

**OFFICIAL
DOCUMENTS** TF 018292

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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February 23, 2015

Hon. Seth Terkper
Minister of Finance
Ministry of Finance
P. O. Box MB40
Accra, Ghana

Honourable,

**Third Grant Agreement for
Ghana's Readiness Preparation Proposal
Readiness Fund of the FCPF
Grant No. TF018292**

I wish to refer to the Grant Agreement between Republic of Ghana ("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 January 4, 2009 ("Readiness Grant Agreement"), pursuant to which the World Bank agreed to provide to the Recipient a grant in the amount not to exceed US\$ 200,000 for formulating the Readiness Preparation Proposal ("R-PP") ("R-PP Formulation Installment"). Further, the Recipient and the World Bank entered into a Supplementary Grant Agreement, in the amount of US\$ 3,400,000, dated December 1, 2011, to enable the Recipient to move ahead with preparation for readiness ("Preparation Installment").

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/17/2014/2, the PC decided to allocate additional grant funding to the Recipient in the amount of up to five million Dollars (US\$ 5,000,000), to enable it to continue with its preparation for readiness, subject to the terms and conditions set out in said Resolution. Further, the PC approved, through its Resolution PC/Electronic/2012/1, the allocation of additional funds of up to two hundred thousand Dollars (US\$ 200,000) (together with the US\$ 5,000,000, the "Additional Grant"), for the purpose of strengthening the Recipient's national feedback and grievance redress mechanism, 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 to above, I am pleased to inform you that the World Bank agrees to extend the Additional Grant in the amount of five million two hundred thousand Dollars (US\$ 5,200,000) on the terms and conditions set forth or referred to in this letter agreement ("Third Grant Agreement"), which includes the attached Annex, to assist in the financing of the Additional Readiness Preparation Activities described in the Annex.

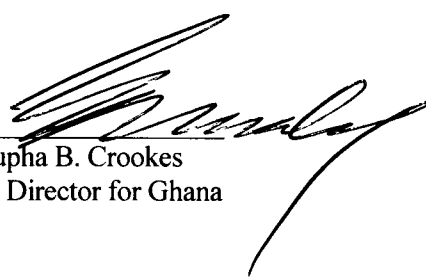
This Additional Grant is funded out of the abovementioned FCPF trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations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

By 
Yusupha B. Crookes
Country Director for Ghana

AGREED:

REPUBLIC OF GHANA

By 
Authorized Representative

Name: **CASSIEL ATO FORSON MP**
Title: **DEPUTY MINISTER (F)**
Date: **MINISTRY OF FINANCE**
ACCRA
MARCH 28, 2015

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 December 23, 2014.
- (3) Disbursement Letter of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
- (4) Guidelines on Preventing and Combating Fraud and Corruption in Project Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and revised in January 2011.
- (5) Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011, and revised in July 2014.
- (6) Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011, and revised in July 2014.

FCPF Readiness Fund Grant No.TF018292
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 February 15, 2012 (“Standard Conditions”), with the modifications set forth below, constitute an integral part of this Third 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 “‘Additional Readiness Preparation Activities’ means the activities, described in the Third Grant Agreement, for which the Additional 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 “Additional Readiness Preparation Activities.”

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

- (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) “FGRM” means feedback, grievance and redress mechanism, as described in Resolution PC/Electronic/2012/1.
- (c) “Forestry Commission” means the forestry commission, a department within the Ministry of Lands and Natural Resources, established pursuant to the Forestry Commission Act, 1999 (Act 571), or any successor thereof.
- (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+ programs and policies, formulate alternatives and mitigation strategies, and enhance the decision-making process around the design of the national REDD+ framework.

