CARBON FUND OF THE FOREST CARBON PARTNERSHIP FACILITY

Emission Reductions Payment Agreement

MAI-NDOMBE EMISSION REDUCTIONS PROGRAM

by and between

DEMOCRATIC REPUBLIC OF CONGO,
REPRESENTED BY THE MINISTRY OF FINANCE

and

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

Dated September 21, 2018
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CARBON FUND OF THE FOREST CARBON PARTNERSHIP FACILITY
EMISSION REDUCTIONS PAYMENT AGREEMENT

("Agreement")

PARTIES: DEMOCRATIC REPUBLIC OF CONGO ("Program Entity")

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
("IBRD") IN ITS CAPACITY AS TRUSTEE ("Trustee") OF TRANCHE A OF THE
CARBON FUND OF THE FOREST CARBON PARTNERSHIP FACILITY ("Fund")
PURSUANT TO THE CHARTER ESTABLISHING THE FOREST CARBON
PARTNERSHIP FACILITY ("Charter").

RECITALS:

A. Pursuant to the Charter, the Executive Directors of the IBRD have established the Forest
Carbon Partnership Facility ("Facility") for the following purposes:

(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 the Democratic
Republic of Congo 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.

D. In addition to this Agreement, the Program Entity has entered into a separate Emission
Reductions Payment Agreement with the IBRD, acting as trustee of Tranche B of the Fund
of the Facility, around the date of this Agreement for the purchase, transfer and payment
of Tranche B of the Fund’s pro rata share of 11,000,000 ERs to be generated and verified
under the ER Program and offered to Tranche B of the Fund ("Tranche B ERPA").

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 November 1, 2014 ("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: Mai-Ndombe Emission Reductions Program, as further
described in the ER Program Document.

(b) The Host Country is: Democratic Republic of Congo

Article III
Conditions of Effectiveness of Sale and Purchase

Section 3.01 Conditions of Effectiveness to be fulfilled

The obligations regarding the sale, transfer and payment for Emission Reductions in Articles III and V of
the General Conditions will not take effect until all of the conditions of effectiveness of sale and purchase
included in Schedule I to this Agreement ("Conditions of Effectiveness"), in form and substance
satisfactory to the Trustee following consultations with the participants of Tranche A of the Fund
("Tranche A Participants"), have been fulfilled.

Section 3.02 Conditions for benefit of Trustee

The Conditions of Effectiveness are for the benefit of, and may only be waived or deferred by, the Trustee.

- 2 -
Section 3.03 Termination of the Agreement

(a) If any of the Conditions of Effectiveness have not been fulfilled by the Program Entity within twelve (12) 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) In case of termination of this Agreement pursuant to Section 3.03(a)(ii), the Program Entity shall, within thirty (30) calendar days of receiving the request of the Trustee, repay to the Trustee any unrecovered Advanced Expense Payment, if any.

Article IV
Purchase and Sale of Contract ERs

Section 4.01 Contract ER Volume and Unit Price

(a) Contract ERs are: Tranche A Pro Rata Share (as defined below) of the first 11,000,000 ERs generated by the ER Program, as part of the Percentage Split Amount (as defined below), as set out in Schedule 2 to this Agreement ("Contract ER Volume").

(b) The Unit Price is: USD 5.00 per transferred Contract ER.

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 B ERPA ("Percentage Split Amount") of which Tranche A of the Fund shall receive its pro rata share of overall contributions to the Fund (approx. 5%) ("Tranche A Pro Rata Share") as Contract ERs 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"). The remainder of ERs generated and verified under the ER Program during each Reporting Period remains with the Program Entity and may be used for other purposes.

(c) Notwithstanding Section 3.02(b) of the General Conditions, in the event that the Percentage Split Amount of ERs generated and verified under the ER Program during Reporting Period 1 and/or Reporting Period 2 exceeds the aggregate of the Minimum Reporting Period Amounts under this
Agreement and the Tranche B ERPA, such excess ERs will be transferred to the Trustee as Contract ERs (“Sweep Contract ERs”), subject to the following:

(i) Tranche A of the Fund shall receive its Tranche A Pro Rata Share and Tranche B of the Fund shall receive its Tranche B Pro Rata Share of the Sweep Contract ERs; and

(ii) The Sweep Contract ER amount shall be capped in aggregate for Tranche A and Tranche B of the Fund at 2,500,000 Sweep Contract ERs (for Reporting Period 1) and at 4,500,000 Sweep Contract ERs (for Reporting Period 2) (“Sweep Contract ER Caps”). Any amount of ERs exceeding the respective Sweep Contract ER Caps for Reporting Periods 1 and 2, as part of the Percentage Split Amount, shall be subject to a Call Option in accordance with Article V below.

