The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W
Washington, D.C. 20433
U.S.A.

(202) 477-1234
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INTERNATIONAL DEVELOPMENT ASSOCIATION
U.S.A.
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July 23, 2012

H.E. Amara M. Konneh
Minister of Finance
Ministry of Finance
P.O. Box 10-9013
Broad Street
Monrovia, Liberia

Re: Republic of Liberia: IDF Grant for the PAC Capacity Project
IDF Grant No. TF012541

Excellency:

In response to the request for financial assistance made on behalf of Republic of Liberia (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”) proposes to extend to the Recipient a grant from the World Bank’s Institutional Development Fund (“IDF”) in an amount not to exceed three hundred sixty one thousand two hundred United States Dollars (U.S.$361,200) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the
countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: [Signature]
Yusupha Crookes
Country Director for Liberia
Africa Region

AGREED:
REPUBLIC OF LIBERIA

By: [Signature]
Authorized Representative

Name
Amana Konneh
Title
Minister of Finance
Date: 8/13/12

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
IDF Grant No. TF01254
ANNEX

Article I
Standard Conditions; Definitions


1.02. **Definitions.** 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 and the following terms have the following meanings:

(a) “MOF” or “Ministry of Finance” means the Recipient’s ministry responsible for finance.

(b) “PAC” means Public Accounts Committee.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objectives of the Project are to: (i) increase the effectiveness of PAC through streamlined processes and an adequately resourced secretariat, and (ii) help enable PAC to better understand and interact with its primary stakeholders. The Project consists of the following parts:

Part 1. Provision of Technical Guidance and Support to the PAC Secretariat Staff

(a) Provision of technical guidance to PAC staff on the most efficient and effective ways to conduct a comprehensive review of the backlog of audit reports, with a view to prioritize audit observations for prior years and ensure the swift processing of audit reports.

(b) Provision of analytical support to PAC members including: (i) mentoring and counseling sessions with PAC member; (ii) preparing analytical reports on the methodology for the broad categories of audit observations; and (iii) highlighting significant issues for PAC deliberations.

(c) Uploading of outstanding audit observations as well as PAC recommendations in an information technology (“IT”) based database.

Part 2. Institutional Strengthening of PAC and its Secretariat

(a) Conducting a review of PAC business processes and developing a handbook for PAC members.

(b) Identifying and implementing a simple IT based solution for database maintenance which augments the accessibility of audited accounts/reports and outcomes of PAC deliberations.
(c) Identifying and replicating international best practice in financial management and legislative oversight through activities like facilitating overseas study tours.

(d) Undertaking training of PAC Secretariat staff on due process at PAC sessions to promote sustainable compliance.

Part 3. Enhancing PAC Visibility and Network with National and Regional Stakeholders or Bodies

(a) Designing and developing a PAC website for the dissemination of PAC’s reports recommendations.

(b) Conducting policy dialogue with stakeholders with a view to help clarify their respective roles vis-à-vis the functioning of PAC and improve the communication linkages for the benefit of good governance.

(c) Conducting a peer review of PAC to enable it to effectively assess its progress of reform and function.

Part 4. Project Management and Audit

Preparation of a semi-annual implementation progress report and carrying out an annual audit of the Grant activities.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements. Without limitation upon Section 2.02 above, the Recipient shall:

(a) maintain at all time until the completion of the Project, the reform coordination unit (the “RCU”) within the MOF to be responsible for the day-to-day implementation of the Project; and

(b) maintain at all time until the completion of the Project, the financial management unit (the “PFMU”) within the MOF to be responsible for the financial management aspects of the Project.

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank’s request, 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 such period as shall be indicated in the World Bank’s request and shall be furnished to the World Bank not later than one month after the date of such request.
2.04. The Recipient shall, upon the World Bank's request, 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 five months after the Closing Date.

2.05. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report 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.

(c) 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 months after the end of such period.

2.06. Procurement

(a) General. All goods, non-consulting services 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:


(ii) 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

(iii) the provisions of this Section, 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").

(b) Definitions. The capitalized terms used in the following paragraphs of 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.

(c) Particular Methods of Procurement of Goods

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.
(ii) The following methods, other than International Competitive Bidding, may be used for the procurement of goods which are specified in the Procurement Plan: (a) Limited international Bidding; (b) Shopping; and (c) Direct Contracting; and (d) National Competitive Bidding, subject to the following additional provisions:

1. Foreign bidders shall be allowed to participate in the NCB procedures;
2. 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;
3. No domestic preference shall be given for domestic bidders for goods and works; and
4. In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Credit shall provide that: (A) 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 (B) 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.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the 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) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) 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.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. 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 following table. The 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</td>
<td>35,500</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants' Services</td>
<td>195,500</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training</td>
<td>130,200</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>361,200</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this Section, the term “Training” means training and training-related activities under the Project, including seminars, workshops and study tours, together with all costs associated with travel and subsistence allowances for training participants, trainers’ fees, rental of training facilities, preparation and reproduction of training materials and other activities reasonably incidental to the preparation and implementation of training activities, other than consultants’ services.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three years after the date of countersignature of this Agreement by the Recipient.

**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister at the time responsible for finance.

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

  Ministry of Finance  
P.O. Box 10-9013  
Broad Street  
Monrovia, Liberia  
Email: j.yeyea@yahoo.com
4.03. *World Bank’s Address.* The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

<table>
<thead>
<tr>
<th>Cable:</th>
<th>Telex:</th>
<th>Facsimile:</th>
</tr>
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<tbody>
<tr>
<td>INTBAFRAD</td>
<td>248423 (MCI) or 1-202-477-6391</td>
<td>64145 (MCI)</td>
</tr>
</tbody>
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