

Date *10 August, 2023*

Jean Baptiste ONDAYE
Minister
Ministry of Economy and Finance
Crossing Boulevard Denis Sassou Nguesso
and Avenue Cardinal Emile Biayenda
Brazzaville - Republic of Congo

Re: Amendment to the Carbon Fund of the Forest Carbon Partnership Facility Emission Reductions Payment Agreement for the Emission Reductions Program in Sangha and Likouala between Republic of Congo and the International Bank for Reconstruction and Development, as Trustee of Tranche A of the Carbon Fund of the Forest Carbon Partnership Facility (together referred to as “Parties”) (TF0B4985)

WHEREAS

- A. The Republic of Congo (“**Program Entity**”) and the International Bank for Reconstruction and Development (“**IBRD**”), as trustee (“**Trustee of Tranche A of the Fund**”) of Tranche A of the Carbon Fund (“**Carbon Fund**”) of the Forest Carbon Partnership Facility (“**Facility**”), entered into the Emission Reductions Payment Agreement (“**ERPA**”) dated April 22, 2021 (TF0B4985) for the Emission Reductions Program in Sangha and Likouala (“**Program**”).
- B. The Program Entity also entered into a separate Emission Reductions Payment Agreement with the IBRD, acting as trustee of Tranche B of the Carbon Fund of the Facility (“**Trustee of Tranche B of the Fund**”), dated April 22, 2021 (TF0B4984) for the Program.
- C. The Parties intend to amend the ERPA to allow for various forms of advance payments.

THEREFORE, we propose to amend the ERPA as follows:

- 1. Sections 4.03, 4.04 and 4.05 of the ERPA shall be deleted in their entirety and replaced as follows:

“Section 4.03 Periodic Payment, Taxes and Costs

- (a) The Periodic Payment for transferred Contract ERs and/or Additional ERs, if any, shall be calculated in the following manner:

Periodic Payment for transferred Contract ERs and/or Additional ERs (as applicable):

$$\left[\begin{array}{l} \text{Unit} \\ \text{Price} / \\ \text{Exercise} \times \\ \text{Price} \end{array} \right] \times \left[\begin{array}{l} \text{The number of} \\ \text{Contract ERs /} \\ \text{Additional ERs} \\ \text{transferred to the} \\ \text{Trustee (as Verified} \\ \text{in the respective final} \\ \text{Verification Report)} \end{array} \right] - \left[\begin{array}{l} \text{Any Advance} \\ \text{Payment(s) made} \\ \text{in accordance} \\ \text{with Section 4.04} \end{array} \right] - \left[\begin{array}{l} \text{Any Taxes paid by} \\ \text{the Trustee in} \\ \text{accordance with} \\ \text{Section 5.04 of the} \\ \text{General Conditions} \end{array} \right]$$

- (b) In the event that any deduction of any Taxes paid by the Trustee in accordance with Section 5.04 of the General Conditions and/or of any Advance Payment(s) made in accordance with Section 4.04 would make the Periodic Payment for that Reporting Period a negative number, the Trustee will carry forward any amounts not deducted in that Reporting Period to the following Reporting Period.

Section 4.04 Advance Payments

- (a) If requested by the Program Entity, the Trustee may make advance payments on behalf of the Program Entity in the amount of the Tranche A Pro Rata Share for any fees, charges, costs or other expenses charged by a Registry system or any other relevant authority or entity in relation to Registration, issuance and forwarding of Contract ERs or Additional ERs or the ER Transfer, payable by the Program Entity in accordance with Section 5.04(a) of the General Conditions ("**Advanced Expense Payment**").
- (b) In addition to (a), the Program Entity may request the Trustee to make one upfront advance payment ("**Upfront Advance Payment**") in the amount of USD 1,000,000.00, subject to the following conditions:
- (i) The Program Entity has fulfilled all Conditions of Effectiveness referred to in Section 3.01 and specified in Schedule 1 to this Agreement, in form and substance satisfactory to the Trustee following consultations with Tranche A Participants;
 - (ii) The Upfront Advance Payment to be made by Tranche A of the Fund shall be limited to the Tranche A Pro Rata Share of such payment; and
 - (iii) Upon the condition for the Upfront Advance Payment under subparagraphs (i) and (ii) above being fulfilled, in form and substance satisfactory to the Trustee of Tranche A of the Fund, the Trustee shall notify the Program Entity accordingly and shall disburse the Upfront Advance Payment to the Program Entity within thirty (30) calendar days following receipt by the Program Entity of such notification.