(d) In the event that in Reporting Period 1 the Sweep Contract ER Cap amount is not exhausted in full, any remaining Sweep Contract ER amount for Reporting Period 1 shall be carried over to, and thereby increase accordingly, the Sweep Contract ER Cap amount for Reporting Period 2.

(e) With respect to Section 16.01(a)(i) of the General Conditions (ER Transfer Failure), the Program Entity may avoid the occurrence of an ER Transfer Failure by transferring all or part of the Program Entity’s remainder of ERs, as stipulated in Section 4.02(b) sentence 2 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.

Section 4.03 Periodic Payment

(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):

\[
\begin{array}{ccc}
\text{Unit Price} / \text{Exercise Price} \times \text{Tranche A of the Fund (as verified in the respective final verification report)} & \text{Any Advance Payment(s)} & \text{Any Taxes paid by the Trustee in accordance with Section 5.04 of the General Conditions} \\
\text{The number of Contract ERs/ Additional ERs transferred to the Trustee} & \text{made in accordance with Section 4.04} & \\
\end{array}
\]

(b) In the event that any deduction of any Advance Payment installments, made in accordance with and subject to Section 4.04, or any Taxes paid by the Trustee in accordance with Section 5.04 of the General Conditions would make the Periodic Payment for that Reporting Period a negative number, the Trustee of Tranche A of the Fund 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 of Tranche A of the Fund 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) Whereas the Tranche B ERPA provides for an upfront advance payment by Tranche B of the Fund to the Program Entity in the amount of USD 1,060,000 ("Tranche B Upfront Advance Payment"), no Upfront Advance Payment is being provided by Tranche A of the Fund under this Agreement.

(c) In addition to Section 4.04(a) and starting at the end of Reporting Period 1, the Program Entity may request the Trustee to make one or more regular interim advance payment(s) ("Regular Interim Advance Payment"), provided that any payment by the Trustee of any Regular Interim Advance Payment shall be 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, and the Action Plan provided under No.5 of such Conditions of Effectiveness has been implemented in full by the Program Entity;

(ii) The Program Entity has fulfilled the interim ER Program implementation progress milestones for the Regular Interim Advance Payment Installment, as specified in Schedule 6 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 following consultations with Tranche A Participants. 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 feedback and grievance redress mechanism described in any of such documents); and

(B) information on the generation and/or enhancement of Priority Non-Carbon Benefits (to the extent not yet provided for under any relevant Safeguards Plan, if applicable) under the ER Program;

(iii) Regular Interim Advance Payment Installments to be made by Tranche A of the Fund shall be limited to the Tranche A Pro Rata Share of the following amounts:

(A) At the end of Reporting Period 1: USD 1,060,000;

(B) One year prior to the end of Reporting Period 2: USD 1,060,000

(C) At the end of Reporting Period 2: USD 1,060,000; and

(D) One year after the end of Reporting Period 2: USD 1,060,000;
(iv) The sum of the Tranche B Upfront Advance Payment and any Regular Advance Payment installment made under this Agreement and the Tranche B ERPA shall not exceed USD 5,500,000 ("Upfront/Regular Interim Advance Payment Cap").

(v) Upon all conditions for each Regular Interim Advance Payment installment under subparagraphs (i), (ii), (iii) and (iv) 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 Tranche A Pro Rata Share of the Regular Interim Advance Payment installment to the Program Entity within thirty (30) calendar days following receipt by the Program Entity of such notification.

(d) Without prejudice to any rights of the Trustee under Article XVI of the General Conditions (Events of Default and Remedies) and with respect to the periodic payments due for transferred Contract ERs from Reporting Periods 1 and 2 under this Agreement and the Tranche B ERPA, if the respective aggregate actual gross periodic payments under this Agreement and the Tranche B ERPA are less than USD 1,060,000, the Program Entity may request the Trustee to top up the respective aggregate actual gross periodic payment amount by an amount equal to the difference between the actual gross periodic payment amount under this Agreement and the Tranche B ERPA and USD 1,060,000, provided that the top up payment by Tranche A of the Fund shall be limited to the Tranche A Pro Rata Share of such payment. Such top up payment(s) shall be deemed part of the Regular Interim Advance Payments referred to above and shall be subject to the conditions listed in Section 4.04(c) and the Upfront/Regular Interim Advance Payment Cap and the Upfront/Regular/Additional Interim Advance Payment Cap (see below), but shall not require specific milestones or Interim Progress Report(s).

