

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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Sept 2, 2015

Honorable Amara M. Konneh  
Minister  
Ministry of Finance and Development Planning  
P. O. Box 10-9016  
Broad Street, Monrovia  
Republic of Liberia

**Third Grant Agreement for  
Republic of Liberia's Readiness Preparation Proposal  
Readiness Fund of the FCPF  
Grant No. TF0A0929**

Excellency,

I wish to refer to the Grant Agreement between 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"), pursuant to which the World Bank agreed to provide to the Recipient a grant in the amount not to exceed two hundred thousand Dollars (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 Second Grant Agreement, in the amount of three million six hundred thousand Dollars (US\$ 3,600,000), dated June 29, 2012, 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/18/2014/1, the PC decided to allocate additional grant funding to the Recipient in the amount of up to five million Dollars (US\$ 5,000,000) ("Additional Grant"), to enable it to continue with its 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 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 Dollars (US\$ 5,000,000) 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.

*SMC*

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, the Second 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 and the Second 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 Henry G. Kerali  
Henry G. Kerali

Country Director for Ghana, Liberia and Sierra Leone

AGREED:

REPUBLIC OF LIBERIA

By Amara M. Konneh  
Authorized Representative

Name: Amara M. Konneh  
Title: Minister (MFA)  
Date: 09/16/2015

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.

**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 in Section I of the Appendix to this Agreement, constitute an integral part of this Agreement.

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.

- (a) "FGRM" means feedback, grievance and redress mechanism, as referred to in Resolution PC/Electronic/2012/1.
- (b) "Forestry Development Authority" or "FDA" means the Recipient's authority responsible for wildlife management, protected areas management and awareness, and ecotourism, and any successor thereto.
- (c) "MRV" means measurement, reporting and verification.
- (d) "National Climate Change Steering Committee" or "NCCSC" means an inter-ministerial and multi-sectoral committee responsible for the Recipient's overall climate change policy.
- (e) "REDD+" means reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks.
- (f) "REDD+ Implementation Unit" or "RIU" means a unit within the Recipient's FDA responsible for managing the implementation of the Additional Readiness Preparation Activities.
- (g) "REDD+ Technical Working Group" or "RTWG" means a multi-stakeholder technical working group that provides technical advice to inform and guide decisions about REDD+ activities.

**Article II**  
**Execution of the Additional Readiness Preparation Activities**

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

#### **Component 1: Support the coordination of the REDD+ readiness process and consultations**

Activities under this component will support the coordination of the REDD+ readiness process and consultations, including: building the capacity of various agencies involved in REDD+ coordination including the NCCSC; supporting the continued strengthening of civil society platforms to ensure broad stakeholder engagement in the REDD+ process at the national and county levels; building the capacity of the various agencies involved in monitoring and evaluating the REDD+ programs; analyzing options for channeling climate finance and building the capacity of relevant agencies to effectively manage the financial flows from such climate finance; conducting further consultations on targeted issues related to REDD+ development; and analyzing and consolidating relevant experiences from existing pilots of natural resources based FGRMs in Liberia and lessons from REDD+ demonstration areas.

#### **Component 2: Contribute to the design of the national REDD+ strategy (including design of Emission Reductions Program)**

Activities under this component will contribute to the design of the national REDD+ strategy, including: finalizing and validating the national REDD+ strategy by, *inter alia*, carrying out the necessary assessments including on strategic options for addressing the drivers of deforestation and forest degradation, and relevant legal and regulatory frameworks for REDD+; supporting the establishment and operationalization of a REDD+ registry system; and supporting the design of an emission reductions program through, *inter alia*, designing a benefit sharing arrangement, FGRM and monitoring systems for the program.

