



---

---

CREDIT NUMBER 5774-LR

# Financing Agreement

(Liberia Urban Water Supply Project)

between

REPUBLIC OF LIBERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 27, 2016

---

---

CREDIT NUMBER 5774-LR

**FINANCING AGREEMENT**

AGREEMENT dated April 27, 2016, entered into between REPUBLIC OF LIBERIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 seven million three hundred thousand Special Drawing Rights (SDR 7,300,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 April 1 and October 1 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 objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the Liberia Water and Sewer Corporation (“LWSC” or “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 consists 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 has failed to perform any obligation under the Subsidiary Agreement.
- 4.02. The Additional Events of Acceleration consist of the following:
  - (a) The event specified in paragraph (a) of Section 4.01 of this Agreement occurs.
  - (b) The event specified in paragraph (b) Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.
  - (b) The Project Implementation Manual, in form and substance satisfactory to the Association, has been adopted by the Project Implementing Entity.
  - (c) The Project Implementing Entity has established the PIU in a form and with functions and adequate staffing satisfactory to the Association.

- 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 of Finance and Development Planning.
- 6.02. The Recipient's Address is:

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

E-mail: [akonneh@mfdp.gov.lr](mailto:akonneh@mfdp.gov.lr)

- 6.03. The Association's Address is:

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

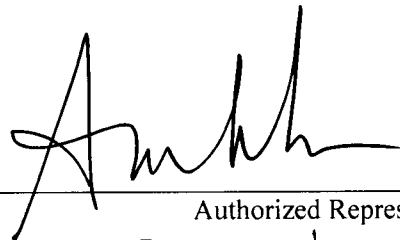
Telex:            Facsimile:

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



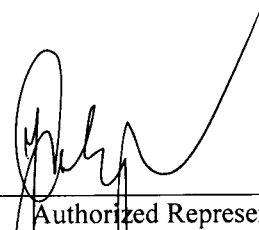
Authorized Representative

Name: Amara Konneh

Title: Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Inuna Dobraja

Title: Country Manager

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to increase access to piped water supply services in the Project Area in Monrovia and improve the operational efficiency of LWSC.

The Project consists of the following parts:

#### Part 1: Infrastructure Improvements

- A. Rehabilitation and improvement of the existing water distribution network in the Targeted Network Areas and acquisition and installation of bulk meters across the network.
- B. Extension of the transmission and distribution network in the Targeted Network Areas, including through extended transmission lines, new water kiosks and standpipes.

#### Part 2: Capacity Building to the LWSC

Support for strengthening the Project Implementing Entity's capacity to sustain and expand its services including through the following activities:

- A. Establishment of district metered areas, staff training in non-revenue water monitoring, introduction of leak detection methods, device assisted meter reading and associated staff training, all to reduce non-revenue water losses and improve cost recovery.
- B. Reviewing, retaining and re-equipping LWSC connection teams, development of a rate-payment scheme for poorer households to finance connection fees, opening additional customer service centers, and establishing a grievance redress system in LWSC to track complaints and complaints resolution, all for improved customer service in LWSC.
- C. Carrying out of public consultations, events and media placement to inform residents of the Project Area about the Project and LWSC in general, provide them with a venue to raise questions and concerns with LWSC management and stakeholders, and carrying out of consultations with women groups in the Project Area regarding standpipe design and placement.
- D. Procurement of key operational equipment required for the Project, such as vehicles, excavators, IT equipment, digging tools, leak detection and repair equipment, spare parts and spare customer meters.

- E. Support to the Project Implementing Entity for Project management and implementation, including, but not limited to, financing of audits, consultants services, monitoring and evaluation, Training and Operating Costs.

## SCHEDULE 2

### Project Execution

#### Section I. Institutional and Other Arrangements

##### A. Implementation Arrangements

1. The Recipient shall take all necessary measures on its part to ensure that the Project Implementing Entity carries out the Project in a manner satisfactory to the Association and in compliance with the PIM and the Safeguards Instruments.
2. The Recipient shall establish, by no later than February 29, 2016, and thereafter maintain throughout Project Implementation, a Steering Committee in a form and with functions, membership and responsibilities satisfactory to the Association; such Steering Committee shall be responsible for overall strategic guidance, general oversight, coordination of the Project (including the coordination of Project activities with the Recipient's overall water service improvement programs), and ascertaining and monitoring Project results (including stakeholder satisfaction).

##### B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under a subsidiary agreement ("Subsidiary Agreement") between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association.
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 or waive the Subsidiary Agreement or any of its provisions.

##### C. Anti-Corruption

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

##### D. Safeguards

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



2. In case of any activity under the Project requiring the adoption of a RAP pursuant to the RPF, the Recipient shall:
  - (a) ensure that the Project Implementing Entity shall prepare the respective RAP and disclose it in accordance with the RPF and shall thereafter implement such RAP in accordance with its terms; and
  - (b) in the case of any resettlement activity under the Project involving Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures consistent with the RAP are in place, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.