Article II

Execution of Additional Readiness Preparation Activities

2.01. ***Objectives and Description.*** The objective of the Additional Grant is to assist the Recipient to carry out the Additional Readiness Preparation Activities, so as to support the Recipient design a socially and environmentally sound national strategy to reduce emissions from deforestation and forest degradation and to develop a reference scenario of emissions from deforestation and degradation that takes into account national circumstances. The Additional Readiness Preparation Activities consist of the following parts:

Component 1: Support to National REDD+ Readiness Management Arrangements

Activities under this component support the National REDD+ readiness management arrangements with the aim of creating a robust system for managing and coordinating Recipient's REDD+ readiness process, and include: a) support to the REDD+ Secretariat and Working Groups for coordinating readiness activities, consultative and validation workshops for stakeholders, and annual roadshow programs; (b) establishment of arrangements for the flow of REDD+ funds in Ghana; and c) operationalization of the FGRM.

Component 2: Establishment of a Measurement, Reporting and Verification (MRV) System

Activities under this component provide support for addressing gaps in the establishment and operationalization of the Recipient's MRV system, REDD+ registry, and associated information system for multiple benefits and a safeguards information system.

Component 3: Preparation Support for Emission Reduction Program and Testing of REDD+ Readiness Arrangements through Ongoing Pilots

Activities under this component support the Recipient with the preparation of the Emission Reduction Program, testing of REDD+ readiness arrangements, and selection and operationalization of benefit sharing mechanisms.

2.02. ***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 Forestry Commission of the Ministry of Lands and Natural Resources 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 ("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 National REDD+ Technical Working Group has assigned staff and resources in adequate number acceptable to the World Bank, in order to carry out the daily management and coordination, financial management, procurement, monitoring and evaluation of the Additional Readiness Preparation Activities.

2.04. ***Safeguards.***

- (a) all (i) terms of reference for any technical assistance or studies carried out under the Additional Readiness Preparation Activities and (ii) safeguard instruments

prepared on the basis of the SESA and ESMF under the Additional Readiness Preparation Activities pursuant to Section 2.01 of this Third Grant 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;

- (b) in drafting or amending any laws or regulations under the Additional Readiness Preparation Activities, due attention will be given to said policies and laws; and
- (c) Additional Readiness Preparation Activities do not include the implementation of REDD+ programs on the ground.

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(b) (ii) of the Standard Conditions.

2.06. **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 days (45) 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 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.

2.07. **Procurement.**

All goods, non-consulting services, and/or consulting services required for the Additional Readiness Preparation Activities and to be financed, fully or partially, out of the proceeds of the Additional Grant shall be procured in accordance with the requirements set forth or referred to in the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers," dated January 2011 and revised in July 2014 ("Procurement Guidelines"), and the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers," dated January 2011 and revised in July 2014 ("Consultant Guidelines").

2.08. Any contract for Eligible Expenditures to be financed in full or in part out of the proceeds of the Additional Grant shall be included in the procurement plan prepared by the Recipient and approved by the Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.

Article III

Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Additional 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 consisting of goods, non-consulting services, consultants’ services, Training and Workshops, and Operating Costs inclusive of Taxes.

Category	Amount (in US\$ million)	Percentage of Expenditures to be Financed (incl. Taxes)
(1) Goods, consultants’ services, non-consultancy services, trainings and workshops, and operating costs under Part One	1.367	100%
(2) Goods, consultants’ services, non-consultancy services, trainings and workshops, and operating costs under Part Two	1.911	100%
(3) Goods, consultants’ services, non-consultancy services, trainings and workshops, and operating costs under Part Three	1.922	100%
TOTAL	5.2	

For the purpose of Section 3.01, (i) the term “Workshops and Training” means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Additional 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 consultant’s services); and (ii) the term “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 Additional 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 Additional Readiness Preparation Activities staff for travel linked to the implementation of the Additional Readiness Preparation Activities, and salaries of contractual staff for the Additional Readiness Preparation Activities (but excluding consultants’ services and salaries of officials of the Recipient’s civil service).

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

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2017.

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 the Minister responsible for Finance.

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

Ministry of Finance
P.O. Box MB40
Accra, Ghana
Cable: ECONOMICON Accra
Telex: 2205 MIFAEP GH
Facsimile: 233-30-2667069, 233-30-2663854

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
Facsimile: 1-202-477-6391