H.E. Mr. Gilbert Ondongo  
Ministre des Finances, du Budget et du Portefeuille Public  
Ministèr des Finances, du Budget et du Portefeuille Public  
Croisement Avenue de l’Indépendance/Avenue Foch  
B.P. 2083  
Brazzaville  
Republic of Congo  

Re: Republic of Congo  
Readiness Fund of the Forest Carbon Partnership Facility  
Supplementary Grant Agreement for Readiness Preparation Proposal  
TF Grant No. TF010691  

Excellency:  

I wish to refer to the Grant Agreement between the Republic of Congo (“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 July 21, 2009 and countersigned by the Recipient on July 21, 2009 (“Readiness Grant Agreement”), for the purpose of providing a grant (TF Grant No. 094778) in an amount not to exceed two hundred thousand Dollars (US$200,000) for formulating a readiness preparation proposal (“R-PP”) (“R-PP Formulation Installment”).  

The Participants Committee of the FCPF (“PC”) has reviewed the R-PP furnished by the Recipient and acknowledged the extensive efforts made by the Recipient and the high quality of the R-PP. Accordingly, the PC, through its resolution No. PC/6/2010/3, decided to allocate grant funding to the Recipient in the amount of up to three million four hundred thousand Dollars (US$ 3,400,000) (“Preparation Installment” or “Grant”), to enable it to move ahead with preparation for readiness, 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 decision of the PC referred to above, I am pleased to inform you that the World Bank, acting as Trustee of the Readiness Fund for the FCPF, agrees to extend to the Recipient a grant in an amount not to exceed three million four hundred thousand Dollars (US$ 3,400,000) to assist in the financing of Readiness Preparation Activities (as defined in the Annex to this Agreement). The Grant shall be subject to the terms and conditions set forth or referred to in this letter agreement (“Supplementary Grant Agreement” or “Grant Agreement”), which includes the attached Annex.  

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Supplementary Grant Agreement and to carry out the Readiness Preparation Activities in accordance with the terms and conditions set forth or referred to in this Supplementary Grant Agreement.
Since the execution of the Readiness Grant Agreement, the Charter Establishing the Forest Carbon Partnership Facility ("Charter") has been amended, and the terms and conditions of this Supplementary Grant Agreement are based on the Charter, as so amended. Where there are inconsistencies between the Readiness Grant Agreement and this Supplementary Grant Agreement including in the use of terms, the provisions in this Supplementary Grant Agreement shall prevail and be deemed to have accordingly amended the provision 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 Supplementary Grant Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Supplementary Grant Agreement shall become effective as of the date of said receipt by the World Bank ("Effective Date").

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

By
Eustache Ouayoro
Country Director for the Republic of Congo
Africa Region

AGREED:

REPUBLIC OF CONGO

By

Name: Gilbert Ondongo
Title: Ministre des Finances
Date: 1 JAN 2012

Enclosures:

(2) Charter Establishing the Forest Carbon Partnership Facility (FCPF), as amended through May 11, 2011;

(3) Resolution No. PC/7/2010/3 adopted by FCPF Participants Committee.

(4) Disbursement Letter of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
**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 31, 2010 ("Standard Conditions"), with the modifications set forth below, constitute an integral part of this Supplementary 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:

"18 bis. ""Readiness Preparation Activities" means the activities described in the 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."

(b) The term "Project" and its definition shall be deleted in their entirety from the Appendix to 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 Supplementary Grant Agreement have the meanings ascribed to them in the Standard Conditions, the Charter, or in this Supplementary Grant Agreement, and the following terms have the meanings ascribed to them below.

(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.

(b) "Charter" means the International Bank for Reconstruction's "Charter Establishing the Forest Carbon Partnership Facility" as amended to May 11, 2011, as the same may be further amended from time to time.

(c) "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.

(d) "Ministry of Sustainable Development, Forest Economy and Environment" and "MSDFEE" each means the Recipient’s ministry responsible for sustainable development, forest economy and environment, known as "Ministère du Développement Durable, de l’Économie Forestière et de l’Environnement", and any successor thereto.

(e) Operating Costs" means the incremental expenses incurred on account of implementation of the Readiness Preparation Activities, consisting of reasonable expenditures, agreed with the World Bank, for the following items: vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office and office equipment maintenance, utilities, document duplication/printing, consumables, travel costs and per diem for Recipient staff for travel linked to the implementation of the Activities, and salaries of the Recipient’s contractual staff employed for purposes of the Readiness Preparation Activities (but excluding salaries of civil servants) .

“Procurement Plan” means the procurement plan prepared and updated from time to time by the Recipient for the Readiness Preparation Activities in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines.

“Reducing Emissions from Deforestation and Degradation +” and “REDD+” means a mechanism that uses market and financial incentives to reduce the emission of greenhouse gases from deforestation and forest degradation, and to restore and rehabilitate forests, manage forests sustainability and/or reforest in a measurable and verifiable way.

“Workshops and Training” means the costs associated with training and workshop participation of personnel involved in the implementation of the Readiness Preparation Activities, 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.

Article II
Execution of Readiness Preparation Activities

2.01. Objectives and Description. The objective of the Readiness Preparation Activities is to reinforce the Recipient’s capacities to design a socially and environmentally sound national REDD+ strategy and to inform the development of a national reference emissions level for REDD+. The Readiness Preparation Activities consist of the following:

(a) Coordination of the REDD+ Readiness Process and Multi-Stakeholder Consultations

(i) Establishment and operationalization of governmental management structures (“National REDD Coordination”) to be responsible for coordinating the overall REDD+ process in the Recipient’s territory, through the recruitment of appropriately qualified and experienced staff, and the provision of training and equipment required for the purpose.

