

GRANT NO. DSF 8047-LR
LOAN NO. 1-898A-LR

FINANCING AGREEMENT

Agriculture Sector Rehabilitation Project
(ASRP)

Between the

REPUBLIC OF LIBERIA

and the

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Signed in Rome, Italy

on 22 December 2009

Amended and Restated on 6 December 2013

FINANCING AGREEMENT

Grant Number: DSF 8047-LR
Supplementary Loan Number: I-B98A-LR

Project Title: Agriculture Sector Rehabilitation Project (the "Project")

The International Fund for Agricultural Development (the "Fund" or "IFAD")

and

The Republic of Liberia (the "Borrower")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

Preamble

The IFAD Grant and Supplementary Loan shall help finance certain activities of the Agriculture Sector Rehabilitation Project, initiated and co-financed by the African Development Bank (AfDB).

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2), and the Special Covenants (Schedule 3).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. The Fund shall provide to the Borrower a Grant and a Supplementary Loan on highly concessional terms (the "Financing"), which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Grant is three million fifteen hundred thousand Special Drawing Rights (SDR 3.15 million).
2. The amount of the Supplementary Loan is one million six hundred and sixty thousand Special Drawing Rights (SDR 1.66 million).
3. The Supplementary Loan is granted on highly concessional terms.
4. The Loan Service Payment Currency shall be the United States Dollar.
5. The first day of the applicable Fiscal Year shall be 1 July.
6. Loan proceeds shall be transferred to the General Revenue Account. The Borrower shall transfer funds to a Project Account to be opened in a commercial bank mutually agreed by the Parties and to be administered by the Project Coordination Unit (PCU).

7. Payments of principal and service charge shall be payable on each 15 May and 15 November.

8. The Borrower shall provide counterpart financing in kind for the Project in the amount of six hundred thousand United States Dollars (USD 600 000).

9. Third parties shall provide co-financing to the Project in the amount of four hundred thousand United States Dollars (USD 400 000).

Section C

1. The Lead Project Agency shall be the Ministry of Agriculture (MOA).

2. The following are designated as key additional Project Parties: The Central Agricultural Research Institute (CARI), selected non governmental organizations (NGOs) and community based organizations (CBOs), including Farmers Organizations.

3. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement.

Section D

The Grant and the Supplementary Loan will be administered and the Project supervised by IFAD.

Section E

1. The following is designated as additional ground for suspension of this Agreement:

The right of the Borrower to withdraw the proceeds of the Co-Financing Agreement with the AfDB has been suspended, cancelled or terminated, in whole or in part, or any event has occurred which, with notice or the passage of time, could result in the foregoing.

2. The following are designated as additional specific conditions precedent to withdrawal:

(a) The draft Implementation Manual shall have been approved by the Fund.

(b) The Project staff financed by the Grant and the Supplementary Loan shall have been identified and IFAD's non objection obtained.

(c) The contracts with the selected Implementing Partners shall have been approved by the Fund.

(d) The Project Account shall have been duly opened.

3. This Agreement is subject to ratification by the Borrower.

4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Fund:

President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

For the Recipient:

Minister
Ministry for Finance
Broad Street
P.O. Box 9013
Monrovia, Liberia

This agreement, dated 22 December 2009, amended and restated on 6 December 2013 has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Recipient.

(Kanayo F. Nwanze)
For the Fund
(Kanayo F. Nwanze, President)

(Ibrahim K. Nyei)
For the Recipient
(Ibrahim K. Nyei, Minister
Plenipotentiary
Chargé d'affaires, a.i.)

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target population.* The IFAD Project funded activities will reach and benefit the most vulnerable rural farming households in the counties of Grand Cape Mount, Bomi, Montserrado and Grand Bassa, especially those households headed by women and have comparatively less ability to recover from war devastating impacts.
2. *Goal.* The Goal of the Project is to reduce post-conflict poverty and food insecurity, and improve livelihoods and living conditions of rural communities.
3. *Objectives.* The main objectives of the Project are to restore capital lost at the household level through channelling direct benefits to vulnerable beneficiary groups and to support short-term recovery of rural communities and their farming systems, while laying the basis for long-term rehabilitation and participatory development.
4. *Components.* The Project shall consist of the following Components.

