

**BIOCARBON FUND INITIATIVE FOR SUSTAINABLE FOREST LANDSCAPES**

## **Emission Reductions Purchase Agreement**

*Eastern Province Jurisdictional Sustainable Landscape Programme*

between

**REPUBLIC OF ZAMBIA**

and

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT,  
AS TRUSTEE OF TRANCHE 3 OF THE BIOCARBON FUND  
OF THE BIOCARBON FUND INITIATIVE FOR SUSTAINABLE FOREST LANDSCAPES**

**Dated June 17, 2024**

---

---

**TABLE OF CONTENTS**

**ARTICLE I GENERAL CONDITIONS .....2**

**SECTION 1.01** APPLICATION GENERAL CONDITIONS .....2

**SECTION 1.02** INCONSISTENCY WITH GENERAL CONDITIONS .....3

**ARTICLE II ISFL ER PROGRAM DETAILS .....4**

**SECTION 2.01** DESCRIPTION OF THE ISFL ER PROGRAM .....4

**ARTICLE III CONDITIONS OF DISBURSEMENT .....4**

**SECTION 3.01** CONDITIONS OF DISBURSEMENT TO BE FULFILLED .....4

**SECTION 3.02** CONDITIONS FOR BENEFIT OF TRUSTEE .....4

**ARTICLE IV PURCHASE AND SALE OF CONTRACT ERS .....5**

**SECTION 4.01** CONTRACT ER VOLUME AND UNIT PRICE .....5

**ARTICLE V TRANSFER AND PAYMENT .....5**

**SECTION 5.01** TRANSFER OF ERS .....5

**SECTION 5.02** PERIODIC PAYMENT, TAXES AND COSTS .....7

**SECTION 5.03** RE-TRANSFER OF ERS .....7

**SECTION 5.04** APPLICATION FOR PAYMENT .....8

**SECTION 5.05** CORRESPONDING ADJUSTMENT .....9

**ARTICLE VI CALL OPTION .....9**

**SECTION 6.01** CALL OPTION SPECIFICATIONS .....9

**SECTION 6.02** CALL OPTION VOLUME AND EXERCISE PRICE .....9

**ARTICLE VII ISFL ER PROGRAM DEVELOPMENT AND FOCAL POINT .....10**

**SECTION 7.01** ISFL ER PROGRAM DEVELOPMENT .....10

**SECTION 7.02** FOCAL POINT .....10

**ARTICLE VIII SUB-PROJECT ARRANGEMENTS .....11**

**SECTION 8.01** DEVELOPMENT OF SUB-PROJECT ARRANGEMENTS .....11

**ARTICLE IX MISCELLANEOUS .....11**

**SECTION 9.01** ERPA TERM .....11

**SECTION 9.02** DOCUMENTATION .....11

**SECTION 9.03** NOTICES .....11

<b>SCHEDULE 1 CONDITIONS OF SALE AND PURCHASE .....</b>	<b>14</b>
<b>SCHEDULE 2 MINIMUM REPORTING PERIOD AMOUNTS .....</b>	<b>15</b>
<b>SCHEDULE 3 ER TRANSFER FORM .....</b>	<b>16</b>
<b>SCHEDULE 4 ISFL ER PROGRAM DOCUMENT .....</b>	<b>18</b>
<b>SCHEDULE 5 ER RE-TRANSFER FORM .....</b>	<b>19</b>
<b>SCHEDULE 6 EXERCISE NOTICE .....</b>	<b>20</b>
<b>SCHEDULE 7 ER MONITORING PLAN.....</b>	<b>21</b>
<b>SCHEDULE 8 ADVANCED DRAFT BENEFIT SHARING PLAN.....</b>	<b>22</b>
<b>SCHEDULE 9 LETTER OF APPROVAL TEMPLATE .....</b>	<b>23</b>
<b>SCHEDULE 10 PRINCIPAL TERMS OF SUB-PROJECT ARRANGEMENT .....</b>	<b>24</b>
<b>SCHEDULE 11 REVISED SCHEDULE 1 TO THE GENERAL CONDITIONS.....</b>	<b>26</b>
<b>SCHEDULE 12 REVISED SCHEDULE 2 TO THE GENERAL CONDITIONS.....</b>	<b>28</b>

**BIOCARBON FUND INITIATIVE FOR SUSTAINABLE FOREST LANDSCAPES  
EMISSION REDUCTIONS PURCHASE AGREEMENT**

("ERPA")

**PARTIES:** REPUBLIC OF ZAMBIA ("**Program Entity**"), REPRESENTED BY THE MINISTRY OF FINANCE AND NATIONAL PLANNING

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("**IBRD**") IN ITS CAPACITY AS TRUSTEE ("**Trustee**") OF TRANCHE 3 OF THE BIOCARBON FUND ("**BioCF T3**") OF THE BIOCARBON FUND INITIATIVE FOR SUSTAINABLE FOREST LANDSCAPES ("**ISFL**") PURSUANT TO THE INSTRUMENT ESTABLISHING THE BIOCARBON FUND, AS AMENDED FROM TIME TO TIME ("**Instrument**").

