

A. INTRODUCTION

The Public Procurement & Concessions Commission (PPCC) is the successor to the Contract and Monopolies Commission (CMC). The PPCC was established by the Act which was approved on 8th September and printed into Handbill on 21st September 2005. The Act came into force upon the inauguration of the Elected Government of Liberia on 16th January 2006. This Report gives the highlight of the first year of operations of the Commission.

In the Needs Assessment undertaken in 2003 by the National Transitional Government of Liberia (NTGL) in conjunction with the United Nations and World Bank, it was determined that Public Procurement Reform was critical to Liberia's transition from war to recovery. This was because the over fourteen (14) years of civil wars in the country, left the public procurement policies, practices, and procedures loosed ended. Skills of procurement practitioners and the structures of institutions were completely destroyed. Public officials were not held accountable for the misuse of public funds, and procurement and concessions records were not properly kept. As part of efforts to generate transparency in the public procurement practices and the granting of concessions, the Government of Liberia with the technical and financial support of our international partners first prepared the Interim Public Procurement Policy and Procedures (IPPPP) and the Interim Guidelines for Concession Agreements in Liberia (IGCAL) to be used during the tenure of the NTGL. These procedures heralded the new public procurement and concessions regime in Liberia. While the IPPPP and the IGCAL were being implemented, the Public Procurement and Concessions Act of 2005 (Act or PPCA) was enacted and replaced the IPPPP and the IGCAL.

B. MANDATE

1. The mandate of the Commission includes the following among others:
 - a) Maximize economy and efficiency in procurement, and obtain best value for public expenditures;
 - b) Promote economic development of Liberia;
 - c) Build capacity of officials and institutions in public procurement;
 - d) Promote competition and foster participation in procurement proceedings and concession agreements by qualified suppliers, contractors and consultants;
 - e) Provide equal access without discrimination to all eligible and qualified providers of goods, works and services and fair and equitable treatment of all bidders;

- f) Promote integrity, fairness, accountability and public confidence in the procurement process;
- g) Achieve transparency in the procedures, processes and decisions relating to procurement and concession agreements;
- h) Decentralize public procurement to procuring entities;
- i) Promote the growth of indigenous Liberian Private sector;
- j) Harness private sector financial, human and technical resources through concession agreements; and
- k) Eradicate monopolies and promote competitiveness in the concession procurement process.

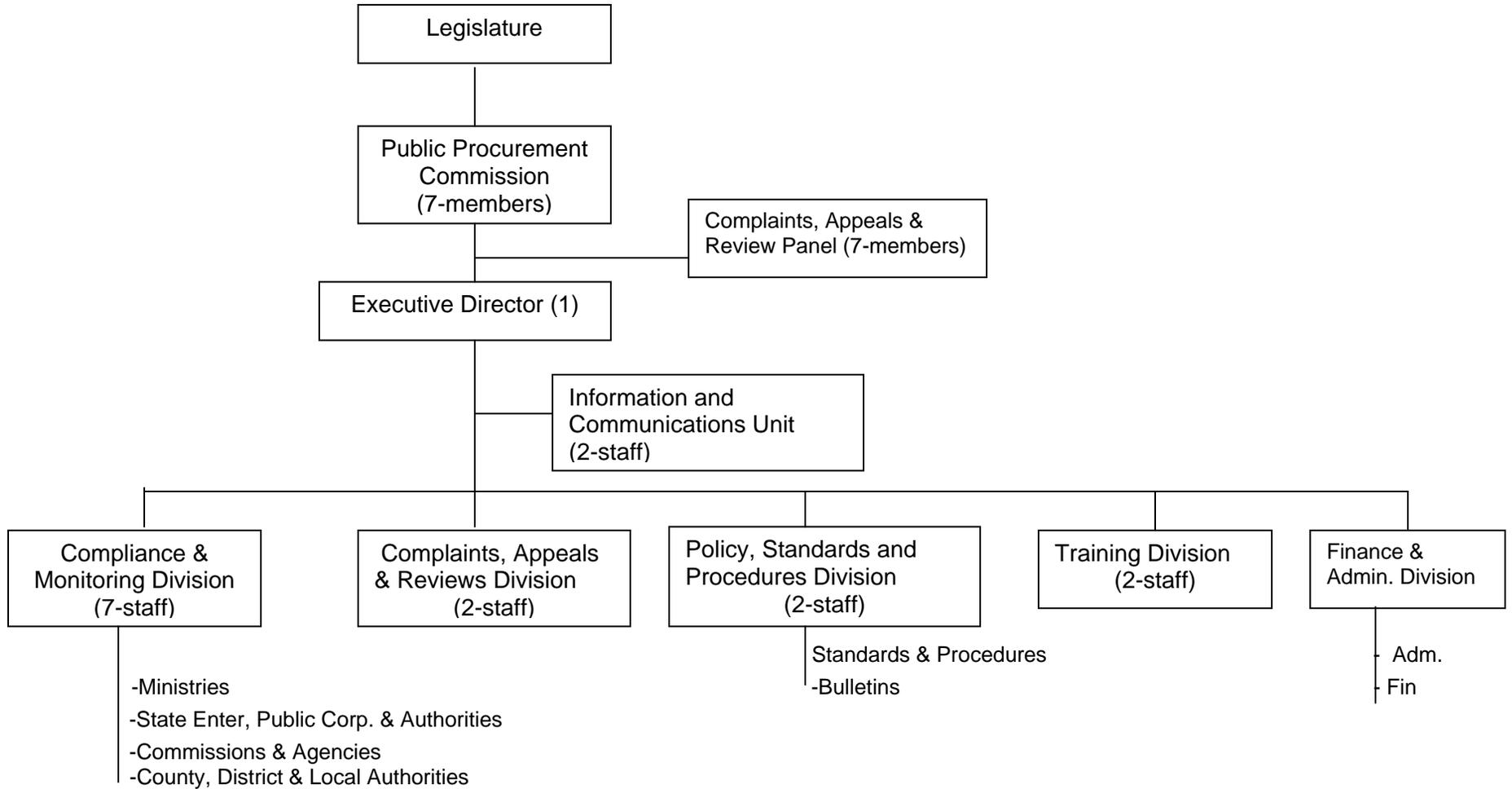
Prior to the constitution of the PPCC, the CMC continued with the massive distribution and sensitization campaign of the Act as follows:

- a) Copies of the Act were printed and distributed to each entity of Government to ensure that everyone was aware of its existence, thereby re-announcing the dawn of the new public procurement and concessions regime of Liberia.
- b) Because Government officials were in transition, the CMC which was also in transition focused its emphasis on the sensitization and awareness creation of the Act by holding workshops in conjunction with the World Bank for members of the private sector, civil society groups and the media. Copies of the Act were given to each participant. Two Public Procurement Specialists from Ghana led by Charles Kweku Taylor were commissioned to conduct the Workshop held on 10th and 11th February 2006.

The general concern of majority of the participants at that workshop was that the Public Procurement and Concessions Act did not favor Liberians. Their expectation was that the Act was to give preference to Liberians in public procurement.

C. STRUCTURE OF THE PPCC

Public Procurement and Concessions Commission Organization Structure



D. CONSTITUTION OF THE PPCC

On 28 February 2006, Her Excellency President Ellen Johnson Sirleaf nominated six prominent Liberians as commissioners of the Public Procurement and Concessions Commission pending confirmation by the Liberian Senate. Those nominated were:

1. Mr. Keith K. Jubah, Chemical Engineer and experienced Rubber Plantation Manager, Chairman;
2. Mrs. Elfrieda Stewart-Tamba, a professional Banker, Member;
3. Ambassador Timothy E. Thomas, former Associate Professor of Management and Dean of the Business College, University of Liberia and former Director-General, General Services Agency, Republic of Liberia, Member;
4. Mrs. Esther W. Paegar, former Banker, Community Development Specialist and Micro-financing Consultant, Member;
5. Dr. Roosevelt G. Jayjay, Public Administration and Management Consultant, Member;
6. Hon. Jenkins G.W. Wongbe, former Junior Manager, LAMCO JV Operating Company, former Principal Director of Planning Ministry of Commerce and Industry, RL; former Director-General, Civil Service Agency, R.L., Management Consultant, Associate of Subah-Belleh Associates, a Management Consulting Firm, Member;
7. Counsellor Joseph K. Jallah, Deputy Minister of Justice for Economic Affairs, was seconded by the Minister of Justice as representative of the Ministry, Member.

Before the confirmation of the Commissioners by the Liberian Senate, President Ellen Johnson-Sirleaf withdrew the nomination of Mrs. Tamba and appointed her as Deputy Minister of Finance for revenue. The seventh Commissioner to replace Mrs. Tamba will be appointed early 2007.

E. RECRUITMENT

Upon confirmation by the Legislature the Commissioners appointed the Coordinator of the Project Coordinating Unit (PCU), Mr. Joseph S. Neufville, to act as Executive Director (ED). Thereafter advertisements were placed in local newspapers for the recruitment of the Executive Director and senior staff of the secretariat.

A vetting panel comprising commissioners, representatives of the Civil Service Agency, Liberia Institute of Public Administration was constituted. Representatives of the European Commission and the World Bank also served as observers. The panel critically short-listed and vetted the applicants.

Mr. Joseph S. Neufville was appointed as Executive Director. Mr. Neufville came to the job with wide range of experience, having served as Deputy Project Director, World Bank Education Project, Ministry of Education, Financial Controller at the National Social Security & Welfare Corporation, Director of National Procurement, General Services Agency and Project Coordinator, Project Coordinating Unit of the Public Procurement Reform in Liberia with the technical and financial support of the World Bank.