Component A. Agriculture Infrastructure Rehabilitation

This Component is financed by the AfDB. The activities under this Component include the rehabilitation of water management infrastructure and feeder roads and the development of community infrastructure.

Component B. Rehabilitation of Productive Capacity

This Component is financed by the Fund and has three main objectives: (i) improve food security through increased food production; (ii) increase, in a sustainable manner, the main staple crops rice and cassava produced in Liberia; and (iii) ensure a better household nutrition at the village level.

Component B may be divided in the following Sub-Components:

Sub-Component (a): Capacity building of targeted households at grassroots level

This Sub-Component targets farmers/community groups and/or CBOs to enable them to optimise the use of inputs that will be provided by the Project.

Activities under this Sub-Component are linked to the input distribution programme which is part of Sub-Component B and include: (i) mobilization and capacity building of Community Facilitators, which intend to put in place a participatory development process by building up skills of process facilitators who will support productive activities; (ii) training to targeted groups to help increase their control over production inputs, resources and incomes earned from farming, which includes the use, management and maintenance of inputs, storage and preservation of food items, training in poultry and small ruminants rearing and vocational trainings for the youth; and (iii) the creation of awareness among targeted communities of the need for greater self-reliance, encouraging savings mobilization, forming potential partnerships with youth volunteers in the rural areas, providing vocational trainings, strengthening the educational system and providing health and HIV/AIDS awareness.

Sub-Component (b): Recapitalization of the targeted households

This Sub-Component targets farmers/ community groups and/or CBOs by providing them with a package of basic inputs consisting of improved rice seeds, cassava cuttings, and a set of poultry and small ruminants so as to facilitate an increase in agricultural production and food security through provision of basic agricultural inputs, technical advice and follow-up.

Activities under this Sub-Component include: (i) providing a recapitalisation package which will consist of basic agricultural inputs to the targeted population; (ii) putting in place adequate implementation modalities to ensure timely distribution of the packages to all beneficiaries; (iii) ensuring the sustainable supply of inputs for packages and that purchases of required food crops are made locally, making local purchase of small livestock possible, establishing a structured, viable and sustainable seed production system and supporting the seed production certification system; (iv) exploring the possibility of potential partnerships with the World Food Programme Purchase for Progress Scheme.

Sub-Component (c): Provision of extension services through CBOs/farmers' organizations

This Sub-Component targets CBOs/farmers' organizations. A pilot will be developed to address existing gaps in the provision of extension services through CBOs/farmers' organizations. The aim of the pilot will be to promote and support the establishment of CBO-centered, demand-driven and participatory extension services.

Activities under this sub-component include: (i) the recruitment, training and full equipment of County and District Extension Officers and Community Facilitators; (ii) carrying out district diagnostic surveys to identify farmers' needs and priorities; (iii) based on the results of the diagnostic surveys, the adoption of successful demonstration plots and the development of new ones; (iv) support CBOs to replicate successful demonstrations; (v) establishment of an effective Monitoring & Evaluation (M&E) system for regular progress reporting on implementation, results, replication and impact.

Sub-Component (d): Development of MOA's County and District capabilities

This Sub-Component aims at developing MOA's capabilities to provide capacity building services to farmers' organizations at the County and District levels. The pilot developed under this Sub-Component will support the County Agricultural Coordinators in each of the target Counties to develop extension strategies and plans, to coordinate inputs from the public sector, to monitor and evaluate outcomes and to provide regular reports and feedback to MOA and other stakeholders.

Activities under this Sub-Component include: (i) the provision of incentives, technical assistance and equipment to MOA to support its supervisory and monitoring function; (ii) the establishment of an effective M&E system to measure the improvement of farmers' technical and managerial capacity, the increase in production and the generation of income at the farm and village levels; (iii) the M&E system will also ensure the monthly and quarterly reporting and analysis of lessons learned; (iv) a baseline survey will be carried out jointly by MOA and selected CBOs.