**RECITALS:**

- A. Pursuant to the Instrument, the BioCarbon Fund was established to promote projects which demonstrate how agriculture, forestry and other land use activities (AFOLU) can generate Emission Reductions as well as measurable long term environmental and social benefits which can be measured, monitored and certified and contribute to the sustainable development of the Host Country.
- B. The ISFL ER Program is intended to be developed, implemented and operated in the Republic of Zambia subject to a Letter of Approval to be issued by the Republic of Zambia.
- C. The Program Entity wishes to sell and the Trustee wishes to purchase and make payment for transferred Emission Reductions generated under the ISFL ER Program in accordance with the terms and conditions set forth in this ERPA and the General Conditions.

**NOW THEREFORE** the Parties hereby agree as follows:

**Article I**  
**General Conditions**

**Section 1.01**      *Application General Conditions*

- (a) The IBRD's "General Conditions Applicable to ERPA Framework Agreements and ERPA Phase Agreements for BioCarbon Fund Initiative for Sustainable Forest Landscapes Emission Reductions Programs" dated May 31, 2021 ("**General Conditions**") set forth the terms and conditions applicable to this ERPA.
- (b) The following modifications shall be made to the General Conditions:
  - (i) All references to 'Conditions of Effectiveness' are hereby replaced with the phrase 'Conditions of Disbursement'.
  - (ii) All references to 'ERPA Framework Agreement', 'ERPA Phase Agreement(s)', 'ERPA Framework Agreement and each ERPA Phase Agreement', 'ERPA Framework Agreement and ERPA Phase Agreement(s)', 'ERPA Framework Agreement or an ERPA Phase Agreement', 'ERPA Framework Agreement or any ERPA Phase Agreement', 'ERPA Framework Agreement and each ERPA Phase Agreement', 'ERPA Framework Agreement and the relevant ERPA Phase Agreement', 'ERPA Framework Agreement and specified in the respective ERPA Phase Agreements', 'ERPA Framework Agreement, ERPA Phase Agreement', 'ERPA Framework Agreement and specified in the respective ERPA Phase Agreement', and 'the ERPA Framework Agreement and the respective ERPA Phase Agreements' are hereby replaced with the term 'ERPA'.
  - (iii) All references to 'ERPA Phase' mean the time period from the beginning of the first Reporting Period to the end of the last Reporting Period under this ERPA, unless specified otherwise below.
  - (iv) Section 1.01 of the General Conditions shall be revised to read as follows:

**“Section 1.01 Application of General Conditions**  
These General Conditions set forth the terms and conditions applicable to the ERPA, to the extent of and subject to any modifications set forth in the ERPA.”
  - (v) Section 2.01 of the General Conditions shall be revised as follows:
    - (A) The definitions of “ERPA”, “Reporting Period” and “Uncertainty” shall be revised and a new definition of “Contract ER Volume” shall be added, to read as follows:

**““ERPA” means the Emission Reductions Purchase Agreement, including these General Conditions and any modifications to the General Conditions noted in the Emission Reductions Purchase Agreement, providing for the sale, transfer and purchase of ERs generated under the ISFL ER Program and all schedules and agreements supplemental to the ERPA;”**

“**Reporting Period**” means each time period set out in the ERPA for which the Program Entity has to measure and report on ERs generated under the ISFL ER Program in the form of ER Monitoring Reports;”

“**Uncertainty**” means the level of uncertainties related to the estimation of ERs to be generated under the ISFL ER Program which include, among others, uncertainties related to Emissions Baseline setting and ER monitoring and reporting and its impact on the measurement and reporting of the amount of ERs generated under the ISFL ER Program;”

“**Contract ER Volume**” means the total volume of Contract ERs specified in the ERPA;”

(B) The definitions of the following terms shall be deleted in their entirety from Section 2.01:

“Analysis and GHG Inventory Update”, “ERPA Phase”, “ERPA Phase Agreement”, “ERPA Phase Amount”, “GHG Accounting Scope and Improvement Plan” or “GHG-ASIP”, “Indicative Total ERPA Value”, and “Updated ISFL ER Program Documentation”.

(vi) Section 2.02 (a)(i) of the General Conditions shall be revised to read as follows:

‘(i)` to the ERPA, the Program Documents, the Benefit Sharing Plan, the Benefit Sharing Plan Operations Manual, the Safeguards Plan, or the ISFL ER Program Requirements is to that document as varied, amended, novated, updated or replaced from time to time;’

(vii) Schedule 1 (*Assignment Notice*) to the General Conditions shall be revised as set forth in Schedule 11 to this ERPA.

(viii) Schedule 2 (*Novation Agreement*) to the General Conditions shall be revised as set forth in Schedule 12 to this ERPA.

(c) Unless otherwise defined in this ERPA, any capitalized terms in this ERPA shall have the meaning ascribed to such terms in the General Conditions.

(d) Any reference made in this ERPA 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 ERPA.

