

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
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Cable Address: INTBAFRAD
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H. E. Emmanuel Nganou Djoumessi
Minister of Economy, Planning and Regional Development
Ministry of Economy, Planning and Regional Development
Yaoundé
Republic of Cameroon

**Second Grant Agreement for the Republic of Cameroon Readiness
Preparation Proposal
Readiness Fund of the FCPF - Grant No. TF015355**

Excellency:

I wish to refer to the Grant Agreement between the Republic of Cameroon ("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 September 15, 2010 ("Readiness Grant Agreement"), pursuant to which the World Bank agreed to provide to the Recipient a grant in the amount not to exceed US\$ 200,000 for formulating the Readiness Preparation Proposal ("R-PP") ("R-PP Formulation Installment").

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/13/2012/2 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. The funds of up to two hundred thousand Dollars (US\$ 200,000) out of this US\$ 3,600,000 shall be used for the purpose of strengthening the Recipient's national feedback and grievance redress mechanism, subject to the terms and conditions set out in Resolution PC/Electronic/2012/1.

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 six hundred thousand Dollars (US\$ 3,600,000) on the terms and conditions set forth or referred to in this letter agreement ("Second 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.

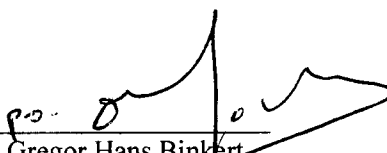
The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Second Grant Agreement and to carry out the Readiness Preparation Activities in accordance with the terms and conditions set forth or referred to in this Second Grant Agreement.

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 return it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Second Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Second Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of the Second Agreement within ninety (90) days after the date of signature of this Second 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 
Gregor Hans Binkert
Country Director for Cameroon
Africa Region


AGREED:
REPUBLIC OF CAMEROON
LE MINISTRE
By: _____
Authorized Representative
Name: Emmanuel Nganou D.
Title: Minister, MINEPAT
Date: 23 DEC 2013

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 August 8, 2013
- (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
- (6) Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011

FCPF Readiness Fund Grant No. TF015355
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 Second 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 additional terms have the following meanings:

(a) “ESMF” means the environmental and social management framework acceptable to the World Bank, which establishes the modalities and procedures to address potential negative environmental and social impacts from the implementation of REDD+ investments and demonstration activities as well as associated mitigation measures through employing best practices; and includes the screening criteria, procedures and institutional responsibilities for the safeguard policies that are triggered for subsequent REDD+ investments.

(b) “PMU” means the project management unit established for the implementation of the Enhancing Institutional Capacities on REDD+ Issues for Sustainable Forest Management in the Congo Basin Project described in the Financing Agreement dated August 2, 2011 between the World Bank and the Central Africa Forests Commission (COMIFAC) for a grant in support of such project (Grant TF010038).

(c) “National REDD+ Technical Secretariat” means the secretariat created within the Recipient’s ministry in charge of environment, nature protection and sustainable development as referred to in Section 2.02 of this Annex.

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

(e) “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.

(f) “Project Implementation Manual” means the manual describing the implementation, financial management, procurement, disbursement, monitoring and evaluation, and reporting arrangements for the Readiness Preparation Activities, including standard bidding documents, as adopted by the Recipient and referred to in Section 2.03 (f) of this Annex.

Article II

Execution of Readiness Preparation Activities

2.01. ***Objectives and Description.*** The objectives of the Grant are to reinforce the Recipient’s capacity to design a socially and environmentally sound national strategy to reduce emissions from deforestation and forest degradation and to develop a national reference scenario of emissions from deforestation and degradation that takes into account national circumstances. The Readiness Preparation Activities consist of the following parts:

Part 1. Coordination of the REDD+ Readiness Process

1.1 Supporting the structures aiming at leading the coordination and implementation of the REDD+ Readiness process by:

(a) Streamlining the utilization of REDD+ funds through: (i) the recruitment of technical experts on REDD+ to support the National REDD+ coordinator and help strengthening the National REDD+ Technical Secretariat; and (ii) the setting up of a fiduciary team, comprising a financial management specialist, a procurement specialist and an accountant.

(b) Carrying out nationwide meetings and workshops, including field trips to ensure that the REDD+ is integrated in the national and sectoral policies and strategies, as well as other development and planned initiatives.

(c) Contributing to cover some Operating Costs for the REDD+ Technical Secretariat to: (i) secure the functioning of REDD+ national and sub-national structures; and (ii) ensure that regions and stakeholders on the ground can voice their views.

1.2 Strengthening stakeholder engagement in the REDD+ process by:

(a) Carrying out consultations with relevant stakeholders on key REDD+ activities, including: (i) the drivers and underlying causes of deforestation and land degradation; (ii) the draft strategy options; (iii) the national implementation framework for REDD+; (iv) study on benefit sharing; and (v) effective feedback and grievance redress mechanisms.

(b) Building relevant stakeholders’ institutional capacity at the sub-national levels (including regional and departmental levels) to enhance their engagement in the REDD+ process.

