



October 20, 2017

Hon. Boima Kamara
Minister of Finance and Development Planning
Ministry of Finance and Development Planning
Broad Street
Monrovia
Liberia

RE: Modifications to Annex I of the Compact and amendments and modifications to the Program Implementation Agreement

Dear Honorable Minister Kamara:

Reference is made to that certain Millennium Challenge Compact signed on October 2, 2015 (the “*Compact*”), between the United States of America, acting through the Millennium Challenge Corporation (“*MCC*”), and the Government of the Republic of Liberia, acting through the Ministry of Finance and Development Planning (the “*Government*”), and the Program Implementation Agreement (“*PIA*”) signed on the same date between MCC and the Government, and the Implementation Letter dated January 27, 2017, regarding the Management Support to LEC Sub-Activity. Each capitalized term used but not defined in this letter has the meaning given to such term in the Compact or in the PIA.

A. Pursuant to Section 6.2(b) of the Compact, MCC and the Government agree to modify the Compact as follows:

1. A new paragraph will be inserted in Annex I, Part C(3) with the following text and Annex I, Part C(3)(4)(5) will be renumbered respectively as Part C(4)(5)(6).

“3. LEC

Responsibility for implementing certain aspects of the Management Support to LEC Sub-Activity has been assigned to LEC, as pursuant to Annex I, Part B.1(iv)(C), the Government has selected a management services contract as the management arrangement for LEC. LEC will be responsible for procuring, executing and overseeing a management services contract under this Sub-Activity, and implementation and disbursement details related to such will be set out in the PIA.”

B. Pursuant to Section 5.4 of the PIA, MCC and the Government agree to amend and to modify the PIA.

1. Section 1.4 of the PIA will be amended as follows:

- a. Section 1.4(a) of the PIA will be deleted and replaced in its entirety with the following text:

“(a) Without prejudice or limitation to the Government’s designation of MCA-Liberia as the primary agent of the Government for purposes of the Program and to exercise the Designated Rights and Responsibilities pursuant to Section 3.2(b) of the Compact and Section 1.3 of this Agreement, the Government has designated LEC as the entity to exercise and perform the Designated Rights and Responsibilities (the “*LEC Designated Rights and Responsibilities*”) in respect of the Mt. Coffee Rehabilitation Activity, certain aspects of the Mt. Coffee Support Activity (both the “*Mt. Coffee Activities*”), and certain aspects of the Management Support to LEC Sub-Activity (collectively with the Mt. Coffee Activities, the “*LEC Activities*”). LEC has the authority to bind the Government with regard to the LEC Activities. The designation to LEC by this Section 1.4(a) will not relieve the Government or MCA-Liberia of any obligations under the Compact, this Agreement or any related agreement, for which the Government remains fully responsible. For the avoidance of doubt, references to LEC include the board of directors of LEC, the management of LEC, and the PIU. With respect to the LEC Activities, the “Accountable Entity” referenced in the Governance Guidelines will be deemed to refer to LEC. Accordingly, the obligations assigned to the “Accountable Entity” in the Governance Guidelines will be obligations of LEC only as the obligations pertain to the LEC Activities. To the extent that LEC’s performance of the LEC Designated Rights and Responsibilities requires approval or no-objection from MCC, LEC will seek such approval of no-objection from MCC through MCA-Liberia.”

- b. Section 1.4(b) of the PIA will be deleted and replaced in its entirety with the following text:

“(b) The Government will ensure that LEC (1) is and remains throughout the Compact Term or such other term as agreed between the Government and MCC, duly organized, sufficiently staffed and empowered to exercise the LEC Designated Rights and Responsibilities and (2) coordinates with MCA-Liberia with respect to the LEC Activities.”

