

Legal Department

This model is for the purchase of ERs from Emission Reduction Programs under the Forest Carbon Partnership Facility and should be used for ERPAs signed on or after [INSERT START DATE]. It should be used with the "General Conditions Applicable to Emission Reductions Payment Agreements for Forest Carbon Partnership Facility Emission Reduction Programs dated [INSERT DATE]

CARBON FUND OF THE FOREST CARBON PARTNERSHIP FACILITY

**Emission Reductions
Payment Agreement**

[INSERT NAME OF ER PROGRAM]

by and between

[INSERT NAME OF PROGRAM ENTITY]

and

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT,
AS TRUSTEE OF TRANCHE [A][B] OF
THE CARBON FUND OF THE FOREST CARBON PARTNERSHIP FACILITY**

Dated **20__**

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**CARBON FUND OF THE FOREST CARBON PARTNERSHIP FACILITY
EMISSION REDUCTIONS PAYMENT AGREEMENT**

("Agreement")

PARTIES: [PROGRAM ENTITY], established on [], by [] registered as [] ("Program Entity")
and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("IBRD") in its capacity as trustee ("Trustee") of TRANCHE [A][B] OF THE CARBON FUND OF THE FOREST CARBON PARTNERSHIP FACILITY ("Fund") pursuant to the CHARTER ESTABLISHING THE FOREST CARBON PARTNERHIP FACILITY ("Charter").

RECITALS:

- A. Pursuant to the Charter, the Executive Directors of the IBRD have established the Forest Carbon Partnership Facility ("Facility") for the purposes of:
- (i) To assist REDD Country Participants in their efforts to achieve Emission Reductions from avoided deforestation and/or avoided forest degradation by providing them with financial and technical assistance in building their capacity to benefit from possible future systems of positive incentives for REDD;
 - (ii) To pilot a performance-based payment system for Emission Reductions generated from REDD activities, with a view to ensuring equitable benefit sharing and promoting future large scale positive incentives for REDD;
 - (iii) Within the approach to REDD, to test ways to sustain or enhance livelihoods of local communities and to conserve biodiversity; and
 - (iv) To disseminate broadly the knowledge gained in the development of the Facility and implementation of Readiness Preparation Proposals and ER programs.
- B. The ER Program is intended to be developed, implemented and operated in [INSERT HOST COUNTRY'S OFFICIAL NAME] subject to a Letter of Approval to be issued by the Host Country.
- C. The Program Entity wishes to sell and the Trustee wishes to purchase and make payment, upon the terms and conditions in this Agreement, for transferred Emission Reductions from the ER Program.

NOW THEREFORE the Parties hereby agree as follows:

ARTICLE I
Application of General Conditions; Definitions

Section 1.01 *Application of General Conditions*

- (a) The International Bank for Reconstruction and Development's "General Conditions Applicable to Emission Reductions Payment Agreements for Forest Carbon Partnership Facility Emission Reductions Programs" dated [INSERT DATE] ("**General Conditions**"), set forth the terms and conditions applicable to this Agreement and constitute an integral part of this Agreement.
- (b) Unless otherwise defined in this Agreement, any capitalized terms in this Agreement shall have the meaning ascribed to such terms in the General Conditions.
- (c) Any reference made in this Agreement to a specific Article or Section shall, unless expressly provided for otherwise, be deemed to be a reference to the corresponding Article or Section in this Agreement.

Section 1.02 *Inconsistency with General Conditions*

If any provision of this Agreement is inconsistent with a provision of the General Conditions, the provision of this Agreement shall prevail to the extent of such inconsistency.

ARTICLE II
ER Program Details

Section 2.01 *Description of the ER Program*

- (a) The ER Program is: [INSERT NAME AND DESCRIPTION OF THE ER PROGRAM WHICH IS THE SUBJECT OF THE ERPA], as further described in the ER Program Document.
- (b) The Host Country is: [INSERT HOST COUNTRY'S OFFICIAL NAME]

ARTICLE III
Conditions to Sale and Purchase

Section 3.01 *Conditions to be fulfilled*

The obligations to sell and purchase Emission Reductions in Articles III and V of the General Conditions will not take effect until all of the conditions included in Schedule 1 to this Agreement, in form and substance satisfactory to the Trustee, have been fulfilled.

