

OFFICIAL DOCUMENTS

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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April 20, 2017

H. E. Félix Moloua
Minister of Economy, Planning and Cooperation
Ministry of Economy, Planning and Cooperation
B.P. 696
Rue Martin Luther King
Bangui
Central African Republic

Re: Readiness Fund of the FCPF
Grant No. TF0A2855
Central African Republic: REDD+ Readiness Preparation Support
Letter Agreement

Excellency:

I wish to refer to Resolution PC2008-2 of the Participants Committee ("PC") of the Forest Carbon Partnership Facility ("FCPF") regarding Selection of REDD Country Participants ("Resolution PC2008-2"). Resolution PC2008-2 provides that subject to the availability of funds, eligible REDD Country Participants may receive grant funding of up to three million six hundred thousand United States Dollars (USD 3,600,000) for formulating and carrying out a Readiness Preparation Proposal ("R-PP").

The Central African Republic ("Recipient") was selected as a REDD Country Participant. The 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/10/2011/2, decided to allocate grant funding to the Recipient in the amount of up to three million six hundred thousand Dollars (US\$3,600,000) ("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 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 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 Grant in the amount of three million eight hundred thousand Dollars (US\$ 3,800,000) on the terms and conditions set forth or referred to in this letter agreement ("Grant Agreement"), which includes the attached Annex, to assist in the financing of the Readiness Preparation Activities described in the Annex.

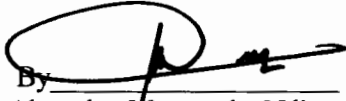
This Grant is funded out of the abovementioned FCPF trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection 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 Grant Agreement and to carry out the Readiness Preparation Activities in accordance with the terms and conditions set forth or referred to in this Grant 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 Grant Agreement, and returning it to the World Bank. Upon receipt by the World Bank of the countersigned copy, this 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 
Ahmadou Moustapha Ndiaye
Country Director for Central African Republic
Africa Region

AGREED:
CENTRAL AFRICAN REPUBLIC

By: 
Authorized Representative

Name: HEM FELIX MOLOMA

Title: MIN. OF ECONOMY, PLANNING & CGP

Date: April 20, 2017

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012
- (2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
- (3) Guidelines for “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.
- (4) 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.
- (5) “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.
- (6) Charter Establishing the Forest Carbon Partnership Facility, dated December 23, 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 below, constitute an integral part of this 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 Agreement have the meanings ascribed to them in the Standard Conditions, the Charter, or in this Grant Agreement, and the following additional terms shall have the following meanings:

(a) “CT REDD+” means the technical coordination agency established by decree No. 01/MEEDD/DIR.CAB.DGEES in 2015 as a unit to assume the responsibility for the REDD+ activities.

(b) “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+ 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+ activities.

(c) “MOU” means a memorandum of understanding to be signed between CT REDD+ and the PIU outlining the terms and conditions of the relationship between CT REDD+ and the PIU.

(d) “National REDD+ Committee” means the committee chaired by the Recipient’s ministry in charge of planning, economy and international cooperation, established by decree No. 11-287 in 2011 as a body to guide the development and implementation of the National REDD+ strategy.

(e) “National REDD+ Coordination Platform” means a body comprised of a variety of stakeholders at national and local levels aimed at to providing support to the Readiness Preparation Activities.

(f) “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 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 Readiness Preparation Activities staff for travel linked to the implementation of the Readiness Preparation Activities, and salaries of contractual staff for the Readiness Activities (but excluding consultants' services and salaries of officials of the Recipient's civil service).

(g) "PIU" means the project management unit established for the implementation of the CEMAC – Transport and Transit Facilitation Project described in the Financing Agreement dated September 14, 2007 between the Association and the Recipient for a grant in support of such project (No. H314-CA).

(h) "Project Operational Manual" means the manual adopted by the Recipient pursuant to the Financing Agreement dated September 14, 2007 between the Association and the Recipient as updated to include the implementation, financial management, procurement, disbursement, monitoring and evaluation, and reporting arrangements for the Readiness Preparation Activities, including standard bidding documents.

(i) "REDD+" means reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management forest and enhancement of forest carbon stocks.

(j) "Reference Emission Level" means a quantitative way to measure performance of a country, program, or project in reducing emissions or increasing removals.

(k) "SESA" means the strategic environmental 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.

(l) "Training" means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the 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).

Article II Project Execution

2.01. ***Project Objectives and Description.*** The objective of the Readiness Preparation Activities is to design a socially and environmentally sound national REDD+ strategy to reduce emissions from deforestation and forest degradation and to inform the development of a national reference emission level for REDD+. The Project consists of the following parts:

Part I. Institutional Arrangements for REDD+ Readiness

Carrying out a program of activities to support:

(a) The governance structures for national REDD+ strategy development by providing resources for the organization of regular sessions of the National REDD+ Committee and strengthening the financial and technical functions of CT REDD+ through: (i) the recruitment of technical and fiduciary management consultants; (ii) the procurement of goods and materials; and (iii) the carrying out of audits, and monitoring and evaluation of the Readiness Preparation Activities.