Other senior officers appointed were:

1. Dr. Samuel K. Ngaima, Director, Monitoring and Compliance Division. Dr. Ngaima was a former Financial Controller, National Port Authority;
2. Mr. Alfred Tarway Twalla, Director of Policy, Procedures and Standards Division. Mr. Twalla was recruited from the University of Liberia where he served as Associate Professor of Demography for several years;
3. Mrs. Evelyn Lah-Gongloe, Director of Training Division. Mrs. Gongloe was later seconded to USAID/L to serve on the Contracts and Concessions Review Committee-Technical Secretariat (CCRC-TS) for six months as Administrative Assistant;
4. Attorney Amos Y. Bartu, Director of Complaints, Appeals and Review Division. Attorney Bartu is a former Deputy Minister for Economic Crimes, Ministry of National Security;
5. Mr. A. Trokon Tarr, Director of Information and Communication. Mr. Tarr was a former Coordinator, Information Dissemination Unit, Liberia National Red Cross Society (LNRCS), Deputy Director-General, Broadcasting, Crystal FM 95.5;
6. Mrs. Angie Howard-Witherspoon, Executive Secretary was appointed as Administrative Assistant to the Commissioners;
7. Mr. Joseph S. D. Suah, Director of Finance seconded to the PPCC by Monbo & Co., an Accounting Firm hired through the vetting process and paid by the World Bank to provide accounting services;
8. Mr. Torboh F. Johnson, Finance and Administrative Officer is an experienced Administrator and Accountant.
9. Three compliance officers were recruited.

Following his appointment, the Executive Director and other senior staff of the Commission undertook the following activities:

1. Issued a Press Release on procurement by-passes by procuring entities under the guise of emergencies in consideration of the Presidential 150 Days Deliverables. This resulted in the Commission addressing itself to many requests from procuring entities to single-source the procurement of several items.
2. Issued official solicitations in several local dailies for contract and concession agreements entered from 14th October 2003 to 16th January 2006 by the National Traditional Government of Liberia (NTGL) in preparation for the contracts and concessions review processes. Letters were also sent to all contractors listed by the CMC to inform them of the review process and the requirement for them to submit their contracts and relevant documents entered into within this period to the PPCC to be reviewed by the CCRC.

The Commission endeavored to carry out its mandate during the year under review.

As part of Government commitment to the implementation of the Governance and Economic Management Assistance Program (GEMAP), the Commission was mandated to lead the special review of contract and concession agreements entered into by the NTGL from 14th October 2003 through 16th January 2006. The purpose of the review was to determine whether those contract and concession agreements were entered into with transparency and economy, and to the benefit of the Government and people of Liberia. A full account of this exercise is discussed later in this report.

F. PROCUREMENT SPECIALISTS

The terms of reference (TOR) for three (3) public procurement specialists were prepared to have them undertake eighteen (18) months assignment each with the PPCC. The specialists were to have the qualification indicated below:

Good knowledge of all concepts, principles and approaches to procurement, and of public procurement systems, functions and practices; and significant experience in the preparation of bidding and contract documents for the procurement of goods, works and services and in providing procurement training. In addition, they must have demonstrated analytical clarity, problem-solving and negotiating skills with ability to balance objectives and procurement requirements with client needs in discussing and resolving sensitive and difficult issues.

The first specialist for training was recruited on 13th September 2006, while the Advisor to the Executive Director took his assignment on 15th October, and the specialist for Compliance and Monitoring joined the PPCC on 5th November 2006. They have familiarized themselves with the Act while at the same time, helping with hands on assistance to procurement practitioners of procuring entities and have prepared plans and strategies for the massive capacity building program of procurement practitioners and administrators through series of training sessions and awareness programs. They have

submitted their *Inception Reports*, prepared training materials and have scheduled regular monthly training courses.

G. COLLABORATION

The PPCC has operated in collaboration with all relevant stakeholders involved with the institutional and staff capacity building processes of Liberia. The following collaborative processes were undertaken:

1. Commissioners held weekly meetings in the Conference Room of the PPCC to discuss and decide issues of critical nature in an effort of attaining the mandate of the Commission;
2. while leading the process of reviewing the contract and concession agreements entered into by the NTGL, the PPCC held weekly Friday meetings of the CCRC;
3. attended and participated in the weekly Monday meetings of GEMAP-TT to give up-dates on the CCRC process;
4. met with various investors and potential investors in collaboration with other stakeholders to discuss the potentials of the investment climate of Liberia;
5. participated in the preparation of various papers for presentation at the 15th February 2007 Partners' Forum scheduled to be held in Washington; and
6. attended the regular EGSC meetings and provided briefing and updates on PPCC and the CCRC process among many others.

PART I PPCC

H. ACTIVITIES OF THE PPCC

1. TRAINING & CAPACITY BUILDING DIVISION

Consistent with its mandate of capacity building for procurement practitioners and administrators, the Executive Director honored a call to brief Cabinet at the Cabinet Meeting held in the Executive Mansion on 10th May 2006. Also, while awaiting the arrival of the procurement specialists the PPCC in conjunction with the World Bank and the European Commission, held a one day Sensitization and Awareness Workshop on 27th June 2006 for **Public Officials** at the "Thinkers' Village" on the Robertsfield Highway. This workshop drew a total of one hundred and twenty-two (122) participants. It was graced with the presence and participation of the President of Liberia, Her Excellency, Madam Ellen Johnson Sirleaf and her cabinet, the World Bank Procurement Specialist from the Washington Office, Mr. Mbuba Mbungu and the Program Officer of the World Bank Liberia Office, Robert Krech along with Mr. Christopher Gabelle, Economic Consultant at the European Commission and Mr. S. Kumar, GEMAP Consultant at the Ministry of Finance. It was facilitated by PPCC Consultants, Vicky Cooper and Mr. Mbuba Mbungu.

In her remarks at the Workshop, the President emphasized the need for the PPCC to conduct trainings for procurement practitioners and develop a policy on the

“Margin of Preference” (MOP) for Liberian businesses. The Sensitization and Awareness exercise continued on 28th and 29th June with the Honorable House of Senate and the Honorable House of Representatives respectively.

Upon the request of the Ministry of Health and Social Welfare, the training specialist conducted a Training Workshop for Health Sector Procurement Practitioners on 13th and 16th October 2006 at the Ministry. The Training was targeted for thirty-five participants, but due to its importance, the Minister mandated all personnel related to procurement activities to attend. A total of fifty-four (54) procurement practitioners, program managers, and county health administrators from around the country participated in the workshop.

Meanwhile, training of procurement practitioners continues with hands-on assistance by staff of the PPCC.

2. ADMINISTRATION

PPCC Website & SOP

On 22nd July the creation of the PPCC website was completed at www.ppcc.gov.lr. This website has been publicized to all concerned and is being regularly up-dated with all PPCC reports and activities.

The Standard Operations Procedure Manual (SOP) was drafted in September by a consulting firm, Wegee Consultancy and submitted to the Commission for comments. This manual will be finalized by mid January 2007 to guide the operations of the PPCC.

The National Bidding Committee Proposed Bill

Contrary to Section 141 (1) (c) & (e) of the Public Procurement and Concessions Act, the Association of Liberia Construction Contractors (ALCC) submitted a proposed Act named and styled “The National Bidding Committee Bill” (NBCB) to the National Legislature for enactment. The PPCC successfully resisted the passage of said Bill.

This “Bill” sought an edge for Liberian Construction Contractors over their foreign counterparts in the awarding of construction contracts within a given threshold (US\$200,000) to only Liberian contractors. In the view of the PPCC, this provision was covered under Section 45 of the Act, **“Margin of Preference”** (MOP). This policy paper has been drafted. The first draft of the MOP which was prepared in collaboration with the relevant entities of Government and the private sector was distributed among GEMAP-TT members in November for comments. Comments received from the EC, USG and NIC (a drafting member) are encouraging and have been incorporated in the second draft for further comments.

3. INFORMATION & COMMUNICATION UNIT

The Communication and Information Unit (ICU) like all other divisions was activated in June 2006 with the appointment of a director who immediately got involved with the following activities:

- a) The creation of the PPCC Website at www.ppcc.gov.lr and ensuring that it is regularly monitored and up-dated with all PPCC reports and activities;
- b) In line with the awareness and sensitization campaign of the PPCA and the mandate of the PPCC, organized a media network comprising six (6) radio stations and six (6) newspapers. This network is responsible for the creation of awareness and coverage of all PPCC activities starting with the Sensitization Workshop for public officials held on 27th June 2006.
- c) Development of the PPCC News Bulletin in which major public procurement related activities will be covered. The first edition which has been worked on is scheduled to be launched in January, 2007;
- d) Collaborated with the Public Information Coordination Group of GEMAP and carried out regular monitoring of the local dailies and report issues of concerns to PPCC authorities and advance appropriate actions to be taken.

4. POLICY, STANDARDS AND PROCEDURES DIVISION

The Division, under the supervision of a special committee of commissioners worked along with Government Ministries and Agencies and requisite professional entities in drafting the Margin of Preference (MOP) document. This first draft MOP document was circulated to GEMAP-TT and other stakeholders for comments and guidance. Initial comments have since been received and incorporated in the revised draft. This second draft will be redistributed for additional comments.

This Division also supervised the development of the Standard Operation Procedures Manual (SOP) which is being prepared by a consulting firm, Wegee Consultancy. Upon approval by the Commissioners, the SOP will be the operational manual of the PPCC. This manual is to delineate the functions of the Commissioners from those of the Secretariat in keeping with the Act and other standard procedures.

