June 5, 2020

His Excellency Adriano Maleiane
Minister
Ministry of Economy and Finance
Maputo

Honorable Minister,

Republic of Mozambique: Amendment to the Carbon Fund of the Forest Carbon Partnership Facility Emission Reductions Payment Agreement for the Zambezia Emission Reductions Program between the Republic of Mozambique 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”) (TF0B2270)

WHEREAS


B. The Program Entity also entered into a separate Emission Reductions Payment Agreement with the IBRD, acting as trustee of Tranche B of the Carbon Fund of the Forest Carbon Partnership Facility (“Trustee of Tranche B of the Fund”), dated January 16, 2019 (TF0B2269) for the Zambezia Emission Reductions Program.

THEREFORE, we propose to amend the ERPA as follows:

1. Section 1.01 of the ERPA shall be deleted in its entirety and replaced by the following:

   “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) The following definition shall be added to Section 2.01 of the General Conditions:

      “Disbursement and Financial Information Letter’ means the letter transmitted by the Trustee to the Program Entity, and/or if applicable, the ERPA Payment Receipt Entity, with instructions related to the application for payment under the ERPA.”
(c) Unless otherwise defined in this Agreement, any capitalized terms in this Agreement shall have the meaning ascribed to such terms in the General Conditions.

(d) 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.”

2. Section 4.04(b)(iii) of the ERPA shall be deleted in its entirety and replaced by the following:

“Interim Advance Payment instalments to be made by Tranche A of the Fund shall be limited to the Tranche A Pro Rata Share of the following amounts:

(A) For Interim Progress Reporting Period 1 (January 1 – December 31, 2019):

50% of the value of Monitored ERs (ie. Unit Price times Monitored ERs times 50%), unless the first Verification of monitored ERs during the Reporting Period 1 verifies less than 50% of ERs previously monitored and reported for Reporting Period 1 in which case the percentage amount for the Interim Advance Payment will be reduced to half of the actual percentage of verified ERs against monitored ERs for Reporting Period 1;

(B) For Interim Progress Reporting Period 2 (January 1 – December 31, 2021):

50% of the value of Monitored ERs (ie. Unit Price times Monitored ERs times 50%), unless the second Verification of monitored ERs during the Reporting Period 2 verifies less than 50% of ERs previously monitored and reported for Reporting Period 2 in which case the percentage amount for the Interim Advance Payment will be reduced to half of the actual percentage of verified ERs against monitored ERs for Reporting Period 2; and

(C) For Interim Progress Reporting Period 3 (January 1 – December 31, 2023):

50% of the value of Monitored ERs (ie. Unit Price times Monitored ERs times 50%), unless the second Verification of monitored ERs during the Reporting Period 3 verified less than 50% of ERs previously monitored and reported for Reporting Period 3 in which case the percentage amount for the Interim Advance Payment will be reduced to half of the actual percentage of verified ERs against monitored ERs for Reporting Period 3.”

3. Section 4.04(e) of the ERPA should be deleted in its entirety and replaced the following:

“In the event that any outstanding Advance Payment made under this Agreement cannot be recovered in full from the last Periodic Payment due for transferred Contract ERs/Additional ERs to be made under this Agreement, the Trustee may request prompt repayment of the outstanding Advance Payment amount from the Program Entity to the Trustee.”

4. A new Section 4.05 of the ERPA shall be added as follows:
"Section 4.05 Application for Payment

Any Periodic Payment or Advance Payment to be made by the Trustee under and subject to Section 4.03 (in conjunction with Section 5.03 of the General Conditions) and Section 4.04 of this Agreement shall require the Program Entity to submit an application for payment electronically or otherwise to the Trustee, in form and substance satisfactory to the Trustee, in accordance with the Disbursement and Financial Information Letter ("Application for Payment"), and such additional instructions as the Bank may specify from time to time by notice to the Program Entity. Any time period provided for in this Agreement or the General Conditions for such payment to become due shall not start running before such Application for Payment has been submitted by the Program Entity."

5. Schedule 2 to the ERPA shall be deleted in its entirety and replaced by the following:

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 May 16, 2018 – December 31, 2018</td>
<td>Tranche A Pro Rata Share of 1,500,000 ERs (approx. 75,000 ERs)</td>
<td>Tranche A Pro Rata Share of 1,500,000 ERs (approx. 75,000 ERs)</td>
</tr>
<tr>
<td>2 January 1, 2019 – December 31, 2020</td>
<td>Tranche A Pro Rata Share of 1,500,000 ERs (approx. 75,000 ERs)</td>
<td>Tranche A Pro Rata Share of 3,000,000 ERs (approx. 150,000 ERs)</td>
</tr>
<tr>
<td>3 January 1, 2021 – December 31, 2022</td>
<td>Tranche A Pro Rata Share of 1,500,000 ERs (approx. 75,000 ERs)</td>
<td>Tranche A Pro Rata Share of 4,500,000 ERs (approx. 225,000 ERs)</td>
</tr>
<tr>
<td>4 January 1, 2023 – December 31, 2024</td>
<td>Tranche A Pro Rata Share of 5,500,000 ERs (approx. 275,000 ERs)</td>
<td>Tranche A Pro Rata Share of 10,000,000 ERs (approx. 500,000 ERs)</td>
</tr>
</tbody>
</table>

Unless otherwise defined in this letter of amendment, all capitalized terms used in this letter of amendment shall have the same meaning as given to those terms in the ERPA.
Unless expressly amended by this letter of amendment, all terms and provisions under the ERPA shall remain unchanged and in full force and effect.

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

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

Mark Lundell  
Country Director  
Mozambique, Madagascar, Mauritius, Comoros and Seychelles  
Africa Region

CONFIRMED AND AGREED:

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

By:

Name: Adriano A. Mateteane

Title: Minister of Economy and Finance

Date: 30.06.2020