(e) In addition to Section 4.04(a), Section 4.04(c) and Section 4.04(d), in the event that the funding secured in accordance with condition no.6 of Schedule I (Conditions of Effectiveness of Sale and Purchase) does not materialize or the related funding is not disbursed in a timely manner for reasons other than the Program Entity’s non-compliance with the respective underlying funding requirements, the Program Entity may request the Trustee to make an additional interim advance payment ("Additional Interim Advance Payment") in the amount of up to USD 2,200,000, provided that the Additional Interim Advance Payment shall be made by the Trustee subject to the following conditions:

(i) The Trustee determines, following consultations with Tranche A Participants while taking into account the financial needs of the Program Entity and the particular circumstances for the secured funding not materializing or not disbursing in a timely manner, that the corresponding requirements for the Additional Interim Advance Payment are fulfilled;

(ii) Any Additional Interim 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 Section 3.01 and specified in Schedule I to this Agreement, in form and substance satisfactory to the Trustee following consultations with Tranche A Participants, and the Action Plan provided under No.5 of such Conditions of Effectiveness has been implemented in full by the Program Entity;

(iv) Specific milestones or an Interim Progress Report are not required for this Additional Interim Advance Payment; and
(v) Upon all conditions for the Additional Interim Advance Payment under subparagraphs (i), (ii), (iii) and (iv) 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 Tranche A Pro Rata Share of the Additional Interim Advance Payment to the Program Entity within thirty (30) calendar days following receipt by the Program Entity of such notification.

(f) In any case, the sum of the Tranche B Upfront Advance Payment, any Regular Interim Advance Payment installment and the Additional Interim Advance Payment made under this Agreement and the Tranche B ERPA shall not exceed USD 7,500,000 ("Upfront/Regular/Additional Interim Advance Payment Cap").

(g) In addition to Section 4.04(a), Section 4.04(c), Section 4.04(d) and Section 4.04(e), 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 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, and the Action Plan provided under No.5 of such Conditions of Effectiveness has been implemented in full by the Program Entity;

(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 of Tranche A of the Fund, 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 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 of Tranche A of the Fund 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.

(h) The Trustee of Tranche A of the Fund 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, provided that (1) with respect to
the Periodic Payment due for transferred ERs from Reporting Period 1, no deduction shall take place, (2) with respect to the Periodic Payment due for transferred ERs from Reporting Period 2, (a) if the aggregate actual gross periodic payments under this Agreement and the Tranche B ERPA are USD 1,060,000 or less, no deduction shall take place, or (b) if the aggregate actual gross periodic payments under this Agreement and the Tranche B ERPA are more than USD 1,060,000, the deduction will be limited to the Tranche A Pro Rata Share of an amount that allows aggregate actual net periodic payments under this Agreement and the Tranche B ERPA to be made to the Program Entity of at least USD 1,060,000 (minus any potentially overpaid ER Advance Payment amount under this Agreement and the Tranche B ERPA).

(i) 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 (1) request prompt repayment of the outstanding Advance Payment amount from the Program Entity to the Trustee or (2) in its sole and absolute discretion and following consultations with Tranche A Participants, waive its right to recover any such outstanding Advance Payment amount.

(j) 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.

**Article V**

**Call Option**

**Section 5.01 Call Option Specifications**

(a) The Grantee is: Trustee

(b) The Grantor is: Program Entity

**Section 5.02 Call Option Volume and Exercise Price**

(a) The Additional ERs are: In the event that the Percentage Split Amount of ERs generated and verified under the ER Program during Reporting Period 1 and/or Reporting Period 2 exceeds the aggregate of the respective Minimum Reporting Period Amounts under this Agreement and the Tranche B ERPA plus the Sweep Contract ER Caps in Reporting Period 1 and/or Reporting Period 2, the Parties agree to grant the Trustee a Call Option to purchase such additional ERs (“Additional ERs”).