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

### **A. Project Reports**

The Recipient shall cause the Project Implementing Entity 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 the Project Implementing Entity 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 the Project Implementing Entity to have the 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 the Project Implementing Entity. 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 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, 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:

<b>Procurement Method</b>	
(a)	Limited International Bidding
(b)	National Competitive Bidding, subject to the additional provisions set forth in paragraph 3 immediately below
(c)	Shopping
(d)	Direct Contracting
(e)	Procurement from UN Agencies
(f)	Force Account

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 four (4) weeks 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 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.

<b>Procurement Method</b>	
(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)	Single-source procedures for the Selection of Individual Consultants
(g)	Selection of Individual Consultants

**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 Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
Goods, works, non-consulting services, consultants' services, Training and Operating Costs under the Project	7,300,000	100%
<b>TOTAL AMOUNT</b>	<b>7,300,000</b>	

**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 is June 30, 2021.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each April 1 and October 1, commencing April 1, 2022, to and including October 1, 2053	1.5625%

\* 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 I.C of the Schedule to the Project Agreement.
3. “Anti-Corruption Guidelines” means 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.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
6. “Environmental and Social Impact Assessment” or “ESIA” means the environmental and social impact assessment prepared by the Recipient for the Project, disclosed in the Recipient’s territory on January 29, 2016, and at the Association’s Infoshop on February 1, 2016, identifying and assessing the potential environmental impacts of the Project, as said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association.
7. “Environmental and Social Management Plan” or “ESMP” means the environmental and social management plan for the Project prepared by the Recipient, disclosed in the Recipient’s territory on January 29, 2016, and at the Association’s Infoshop on February 1, 2016, and giving details of specific actions and setting forth the mitigating, monitoring and institutional measures and procedures required to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental impacts or to reduce them to levels acceptable to the Association, including the budget and cost estimates, and

sources of funding, along with the actions, institutional and procedural steps needed to implement these measures and policies, and the parties responsible for executing works and monitoring of construction and operational impact, as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association.

8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
9. “Ministry of Finance” or “MOF” means the Recipient’s Ministry of Finance and Development Planning; or any successor thereto.
10. “Operating Costs” means incremental recurrent expenditures incurred on account of Project implementation, based on periodic budgets acceptable to the Association, including, *inter alia*: travel expenditures and other travel-related allowances such as per diems and reasonable accommodation costs; equipment rental and maintenance; vehicle operation (including fuel), maintenance, insurance and repair; office rental and maintenance; office materials and supplies; consumables; utilities; internet service charges; media information campaigns and communications’ expenses; advertising expenses; banking charges and local contractual support staff salaries, but excluding the salaries of officials and public servants of the Recipient’s civil service.
11. “Procurement Guidelines” means 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 (revised July 2014).
12. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 3, 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.
13. “Project Area” means the City of Monrovia and its environs, as further set forth in the PIM.
14. “Project Implementing Entity” means the Liberia Water and Sewer Corporation (LWSC) established and operating pursuant to the Project Implementing Entity’s Legislation (as hereinafter defined).
15. “Project Implementing Entity’s Legislation” means the “Act To Amend The Public Utilities Law To Create the Liberia Water And Sewer Corporation” approved on January 30, 1973, published on April 10, 1973, and the “Act to Amend the Act Creating the Liberia Water and Sewer Corporation”, approved on February 26, 1976, published on March 3, 1976, pursuant to which the Project Implementing Entity has been established and is operating.



16. “Project Implementation Manual” or “PIM” means the implementation manual for the Project adopted by the Project Implementing Entity pursuant to Section 5.01(b) of this Agreement, containing detailed procedures and arrangements with respect to: (a) administration; (b) procurement; (c) financial management; (d) monitoring and evaluation, including indicators therefor; and (e) coordination among the 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.
17. “Project Implementation Unit” or “PIU” means the project implementation unit established by the Project Implementing Entity, pursuant to Section 5.01(c) of this Agreement and referred to in Section I.A.1 of the Schedule to the Project Agreement.
18. “Resettlement Action Plan” or “RAP” means, for a given Project activity, a site-specific 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.
19. “Resettlement Policy Framework” or “RPF” means the Resettlement Policy Framework prepared by the Recipient for the Project, disclosed in the Recipient’s territory on January 29, 2016, and at the Association’s Infoshop on February 1, 2016, which framework describes the process and procedures to be taken, the RAPs to be prepared, and the mitigation and compensation measures, and consultation and information processes to be followed in relation to Affected Persons as a result of implementation of the Project, 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.
20. “Safeguards Instruments” means, collectively, the ESIA, ESMP, the RPF, and RAPs; and “Safeguards Instrument” means any one such instrument.
21. “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.
22. “Steering Committee” means the steering committee referred to in Section I.A.2 of Schedule 2 to this Agreement.
23. “Targeted Network Area” means an area in the water network selected for implementation of activities under Part 1 of the Project, as further set forth in the PIM, and “Targeted Network Areas” means, collectively, all said areas.

24. “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 expenditures and other travel-related allowances for training participants such as per diems and reasonable accommodation costs, 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, all based on periodic budgets acceptable to the Association.