CONFORMED COPY

FPCR TF GRANT NUMBER TF092325

Food Price Crisis Response Trust Fund
Grant Agreement

(Cofinancing of Liberia Community Empowerment Project II)

between

REPUBLIC OF LIBERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as trustee of the Food Price Crisis Response Trust Fund

Dated June 21, 2008
FOOD PRICE CRISIS RESPONSE TRUST FUND

GRANT AGREEMENT

AGREEMENT, dated June 21, 2008, between the REPUBLIC OF LIBERIA (Recipient) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (World Bank or IDA), acting as Trustee of the Food Price Crisis Response Trust Fund.

WHEREAS: (A) Pursuant to a financing agreement entered into between the Recipient and IDA, dated June 15, 2007 (the IDA Financing Agreement), as amended to the date hereof, the Recipient has received a credit in an amount equivalent to three million three hundred thousand Special Drawing Rights (SDR 3,300,000) (the IDA Credit) for the purposes of financing the Project described in Schedule 1 of the IDA Financing Agreement (the Original Project);

(B) The Recipient has recognized the necessity of undertaking certain additional activities under Part A.2 of the Original Project which are more particularly defined in Schedule 1 to this Agreement, and which are aimed at alleviating the negative impact of high food prices, especially on the lives of the poor, in the territory of the Recipient;

(C) the International Bank for Reconstruction and Development (IBRD) and IDA, pursuant to Resolution No. 2008-0004 of May 29, 2008, of the Executive Directors of the IBRD and Resolution No. 2008-0002 of May 29, 2008, of the Executive Directors of IDA, have established the Food Price Crisis Response Trust Fund (“FPCR TF”) to assist low income member countries of the World Bank in the carrying out of activities aimed at reducing the negative impact of high food prices on the lives of the poor in a timely way;

(D) The Recipient, having satisfied itself as to the feasibility and priority of the activities referred to in paragraph (B) hereof, has requested the World Bank, acting as trustee of the FPCR TF, to provide assistance from the resources of the FPCR TF towards the financing of the said activities; and

(E) The World Bank has agreed, on the basis, inter alia, of the foregoing, to extend a grant to the Recipient upon the terms and conditions set forth in 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 the IDA Financing Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to the IDA Financing Agreement, as supplemented by the additional activities related to the Original Project and described in Schedule 1 to this Agreement (collectively, the “Project”). To this end, the Recipient shall carry out the Project with the assistance of the Liberia Agency for Community Empowerment (“LACE” or the “Project Implementing Entity”), in accordance with the provisions of (a) Article II of the Standard Conditions; (b) this Agreement; (c) the Subsidiary Grant Agreement; (d) the ESMF; (e) the RPF; and (f) the MAAFP and the OM.

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 activities under Part A.2 of the Project financed under the Grant, are 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 United States Dollars ($3,000,000) (the “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.
Article IV
Additional Remedies

4.01. The Additional Event of Suspension referred to in Section 4.02 (i) of the Standard Conditions consists of the following:

(a) Chapter 50B of Title 12 of the Liberian Code of Laws of the Recipient shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of LACE to perform any of its obligations referred to, or arising from, this Agreement and/or the Subsidiary Grant Agreement.
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.

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

Ministry of Finance
Broad Street
Monrovia
Liberia

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

REPUBLIC OF LIBERIA

By /s/ Antoinette Sayeh
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Trustee of the
Food Price Crisis Response Trust Fund

By /s/ Ohene Owusu Nyanin
Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to improve communities’ access to basic infrastructure and provide economic opportunities for vulnerable households in urban and rural areas, through: (a) a community driven approach; (b) a labor-intensive public works program; and (c) the provision of capacity-building at the community and local government levels.

The Project consists of the Original Project, with the supplementation of additional activities (“Food Price Crisis Response Activities”) aimed specifically at responding to the immediate detrimental effects on the lives of the poor of the food price escalation in the territory of the Recipient, and comprising a program of Sub-projects aimed at creating temporary job opportunities for the food insecure population in targeted urban and rural areas.
SCHEDULE 2

Project Execution

Section I. Implementation and Other Arrangements

The provisions of Section I of Schedule 2 to the IDA Financing Agreement shall apply to the respective activities under Part A.2 of the Project financed by the Grant provided for under this Agreement, mutatis mutandis.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Recipient shall monitor and evaluate the progress of the respective activities under Part A.2 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 set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar year commencing from the date of this Agreement (the “Effective Date”) and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

(b) the performance indicator referred to above in sub-paragraph (a) consists of the following, namely, at least 800,000 person-days of temporary jobs are created.

2. Without limitation to the generality of paragraph 1 above, the Recipient shall carry out jointly with the World Bank, on or about twenty-four (24) months after the Effective Date, a comprehensive mid-term review to assess the status of Project implementation. The Recipient shall not later than one (1) month before such review, prepare and furnish to the World Bank a report that is satisfactory to the World Bank in scope and detail for purposes of such review.

3. For purposes of Section 2.06 (b)(ii) of the Standard Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the World Bank not later than June 30, 2012.
B. Financial Management, Financial Reports and Audits

1. The provisions of Part B of Section II of Schedule 2 to the IDA Financing Agreement shall apply to this Agreement, *mutatis mutandis*.

Section III. Procurement

The provisions of Section III of Schedule 2 to the IDA Financing Agreement shall apply to this Agreement, *mutatis mutandis*.

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 of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Sub-projects, consultants’ services, and Incremental Operating Costs related to Food Price Crisis Response Activities under Part A.2 of the Project</td>
<td>3,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,000,000</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:

   (a) for Eligible Expenditures prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $50,000 equivalent may be made for payments made prior to this date but on or after June 1, 2008; or

   (b) until evidence satisfactory to the World Bank has been furnished to the World Bank that the Subsidiary Grant Agreement referred to in paragraph 5 of Section I of Schedule 2 to the IDA Financing Agreement, the Operation Manual referred to in paragraph 4 of Section I of Schedule 2 to the IDA Financing Agreement, and the Annual Work Plan referred to in paragraph 3 of Section I of Schedule 2 the IDA Financing Agreement have each been amended, satisfactory to the World Bank, to provide, with adequate particularity, for: (i) the establishment and operation of a labor-intensive public works program of Sub-projects under Part A.2 of the Project responding to the food crisis emergency in the territory of the Recipient; (ii) the scope and parameters of the Sub-projects and other Food Price Crisis Response Activities under such program (with respect to, inter alia, the annual budget of forecast eligible expenditures, procurement plan, and applicable disbursement mechanisms); and (iii) the specific rights and obligations of LACE in respect of the carrying out by LACE of the corresponding activities under such Sub-projects.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2012.