The Division also drafted procedures for the issuance of prospecting, reconnaissance and exploration licenses (PPREL) to form the basis for discussion with the Ministry of Lands, Mines and Energy.

Harmonization of the other laws with the Act

To ensure that the laws for the granting of mineral concessions are in harmony with the PPCA, specifically the Mineral Laws of Liberia, the European Commission responded to the request of Government to have the Mineral Commodity Expert who had earlier worked with the Contracts and Concessions Review Committee Technical Secretariat CCRC-TS for three (3) weeks to continue his services with Government at the PPCC for three months as of January 2007. He will be working in close collaboration with authorities of the Ministry of Lands, Mines & Energy (MLME), the PPCC and other entities. At the end of his tour of duty, it is hoped that the draft Mineral Laws of Liberia which will be in harmony with the PPCA and with international best practice would have been prepared.

5. COMPLAINTS, APPEALS AND REVIEW DIVISION

The Division of Complaints, Appeals and Review (CAR) handles legal matters resulting from the procurement and concessions processes and prepares the files, if need be, for review by the Independent Complaints, Appeals and Review Panel (ICARP). The decision of ICARP will be implemented in keeping with the ACT.

During the period under review, this Division undertook the following tasks:

- a) Prepared the draft terms of reference (TOR) of the ICARP with inputs from the Commissioners. Meanwhile, the process of constituting the ICARP is under way and is expected to be completed by end of January, 2007.
- b) Drafted the procedures and criteria (ground rules) for filing of complaints and appeals with the Commission. These guidelines will be used to guide the Panel, procuring and concessions entities and the general public in the handling of cases.
- c) Worked in collaboration with the Policy Standard & Procedures Division in drafting the MOP into the legal framework.
- d) The Director provided legal assistance to the CCRC-TS to help meet the timeline of 31st December 2006 set by the President of Liberia for the completion of the review process.

6. COMPLIANCE & MONITORING DIVISION

During the year under review, the Division embarked on the following:

- a) random sampling of entities, selected and monitored during the recast budget (February to June 2006); *See Table III below*

- b) a systematic and planned monitoring of 75% of the 87 procuring entities for the first half of the 2006/07 budget period;
- c) sensitization and capacity building for 65% of the procurement practitioners in the area of preparation of procurement plan, request for quotation, request for bids and bid opening procedures ;
- d) identifying the type and level of training needs for the procuring entities;
- e) obtaining documentation from the procuring entities and ascertaining the procurement procedures and methods that were used by the procuring entities;
- f) developing forms for monitoring of compliance as well as distributing forms and standard formats developed to be used by the procuring entities for preparing: i) procurement plan, ii) request for bid, iii) request for quotation and iv) bid openings and evaluation;
- g) assisting staff of procuring entities in how and when to prepare various procurement documents while awaiting the formal training sessions;
- h) providing information on 98% of the procuring entities that were monitored to the Training Division indicating areas of weakness due to unfamiliarity with the procedures;
- i) Ascertaining the establishment of procurement committees and units. It was observed that 60% of the procuring entities have established their procurement committees and units. *See Table IV below*

Since the Procurement Specialist joined the Division, several additional inputs and improvements have been made including the preparation and distribution of standard formats which can also be viewed as benchmarks for practitioners to follow and for future monitoring of compliance.

7. FINANCE DIVISION

Signing of the Grant Agreement

In keeping with protocol, the Commission, working along with the World Bank, ensured the signing of the **World Bank Grant Agreement, LICUS # TF056754** by the Minister of Finance on 2nd July 2006. This Grant is the World Bank's follow-up support for implementing the Public Procurement and Concessions Act. This Act launched the new regime in public procurement and the granting of concession agreements in Liberia. The funds are being used along with support from the European Commission and Government to implement the Public Procurement and Concessions Act of Liberia which was approved in September 2005 and came into force on 16 January 2006.

The first withdrawal application was prepared and submitted to the Bank in the first week of August after satisfying other conditions for disbursement of the first tranche amounting to US\$400,000. The funds were applied to PPCC accounts on 3rd November 2006. Prior to the seating of the Commission, the balance of US\$222,434.00 left in the **LICUS TF Grant # TF053366** (PCU account) was utilized to reproduce the Act, embark on a massive publicity campaign, hold series

of sensitization workshops, etc. This account was closed in August, 2006 and subsequently audited by Pannell Kerr Forster and a Completion Report on this Grant was prepared and submitted to the World Bank. See **Appendix A** for the Audited Accounts.

In keeping with its normal duties, the Finance Division maintained the accounts of the Commission during the period under review. The various sets of accounts prepared are explained below.

Statement of Revenue and Expenditure

Revenue

During the reporting period, the PPCC received a World Bank Grant of US\$1,100,000 for a two-year period to implement the Public Procurement and Concessions Act. According to the Grant Agreement, this amount will be disbursed in three tranches of US\$400,000; US300,000 and US\$400,000 as triggers for releasing them are met. The first tranche of US\$400,000 was received on October, 31, 2006.

The Government of Liberia allocated to the PPCC US\$200,000 in (2006/2007) fiscal budget and US\$40,000 in the recast budget of fiscal 2005/2006. The Government has provided to date US\$140,410 against total budget of US\$240,000 to the Commission. Besides, US\$40,999 was brought forward from CMC to the PPCC, while the amount of US\$88,290 from the World Bank support was applied to the Commission as budget support for the period July, 2006 to December, 2006. EC also provided goods and services costing US\$46,651 against a budget line of US\$74,922.

Expenditure

Under the World Bank account a total of US\$456,144, including the US\$222,434 from the PCU account, was expended for consultancies, capacity building and operations.

Also, during this reporting period, the total amount of US\$240,371 was expended on honoraria and salaries of PPCC Commissioners, staff, including administrative costs.

The EC also spent a total amount of US\$46,651 on office equipment and furniture.

Schedules

The below listed schedules have been prepared and are available for review. The consolidated accounts attached as Schedule 5 below summarized all of the accounts.

Schedule 1 the World Bank budget for fiscal year 2006/2007 and expenditure from July 1, 2006 to December 31, 2006.

Schedule 2 Government of Liberia subsidies and expenditure from February, 2006 to December 2006.

Schedule 3 PCU audited financial statement

Schedule 4 EC statements of Revenue and Expenditure

Schedule 5 the consolidated statement of Revenue and Expenditure for the period January 1, 2006 to December 31, 2006

I. CONSTRAINTS

The PPCC had some constraints during this period:

- a) The delayed arrival of the procurement specialists threw a number of the planned activities of the PPCC off track:
 - Training of procurement practitioners were delayed;
 - Holding of the Procurement Forum was also delayed;
- b) The preparation of the Public Procurement and Concessions Procedural Step Manual was also delayed. This manual is to ensure that the provisions of the Act are not subjected to wrong interpretation and practice during training. These delays have posed the following problems:
 - Despite procedures set forth in the Act, procuring entities continue to seek for clarifications on the procedures and methods of procurement;
 - Procuring entities are seemingly resisting the new procurement and concessions regime under the guise of knowledge and skills gaps. Some considered a simple advertisement in the media as full tendering.

PART II CCRC PROCESS

J. CONTRACTS AND CONCESSIONS REVIEW PROCESS

As part of efforts to improve the public procurement practices and granting of concessions in Liberia, the PPCC in collaboration with its International Partners established the Contract and Concession Review Committee (The Committee or CCRC), with the mandate to review all contract and concession agreements entered into by the NTGL. Under the auspices of GEMAP, and in collaboration with the PPCC, the Committee operated under the “Guiding Framework” approved by the Economic Governance Steering Committee (EGSC); a body chaired by the President of Liberia and is responsible for overseeing the implementation of the GEMAP process. The CCRC was supported by a Technical Secretariat (CCRC-TS), headed by an Internationally Recruited Contracts and Concessions Review Expert (IRCCE) hired and funded by the European Commission. The EC also provided for a mineral commodity

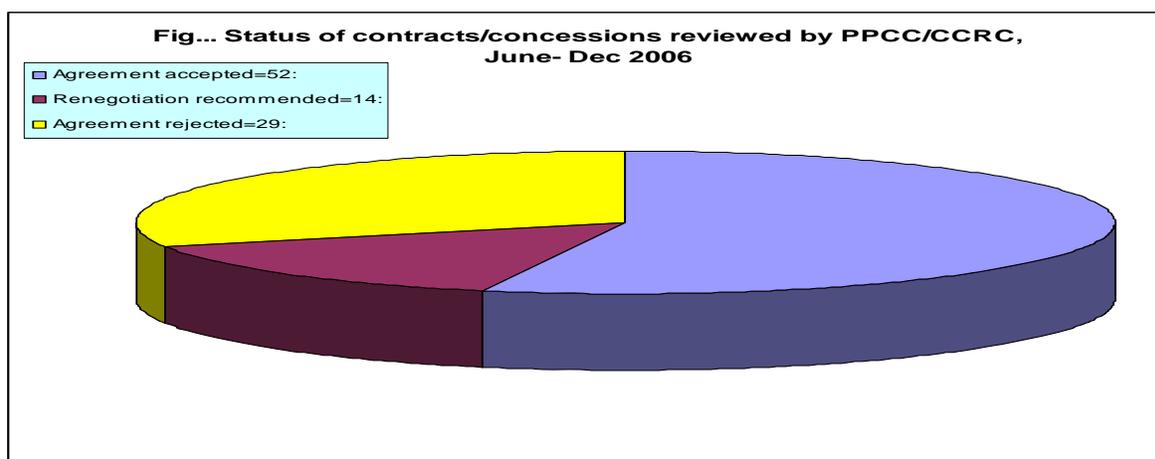
expert. The World Bank recruited and funded the post of international lawyers and the natural rubber expert. The United States, including USAID, provided for the local administrator, local lawyer and the international petroleum lawyer. In addition to the experts, senior and retired lawyers from Harvard and Columbia Universities provided *pro bono* legal opinions on the Mittal Steel Holding NV and the Firestone Rubber Plantation Company agreements and later visited Liberia to hold consultations. Two months into the review, law students from Columbia University joined the CCRC-TS and worked on additional contracts over several weeks.