Component C. Project Management

The Project shall be managed by an autonomous Project Coordination Unit, set up under the supervision of the MOA, which shall be directly responsible for Project coordination and execution. Its operational costs will be covered by resources from both IFAD and

Schedule 2

Allocation Tables

1. *Allocation of Grant and Supplementary Loan Proceeds.* Table I below sets forth the Categories of Eligible Expenditures to be financed by the Grant and the Supplementary Loan, the allocation of the amounts of the Grant and the Supplementary Loan to each Category and the percentages of expenditures for items to be financed in each Category:

Table I

Category	Grant Amount Allocated (expressed in SDR)	Supplementary Loan Amount Allocated (expressed in SDR)	Percentage
I. Vehicles, Equipment and Goods	1 250 000	150 000	100% net of taxes
II. Technical Assistance, Studies and Training	1 500 000	1 193 000	100% net of taxes
III. Salaries allowances and operating costs	280 000	151 000	100% net of taxes
IV. Unallocated	120 000	166 000	
TOTAL	3 150 000	1 660 000	

AfBD. The existing Food Security and Nutrition Technical Committee shall serve as the national Steering Committee, which shall give guidance on policy matters related to the Project.

The objectives of this Component are to: (i) ensure an effective strategic and operational planning and monitoring of the Project; (ii) ensure an efficient coordination amongst the components of the Project and among Project Parties; and (iii) adequately monitor the implementation of the Project.

II. Implementation Arrangements

1. Lead Project Agency

1.1 *Designation.* The MOA in its capacity as Lead Project Agency, shall have overall responsibility for the implementation of the Project.

1.2. *Responsibilities.* The MOA's responsibilities shall include, among others, chairing the National Steering Committee; providing support to the Project Coordination Unit (PCU) in the design, implementation and coordination of Project activities; supervising the PCU, mobilizing resources and providing technical, administrative and financial support to the PCU.

2. National Steering Committee

2.1. *Designation.* The existing Food Security and National Technical Committee (FSNTC) shall be designated to act as National Steering Committee and shall provide guidance on policy matters during Project implementation. The National Steering Committee shall be chaired by the MOA and composed by the representatives designated by the MOA, including representatives from the beneficiaries.

2.2. *Responsibilities.* The National Steering Committee's responsibilities shall include, among others, supporting the PCU in the design, implementation and coordination of Project interventions; ensuring conformity with the Borrower's policy and strategy in the agricultural sector and approving Annual Work Plans and Budget (AWPB).

3. Project Coordination Unit (PCU)

3.1. *Establishment.* The MOA shall establish an autonomous PCU, which shall be directly responsible for Project coordination and execution. Its operational costs will be covered by resources from both IFAD and AfBD. The PCU shall be responsible for the daily Project execution.

3.2. *Responsibilities.* The PCU's responsibilities shall include, among others, providing the overall planning, supervision, monitoring and coordination of Project activities; providing guidance in Project implementation; preparing the AWPB and procurement plans and procuring goods and services in accordance with the terms of this Agreement.

3.3. *Composition.* The PCU shall be composed of a Project Coordinator and the technical and support staff required for Project implementation. IFAD Financing shall also cover the recruitment of three specialists to be decided by the Fund, who shall be exclusively dedicated to IFAD-funded activities. The Project Coordination Unit staff shall be recruited under an initial one year performance based contract, that may be extended subject to satisfactory performance evaluation.

4. Technical Partners

4.1. *Research Services.* The Central Agricultural Research Institute (CARI) shall be responsible for certifying all procured planting material, for supervising seeds and the multiplication of planting materials, and research activities.

4.2. *Extension Services.* The Extension Division of the MOA shall be responsible for provision of extension services at central level, while the County and District Agricultural Coordinators shall be responsible for the provision of extension services at the county and district levels, respectively.