## **Section 1.02      *Inconsistency with General Conditions***

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

**Article II**  
**ISFL ER Program Details**

**Section 2.01**      *Description of the ISFL ER Program*

- (a)      The ISFL ER Program is:      Eastern Province Jurisdictional Sustainable Forest Landscape Programme
- (b)      The Host Country is:      Republic of Zambia
- (c)      The Registry is:      Carbon Asset Tracking System (CATS), administered by IBRD

**Article III**  
**Conditions of Disbursement**

**Section 3.01**      *Conditions of Disbursement to be fulfilled*

The obligations regarding the sale and purchase of Emission Reductions in Articles III and V of the General Conditions will not take effect until all of the conditions of sale and purchase included in Schedule 1 to this ERPA (“**Conditions of Disbursement**”), in form and substance satisfactory to the Trustee, have been fulfilled.

**Section 3.02**      *Conditions for benefit of Trustee*

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

**Section 3.03**      *Termination of the ERPA*

- (a)      If any of the Conditions of Disbursement have not been fulfilled by the Program Entity within twelve (12) months from the date of this ERPA, as may be extended by the Trustee in accordance with Section 3.03(a)(i) below (“**Conditions Fulfillment Date**”), the Trustee may,:
  - (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 subject to the General Conditions Article VIII section 8.02, can no longer be expected to be generated and transferred due to the delay in the Conditions Fulfillment Date; or
  - (ii)     terminate this ERPA by written notice to the Program Entity.

**Article IV**  
**Purchase and Sale of Contract ERs**

**Section 4.01**      *Contract ER Volume and Unit Price*

(a) Contract ERs are: The first 3,012,048 ERs generated under the ISFL ER Program to be transferred and paid for in accordance with the sale and purchase provisions under this ERPA as set out in Schedule 2 of this ERPA ("**Contract ER Volume**").

(b) The Unit Price is: (i) A price of USD 8 for each Contract ER that is transferred to the Trustee and to be retransferred to the Program Entity to be used by the Host Country against its Nationally Determined Contributions under the Paris Agreement, if possible ("**Unit Price 1**").

The Unit Price 1 applies to 2% of Contract ERs.

(ii) A price of USD 10 for each Contract ER that is transferred to the Trustee and to be retained by the Trustee on behalf of BioCF T3 Participants ("**Unit Price 2**").

The Unit Price 2 applies to 98% of Contract ERs.

The above Unit Prices are subject to Section 5.01(b) and Section 5.01(c) below.

**Article V**  
**Transfer and Payment**

**Section 5.01**      *Transfer of 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 ERPA.

(b) Regarding all the amounts of Contract ERs and Additional ERs, the Program Entity may notify the Trustee in writing within thirty (30) calendar days following receipt of the final Verification Report for each such amounts of Contract ERs and Additional ERs, if it intends to sell such Contract ERs and/or Additional ERs, in full or in part, to a Third Party at a higher price. If the Trustee, within this time period,

(i) has not received such notification for any such amounts of Contract ERs and/or Additional ERs, all such Contract ERs shall be transferred to the Trustee at the agreed Unit Price and all such Additional ERs for which the Trustee has exercised the Call Option shall be transferred to the Trustee at the agreed Exercise Price in accordance with the General Conditions and the terms of this ERPA; or

(ii) has received such notification for any such amounts of Contract ERs and/or Additional ERs, the Program Entity shall, subject to Section 5.01(c) below, promptly, but no later than thirty (30) calendar days following receipt of such notification, provide the Trustee with



evidence of the price offered by such Third Party for such Contract ERs and/or Additional ERs, in form and substance satisfactory to the Trustee (“**Third Party Offer**”), provided that;