In the event that the amount of ERs generated under the ER Program during Reporting Period 3, as part of the Percentage Split Amount, exceeds the remaining amount of the Contract ER Volume, the Parties agree to grant the Trustee a Call Option to purchase such Additional ERs.

Subject to the Maximum Option Volume 1 (see below), the Trustee of Tranche A of the Fund 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.

Subject to the Maximum Option Volume 2 (see below), in the event that the Trustee of Tranche A of the Fund has exercised its Call Option for the full Maximum Call Option Volume 1 and 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, or the amount of generated and verified Additional ERs exceeds the aggregate of the Maximum Option Volume 1 under this Agreement and the maximum option volume under the Tranche B ERPA, the Parties agree to grant the Trustee of Tranche A of the Fund a Call Option for an additional Maximum Option Volume 2 (see below).

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<tr>
<td>(b)</td>
<td><strong>Maximum Option Volume 1 is:</strong> Tranche A Pro Rata Share of 5,000,000 Additional ERs</td>
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<tr>
<td>(c)</td>
<td><strong>Maximum Option Volume 2 is:</strong> 1,000,000 Additional ERs</td>
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<td>(d)</td>
<td><strong>Exercise Price is:</strong> USD 5.00 per transferred Additional ER from the Maximum Option Volume 1 USD 6.00 per transferred Additional ER from the Maximum Option Volume 2</td>
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<td>(e)</td>
<td><strong>Exercise Period:</strong> Within sixty (60) calendar days after the Grantee's receipt of a final Verification Report for a Reporting Period indicating that Additional ERs have been generated by the ER Program.</td>
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<td><strong>Exercise Completion Date is:</strong> Ninety (90) calendar days following receipt by the Grantee of the Exercise Notice.</td>
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<td><strong>Increase of Maximum Option Volume:</strong> In the event that the Maximum Option Volume 1 (or, if the Maximum Option Volume 1 has already been exercised in full, the Maximum Option Volume 2) is increased by the Trustee under Sections 15.02(c) and/or 16.03 of the General Conditions, the Grantee may exercise the portion of the Call Option increased due to the exercise of the remedies first before it exercises the portion of the Call 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.</td>
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Article VI
ER Program Development and Focal Point

Section 6.01  ER Program Development

The ER Program Start Date is: Date of this Agreement.

Section 6.02  Focal Point

Both the Trustee and the Program Entity shall serve as joint Focal Points for communications with respect to the ER Program Activity. The Trustee shall be responsible for preparing and submitting the Distribution Letter.

Article VII
Additional Covenants

Section 7.01  Additional Covenants

(a) In addition to Section 5.01(b)(i) of the General Conditions, the Program Entity shall monitor and report to the Trustee on the implementation of the Safeguards Plans and Benefit Sharing Plan during Reporting Periods. The Program Entity shall monitor and report to the Trustee on the implementation of the Safeguards Plans annually after the date of this Agreement. The Program Entity shall first monitor and report to the Trustee on the implementation of the Benefit Sharing Plan six (6) months after receipt of the first Periodic Payment and annually thereafter. The Program Entity may coordinate the annual monitoring and reporting of the Safeguards Plans and the Benefit Sharing Plan, provided that the Program Entity notifies the Trustee and the Trustee accepts such coordinated timelines. The Trustee reserves the right to initiate a separate monitoring of the implementation of the Safeguards Plans and/or the Benefit Sharing Plan annually after the date of this Agreement by an independent Third Party monitor. Sections 9.01(g) and (h) as well as Section 9.05(d) of the General Conditions shall apply to such Third Party monitor mutatis mutandis.

(b) The Program Entity shall submit a final Reversal Management Mechanism to the Trustee, in form and substance satisfactory to the Trustee, by the deadline provided in the Action Plan (see No.3 of the Conditions of Effectiveness referred to in Section 3.01 and specified in Schedule 1 to this Agreement), but in any case no later than the first ER Transfer. If no such final Reversal Management Mechanism is provided by that deadline, this shall constitute a material breach by the Program Entity (Event of Default) under Section 16.01(a)(vi) of the General Conditions.

