



TF099125

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

January 20, 2014

H.E. Patrice Kitebi
Minister of Finance
B.P. 12997 Blvd du 30 juin
Kinshasa, Gombe
Democratic Republic of Congo

**Third Grant Agreement for
DRC's Readiness Preparation Proposal
Readiness Fund of the FCPF
Grant No. TF099125**

Excellency:

I wish to refer to the Grant Agreement between Democratic Republic of Congo ("DRC" or "Recipient") and the International Bank for Reconstruction and Development ("World Bank"), acting as Trustee of the Readiness Fund of the Forest Carbon Partnership Facility ("FCPF"), dated March 19, 2009 ("Readiness Grant Agreement"), pursuant to which the World Bank agreed to provide to the Recipient a grant in the amount not to exceed US\$ 200,000 for formulating the Readiness Preparation Proposal ("R-PP") ("R-PP Formulation Installment"). Further, the Recipient and the World Bank entered into a Second Grant Agreement, in the amount of US\$ 3,400,000, effective as of July 19, 2011, to enable the Recipient to move ahead with preparation for readiness ("Preparation Installment").

The Participants Committee of the FCPF ("PC") has reviewed the request for an additional funding submitted by the Recipient, in accordance with the process as specified in Resolution PC/12/2012/2. Through its Resolution PC/13/2012/3, the PC decided to allocate additional grant funding to the Recipient in the amount of up to five million Dollars (US\$ 5,000,000), to enable it to continue with its preparation for readiness, subject to the terms and conditions set out in said Resolution. Further, the PC approved, through its Resolution PC/Electronic/2012/1, the allocation of additional funds of up to two hundred thousand Dollars (US\$200,000) (together with the US\$ 5,000,000, the "Additional Grant"), for the purpose of strengthening the Recipient's national feedback and grievance redress mechanism, subject to the terms and conditions set out in said Resolution.

In response to the request for financial assistance made on behalf of the Recipient and the decisions of the PC referred to above, I am pleased to inform you that the World Bank agrees to extend the Additional Grant in the amount of five million two hundred thousand Dollars (US\$ 5,200,000) on the terms and conditions set forth or referred to in this letter agreement ("Third Grant Agreement"), which includes the attached Annex, to assist in the financing of the Additional Readiness Preparation Activities described in the Annex.

This Additional Grant is funded out of the abovementioned FCPF trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds

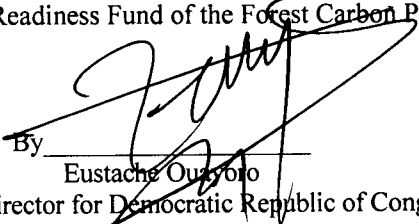
made available to it by the donors under the abovementioned trust fund, and the Recipient's right to withdraw the Additional Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Third Grant Agreement and to carry out the Additional Readiness Preparation Activities in accordance with the terms and conditions set forth or referred to in this Third Grant Agreement.

Since the execution of the Readiness Grant Agreement, the Charter Establishing the FCPF ("Charter") has been amended, and the terms and conditions of this Third Grant Agreement are based on the Charter, as so amended. Where there are inconsistencies between the Readiness Grant Agreement and this Third Grant Agreement including in the use of terms, the provisions in this Third Grant Agreement shall prevail and deemed to have accordingly amended the provisions of the Readiness Grant Agreement to eliminate any such inconsistency.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Third Grant Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Third Grant Agreement shall become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
(Acting as Trustee of the Readiness Fund of the Forest Carbon Partnership Facility)

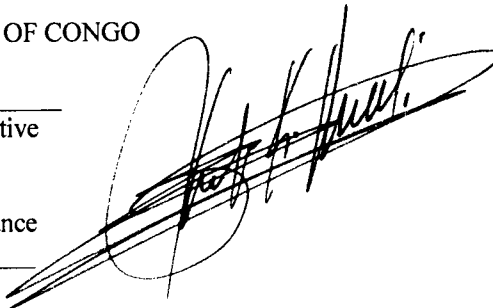
By 
Eustache Outyolo
Country Director for Democratic Republic of Congo
Africa Region

AGREED:

DEMOCRATIC REPUBLIC OF CONGO

By _____
Authorized Representative

Name: Patrice Kitebi
Title: Minister of Finance
Date: _____



Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012.
- (2) Charter Establishing the Forest Carbon Partnership Facility, dated August 8, 2013.
- (3) Disbursement Letter of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
- (4) Guidelines on Preventing and Combating Fraud and Corruption in Project Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and revised in January 2011.
- (5) Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011.
- (6) Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011.