- (A) Any Third Party Offer must explicitly state that any Third Party sale revenue received by the Program Entity from the Third Party under such Third Party Offer (including any incremental price increase) must be shared by the Program Entity in accordance with the Benefit Sharing Plan and be used (and reported on) by the Program Entity as if it was a payment received under this ERPA. In the event that the Trustee becomes aware that such Third Party sale revenue has not been shared in accordance with the Benefit Sharing Plan, this shall constitute an Event of Default under Section 15.01 of the General Conditions, potentially subject to the remedies under Section 15.03(a)(iii) of the General Conditions (Intentional Breach);
  - (B) Any amounts of Contract ERs and/or Additional ERs sold to the Third Party in accordance with the Third Party Offer shall be net amounts, i.e. the ER amounts after a certain number of Buffer ERs have been set aside for such ERs in the ISFL Buffer in accordance with the ISFL Buffer Requirements; and
  - (C) With regard to any Contract ERs subject to Unit Price 1, the Third Party Offer must commit the Third Party to allow the Program Entity to retain such ERs (or have them re-transferred to the Program Entity) for the Host Country to use against its NDC only and to prevent such ERs to be counted twice. In the event that the Trustee becomes aware that such ERs have not been or are not to be retained by or re-transferred to the Program Entity by the Third Party or have been counted twice, this shall constitute an Event of Default under Section 15.01 of the General Conditions, potentially subject to the remedies under Section 15.03(a)(iii) of the General Conditions (Intentional Breach).
- (c) In case of a Third Party Offer, the Program Entity must offer the amounts of Contract ERs and/or Additional ERs covered by the Third Party Offer to the Trustee first and the Trustee has the right to match the price offered in such Third Party Offer and notify the Program Entity accordingly in writing within thirty (30) calendar days following receipt of the evidence of the Third Party Offer required under Section (b)(ii) above (“**Right of First Refusal**”).
- (i) If the Trustee notifies the Program Entity within such time period that it will match the price in such Third Party Offer for the covered amounts of Contract ERs and/or Additional ERs, the Program Entity shall transfer such covered amounts of Contract ERs and/or Additional ERs for which the Call Option has been exercised by the Trustee to the Trustee at the price in the Third Party Offer (which then becomes the Unit Price/Exercise Price for such covered amounts of Contract ERs/Additional ERs) in accordance with the General Conditions and terms of this ERPA.
  - (ii) If the Trustee does not exercise the Right of First Refusal within such time period or notifies the Program Entity that it refuses to match the Third Party Offer, the Program Entity may proceed with selling such covered amounts of Contract ERs and Additional ERs to the Third Party through a separate agreement between the Program Entity and the Third Party. In this case, the Parties will amend this ERPA to reduce the Contract ER Volume and the relevant Minimum Reporting Period Amount (as well as the eligible expenditure table under the Application for Payment provision) by an amount of Contract ERs equivalent to the Contract ERs sold separately to the Third Party. For the avoidance of doubt, such sale

of Contract ERs to a Third Party shall not constitute an ER Transfer Failure under Section 15.01(a)(i) of the General Conditions. In addition, for the avoidance of doubt, the IBRD and the Trustee shall be exempt from any liability and assume no responsibilities under and in connection with such separate agreement.

**Section 5.02      *Periodic Payment, Taxes and Costs***

- (a) Subject to Section 5.01(b) and Section 5.01(c) above, the Periodic Payment for transferred Contract ERs and/or Additional ERs, if any, shall be calculated in the following manner:

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

$$\left[ \begin{array}{l} \text{Unit} \\ \text{Price /} \\ \text{Exercise} \\ \text{Price} \end{array} \right] \times \begin{array}{l} \text{The number of} \\ \text{Contract ERs /} \\ \text{Additional ERs} \\ \text{transferred to} \\ \text{the Trustee (as} \\ \text{Verified in the} \\ \text{respective final} \\ \text{Verification} \\ \text{Report)} \end{array} \left. \vphantom{\left[ \begin{array}{l} \text{Unit} \\ \text{Price /} \\ \text{Exercise} \\ \text{Price} \end{array} \right]} \right] - \begin{array}{l} \text{Cost} \\ \text{Recovery} \\ \text{Amount} \\ \text{(if any)} \end{array} - \begin{array}{l} \text{Taxes paid by} \\ \text{the Trustee in} \\ \text{accordance with} \\ \text{Section 5.04 of} \\ \text{the General} \\ \text{Conditions (if} \\ \text{any)} \end{array}$$

- (b) Only in the event that the Program Entity sells Contract ERs and/or Additional ERs to a Third Party in accordance with Section 5.01(b) and Section 5.01(c) above, a cost recovery amount shall be deducted from each Periodic Payment made for other Contract ERs and/or Additional ERs transferred to the Trustee under the ERPA equivalent to the pro-rated portion of actual costs incurred for Verification that can be attributed to such Contract ERs and/or Additional ERs sold to a Third Party plus 1% of the value of such Contract ERs and/or Additional ERs (i.e. Unit Price 1/2 X such Contract ERs and/or Exercise Price X such Additional ERs) (“**Cost Recovery Amount**”).
- (c) Subject to Section 5.02 and Section 5.04(a) of the General Conditions, 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 Amount (if any) or any Taxes paid by the Trustee in accordance with Section 5.04 of the General Conditions (if any) would make the Periodic Payment for that Reporting Period a negative number, the Trustee will carry forward any amounts not deducted in that Reporting Period to the following Reporting Period.

**Section 5.03      *Re-Transfer of ERs***

- (a) Notwithstanding Section 5.02(g) of the General Conditions, the Trustee shall re-transfer to the Program Entity all amounts of Contract ERs subject to the Unit Price 1 that have been transferred to the Trustee and paid for under the ERPA (“**ER Re-Transfer**”) and shall not prevent the Program Entity from using such re-transferred ERs to meet its nationally determined contributions (“**NDCs**”) under the Paris Agreement, as may be appropriate and as consistent with the applicable modalities, procedures and guidelines under the Paris Agreement. Such re-transferred ERs should contribute to the highest possible ambition of the Host Country in the implementation of its NDC and not lead to double claiming of emission reductions.