The contracts and concessions were reviewed against four major principles to establish whether or not they were in the economic interest of the People of Liberia. These were: (a) method of procurement and contract award; (b) contract technical considerations, i.e. are they appropriate; (c) contract technical performance, i.e. are they performing; and (d) economic value for money. The review has provided valuable inputs as well as lessons to GOL in supporting its efforts to improve procurement practices and the awarding of concessions.

1. OVERVIEW OF CONTRACTS REVIEWED

There were a substantial number of contracts (105 listed) of which 95 were reviewed, 3 telecommunication contracts could not be reviewed due to delays in recruiting a Telecommunication Expert, and 7 could not be reviewed because the contracts were missing. With regard to lease agreements, of the 81 listed, 15 were cancelled due to the restructuring of the Armed Forces of Liberia, 29 are available for review, which is currently underway, and 37 are missing. It is not expected that more contracts will be added. The breakdown of the contracts and concessions reviewed is attached as *figure I* and **Table I & II** below.

FIGURE I



This chart in figure 1 explains in graphic form the figures expressed in Table I below.

Table I

Breakdown of Contract & Concession Agreements

Item	Industry	Description	Number	Entity	Recom. Actn.
1.	Agriculture	Rubber Plantation Palm Oil Plantation	2 1	MOA	Renegotiation Renegotiation
2.	Construction	Renovation Works	1 4	MOS	Renegotiation Cancellation
3.	Equip. & Scrap	Scrap Purchase	4	Liminco/Lec	Cancellation
4.	Various	Inv. Incentive	12 3 11	Various	Acceptance Renegotiation Cancellation
5.	Mineral	Exploration Iron Ore Mining	37 2 4 1	MLME	Acceptance Renegotiation Cancellation Renegotiated ¹
6.	Oil/Gas	Exploration	3 5	MLME	Acceptance ² Renegotiation
7.	Service	Cargo Inspection Casino Franchise Printing/Consultancy Telecom	2 1 2 3	NIC/MOF CMC LTA	Renegotiation Cancellation Cancellation No Tele SME
8.	Total available for review		98		
9.	Various	Various	7	Various	Missing
10.	Total Contracts Listed		105		
10.	Real Estate	Leases	81	Various	On-going ³
TOTAL			186		

Recommendations of Contracts Reviewed

Item	Recommendations	No.	Rationale
1.	Acceptance of contract as is	52	Conform substantially to the legal requirements.
2.	Renegotiation of contracts	16	Did not fully conform to the legal requirements.
3.	Cancellation of contracts	27 ⁴	Did not provide evidence of having conformed to legal requirements.
4.	Contracts not reviewed	3	Lack of Telecom SME
5.	Total contracts available for review	98	

¹ Mittal Steel Holding NV Contract was reviewed and recommended for renegotiation.

² Oranto & Broadway PSC of Block 11 to 13 were recommended for approval and ratification subject to a 2nd addendum.

³ The SME was contracted at the end of the review process. His reports will be made separately

⁴ It is strongly recommended that before cancellation, there should be a renegotiation process which failure will then lead to cancellation.

After 31st December 2006 all contracts discovered to be entered into during the tenure of the NTGL which were not made available for review, will be reviewed by the PPCC in collaboration with the relevant entity and in compliance with provisions of the PPC Act.

K. CHALLENGES

A number of factors impeded the progress of the review process, including internal constraints of the PPCC: a) the slow start of the review due to difficulties in compiling the contracts list, b) delayed setting up of the CCRC and keeping permanent staff on the CCRC-TS, and c) the untimely hiring of relevant SMEs. These constraints were exacerbated by the absence of a functioning National Register aimed at recording, retrieving and certifying all contracts and concessions executed by Government.

The CCRC and CCRC-TS operations were based on a complicated Guiding framework and lengthy decision-making procedures. At times, the issues to decide on were highly contentious and in many instances resulted into emotional out-burst among committee members. Observers also got involved in heated discussions with the CCRC members.

Despite the above constraints, the body geared up in November to move at a faster pace, with additional support of one national and international lawyer to the CCRC-TS from the United Nations Mission in Liberia (UNMIL) to accelerate the process. Further, two in-house lawyers of the PPCC were deployed to bolster the process. The President set 31 December 2006 as deadline for the completion of the review process, which the CCRC met.

L. LESSONS LEARNED

This review process is a novelty without a precedence to follow. It therefore taught many lessons:

1. The Interim Public Procurement Policy & Procedures (IPPPP) and the Interim Guidelines on Concessions Agreements in Liberia (IGCAL) were neither sufficiently publicized nor were the procedures outlined therein disseminated appropriately to enhance a full understanding of the process. Hence, procuring and concession entities conveniently claimed not to know what documents to prepare, the procedures by which to prepare them and how. As a result.
 - i proper documents were not prepared, and the procedures for preparing documents and maintaining them were not followed as provided for in the IPPPP and IGCAL;
 - ii records were not properly kept, and
 - iii CMC neither developed a check-list nor followed the procedures in gathering and filing documents, and therefore did not maintain the right kinds of records needed to monitor compliance with the laws.

2. Procuring and concession entities are now alerted to the existence of the PPC Act and are beginning to follow the requisite procedures and processes. Evidence of this is that procuring and concession entities are beginning to operate in a more transparent and competitive manner by advertising contract packages and giving bidders equal opportunities to participate in the procurement/concessions process.
3. However, the need for comprehensive capacity-building cannot be over-emphasized. In this regard, the PPCC recruited three World Bank-funded procurement specialists to ensure the proper and full implementation of the PPCA to, among other duties, develop and conduct training sessions needed for procuring and concession entities. The Civil Service Agency, Liberia Institute of Public Administration, the University of Liberia and other institutions of higher learning will also participate in capacity-building activities for procurement and concession practitioners.
4. Although the CCRC process received broad-based financing, there was need for contingency funding like petty cash to handle emergency supply needs of the technical secretariat and to facilitate more cooperation from some members of the private sector (Liberia Chamber of Commerce and Liberia National Bar Association), who took very active part in the Contracts and Concessions Review process without compensation for time lost from their regular daily work.
5. Given the limited time for the entire exercise, it would have been advantageous to opt for a simpler mechanism such as the deployment of an entire team from one organization that would have been able to start operations quicker.

GEMAP TOR Guidelines for evaluating all agreements could not be applied to the 41 Mineral Exploration and 26 Investment Incentive Agreements. Therefore, CCRC worked out modified guidelines within which the three results categories would apply: a) accept, b) request additional information, and, c) cancellation.

6. There is a serious need to disseminate and apply the PPCC regulations on service tendering matters.

M. CONCLUSION

A sound public procurement system is critical to combating corruption. It gives all qualified suppliers equal opportunities to participate in a competitive procurement process, thereby ensuring value for money and better service delivery for the public sector. It enhances the confidence of citizens in the Government, stimulates the economy by increased private sector investment, and encourages greater donor support

in national development. To guarantee a new ethos in procurement practices, the following is recommended:

N. OBSERVATIONS

The level of noncompliance observed in the implementation of the Act points to the need for capacity building through training of public procurement practitioners as opposed to resistance or defiance of the Act. Public procurement practitioners and administrators showed eagerness to understand and conform to the new public procurement regime.

We are pleased that this reform is comprehensive, encompassing reforms in budgeting, auditing and finance (revenue collection and expenditures). These reforms will enhance the detection, investigation and reporting of procurement related corruptions. However, it is important that other sectors are reformed to ensure that corruption cases are successfully prosecuted and guilty verdicts obtained and punished as further support to the reform process.

O. RECOMMENDATIONS

1. PPCC should be vested, in compliance with the new legal framework establishing transparency and accountability in the Government decision-making procedures, the centralized public contract registering mission;
2. Contracts and Concessions should be made fully accessible and retrievable on the PPCC web site.
3. Technical Assistance should be provided to PPCC aimed at:
 - a) Drafting the PPCC Management Policy & Procedures guidelines; and
 - b) Designing and implementing an adapted contract & concession database;

The review process has further demonstrated the need for the PPCC to accelerate its mandate to review and amend a number of existing laws, including the Mineral and Mining Law, Petroleum Law, and the agriculture legal framework.

P. NECROLOGY

The Commission regrets to report that during the period under review, the cold hands of death suddenly snatched away Mr. Edward Attah, Jr., a hard working and dedicated Compliance Monitoring Officer on 3rd December; just four (4) months after he was employed on 15th August 2006. Mr. Attah's death came as a great surprise after a brief illness. We pray that his soul and the souls of all the faithful departed in Christ rest in perfect peace.