**FCPF Readiness Fund Grant No. TF099125
ANNEX**

Article I
Standard Conditions; Definitions

1.01 **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012 (“Standard Conditions”), with the modifications set forth below, constitute an integral part of this Third Grant Agreement:

(a) The following term and definition shall be added to the Appendix to the Standard Conditions as paragraph 18 bis to read as follows:

18bis “Additional Readiness Preparation Activities” means the activities, described in the Third Grant Agreement, for which the Additional Grant is made, as the description of said activities may be amended from time to time by agreement between the Recipient and the World Bank.”

(b) The term “Project” and its definition shall be deleted in their entirety from the Standard Conditions; and all references throughout the Standard Conditions to the term “Project” shall be deemed to refer to the “Additional Readiness Preparation Activities.”

1.02 **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Third Grant Agreement have the meanings ascribed to them in the Standard Conditions, the Charter, or in this Third Grant Agreement.

- (a) “CN-REDD” means the *Coordination Nationale* REDD (National REDD Coordination).
- (b) “CU” or “Coordination Unit” means the coordination unit of the forestry sector within the Ministry of Environment Nature Conservation and Tourism, established by Arrêté N°118/CAB/MIN/AFF-ET/2002 of September 2009;
- (c) “MECNT” or “Ministry of Environment, Nature Conservation and Tourism” means the ministry responsible of environment;
- (d) National REDD Coordination means the unit within the MECNT which was established by a ministerial decree No. 09140 of 11/26/2009; and
- (e) “ESMF” means the environmental and social management framework acceptable to the World Bank, which establishes the modalities and procedures to address potential negative environmental and social impacts from the implementation of REDD+ investments and demonstration activities as well as associated mitigation measures through employing best practices; and includes the screening criteria, procedures and institutional responsibilities for the safeguard policies that are triggered for subsequent REDD+ investments.
- (f) “FGRM” means Feedback, Grievance and Redress Mechanism.
- (g) “GTCR” means Working Group on Climate and REDD (Groupe de Travail Climat REDD).

- (h) “MRV” means Monitoring, Reporting and Verification.
- (i) “REDD+” means reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks.
- (j) “REL” means Reference Emissions Level.
- (k) “RL” means Reference Level.
- (l) “REPALEF” means Network of Indigenous and Local Peoples for Forest Ecosystem Sustainable Management (Réseau des Populations Autochtones et Locales pour la Gestion Durable des Ecosystemes Forestiers).
- (m) “SESA” means the strategic environment and social assessment to be conducted as part of the Readiness process to assess the potential impact from national REDD+ programs and policies, formulate alternatives and mitigation strategies and enhance the decision-making process around the design of the national REDD+ framework.

Article II

Execution of Additional Readiness Preparation Activities

2.01. ***Objectives and Description.*** The objective of the Additional Grant is to assist the Recipient to carry out the Additional Readiness Preparation Activities. The Additional Readiness Preparation Activities consist of the following parts:

Component 1: Support to the coordination of the REDD+ Readiness Process and Multi-stakeholder Consultations

- (a) Coordination of the REDD+ Readiness Process, including by: (i) carrying out training sessions and workshops to enhance qualifications and competencies of the Provincial REDD+ Focal Points; (ii) conducting outreach about the REDD+ process in the REDD+ pilot provinces through workshops and seminars; (iii) producing communication tools (at a strategic level); (iv) paying for some of the operating costs (e.g. office rental, stationary, motorcycle maintenance); and (v) recruiting the CN-REDD staff members coordinating the REDD+ process at the national level, as well as the expert who manages the team of Provincial REDD+ Focal points.
- (b) Promotion of multi-stakeholder consultation, including by: (i) Strengthening the representativeness of GTCR members; assisting GTCR with organizing workshops in provinces to enhance awareness about REDD+; paying for some of the operating costs of GTCR (e.g. field visits to provinces); and supporting REPALEF to organize consultations to design their work program to be submitted to the FIP Dedicated Grant Mechanism (DGM)¹ for financing; (ii) producing communication tools adapted to local

¹ The FIP Dedicated Grant Mechanism for Indigenous Peoples and Local Communities has been established to provide the communities in the eight FIP pilot countries a financing and learning mechanism to support their participation in and complement the FIP investment programs and projects.

circumstances; disseminating communication tools according to the updated Communication and Participation Plan; designing and deploying in pilot elementary and middle schools of a new curriculum related to fight against deforestation and climate change; and recruiting two CN-REDD staff members to help with information, education and communication; (iii) recruiting two CN-REDD staff members to help with Policy and Legal framework Adaptation work; training policy makers on REDD+ agenda and the needs for reforms, and the judiciary apparatus on monitoring and addressing potential corruption related to REDD+ matters; reviewing existing legal and regulatory frameworks and, as necessary, adapting them in light of the REDD+ readiness process (ie. SESA, ESMF, FGRM, etc.); supporting the development of REDD+-friendly sectoral policies; conducting workshops for outreach and consultation in sectors relevant for REDD+; and financing certain travel costs to allow representatives from the Ministry of Environment, Nature Conservation and Tourism to take part in the international dialogue on REDD+.