Section 3.02 *Conditions for benefit of Trustee*

The conditions in Section 3.01 are for the benefit of, and may only be waived or deferred by, the Trustee.

Section 3.03 *Termination of the Agreement*

- (a) If any of the conditions in Section 3.01 have not been fulfilled by the Program Entity within **[INSERT NUMBER OF MONTHS]** months from the date of this Agreement, as may be extended by the Trustee in accordance with Section 3.03(a)(i) below ("**Conditions Fulfillment Date**"), the Trustee may, at its discretion:
- (i) extend the Conditions Fulfillment Date and, possibly, reduce the Contract ER Volume and one or more Minimum Reporting Period Amount(s) by the amount of Emission Reductions that, in the Trustee's reasonable opinion, can no longer be expected to be generated and transferred due to the delay in the Condition Fulfillment Date; or
 - (ii) terminate this Agreement by written notice to the Program Entity.
- (b) [If the Trustee terminates this Agreement in accordance with Section 3.03(a)(ii) above, the Trustee shall provide the Program Entity with documentation evidencing any Costs which the Trustee has incurred by the date of termination, and for which the Trustee requires reimbursement, and the Program Entity shall reimburse such Costs to the Trustee within thirty (30) calendar days of receiving the documentation[, provided that such reimburseable Costs amount shall not exceed USD **[INSERT COST CAP AMOUNT]**]. ~~###Delete if no Advance Payment is granted###~~. In this case, the Program Entity shall also, within thirty (30) calendar days of receiving the request of the Trustee, repay to the Trustee any unrecovered Advance Payment.]

ARTICLE IV Purchase and Sale of Contract ERs

Section 4.01 *Contract ER Volume and Unit Price*

- (a) Contract ERs are: [The first] **[INSERT AMOUNT OF ERS]** ERs generated by the ER Program as set out in Schedule 2 to this Agreement ("**Contract ER Volume**").
- (b) The Unit Price is: ~~###Note that the Unit Price per Contract ER transferred to the Trustee shall be negotiated between the Parties in accordance with the Pricing Approach###~~

Section 4.02 *Transfer of Contract ERs*

- (a) ~~###Include if sweep applies###~~[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.]
- ~~###Include if no sweep applies###~~ [The provisions of Section 3.02(b) of the General Conditions do not apply to this Agreement, but if the ER Program generates more than the Minimum Reporting Period Amount in a particular Reporting Period ("**Excess ERs**") and provided that no Option has been granted to either Party for such ERs, the Program Entity may transfer to the Trustee, and the Trustee shall accept, all such Excess ERs generated by the ER Program in that Reporting Period, in which case the Excess ERs transferred to the Trustee shall count as Contract ERs.]

[[#Include if Program Entity is allowed to retain a certain number of ERs in accordance with Section 3.02(b) of General Conditions e.g. to sell to second buyer##] [The Program Entity may retain the first [INSERT AMOUNT OF ERS] ERs generated by the ER Program in excess of the Minimum Reporting Period Amount and Cumulative Amount in each Reporting Period, and such ERs shall not constitute part of the Contract ERs or the Additional ERs.]

Section 4.03 *Periodic Payment*

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

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

Unit Price / Exercise Price	X	The number of Contract ERs / Additional ERs transferred to the Trustee (as verified in the final Verification Report)	-	Any [Cost Recovery Discount][Costs incurred by the Trustee in accordance with Section 5.04 of the General Conditions]	-	Any Advance Payment(s) made in accordance with Section 4.04	-	Any Taxes paid by the Trustee in accordance with Section 5.05 of the General Conditions
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- (b) [The Parties agree that Section 5.04(a), (b) and (c) of the General Conditions shall not apply insofar as they relate to Costs. Instead, a cost recovery discount of []% shall be applied to the product of Unit Price or Exercise Price (as applicable) times the number of Contract ERs or Additional ERs (as applicable) transferred to the Trustee (“**Cost Recovery Discount**”). The Cost Recovery Discount shall be deducted from each Periodic Payment and shall cover all recurring Costs incurred by the Trustee in relation to the ER Program.]
- (c) The Trustee shall make the Periodic Payment to the Program Entity for the ERs transferred within thirty (30) calendar days following completion of the ER Transfer.
- (d) In the event that deduction of any [Cost Recovery Discount,][Costs incurred by the Trustee in accordance with Section 5.04 of the General Conditions,] any Advance Payment installments made in accordance with Section 4.04 or any Taxes paid by the Trustee in accordance with Section 5.05 of the General Conditions 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[, subject to the caps in Section 6.01Section 6.01(b) and (c).

