

June 3, 2010

**CONFORMED COPY FOR PUBLIC DISCLOSURE**

The Honorable Dr. Ashni Singh  
Minister of Finance  
Ministry of Finance  
Main and Urquhart Street  
Georgetown 02-592  
GUYANA

**Re: Grant Agreement for the Readiness Preparation Proposal Readiness  
Fund of the FCPF, Grant No. TF096006**

Dear Minister Singh:

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 and conditions set out in that resolution, a REDD Country Participant may receive grant funding of up to three million six hundred thousand United States Dollars (US\$3,600,000) (R-PP Formulation and Readiness Preparation Grant) for formulating and carrying out a Readiness Preparation Proposal (R-PP). Further to Resolution PC2008-3 (Resolution PC2008-3), an R-PP Formulation and Readiness Preparation Grant may be made available in installments to a REDD Country Participant.

Resolution PC/3/2009/3 of the Participants Committee regarding Guyana's R-PP (Resolution PC/3/2009/3) requests the International Bank for Reconstruction and Development (World Bank) acting as Trustee of the Readiness Fund of the FCPF (Trustee) to make available to Guyana US\$200,000 for the purpose of conducting consultations and studies in the context of the R-PP (R-PP Formulation Installment).

The Cooperative Republic of Guyana (Recipient) was selected as a REDD Country Participant and wishes to receive the R-PP Formulation and Readiness Preparation Grant. In response to the request for financial assistance made on behalf of the Recipient, I am pleased to inform you that the Trustee agrees to extend to the Recipient two hundred thousand United States Dollars (US\$200,000) 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 activities described in the Annex (Formulation Activities).

The Trustee may enter into one or more than one supplementary agreement(s) to this grant agreement with the Recipient for the purpose of extending the remaining installment(s) of the R-PP Formulation and Readiness Grant, subject to the availability of funds, terms and conditions set forth in attachment II to Resolution PC2008-3 and Resolution PC/3/2009/3.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Formulation 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 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 specified by the World Bank in accordance with Section 2.03(b) of the Annex to this Agreement.

Very truly yours,

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

Acting as Trustee of the Readiness Fund of the Forest Carbon Partnership Facility

By /s/ Yvonne M. Tsikata  
Country Director  
Caribbean Country Management Unit  
Latin America and the Caribbean Region

AGREED:  
**COOPERATIVE REPUBLIC OF GUYANA**

By /s/ Ashni Singh  
Authorized Representative

Date: June 9, 2010

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008

(2) Disbursement Letter dated June 3, 2010, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

**FCPF Readiness Fund Grant No. TF096006  
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 1, 2008 (Standard Conditions), with the modifications set forth in paragraphs (b) and (c) below, constitute an integral part of this Agreement.

(b) The following term shall be inserted as paragraph 6 (bis):

6bis. "Charter" means the Charter Establishing the Forest Carbon Partnership Facility, as may be amended from time to time;

(c) The definition of the term "Project" is replaced to read as follows:

"Formulation Activities" means the proposed activities, for which the World Bank as the Trustee of the Readiness Fund of the Forest Carbon Partnership Facility has made the R-PP Formulation Installment, for the formulation by the Recipient of a Readiness Preparation Proposal."

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, and the following additional terms have the following meanings:

(a) "Guyana Forestry Commission" Act (CAP 67:02) of the laws of the Recipient; and

(b) "National Toshias Council" means the council established and operating pursuant to the Amerindian Act (Act No. 6 of 2006) of the laws of the Recipient.

**Article II  
Execution of Formulation Activities**

2.01. *Objectives and Description.* The objective of the R-PP Formulation Installment is to assist the Recipient to formulate a Readiness Preparation Proposal (R-PP), and enhance access to information for key-stakeholder groups. The Formulation Activities consists of the following:

(a) Initial information-sharing and awareness-raising for indigenous communities on climate change, Reducing Emissions from Deforestation and Forest Degradation (REDD), and related issues such as carbon measurement and World Bank social and environmental safeguards, including production of communication outlets, through the provision of technical advisory services, provision of operating costs, and conducting workshops.

(b) Initial information-sharing and awareness-raising for other stakeholders on climate change, Reducing Emissions from Deforestation and Forest Degradation (REDD),

and related issues such as carbon measurement and World Bank social and environmental safeguards, including production of communication outlets, through the provision of technical advisory services, provision of operating costs, and conducting workshops.

