

18-Dec-2018

Mr. Noor Ahmed
Secretary
Economic Affairs Division
Islamic Republic of Pakistan
Islamabad, Pakistan

Re: Amended and Restated Grant Agreement for the Islamic Republic of
Pakistan's Readiness Preparation Proposal
Readiness Fund of the Forest Carbon Partnership Facility
Grant No. TF0A0709

Dear Mr. Ahmed:

I wish to refer to the Grant Agreement between the Islamic Republic of Pakistan ("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 May 4, 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/Electronic/2018/1, the PC decided to allocate additional grant funding to the Recipient in the amount not to exceed four million fourteen thousand United States Dollars (US\$4,014,000), 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 fourteen thousand United States Dollars (US\$4,014,000), ("Additional Grant"). Accordingly, the World Bank proposes to amend and restate the Readiness Grant Agreement ("Agreement") to read as above and as follows:

The World Bank agrees to increase the total grant amount made available to the Recipient for the carrying out of the Readiness Preparation Activities to seven million eight hundred fourteen thousand United States Dollars (US\$7,814,000), which consists of: (a) the Original Grant equal to three million eight hundred thousand United States Dollars (US\$3,800,000); and (b) the Additional Grant equal to four million fourteen thousand United States Dollars (US\$4,014,000) (together referred to as the "Grant"), upon the terms and conditions set forth or referred to in this Agreement, which includes the attached Annex.

The 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 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 Grant proceeds is subject to the availability of such funds.

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

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Readiness Preparation Activities 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 this Agreement and returning it to the World Bank.

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

By: Melinda Good
Name: Melinda Good
Title: Acting Country Director

AGREED:
ISLAMIC REPUBLIC OF PAKISTAN

By: Noor Ahmed
Name: Noor Ahmed
Title: Secretary
Date: 19-Dec-2018

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 Agreement, constitute an integral part of this Agreement.

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 (including the cover letter to this Agreement and this Section) as follows:

- (a) “Anti-Corruption Guidelines” means 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.
- (b) “Displaced Person” means a person who, on account of the execution of an activity under subsequent REDD+ investments, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets, or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and “Displaced Persons” means all such persons.
- (c) “Environmental and Social Management Framework” or “ESMF” means the environmental and social management framework acceptable to the World Bank to be finalized as part of the REDD+ process, 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 RPF, RAP, IPPF, feedback and grievance redress mechanism, the screening criteria, procedures and institutional responsibilities for the safeguard policies that are triggered for subsequent REDD+ investments.
- (d) “Indigenous Peoples” means those social groups in the Recipient’s territory that have a distinct, vulnerable, social and cultural identity, and that are susceptible to being disadvantaged in the development process affected by subsequent REDD+ investments or any part thereof, and that possess the following characteristics in varying degrees: (i) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (ii) collective attachment to geographically distinct habitats or ancestral territories in the subsequent REDD+ investments area and to the natural resources in these habitats and territories; (iii) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; (iv) an indigenous language; (v) having a subsistence economy; (vi) using simple tools and technology; (vii) having a high dependence on the environment and local natural resources; and (viii) having restricted access to social, economic, and political services.
- (e) “Indigenous Peoples Planning Framework” or “IPPF” means the framework acceptable to the World Bank to be prepared by the Recipient for subsequent REDD+ investments, providing the technical guidelines for implementation thereof, and giving details of the