Section 4.04 *Advance Payment(s)*

- (a) If requested by the Program Entity, the Trustee may make advance payments on behalf of the Program Entity 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(d) of the General Conditions (“**Advanced Expense Payment**”).

- (b) **[[[Include only if there is an Upfront Advance Payment, otherwise delete]]]** [In addition to Section 4.04(a), the Trustee shall make an upfront advance payment (“**Upfront Advance Payment**”) to the Program Entity in the amount of the lesser of (i) EURO [] (in words: [] Euros) and (ii) []% of the value of this Agreement (i.e. Unit Price X Contract ERs X []%) to be calculated immediately prior to any disbursement of any Upfront Advance Payment, provided that any payment of any Upfront Advance Payment shall be made by the Trustee only on the following conditions:
- (i) The Program Entity has provided the Trustee with one irrevocable letter of credit or guarantee, in form and substance satisfactory to the Trustee and compliant with all applicable laws, for the amount of the Upfront Advance Payment proposed under Section 4.04(a) above (“**Letter of Credit**”), issued by a financial institution having a Standard and Poor’s Rating Services or Fitch’s Ratings rating of BBB or above, or Moody’s Investor Services Limited rating of BAA or above, or such other financial institution acceptable to the Trustee, and being valid and enforceable until the Upfront Advance Payment has been recovered by the Trustee in full. In the event the Upfront Advance Payment proposed under Section 4.04(a) above is reduced, the Letter of Credit may provide for an automatic corresponding reduction of the covered amount or the Program Entity may provide the Trustee with a new irrevocable letter of credit covering the reduced Upfront Advance Payment amount in exchange of the previous Letter of Credit; and
 - (ii) The Program Entity has fulfilled all conditions referred to in Section 3.01 and specified in Schedule 1 to this Agreement, in form and substance satisfactory to the Trustee;
 - (iii) **[[[Insert additional conditions, such as milestones for Upfront Advance Payment installments, if needed.]]]**
 - (iv) Once the conditions for the Upfront Advance Payment under subparagraphs (i)[,][and] (ii) [and (iii)] **[[[Include additional references if additional conditions are agreed upon above]]]** above are fulfilled, in form and substance satisfactory to the Trustee, [for any installment], the Trustee shall notify the Program Entity accordingly and shall disburse the Upfront Advance Payment [installment] to the Program Entity within thirty (30) calendar days following receipt by the Program Entity of such notification.
- (c) **[[[Include only if there is an Interim Advance Payment, otherwise delete]]]** [In addition to Section 4.04(a) [and Section 4.04(b)], the Trustee shall make an interim advance payment (“**Interim Advance Payment**”) to the Program Entity in the amount of the lesser of (i) EURO [] (in words: [] Euros) and (ii) []% of the value of this Agreement (i.e. Unit Price X Contract ERs X []%) to be calculated immediately prior to any disbursement of any Interim Advance Payment, provided that any payment of any Interim Advance Payment shall be made by the Trustee only on the following conditions:
- (i) **[[[Include if there is an Upfront Advance Payment, otherwise delete]]]** [The sum of any Upfront Advance Payment made but not yet recovered and any Interim Advance Payment shall not exceed the lesser of (x) EURO [] (in words: [] Euros) and (y) []% of the value of this Agreement (i.e. Unit Price X Contract ERs X []%) to be calculated immediately prior to any disbursement of any Interim Advance Payment;]
 - (ii) [The Program Entity has provided the Trustee with an irrevocable Letter of Credit, in form and substance satisfactory to the Trustee and compliant with all applicable laws, for the amount of the Interim Advance Payment proposed under Section 4.04(c) above, issued by

a financial institution having a Standard and Poor's Rating Services or Fitch's Ratings rating of BBB or above, or Moody's Investor Services Limited rating of BAA or above, or such other financial institution acceptable to the Trustee, and being valid and enforceable until the Interim Advance Payment has been recovered by the Trustee in full. In the event the Interim Advance Payment proposed under Section 4.04(c) above is reduced, the Letter of Credit may provide for an automatic corresponding reduction of the covered amount or the Program Entity may provide the Trustee with a new irrevocable Letter of Credit covering the reduced Interim Advance Payment amount in exchange of the previous Letter of Credit;]

