



October 17, 2017

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

RE: Modifications to the Compact and 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 (the “**Government**”), acting through the Ministry of Finance and Development Planning, and the Program Implementation Agreement (“**PIA**”) signed on the same date between MCC and the Government, acting through the Ministry of Finance and Development Planning. 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. Part B.2(a)(i) of Annex I to the Compact will be deleted and replaced in its entirety with the following text:

“ (i) National Road Maintenance Activity.

The National Road Maintenance Activity aims to match Government contributions for periodic road maintenance in an effort to better maintain and sustain Liberia’s primary paved and unpaved roads and increase institutional capacity in the sector. MCC Funding will support:

(A) *Matching Road Maintenance Fund Sub-Activity*. MCC will match Government contributions that have been deposited by the Government to an account (the “**MRMF Account**”) that are dedicated to periodic road maintenance on a one to one basis up to \$15 million during the Compact Term, subject to measurable indicators of performance on maintenance planning, capacity and implementation.”

2. Part B.2(a)(ii)(4) of Annex I to the Compact will be deleted in its entirety.
3. Part B.2(c)(iii) of Annex I to the Compact will be deleted in its entirety.
4. Part B.2(f) of Annex I to the Compact will be deleted in its entirety and replaced with the following text:

“ Sustainability.

Road maintenance and effective Government commitment and coordination related to such, is crucial for the long term function and benefit of the Roads Project. The sustainability of the Roads Project is dependent upon the establishment and effective operation of the National Road Fund which is designed to collect revenue designated for periodic and routine maintenance of the national road network.”

5. Part B.2(g)(i) of Annex I to the Compact will be restated as follows:

“the Government will pass legislation establishing the Road Fund; and”

6. Annex IV to the Compact will be modified as follows:

- a. The following defined terms will be deleted:

***RMC***  
***Road Fund***

- b. The following defined terms will be added:

***MRMF Account*** has the meaning provided in Part B.2(a)(i)(A) of Annex I.

***National Road Fund*** or ***Road Fund*** means the road maintenance fund that was established by the legislature entitled “An Act to Establish a National Road Fund for Road Maintenance in the Republic of Liberia” and approved by the President of the Republic of Liberia on December 12, 2016.

- B. Pursuant to Section 5.4 of the PIA, MCC and the Government agree to modify the PIA as follows:

1. Section 5(a) of Annex V to the PIA will be deleted in its entirety and replaced with the following text:

“(a) Prior to the initial Disbursement of MCC Funding for the Matching Road Maintenance Fund Sub-Activity (“***MRMF Sub-Activity***”), the Government will have delivered evidence that a five-year road maintenance plan, in form and substance satisfactory to MCC has been adopted by the Government (“***Five-Year Plan***”), to be



updated annually for the implementation of both routine and periodic maintenance work, including annual maintenance targets and maintenance prioritization.”

2. Section 5(b) of Annex V to the PIA will be deleted in its entirety and replaced with the following text:

“(b) Prior to the initial Disbursement of MCC Funding for the MRMF Sub-Activity, the Government will have delivered evidence, in form and substance satisfactory to MCC, that: (i) the National Road Fund (“*NRF*”) has been established and is fully operational under the laws of Liberia, including that the Inter-Ministerial Steering Committee (“*IMSC*”), the National Road Fund Manager, and any necessary NRF staff are in place; (ii) the NRF has established financial systems and adopted manuals of administrative, financial, auditing, and accounting procedures in and form and substance satisfactory to MCC; (iii) a unique and independent commercial bank account in the name of NRF for receiving the Government’s contribution towards the MRMF Sub-Activity (the “*MRMF Account*”) has been opened; (iv) the IMSC has adopted governing bylaws, and procedures for the management and administration of NRF, including provisions to provide for a panel of private sector and road user representatives to be appointed as non-voting members to the IMSC, details and procedures for providing IMSC members with notice for meetings, requirements associated with quorums, and for obtaining IMSC approvals through written consent; and (v) the NRF has developed and adopted an operational strategy which provides for the management of the NRF, including the procedures for evaluation and approval of road maintenance program of works, and definition of works performance indicators including as relevant environmental and social performance quality mitigative measures to be monitored by the NRF, satisfactory to MCC.”