- rules, guidelines and procedures needed to: (i) involve Indigenous Peoples, through a process of informed consultation in the design and implementation, in locations in which such people reside or make their living; and (ii) design and implement measures to provide benefits which are socially and culturally acceptable to them, and reduce, mitigate and offset adverse impacts of subsequent REDD+ investments, as such framework may be amended from time to time with the prior written agreement of the World Bank.
- (f) “Inspector General of Forests Office” means the Inspector General’s office within the Ministry of Climate Change responsible for forests and climate change; or any successor thereto.
- (g) “Ministry of Climate Change” means Recipient’s ministry responsible for climate change; or any successor thereto.
- (h) “National Forest Monitoring System” or “NFMS” means the Recipient’s national forest monitoring system designed following the IPCC guidelines to estimate the forest related greenhouse gas emissions and removals under the REDD+ framework.
- (i) “National REDD+ Office” means the office responsible for coordinating REDD+ activities; or any successor thereto.
- (j) “National Steering Committee” means the committee established within the Ministry of Climate Change, responsible for providing guidance to the National REDD+ Office; or any successor thereto.
- (k) “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 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 staff for travel linked to the implementation of the Readiness Preparation Activities, and salaries of contractual staff for the Readiness Preparation Activities (but excluding consulting services and salaries of officials of the Recipient’s civil service).
- (l) “Procurement Plan” means the Recipient’s procurement plan for the Readiness Preparation Activities, dated February 24, 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.
- (m) “Procurement Regulations” means the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017.
- (n) “REDD+” means reducing greenhouse gas emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks.
- (o) “REDD+ Working Groups” means technical working groups established by the Ministry of Climate Change, which focus on: (i) governance and management of REDD+; (ii) stakeholder engagement and safeguards; (iii) national forest monitoring system and measurement, reporting and verification system; and (iv) drivers of deforestation and forest degradation.

- (p) “Resettlement Action Plan” or “RAP” means individually, each of the Recipient’s resettlement action plans, acceptable to the World Bank, to be prepared by the Recipient for subsequent REDD+ investments in accordance with the guidelines and procedures set forth in the Resettlement Policy Framework, which sets out the: (i) principles and procedures governing the acquisition of land and related assets for the subsequent REDD+ investments; (ii) Displaced Persons as a result of subsequent REDD+ investments; (iii) actions and measures for the payment of compensation to Displaced Persons and for their resettlement and rehabilitation; (iv) criteria and procedures for developing and implementing actions and measures for mitigating the adverse social impacts resulting from the implementation of subsequent REDD+ investments; and (v) principles and procedures for consultation, grievance redress, reporting and monitoring requirements, as said plan may be revised from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such plan.
- (q) “Resettlement Policy Framework” or “RPF” means the resettlement policy framework, setting out measures and actions to be taken during the implementation of subsequent REDD+ investments, for the provision of compensation, rehabilitation and resettlement assistance to any Displaced Persons, and protocols and procedures for voluntary land donations, with related public consultation, disclosure, monitoring, reporting and grievance redress procedures; as said framework may be modified from time to time with the prior written no-objection of the World Bank, and such term includes any schedules or annexes to such framework.
- (r) “Safeguard Documents” means the ESMF, SESA, RPF, RAP, and IPPF acceptable to the World Bank.
- (s) “Strategic Environmental and Social Assessment” or “SESA” means the strategic environment and social assessment to be finalized by the Recipient as part of the REDD+ process, acceptable to the World Bank, to assess critical issues related to, inter alia, forest governance and resources and the potential impact from national REDD+ activities.
- (t) “Standard Conditions” means the Standard Conditions for Grants made by the World Bank out of Various Funds dated February 15, 2012.
- (u) “Training and Workshops” means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the 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 consulting services).
- (v) “World Bank Safeguard Policies” means the World Bank’s operational policies and procedures mandated under OP/BPs 4.01, 4.04, 4.36, 4.10 and 4.12.

Article II

Execution of the Readiness Preparation Activities

2.01. ***Readiness Preparation Activities Objectives and Description.*** The objective of the Grant is to strengthen the capacity of the Recipient to monitor deforestation and reduce forest and land use

change related greenhouse gas emissions through a socially, environmentally, and technically sound national REDD+ strategy. The Readiness Preparation Activities consist of the following parts:

Component 1: Readiness Organization and Consultation

- 1.1. *National REDD+ readiness coordination and mechanism:* (a) Organize meetings of the National Steering Committee and the REDD Working Groups; and (b) assess forest technical and extension system to enhance institutional competency.
- 1.2. *Stakeholder engagement and communication and dissemination:* (a) develop training manuals on REDD+, including REDD+ strategy, safeguards, Forest Reference Level (FRL) and Measurement, reporting and verification (MRV); (b) Consult with provincial governments and recommend concrete actions to integrate the most pertinent recommendations from Readiness studies into existing forestry laws and policies at national and provincial level; and (c) Publication and dissemination of findings from REDD+ Readiness studies.
- 1.3. *Capacity building and training for REDD+ implementation:* (a) continue national internship program on REDD+ for young professionals; (b) participate in relevant international workshop and training; (c) national exposure visits for a certain number of officials from Sindh, Punjab, Azad Jammu and Kashmir (AJK), Baluchistan and Khyber Pakhtunkhwa (KP) about their Billion Tree Tsunami and REDD+ work; and (d) provision of training and capacity building activities including: (i) REDD+ global context and Carbon accounting; (ii) forest inventory, both field- and satellite-based; (iii) technical forest (plantation technique, nursery raising); and (iv) REDD+ Safeguards.