(ii) Organization of technical workshops on key REDD+ topics and of consultations aimed at informing and raising awareness of various stakeholders regarding REDD+ and ensuring an overall participative process in the development of the Recipient’s REDD+ strategy and legal framework.

(b) Design of a National REDD+ Strategy

(i) Carrying out of: (i) an in-depth analysis of the causes of deforestation and degradation in the Recipient’s territory; and (ii) an in-depth assessment of the preliminary strategic options to address those causes (including costs, benefits, feasibility, sustainability and risks), and articulation of time-bound concrete measures to operationalize the Recipient’s REDD+ strategy.
(ii) Carrying out of a legal and institutional analysis of issues related to the development of the Recipient's REDD+ strategy.

(iii) (A) Carrying out of a strategic environmental and social assessment (“SESA”) of the Recipient’s REDD+ process; and (B) on the basis of the SESA, preparation of: (1) an environmental and social management framework; (2) an indigenous peoples planning framework; and (3) a resettlement policy framework and process framework.

(c) Informing the Preparation of a National Reference Scenario for REDD+

Carrying out of: (i) an analysis of potential future pressures on forests in the Recipient’s territory; and (ii) collection, in the context of the Recipient’s ongoing national household survey on household consumption, of key household-level data for the REDD+ process, in particular to facilitate the estimation of future deforestation and the establishment of the national reference emissions level.

2.02. Execution Generally: Institutional Arrangements.

(a) 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 Ministry of Sustainable Development, Forest Economy and Environment in accordance with the provisions of: (i) Article II of the Standard Conditions; (ii) the Anti-Corruption Guidelines; and (iii) this Article II.

(b) In order to ensure the efficient implementation of the Readiness Preparedness Activities included in Section 2.01(a)(i) of this Annex, the Recipient shall, not later than three (3) months after the Effective Date: (i) establish the National REDD Coordination, with functions, composition and organization satisfactory to the World Bank, supported by qualified and experienced staff in adequate numbers; and (ii) provide it with the resources necessary to enable it to carry out its functions.

2.03 Safeguards. The Recipient shall ensure that:

(a) all (i) terms of reference for any technical assistance or studies carried out under the Readiness Preparation Activities and (ii) frameworks prepared on the basis of the SESA under the Readiness Preparation Activities pursuant to Section 2.01(b)(ii) of this 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 any laws or regulations under the Readiness Preparation Activities, due attention will be given to said policies and laws.

2.04. Mid-term Progress Report and Completion Report. The Recipient shall, in not later than eighteen (18) months after the Effective Date, prepare and furnish to the World Bank a mid-term progress report on the Readiness Preparation Activities in accordance with terms of reference acceptable to the World Bank, including the provisions of Section 6.3(b) of the Charter and Resolution No. PC/7/2010/3 adopted by the FCPF Participants Committee. The Recipient shall also 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.

2.05. 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 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 for the Readiness Preparation Activities 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.

(d) In order to ensure the proper implementation of paragraphs (a) through (c) of this Section, the Recipient shall not later than three (3) months after the Effective Date:

(i) engage in accordance with the provisions of Section 2.06 of this Agreement, the following persons, whose terms of reference, qualifications and experience shall be satisfactory to the World Bank: (A) an independent auditor to carry out the audits required under paragraph (c) of this Section; and (B) an accountant who shall be assigned to the MSDFEE; and

(ii) configure and commence utilization of an accounting software acceptable to the World Bank.

2.06. Procurement

(a) General. All goods, non-consulting services and consultants’ services required for the Readiness Preparation Activities and to be financed out of the proceeds of the Preparation Installment shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the Procurement Guidelines in the case of goods and non-consulting services;

(ii) Sections I and IV of the Consultant Guidelines in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the Procurement Plan.

(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 Sections II and III of the
Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (A) National Competitive Bidding; (B) Shopping; and (C) Direct Contracting.

(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 are specified in the Procurement Plan: (A) Quality-based Selection; (B) Least Cost Selection; (C) Selection based on Consultants’ Qualifications; (D) Single-source Selection of consulting firms; (E) Selection of Individual Consultants; and (F) Single-source procedures for the 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 Proceeds

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Preparation Installment 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 Preparation Installment, the allocations of the amounts of the Preparation Installment to each said category, and the percentage of expenditures to be financed for Eligible Expenditures in each said category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Preparation Installment Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ Services, including audits, Goods, Workshops and Training and Operating Costs</td>
<td>3,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,400,000</td>
<td></td>
</tr>
</tbody>
</table>

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

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 31, 2015.

**Article IV**

**Remedies**

4.01. The Additional Events of Suspension consist of the following, namely that the World Bank has determined that: (a) at any time before the Closing Date, the Recipient has failed to apply sound environmental or social standards or practices in its management or carrying out of REDD+ activities; and (b) as a result of such failure, a situation has arisen after the date of this Agreement which makes it improbable that the objective of the Readiness Preparation Activities will be achieved.

**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 its 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:

Ministère des Finances, du Budget et du Portefeuille Public
Croisement Avenue de l’Indépendance/Avenue Foch
B.P. 2083
Brazzaville
Republic of Congo

Facsimile:
(242) 2281.43.69
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: INTBAFRAD  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391