- c. Section 1.4(c) of the PIA will be deleted and replaced in its entirety with the following text:

“(c) The Government will ensure that LEC and MCA-Liberia execute a coordination agreement, in form and substance satisfactory to MCC (the “*Coordination Agreement*”), pursuant to which, among other things, LEC will agree:

- (i) to implement the Mt. Coffee Activities in accordance with (A) the Compact, (B) this Agreement, (C) any agreement governing the use of MCC Funding, (D) the Financial Management Manual, (E) the Mt. Coffee Implementation Plan, (F) the Audit Plan, (G) the M&E Plan and (F) the Social and Gender Integration Plan to the extent that they are applicable to the Mt. Coffee Activities;
- (ii) to exercise certain of its rights and discretions under this Agreement and other agreements with Pre-Existing Donors concerning the rehabilitation of MCHPP (including certain rights to grant any consent or waiver thereunder or agree to any amendment, supplement or modification thereof) only with the prior consent of MCC or in compliance with the instructions of MCC; and
- (iii) to provide certain information, disbursement requests, reports and other notices to MCC and other stakeholders in respect of the implementation of the LEC Activities.”

d. Section 1.4(d) of the PIA will be deleted and replaced in its entirety with the following text:

“(d) Additional Government Undertakings with Respect to LEC. The Government hereby affirms to MCC as follows:

- (i) Coordination Agreement. The Government will ensure that LEC and MCA-Liberia each complies with its respective obligations under the Coordination Agreement.
- (ii) Power and Authorization. LEC has the power and authority to (A) bind the Government to the full extent of the LEC Designated Rights and Responsibilities; (B) execute and deliver the Coordination Agreement and any amendments, supplements or modifications thereto; (C) execute and deliver each agreement, certificate, or instrument contemplated by this Agreement, the Coordination Agreement, the Compact, or any other Supplemental Agreement; and (D) perform its obligations under this and each such other agreement, certificate, or instrument contemplated by this Agreement, the Coordination Agreement, the Compact, or any other Supplemental Agreement.
- (iii) Government Responsibilities. LEC (A) will properly and fully carry out the LEC Designated Rights and Responsibilities (including all obligations

specified as LEC's obligations in this Agreement, the Coordination Agreement, and any other Supplemental Agreement) and (B) will not assign, delegate or otherwise transfer any of the LEC Designated Rights and Responsibilities without the prior written consent of MCC.

- (iv) Government Representations. LEC will confirm each representation that it makes on behalf of the Government in any agreement, certificate or instrument delivered by LEC with all necessary Permitted Designees prior to providing such representation to MCC.
- (v) Insurance. LEC will, to MCC's satisfaction, cause all Program Assets under the Mt. Coffee Activities to be insured in accordance with the Coordination Agreement. With MCC's prior consent, MCC Funding may be used to pay the costs of obtaining such insurance. The proceeds paid under any such insurances will be applied in accordance with the Coordination Agreement, including, as the case may be, to refund to MCC the MCC Funding used to acquire the applicable assets of the Mt. Coffee Activities.
- (vi) LEC Indemnity. If LEC is held liable under any indemnification or other similar provision of any agreement entered into in connection with the LEC Designated Rights and Responsibilities or otherwise in connection with the LEC Activities, then the Government will pay such indemnity in full on behalf of LEC and will do so with national funds and no MCC Funding, accrued interest thereon, or any Program Asset may be applied by the Government in satisfaction of its obligations under this Section 1.4(d)(vi)."

2. The introductory language to Article 2 of the PIA will be deleted and replaced in its entirety with the following text:

"Except for Sections 2.9(c)(vii), 2.9(h), and 2.9(j), which applies only to the Activities for which MCA-Liberia is responsible for implementing, the implementation framework described in Article 2 applies to the entire Program, including the parts of the Management Support to LEC Sub-Activity implemented by LEC. Article 2 does not apply to the Mt. Coffee Activities. The implementation framework for the Mt. Coffee Activities is set forth in Annex III."

3. The first clause of Section 2.9(c) of the PIA will be deleted and replaced in its entirety with the following text:

"(c) agreements between the Government and MCA-Liberia, agreements between LEC and another party pertaining to the parts of the Management Support to LEC Sub-Activity that LEC is responsible for implementing, and agreements in which

any of the following are appointed, hired or otherwise engaged by MCA-Liberia (each, a “**Material Agreement**”);”

4. Section 2.9(e) of the PIA will be deleted and replaced in its entirety with the following text:

“(e) any agreement or transaction of MCA-Liberia, or of LEC pertinent to the parts of the Management Support to LEC Sub-Activity that LEC is responsible for implementing, that is not at arm’s-length;”

