Africa Catalytic Growth Fund
Grant Agreement

(Additional Financing for the Youth, Employment, Skills Project)

between

REPUBLIC OF LIBERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of the Africa Catalytic Growth Fund

Dated December 19, 2014
AFRICA CATALYTIC GROWTH FUND GRANT AGREEMENT

AGREEMENT dated December 19, 2014, entered into between:

REPUBLIC OF LIBERIA ("Recipient"); and INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Africa Catalytic Growth Fund for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement).

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


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 its Ministry of Youth and Sports with the assistance of LACE 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 three million four hundred thousand United States Dollars ($3,400,000) ("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.

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
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 Subsidiary Grant Agreement has been updated and approved by the World Bank.

4.02. 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 5.01 ("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.

4.03. 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 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. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance and Development Planning.

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

Ministry of Finance and Development Planning
P.O. Box 10-9016
1000 Monrovia 10
Liberia
Facsimile: (231) 22-50-75

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 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)
AGREED at Monrovia, Liberia, as of the day and year first above written.

REPUBLIC OF LIBERIA

By

[Signature]

Authorized Representative

Name: Amara M. Kemeh

Title: Ministry of Finance and Development Planning

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

By

[Signature]

Authorized Representative

Name: Nguma Dobrja

Title: Country Manager
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 Livelihoods

(a) Provision of direct short-term employment via Community-based public works Subprojects including: (i) the provision of support for the carrying out of qualifying Subprojects, and (ii) the piloting of business skills training.

(b) Carrying out of an impact evaluation for the activities in paragraph (a) immediately above.

(c) Provision of operational support to LACE to enable it to carry out its implementation functions under the Project.

(d) Provision of technical assistance to build the capacity of the Recipient’s relevant agencies for coordination and monitoring of social protection activities, including the public works and business skills training supported under the Project.

Part 2. Skills for Jobs

(a) 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 micro and small enterprises and in large industries.

(b) Provision of technical assistance to help develop 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. Institutional and Other Arrangements

A. Institutional Arrangements

1. The LACE Board
   
   (a) The Recipient shall maintain the LACE Board 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. Annual Work Plans

   The Recipient shall cause LACE to:

   (a) not later than May 31 of each year during Project implementation, 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 in the following year; (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) apply 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) apply 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 Article II of the Standard 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).

(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 Part 1 of 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 Part 1 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. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", 

[Signature]
dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines").

C. Environmental and Social Management

1. The Recipient shall carry out the Project in accordance with the guidelines, procedures, timetable and other specifications set forth in the ESMF and the RPF and any and all ESMFs and RAPs.

2. Except as the World Bank shall otherwise agree in writing, not amend or waive, or permit to be amended or waived, any provision of the ESMF or RPF.

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 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.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

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. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall cause LACE to have its Financial Statements for Part 1 of the Project 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 months after the end of such period.
Section III.  **Procurement**

A.  **General**

1.  **Procurement and Consultant Guidelines.**  All goods, works and consultants' 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:

   (a)  Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”) in the case of goods and works and non-consulting services, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants' services; and

   (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 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, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan:  (a) Limited International Bidding;  (b) National Competitive Bidding subject to the provisions of paragraph 3 of this Part B (c) Shopping;  (d) Direct Contracting;  and (e) Well-established Private Sector Procurement Methods or Commercial Practices 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, works 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 paragraph 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 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 1.16 (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 Individual Consultants; and (h) 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 III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive/exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants’ services, goods, works, Eligible Expenditures under Subprojects, Training and Workshops, and Incremental Operating Costs under Part I of the Project</td>
<td>3,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,400,000</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.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2016.
APPENDIX

Definitions

1. “Annual Work Plan” means the plan referred to in paragraph A.2 of Section 2 to this Agreement.

2. “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.2. of Title 12 of the Liberian Code of Laws of July 22, 2004.

3. “Eligible Expenditures under Subprojects” means eligible expenditures incurred under and directly related to Subprojects, including wages of temporary skilled and unskilled workers, costs of purchase and delivery of tools, commercial bank fees for worker payments, printing of worker identification cards and certificates, and fees to master and community trainers, as further described in the LACE Operational Manual.

4. “ESMF” means the Environmental and Social Management Framework, dated April 27, 2007, as revised in April 2014, 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.

5. “ESMP” and “Environmental and Social Management Plan” each means the environmental and social management plan, in form and substance satisfactory to the Association, to be prepared by the Recipient in accordance with the ESMF, and giving details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of such activities, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on, compliance with, its terms, as any such plan may be amended and/or supplemented from time to time with prior written approval of the Association.

6. “FY” or “Fiscal Year” means the Recipient’s and LACE’s (as hereinafter defined) fiscal year which runs from July 1 through June 30 of each year.
7. "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.

8. 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.

9. “LACE 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).

10. “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.

11. “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 July 28, 2010 and updated on August 1, 2014, outlining, inter alia: (i) the eligibility, appraisal and implementation modalities for Sub-projects under IDA financed Project for which LACE has been the implementing agency; (ii) financial management, accounting and procurement arrangements; (iii) monitoring and evaluation, 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.

12. “MAAFP” means the Manual of Administrative, Accounting and Financial Procedures, prepared by LACE, dated May 2005 and updated on August 1, 2004 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.

13. “NGO” means a non-governmental organization duly authorized to operate in the Recipient’s territory in accordance with the relevant laws of the Recipient.


15. “Original Project” means the project described in the Original Grant Agreement.

16. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated July 30, 2014, 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.

17. “RAP” and “Resettlement Action Plan” each means a resettlement action plan to be prepared and implemented in accordance with the RPF; and “RAPs” means more than one such RAP.

18. “RPF” means the Resettlement Policy Framework prepared and adopted by the Recipient, dated April 27, 2007, as revised in April 2014, 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 Section I.A.4 (a)(iv) of Schedule 2 to this Agreement and with which the Subprojects 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.

19. “Subproject” means a set of activities to be carried out under Part 1(a)(i) of the Project in accordance with the requirements of the LACE Operational Manual.
20. "Subsidiary Grant Agreement" means the agreement entered into between the Recipient and LACE dated July 29, 2010 and updated in accordance with Section 4.01 of this Agreement, 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.

21. "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 materials.