Component 2: Contribution to the Design of a National REDD+ Strategy

- (a) Preparation of the National REDD+ strategy, including by: (i) financing the operating costs of the seven “Coordinations Thématiques” (CT) in charge of the discussions with ministries for a 3 year period, and the costs of a national workshop validating the first revised REDD+ strategy; (ii) recruiting and building capacity of a CN-REDD staff member in charge of Monitoring and Evaluation (Monitoring and Evaluation Leader); financing travel expenses for local consultants (Monitoring and Evaluation Leader, SESA leader, and REDD+ provincial focal points) for their field visits.
- (b) Preparation of the Implementation Framework, including by: (i) finalizing the Registry for REDD+ projects, and recruiting a CN-REDD staff member (the Registry Leader) to supervise the sub-component for a 3 year period; (ii) identifying potential grievances and conflicts that may arise as a result of REDD+; assessing capacity of existing feedback and grievance redress mechanisms (FGRMs) to respond to and resolve those conflicts; putting in place an action plan to strengthen existing grievance capacity; conducting workshops to ensure the participatory design of the FGRM; and hiring of information technology services to connect the FGRM to the registry.; and (iii) organizing meetings and workshops, ensuring a participatory process for reviewing the decree, setting the procedures for approving REDD+ activities in DRC.
- (c) Finalization of the Strategic Environmental and Social Assessment process, including by: recruiting a CN-REDD member managing the SESA process (the SESA leader); organizing consultation workshops in the provinces about the SESA process outputs; carrying out a national validation workshop on the SESA process outputs; developing the information system on safeguards, which is connected to the registry; developing guidelines to support free, prior and informed consultations leading to broad community support; designing a benefiting sharing plan applicable to an Emission Reductions Program; conducting training and awareness sessions aimed at disseminating the SESA tools; and paying for some of the costs related to the monitoring and evaluation of the SESA tools (meetings, workshops), and the meetings of the Comité de Suivi des Risques (et co-bénéfices) Sociaux et Environnementaux.

Component 3: Preparation of a National Reference Scenario for REDD+

- (a) Support for the recruitment of one expert (the Measurement, Reporting and Verification -

Reference Emissions Level - Forest Reference Level leader), dedicated to the coordination of all activities related to MRV, REL and RL for a three year period.

Component 4: Project Management

Support for the financial management and procurement, including hiring of external audits for a 3 year period.

2.02. ***Execution Generally.*** The Recipient declares its commitment to the objectives of the Additional Readiness Preparation Activities. To this end, the Recipient shall carry out the Additional Readiness Preparation Activities through the CN-REDD in accordance with the provisions of (a) Article II of the Standard Conditions, (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January, 2011 (“Anti-Corruption Guidelines”) and (c) this Article II.

2.03 ***Institutional and Other Arrangements.*** Without limitation upon the provision of paragraph 2.02 above, the Recipient shall:

- (a) ensure that, at all time during Project implementation, the National REDD Coordination be maintained in form and with functions and with staff in numbers with qualifications and experience satisfactory to the World Bank to allow for the due implementation of the Preparation Activities; and
- (b) ensure that the fiduciary management of the Preparation Activities be carried out by the CU, and that the CU be maintained in form and with functions and staffing in number and with qualifications and experience satisfactory to the World Bank. Such fiduciary management may be transferred to the MECNT upon evidence satisfactory to the World Bank that the required capacity has been built within the MECNT.

2.04 ***Safeguards***

(a) all (i) terms of reference for any technical assistance or studies carried out under the Additional Readiness Preparation Activities and (ii) frameworks prepared on the basis of the SESA under the Additional Readiness Preparation Activities pursuant to Section 2.01 of this Third Grant Agreement are consistent with, and pay due attention to, the World Bank’s environmental and social safeguards policies, as well as the Recipient’s own laws relating to the environment and social aspects; and

(b) in drafting or amending any laws or regulations under the Additional Readiness Preparation Activities, due attention will be given to said policies and laws.

2.05. ***Completion Report.*** The Recipient shall prepare and furnish to the World Bank not later than six months after the Closing Date, a Completion Report in accordance with the provision of Section 2.06(b) (ii) of the Standard Conditions.

