

**CONFORMED COPY**

September 15, 2010

H.E. Louis Paul Motaze  
Minister of Economy, Planning and Regional Development  
Ministre de l'Economie, la Planification et de l'Amenagement du Territoire  
B.P. 660  
Yaounde  
Republic of Cameroon

**Re: Grant Agreement for the Readiness Preparation Proposal  
Readiness Fund of the FCPF  
Grant No. TF094198**

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 subject to the availability of funds, a REDD Country Participant may receive the grants up to three million six hundred thousand United States Dollars (US\$3,600,000) ("Total Grant") for formulating and executing a Readiness Preparation Proposal (R-PP).

Resolution PC2008-3 of the Participants Committee regarding Grant Allocation for REDD Country Participants (Resolution PC2008-3) further provides that the Total Grant may be made available in two or three installments, with the first installment in the amount of US\$200,000 (First Installment) available to the Eligible REDD Country upon its selection as a Participant in the FCPF for the purpose of formulating a R-PP.

The Republic of Cameroon ("Recipient") was selected as a REDD Country Participant and wishes to receive the First Installment of the Total Grant to prepare its R-PP. 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 ("Trustee"), 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 described in the Annex ("Project").

The Trustee may enter into one or more than one supplementary agreement to this grant agreement with the Recipient for the purpose of extending the balance of the Total Grant, subject to the availability of funds, terms and conditions set forth in attachment II to Resolution PC2008-3 and a decision by the Participants Committee.

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)

By /s/ Mary Barton-Dock  
Mary Barton-Dock  
Country Director  
Africa Region

AGREED:  
REPUBLIC OF CAMEROON

By: /s/ Louis Paul Motaze  
Name: Louis Paul Motaze  
Title: Minister of Economy, Planning and Regional Development  
Date: October 22, 2010

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010

(2) Disbursement Letter dated [\_\_\_\_\_], together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

**FCPF Readiness Fund Grant No.TF094198  
ANNEX**

**Article I  
Standard Conditions; Definitions**

1.01. ***Standard Conditions.***

- (a) The Standard Conditions for Grants made by the World Bank Out of Various Funds dated July 31, 2010 (“Standard Conditions”), with the modification set forth in paragraph (b) below, constitute an integral part of this Agreement.
- (b) The following term shall be inserted as paragraph 6(bis):
  - (i) 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 Preparation Proposal (R-PP), on the basis of the Readiness Plan Idea Note following the FCPF template for the R-PP. The Project consists of the following parts:

- (a) Preparation of a brief assessment of land use and forest policies and governance in the forest sector.
- (b) Convene a multi-stakeholder national REDD working group (Committee) responsible for following up the REDD readiness activities in Cameroon.
- (c) Preparation of a Consultation and Outreach Plan (to be implemented during the elaboration phase of the R-Plan) and conduct consultations among key institutions.
- (d) Preparation of Terms of Reference (ToR) for the development of the national REDD strategy.
- (e) Preparation of the ToR for the design of a national REDD implementation framework.
- (f) Preparation of a summary of proposed social and environmental impact analysis methodology and the ToR for carrying out this analysis.
- (g) Preparation of the ToR for the development of the reference scenario of emissions from deforestation and forest degradation.
- (h) Preparation of the ToR for establishing a monitoring, reporting and verification system due to changes in forest cover and changes in carbon stocks at the national level.
- (i) Preparation of the ToR for investments and capacity building needs.

2.02. ***Project Execution Generally.*** (a) The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Environment and Protection of Nature (MINEP) 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”), with the modifications set forth in Section I of the Appendix to this Agreement; and (c) this Article II.

(b) The Recipient shall maintain, throughout Project implementation, MINEP in form and substance and with functions and resources satisfactory to the Association, including the financial management specialist and procurement specialist, both with qualifications, and experience satisfactory to the Association recruited under the Environmental and Social Capacity Building for the Energy Sector Project (Credit 4477-CM), which shall be respectively responsible for the financial management and procurement activities under the Project.

(c) The Recipient shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable MINEP and its staff to perform its obligations under the Project.

2.03. ***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. 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.

2.04. ***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 forty five (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 for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period (not to exceed 18 months) during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.05. ***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 and revised in October 2006 and May 2010 (“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 and revised in October 2006 and May 2010 (“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.

(c) Particular Methods of Procurement of Goods

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of Shopping.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection; (F) Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. 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:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Consultants' Services	135,000	100
(2) Training and Workshops	48,500	100
(3) Goods	16,500	100
<b>TOTAL AMOUNT</b>	<b>200,000</b>	

For the purpose of Section 3.01(i) the term "Training and Workshops" means the costs associated with training and workshop participation of personnel involved in the implementation of the Project including 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.

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 31 October 2011.

#### **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 its Minister of Economy, Planning and Regional Development

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

Ministère de l'Economie, la Planification et de l'Aménagement du Territoire  
B.P. 660  
Yaoundé  
Republic of Cameroon

Facsimile:  
(237) 22 22 15 09

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

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

**APPENDIX**  
**Modifications to the Anti-Corruption Guidelines**

**Section I.** The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under

paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”