Table II

Contracts & Concessions, by Alphabetic Order

CCRC-TS REVIEW MATRIX						
31 December 2006						
N°	CONTRACT	TYPE	DOCUMENT N°	ACCEPT	RENEGO.	CANC.
	CONTRACT REVIEWED					
1	African Aura resources	Mineral Exploration	1	X		
2	African Engineering	Scrap Purchase	1			X
3	Afro group of Companies	Investment Incentive	1			X
4	Agro Resource Corp	Rubber plantation	1		X	
5	Akewa Global Services	Mineral Exploration	1			X
6	American-African Constr	Works	1			X
7	Amlib United Minerals	Mineral Exploration	1	X		
8	Architect & Engineering	Works	2			X2
9	BHP Iron Ore	Mineral Exploration	4	X4		
10	Bivac	Public Service	1		X	
11	Broadway consolidated	Mineral Exploration	7	X7		
12	Broadway Mineral	Mineral Exploration	2			X2
13	Broadway Oil	Oil PSC	1	X		
14	Celcom	Investment Incentive	1	X		
15	Cemenco	Investment Incentive	1	X		
16	China trade center	Investment Incentive	1			X
17	Comium	Investment Incentive	1		X	
18	Craton Development	Mineral Exploration	1	X		
19	CS International	Scrap Purchase	1			X
20	Deveton Mining	Mineral Exploration	3	X3		
21	Duraplast Liberia	Investment Incentive	1	X		
22	Eden Preffered Water	Investment Incentive	1			X
23	Edgail Incorporated	Scrap Purchase	1			X
24	Edwin Willians Casino	Casino franchise	1			X
25	Enisul Group	Investment Incentive	1		X	
26	F & K detergents	Investment Incentive	1			X
27	Firestone	Rubber plantation	1		X	
28	FMT	Works	1			X
29	G 10 Exploration	Mineral Exploration	1	X		
30	Gemco	Investment Incentive	1			X
31	Geotess	Mineral Exploration	1	X		
32	Golden venture	Mineral Exploration	1	X		
33	Hard Rock Crushers	Investment Incentive	1	X		
34	Humminbird	Mineral Exploration	3	X3		
35	International Aluminium Co.	Investment Incentive	1	X		
36	Kamaplast	Investment Incentive	1	X		
37	Libercell	Investment Incentive	1			X
38	Liberia Forest Product	Palm oil plantation	1		X	
39	Liberia Mineral Water	Investment Incentive	1			X

40	Liberia Polyuretane Foam	Investment Incentive	1	X		
41	Liberia Resources Co.	Investment Incentive	1			X

N°	CONTRACT	TYPE	DOC. N°	ACCEPT	RENEGO.	CANC.
42	Liberian Gold Corporation	Mineral Exploration	2	X2		
43	Liberty Gold & Diamond	Mineral Exploration	3	X3		
44	Lonestar	Investment Incentive	1			X
45	Magma Mineral resources	Mineral Exploration	1	X		
46	Mano River Iron Ore	Mineral Exploration	1	X		
47	Maxtech Venture	Mineral Exploration	1	X		
48	Metallum Liberia Ltd	Investment Incentive	1		X	
49	Mittal	Mining Exploitation	1		X	
50	Montserratado Group of Co.	Investment Incentive	1	X		
51	Nick Scan	Public Service	1		X	
52	Ocean View Tourist complex	Investment Incentive	1			X
53	Oranto	Oil PSC	2	X2		
54	Pioneer Construction Company	Works	1		X	
55	Precious Metal Mining	Mineral Exploration	1	X		
56	Premier Milling Co.	Investment Incentive	1	X		
57	Rainbow Industries	Investment Incentive	1	X		
58	Regal	Oil PSC	2		X2	
59	Repsol	Oil PSC	2		X2	
60	Sam Shawki Fawaz enterprise	Investment Incentive	1			X
61	Sethi Brothers Inc.	Investment Incentive	1	X		
62	Shandong Iron Purchase	Iron purchase	1			X
63	Strategic Consultant	Consultancy	1			X
64	Subsea Resources DMCC	Mineral Exploration	3	X3		
65	Super Sound Inc.	Investment Incentive	1	X		
66	System development	Consultancy	1			X
67	T Rex Resources	Mineral Exploration	1	X		
68	Trans Coast Enterprise	Mineral Exploration	1			X
69	Universal Printing	Printing	1			X
70	Western Mineral Resource	Mineral Cooperation	1		X	
71	Woodside	Oil PSC	1		X	
72	Yar River Minerals	Mineral Exploration	1	X		
	SUB-TOTAL 12/12/2006	Agreements:	95	52	16	27
	SME NOT RECRUITED					
1	Comium	Telecom license	1			
2	Intrady-Comad	Telecom license	1			
3	Celcom	Telecom license	1			
	SUB-TOTAL 12/12/2006	Agreements:	3			
	MISSING CONTRACTS					
1	Accra Telecoms International	Telecoms				1
2	American Mining Associate	Mining				1
3	Fundy Minerals Ltd.	Mining				1
4	Hope National Investment					1
5	Liberty Airlines	Civil aviation				1
6	Secure Telecom Holding	Telecoms				1

7	Lonestar	Telecoms				1
	SUB-TOTAL 11/12/2006		7			
	Contractors: 79	Agreements:	105	52	16	34

Table III

**Matrix of Procuring Entities Reviewed for Compliance with the ACT
Using the Recast Budget of February 1- June 30, 2006**

Prepared August 25, 2006

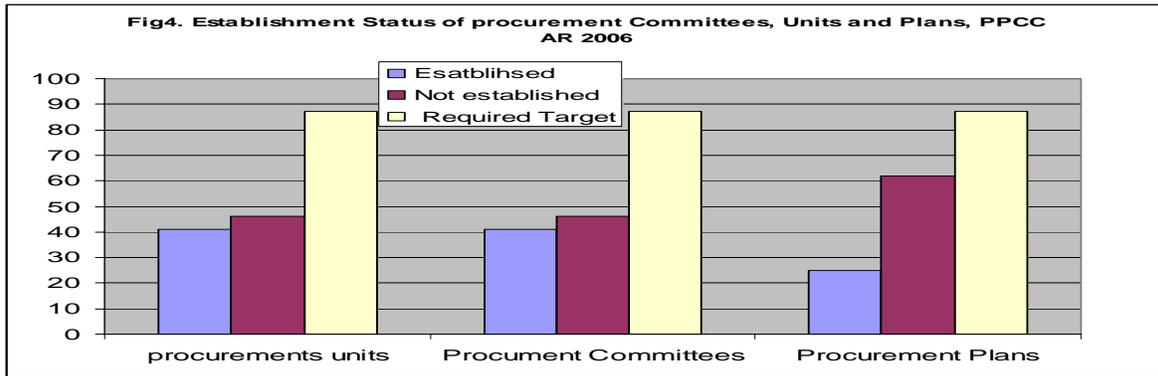
33% of the purchases Name of procuring Entity	PROCUREMENT		PROCUREMENT		Procurement method					Correct sup'g. Docs.	Estab. C'tee & Unit	Prep. Proc. Plan
	VERIFIED		REVIEWED (33%)		NCB	ICB	SS	Shopping				
	Qty	Value	Qty	Value				Cont.	N/Cont.			
Large Spenders												
1.Min. of P. Works	18	\$560,363.00	6	\$102,939.00	0	0	2	4	0	1	No	No
2.Min. Finance	25	\$235,935.00	8	\$84,195.00	0	0	2	6	0	3	yes	yes
3. Min. Education	27	\$463,915.00	9	\$79,707.00	0	0	2	6	1	3	no	no
4.Min. Health &S. Welf.	32	\$617,547.00	11	\$157,926.00	2	0	0	8	1	1	No	No
5. National Port Auth.	26	\$667,316.00	26	\$222,439.00	<u>9</u>	<u>1</u>	<u>3</u>	<u>7</u>	<u>6</u>	<u>8</u>	No	No
Sub-total	128	\$2,545,076.00	60	\$647,206.00	11	1	9	31	8	16		
Medium Spenders												
1.Agriculture	9	\$327,173.00	3	\$132,700.00	1	0	2	0	2	5	Yes	Yes
2 Nat'l. Elect. Comm.	2	\$92,224.00	2	\$92,224.00	0	0	2	0	0	9	No	No
3. Lib. Petro. Ref. Co.	163	\$458,920.00	54	\$152,035.00	<u>7</u>	<u>3</u>	<u>6</u>	<u>9</u>	<u>1</u>	<u>8</u>	Yes	Yes
Sub-total	174	\$878,317.00	59	\$376,959.00	8	3	10	9	3	22		
Small Spenders												
1. Gen. Serv. Agency	14	\$140,639.00	5	\$71,149.00	1	0	0	4	0	4	No	No
2. Min. of Commerce	7	\$100,526.00	7	\$100,526.00	1	0	0	6	0	1	Yes	Yes
3. Min. Of Transport	21	\$285,107.00	7	\$246,730.00	0	0	1	6	0	4	No	No
4. Min. of Planning	17	\$37,926.00	6	\$19,193.00	0	0	0	3	3	2	Yes	Yes
5. Civil Service Agency	17	\$47,705.00	6	\$25,397.00	0	0	2	2	2	0	No	No
6. Min. of Gender	7	\$98,753.00	3	\$87,097.00	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>2</u>	<u>2</u>	Yes	Yes
Sub-total	83	\$710,656.00	34	\$550,092.00	2	0	5	21	7	13		
Grand Total	332	\$7,557,442.00	93	\$2,598,422.00	21	4	24	61	18	51		
Note:												
ICB = International Competitive Bidding, NCB = National Competitive Bidding, and SS = Single/Sole Source												

