



# FEDERAL MINISTRY OF FINANCE

INTERNATIONAL ECONOMIC RELATIONS

DEPARTMENT \_\_\_\_\_

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Ref. No. F.11373/S.34/C.1992

Date: 6<sup>th</sup> February, 2019

Date: \_\_\_\_\_

**The Country Director**

The World Bank

102, Yakubu Gowon Crescent,

Opp. ECOWAS Secretariat, Asokoro District

P. M. B. 339, Garki

Abuja - Nigeria

**RE: SECOND GRANT AGREEMENT FOR THE FEDERAL REPUBLIC OF NIGERIA'S READINESS  
PREPARATION PROPOSAL READINESS FUND OF THE FOREST CARBON PARTNERSHIP  
FACILITY (FCPF) FCPF READINESS FUND ADDITIONAL GRANT NO. TF 0A8327**

I am directed to forward herewith one (1) original copy of the duly signed Second Grant Agreement of the Readiness Fund of the Forest Carbon Partnership Facility (FCPF) Readiness Fund Additional Grant No. TF 0A8327 for your retention and necessary action.

2. Please, accept the assurances of the warm regards of the Honourable Minister of Finance.

**Aliyu Ahmed**

Director, International Economic Relations

For: Honourable Minister of Finance





**THE WORLD BANK**  
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\_\_\_\_\_, 2018

H.E. Mrs. Zainab Ahmed  
Minister of Finance  
Federal Ministry of Finance  
Abuja  
Federal Republic of Nigeria

*Re: Second Grant Agreement for the Federal Republic of Nigeria's Readiness  
Preparation Proposal  
Readiness Fund of the Forest Carbon Partnership Facility (FCPF)  
FCPF Readiness Fund Additional Grant No. TF0A8327*

Honorable Minister:

I wish to refer to the Grant Agreement between the Federal Republic of Nigeria ("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 February 2, 2015 ("Readiness Grant Agreement"), pursuant to which the World Bank agreed to provide to the Recipient a grant in an amount not to exceed three million eight hundred thousand United States Dollars (U.S.\$3,800,000) to enable the Recipient to move ahead with preparation for readiness.

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/24/2017/8, the PC decided to allocate additional grant funding to the Recipient in the amount of up to four million nine hundred forty thousand United States Dollars (US\$4,940,000), to enable it to continue with the carrying out of the Readiness Preparation Activities, 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 above, I am pleased to inform you that the World Bank agrees to extend the additional grant in the amount of four million nine hundred forty thousand United States Dollars (US\$4,940,000), ("Additional Grant") on the terms and conditions set forth or referred to in this letter agreement ("Second Grant Agreement"), which includes the attached Annex, to assist in financing the additional activities described in the Annex ("Additional Readiness Preparation Activities").

This Additional Grant is funded out of the abovementioned FCPF trust fund for which the World Bank receives periodic contributions from the donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Second Grant Agreement), the World Bank's payment obligations in connection with this Second Grant 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 Second 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 Second 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 Second Grant Agreement are based on the Charter, as so amended. Where there are inconsistencies between the Readiness Grant Agreement and this Second Grant Agreement including in the use of terms, the provisions in this Second 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 Second Grant Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Second Grant Agreement shall become effective as of the date of the countersignature.

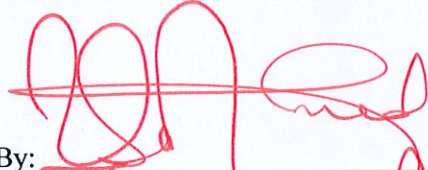
Very truly yours,

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



Rachid Benmessaoud  
Country Director Nigeria  
Africa Region

AGREED  
FEDERAL REPUBLIC OF NIGERIA



By: \_\_\_\_\_

Name: Faith S. Ahmed

Title: Minister of Finance

Date: 29 - 01 - 2019

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 November 23, 2015.
- (3) Disbursement Letter of even date herewith, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017.
- (4) 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 and as of July 1, 2016.
- (5) World Bank Procurement Regulations for Borrowers under Investment Project Financing" dated July 1, 2016.

## ANNEX

*Article I*  
*Standard Conditions; Definitions*

1.01. **Standard Conditions.** The Standard Conditions, with the modifications set forth in the Appendix to this Second Grant Agreement, constitute an integral part of this Second 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 “Readiness Preparation Activities’ means the activities, described in the Agreement, for which the 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 “Readiness Preparation Activities.”

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Second Grant Agreement have the meanings ascribed to them in the Standard Conditions, the Charter or in this Second Grant Agreement (including the cover letter to this Second Grant Agreement and this Section) as follows:

- (a) “Environmental and Social Management Framework” or “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.
- (b) “NEWMAP PIU” means the Project Implementation Unit established for purposes of the Nigeria Erosion and Watershed Management Project (Credit No. 5105-NG, dated April 16, 2013).
- (c) “Participating State” means each of Cross River State, Nasarawa State and Ondo State of the Recipient and at least three additional states of the Recipient, satisfactory to the Bank, which have been selected by the National REDD+ Secretariat to participate in the Project, in accordance with established selection criteria and procedures agreed with the Bank; and “Participating State” means, individually, any such state.
- (d) “REDD+” means reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks.
- (e) “Strategic Environmental and Social Assessment” or “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+ strategy, formulate alternatives and

mitigation strategies and enhance the decision-making process around the design of the national REDD+ framework.