- (iii) The Program Entity has fulfilled all conditions referred to in Section 3.01 and specified in Schedule 1 to this Agreement, in form and substance satisfactory to the Trustee;
- (iv) The Program Entity has fulfilled the interim ER Program implementation progress milestones for the Interim Advance Payment [installment], as specified in Schedule [] to this Agreement and has documented its fulfillment of the respective interim ER Program implementation progress milestones by submission of an interim progress report ("**Interim Progress Report**") to the Trustee, in form and substance satisfactory to the Trustee. As a separate annex to the Interim Progress Report, the Program Entity shall provide:
 - (A) evidence satisfactory to the Trustee that the Program Activity is being implemented in accordance with the Safeguards Plans and that the Benefit Sharing Plan has been implemented in accordance with its terms (including any feed-back and grievance redress mechanism set up under any of such documents); and
 - (B) information on the generation of Non-Carbon Benefits produced under the ER Program, as feasible and specified in the ER Program Document;
- (v) *[[Insert additional conditions, such as milestones for Upfront Advance Payment installments, if needed.]]*
- (vi) Once the conditions for the Interim Advance Payment under subparagraphs (i), (ii), (iii)[,][and] (iv) [and (v)] *[[Include additional references if additional conditions are agreed upon above]]* above are fulfilled, in form and substance satisfactory to the Trustee, [for any installment], the Trustee shall notify the Program Entity accordingly and shall disburse the Interim Advance Payment [installment] to the Program Entity within sixty (60) calendar days following receipt by the Program Entity of such notification.
- (d) *[[Include only if there is an ER Advance Payment, otherwise delete]]* In addition to Section 4.04(a) [,][and] Section 4.04(b) [and Section 4.04(c)], the Trustee may, at its discretion, 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 Verification, provided that any payment of any ER Advance Payment shall be made by the Trustee only on the following conditions:
 - (i) Upon written request by the Program Entity for an ER Advance Payment, the Trustee, at its discretion, decides, following consultations with the Carbon Fund Participants, that it shall make an ER Advance Payment;
 - (ii) Any ER Advance Payment shall be capped at []% of the value of the Contract ERs and/or Additional ERs reported for the respective Reporting Period in the ER Monitoring Report

(i.e. Unit Price/Exercise Price (as applicable) X Contract ERs/Additional ERs (as applicable) generated during that Reporting Period (as evidenced in the ER Monitoring Report) X []%);

- (iii) The Program Entity has fulfilled all conditions referred to in Section 3.01 and specified in Schedule 1 to this Agreement, in form and substance satisfactory to the Trustee; and
 - (iv) Once the conditions for the ER Advance Payment under subparagraphs (i), (ii) and (iii) above are fulfilled, in form and substance satisfactory to the Trustee, the Trustee shall notify the Program Entity accordingly and shall disburse the ER Advance Payment to the Program Entity within thirty (30) calendar days following receipt by the Program Entity of such notification.
 - (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 overpaid amount from any future Periodic Payment to be made to the Program Entity under the ERPA for transferred ERs or, if no such subsequent Periodic Payment will be due, request prompt repayment of such overpaid amount from the Program Entity.
- (e) The Trustee shall be entitled to deduct any Advance Payment(s) made to the Program Entity from time to time from the Periodic Payments due in accordance with Section 4.03. If deduction of the Advance Payment(s) would make the Periodic Payment for that Reporting Period a negative number, the Trustee will carry forward any outstanding Advance payment amount not deducted in that Reporting Period to the following Reporting Period.
- (f) In the event that ERs are not transferred to the Trustee pursuant to this Agreement, or the Program Entity has not transferred enough Contract ERs to recover the Advance Payment(s) in full, the Trustee may recover from the Program Entity, among others, amounts equal to any Advance Payment(s) made under this Section 4.04 but not yet recovered pursuant to Sections 11.02 and 13.03 of the General Conditions. In the event that, following the final Periodic Payment, the Advance Payment(s) have not been recovered by the Trustee in full, the Trustee may request repayment of such outstanding Advance Payment amount from the Program Entity within 30 calendar days following receipt by the Program Entity of such request.
- (g) Notwithstanding Section 5.03(c) of the General Conditions, legal title to any Contract ERs and/or Additional ERs for which an ER Advance Payment is made shall transfer to the Trustee upon completion of the ER Transfer of such ERs to the Trustee.