- (b) Any ER Re-Transfer shall include the re-transfer of all rights, titles and interests attached to such re-transferred ERs, provided that the Program Entity may use such re-transferred ERs for the purpose of achievement of the Host Country’s NDCs only. In particular, the Program Entity is prohibited from selling such re-transferred ERs again to any Third Party or from using them for any other purpose.
- (c) Within thirty (30) calendar days following the Periodic Payment, the Trustee shall provide the Program Entity with a signed ER re-transfer form (“**ER Re-Transfer Form**”) to document the ER Re-Transfer of such previously transferred and paid for Contract ERs (in the form attached in Schedule 4 to this ERPA). The ER Re-Transfer shall be free of charge to the Program Entity.
- (d) Any ER Re-Transfer will be deemed completed upon:
  - (i) receipt by the Program Entity of the ER Re-Transfer Form; and
  - (ii) crediting of such re-transferred ERs to the Registry Account nominated by the Program Entity, as specified in the ER Re-Transfer Form and in accordance with the rules of the respective Registry system.
- (e) Legal title to any re-transferred Contract ERs or Additional ERs shall transfer back to the Program Entity at the time of crediting of such re-transferred ERs to the Registry Account nominated by the Program Entity. The Program Entity shall take all reasonable steps required to assist the Trustee in the ER Re-Transfer.

**Section 5.04      *Application for Payment***

- (a) Any Periodic Payment to be made by the Trustee under and subject to Section 5.02 (in conjunction with Section 5.03 of the General Conditions) 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 IBRD may specify from time to time by notice to the Program Entity. Any time period provided for in this ERPA 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.
- (b) The Program Entity, through the Ministry of Finance and National Planning, may apply for Periodic Payments, in accordance with the terms of this ERPA and the Disbursement and Financial Information Letter, to finance eligible expenditures consisting of payments for transferred Contract ERs under this ERPA in the maximum amount specified and, if applicable, up to the percentage set forth against the category of the following table:

Category	Maximum allocated amount**	Percentage of expenditures to be financed (exclusive of Taxes)***
Transferred Contract ERs*	USD 30,000,000	100%
<b>Total Amount</b>	<b>USD 30,000,000</b>	<b>100%</b>

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

\*\* This maximum amount is the total value of the Contract ER Volume contracted for under this ERPA (Contract ERs x Unit Price 1/2), subject to the actual Contract ER amounts generated and transferred in accordance with the terms of this ERPA.

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

- (c) In addition, in the event that the Trustee exercises a Call Option under Article VI, the Program Entity may apply for Periodic Payments for such amount of transferred Additional ERs for which the Call Option has been exercised, as specified in the Exercise Notice. For the avoidance of doubt, in the event that the Trustee exercises a Call Option, the table in paragraph (a) above may be amended to include the allocated amount for such Additional ERs.

### **Section 5.05**      *Corresponding Adjustment*

For Contract ERs that are subject to Unit Price 2 and Additional ERs that are transferred to and paid for by the Trustee (on behalf of certain BioCF T3 Participants) in accordance with this ERPA, the Program Entity (as the Host Country) will, separate from this ERPA, enter into good faith negotiations with the relevant BioCF T3 Participant(s) with a view to concluding an appropriate arrangement regarding treatment of ERs transferred and paid for under this ERPA as Internationally Transferred Mitigation Outcomes (“ITMOs”) - with the objective of undertaking a corresponding adjustment of such ITMOs under Art. 6.2 of the Paris Agreement and reporting and accounting of such ITMOs, consistent with any relevant guidance adopted under the Paris Agreement.

## **Article VI** **Call Option**

### **Section 6.01**      *Call Option Specifications*

- (a) The Grantee is:                      Trustee
- (b) The Grantor is:                      Program Entity

### **Section 6.02**      *Call Option Volume and Exercise Price*

- (a) The Additional ERs are:            In the event that the ISFL ER Program generates in a Reporting Period ERs in excess of the Contract ER Volume the Parties agree to grant the Grantee a Call Option to purchase such additional ERs (“**Additional ERs**”). Such Additional ERs shall all be transferred to the Trustee and be retained by the Trustee on behalf of BioCF T3 Participants.

Subject to the Maximum Call Option Volume (see below), the Grantee may exercise the Call Option for all or part of the Additional ERs.

- (b) Maximum Call Option Volume is:            2,000,000 Additional ERs generated by the ISFL ER Program.
- (c) Exercise Price is:                      The price for each Additional ER that is transferred to the Trustee and to be retained by the Trustee on behalf of BioCF T3 Participants shall be negotiated within sixty (60) calendar days following receipt of the final Verification Report indicating that Additional ERs have

been generated under the ISFL ER Program during a Reporting Period. If the Parties cannot agree on an Exercise Price within such time period, the Call Option shall lapse upon the end of such time period for that Reporting Period, and that Reporting Period only (“**Exercise Price**”).

The above Exercise Price is subject to Section 5.01(b) and Section 5.01(c) above.