Part 2. Support to the Design of a National REDD+ Strategy

2.1 Supporting a program of activities aimed at developing a national REDD+ strategy, including:

(a) The recruitment of consultants to conduct the analytical work on the drivers and underlying causes of deforestation and forest degradation.

(b) The development of REDD+ strategy options with emphasis on agriculture, logging and energy sectors, as well as governance and law enforcement issues.

2.2 Conducting a comprehensive strategic environmental and social assessment (“SESA”), including:

(a) The establishment and financing of a SESA Unit.

(b) The preparation of an Environmental Social Management Framework (ESMF).

2.3 Supporting the design and early implementation of the feedback and grievance redress mechanism through:

(a) The assessment of the Recipient’s all existing feedback and grievance redress mechanisms, including the customary ones.

(b) The provision of adequate staffing to implement the identified redress mechanism during the REDD+ readiness process.

2.4 Supporting the design of the REDD+ implementation framework through analyses of legal and institutional issues, including: (i) the existing relevant national legal framework on forests and other sectors pertaining to the REDD+ goals; (ii) governance for a national fund to manage REDD+; (iii) fiscal and economic incentives to promote REDD+ activities; (iv) options for benefit sharing; and (v) the legal nature of emission reductions.

Part 3. National Reference Scenario for REDD+

Conducting an analysis of future pressure on forests in the Recipient’s territory through the provision of technical advisory services to model potential future pressures on the forests by assessing future development trends in various sectors, including agriculture, logging, energy and infrastructure in each agro-ecological zone.

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 the National REDD+ Technical Secretariat within the Recipient’s ministry in charge of environment, nature protection and sustainable development (“Ministry of Environment, Nature Protection and Sustainable Development”) (“MINEPDED”) in accordance with the provisions of (a) Article II of the Standard Conditions, (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January, 2011 (“Anti-Corruption Guidelines”) and (c) this Article II.

2.03 **Institutional and Other Arrangements.** Without limitation upon the provision of paragraph 2.02 above:

(a) The Recipient shall, for the first six (6) months of implementation of the Readiness Preparation Activities, entrust the PMU with the overall responsibility for the implementation of the Activities in collaboration with the Technical Secretariat, to the extent the Technical Secretariat’s establishment and emerging capacity allows.

(b) Without limitation to sub-paragraph (a) of this paragraph, the PMU, until establishment of the National REDD+ Technical Secretariat and upon prior approval by the World Bank of the National REDD+ Technical Secretariat's fiduciary and operational capacity, shall have the overall responsibility for the day-to-day implementation of the Readiness Preparation Activities, including, *inter alia*: (i) ensuring proper financial management and procurement; (ii) overseeing Activities; and (iii) ensuring that all Activities are carried out with sound environmental and social principles and practices.

(c) The Recipient shall, thereafter, carry out the overall responsibility of the implementation of the Readiness Preparation Activities, including the fiduciary functions.

(d) The Recipient shall ensure that, throughout the period of implementation of the Readiness Preparation Activities, the national REDD+ steering committee, the PMU, the National REDD+ Technical Secretariat are maintained with staff and resources in adequate number acceptable to the World Bank in order to carry out the Readiness Preparation Activities.

(e) The Recipient shall ensure that a Special Tender Board, with mandate, staff and resources satisfactory to the World Bank, is created and maintained, throughout implementation of the Readiness Preparation Activities, to be responsible for the supervision of the procurement aspects of the Readiness Preparation Activities.

(f) The Recipient shall ensure that the Readiness Preparation Activities are implemented in accordance with the Project Implementation Manual ("PIM"). The Recipient shall not amend, suspend, abrogate, repeal or waive any provision of the PIM 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 2.2 of Section 2.02 of this Annex to 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 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 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 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.

(d) The Recipient shall, not later than three (3) months after the Effective Date, appoint an accountant and an external auditor, with competence and qualification satisfactory to the World Bank, in accordance with the provisions of Section 2.07 of this Annex.

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

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

(b) Particular Methods of Procurement of Goods and Non-consulting Services

(i) Goods and non-consulting services for those contracts which are specified in the Procurement Plan shall be procured under contracts awarded on the basis of: (A) Shopping; and (B) Direct Contracting.

(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, 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) Selection under a Fixed Budget; (C) Selection based on Consultants' Qualifications; (D) Single-source Selection of consulting firms; (E) Selection of Individual Consultants; and (F) 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: (i) Article III of the Standard Conditions; (ii) this Section; and (iii) 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, 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 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); 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 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 Formulation Activity staff for travel linked to the implementation of the Formulation Activities, and salaries of contractual staff for the Formulation 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 Second Grant Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Second Grant Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is September 30, 2016.

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 in charge of economy.

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 Regional Development
B.P. 660
Yaoundé
Republic of Cameroon
Facsimile:
(237) 22 22 15 09

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

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Facsimile: 1-202-477-6391