

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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October 1, 2015

Ing. Juan Temístocles Montás
Minister of Economy, Planning and Development
Ministry of Economy, Planning and Development
Avenida México, Esquina Dr. Delgado,
Edificio de Oficinas Gubernamentales, Bloque B
Distrito Nacional, Santo Domingo, República Dominicana

**Grant Agreement for the Dominican Republic's Readiness Preparation Proposal
Readiness Fund of the FCPF
Grant No. TF0A1121**

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 Dominican Republic ("Recipient") was selected as a REDD Country Participant. The PC has reviewed the R-PP submitted by the Recipient and acknowledged the great efforts made by the Recipient in formulating its R-PP. Accordingly, the PC, through its Resolution PC/16/2013/5, decided to allocate grant funding to the Recipient in the amount of up to three million eight hundred thousand Dollars (USD 3,800,000) ("Grant"), 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 (USD 200,000) out of this USD 3,800,000 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 International Bank for Reconstruction and Development ("World Bank"), acting as trustee of the Readiness Fund of the FCPF, proposes to allocate to the Recipient the Grant in the amount of three million eight hundred thousand Dollars (USD 3,800,000) on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the 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 Agreement and to carry out the Readiness Preparation Activities in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of 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 

Sophie Sirtaine
Country Director
Caribbean Country Management Unit

AGREED:

DOMINICAN REPUBLIC

By 

Authorized Representative

Name: JUAN T. ABONIAS

Title: MINISTRO

Date: 6/10/2015

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, 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, revised in July 2014.

FCPF Readiness Fund Grant No. TF0A1121
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 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 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 Establishing the Forest Carbon Partnership Facility (“Charter”), or in this Agreement.

- (a) “Environmental and Social Management Framework” or “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) “MENR” means *Ministerio de Ambiente y Recursos Naturales*, the Recipient’s Ministry of Environment and Natural Resources, or any successor or successors thereto.
- (c) “Operational Manual” means the operational manual, acceptable to the World Bank and referred to in Section 2.03 (b) of this Agreement, as the same may be modified from time to time by agreement between the Recipient and the World Bank.
- (d) “Process Framework” or “PF” means the framework prepared by the Recipient, acceptable to the World Bank and included as part of the ESMF, to guide the mitigation of potential negative impacts on the livelihoods of populations as part a result of the future World Bank investments related to REDD+.

- (e) “Resettlement Policy Framework” or “RPF” means the framework prepared by the Recipient, acceptable to the World Bank, to screen REDD+ activities for potential involuntary resettlement.
- (f) “SESA” means the strategic environment 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 REDD+ Strategy.
- (g) “SESA Work Plan” means the strategic environment and social assessment document prepared by the Recipient, in a manner acceptable to the World Bank, which identifies the activities to be carried out during the readiness process to assess the risks and benefits associated with the Recipient’s REDD+ strategy.

Article II

Execution of Readiness Preparation Activities

2.01. **Objectives and Description.** The objective of the Grant is to assist the Recipient to design and carry out the Readiness Preparation Activities by supporting the preparation of the Recipient’s REDD+ strategy through a participatory and inclusive process. The Readiness Preparation Activities consist of the following parts:

- (a) REDD+ Readiness Organization, Consultation and Grievance Redress
 - (i) Establishing and operationalizing a multi-sector consultative platform on REDD+;
 - (ii) Preparing and implementing the Recipient’s (A) communications and information sharing strategy for REDD+; and (B) participation and consultation plan for REDD+; and
 - (iii) Assessing existing feedback and grievance redress mechanisms and, if necessary, strengthening and/or establishing said mechanisms to meet the needs of people who may be affected by REDD+.
- (b) Development of REDD+ Strategy
 - (i) Conducting studies and analyses to identify the main direct and indirect drivers of deforestation and forest degradation in the Recipient’s territory;
 - (ii) Identifying strategic policy and programmatic interventions to be mainstreamed into the Recipient’s national development strategy;
 - (iii) Designing an implementation framework for REDD+; and
 - (iv) (A) Carrying out of SESA; (B) preparing an ESMF, including a Process Framework; and (C) preparing a Resettlement Policy Framework.

(c) Development of a Forest Reference Emission Level and Forest Reference Level

Establishing a reference emissions level and forest reference level in the Recipient's territory.

(d) Design of a National Forest and Safeguards Monitoring System

Designing and implementing: (i) a national forest monitoring system; and (ii) a national information system for (A) multiple benefits and other impacts that may be emanating from future REDD+ activities; and (B) safeguards.

(e) Design of a REDD+ Monitoring and Evaluation Framework

Establishing and operationalizing a Project Implementation Unit ("PIU"), acceptable to the World Bank, in order to coordinate and implement the technical and fiduciary aspects of the Readiness Preparation Activities set out in (a) – (e) of this paragraph 2.01, including a monitoring and evaluation framework for REDD+.

2.02. **Execution Generally.** The Recipient declares its commitment to the objectives of the Readiness Preparation Activities. To this end, the Recipient, through MENR, shall carry out the Readiness Preparation Activities through the MENR, 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, through MENR, shall ensure that, throughout the period of implementation of the Readiness Preparation Activities, the PIU is made operational and maintained within MENR, in order to carry out the Readiness Preparation Activities.
- (b) The Recipient, through MENR, shall prepare and thereafter maintain throughout the implementation of the Readiness Preparation Activities an operational manual (the "Operational Manual") satisfactory in form and substance to the World Bank, therein setting forth rules, methods, guidelines, standard documents and procedures for the carrying out of the Readiness Preparation Activities including, inter alia, the following: (i) a detailed description of the Readiness Preparation Activities; (ii) the administrative, financial, accounting, auditing, procurement and disbursement procedures for the implementation of the Readiness Preparation Activities, including the relevant standard documents; and (iii) the plan for the monitoring, evaluation and supervision of the Readiness Preparation Activities, including the performance indicators.

2.04. **Safeguards.**

- (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 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, through MENR, shall, not later than January 31, 2017, 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/12/2012/2.¹ 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 through MENR, 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, through MENR, 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 semester, covering the semester, in form and substance satisfactory to the World Bank.
- (c) The Recipient shall have its Financial Statements for the Project 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 four months after the end of such period.

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 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, revised July 2014 ("Procurement Guidelines"), and 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").

2.08. 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

¹ Resolution PC/7/2010/3 requires the REDD Country Participant to submit a mid-term progress report to the PC according to a timetable that shall be jointly agreed in the Readiness Preparation Grant Agreement between the World Bank and the REDD Country Participant. When the World Bank receives the REDD Country Participant's mid-term progress report in accordance with the timetable set out in Section 2.05 of this Agreement, it will forward the progress report to the PC for its review. Resolution PC/12/2012/2 specifies the process for the submission and review of mid-term progress report, including the format of such progress report.

the Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.

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 Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of goods, non-consulting services, consultants’ services, Training and Workshops, and Operating Costs inclusive of Taxes.

For the purpose of Section 3.01, (i) the term “Training and Workshops” 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 Readiness Preparation Activity staff for travel linked to the implementation of the Readiness Preparation Activities, and salaries of contractual staff for the 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 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 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 of Economy, Planning and Development.

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

Ministerio de Economía Planificación y Desarrollo
Avenida México, Esquina Dr. Delgado,
Edificio de Oficinas Gubernamentales, Bloque B
Distrito Nacional, Santo Domingo, República Dominicana

Facsimile:

- 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
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