## Article II

### Execution of the Additional Readiness Preparation Activities

2.01. *Additional Readiness Preparation Activities Objectives and Description.* The objective of the Grant is to support designing a socially and environmentally sound strategy to reduce emissions from deforestation and forest degradation. The Readiness Preparation Activities consist of the following parts:

#### **Component 1: Strengthen national and state level readiness management arrangements**

The activities under this component will include: 1) supporting the federal-level readiness management arrangements by providing the National REDD+ Secretariat with human, technical and operational resources; 2) supporting the Participating state-level readiness management arrangements in the Participating States by providing them with human, technical and operational resources; 3) providing capacity building training for national and state-level REDD+ Secretariat personnel; and 4) convening of Federal REDD+ management for intersectoral coordination.

#### **Component 2: Develop REDD+ strategies and conduct SESA**

The activities under this component will include: 1) supporting analytical work and to define approaches to mobilize resources for the implementation for the REDD+ strategy; 2) to mainstream REDD+ into national policies and programs; and 3) developing a safeguards information system to report on how safeguards are being addressed and respected during the implementation of the REDD+ strategy.

#### **Component 3: Develop reference emissions level**

The activities under this component will include supporting consultancies, services, goods, operating costs and workshops for the development of reference emissions level by: 1) enhancing the sampling of the forest inventory; 2) reinforcing capacity on the reference emissions level at the National level; 3) supporting the development and operationalization of the national forest monitoring system and associated capacity strengthening and training needs.

#### **Component 4: Enhance stakeholder engagement, communication, consultation, and feedback for REDD+ Readiness process**

The activities under this component will include: 1) supporting national and state-level communication and engagement activities on REDD+; and 2) establishing the nationally appropriate feedback and grievance redress mechanism for REDD+ to address grievances at the national and state levels.

2.02. *Additional Readiness Preparation Activities 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 Recipient's Inspector General of Forests Office 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 and as of July 1, 2016 (the "Anti-Corruption Guidelines"); and (c) this Article II.

2.03. **Execution Generally.** The Recipient declares its commitment to the objectives of the Readiness Preparation Activities. To this end, the Recipient shall carry out the Readiness Preparation Activities through the NEWMAP PIU in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the 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 ensure that, throughout the period of implementation of the Readiness Preparation Activities, the NEWMAP PIU have assigned staff and resources in adequate number acceptable to the World Bank, in order to carry out the Readiness Preparation Activities.

2.04 **Safeguards.** Without limitation upon the provision of Section 2.02 above and in order to ensure proper implementation of the Additional Readiness Preparation Activities in an environmentally and socially responsible manner, the Recipient shall:

(a) ensure that all: (i) terms of reference for any technical assistance or studies carried out under the Additional Readiness Preparation Activities, and (ii) Safeguard Documents to be prepared for the Additional Readiness Preparation Activities are so prepared in a manner acceptable to the World Bank and consistent with World Bank Safeguard Policies, as well as the Recipient's own laws relating to the environment and social aspects;

(b) draft any laws or regulations under the Additional Readiness Preparation Activities to be consistent with said policies and laws; and

(c) in carrying out the SESA, engage with broad stakeholders including civil society organizations, and carry out free, prior and informed consultations with forest dependent people and ethnic groups leading to their broad community support to the objectives and outputs of the Additional Readiness Preparation Activities.

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 of the Standard Conditions.

2.06. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors' support for this Additional Readiness Preparation Activities.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, enable the representatives of the to visit any part of the Recipient's territory for purposes related to this Additional Readiness Preparation Activities.

2.08. **Documents; Records.**

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Second Grant Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the World Bank; (iii) the Recipient's financial information related to the Additional Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor.

**2.07. 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 (45) days 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 audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

**2.08. Procurement**

All goods, non-consulting services and consulting 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 the "World Bank Procurement Regulations for IPF Borrowers" dated July 2016, revised November 2017 ("Procurement Regulations"), and the provisions of the Recipient's procurement plan for the Project ("Procurement Plan") dated July 23, 2018 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

**Article III**  
**Withdrawal of Additional Grant Proceeds**

**3.01. Eligible Expenditures.** The Recipient may withdraw the proceeds of the Additional Grant in accordance with the provisions of: (a) 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 February 2017, as revised from time to time by the World Bank and as made applicable to this Second Grant 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 Additional Grant ("Category"), the allocations of the amounts of the Additional Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:



Category	Amount of the Additional Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
Goods, consulting services, Training and Workshops and Operating Costs	4,940,000	100%
<b>TOTAL AMOUNT</b>	<b>4,940,000</b>	

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

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2020.

#### **Article IV Recipient's Representative; Addresses**

4.01. **Recipient's Representative.** The Recipient's Representative is the Federal minister of finance.

4.02. The Recipient's Address is:

The Honorable Minister  
Federal Ministry of Finance  
Ahmadu Bello Way  
Abuja, Nigeria

Cable address: FEDMINFIN                      Facsimile:  
234-9-2343609

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

Telex: 248423 (MCI) or 64145 (MCI)                      Facsimile:  
1-202-477-6391

**APPENDIX**  
**Modifications to the Standard Conditions**

The Standard Conditions are modified as follows:

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

18bis “Readiness Preparation Activities’ means the activities, described in the Second Grant Agreement, for which the 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.”

2. 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 “Readiness Preparation Activities.”