(c) Without prejudice to the displacement risk mitigation measures listed in the ER Program Document and required to be implemented by the Program Entity in accordance with Section 9.01(a) of the General Conditions, the Program Entity shall ensure compliance with the moratorium on the allocation of new industrial logging concessions imposed by Ministerial Order (n°CAB/MIN/AP.F.E.T./194/MAS/02) dated May 14, 2002 (“2002 Moratorium”), as confirmed and extended by Presidential Decree (n°05/116) dated October 24, 2005 and Presidential Decree (n°08/02) dated January 21, 2008 (“Presidential Decrees”) within the ER Program Accounting Area. If (1) the Program Entity fails to ensure such compliance or (2) a breach of the 2002 Moratorium and/or the Presidential Decrees has occurred outside the ER Program Accounting Area and evidence exists that such breach outside the ER Program Accounting Area is the consequence of related land use activities moving from inside the ER Program Accounting Area to outside the ER Program.
Accounting Area (displacement) or (3) the 2002 Moratorium is lifted without the conditions for lifting the 2002 Moratorium (as specified in the Presidential Decrees) being met in full, this shall constitute a material breach by the Program Entity (Event of Default) under Section 16.01(a)(vi) of the General Conditions.

(d) Unless agreed otherwise between the Parties, the Program Entity shall select and contract, in form and substance satisfactory to the Trustee, an ER Program Management Unit tasked to manage the ER Program on behalf of the Program Entity by no later than six (6) months from the date all Conditions of Effectiveness referred to in Section 3.01 and specified in Schedule 1 to this Agreement have been fulfilled. If no such ER Program Management Unit is selected and contracted by that deadline, this shall constitute a material breach by the Program Entity (Event of Default) under Section 16.01(a)(vi) of the General Conditions.

(e) The Program Entity shall improve the accuracy of the activity data on deforestation, forest degradation and enhancement of forest carbon stocks in the reference period (2004-2014), provide information on the methodology applied and agree with the Trustee on an annex to the ER Program Document updating the relevant information before the end of Reporting Period 1. The Reference Level should be improved with the new activity data accordingly. If such improvements have not been made by that deadline, this shall constitute a material breach by the Program Entity (Event of Default) under Section 16.01(a)(vi) of the General Conditions.

(f) In the event of an ER Transfer Failure in any given Reporting Period and without prejudice to the exercise of any remedies provided for under the General Conditions, the Trustee, in its sole and absolute discretion and following consultations with Tranche A Participants, may choose to agree with the Program Entity in good faith on an action plan to remedy such ER Transfer Failure.

Article VIII
Host Country Withdrawal from 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
Sub-Project Arrangements

Section 9.01 Development of Sub-Project Arrangements

(a) The Program Entity shall ensure that any Sub-Project Arrangement contains the principal terms included in Schedule 5 to this Agreement and none of the terms of the Sub-Project Arrangements are inconsistent with the terms of this Agreement.

(b) The Program Entity shall ensure that any Sub-Project Entity complies with all of the requirements set out in the Sub-Project Arrangement.
Article X
Miscellaneous

Section 10.01  Term of the Agreement

This Agreement will become effective on the date of execution by both Parties. Unless terminated earlier in accordance with the General Conditions or Section 3.03, this Agreement shall terminate upon transfer of all the Contract ERs and Additional ERs, if any, the payment of Periodic Payments in respect thereof, and the repayment of any yet unrecovered and outstanding Advance Payment amounts, if applicable, subject to the survival of provisions as identified in Section 18.11 of the General Conditions, but in any event by no later than December 31, 2025.

Section 10.02  Place of Arbitration

The place of arbitration under Section 18.03(c) of the General Conditions shall be Paris.

Section 10.03  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:

Ministry of Finance
B.P.12997, Boulevard du 30 Juin, Commune de la Gombe
Kinshasa 1,
Democratic Republic of Congo

Email: cabfinances@minfinrdc.com
Tel.: +243 999 987 640 or +243 815 040 607

For the Trustee:

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

Email: fcpsecretariat@worldbank.org
Tel.: +1-202-438-4416
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Email: fcpfsecretariat@worldbank.org
Tel.: +1-202-438-4416

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

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

(Authorized signatory)

By: Jean-Christophe Carret
Title: Country Director

DEMOCRATIC REPUBLIC OF CONGO,
REPRESENTED BY THE MINISTRY OF FINANCE

(Authorized signatory)

By: Henri Yav Mulaung
Title: Minister,
Ministry of Finance
SCHEDULE I

CONDITIONS OF EFFECTIVENESS OF SALE AND PURCHASE

(1) Submission of a Letter of Approval; 