- (d) Exercise Period: The Trustee must notify the Program Entity of its decision to exercise the Call Option (“**Exercise Notice**”) within the later of (i) sixty (60) calendar days following agreement between the Parties on an Exercise Price for Additional ERs or (ii) thirty (30) calendar days following receipt of a Third Party Offer under Section 5.01 of this ERPA.
- (e) Exercise Completion Date is: Ninety (90) calendar days following receipt by the 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 12.02(c) and/or 15.03 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 6.02(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 1 and 2, respectively.

**Article VII**  
**ISFL ER Program Development and Focal Point**

**Section 7.01**      *ISFL ER Program Development*

The ISFL ER Program Start Date is:    January 1, 2024

**Section 7.02**      *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 VIII**  
**Sub-Project Arrangements**

**Section 8.01**      *Development of Sub-Project Arrangements*

- (a) Subject to Sections 9.02 through 9.05 of the General Conditions, the Program Entity shall ensure that any Sub-Project Arrangement contains the principal terms included in Schedule 10 to this ERPA and none of the terms of the Sub-Project Arrangements are inconsistent with the terms of this ERPA.
- (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 IX**  
**Miscellaneous**

**Section 9.01**      *ERPA Term*

This ERPA will become effective through execution by both Parties as of the date first above written. Unless terminated earlier in accordance with the General Conditions or Section 3.03, this ERPA shall terminate upon transfer of all the Contract ERs and Additional ERs, if any, the payment of Periodic Payments in respect thereof, subject to the survival of provisions as identified in Section 17.11 of the General Conditions, but in any event by no later than December 31, 2030.

**Section 9.02**      *Documentation*

The Program Entity has provided the ISFL ER Program Document (see Schedule 4), the ER Monitoring Plan (see Schedule 7) and the [advanced draft][final] Benefit Sharing Plan (see Schedule 8), in form and substance satisfactory to the Trustee, to be applied under the ERPA.

**Section 9.03**      *Notices*

Any notice, communication, request or correspondence required or permitted under the terms of this ERPA 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:

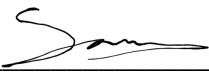
Minister of Finance and National Planning  
Ministry of Finance and National Planning  
P.O. Box 50062, Chimanga Road  
Lusaka  
Zambia  
Tel.: +260211253512  
Email: treasurybriefs@mofnp.gov.zm

For the Trustee:

Tranche 3 of the BioCarbon Fund  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  
Tel.: +1-202-458-4416  
Email: [fmt\\_isfl@worldbank.org](mailto:fmt_isfl@worldbank.org)


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

**REPUBLIC OF ZAMBIA,  
REPRESENTED BY MINISTRY OF FINANCE AND NATIONAL PLANNING**

By:  \_\_\_\_\_

**Name: Situmbeko Musokotwane  
Title: Minister of Finance and National Planning**

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT,  
AS TRUSTEE OF TRANCHE 3 OF THE BIOCARBON FUND**

By:  \_\_\_\_\_

**Name: Achim Fock  
Title: Country Manager**



## **SCHEDULE 1**

### **CONDITIONS OF SALE AND PURCHASE**

- (1) Submission of a final Benefit Sharing Plan which, based on the advanced draft version of the Benefit Sharing Plan provided by the date of this ERPA, takes into account specific guidance to be provided by the Trustee, following consultations with BioCF T3 Participants, on the outstanding issues that need further clarification in the final version of the Benefit Sharing Plan, as may be updated from time to time with prior agreement of the Trustee;
- (2) Submission of a letter confirming the application of the ISFL Buffer, the ISFL Buffer Requirements and the Registry; and
- (3) Submission of evidence demonstrating the Program Entity's ability to transfer Title to ERs, free of any interest, Encumbrance or claim of a Third Party.

**SCHEDULE 2**

**MINIMUM REPORTING PERIOD AMOUNTS**

<b>Reporting Period</b>	<b>Minimum Reporting Period Amount of Contract ERs to be generated in this Reporting Period and subsequently transferred in accordance with the ERPA</b>	<b>Cumulative Amount of Contract ERs to be generated by the end of this Reporting Period and subsequently transferred in accordance with the ERPA</b>
Reporting Period 1: Jan/01/2024 to Dec/31/2024	500,000	500,000
Reporting Period 2: Jan/01/2025 to Dec/31/2025	500,000	1,000,000
Reporting Period 3: Jan/01/2026 to Dec/31/2027	1,000,000	2,000,000
Reporting Period 4: Jan/01/2028 to Dec/31/2029	1,012,048	3,012,048

### SCHEDULE 3

#### ER TRANSFER FORM

[Letterhead of Program Entity]

**TO:** The International Bank for Reconstruction and Development as Trustee of Tranche 3 of the BioCarbon Fund

#### **ER Transfer Form for the Reporting Period from [INSERT DATE] to [INSERT DATE]**

We refer to the BioCarbon Fund Initiative for Sustainable Forest Landscapes Emission Reductions Purchase Agreement dated [INSERT DATE] between [ ] ("**Program Entity**") and the International Bank for Reconstruction and Development, as Trustee of Tranche 3 of the BioCarbon Fund ("**IBRD**" or "**Trustee**"; together referred to as "**Parties**"), as amended ("**ERPA**"), which includes the IBRD's 'General Conditions Applicable to ERPA Framework Agreements and ERPA Phase Agreements for BioCarbon Fund Initiative for Sustainable Forest Landscapes Emission Reductions Programs' dated May 31, 2021 including the modifications set forth in the ERPA ("**General Conditions**"). Capitalized terms used and not specifically defined herein shall have the meanings assigned thereto in the ERPA.