- (c) In addition to (a) and **Error! Reference source not found.** above, the Program Entity may request the Trustee to make an ER advance payment (“**ER Advance Payment**”) to the Program Entity for Contract ERs and/or Additional ERs generated by the ER Program during a Reporting Period, as evidenced in the ER Monitoring Report for that Reporting Period and pending subsequent final Verification and ER Transfer, provided that any payment of any ER Advance Payment shall be made by the Trustee subject to the following conditions:
- (i) The Trustee determines, in its sole and absolute discretion following consultations with Tranche A Participants, whether it is willing to make an ER Advance Payment;
 - (ii) The ER Advance Payment to be made by Tranche A of the Fund shall be limited to the Tranche A Pro Rata Share of such payment;
 - (iii) The Program Entity has fulfilled all Conditions of Effectiveness referred to in **Error! Reference source not found.** and specified in **Error! Reference source not found.** to this Agreement, in form and substance satisfactory to the Trustee following consultations with Tranche A Participants;
 - (iv) Upon all the conditions for the ER Advance Payment under subparagraphs (i), (ii) and (iii) above being fulfilled, in form and substance satisfactory to the Trustee, the Trustee shall notify the Program Entity accordingly and shall disburse the Tranche A Pro Rata Share of the ER Advance Payment to the Program Entity within thirty (30) calendar days following receipt by the Program Entity of such notification; and
 - (v) In the event that the subsequent final Verification Report for that Reporting Period verifies an ER amount that is less than the amount that was reported in the ER Monitoring Report and the value of such Verified amount of Contract ERs and/or Additional ERs (i.e. Unit Price/Exercise Price (as applicable) X Contract ERs/Additional ERs (as applicable) generated during that Reporting Period (as evidenced in the final Verification Report)) is less than the ER Advance Payment, the Trustee shall be entitled to recover the Tranche A Pro Rata Share of the overpaid amount from any future Periodic Payment to be made to the Program Entity under this Agreement for transferred ERs or, if no such subsequent Periodic Payment will be due, request prompt repayment of such overpaid amount from the Program Entity.
- (d) The Trustee shall be entitled to deduct in full any Advance Payment(s) made to the Program Entity by Tranche A of the Fund, as applicable, from Periodic Payments for transferred Contract ERs/Additional ERs under this Agreement.
- (e) In the event that any outstanding Advance Payment made under this Agreement cannot be recovered in full from the last Periodic Payment due for transferred Contract ERs/Additional ERs to be made under this Agreement, the Trustee may request prompt repayment of the outstanding Advance Payment amount from the Program Entity to the Trustee.
- (f) Notwithstanding Section 5.03(c) of the General Conditions, legal title to any Contract ERs and/or Additional ERs for which an Advance Payment has been made shall transfer to the Trustee upon completion of the ER Transfer of such ERs to the Trustee.

Section 4.05 ER Program Implementation; Receipt and Use of Periodic Payments

- (a) The Program Entity shall establish and maintain throughout the term of this Agreement the Program Management Unit (“PMU”) for the overall management of the ER Program, Benefit Sharing Plan, and Safeguards Plans. The Program Entity shall provide, or cause to be provided, as the case may be, the PMU at all times with adequate funds, qualified staff in adequate numbers, as shall be necessary for managing the ER Program, the Benefit Sharing Plan, the Safeguards Plans, and accomplishing the terms of reference for the PMU that are set out in the Program Implementation Manual (“PIM”).
- (b) The Program Entity, through MFB, shall establish and maintain throughout the term of this Agreement a Dedicated Account at the Commercial Bank. The Commercial Bank shall, on behalf the Program Entity, receive directly from the Trustee all Periodic Payments and Advance Payment(s) under this Agreement (together referred to as “ERPA Payments”), and deposit all such ERPA Payments in the Dedicated Account.
- (c) The Program Entity, through MFB, shall enter into a Subsidiary Agreement with the Commercial Bank, in form and substance satisfactory to the Trustee, to set out the responsibilities and institutional arrangement for the receipt and use of ERPA Payments. The role of the Commercial Bank under the Subsidiary Agreement shall be limited to receiving directly from the Trustee all ERPA Payments under this Agreement on behalf of the Program Entity, holding all ERPA Payments in the Dedicated Account, and releasing funds from the Dedicated Account on behalf of the Program Entity for sharing Monetary and Non-Monetary Benefits with eligible Beneficiaries under the instruction of the PMU, and in accordance with the Benefit Sharing Plan, the PIM, and the Subsidiary Agreement. Prior to the execution of the Subsidiary Agreement, the Program Entity shall provide a draft version to the Trustee for its review and shall not execute the Subsidiary Agreement, unless the Trustee has provided written approval of the draft Subsidiary Agreement as in form and substance satisfactory to the Trustee for the purposes of this Agreement.
- (d) For the avoidance of doubt, despite the delegation of certain responsibilities of the Program Entity under this Agreement to the Commercial Bank through this Agreement and the Subsidiary Agreement, the Program Entity shall remain fully responsible and accountable under this Agreement for the way such entity carries out its responsibilities on behalf of the Program Entity. In particular, in the event that the Commercial Bank fails to observe, implement or meet all requirements contained in the Benefit Sharing Plan, the Program Implementation Manual, and the Safeguards Plans provided for under this Agreement (including any feedback and grievance redress mechanism provided for under the ER Program, the Benefit Sharing Plan and/or any Safeguards Plan), such failure shall constitute an event of default by the Program Entity (Event of Default) under Section 16.01(a)(vii) of the General Conditions.