ARTICLE V Option

##In the following provisions, select from or adapt the available options depending on whether the Option is a Call Option in favour of the Trustee, a Right of First Refusal in favour of the Trustee, or a Put Option in favour of the Program Entity.##

Section 5.01 *Option Specifications*

- (a) The Option Grantee is: *[[[Insert if the Option is a call option or right of first refusal in favour of the Trustee: Trustee] ##OR## [[[Insert if Program Entity if the Option is a put option: Program Entity]*
- (b) The Option Grantor is: *[[[Insert if the Option is a call option or right of first refusal in favour of the Trustee: Program Entity] ##OR## [[[Insert if Program Entity if the Option is a put option: Trustee]*
- (c) The Option is: *[[[Insert if Option is a call option in favour of the Trustee:* The exclusive right, but not the obligation, of the Trustee to require that the Program Entity transfers Additional ERs to the Trustee and/or its nominee (“**Call Option**”) in accordance with this Section and Article IV of the General Conditions.]

[[[Insert if Option is a right of first refusal in favour of the Trustee or delete if not: The exclusive right of first refusal granted to the Trustee (“**Right of First Refusal**”) which requires the Program Entity, upon receipt by the Program Entity of any offer(s) from any Third Party to purchase such Additional ERs (“**Third Party Offer**”), to first offer such Additional ERs for sale and transfer to the Trustee in accordance with this Section and Article IV of the General Conditions.]

[[[Insert if Option is a put option in favour of the Program Entity or delete if not: The exclusive right, but not the obligation, of the Program Entity to require that the Trustee purchases and pays for Additional ERs from the Program Entity (“**Put Option**”) in accordance with this Section and Article IV of the General Conditions.]

Section 5.02 *[[[Include this version if Call Option, Put Option or Right of First Refusal is included, otherwise delete ##] [Option Volume and Exercise Price]*

- (a) [The Additional ERs are: *[[[Insert one of the following if Option is a call option or put option in favour of the Program Entity:* Some or all of the ERs generated by the ER Program each Reporting Period up to the Maximum Option Volume until (and including) *[insert date]* *[[[Insert if Option covers ERs generated after full Contract ER Volume has been generated##:* after the Contract ER Volume has been generated by the ER Program in full]*[[[Insert if Option covers ERs generated during each Reporting Period in excess of the Minimum Reporting Period Amount and Cumulative Amount for that Reporting Period##:* after the Minimum Reporting Period Amount and Cumulative Amount in each Reporting Period has been generated by the ER Program *[[[Insert if the Option is a Right of First Refusal:* up to the volume of the number of ERs offered to be purchased in the Third Party Offer(s) received by the Program Entity].