Table IV

**MATRIX OF PROCURING ENTITIES REVIEWED FOR COMPLIANCE
FOR 1ST QUARTER (JULY THRU SEPTEMBER, 2006)**

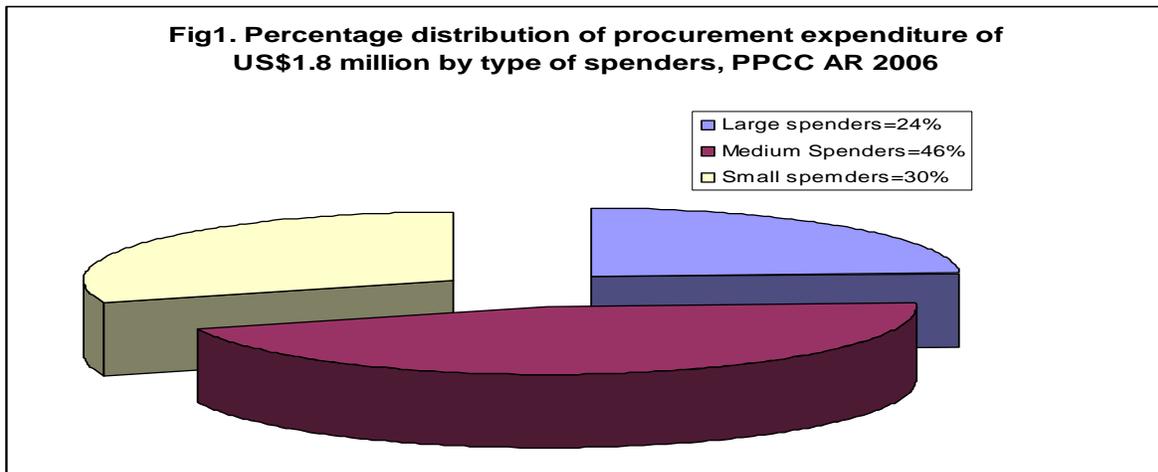
SERIAL NO.	NAME OF PROCURING ENTITY	PROCUREMENT		PROCUREMENT METHOD					RIGHT SUP'G DOC	ESTAB. COM'TEE & UNIT	PREP'D PROC. PLAN
		VERIFIED #	VALUE	ICB	NCB	SS	SHOPPING				
							CONTRACT	NO/CONTR.			
	LARGE SPENDERS										
1	Min. of Finance	20	36,382.31	0	0	0	6	14	11	Yes	Yes
2	Min. of Education	10	114,437.00	0	2	0	5	3	10	Yes	Yes
3	Mini of Health	18	620,389.82	1	1	2	10	4	14	Yes	Yes
4	J F.K Medical Centre	12	133,678	0	2	0	8	2	6	Yes	Yes
5	Min. of Justice	8	67,366.00	0	0	0	6	2	2	No	Yes
	SUB TOTAL	68	972,253.13	1	5	2	35	25	43		
	MEDIUM SPENDERS										
6	Min. of Agriculture	4	55,416.00	0	0	0	4	0	2	Yes	Yes
7	Nat'l Elect commission	97	150,489.35	0	1	0	13	83	79	Yes	Yes
8	Min. of Internal Affairs	3	70,838.98	0	2	0	1	0	1	Yes	Yes
9	Min. of Labor	7	31,166.00	0	0	0	4	3	7	Yes	No
10	Min. of Lands & Mines	6	54,380	0	0	0	3	3	2	Yes	Yes
11	Min. of Post & Telecoms	12	72,809.00	0	0	0	11	1	9	No	No
	SUB TOTAL	129	435,099.33	0	3	0	36	90	100		
	SMALL SPENDERS										
12	General Services Agency	2	4,339.00	0	0	1	0	1	1	Yes	Yes
13	Min. of Commerce	4	24,355	0	0	1	2	1	3	Yes	Yes
14	Min. of Transport	4	8,963.00	0	0	0	2	2	2	Yes	Yes
15	Min. of Planning	3	19,965.00	0	0	0	1	2	1	Yes	Yes
16	Civil Service Agency	5	18,865.00	0	0	0	1	4	2	Yes	Yes
17	Min. of Gender	5	24,971.00	0	0	0	5	0	4	Yes	Yes
18	Min. of Youth & Sports	13	28,515.00	0	0	0	3	10	2	Yes	Yes
19	General Auditing.Com.	3	42,655.00	0	0	1	1	1	3	Yes	Yes
20	Bureau of Budget	4	31,002.00	0	0	0	3	1	2	No	No
21	LRRRC	13	14,551.00	0	0	0	2	11	0	Yes	Yes
22	Min. of Information	7	20,231.00	0	0	0	0	7	5	Yes	No
23	Liberia National Police	16	140,717	0	2	0	9	5	7	No	No
24	Bureau of Immigration	6	35,861.00	0	1	0	2	0	2	No	No
	SUB TOTAL	85	414,989.79	0	3	3	31	45	34		
	GRAND TOTAL	282	1,822,342.25	1	11	5	102	160	177		

FIGURE II



This chart shows the number of entities which have established their procurement committees, procurement units and have prepared procurement plans. The survey was conducted on 24 entities out of a total of 87. The result shows that a satisfactory percentage of entities monitored were in compliance with the Act.

FIGURE III



This chart explains the distribution of the US\$1.8 million spread amongst the category of selected Government entities which were monitored for compliance during the first quarter of 2006/7 Budget of July 1 to September 30, 2006. Table II above explained this distribution in figures.

Schedule I

**PPCC Statement of Revenue and Expenditure (W/ Bank)
For the year ended December 31, 2006**

Schedule 1

No.	Description	Budget	Actual	Balance
1	Component 1: Operating Costs			
2	W/B Support to PPCC Operations	140,580	70,290	70,290
3	Stationery & Supplies	4,000		4,000
4	Printer & Photocopier Inks	6,000	600	5,400
5	Fuel & Lub.- Genset	18,360	5,632	12,728
6	Fuel- Administration	12,240	4,876	7,364
7	Vehicle Insurance	2,500		2,500
8	Vehicle R & M	1,800	750	1,050
9	Generator Maintenance	3,000		3,000
10	Office Equipment & Furniture Maintenance	1,200	100	1,100
11	Annual Forum	3,500		3,500
12	County Tour	5,000		5,000
13	Refreshment for Meetings	2,000	117	1,883
14	Publication/ Bulletin	6,000		6,000
15	Website Maintenance	1,000		1,000
16	Communication- Email	4,200	1,875	2,325
17	Communication/ Scratch Cards	4,800	1,600	3,200
18	Annual Report	5,000		5,000
19	Administrative Cost	<u>2,160</u>	<u>155</u>	<u>2,005</u>
	Sub-Total	223,340	85,994	137,346
19	Component 2: Compliance Review			
20	Compliance Advisor Fees	50,000	11,950	38,050
21	Subsistence Allowance	15,000	3,669	11,331
22	Travel & Other Costs	<u>24,000</u>	<u>2,062</u>	<u>21,938</u>
	Sub-Total	89,000	17,681	71,319
23	Component 3: Capacity Building			
24	Training Consultant Fees	35,000	12,250	22,750
25	Publication, IEC, W/shop & PR Activities	15,000	1,450	13,550
26	Venue Costs	7,500		7,500
27	Training Facilities	5,000		5,000
28	Training Materials	7,500		7,500
29	Study Tour	<u>10,000</u>	-	<u>10,000</u>
	Sub-Total	80,000	13,700	66,300
30	Component 4: Project Mgt./PPCC			
31	Executive Director	36,000	15,000	21,000
32	Procurement Advisor Fees	50,000	14,450	35,550
33	Accounting Services	36,000	15,000	21,000
34	Audit Services	<u>5,000</u>	-	<u>5,000</u>
	Sub-Total	127,000	44,450	82,550

No.	Description	Budget	Actual	Balance
35	Component 5: Recruit Int'l Experts			
36	International Lawyers (2) Fees	41,300	37,800	3,500
37	Subsistence Allowance (Lawyers)	8,820	8,820	-
38	Air Tickets & Other Costs (Lawyers)	3,880	4,380	(500)
39	Local Transport & Communication (Lawyers)	3,430	1,330	2,100
40	Natural Rubber Expert Fees	22,500		22,500
41	Subsistence Allowance/ Rubber Expert	5,400	1,605	3,795
42	Air Travel & Other Costs/ Rubber Expert	2,500	5,371	(2,871)
43	SME/ Real Estate /Air Transport/ National	7,500		7,500
44	COEN Consultant's	5,000	4,955	45
45	Review Panel	<u>23,100</u>	<u>-</u>	<u>23,100</u>
	Sub-Total	123,430	64,261	59,169
46	Component 6: Others			
47	Bank Charges	5,565	3,230	2,335
48	Office Rehabilitation	30,000	3,264	26,736
49	Office Equipment & Furniture	14,400		14,400
50	Contingency	<u>9,435</u>	<u>1,130</u>	<u>8,305</u>
	Sub-Total	59,400	7,624	51,776
51	Grand Total	702,170	233,710⁵	468,460

⁵ This figure added to the balance in the PCU accounts amount total WB expenditures in the consolidated statement.