#### **1. Notification of Transfer of ERs**

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 Cost Recovery Amount and] Taxes which the Trustee is entitled to deduct under the ERPA, is:

[US\$]\_\_\_\_\_ [[US\$][Unit Price 1] X [Volume of transferred Contract ERs]]  
Plus (if any)

[US\$]\_\_\_\_\_ [[US\$][Unit Price 2] 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 Amount 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**

**ISFL ER PROGRAM DOCUMENT**

(Included by Reference)

**SCHEDULE 5**

**ER RE-TRANSFER FORM**

**[LETTER HEAD OF IBRD]**

**TO:** [PROGRAM ENTITY]

**ER Re-transfer Form for the Reporting Period from [INSERT DATE] to [INSERT DATE]**

We refer to the BioCarbon Fund Initiative for Sustainable Forest Landscapes Emission Reductions Purchase Agreement dated [INSERT DATE] between [ ] ("**Program Entity**") and the International Bank for Reconstruction and Development, as Trustee of Tranche 3 of the BioCarbon Fund ("**IBRD**" or "**Trustee**"; together referred to as "**Parties**"), as amended ("**ERPA**"), which includes the IBRD's 'General Conditions Applicable to ERPA Framework Agreements and ERPA Phase Agreements for BioCarbon Fund Initiative for Sustainable Forest Landscapes Emission Reductions Programs' dated May 31, 2021 including the modifications set forth in the ERPA ("**General Conditions**"). Capitalized terms used and not specifically defined herein shall have the meanings assigned thereto in the ERPA.

**1. Receipt of and payment for transferred ERs**

We acknowledge receipt from the Program Entity of and payment by the Trustee for the following amount of transferred Contract ERs subject to the Unit Price 1 for this Reporting Period in accordance with the ERPA:

- \_\_\_\_\_ ERs ("**Transferred ERs**"), as Verified by Verification Report dated [INSERT DATE].

**2. Re-transfer of Transferred ERs**

In accordance with the ERPA, we hereby re-transfer, on behalf of BioCF T3 Participants and free of charge to the Program Entity, all Transferred ERs back to the Program Entity to the following registry account of the Program Entity:

[INSERT DETAILS OF REGISTRY ACCOUNT].

By: \_\_\_\_\_  
(Authorized Signatory)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE 6**

**EXERCISE NOTICE**

**[LETTERHEAD OF GRANTEE]**

TO: [Grantor]

**Exercise Notice for [insert Reporting Period]**

We refer to the BioCarbon Fund Initiative for Sustainable Forest Landscapes Emissions Reduction Purchase Agreement dated [INSERT DATE] ("**ERPA**") between [ ] ("**Program Entity**") and the International Bank for Reconstruction and Development ("**IBRD**"), as trustee of Tranche 3 of the BioCarbon Fund ("**Trustee**") (together referred to as "**Parties**"), which includes the IBRD's 'General Conditions Applicable to ERPA Framework Agreements and ERPA Phase Agreements for BioCarbon Fund Initiative for Sustainable Forest Landscapes Emission Reductions Programs' dated May 31, 2021 including the modifications set forth in the ERPA ("**General Conditions**"). Capitalized terms used and not specifically defined herein shall have the meanings assigned thereto in the ERPA.

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 ERPA and transferred in accordance with the following:

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

Dated:

**For and on behalf of**  
**[insert legal name of Grantee]**

by its Authorized Representative

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Please print name

**SCHEDULE 7**  
**ER MONITORING PLAN**  
(Included by Reference)



**SCHEDULE 8**

**ADVANCED DRAFT BENEFIT SHARING PLAN**

(Included by Reference)

## SCHEDULE 9

### LETTER OF APPROVAL TEMPLATE

#### [LETTER HEAD OF APPROVING ENTITY]

To: International Bank for Reconstruction and Development acting as Trustee of the BioCF T3

[place, date]

Dear [Country Director],

Ref: *Eastern Province Jurisdictional Sustainable Landscape Programme*

1. I wish to refer to the request by the Ministry of Finance and National Planning that the above mentioned 'Eastern Province Jurisdictional Sustainable Landscape Programme' (ISFL ER Program) be considered for funding by Tranche 3 of the BioCarbon Fund (BioCF T3) under the BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL), administered as a trust fund by the International Bank for Reconstruction and Development (IBRD).

2. As authorized representative of the designated national authority of the Republic of Zambia I hereby:

- (a) endorse the further development of the ISFL ER Program and approve this ISFL ER Program to being implemented in the Republic of Zambia; and
- (b) approve and authorize the voluntary participation of the Republic of Zambia, the IBRD as trustee of the BioCF T3, the BioCF T3 participants, and the Ministry of Finance and National Planning in the ISFL ER Program.