- (b) Maximum Option Volume is: *[[[Insert if Maximum Option Volume capped]]: [insert number] Additional ERs][[Insert if Maximum Option Volume not capped]]: All Additional ERs generated by the ER Program until (and including) [insert date] [[Insert if Option covers ERs generated after full Contract ER Volume has been generated]]: after the Contract ER Volume has been generated by the ER Program in full][[Insert if Option covers ERs generated annually in excess of Minimum Reporting Period Amount and Cumulative Amount for that Reporting Period]]: after the Minimum Reporting Period Amount and Cumulative Amount in any Reporting Period has been generated by the ER Program].*
- (c) Exercise Price is: *[[[Note that the Exercise Price per Additional ER transferred to the Trustee shall be negotiated between the Parties in accordance with the Pricing Approach]]][[Delete the preceding option and insert the following if the Option is a right of first refusal: [The price offered for the Additional ERs under a Third Party Offer.]*
- (d) Exercise Period: *[[[Use the following if the Option is a Call option or Put option: Within thirty (30) calendar days after the Option Grantee's receipt of a final Verification Report for a Reporting Period indicating that Additional ERs have been generated by the ER Program.]*
[[[Use the following if the Option is a right of first refusal: Within [thirty (30)] calendar days of the date of the Program Entity's notification to the Trustee of a Third Party Offer.]
- (e) Exercise Completion Date is: Ninety (90) calendar days following receipt by the Option Grantor of the Exercise Notice.
- (f) Increase of Maximum Option Volume: In the event that the Maximum Option Volume is increased by the Trustee under Sections 11.02(c) and/or 13.03 of the General Conditions, the Option Grantee may exercise the portion of the Option increased due to the exercise of the remedies first before it exercises the portion of the Option granted under Section 5.02(a). For the avoidance of doubt, the Exercise Price payable for the Additional ERs increased due to the exercise of the remedies will be the Unit Price.]

Section 5.03 *[[[Include this version only if no (regular) Call Option or Put Option is included, otherwise delete]]] [Option Volume and Exercise Price]*

- (a) The Additional ERs are: The amount of ERs equals to some or all of (i) the amount of the Contract ER Volume reduced pursuant to Section 13.03 of the General Conditions, in the event the Trustee exercises its rights under the respective provisions, and/or (ii) the ERs which the Program Entity failed to transfer as a result of a Force Majeure Event pursuant to Section 11.02(c) of the General Conditions.

- (b) Maximum Option Volume during the Term is: [All the Additional ERs]
- (c) Exercise Price is: **[[[Note that the Exercise Price per Additional ER transferred to the Trustee shall be negotiated between the Parties in accordance with the Pricing Approach]]]**
- (d) Exercise Period: **[[[Retain the following if the Option is a call option or put option, delete if not:]]]** Within thirty (30) calendar days after the Trustee's receipt of a final Verification Report for a Reporting Period indicating that Additional ERs have been generated by the Program.]
- (e) Exercise Completion Date is: Ninety (90) calendar days following receipt by the Program Entity of the Exercise Notice.

Section 5.04 **[[[Use only where the Option is a Right of First Refusal]]]** **[Right of First Refusal]**

- (a) In addition to the obligations imposed by Article IV of the General Conditions, within ten (10) calendar days of receiving any Third Party Offer in respect of Additional ERs generated in respect of any Reporting Period, the Program Entity will provide written notification to the Trustee of such Third Party Offer, including in such notification the price offered for such Additional ERs, the proposed transfer schedule and any other information reasonably required by the Trustee.
- (b) For the avoidance of doubt, the Program Entity may only sell Additional ERs to Third Party Offerors in accordance with Article IV of the General Conditions and this Section.

ARTICLE VI
ER Program Development and Monitoring, Operation and Management

Section 6.01 ***Program Development***

- (a) Expected ER Program Commissioning Date of first Sub-Project is: **[INSERT DATE]**
- (b) Focal Point: [The Trustee][Both the Trustee and the Program Entity] shall serve as the [sole][joint] Focal Point[s] for communications with respect to the ER Program Activity. The Trustee shall be responsible for preparing and submitting the Distribution Letter.
- (c) [Costs caps: The maximum amount that the Trustee may deduct on account of its incurred Costs from the Periodic Payment(s) due to the Program Entity over the term of this Agreement is US\$ [].]

ARTICLE VII
[Additional Covenants, Representations and Warranties]

Section 7.01 *[Additional Covenants]*

- (a) **[[[Insert additional covenants as appropriate; if none to be added, delete text in square brackets]]]**

Section 7.02 *[Representation and Warranties]*

- (a) **[[[Insert additional representations and warranties as appropriate; if none to be added, delete text in square brackets]]]** In addition to Section 13.[] of the General Conditions, the [Program Entity] represents and warrants, as of the date of this Agreement, and again upon both the production of the GHG Reductions and the delivery of Contract CERs and/or Option CERs that (...)].

