

01 October 2024

Doudou Fwamba Likunde Li-Botayi
Minister, Ministry of Finance
Kinshasa-Gombe
Democratic Republic of Congo

Re: Amendment No.2 to the Carbon Fund of the Forest Carbon Partnership Facility Emission Reductions Payment Agreement for the Emission Reductions Program in Mai-Ndombe between the Democratic 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”) (TF0B9277)

WHEREAS

- A. The Democratic 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 dated September 21, 2018 (TF0B9277), as amended on May 19, 2023 (“**Tranche A ERPA**”), for the Emission Reductions Program in Mai-Ndombe (“**Program**”).
- B. The Program Entity also entered into a separate Emission Reductions Payment Agreement with the IBRD, acting as trustee (“**Trustee of Tranche B of the Fund**”) of Tranche B of the Carbon Fund of the Facility, dated September 21, 2018 (TF0B9276), as amended on May 19, 2023 (“**Tranche B ERPA**”), for the Program (Tranche A ERPA and Tranche B ERPA together referred to as “**ERPAs**” and Trustee of Tranche A of the Fund and Trustee of Tranche B of the Fund together referred to as “**Trustee**”).
- C. The ERPAs were first amended to introduce various new provisions, including a provision on the United Nations Development Programme’s (“**UNDP**”) Multi-Partner Trust Fund Office (“**MPTF-O**”) to receive all ERPA Payments as ERPA Payment Recipient Entity.
- D. As per letter dated March 8, 2024, the Program Entity has requested the Trustee to amend the respective ERPAs in order to i) include a Put Option into the respective ERPAs that allows the Program Entity to sell all or part of its Percentage Split Amount (namely 30% of generated and verified ERs, minus set aside Buffer ERs), currently retained by the Program Entity, to the Carbon Fund as Contract ERs; ii) to remove the provisions on Sweep Cap ERs and associated Sweep ER Caps in the ERPAs and replace it with the (default) full sweep clause, as provided for in Section 3.02(b) of the General Conditions; and iii) to change the fund flow arrangement of ERPA Payments from payments to MPTF-O as ERPA Payment Recipient Entity to payments to a dedicated account (“**Dedicated**”).

Account”) in a commercial bank, acceptable to the Trustee (“**Commercial Bank**”), and to have the Benefit Sharing Plan updated accordingly.

THEREFORE, we propose to amend the Tranche A ERPA as follows (“**Amendment**”):

1. Section 4.02 of the Tranche A ERPA shall be deleted in its entirety and replaced as follows:

“Section 4.02 *Transfer of Contract ERs*

(a) The Minimum Reporting Period Amounts and Cumulative Amounts of Contract ERs to be transferred to the Trustee each Reporting Period in accordance with Section 3.02 of the General Conditions are set out in Schedule 2 to this Agreement.

(b) From the first ERs that are being generated and verified under the ER Program during each Reporting Period, minus the ERs to be set aside as Buffer ERs in the ER Program Buffer, 70% of such ERs shall be transferred to the Trustee under this Agreement and the Tranche A ERPA (“**Buyer’s Percentage Split Amount**”) as Contract ERs and 30% of such ERs shall be retained by the Program Entity (“**Seller’s Percentage Split Amount**”). From the Buyer’s Percentage Split Amount, Tranche A of the Fund shall receive its pro rata share of overall contributions to the Fund (approx. 5%) (“**Tranche A Pro Rata Share**”) and Tranche B of the Fund shall receive its pro rata share of overall contributions to the Fund (approx. 95%) (“**Tranche B Pro Rata Share**”) as Contract ERs.

(c) The Parties agree to grant the Program Entity a put option to sell the Seller’s Percentage Split Amount to the Carbon Fund as Contract ERs (“**Put Option**”). This Put Option provides the Program Entity with a right, but not an obligation, to sell to Tranche A of the Fund the Tranche A Pro Rata Share of all or part of the Seller’s Percentage Split Amount to the Trustee of Tranche A of the Fund as Contract ERs and is subject to the following requirements:

(i) Maximum Put Option Volume: Tranche A Pro Rata Share of all ERs from the Seller’s Percentage Split Amount;

(ii) Exercise Price per transferred ER: Unit Price for Contract ERs; and

(iii) Put Option Exercise Period: The Program Entity must notify the Trustee of Tranche A of the Fund of its decision to exercise the Put Option (“**Put Option Exercise Notice**”) – as per Schedule 8 to this Agreement - within sixty (60) calendar days following receipt of the final Verification Report for each Reporting Period. If the Program Entity fails to provide the Trustee with a Put Option Exercise Notice within this time period, the Put Option will lapse for that Reporting Period.

(d) With respect to Section 16.01(a)(i) of the General Conditions (ER Transfer Failure), and without prejudice to Section 4.02(c) above, the Program Entity may avoid the occurrence of an ER Transfer Failure by transferring all or part of the Seller’s Percentage Split Amount, as stipulated in Section 4.02(b) sentence 1 above, generated and verified under the ER Program during the Term of the ERPA to Tranche A of the Fund as Contract ERs to make up for any shortfall in transferred Contract ERs.”

