

LR- Readiness Preparation
(12530)

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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June 12, 2012

Honorable Amara M. Konneh
Minister of Finance
Ministry of Finance
P. O. Box 10-9013
Broad Street
Monrovia, Republic of Liberia

**Second Grant Agreement for
Republic of Liberia Readiness Preparation Support
Readiness Fund of the FCPF
Grant No. TF012530**

Honorable:

I wish to refer to the Grant Agreement between the Republic of Liberia ("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 18, 2009 ("Readiness Grant Agreement"), for the purpose of providing a grant in the amount not to exceed US\$ 200,000 for formulating the Readiness Preparation Proposal ("R-PP") ("R-PP Formulation Installment").

The Participants Committee of the FCPF ("PC") has reviewed the R-PP submitted 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 PC/9/2011/2, 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"), to enable it to move ahead with 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 Preparation Installment, the "Grant") for the Recipient to strengthen 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, acting as Trustee of the Readiness Fund for the FCPF, agrees to extend the Grant to the Recipient in the amount of three million and six hundred thousand United States Dollars (US\$ 3,600,000) 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 ("Second Grant Agreement"), which includes the attached Annex with description of Readiness Preparation Activities.

This 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 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.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Second Grant Agreement and to carry out the Readiness Preparation Activities in accordance with the terms and conditions set forth or referred to in this Second 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 Second Grant Agreement are based on the Charter, as so amended. Where there are inconsistencies between the Readiness Grant Agreement and this Second Grant Agreement including in the use of terms, the provisions in this Second 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 Second Grant Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Second Grant Agreement shall become effective as of the date of countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement 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.

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

By 
Yusupha Crookes
Country Director for Ghana, Liberia and Sierra Leone
Africa Region

AGREED:

REPUBLIC OF LIBERIA

By 
Name ANNA M. KOINIEH
Title MINISTER OF FINANCE
Date: 6-29-12

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 May 11, 2010.

✓ (3) Disbursement Letter of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

FCPF Readiness Fund Grant No. TF012530
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 Second 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 "'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 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 Second Grant Agreement have the meanings ascribed to them in the Standard Conditions, the Charter, or in this Second Grant Agreement, and the following terms have the following meanings:

- (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) "Forest Development Authority" and "FDA" each means the Recipient's authority responsible for wildlife management, protected areas management and awareness and ecotourism, and any successor thereto.
- (e) "Procurement Guidelines" means 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.
- (f) "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.

Article II

Execution of Readiness Preparation Activities

2.01. ***Objectives and Description.*** The objective of the Grant is to carry out a consultative and quantitative analysis of the different land use options for development of the national REDD+ Strategy approved by the National Climate Change Steering Committee. The Readiness Preparation Activities consist of the following parts:

(1) Support to the Coordination of the REDD+ Readiness Process and Consultations and Strengthen National Feedback and Grievance Redress Mechanisms.

- (i) Building the capacity of various agencies involved in REDD+ coordination including implementation groups, committees and task forces, through the recruitment of appropriately qualified staff, and the provision of equipment and other operational expenditures required for the purpose.
- (ii) Preparing and conducting a communication strategy that includes information sharing activities aimed at informing and raising awareness of various stakeholders regarding REDD+ and ensuring an overall participative process in the design and implementation of the Recipient's REDD+ activities.
- (iii) Conducting stakeholder consultation and feedback forums and meetings towards gathering inputs and validating the REDD+ Strategy and its REDD+ Strategy options.
- (iv) Defining, validating and conducting consultation and participation activities (interviews, meetings and focus groups) as part of the Strategic Environmental and Social Assessment (SESA).
- (v) Conducting a rapid conflict assessment to identify contentious issues, stakeholders, and existing conflict resolution procedures.
- (vi) Updating and validating the identified existing national institutional capacity for feedback and grievance redress with the objective of supporting an appropriate mechanism and developing the operating procedures that can be utilized by REDD+ stakeholders during implementation.
- (vii) Providing appropriate resources and consultant support to be responsible for receiving feedback and requests, with the aim of supporting and improving consultation and participation processes during the preparation stage, at least for the duration of the Project.
- (viii) Building the capacity on consultation and participation, REDD+ and FCPF for key stakeholders and personnel.

(2) Contribute to the Design of the National REDD+ Strategy

- (i) Conducting a strategic environmental and social assessment, including the recruitment of a coordinator and the carrying out of: (i) an identification and analysis of key social and environmental issues in forest areas; (ii) an environmental and social analysis of candidate REDD+ strategy options vis-à-vis previously defined environmental and social priorities; (iii) the preparation of a draft environmental and social management framework.
- (ii) Finalizing the REDD+ Strategy including the compilation, final analysis and dissemination of legal, institutional, environmental and social analyses associated with the implementation of the REDD+ strategy options.

(3) Develop a Reference Level or Scenario (including Forest Cover Mapping and Forest and in Priority Areas)

Developing a reference scenario of emissions including national forest cover mapping and inventory in priority areas, and encompassing: assessing current data on deforestation and/or forest degradation; compiling existing biomass data; evaluating and developing methodology to stratify and estimate carbon stocks; and collecting spatial data to incorporate into scenario modeling.

(4) Project Management

Project management, monitoring and evaluation, preparation and dissemination of reports, provision and installation of equipment, and preparation of the Project's audits, all through the provision of equipment, operational expenses and staff dedicated to the Project.

2.02. **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 its agency responsible for forest development, Forest Development Agency (FDA) 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, the Recipient shall maintain the project financial management unit (PFMU) within its ministry responsible for finance, with staff in number and with qualifications and terms of reference satisfactory to the World Bank, to be responsible for the financial management functions of the Project.

2.04. **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(2)(i) 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.

2.05. *Mid-term Progress Report and Completion Report.* The Recipient shall, not later than November 30, 2013, 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 PC/7/2010/3. 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.

2.06. *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 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 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*

- (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 Grant shall be procured in accordance with the requirements set forth or referred to in:

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

- (ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("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 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 ("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) Limited International Bidding; (B) Shopping; (C) Direct Contracting; and (D) National Competitive Bidding, subject to the following additional provisions:

Exceptions to National Competitive Bidding Procedures

The following provisions shall apply to the procurement of goods, and non-consulting services under National Competitive Bidding procedures: (a) foreign bidders shall be allowed to participate in National Competitive Bidding procedures; (b) bidders shall be given at least one month to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later; (c) no domestic preference shall be given for domestic bidders and for domestically manufactured goods; and (d) in accordance with paragraph 1.14 (e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractor and subcontractors shall permit the World Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the World Bank: and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14(a)(v) of the Procurement Guidelines.

(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) Least Cost Selection; (B) Single-source Selection of consulting firms; (C) Selection of Individual Consultants; and (D) 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 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:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed
(1) Consultants’ Services, Goods, Workshops and Training, and Operating Costs	3,600,000	100%
TOTAL AMOUNT	3,600,000	

For the purpose of Section 3.01, (i) the term “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; and (ii) the term “Operating Costs” means the operating costs incurred on account of the implementation of the Readiness Preparation 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 Readiness Preparation 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 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 May 30, 2015.

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 at the time responsible of finance.

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

Minister of Finance
P. O. Box 10-9013
Broad Street
Monrovia, Republic of Liberia

Facsimile:
+23186303622

Email:
akonneh@mopea.gov.lr

4.03 ***World Bank's Address.*** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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