5. Section 2.9(g) of the PIA will be deleted and replaced in its entirety with the following text:

“(g) any decree, legislation, regulation, charter, contractual arrangement or other document establishing or governing (other than public laws of general application to all public institutions), or relating to the formation, organization or governance of, MCA-Liberia (including the Bylaws and any staffing plan); any contractual arrangement or other document governing the LEC Sub-Activity for which LEC is responsible for implementing (each, a “**Governing Document**”);”

6. Section 2.9(k) of the PIA will be deleted and replaced in its entirety with the following text:

“(k) any decision by MCA-Liberia or LEC pertaining to the parts of the Management Support to LEC Sub-Activity that LEC is responsible for implementing, to engage, accept or manage any funds in addition to MCC Funding (including from the Government or any donor agencies or organizations) during the Compact Term, or to engage in any activities or undertake any duties or responsibilities other than the Designated Rights and Responsibilities;

7. Section 2.10(b) of the PIA will be amended by adding the following sentence at the end of the last sentence of the section.

“The Fiscal Agent will provide services to LEC as may be set forth in the Fiscal Agent Agreement.”

8. Section 2.10(d) of the PIA will be amended by adding the following sentence at the end of the last sentence of the section:

“The Procurement Agent will provide services to LEC as may be set forth in the Procurement Agent Agreement.”

9. The introductory language to Article 3 of the PIA will be deleted and replaced in its entirety with the following text:

“The Disbursement process described in Article 3 applies to the entire Program, including the parts of the Management Support to LEC Sub-Activity implemented by LEC, except that it does not apply to the Mt. Coffee Activities. The disbursement process for the Mt. Coffee Activities is set forth in Annex III.”

10. Section 1.7(c) of Annex III to the PIA will be deleted and replaced in its entirety with the following text:

“(c) New agreements between the Government and LEC pertaining to the Mt. Coffee Activities, and any new agreements pertaining to the Mt. Coffee Activities in which any Auditor, Reviewer, or Bank are appointed, hired or otherwise engaged (each, a “*Mt. Coffee Material Agreement*”);”

11. Section 1.7(e) of Annex III to the PIA will be deleted and replaced in its entirety with the following text:

“(e) any new agreement or transaction of LEC that pertains to the Mt Coffee Activities that is not at arm’s length.”

12. Section 1.7(h) of Annex III to the PIA will be deleted and replaced in its entirety with the following text:

“(h) any disposition, in whole or in part, liquidation, dissolution, winding up, reorganization or other similar change of LEC.”

13. Section 1.7(j) of Annex III to the PIA will be deleted and replaced in its entirety with the following text:

“(j) any decision by LEC to engage, accept or manage any funds pertaining to the Mt. Coffee Activities, other than Pre-Existing Donor funds, in addition to MCC Funding (including from the Government or any donor agencies or organizations) during the Compact Term, or to engage in any activities or undertake any duties or responsibilities pertaining to the Mt. Coffee Activities other than the LEC Designated Rights and Responsibilities.”

14. Annex I to the PIA shall be modified as follows:

- a. The following defined terms shall be deleted:

Mt. Coffee Designated Rights and Responsibilities; and
Mt. Coffee Implementation Agreement.

b. The following defined terms shall be added:

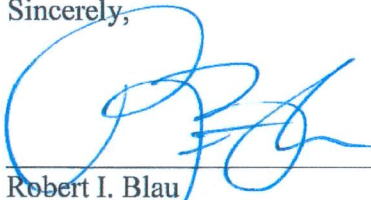
Coordination Agreement has the meaning provided in Section 1.4(c)

LEC Activities has the meaning provided in Section 1.4(a)

LEC Designated Rights and Responsibilities has the meaning provided in Section 1.4(a).

Please indicate your acknowledgement and agreement with the terms of this Implementation Letter by providing your signature below. Please deliver an executed and dated copy of this letter agreement to MCC. If you have any questions, please contact Kateri Clement, MCC's Resident Country Director.

Sincerely,



Robert I. Blau
Vice President, Department of Compact Operations

Acknowledged and Agreed on _____ 2017



Boima Kamara
Minister of Finance and Development Planning

cc: Mr. Jeff Gongoer Dowana Sr., Liberian Deputy Chief of Mission to the United States
Clarence Moniba, Chairman, LEC
Monie Captan, Chief Executive Officer, MCA-Liberia
Kateri Clement, Resident Country Director, MCC Liberia