2. Section 4.05 of the Tranche A ERPA shall be deleted in its entirety and replaced as follows:

“Section 4.05 *ER Program Implementation; Receipt and Use of ERPA Payments*

(a) The Program Entity shall implement and manage the ER Program through the ER Program Management Unit established and contracted in accordance with Section 7.01(d) of this Agreement.

(b) The Program Entity, through the Ministry of Finance, shall establish and maintain throughout the term of this Agreement a Dedicated Account at a Commercial Bank. The Commercial Bank shall, on behalf of the Program Entity, receive directly from the Trustee of Tranche A of the Fund all Periodic Payments and Advance Payments (together referred to as “**ERPA Payments**”) under this Agreement, and deposit such payments in the Dedicated Account.

(c) The Program Entity, through the Ministry of Finance, shall enter into a Subsidiary Agreement (“**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 received under this Agreement. 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 to eligible Beneficiaries under the instruction of the ER Program Management Unit, and in accordance with the Benefit Sharing Plan, the Program Implementation Manual 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. The execution of such Subsidiary Agreement must be completed before any ERPA Payment(s) can be made.

(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 respective delegated 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.”

3. Section 5.02(a) of the Tranche A ERPA shall be deleted in its entirety and replaced as follows:

“(a) The Additional ERs are: In the event that the ER Program generates in a Reporting Period ERs in excess of the Contract ER Volume the Parties agree to grant the Grantee a Call Option to purchase such additional ERs (“**Additional ERs**”).

Subject to the Maximum Option Volume (see below), the Grantee may exercise the Call Option for all or part of the Tranche A Pro Rata Share in Additional ERs and, if applicable, for any additional amount of Additional ERs for which the Trustee of Tranche B of the Fund has not exercised its call

option in full after a Reporting Period under the Tranche B ERPA.”

4. Within sixty (60) calendar days following the date of this Amendment, and before any ERPA Payment(s) can be made under the ERPAs, the Program Entity shall update the Benefit Sharing Plan, in form and substance satisfactory to the Trustee, to reflect the new flow of ERPA Payments, as specified in Section 4.06(b)-(c) above and submit the updated version of the Benefit Sharing Plan to the Trustee. All other provisions in the Benefit Sharing Plan shall remain unchanged.
5. Schedule 8 shall be added to the Tranche A ERPA:

**“SCHEDULE 8
PUT OPTION EXERCISE NOTICE
[LETTERHEAD OF PROGRAM ENTITY]**

TO: [Trustee]

Put Option Exercise Notice for [insert Reporting Period]

We refer to the Emission Reductions Payment Agreement dated [INSERT DATE] (“ERPA”) between [] (“**Program Entity**”) and the International Bank for Reconstruction and Development (“**IBRD**”), as trustee of Tranche A of the Carbon Fund (“**Fund**”) of the Forest Carbon Partnership Facility (“**Trustee**”), which includes the ‘International Bank for Reconstruction and Development General Conditions Applicable to Emission Reductions Payment Agreements for Forest Carbon Partnership Facility Emission Reductions Programs’ dated November 1, 2014 (“**General Conditions**”). Capitalized terms used and not specifically defined herein shall have the meanings assigned thereto in the ERPA and the General Conditions.

For the Reporting Period beginning [XX] and ending [XX], the Program Entity hereby exercises its Put Option on the same terms and conditions as set out in the ERPA and transferred as Contract ERs in accordance with the following:

| | |
|-----------------------------------|---|
| Grantor: | Trustee of Tranche A of the Fund |
| Grantee: | Program Entity |
| Registry Account: | [insert if known] |
| Quantity of ERs from | |
| Seller’s Percentage Split Amount: | [insert Tranche A Pro Rata Share] |
| Exercise Price: | [insert price per ER as specified in ERPA] |
| Exercise Completion Date: | [Insert date [90] calendar days from the date of this Notice] |

Dated:

For and on behalf of
[insert legal name of Grantee] by its Authorized Representative

Authorized Representative

Please print name”

Unless otherwise defined in this Amendment, all capitalized terms used in this Amendment shall have the same meaning as given to those terms in the Tranche A ERPA.

Unless expressly amended by this Amendment, all terms and provisions under the Tranche A ERPA shall remain unchanged and in full force and effect.

This Amendment shall become effective and become an integral part of the Tranche A 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: Albert G. Zeufack

Name: Albert G. Zeufack

Title: Country Director

Date: 09-Oct-2024

CONFIRMED AND AGREED:

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

By: Doudou Fwamba Likunde Li-Botayi

Name: Doudou Fwamba Likunde Li-Botayi

Title: Minister, Ministry of Finance

Date: 25-Nov-2024