

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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March 18, 2009

H. E. Athanase Matenda Kyelu
Minister of Finance
Ministry of Finance
Building des Finances, Boulevard du 30 Juin
Kinshasa
Democratic Republic of Congo

**Re: Preparation Grant Agreement for preparation of DRC's Readiness
Plan Readiness Fund of the FCPF
Grant No. TF093871**

Excellency:

I wish to refer to Resolution PC2008-2 of the Participants Committee of the Forest Carbon Partnership Facility (FCPF) regarding Selection of REDD Country Participants (Resolution PC2008-2). REDD refers to reducing emissions from deforestation and forest degradation. Resolution PC2008-2 provides that:

- (i) Subject to the availability of funding, a REDD Country Participant in the FCPF may receive a grant up to three million six hundred thousand United States dollars (US\$3,600,000) ("Total Grant") for preparing and implementing a Readiness Plan as defined in the Charter Establishing the FCPF; and
- (iii) Subject to terms and conditions set forth in attachment II to Resolution PC2008-3 of the Participants committee regarding Grant Allocation for REDD Country Participants, the Total Grant shall be disbursed at least in three installments, with the first installment in the amount of US\$200,000 (First Installment) available to the Recipient upon the REDD Country being selected as a Participant in the FCPF.

The Democratic Republic of Congo ("DRC" or "Recipient") was selected as a REDD Country Participant and wishes to receive the First Installment of the Total Grant to prepare its Readiness Plan. In response to the request for financial assistance made on behalf of the Recipient, I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as Trustee of the Readiness Fund of the Forest Carbon Partnership Facility, agrees to extend to the Recipient a grant in an amount not to exceed two hundred thousand United States Dollars (U.S.\$200,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project

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

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 Agreement and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this 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

/s/ By Marie Françoise Marie-Nelly
Country Director for Democratic Republic of Congo
Africa Region

AGREED:
REPUBLIC OF CONGO

/s/ H.E. Athanase Matenda Kyelu
Title: Ministre des Finances
Date: 19/03/ 2009

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008.

(2) Disbursement Letter dated July 21, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

**FCPF Readiness Fund Grant No. TF093871
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 July 1, 2008 ("Standard Conditions"), with the following modifications, constitute an integral part of this Agreement:

The following term shall be inserted in the Appendix to the Standard Conditions as paragraph 6bis:

"6bis. "Charter" means the Charter Establishing the Forest Carbon Partnership Facility, as may be amended from time to time;"

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

**Article II
Project Execution**

2.01. **Project Objectives and Description.** The objective of the Project is to assist the Recipient to develop a Readiness Plan, on the basis of the Readiness Plan Idea Note following the FCPF template for the Readiness Plan. The Project consists of the following parts:

- (a) Preparation of an assessment of land use and forest policies and governance in the forest areas, including, but not limited to: review of National Forest Plan, Forestry code, COMIFRAC convergence plan, FAO survey on harmonization of forest sector policies with other sectoral policies, comparative analysis of forestry codes of COMIFAC countries, regional action plan to fight against desertification.
- (b) Organization of a multi-stakeholder national REDD working group responsible for following up the REDD readiness activities.
- (c) Preparation of a national REDD consultation and outreach plan, with the purposes of: (i) educating stakeholders about REDD strategies for support of REDD activities; (ii) reviewing potential strategies for stakeholder inputs and consideration of their interests; (iii) assessing potential impacts, benefits and equity of REDD programs; and (iv) exploring various approaches to include vulnerable stakeholder groups in the consultations.

- (d) Preparation of terms of reference for the following subcomponents: (i) development of a reference scenario for emissions from deforestation and forest degradation in the national territory; (ii) preparation of a REDD strategy to reduce deforestation and forest degradation; (iii) preparation of a REDD implementation framework; (iv) preparation of a social and environmental impact analysis; and (v) establishment of a monitoring system.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Environment, Nature Conservation and Tourism 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 ("Anti-Corruption Guidelines"), and (c) this Article II.

2.03. ***Institutional Arrangements.*** Without limitation upon the provision of Section 2.02 of this Agreement, the Recipient shall ensure that, at all time during Project implementation, the Coordination Unit (*Cellule de Coordination du Secteur Forestier*) be maintained in form and with functions and staffing appropriate to allow for the due implementation of the Project, with staff with qualifications and experience satisfactory to the World Bank, including a financial officer and a financial management expert.

2.04. ***Project Report and Completion Report.*** The Recipient shall prepare the Project Report and Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of performance indicators agreed with the World Bank. The Project Report shall cover the period of one calendar quarter and shall be furnished to the World Bank not later than one month after the end of the period covered by such report. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.05. ***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 Project are prepared and furnished to the World Bank as part of the Project Report not later than 45 days after the end of each calendar semester, covering the semester, 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 entire period of the project's life, provided that this period is no more than 24 months. 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.

2.06. *Procurement*

(a) General. All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I (excluding paragraph 1.16) of the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004, as amended in October 2006 ("Procurement Guidelines"), in the case of goods; and

(ii) Sections I (excluding paragraph 1.24) and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004, as amended in October 2006 ("Consultant Guidelines"), in the case of consultants' services.

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(e) Particular Methods of Procurement of Goods and Non-consulting services

(i) Except as the World Bank may otherwise agree, goods shall be procured under contracts awarded on the basis of the following procurement methods: (A) Shopping; and (B) Direct Contracting, subject to prior approval of the Bank.

(ii) Procurement of non-consulting services under this project would use NCB procedures agreed with the World Bank.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as the World Bank may otherwise agree, consultants' services shall be procured under contracts awarded on the basis of the following procurement methods: (A) Selection based on Consultants' Qualifications; (B) Selection of Individual Consultants; and (C) Sole Source Procedures for the Selection of Individual Consultants, subject to prior approval of the Bank.

(e) Review by the World Bank of Procurement Decisions. Except as the World Bank shall otherwise specify by notice to the Recipient, each contract awarded under Direct Contracting or Sole Source Procedures shall be subject to Prior Review by the World Bank. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. *Eligible Expenditures.* The Recipient may withdraw the proceeds of the 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 as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in USD)</u>	<u>Percentage of Expenditures to be Financed (Inclusive of Taxes)</u>
(1) Consultants' Service	130,000	100%
(2) Workshops and Training	50,000	100%
(3) Goods	5,000	100%
(4) Incremental operating expenses	15,000	100%
TOTAL AMOUNT	200,000	

For the purpose of this paragraph, the terms:

(a) "Workshops and Training" means the reasonable cost of: (i) rental of training facilities and equipment; and (ii) tuition fees, travel, accommodation and per diem of trainers and trainees; and

(b) "Operating Costs" means the incremental expenses incurred on account of Project implementation, including rental of office facilities, utilities, office supplies, communication costs, designated account banking charges, maintenance costs of laptop and printer, travel costs, and salary of support staff, but excluding salaries of the Recipient's civil servants.

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

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is July 31, 2010.

Article IV Additional Remedies

4.01. **Additional Event of Suspension.** The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the Default in Implementation set forth in Section 6.5 (a) (i) of the Charter.

Article V
Recipient's Representative; Addresses

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

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

Ministry of Finance
Building des Finances, Boulevard du 30 Juin
Kinshasa
Democratic Republic of Congo

Facsimile: 00 243 880 23 81

5.03. **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

Cable:	Telex:	Facsimile:
INTBAFRAD	248423 (MCI) or	1-202-477-6391
Washington, D.C.	64145 (MCI)	