ARTICLE VIII
Other Termination Events and Events of Default

Section 8.01 *[Other Termination Events and Events of Default]*

- (a) [In addition to the other termination events set out in Articles 12 and 14 or Section 15.01(a) of the General Conditions, the Trustee may terminate this Agreement by notice in writing to the Program Entity if any event specified below occurs:
- (i) Failure to generate []% of the Contract ER Volume by [INSERT DATE].
 - (ii) **[[[Insert additional Events of Default as appropriate, if none to be added, delete text in square brackets]]]**.
- (b) [In addition to the other termination events set out in Articles 12 and 14 of the General Conditions, the Program Entity may terminate this Agreement by notice in writing to the Trustee if any event specified below occurs:
- (i) **[[[Insert additional Events of Default as appropriate, if none to be added, delete text in square brackets]]]**.

Section 8.02 *Host Country's withdrawal from the Facility*

For the avoidance of doubt, the Host Country's withdrawal from the Facility will not terminate this Agreement or alter in any other respect the Program Entity's obligations under this Agreement.

ARTICLE IX
Miscellaneous

Section 9.01 *Term of the Agreement*

Unless terminated earlier in accordance with the General Conditions or Section 3.03 of this Agreement, this Agreement shall terminate upon transfer of all the Contract CERs and Additional ERs, if any, and the payment of Periodic Payments in respect thereof [and transfer of all Replacement ERs, if any], subject to the survival of provisions as identified in Section 16.11 of the General Conditions, but in any event by no later than [INSERT DATE].

Section 9.02 *[Disclosure of information [##Insert only if either Party to the ERPA requests ERPA terms to be confidential, otherwise delete##]*

- (a) Notwithstanding Section 16.07(a) of the General Conditions and without prejudice to Section 16.07(b) of the General Conditions, all information disclosed by the Parties in the commercial negotiations leading to the ERPA, and the ERPA itself (collectively, the “**Confidential Information**”) shall be kept confidential and not disclosed unless:
 - (i) at the time of disclosure, the Confidential Information is public or which after disclosure becomes public other than by disclosure by either Party in violation of this provision;
 - (ii) the disclosing Party has been given prior written consent by the other Party to make that disclosure; or
 - (iii) the Confidential Information is required to be disclosed under any applicable laws and regulations or by any subpoena or similar legal process.
- (b) Notwithstanding the foregoing, the Program Entity agrees that the Trustee may disclose the Confidential Information to the Carbon Fund Participants.
- (c) This Section 9.02 shall survive for a period of five (5) years after any termination under this Agreement, unless the Parties otherwise agree in writing.]

Section 9.03 *Notices*

Any notice, communication, request or correspondence required or permitted under the terms of this Agreement shall be in writing, in the English language (it being understood that any such communication in a language other than English shall be of no force and effect), and shall be delivered personally, or via courier, mail, or facsimile to the address and telecopier numbers provided below.

For the Program Entity:

[]

For the Trustee:

Carbon Fund of the Forest Carbon Partnership Facility
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile: (202) 477-6391

Cable address:

Telex:
Facsimile:

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the date first above written.

[PROGRAM ENTITY]

By: _____

Title: _____

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT, AS
TRUSTEE OF TRANCHE [A][B] OF THE CARBON
FUND OF THE FOREST CARBON PARTNERSHIP
FACILITY**

By: _____

Title: _____

SCHEDULE 1

CONDITIONS OF EFFECTIVENESS OF SALE AND PURCHASE

- (1) Submission of a letter of approval by the relevant authority in the REDD Country Participant regarding the ER Program (which, if an entity other than the REDD Country Participant is the Program Entity, will be accompanied by an express authorization of such entity to participate in the ER Program by the REDD Country Participant);
- (2) Submission of a Benefit Sharing Plan (as defined below);
- (3) Submission of a Reversal Event Mitigation Plan;
- (4) If relevant, submission of copies of one or more executed Sub-Arrangements (as defined below) between the Seller and the Sub-Entities (as defined below) required to implement the ER Program;
- (5) [Submission of one or more Safeguards Plans (as defined below) required as a result of the Buyer's environmental and social safeguards due diligence]¹[.];]
- (6) ***##Insert any additional conditions, as deemed necessary##***

¹ Final versions of such Safeguards Plans are usually submitted to the Trustee prior to ERPA signature. However, in the event that final versions of such Safeguards Plans have not been submitted to the Trustee prior to ERPA signature, such Safeguards Plans will be another Condition of Effectiveness. In any case, advanced draft versions of such Safeguards Plans, acceptable to the IBRD, are required prior to the decision by the Fund to start ERPA negotiations.