(b) The consultation and participation activities for REDD+ readiness through the provision of resources to strengthen the inclusive and participatory nature of the REDD+ process in the Recipient's territory by funding: (i) its consultation and communication plans; (ii) its plan to build the capacity of stakeholders; and (iii) specific actions to underpin the integration of the gender approach and ensure greater engagement of vulnerable groups and the private sector involved in REDD+ issues.

(c) The design of a feedback and grievance redress mechanism to address grievances that may arise about the REDD+ readiness strategy and build the base for future forest investments.

Part II. Support for the Preparation of the National REDD+ Strategy

Carrying out a program of activities to supplement the actions already undertaken by the Recipient and its partners to develop the national REDD+ strategy. Such activities to include:

(a) The carrying out of analytical studies on addressing the drivers of deforestation and forest degradation to inform the national REDD+ strategy.

(b) The development of an environmental and social management framework adapted to REDD+, including: (i) the preparation of a Strategic Environmental and Social Assessment (SESA) of the strategic options of the national REDD+ strategy with all the instruments to be used in the implementation of this strategy; (ii) the development of an environmental and social management framework (ESMF) and other instruments required to comply with safeguards policies; and (iii) the carrying out of analyses and studies for the establishment of benefit sharing mechanism for potential revenues from REDD+, and the feedback, grievance redress mechanism to handle complaints arisen from the implementation of REDD+ activities in the Recipient's territory.

(c) The provision of support for the development of a national Reference Emissions Level (REL) to complement actions already undertaken by the CT REDD+ as well as all technical and financial partners.

2.02. Project 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 CT REDD+ 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 provisions of paragraph 2.02 above:

(a) The Recipient shall, throughout the implementation of the Readiness Preparation Activities, maintain CT REDD+ with staff and resources in adequate number acceptable to the World Bank, including in addition to a CT REDD+ coordinator, administrative and technical staff. To this end, the CT REDD+ shall be responsible for: (i) daily management of the national REDD+ coordination functions and monitoring activities; (ii) overall coordination of the REDD+ Readiness Preparation Activities, including engagement with other governmental and non-governmental agencies, organizations, stakeholders and donors partners; (iii) operation of the National REDD+ Coordination Platform; and (iv) multi-stakeholder participation in the REDD+ readiness process.

(b) The Recipient shall, throughout the implementation of the Readiness Preparation Activities, maintain the PIU with staff and resources in adequate number acceptable to the World Bank vested with the fiduciary responsibility of the Readiness Preparation Activities. To this end, the Recipient shall ensure that, not later than three (3) months after the Effective Date of the Readiness Preparation Activities, an MOU, with terms and conditions acceptable to the World Bank, is signed between CT REDD and the PIU.

(c) The Recipient shall, throughout the implementation of the Readiness Preparation Activities, ensure that the Secretary General of the Recipient's ministry in charge of environment, ecology and sustainable development, provides operational oversight for the REDD+ program as well as to CT-REDD+.

(d) The Recipient shall, throughout the implementation of the Readiness Preparation Activities, maintain the National REDD+ Coordination Platform, comprising representatives from various ministries as well as the civil society, vested with the responsibility to provide: (i) technical and strategic guidance and recommendations to CT REDD+ on technical and operational outputs such as the National REDD+ strategy and the Readiness Preparation Activities' annual work plans; and (ii) an overarching view on REDD+ complementarity on and support to sectoral development plans.

(e) The Recipient shall, not later than three (3) months after the Effective Date of the Readiness Preparation Activities, update the Project Operational Manual ("POM"), in a manner satisfactory to the World Bank. To this end, the Recipient shall ensure that the Readiness Preparation Activities are implemented in accordance with the POM. The Recipient shall not amend, suspend, abrogate, repeal or waive any provision of the POM without prior approval of the World Bank.

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 Part II. b of Section 2.01 of this Annex 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 eighteen (18) months after the date of countersignature of this Agreement, 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 Resolutions PC/7/2010/3 and PC/12/2012/2. The Recipient shall also prepare and furnish to the World Bank, not later than six (6) 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 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 (6) 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 (revised July 2014) ("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 (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 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 which are specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, 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) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) 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 Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) 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 (inclusive of Taxes)
(1) Goods, non-consulting services, consultants' services, Operating Costs and Training under the Readiness Preparation Activities	3,800,000	100%
TOTAL AMOUNT	3,800,000	

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

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 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 its Minister responsible for planning.

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

Ministry of Economy, Planning and Cooperation
Rue Martin Luther King
B.P. 696, Bangui
Central African Republic

Facsimile:

+236-21-619689

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

Telex:

Facsimile:

248423 (MCI) or
64145 (MCI)

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