(2) Submission of a final Benefit Sharing Plan which, based on the advance draft version of the Benefit Sharing Plan provided by the date of this Agreement, takes into account specific guidance to be provided by the Trustee, following consultations with Tranche A Participants, on the outstanding issues that need further clarification in the final version of the Benefit Sharing Plan; 

(3) Submission of Action Plan which describes further steps and timelines to adopt a final Reversal Management Mechanism; 

(4) Submission of the final terms of reference for the selection of an ER Program Management Unit tasked to manage the ER Program on behalf of the Program Entity; 

(5) Submission of Action Plan which describes further steps and timelines for the Program Entity to demonstrate its ability to transfer Title to ERs, free of any interest, Encumbrance or claim of a Third Party, prior to any ER Transfer; and. 

(6) Provide evidence which demonstrates that the Program Entity has secured funding of USD 2,200,000 (through the Central African Forest Initiative ("CAFI") or other sources of funding) to operationalize and improve the components and subcomponents listed in the guidance applying to the Readiness Package Assessment Framework (as specified in Annex I of FMT Note 2013-1 rev) required for ER Program implementation.

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1 See template attached in Schedule 7 to this Agreement.
**SCHEDULE 2**

**MINIMUM REPORTING PERIOD AMOUNTS**

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>Minimum Reporting Period Amount of Contract ERs to be generated in this Reporting Period and subsequently transferred to the Trustee of Tranche A of the Fund</th>
<th>Cumulative Amount of Contract ERs which must be generated by the end of this Reporting Period and subsequently transferred to the Trustee of Tranche A of the Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Date of this Agreement – July 30, 2019</td>
<td>Tranche A Pro Rata Share of 450,000 (approx. 22,500)</td>
</tr>
<tr>
<td>2</td>
<td>July 31, 2019 - July 30, 2021</td>
<td>Tranche A Pro Rata Share of 1,750,000 (approx. 87,500)</td>
</tr>
<tr>
<td>3</td>
<td>July 31, 2021 – June 30, 2024</td>
<td>Tranche A Pro Rata Share of 8,800,000 (approx. 440,000)</td>
</tr>
</tbody>
</table>
SCHEDULE 3

ER TRANSFER FORM

[LETTERHEAD OF PROGRAM ENTITY]


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 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 the Advance Payment(s) 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 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 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 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 Grantee hereby exercises its Call Option from the Grantor on the same terms and conditions as set out in the ERPA and transferred in accordance with the following:

<table>
<thead>
<tr>
<th>Grantor:</th>
<th>Program Entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grantee:</td>
<td>Trustee</td>
</tr>
<tr>
<td>Registry Account:</td>
<td>[insert if known]</td>
</tr>
<tr>
<td>Quantity of Additional ERs:</td>
<td>[insert]</td>
</tr>
<tr>
<td>Exercise Price:</td>
<td>[insert price per ER as specified in ERPA]</td>
</tr>
<tr>
<td>Exercise Completion Date:</td>
<td>[Insert date [90] calendar days from the date of this Notice]</td>
</tr>
</tbody>
</table>

Dated:

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

________________________________________
Authorized Representative

________________________________________
Please print name
SCHEDULE 5

PRINCIPAL TERMS OF SUB-PROJECT ARRANGEMENTS

Any Sub-Project Arrangement between the Program Entity and any Sub-Project Entity shall include, but not be limited to, the following principal terms:

1. The Sub-Project Entity shall:
   
   (a) Implement all applicable requirements of the ER Monitoring Plan, including those pertaining to environmental and social performance and operational management systems (unless the Program Entity exclusively monitors the data/info required to be included in the ER Monitoring Report in which case this obligation does not need to be included).

   (b) Installs, operates and maintains the facilities and equipment and retains staff necessary for gathering all such data as may be required by the ER Monitoring Plan, including by establishing and maintaining all related data measurement and collection systems as are necessary (unless the Program Entity exclusively installs, operates and maintains the facilities and equipment and retains staff necessary for gathering all such data as may be required by the ER Monitoring Plan in which case this obligation does not need to be included).

   (c) Implement its Sub-Project/ER Program Measures (as specified in the ERPD) in accordance with the terms of the ERPD.