- (c) Technical studies on: (i) methodologies and models for forest carbon stock assessment; and (ii) methodologies for baseline assessment of historical carbon emissions from deforestation and degradation, through the provision of technical advisory services, provision of operating costs, and conducting workshops.
- (d) Supporting the Guyana Forestry Commission recruit an external auditor in accordance with the provisions of Section 2.06 (c) of the Annex to this Agreement, to carry out: (i) a transaction audit for the Formulation Activities under Section 2.01 (b) and (c) of this Annex to this Agreement; and (ii) the financial audit for the Formulation Activities under Section 2.01(b) and (c) of the Annex to this Agreement.
- (e) Supporting the National Toshias Council recruit an external auditor in accordance with the provisions of Section 2.06 (c) of the Annex to this Agreement, to carry out: (i) a transaction audit for the Formulation Activities under Section 2.01 (a) of this Annex to this Agreement; and (ii) the financial audit for the Formulation Activities under Section 2.01(a) of the Annex to this Agreement.

## 2.02. *Execution Generally*

- (a) The Recipient declares its commitment to the objectives of the Formulation Activities under its R-PP. To this end, the Recipient shall carry out: (i) the Formulation Activities under Section 2.01(b), (c) and (d) of the Annex to this Agreement through the Guyana Forestry Commission; and (ii) the Formulation Activities under Section 2.01(a) and (e) of the Annex to this Agreement through the National Toshias Council, all in accordance with the provisions of: (i) Article II of the Standard Conditions; (ii) 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 the Appendix to this Agreement; (iii) this Article II; and (iv) the respective Subsidiary Agreements (as defined in Section 2.02(b) to this Annex.
- (b) To facilitate the carrying out of the Formulation Activities under Section 2.01 of this Agreement, the Recipient shall: (i) make the proceeds of the R-PP Formulation Installment for Formulation Activities under Section 2.01(b), (c) and (d) of the Annex to this Agreement available to the Guyana Forestry Commission under a subsidiary agreement between the Recipient and the Guyana Forestry Commission, and (ii) make the proceeds of the R-PP Formulation Installment for Formulation Activities under Section 2.01(a) and (e) of the Annex to this Agreement available to the National Toshias Council, all under terms and conditions approved by the World Bank (“Subsidiary Agreements”), which shall include the terms and conditions set forth in the Attachment to this Annex.
- (c) The Recipient shall exercise its rights under each Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to

accomplish the purposes of the R-PP Formulation Installment. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Subsidiary Agreement or any of their respective provisions.

2.03. ***Effectiveness***

- (a) Pursuant to the provisions of Section 6.01 of the Standard Conditions, the following is specified as the condition of effectiveness, namely that, the Subsidiary Agreements have been duly authorized or ratified by the Recipient and Guyana Forestry Commission, and the National Toshias Council respectively, and each one thereof is legally binding upon the Recipient and Guyana Forestry Commission, or the National Toshias Council, as the case may be, in accordance with their terms.
- (b) This Agreement shall become effective as of the date on which the conditions of effectiveness referred to in Section 2.03(a) of this Annex shall have been fulfilled in form and substance satisfactory to the World Bank; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received satisfactory evidence in fulfillment of the conditions of effectiveness within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

2.04. ***Formulation Activities Report and Completion Report.*** The Recipient shall prepare the Formulation Activities progress Report and Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Formulation Activities Report shall cover the period of six calendar months 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.

2.05. ***Financial Management.***

- (a) The Recipient shall ensure that a financial management system, including for the Guyana Forestry Commission and the National Toshias Council, 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 Formulation Activities are prepared and furnished to the World Bank as part of the Formulation Activities Report not later than one month after the end of each six calendar months, covering the six months, in form and substance satisfactory to the World Bank.
- (c) The Recipient shall have its Financial Statements, and those for the Guyana Forestry Commission and the National Toshias Council, for the Formulation 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 indicated in the World Bank's request. 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.

## 2.06. *Procurement*

- (a) General. All services required for the Formulation Activities and to be financed out of the proceeds of the RPP-Formulation Installment shall be procured in accordance with the requirements set forth or referred to in:
- (i) 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”); and
  - (ii) the provisions of this Section.
- (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 Consultant Guidelines.
- (c) 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; and (F) Selection of Individual Consultants.
- (d) Review by the World Bank of Procurement Decisions. Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (i) all contracts for procurement of the consultants’ services provided by a firm, irrespective of the method; and (ii) all contracts for procurement of individual consultants.