#### **Component 3: Support the development of a reference emission level, MRV system, and indicators for information system on safeguards and co-benefits**

Activities under this component will support the development of a reference emission level and MRV system, including: supporting the development, refinement, and validation of national reference emission level by, *inter alia*, conducting necessary analyses, and carrying out a national forest inventory; designing, operationalizing, and testing an MRV system through, *inter alia* assessing the linkages between the MRV system with existing, subnational monitoring systems; building capacity of relevant implementing agencies to manage and update the MRV; and developing specific indicators for an information system on safeguards and co-benefits.

#### **Component 4: Project Management**

Activities under this component will support, *inter alia*, supervision, monitoring and evaluation, preparation of readiness package, management of Additional Readiness Preparation Activities, financial management and audits, and monitoring and updating the Strategic Environmental and Social Assessment (SESA) and the Environmental and Social Management Framework (ESMF), as necessary.

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 its agency responsible for forest development, the 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.*** (a) Without limitation upon the provision of paragraph 2.02 above, the Recipient shall ensure that, throughout the period of implementation of the Additional Readiness Preparation Activities: (i) the FDA, RIU, RTWG and the NCCSC have assigned staff and resources in adequate number acceptable to the World Bank, in order to carry out their respective functions under the Additional Readiness Preparation Activities; and (ii) the project financial management unit ("PFMU") have assigned staff in numbers, with qualifications and terms of reference satisfactory to the World Bank, to be responsible for the financial management functions of the Additional Readiness Preparation Activities.

(b) All (i) terms of reference for any technical assistance or studies carried out under the Additional Readiness Preparation Activities and (ii) safeguard instruments updated under the Additional Readiness Preparation Activities, including but not limited to the SESA and the ESMF, 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;

(c) 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

(d) Additional Readiness Preparation Activities do not include the implementation of REDD+ programs on the ground.

2.04. ***Donor Visibility and Visit.*** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor's support for the Additional Readiness Implementation Activities.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, take all measures required on its part to enable the representatives of the Donor(s) to visit any part of the Recipient's territory for purposes related to the Additional Readiness Preparation Activities.

2.05. ***Documents; Records.***

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Additional Readiness Preparation Activities are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the World Bank; (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor.

**2.06. Completion Report.** The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

**2.07. Financial Management, Financial Reporting and Audits.**

(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) Without limitations to any Section of the agreement, The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Additional Readiness Preparation Project, in form and substance satisfactory to the Association.

(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 (6) months after the end of such period.

**2.08. Procurement**

(a) General. All goods, non-consulting services and consultants' services required for the Additional 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 (revised July 2014) ("Procurement Guidelines"), in the case of goods, works 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 (revised July 2014) ("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 Additional 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, Works and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods, works 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 which are 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 1.16 (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 1.16(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, other than Quality- and Cost-based Selection, 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) Quality Based Selection, (F) Fixed Budget Selection and (G) Consultant Qualification Selection.

(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.

(f) Document Retention. Notwithstanding the provisions of paragraphs 2(j) and 5 of Appendix 1 to the Procurement Guidelines, and paragraphs 2(k) and 5 of Appendix 1 to the Consultant Guidelines, the Recipient: (i) shall retain all documentation with respect to each contract as described in said paragraphs for at least seven years and six months after the Closing Date set forth in Section 3.03 of this Agreement; (ii) shall furnish such documentation to the World Bank at any time upon request; and (iii) hereby authorizes the World Bank to disclose such documentation to the Donor.

**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 Third Grant 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 US dollars)	Percentage of Expenditures to be financed (inclusive of taxes)
Goods, non-consulting services, consultants' services, Workshops and Training, and Operating Costs under Components I, II, III and IV	5,000,000	100%
<b>TOTAL AMOUNT</b>	<b>5,000,000</b>	

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 Agreement, no withdrawal shall be made for payments made prior to the date of this Third Grant Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is January 15, 2019.

#### 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 and Development Planning  
P.O. Box 10-9016  
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:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

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

**APPENDIX**  
**Modifications to the Standard Conditions**

The Standard Conditions are modified as follows:

1. 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.”

2. 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.”