Section 4.06 Application for Payment

- (a) Any ERPA Payment to be made by the Trustee under and subject to **Error! Reference source not found.** (in conjunction with Section 5.03 of the General Conditions) of this Agreement shall require the Program Entity, through MFB, to submit an application for payment electronically or otherwise to the Trustee, in form and substance satisfactory to the Trustee, in accordance with the Disbursement and Financial Information Letter

(“Application for Payment”), and such additional instructions as the Trustee may specify from time to time by notice to the Program Entity.

- (b) The Program Entity, through MFB, may apply for ERPA Payments, in accordance with the terms of this Agreement and the Disbursement and Financial Information Letter, to finance eligible expenditures consisting of payments for transferred Contract ERs under this Agreement in the maximum amount specified and, if applicable, up to the percentage set forth against the category of the following table:

Category	Maximum allocated amount**	Percentage of expenditures to be financed (exclusive of Taxes)***
(1) Transferred Contract ERs* (Tranche A Pro Rata Share)	USD 2,241,150	100%
Total Amount	USD 2,241,150	100%

* For the avoidance of doubt, no payment will be made for Contract ERs generated but not transferred prior to the date of this Agreement.

** This maximum amount is the Tranche A Pro Rata Share of the total value of Contract ERs contracted for under this Agreement and the Tranche B ERPA (Tranche A Pro Rata Share of 8,359,000 Contract ERs X Unit Price), subject to the actual Contract ER amounts generated and transferred in accordance with the terms of this Agreement.

*** For the avoidance of doubt, any Taxes, if applicable, shall be borne by each Party in accordance with Section 5.04(b) of the General Conditions.

- (c) In addition, in the event that the Trustee exercises a Call Option under Article V, the Program Entity, through MFB, may apply for Periodic Payments for such amount of transferred Additional ERs for which the Call Option has been exercised for Tranche A. For the avoidance of doubt, in the event that the Trustee exercises a Call Option, the table in Section 4.06(b) above may be amended to include the allocated amount for such Additional ERs.
- (d) Any time period provided for in this Agreement or the General Conditions for such payment to become due shall not start running before such Application for Payment has been submitted by the Program Entity.”

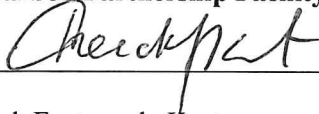
Unless otherwise defined in this letter of amendment, all capitalized terms used in this letter of amendment shall have the same meaning as given to those terms in the ERPA.

Unless expressly amended by this letter of amendment, all terms and provisions under the ERPA shall remain unchanged and in full force and effect.

This letter of amendment shall become effective and become an integral part of the ERPA upon being duly counter-signed and returned to the Trustee by the Project Entity.

Sincerely yours,

**On behalf of the International Bank
for Reconstruction and Development,
as Trustee of Tranche A of the Carbon Fund of
the Forest Carbon Partnership Facility**

By: 

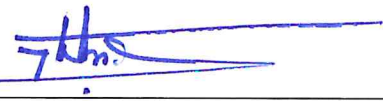
Name: Cheick Fantamady Kante

Title: Country Director

Date: 07 - OCT - 2023

CONFIRMED AND AGREED:

**On behalf of Republic of Congo,
represented by the Ministry of Economy
and Finance**

By: 

Name: Jean Baptiste Ondaie

Title: Minister, Ministry of Economy and
Finance

Date: 25 - OCT - 2023