REPORT NO.: RES36517

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

LIBERIA: PUBLIC SECTOR MODERNIZATION PROJECT

APPROVED ON FEBRUARY 10, 2014

TO

REPUBLIC OF LIBERIA

GOVERNANCE

AFRICA

Regional Vice President: Hafez M. H. Ghanem
Country Director: Henry G. R. Kerali
Senior Global Practice Director: Edward Olowo-Okere
Practice Manager/Manager: Hisham Ahmed Waly
Task Team Leader: Smile Kwawukume, Miki Matsuura
I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES
The Liberia Public Sector Modernization Project (PSMP) was approved by the Board on February 10, 2014. The project has overall allocation of US$10.71 million which consists of International Development Association (IDA) credit of SDR1.4 Million (US$2 million equivalent) and a Multi-Donor Trust Fund (MDTF) of US$8.71 million from the United States Agency for International Development (USAID) and the Government of Sweden through the Swedish International Development Agency (Sida). Based on the MDTF, a Grant Agreement of value US$4.3 Million was signed between the Government of Liberia and the Bank.

The project is supporting the Government of Liberia (GoL) through the combination of a Program based Investment Lending (PBIL) instrument and a Technical Assistance (TA). The PBIL is disbursing against the achievement of Disbursement Linked Indicators (DLIs), which are a combination of results and key steps on defined reform paths. The TA is supporting specific activities for technical support to GoL’s reform program on pay, payroll and performance. The project has been providing support through the following components:

- Component 1: Improved Pay Management;
- Component 2: Strengthened Payroll Management;
- Component 3: Improved Performance; and
- Component 4: Project and Program Management.

Due to the outbreak of the Ebola Virus Disease (EVD), the project effectiveness date was delayed for one year after Board approval. It thus became effective on February 4, 2015.

A mid-term review (MTR) on the PSMP was carried out in September 2017 and rated as Satisfactory. The review confirmed the relevance of the PDO, as well as the overall adequacy of the project’s institutional and implementation arrangements. The review noted progress made towards execution of project activities across components and achievement of agreed results, despite the outbreak of EVD and economic slowdown. The project implementation slowed down in the last two years, mainly due to the presidential elections in October and December 2017 and its resultant transitional activities. Subsequently, the recent implementation Status and Results Report (ISR), approved on February 13, 2019 rated both PDO and Implementation Progress as Moderately Satisfactory.

In terms of progress towards achieving project results, out of 9 DLIs, 1 DLI was fully achieved and disbursed, and 4 DLIs are claimed to be achieved and is currently going through verification by the M&E Unit of the CSA and will be verified by a third-party verification by mid-2019. As of now, out of the US$10.71 million net commitments amount, the project has disbursed US$5.55 million (51.8 percent), leaving an available balance of US$5.16 million (48.1 percent). The teams from the World Bank and the Borrower agreed to actions to be undertaken to complete the project successfully. There are no outstanding audit reports.

Grant Agreement closing date was extended from March 31, 2019 to May 31, 2019 to allow for additional time to finalize the amendment to the MDTF Administration Agreement.

CHANGES

Two official requests were sent to the Bank by the Government to restructure the project on January 10, 2019 and March 7, 2019 to extend the closing date of the project and also reallocate funds among the various categories. In order to prepare and complete the restructuring process, the two Administrative Agreements (AA) with Sida and USAID would need to be amended. Whilst the donors have agreed in principle to extend the AAs, internal consultations within the donor agencies are taking time to reach an agreement on the areas to be restructured. The
Bank team has received a formal communication to extend the AA from one of the donors. Since the Grant Agreement is closing on May 31, 2019, the team was advised by the Regional Trust Fund Unit to extend the closing date of the Grant Agreement by two months to July 31, 2019. This will provide enough time to undertake the full restructuring of the project as requested by the client. The team sent an exceptional request to the Trust Fund Partner and Relations Department (DFPTF) and the Bank's Finance Team. The required approvals were provided to extend the closing date of the MDTF to July 31, 2019.

II. DETAILED CHANGES

### LOAN CLOSING DATE(S)

<table>
<thead>
<tr>
<th>Ln/Cr/Tf</th>
<th>Status</th>
<th>Original Closing</th>
<th>Revised Closing(s)</th>
<th>Proposed Closing</th>
<th>Proposed Deadline for Withdrawal Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA-53590</td>
<td>Effective</td>
<td>30-Sep-2019</td>
<td></td>
<td>30-Sep-2019</td>
<td>30-Jan-2020</td>
</tr>
</tbody>
</table>