2.06. *Financial Management*

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Additional Readiness Preparation Activities are prepared and furnished to the World Bank not later than forty five days (45) after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. *Procurement*

All goods, works, non-consulting services, and/or consulting services required for the Additional Readiness Preparation Activities and to be financed, fully or partially, out of the proceeds of the Additional Grant shall be procured in accordance with the requirements set forth or referred to in the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers,” dated January 2011 (“Procurement Guidelines”), and the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers,” dated January 2011 (“Consultant Guidelines”).

Additional Provisions for National Competitive Bidding

National Competitive Bidding may be used subject to using the open procedure (“*appel d’offres ouvert*”) set forth in the Recipient’s Public Procurement Law No 10/010 dated April 27, 2010 (the “PPL”) and the Manual of Procedures of the PPL as per Recipient’s Decree No 10/22 dated June 2, 2010 (the “Manual of Procedures”); provided however that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of Section III of the Procurement Guidelines and the additional following modifications:

(a) **Standard Bidding Documents:** All standard bidding documents to be used for the Project under NCB shall be found acceptable to the World Bank before their use during the implementation of Project;

(b) **Eligibility:** Eligibility of bidders and acceptability of their goods and services shall not be based on their nationality and/or their origin; and association with a national firm shall not be a condition for participation in a bidding process;

(c) **Advertising and Bid Preparation Time:** Bidding opportunities shall be advertised at least in a national newspaper of wide circulation and on the website of the Recipient’s Procurement Regulator (*Autorité de Régulation des Marchés Publics*) and bidders should be given at least 30 days from the date of invitation to bid or the date of availability of the bidding documents, whichever is later;

(d) **Criteria for Qualification of Bidders:** Qualification criteria shall only concern the bidder's capability and resources to perform the contract taking into account objective and measurable factors. Such criteria for qualification of bidders shall be clearly specified in the bidding documents;

(e) **Bid Evaluation and Contract Award:** A contract shall be awarded to the substantially responsive and lowest evaluated bidder provided that such bidder meets the qualification criteria specified in the bidding documents. No scoring system shall be allowed for the evaluation of bids, and no "blanket" limitation to the number of lots which can be awarded to a bidder shall apply. The criteria for bid evaluation and the contract award conditions shall be clearly specified in the bidding documents;

(f) **Preferences:** No preference shall be given to domestic/regional bidders; to domestically/regionally manufactured goods; and to bidders forming a joint venture with a national firm or proposing national sub-contractors or carrying out economic activities in the territory of the Recipient;

(g) **Publication of Contract Award:** Information on all contract awards shall be published in at least a national newspaper of wide circulation or in the Recipient's Procurement Regulator (*Autorité de Régulation des Marchés Publics*) web-site;

(h) **Fraud and Corruption:** In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank's policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines;

(i) **Inspection and Audit Rights:** In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank's policy with respect to inspection and audit of accounts, records and other documents relating to the bid submission and contract performance;

(j) **Requirement for administrative documents and/or tax clearance certificate.** The bidding documents shall not require foreign bidders to produce any administrative or tax related certificates prior to confirmation of awarding a contract;

(k) **Modifications of a Signed Contract:** Any change in the contract amount which, singly or combined with all previous changes, increases the original contract amount by 15% (fifteen percent) or more must be done through an amendment to the signed contract instead of signing a new contract.

2.08. Any contract for Eligible Expenditures to be financed in full or in part out of the proceeds of the Additional Grant shall be included in the procurement plan prepared by the Recipient and approved by the Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.²

(i)

² Drafting note: In case the procurement plan includes any contracts procured under National Competitive Bidding (NCB) procedures, the NCB-related provisions need to be included by the country lawyer with inputs from procurement staff.

**Article III
Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Additional Grant in accordance with the provisions of (a) Article III of the Standard Conditions, (b) this Section, and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures consisting of goods, works, non-consulting services, consultants’ services, Training and Workshops, and Operating Costs inclusive of Taxes.

For the purpose of Section 3.01, (i) the term “Workshops and Training” means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Additional Readiness Preparation Activities, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshop preparation and implementation (but excluding goods and consultant’s services); and (ii) the term “Operating Costs” means the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of the implementation of the Additional Readiness Preparation Activities, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and *per diem* for Additional Readiness Preparation Activities staff for travel linked to the implementation of the Additional Readiness Preparation Activities, and salaries of contractual staff for the Additional Readiness Preparation Activities (but excluding consultants’ services and salaries of officials of the Recipient’s civil service).

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Third Grant Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Third Grant Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2016.

**Article IV
Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister at the time for Finance.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
B.P. 12997 Blvd du 30 Juin
Kinshasa, Gombe
Democratic Republic of Congo

Facsimile: 00 243 880 23 81

4.03. ***World Bank's Address.*** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Facsimile: 1-202-477-6391