### **Article III Withdrawal of Proceeds**

3.01. *Eligible Expenditures.* The Recipient may withdraw the proceeds of the R-PP Formulation 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 R-PP Formulation Installment (“Category”), the allocations of the amounts of the R-PP Formulation Installment to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the R-PP Formulation Installment Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of taxes)</b>
(1) Consultants' services, Training and Workshops, and Operating Costs for Formulation Activities under Section 2.01(a) of this Annex	65,000	100%
(2) Consultants' services, Training and Workshops, and Operating Costs for Formulation Activities under Section 2.01(b) of this Annex	30,000	100%
(3) Consultants' services Training and Workshops, and Operating Costs for Formulation Activities under Section 2.01 (c) of this Annex	92,400	100%
(4) Consultants' services for Formulation Activities under Section 2.01(d) of this Annex	7,600	100%
(5) Consultants' services for Formulation Activities under Section 2.01 (e) of this Annex	5,000	100%
<b>TOTAL AMOUNT</b>	200,000	

For the purpose of this Section 3.01:

- (a) the term "Training and Workshops" means the costs associated with training and workshop participation of personnel involved in the implementation of the Formulation 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; and

- (b) the term "Operating Costs" means the operating costs incurred on account of the implementation of the Formulation Activities including office supplies and consumables, utilities, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Formulation Activities, and travel, lodging and per diems, but excluding salaries of officials of the Recipient's civil service.

3.02. ***Withdrawal Conditions.*** Notwithstanding the provisions of Section 3.01 of this Agreement no withdrawal shall be made:

- (a) for payments made prior to the date of countersignature of this Agreement by the Recipient; and
- (b) under Categories (1) and (5) in the table set forth in Section 3.01 of the Annex to this Agreement unless the Bank has completed a financial management assessment of the National Toshihaos Council.

3.03. ***Withdrawal Period.*** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is November 30, 2010.

#### **Article IV**

##### **Additional Remedies**

4.01 ***Additional Event of Suspension.*** The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the Default in Implementation set forth in Section 6.5 (a) (i) of the Charter.

#### **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 responsible for finance.

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

The Honorable Dr. Ashni Singh  
Minister of Finance  
Ministry of Finance  
Main and Urquhart Street  
Georgetown 02-592  
Cooperative Republic of Guyana

Facsimile:  
592 226 1284



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

**FCPF Readiness Fund Grant No. TF096006  
ATTACHMENT**

**Subsidiary Agreements pursuant to Section 2.02(b) of the Annex to the Agreement**

1. To facilitate the carrying out of Formulation Activities under Section 2.01(a) through (e) of the Annex to this Agreement, the Recipient shall make the proceeds of the R-PP Formulation Installment: (a) in an amount equal to US\$70,000, allocated to Categories (1) and (5) in the table set forth in Section 3.01 of this Agreement, available to the National Toshias Council; and (b) in an amount equal to US\$130,000, allocated to Categories (2), (3) and (4) in the table set forth in Section 3.01 of this Agreement, available to Guyana Forestry Commission, (collectively, “Implementing Agencies”), on a grant basis, under a subsidiary agreement between the Recipient and each Implementing Agency, under terms and conditions approved by the World Bank (“Subsidiary Agreements”), which shall, inter alia, include the following:
  - (i) the requirement that each Implementing Agency carry out the respective Formulation Activities with due diligence and efficiency, in conformity with appropriate administrative, financial, and technical, practices, and provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for the respective Formulation Activities;
  - (ii) the obligation of each Implementing Agency to comply with the procedures for procurement of consultants’ services set forth in the Procurement Plan and this Agreement;
  - (iii) the requirement that each Implementing Agency fully collaborate with the Recipient in order to permit timely compliance with the requirements set forth in Sections 2.04 and 2.05 of the Annex to this Agreement, including that each Implementing Entity (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect its operations and financial condition, including the operations, resources and expenditures related to the Formulation Activities; (B) have such financial statements audited annually by independent auditors acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank; and (C) prepare and furnish to the Recipient and the World Bank all such information as the Recipient and the World Bank shall reasonably request relating to the foregoing;
  - (iv) the obligation of each Implementing Agency to exchange views with the Recipient and the World Bank with regard to the progress of the respective Formulation Activities and the performance of its obligations under the respective Subsidiary Agreement;
  - (v) the requirement that each Implementing Agency promptly inform the Recipient and the World Bank of any condition which interferes or threatens to interfere

with the progress of its respective Formulation Activities, or the performance of its obligations under the respective Subsidiary Agreement; and

- (vi) the requirement that each Implementing Agency carry out its portion of the Formulation Activities in compliance with the terms of the Anti-Corruption Guidelines.
2. The Recipient shall exercise its rights under each Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the R-PP Formulation Installment. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Subsidiary Agreement or any of their respective provisions.

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

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.”