PPCC Consolidated Statement of Revenue and Expenditure For the Year 1 January to 31 December 2006

Budget Line	B U D G E T A M O U N T					A C T U A L E X P E N D I T U R E S			Total
	T O T A L	W/Bank	G O L	EC	G A P	W Bank	G O L	EC	
Component 1: Sup. PPCC									
Program Staff Cost	149,299	124,099	-		25,200	64,099	69,000		133,099
Commissioners Honorarium	165,500	-	165,500				102,000		102,000
Support Staff Costs	60,600	-	60,600	-			36,590		36,590
Commissioners- Benefits	33,696	20,580	13,116	-		10,290	13,116		23,406
Stationery & Supplies	17,930	5,500	2,127	10,303		1,541	2,127	10,214	13,882
Printer & Copier Ink	6,840	6,840	-	-		1,435			1,435
Fuel & Lub.- Genset	36,118	22,143	-	13,975		9,445		5,653	15,098
Fuel Administration	25,460	14,762	10,698			7,512	2,818		10,330
Generator Maintenance	6,232	3,000	2,032	1,200			2,032		2,032
Water	1,270	-	720	550				250	250
Office Equipment Maintenance	3,100	1,200	400	1,500		100	400		500
Maintenance - Comm. Premises	900	-	-	900					-
Vehicle Insurance	6,637	4,739	1,898			2,239	898		3,137
Vehicle Maintenance & Repair	5,472	3,163	2,309			2,893	896		3,789
Annual Forum	3,500	3,500							-
County Tour	5,000	5,000							-
Refreshment for meetings	3,341	2,000	1,341			117	1,341		1,458
Publications/ Bulletin	6,000	6,000							-
Website Maintenance	1,000	1,000							-
Communication Email	8,600	6,500		2,100		4,130			4,130
Communication -Scratch Cards	5,650	4,800		850		1,600		350	1,950
Annual Report	5,000	5,000							-
Admin. Cost (L. travel, toiletries,)	7,472	4,101	3,371			2,096	3,566		5,662
Sub-Total	564,617	243,927	264,112	31,378	25,200	107,497	234,784	16,467	358,748

	B U D G E T A M O U N T					A C T U A L E X P E N D I T U R E S			
Budget Line	T O T A L	W/Bank	GOL	EC	GAP	W Bank	GOL	EC	Total
Component 2: Compliance Review									-
Compliance Advisor-Fee	50,000	50,000				11,950			11,950
Subsistence Allowance	15,000	15,000				3,669			3,669
Travel and Other Costs	24,000	24,000				2,062			2,062
Sub-Total	89,000	89,000				17,681			17,681
Component 3: Capacity Building									-
Training Consultant- Fee	35,000	35,000				12,250			12,250
Public, IEC, W/shop & PR	62,622	44,417	150	18,055		30,867	150	6,010	37,037
Venue Costs	7,500	7,500							-
Training Facilities	5,000	5,000							-
Training Materials	7,500	7,500							-
Study Tour	10,000	10,000							-
Sub-Total	127,622	109,417	150	18,055		43,117	150	6,010	49,277
Component 4: Project Mgt.									-
Procurement Advisor- Fee	50,000	50,000				14,450			14,450
Executive Director	54,500	54,500				36,500			36,500
Accounting Services	57,000	57,000				36,000			36,000
Audit Services	10,875	10,500	375			5,500	375		5,875
Sub-Total	172,375	172,000	375			89,450	375		89,825

Budget Line	B U D G E T A M O U N T					A C T U A L E X P E N D I T U R E S			Total
	T O T A L	W/Bank	GOL	EC	GAP	W Bank	GOL	EC	
Component 5: Recruit Experts									-
International Lawyers (2) fees	41,300	41,300				37,800			37,800
Subsistence Allowance (Lawyers)	8,820	8,820				8,820			8,820
Air Tickets & Other Costs (Lawyers)	3,880	3,880				4,380			4,380
Local Transport & Com.(Lawyers)	3,430	3,430				1,330			1,330
Natural Rubber Expert Fees	22,500	22,500							-
Subsistence Allowance (Rubber Expert)	5,400	5,400				1,605			1,605
Air Tickets & Other Costs (Rubber Expert)	2,500	2,500				5,371			5,371
SME/ Real Estate /Transport/Nationals	7,500	7,500							-
COEN Consultant's	5,000	5,000				4,955			4,955
Review Panel	23,100	23,100							-
Standard Operating Procedures Manual	5,000	5,000				4,750			4,750
Sub-Total	128,430	128,430				69,011			69,011
Component 6: Veh. & Off. Equip.									-
Office Equipment & Furniture	38,249	14,400	1,710	22,139			1,710	20,824	22,534
Networking	3,350			3,350				3,350	3,350
Vehicle	19,500	19,500				19,500			19,500
Generator	14,000	14,000				14,000			14,000
Office Rehabilitation	30,000	30,000				3,264			3,264
Sub-Total	105,099	77,900	1,710	25,489		36,764	1,710	24,174	62,648

Budget Line	B U D G E T A M O U N T					A C T U A L E X P E N D I T U R E S			Total
	T O T A L	W/Bank	GOL	EC	GAP	W Bank	GOL	EC	
Component 7: Others									-
Bank Charges	5,979	5,687	292			3,275	292		3,567
Ministry of Finance/ FMRU	60,654	60,654				60,594			60,594
PPRSC/ Final Meeting	2,013	2,013				2,013			2,013
PPRSC- T. T. Final Meeting	813	813				813			813
CCRC Support	3,060		3,060				3,060		3,060
Power House Construction	1,575	1,575				1,575			1,575
PPCC Website	4,300	4,300				4,300			4,300
PCU Support Staff Salaries	1,500	1,500				1,500			1,500
Contingency	27,388	27,388				18,554			18,554
Sub-Total	107,282	103,930	3,352			92,624	3,352		95,976
Grand Total	1,294,425	924,604	269,699	74,922	25,200.00	456,144 ⁶	240,371	46,651	743,166

Note: This Analysis is **Schedule 5** and it consolidates all of the Accounts listed in the list of Schedules referenced above.

⁶ This figure is the total of expenditures from the WB current (Grant # TF056754) account and the PCU balance Grant # TF053366 (of US\$222,434 in the Audited Statement.

APPENDIX A – AUDITED REPORT

**PROJECT COORDINATING UNIT
FOR
PUBLIC PROCUREMENT REFORM IN LIBERIA**

**STATEMENT OF RECEIPTS,
EXPENDITURES & UNSPENT FUND BALANCE**

**FOR THE EIGHT (8) MONTHS ENDED
AUGUST 31, 2006**

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**PANNELL
KERR
FORSTER**

Certified Public Accountants

Lara Building, Fourth Floor, Suite 41
Randall Street
P. O. Box 10-3635
1000 Monrovia 10, Liberia
Tel: (06)-510562/(06)-510603
Email: pkfliberia@kpf-liberia.com

Independent Auditor's Report
To the Project Sponsors and Steering Committee

We have audited the accompanying statement of Receipts, Expenditures and Unspent Fund Balance of the Project Coordinating Unit (PCU) for Public Procurement Reform Project in Liberia funded by the World Bank for the eight (8) months ended August 31, 2006. The statement is the responsibility of the management of the Project Coordinating Unit. Our responsibility is to express an opinion on the statement based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Except for the matter discussed below, we believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of Receipts, Expenditures and Unspent Fund Balance has been prepared on cash basis, where revenue is recognized only when cash is received and expenditures recognized only when paid. Cash basis accounting, though suitable for project reporting purposes, does not conform to USGAAP.

In our opinion, except for the matter discussed in the preceding paragraph, the Statement of Receipts, Expenditures and Unspent Fund Balance referred to above present fairly in all other material respects, the operating results of the Public Procurement Reform Project in Liberia as reported by the Project Coordinating Unit for the eight (8) months ended August 31, 2006.

Monrovia

[Signature]
October 2, 2006

[Signature]
Pannell Kerr Forster
Certified Public Accountants

PROJECT COORDINATING UNIT
Statement of Receipts, Expenditures & Unspent Fund Balance
For the eight months ended August 31, 2006

	US\$
Income:	
Unspent Fund Balance, January 1, 2006	222,596
Adjustment for bank charges not recognized in 2005	<u>(162)</u>
Adjusted Fund Balance January 1, 2006	222,434
Grant Income received in 2006	<u>-</u>
Total Fund Balance	<u>222,434</u>
LESS: Expenditures	
Vehicle	19,500
Generator	14,000
PPCC Website	4,300
Powerhouse Construction	1,575
PPRSC - Final Meeting	2,013
Technical Team Final Meeting	813
Capacity Building / FMRU / MOF	60,497
Salaries	24,099
Accounting Services	21,000
Audit Fees	3,500
Stationery & Supplies	1,121
Communication Fees	2,255
Fuel and Gasoline	6,305
Vehicle Insurance	2,239
Vehicle Maintenance	1,363
Printer Ink & Photocopier	835
Administration	1,941
Bank Charges	45
Contingency	17,428
Publicity, Awareness, & Sensitization Workshop	29,417
SOP Consultants	<u>2,375</u>
Total Expenditures	<u>216,621</u>
Unspent Fund Balance, August 31, 2006	<u>5,813</u>
Comprised:	
Audit Fees	2,000
SOP Consultants	2,625
Other	<u>1,188</u>
Total	<u>5,813</u>

The notes on pages 4 to 9 form an integral part of the Statement of Receipts, Expenditure & Unspent Fund Balance


 Mr. Joseph S. Neufville
 Project Coordinator

PROJECT COORDINATING UNIT
Budget Comparative Statement of Expenditures
For the eight months ended August 31, 2006

