



September 5, 2018

Honorable Samuel D. Tweah
Ministry of Finance and Development Planning
Broad Street
Monrovia, Liberia

RE: Implementation Letter Regarding Conditions Precedent to the Energy Project

Dear Honorable Minister Tweah:

This letter refers to the Millennium Challenge Compact signed on October 2, 2015 (the "*Compact*"), between the United States of America, acting through 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. Each capitalized term used but not defined in this letter has the meaning given to such term in the Compact or in the PIA.

Pursuant to Section 3.5 of the Compact, MCC is issuing this Implementation Letter to provide guidance regarding applicable conditions precedent, and related Government obligations, to the implementation of the Energy Project and release of MCC Funding for identified Project components going forward.

As noted in MCC's letter, dated July 20, 2018, in response to MCA-Liberia's latest Disbursement Request, MCC remains concerned about the Government's slow progress in satisfying its various obligations with respect to implementation of the Energy Project. While MCC commends the Government for, among other accomplishments, advancing the Mt. Coffee Rehabilitation Activity and for moving forward with the management services contract under the Management Support to LEC Sub-Activity, urgent action is needed to support successful implementation of the Energy Project and ensure we achieve our shared objectives under the Compact.

With that in mind, consistent with Section 5.4 of the PIA, MCC and the Government hereby agree to modify the PIA to add the following conditions precedent to Section 3 of Annex V to the PIA, which, collectively, will enumerate existing Government commitments and clarify timing and expectations moving forward in order to advance progress on the Energy Project:

"(f) Prior to the initial Disbursement of MCC Funding after September 30, 2018 that includes funding for the Liberia Electricity Regulatory Commission ("*LERC*"), the Government shall have nominated candidates acceptable to MCC,

and such candidates shall have been confirmed, as the chair and commissioners of LERC pursuant to Section 13.1 of the 2015 Electricity Law of Liberia;

(g) Prior to each subsequent Disbursement of MCC Funding that includes funding for LERC, such chair and each commissioner noted in (f) above remain in place, or if such position has become vacant, the Government has nominated a replacement candidate acceptable to MCC;

(h) Prior to any Disbursement of MCC Funding that includes funding for the Energy Project, the Government shall have: (i) appointed two LEC board members representing the private sector with the technical and managerial qualifications to provide substantive oversight and governance to LEC and the management services contractor (and if such position(s) become vacant, the Government is actively engaged, to MCC's satisfaction, in nominating a replacement(s)), and (ii) established a payment plan acceptable to MCC to liquidate all Government payables to LEC, and be in substantial compliance with such plan as of the date of such Disbursement.

(i) Prior to any Disbursement of MCC Funding that includes funding for the Energy Project, MCC must be satisfied that: (i) the LEC board is providing timely oversight for, and otherwise in compliance with the terms and conditions of, the management services contract, including, without limitation (1) timely review and approval of all applicable contract deliverables and (2) granting the management services contractor the exclusive, day-to-day authority to manage all of the operational, commercial, and financial affairs of LEC in accordance with the management services contract, including without limitation Section 10.1 thereof, (ii) LEC has developed, and is complying with, workplace codes of conduct and related procedures, in each case satisfactory to MCC, governing standards for employee behavior and misconduct, and (iii) the Government and LEC are facilitating the timely assessment and adjudication of any specific cases or issues related to LEC's activities, in each case in accordance with applicable law."

While fulfillment of these conditions precedent will not fully address all of the relevant conditions for the Energy Project, we believe it is critical at this stage to set forth our mutual understandings regarding applicable conditions precedent given the time remaining in the Compact Term.

Except as explicitly stated herein, nothing in this letter agreement shall modify the terms and conditions of the Compact or the PIA, and pursuant to the Compact and PIA, MCC retains the authority to determine, in its sole discretion, whether a condition precedent has been satisfied.

Please indicate your acknowledgement and agreement with the terms of this letter agreement by providing your signature below. We greatly appreciate your attention and support on these issues. Should you have any questions or concerns regarding the foregoing, please do not hesitate to contact me or MCC's Resident Country Mission in Liberia.

Sincerely,



Kyeh Kim
Acting Vice President, Department of Compact Operations
Millennium Challenge Corporation

Acknowledged and agreed on 10/30/, 2018



Samuel Tweah
Minister of Finance and Development Planning

Cc: Gesler E. Murray, Minister of Mines and Energy
Ambassador Christine Elder, U.S. Ambassador to Liberia
Kateri Clement, Resident Country Director, Millennium Challenge Corporation
Monie Captan, Chief Executive Officer, Millennium Challenge Account Liberia