Component 2: REDD+ Strategy Preparation

- 2.1. *Assessment of Land Use, Land Use Change Drivers, Forest Law, Policy and Governance:* (a) impact assessment of leasing forest land for other purposes and recommend policy measures with a focus on Punjab and Sindh Provinces; (b) undertake a robust, national level assessment of demand and supply of forest products and services, and quantify contribution of forests to rural livelihood and national economy; (c) compile provincial level forest information data, where available, and generate new data set from satellite image analysis; and (d) translation, digitization and online disclosure of key forestry documents, including laws, policies, management plans, national and provincial level research reports.
- 2.2. *REDD+ Strategy Options:* (a) Assess opportunity cost of REDD+ in Pakistan; (b) prepare fifteen (15) model participatory forest management plans in consultation with local communities; (c) prepare six (6) provincial REDD+ Action Plans based on National REDD+ Strategy for Punjab, Sindh, Baluchistan, AJK, Federally Administered Tribal Areas (FATA) and Gilgit-Baltistan; and (d) assess prospects of resin-tapping, including technical guidelines and fire and disease protection and marketing.
- 2.3. *REDD+ Implementation Framework:* (a) assessment of private sector engagement in forestry sector and REDD+ and measures to promote such engagement; and (b) assessment of seed and seedling supply system for forest plantation, including tissue culture and seed bank.

- 2.4. *Social and Environmental Impacts during Readiness Preparation and REDD-plus Implementation:* (a) prepare a REDD+ Gender Action Plan (GAP); and (b) assessment of carbon rights in various types of forests based on legal classification.

Component 3: Design Systems for National Forest Monitoring

- 3.1. Design, develop and operate official forest management system web portals in each provinces and territories to be linked with NFMS web portal.
- 3.2. Develop and strengthen provincial NFMS and MRV system.
- 3.3. Procure equipment for forest inventory and monitoring (laser vertex, densitometer, hypsometer, GIS plotters, laptops – seven pieces each – and 14 GPS).

Component 4: Readiness Preparation Activities Management

- 4.1. Hire staff to support National REDD+ Office, including Readiness Preparation Activities coordinator, financial management specialist, procurement specialist, 2 REDD+ associates).
- 4.2. Hire three technical specialists/experts to support National REDD+ Office.
- 4.3. Financing of Operating Costs.
- 4.4. Maintain REDD+ website.

2.02. ***Readiness Preparation Activities 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 Recipient's Inspector General of Forests Office 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 provisions of Section 2.02 above, the Recipient shall ensure that, throughout the period of implementation of the Readiness Preparation Activities, the Inspector General of Forests Office, the National Steering Committee, and the REDD+ Working Groups, 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 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 Readiness Preparation Activities, and (ii) Safeguard Documents to be prepared for the 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 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 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 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 Readiness Preparation Activities.

2.07. **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 Readiness Preparation Activities are retained for seven years and six months after the Closing Date, such records to include: (i) this 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 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.

2.08. **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 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.

2.9. *Procurement*

All goods, non-consulting services and consulting services required for the Readiness Preparation Activities 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 Procurement Regulations, and the provisions of the Recipient's Procurement Plan, as the same may be updated from time to time in agreement with 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) 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 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:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
Goods, non-consulting services, consulting services, Training and Workshops and Operating Costs	7,814,000	100%
TOTAL AMOUNT	7,814,000	

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 this Agreement.

3.03. *Withdrawal Period.* The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 28, 2020.

Article IV Recipient's Representative; Addresses

4.01. *Recipient's Representative.* The Recipient's Representative is the Secretary, Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer of the Economic Affairs Division of the Ministry of Finance, each such person acting individually.

4.02. The Recipient's Address is:

The Secretary
Economic Affairs Division
Islamabad
Pakistan

Facsimile: 92-51-921-8976

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:

Facsimile:

248423 (MCI) or
64145 (MCI)

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 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.”