ACCOUNTS	Budgeted Expenditures	Actual Expenditures per PCU	Audited Expenditures	Unspent Budget Balances
Vehicle	19,500	19,500	19,500	-
Generator	14,000	14,000	14,000	-
PPCC Website	4,300	4,300	4,300	-
Powerhouse Construction	1,575	1,575	1,575	-
PPRSC - Final Meeting	2,013	2,013	2,013	-
Technical Team Final Meeting	813	813	813	-
Capacity Building / FMRU / MOF	60,654	60,654	60,497	157
Salaries	24,099	24,099	24,099	-
Accounting Services	21,000	21,000	21,000	-
Audit Fees	5,500	3,500	3,500	2,000
Stationery & Supplies	1,500	1,121	1,121	379
Communication Fees	2,300	2,255	2,255	45
Fuel and Gasoline	6,305	6,305	6,305	-
Vehicle Insurance	2,239	2,239	2,239	-
Vehicle Maintenance	1,363	1,363	1,363	-
Printer Ink & Photocopier	840	835	835	5
Administration	1,941	1,941	1,941	-
Bank Charges	122	50	45	77
Contingency	17,953	17,603	17,428	525
Publicity, Awareness, & Sensitization Workshop	29,417	29,417	29,417	-
SOP Consultants	5,000	2,375	2,375	2,625
TOTAL	<u>222,434</u>	<u>216,958</u>	<u>216,621</u>	<u>5,813</u>

The notes on pages 4 to 9 form an integral part of the Statement of Receipts, Expenditure & Unspent Fund Balance

**Project Coordinating Unit
Notes to the Statement of Receipts,
Expenditures and Unspent Fund Balance
For the eight months ended August 31, 2006**

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1.0 Project Coordinating Unit for Public Procurement Reform in Liberia

1.1 General background of project

1.1.1 As a consequence of nearly fifteen (15) years of destructive wars in Liberia, the basic core of society and systems of good governance at all fronts was virtually overturned and became inoperable in a number of cases and inefficient in others. Among the areas of complete degeneration are the procurement policies and practices in the Public Sector. Sound public procurement policies and practices are essential for the efficient management of public funds as well as the overall governing processes.

1.1.2 An efficient system for purchases of goods and services provides assurances that value received commensurate with expenditures made. It also enhances waste reduction and allocates responsibility and accountability. A poorly functioning public procurement system undermines economic development and the efficiency of procurement-related fraud and other forms of irregularities.

1.1.3 In consideration of the above, the World Bank offered Liberia a platform by which it should reform its public procurement policies and procedures. That decision gave rise to the establishment of the Public Procurement Reform in Liberia with the signing of an agreement by the then Minister of Finance on September 14, 2004. The project became operational in December 2004, and was expected to have been terminated within fifteen (15) months. Actual disbursements on the project commenced in January 2005. The final closing date of the project was August 31, 2006 representing twenty (20) months of activities.

1.2 Project sponsorship

1.2.1 The Project was funded entirely by the World Bank under its Economic Management and Capacity Building Program for Liberia with funds provided from the **LICUST TF Grant # TF053366**. The total amount of the grant, US\$1,035,000 (One Million Thirty-Five Thousand United States Dollars) was disbursed to the Project Coordinating Unit (PCU) in four quarterly installments during 2005. The unspent balance of the grant as at December 31, 2005 of \$222,434, form the funding basis for the operations of the project for the eight months ended August 31, 2006.

**Project Coordinating Unit
Notes to the Statement of Receipts,
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For the eight months ended August 31, 2006**

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1.3 Primary objective

- 1.3.1 The objective of the project is to make public procurement in Liberia modern and consistent with international best practice. It is also designed to be responsive to the needs of the country in order to ensure value received for money spent, accountability, and transparency in the use of public funds.

2.0 Administration of the project

- 2.1 The Public Procurement Reform project was administered directly by a Project Coordinating Unit (PCU), with the involvement of two (2) other committees, having oversight responsibilities for technical and administrative support. Other participants whose services were equally vital to the successful implementation of the project are also listed in paragraph 2.2 below, each having a defined role as provided in the approved project document.

2.2 Participants

The participants include:

- a. Public Procurement Reform Steering Committee (PPRSC)
- b. Technical Team/Committee (TT or TC)
- c. Project Coordinating Unit (PCU)
- d. Procurement Reform Proposal (PRP) Consultant
- e. Stakeholders from both the Public and Private Sectors
- f. Donor Community

2.2.1 Public Procurement Reform Steering Committee (PPRSC)

The PPRSC, served as the highest committee on the reform program. Its most important function is to approve all proposals before they are forwarded to higher levels of government (Cabinet, President, Legislature, etc.) for their review and action. The Chairperson of the Governance Reform Commission served as the Chairperson of the PPRSC. The PPRSC and all other similar committees relative to the procurement reform project are no longer operational. All authorities relevant to the implementation of the reform act rest with the PPCC.

**Project Coordinating Unit
Notes to the Statement of Receipts,
Expenditures and Unspent Fund Balance
For the eight months ended August 31, 2006**

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Responsibilities of the PPRSC:

- a. Selection of Project Coordinator and Accountant for the Project Coordinating Unit (PCU)
- b. Review and approve all work plans, budgets and schedule of activities of the PCU.
- c. Provide guidance and direction in the selection of the Procurement Reform Proposal Consultant (PRPC) and to ensure that a timely coordination of the public procurement reform program is observed within the general framework of the Result Focus Transitional Framework (RFTF).
- d. Consider and approve reform proposals and submit them for approval by higher authorities in government.
- e. Oversee the establishment of all other bodies created by the resultant public Procurement Law

2.2.2 Technical Team/Committee (TT or TC)

The TT or TC is a sub-committee of the PPRSC and is chaired by the alternate of the Governance Reform Commission.

Responsibilities of the Technical Committee:

- a. Analyze, review and provide guidance on any revisions or considerations to the proposals made by the PRP Consultant.
- b. Ensure that the Consultants develop their proposal through a consultative and collaborative process to involve the participation of all relevant stakeholders.
- c. Provide general technical advice to the PPRSC on the appropriateness of the proposals made by the Consultants.
- d. Review and approve all outputs of the Consultants not requiring the approval of the PPRSC.

**Project Coordinating Unit
Notes to the Statement of Receipts,
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For the eight months ended August 31, 2006**

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3.0 Revised budget for 2006

3.1 The project budget for the current period January 1 to August 31, 2006 represents a revision of the original budget. That revision was authorized by the Bank's Representative Mr. Mbuba Mbungu during a visit to Liberia. The unspent budget balance as of December 31, 2005 of \$222,434 as adjusted was disbursed in 2006 in accordance with the revised document. The statement of receipts and expenditures for the eight months ended August 31, 2006 reflects this arrangement and format.

4.0 Evaluation of Systems of Accounting and Internal Controls

4.1 Systems evaluation

4.1.1 We examined the accounting records which underlie the financial reports of the PCU for the period January 1 to August 31, 2006, to determine their adequacy for the operations of the project and to test for compliance therewith as well as with other specific guidelines provided in the project document. We confirm that:

- a. The system in place for the project implementation was generally adequate;
- b. Compliance test were also satisfactory in all material respects.
- c. No exceptions were noted.

4.2 Inspection of assets of the PCU

4.2.1 We conducted an inspection of fixed assets acquired and maintained directly by the Project Coordinating Unit and examined the records pertaining thereto. The acquisition of the assets was largely done in 2005 at the commencement of the project with additional acquisition in 2006. These were performed in conformity with the project guidelines and budget provisions. The records maintained for activities regarding these were also satisfactory.

**Project Coordinating Unit
Notes to the Statement of Receipts,
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For the eight months ended August 31, 2006**

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4.2.1 The assets inspected had been coded, easily traceable, and were found in good and attractive condition at the time of our inspection. However, while relocating to its new premises from the Ministry of Information Building the original offices of the PCU, a few permanent fixtures (e.g., curtains, etc.) were not removed. These have not been included in the listing of properties of the former PCU now the procurement Commission.

4.3 Bank balances and reconciliation

4.3.1 The Project Coordinating Unit (PCU) maintained one bank account with the Central Bank in Liberia (CBL) during the life of the project. The account was properly reconciled in a timely manner, and reviewed by a senior account personnel.

4.4 Purchases and disbursements

4.4.1 We examined the documentation for the project expenditures and disbursements to ensure that these conform to the project agreement both in terms of budgetary provisions and procedural matters. Similar to the comments on fixed assets acquisition and management, we confirm also in this case, that the procedures governing these were satisfactory.

4.4.2 No exceptions were noted.

4.5 The CMC and FMRU/MOF sub-projects

4.5.1 Expenditures made to and on account of subprojects; CMC and FMRU at the Ministry of Finance were also properly documented and approved. However, the original budgetary provision for the CMC subproject of \$185,000 was exceeded by US\$36,244.50. The total disbursement in the above regard was therefore \$221,244.50. The excess was charged to the Contingency Account in the PCU report. The additional payments were done with the approval of the appropriate authority of the World Bank responsible for the Liberia program. The records pertaining to the expenditures made for the FMRU/MOF were maintained by the PCU. Similar documentation of disbursements made directly to the CMC was found to be in proper order, and the amount confirmed received by the CMC.

**Project Coordinating Unit
Notes to the Statement of Receipts,
Expenditures and Unspent Fund Balance
For the eight months ended August 31, 2006**

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4.5.2 Under the project agreement, the PCU disbursed funds for the renovation and equipping of the facilities at the Ministry of Finance to be used for the capacity building activities relative to the FMRU/MOF. These were carried out consistent with the conditions set out in the project document.

4.5.3 We visited the premises of the Financial Management Reform Unit (FMRU) at the Ministry of Finance and inspected a number of equipment and furniture acquired under the project expenditure code relative to that subproject. The properties seen had been marked for identification purposes and were in good condition. However, the facilities inspected were yet to be occupied.

4.6 Other issues

4.6.1 Transfer charges relative to payments in favor of the CoEn Consultant as well as other similar bank charges incurred during the latter months of 2005 were not included in that period's report. The total amount in question of \$162 is shown in the statement of receipts and expenditures (page 2) as an adjustment in the opening fund balance as at January 1, 2006.

END OF AUDIT REPORT