3. Section 5(c) of Annex V to the PIA will be deleted in its entirety.
4. Section 5(d) of Annex V to the PIA will be deleted in its entirety and replaced with the following text renumbered as Section 5(c):

“(c) Prior to the initial Disbursement of MCC Funding for the MRMF Sub-Activity: (i) MCA-Liberia and the NRF will have executed a grant agreement, in form and substance satisfactory to MCC, stipulating among other things, the mechanisms for tax exemption, procurements, commitment of funds, permitted and excluded costs, cash disbursements and financial and technical audits (including as relevant environmental, social/resettlement audits) forworks under the MRMF Sub-Activity; and (ii) the NRF and the Infrastructure Implementation Unit (“*IU*”) of the Ministry of Public Works or its successor will have signed a memorandum of understanding, in form and substance satisfactory to MCC, stating the roles and responsibilities of each entity in respect of the periodic road maintenance works financed through the MRMF Sub-Activity.”

5. Section 5(e) of Annex V to the PIA will be deleted in its entirety and replaced with the following text renumbered as Section 5(d):

“(d) Prior to the initial Disbursement of MCC Funding for the MRMF Sub-Activity, the IIU or its successor will have provided evidence, in form and substance satisfactory to MCC, that it has the appropriate financial and procurement policies, procedures and/or manuals, and other relevant documents, as the case may be, in place for the engagement of construction contractors and engineers for the implementation of periodic road maintenance to be financed under the MRMF Sub-Activity.”

6. Section 5(f) of Annex V to the PIA will be deleted in its entirety and replaced with the following text renumbered as Section 5(e):

“(e) Prior to each Disbursement of MCC Funding for the MRMF Sub-Activity, the Government will have provided evidence, in form and substance satisfactory to MCC that: (i) at least 90 percent of the total road user charges collected for the purpose of the NRF are duly deposited to a bank account established for the purposes of the collection and disbursement of funds on behalf of the NRF (the “**NRF Account**”) as per an agreed transfer schedule between the Minister of Finance and Development Planning and the National Road Fund Manager; and (ii) the transfer of Government funding for the periodic maintenance works to be funded by the Government under the MRMF Sub-Activity is made by the Ministry of Finance and Development Planning to the MRMF Account, according to the time frame and amounts stipulated in the disbursement schedule derived from the Government’s Five-Year Plan.”

7. Section 5(g) of Annex V to the PIA will be deleted in its entirety.

8. Annex I to the PIA will be modified as follows:

The following defined terms will be added:

**Five-Year Plan** has the meaning provided in Section 5(a) of Annex V to the PIA.

**IIU** has the meaning provided in Section 5(c) of Annex V to the PIA.

**IMSC** has the meaning provided in Section 5(b) of Annex V to the PIA.

**MRMF Account** has the meaning provided in Section 5(b) of Annex V to the PIA.

**MRMF Sub-Activity** has the meaning provided in Section 5(a) of Annex V to the PIA.

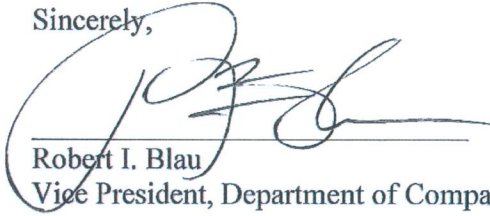
**NRF** has the meaning provided in Section 5(b) of Annex V to the PIA.

**NRF Account** has the meaning provided in Section 5(e) of Annex V to the PIA.



Please indicate your acknowledgement and agreement with the terms of this letter agreement 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: Jeff Gongoer Dowana Sr., Liberian Deputy Chief of Mission to the United States  
Monie Captan, Chief Executive Officer, MCA-Liberia  
Kateri Clement, Resident Country Director, MCC Liberia