair; office rental and maintenance, materials and supplies; and utilities, media information campaigns and communications’ expenses, but excluding the salaries of officials and public servants of the Recipient’s civil service.


19. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement.
“Original Project Agreement” means the project agreement for an Accelerated Electricity Expansion Project between the Recipient and the Project Implementing Entity, dated July 3, 2013, (Credit No. 5252-LR).


“Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 18, 2015, 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.

“Project Implementing Entity” means LEC.

“Project Implementing Entity’s Legislation” means the Act to Amend the Public Authorities Law to Create the Liberia Electricity Corporation, approved on July 12, 1973, and published on July 24, 1973, of the laws of the Recipient, as such Act may be amended from time to time.

“Project Implementing Manual” or “PIM” means the implementation manual for the Project, dated October 3, 2013, adopted by the Recipient and satisfactory to the Association, containing detailed procedures and arrangements for the Project including with respect to: (A) administrative matters; (B) procurement; (C) financial management; (D) monitoring and evaluation, and (E) implementation arrangements and responsibilities, including the Recipient’s required counterpart funding, to ensure proper implementation of the Project and coordination among the various stakeholders, as such manual may be amended from time to time with the prior written agreement of the Association, and such term includes any schedules and annexes of said manual.

“Resettlement Action Plan” or “RAP” means, for a given Project activity, the resettlement action plan of said activity prepared pursuant to the RPF, as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association and subject to same initial consultation and disclosure requirements carried out for the RPF.

“Resettlement Policy Framework” or “RPF” means the Resettlement Policy Framework updated by the Recipient for the Project, disclosed in the Recipient’s territory on April 21, 2015, and at the Association’s Infoshop on April 17, 2015, as said document may be amended and/or supplemented from time to time with prior written concurrence of the Association and subject to same initial consultation and disclosure requirements carried out on for the RPF.
28. "Safeguard Instruments" means, collectively, the ESMF, the ESIA, the ESMPS, the RPF, and the RAPS; and "Safeguard Instrument" means any one such instrument.

29. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement, pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.

30. "Training" means the training provided under the Project, including seminars, workshops, knowledge sharing activities and study tours, and covers the following costs associated with such activity: travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.

Section II. Amendments to the Original Financing Agreement

1. Paragraph 2(c) of Section I.A of Schedule 2 to the Original Financing Agreement is amended as follows:

   "(c) Not later than January 15, 2016, or such later date as may be agreed to by the Association, the Recipient shall cause LEC to submit a LEC Business Plan acceptable to the Association to its Board of Directors for approval, with an aim to improve LEC’s commercial management and strengthen its managerial capacity."

2. The Closing Date referred to in Section IV.B.2 of Schedule 2 to the Original Financing Agreement is extended to April 30, 2020.

3. Paragraph 19 in Section I of the Appendix to the Original Financing Agreement is amended as follows:

   "19. "LEC Business Plan" means the plan referred in paragraph 2(c) of Section I.A of Schedule 2 to this Agreement."