4.3. *Implementing Partners.* FBOs/CBOs, in particular selected farmers' organisations, NGOs (international, national and local), and private and public service providers shall be involved in the provision of agricultural extension services. These shall be contracted directly and their main responsibilities include, among others, implementing the Project in accordance with the Memorandum of Understanding (MOU) or contract agreements signed between each implementing partner and the PCU, which shall be subject to IFAD's no objection; achieving the desired impacts at target group level and applying best practices; sharing experiences with beneficiaries and PCU staff; working in a participatory manner to transfer competencies and promoting good governance; and linking the target groups with other service providers.

5. Recapitalisation package

5.1. A package of basic agricultural inputs shall be provided to identified households in the targeted area. Each household shall receive a simple package consisting of good quality high-yielding rice seeds, improved cassava cuttings of high-yielding varieties, a poultry set, and a set of small ruminants. The beneficiaries shall ensure that the initial grant of inputs is properly managed and there is a proper redistribution of inputs among the members of the group and that training courses and capacity building activities are attended and properly supported. The package shall be reimbursed by each beneficiary to the CBO under the supervision of the IPs.

5.2. The IFAD financing shall support selected CBOs only if requested by community structures and only if these CBOs have signed a MOU with the representative of MOA at county level, i.e. the County Agricultural Coordinator, and the PCU, specifying the roles and the rules of commitment of the targeted households.

6. Ensuring the sustainable supply of inputs for package

6.1. All purchases of the required crop inputs shall be made locally, with rice seed and cassava being obtained through the seed production system (Seed Banks) and managed/certified by CARI. Small livestock shall be purchased locally where possible.

6.2. To ensure the supply of improved rice seeds the Project shall support CARI in the establishment of a structured, viable and sustainable seed production system.

IFAD financing shall support the seed production certification system through a MOU with CARI/MOA. CARI shall be responsible for obtaining and screening new improved varieties of rice and cassava sourced from different research organisations in the region. After testing and screening it shall be solely responsible for the production of rice foundation seed, the oversight and management of seed certification. The certified seed produced by the Seed Banks shall be made available to the targeted groups.

CONFIRMED:

REPUBLIC OF LIBERIA

Angelusell Mud
(Authorized Representative) 1/17/14
ACTING MINISTER

Signed in Monrovia, Republic of Liberia, on 1/17/14
(date)

Schedule 3

Special Covenants

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Grant and the Supplementary Loan Accounts if the Borrower has defaulted in the performance of the covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

Tax Exemption. The Borrower shall, to the fullest extent possible, exempt proceeds of the Grant and the Supplementary Loan from all taxes. Any amount that cannot be exempted, shall be paid in cash by the Borrower (this does not apply to income tax to be paid by Project staff).

“AN ACT TO RATIFY THE FINANCING AGREEMENT AGRICULTURE SECTOR REHABILITATION PROJECT (ASRP) BETWEEN THE REPUBLIC OF LIBERIA AND THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)”

It is enacted by the Senate and House of Representatives of the Republic of Liberia in Legislature assembled:

SECTION I: That from and immediately after the passage of this *“ACT TO RATIFY THE FINANCING AGREEMENT AGRICULTURE SECTOR REHABILITATION PROJECT (ASRP) BETWEEN THE REPUBLIC OF LIBERIA AND THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)”* as herein recited below word for word in the authentic English version be and the same is hereby ratified to give force and effect to the provisions as contained herein.

SECTION II: SHORT TITLE: This “Act to Ratify the Financing Agreement Agriculture Sector Rehabilitation Project (ASRP) Between the Republic of Liberia and the International Fund for Agricultural Development (IFAD) shall also be cited as *“FINANCING AGREEMENT AGRICULTURE SECTOR REHABILITATION PROJECT BETWEEN THE REPUBLIC OF LIBERIA AND THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT”*.”

SECTION III: That any and all obligations, covenants, terms and conditions as contained in the above mentioned *“FINANCING AGREEMENT AGRICULTURE SECTOR REHABILITATION PROJECT BETWEEN THE REPUBLIC OF LIBERIA AND THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT”* shall be carried into full completion unless otherwise modified, amended or repealed.