SCHEDULE 2

MINIMUM REPORTING PERIOD AMOUNTS

Reporting Period	Minimum Reporting Period Amount of Contract ERs to be generated in this Reporting Period and subsequently transferred to the Trustee	Cumulative Amount of Contract ERs which must be generated by the end of this Reporting Period
[INSERT DATE] – [INSERT DATE]		
[INSERT DATE] – [INSERT DATE]		
[INSERT DATE] – [INSERT DATE]		

SCHEDULE 3

ER TRANSFER FORM

[Letterhead of Program Entity]

TO: The International Bank for Reconstruction and Development as Trustee of Tranche [A][B] of the Carbon Fund of the Forest Carbon Partnership Facility

ER Transfer Form for the Reporting Period from [Date] to [Date]

We refer to the Forest Carbon Partnership Facility Emission Reductions Payment Agreement dated [] between [] ("**Program Entity**") and the International Bank for Reconstruction and Development, as Trustee of Tranche [A][B] of the Carbon Fund of the Forest Carbon Partnership Facility ("**IBRD**" or "**Trustee**"), as amended ("**ERPA**"). Capitalized terms used and not specifically defined herein shall have the meanings assigned thereto in the ERPA.

1. Notification of Transfer of ERs

In accordance with the ERPA, we hereby notify the Trustee that the following amount of verified ERs has been transferred to the Trustee for this Reporting Period in accordance with the ERPA:

- _____ ERs, as verified by Verification Report dated [INSERT DATE] of which _____ ERs are Contract ERs and, if any, _____ ERs are Additional ERs.

For the avoidance of doubt, by having transferred the above ERs, we also have transferred and assigned to the Trustee the right to cause those ERs to be forwarded into any Registry Account(s) of the Trustee's nominee(s) in accordance with any modality, procedure, process or mechanism established by any relevant authority, entity or registry.

2. Invoice and Periodic Payment

We calculate that the gross payment amount for transferred ERs for this Reporting Period, before deducting any [Cost Recovery Discount][Costs], Advance Payments and Taxes which the Trustee is entitled to deduct under the ERPA, is:

[US\$]_____ [[US\$][Unit Price] X [Volume of transferred Contract ERs]]
Plus (if any)

[US\$]_____ [[US\$][Exercise Price] X [Volume of transferred Additional ERs]]

Equals

[US\$]_____ [gross payment amount]

Please pay the gross payment amount, less any [Cost Recovery Discount][Costs], Advance Payment(s) and Taxes which the Trustee is entitled to deduct under the ERPA (Periodic Payment) to the following bank account, in accordance with the ERPA:

Name of Payee's Bank: XXX
Swift Code: XXX
Bank address: XXX
Bank Account Number: 123456789

Name of Intermediary Bank: XXX
Swift Code: XXX
Bank address: XXX

Dated: _____, 20[]

For and on behalf _____ [Program Entity]

by its authorized Representative

Signature: _____

Print Name: _____

SCHEDULE 4: EXERCISE NOTICE

[LETTERHEAD OF GRANTEE]

TO: [Grantor]

Exercise Notice for [insert Reporting Period]

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

For the Reporting Period beginning [XX] and ending [XX], the Grantee hereby exercises its Option from the Grantor on the same terms and conditions as set out in the Agreement and transferred in accordance with the following:

Transferor:	[Program Entity]
Transferee:	[IBRD or Third Party e.g. Fund Participants]
Registry Account:	[insert if known]
Quantity of Additional ERs:	[insert]
Exercise Price:	[insert price per CER 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)
 in the presence of)

Authorized Representative

Please print name

SCHEDULE 5

FORM OF SUB-PROJECT ARRANGEMENT

##still to be inserted##