   (d) For the avoidance of doubt, authorize the Program Entity to transfer any ERs generated from such Sub-Project/ER Program Measures to the FCPF Carbon Fund free of any third party interest or encumbrance.

   (e) Inform the Program Entity immediately after becoming aware of the occurrence of a Reversal Event under a Sub-Project/ER Program Measure.

   (f) Operate and implement its Sub-Project/ER Program Measures in compliance with the World Bank Operational Policies and any Safeguards Plans provided for under the ERPA.

   (g) Maintain and prepare its Sub-Project/ER Program Measures to allow for Verification.

   (h) Satisfy any obligations in respect of applications for all licenses, permits, consents and authorizations required to implement the Sub-Project/ER Program Measures.

2. The Program Entity shall:

   (a) Provide the Sub-Project Entity with the ERPD, the ER Monitoring Plan (if needed), the Safeguards Plans and any other information relevant to the implementation of the Sub-Project/ER Program Measures (including relevant communication between the Trustee and the Program Entity in relation to the ERPA).

   (b) Collect from the Sub-Project Entity, and, if necessary, confirm the accuracy of, all information required to be collected under the Monitoring Plan and the applicable Safeguards Plans.
SCHEDULE 6

REGULAR INTERIM ADVANCE PAYMENT MILESTONES

**Milestones regarding Regular Interim Advance Payment instalment at end of Reporting Period 1:**

1. Agroforestry plantations established in the Mai Ndombe Province with support from the DRC Improved Forested Landscape Management Project: 5,000 hectares; and

2. Number of Local Development Committees (LDC) that have signed Payment for Environmental Services (PES) contracts in the Mai Ndombe province: 150.

**Milestones regarding Regular Interim Advance Payment one year prior to end of Reporting Period 2:**

1. Cumulative agroforestry plantations established in the Mai Ndombe Province with support from the DRC Improved Forested Landscape Management Project: 6,000 hectares; and

2. Number of Local Development Committees (LDC) that have signed Payment for Environmental Services (PES) contracts in the Mai Ndombe province: 200.

**Milestones regarding Regular Interim Advance Payment instalment at end of Reporting Period 2:**

1. Cumulative agroforestry plantations established in the Mai Ndombe Province with support from the DRC Improved Forested Landscape Management Project: 7,000 hectares;

2. Number of Local Development Committees (LDC) that have signed Payment for Environmental Services (PES) contracts in the Mai Ndombe province: 400; and

3. Operational procedures for the community window under the National REDD+ Fund (FONAREDD) are adopted.

**Milestones regarding Regular Interim Advance Payment instalment one year after end of Reporting Period 2:**

1. Perennial crops (cocoa, rubber, coffee or palm oil) established in the Mai Ndombe Province with support from the DRC Improved Forested Landscape Management Project: 5,000 hectares; and

2. Land area where sustainable land management practices were adopted as a result of the DRC Improved Forested Landscape Management Project in the Mai Ndombe Province: 150,000 hectares.
SCHEDULE 7

LETTER OF APPROVAL TEMPLATE

[LETTERHEAD OF APPROVING ENTITY]

To: [___]

[place, date]

Dear [___],

Ref: [Name of ER Program]

1. I wish to refer to the request by the [Program Entity] that the above mentioned [Name of ER Program] (ER Program) be considered for funding by the Carbon Fund (Carbon Fund) of the Forest Carbon Partnership Facility (PCPF), administered as a trust fund by the International Bank for Reconstruction and Development (IBRD).

2. As authorized representative of the designated national authority for REDD+ of [Host Country] hereby:

   (a) endorse the further development of the ER Program and approve this ER Program to being implemented in [Host Country]; and

   (b) approve and authorize the voluntary participation of the [Host Country], the IBRD as trustee of the Carbon Fund, the Carbon Fund participants, and the [Program Entity] in the ER Program.

3. By this endorsement and approval [Host Country] is committing itself to facilitate and render such assistance as may be necessary in any potential future process related to ER Program registration as well as verification and transfer to the Carbon Fund of greenhouse gas emission reductions generated by the ER Program.

4. [Host Country] also confirms that the [Program Entity] is authorized to enter into project agreements with regard to the ER Program, which may include the transfer of and payment for greenhouse gas emission reductions generated by the ER Program.

5. This letter of approval is done in two originals in the [English] language.

Sincerely

By,

Authorized Representative of the [Name of authorized entity]
[Name of Signatory]
[Title]