SECTION IV: This Act shall take effect immediately upon publication into handbills.

-2014-

**THIRD SESSION OF THE FIFTY-THIRD
LEGISLATURE OF THE REPUBLIC OF LIBERIA**

HOUSE'S ENGROSSED BILL NO. 11 ENTITLED:

**“AN ACT TO RATIFY THE FINANCING
AGREEMENT AGRICULTURE SECTOR
REHABILITATION PROJECT (ASRP) BETWEEN
THE REPUBLIC OF LIBERIA AND THE
INTERNATIONAL FUND FOR AGRICULTURAL
DEVELOPMENT (IFAD)”**

On motion, Bill read. On motion, the Bill was adopted on its first reading and sent to Committee Room on Thursday, June 19, 2014 at the hour of 12:30 G.M.T.

On motion, the Bill was taken from Committee Room for its second reading. On motion, under the suspension of the rule, the second reading of the Bill constituted its third and final reading and the Bill was adopted, passed into the full force of the Law, and ordered engrossed today, Tuesday, June 24, 2014 at the hour of 14:03 G.M.T.



CHIEF CLERK, HOUSE OF REPRESENTATIVES, R.L.

2014

**THIRD SESSION OF THE FIFTY-THIRD
LEGISLATURE OF THE REPUBLIC OF LIBERIA**

**SENATE'S ENDORSEMENT TO HOUSE'S ENGROSSED
BILL NO. 11. ENTITLED:**

**“AN ACT TO RATIFY THE FINANCING AGREEMENT
AGRICULTURE SECTOR REHABILITATION
PROJECT (ASRP) BETWEEN THE REPUBLIC OF
LIBERIA AND THE INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT (IFAD)”**

On motion, Bill read. On motion, the Bill was adopted on its first reading and sent to Committee Room on Tuesday, July 1, 2014 @ 12:08 G.M.T.

On motion, Bill taken from the Committee Room for its second reading. On motion, under the suspension of the rule, the second reading of the Bill constituted its third and final reading and the Bill was adopted, passed into the full force of the law and ordered engrossed today, Tuesday, July 1, 2014 @ 12:40 G.M.T.



SECRETARY, LIBERIAN SENATE, R.L.

ATTESTATION TO:

“AN ACT TO RATIFY THE FINANCING AGREEMENT AGRICULTURE
SECTOR REHABILITATION PROJECT (ASRP) BETWEEN THE
REPUBLIC OF LIBERIA AND THE INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT (IFAD)”



VICE PRESIDENT OF THE REPUBLIC OF LIBERIA/ PRESIDENT OF
THE SENATE



SECRETARY, LIBERIAN SENATE



SPEAKER, HOUSE OF REPRESENTATIVES, R.L.

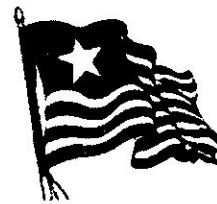


CHIEF CLERK, HOUSE OF REPRESENTATIVES, R.L.



THE HONORABLE HOUSE OF REPRESENTATIVES

Capitol Building
P O Box 9005
Monrovia, Liberia
Website www.legislature.gov.lr



Office of the Chief Clerk

-2014-

THIRD SESSION OF THE FIFTY-THIRD LEGISLATURE OF THE REPUBLIC OF LIBERIA

SCHEDULE OF HOUSE'S ENROLLED **BILL NO. 4** ENTITLED:

**“AN ACT TO RATIFY THE FINANCING AGREEMENT AGRICULTURE
SECTOR REHABILITATION PROJECT (ASRP) BETWEEN THE
REPUBLIC OF LIBERIA AND THE INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT (IFAD)”**

PRESENTED TO THE PRESIDENT OF THE REPUBLIC OF LIBERIA FOR EXECUTIVE
APPROVAL.

APPROVED THIS 11th DAY OF July A.D. 2014

AT THE HOUR OF 4:00 P.M.



THE PRESIDENT OF THE REPUBLIC OF LIBERIA