3. By this endorsement and approval the Republic of Zambia is committing itself to facilitate and render such assistance as may be necessary in any potential future process related to ISFL ER Program registration as well as verification and transfer to the BioCF T3 of greenhouse gas emission reductions generated by the ISFL ER Program.

4. The Republic of Zambia also confirms that the Ministry of Finance and National Planning is authorized to enter into project agreements with regard to the ISFL ER Program on its behalf, which may include the transfer of and payment for greenhouse gas emission reductions generated by the ISFL ER Program.

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

Sincerely

By \_\_\_\_\_  
Authorized Representative of the *Ministry of Green Economy and Environment*  
*Collins Nzovu Eng.*  
*Minister*

## **SCHEDULE 10**

### **PRINCIPAL TERMS OF SUB-PROJECT ARRANGEMENT**

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/ISFL ER Program Measures (as specified in the ISFL ER Program Document) in accordance with the terms of such ISFL ER Program Document.
  - (d) For the avoidance of doubt, authorize the Program Entity to transfer any ERs generated from such Sub-Project/ISFL ER Program Measures to the BoiCFT3 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/ISFL ER Program Measure.
  - (f) Operate and implement its Sub-Project/ISFL ER Program Measures in compliance with the World Bank Operational Policies and Procedures and any Safeguards Plans provided for under the ERPA.
  - (g) Maintain and prepare its Sub-Project/ISFL 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/ISFL ER Program Measures.
2. The Program Entity shall:
  - (a) Provide the Sub-Project Entity with the ISFL ER Program Document, the ER Monitoring Plan (if needed), the Safeguards Plans and any other information relevant to the implementation of the Sub-Project/ISFL 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 11**

**REVISED SCHEDULE 1 TO THE GENERAL CONDITIONS**

**“SCHEDULE 1: ASSIGNMENT NOTICE**

**[IBRD LETTERHEAD]**

To: [Program Entity]  
[Address Details]

[date]

**Assignment of Rights under BioCarbon Fund Initiative for Sustainable Forest Landscapes Emission Reductions Purchase Agreement**

We refer to the BioCarbon Fund Initiative for Sustainable Forest Landscapes Emission Reductions Purchase dated [insert date] between [insert name of Program Entity] ("Program Entity") and the International Bank for Reconstruction and Development, as trustee for Tranche 3 of the BioCarbon Fund ("IBRD" or the "Trustee") ("ERPA") which includes the International Bank for Reconstruction and Development General Conditions Applicable to ERPA Framework Agreements and ERPA Phase Agreements for BioCarbon Fund Initiative for Sustainable Forest Landscapes Emission Reductions Programs dated [insert date] including the modifications set forth in the ERPA ("General Conditions"). Capitalized terms used and not specifically defined herein shall have the meanings assigned thereto in the ERPA and the General Conditions.

By contract with [Third Party] dated [insert date] the IBRD has assigned the following rights under the ERPA to [Third Party]:

[insert rights: for example, the right to receive the Contract ERs, the right to exercise the Option etc]

A copy of the relevant provisions of the ERPA is annexed hereto.

The contact details for [Third Party] are:

[insert contact details]

Please copy any further correspondence regarding the ERPA to [Third Party] at the contact details provided above.

Please sign and return this letter as soon as possible to acknowledge the assignment.

Yours sincerely

---

**For and on behalf of  
the International Bank for Reconstruction  
and Development, as Trustee of Tranche 3  
of the BioCarbon Fund**

**Acknowledgement**

The Program Entity acknowledges receipt of a letter from the IBRD dated [*date*] confirming assignment of certain rights under the ERPA to [Third Party].

**Signature**

\_\_\_\_\_  
**For and on behalf of [Program Entity]**

Date:

\_\_\_\_\_”

## SCHEDULE 12

### REVISED SCHEDULE 2 TO THE GENERAL CONDITIONS

#### “SCHEDULE 2: NOVATION AGREEMENT

This novation agreement (“**Novation Agreement**”) is made on [## specify date ##]

between

**The International Bank for Reconstruction and Development, as Trustee for Tranche 3 of the BioCarbon Fund ("Trustee"),**

**The [Insert name of party to whom interest is being novated] ("Substituting Party")**

**and**

**The [Insert name of Program Entity] ("Program Entity")**

#### **Recitals:**

- A. This Agreement supplements the BioCarbon Fund Initiative for Sustainable Forest Landscapes Emissions Reduction Purchase Agreement dated [insert date] between [insert name of Program Entity] ("**Program Entity**") and the International Bank for Reconstruction and Development, as trustee for Tranche 3 of the BioCarbon Fund ("**IBRD**" or the "**Trustee**") ("**ERPA**") which includes the IBRD's General Conditions Applicable to ERPA Framework Agreements and ERPA Phase Agreements for BioCarbon Fund Initiative for Sustainable Forest Landscapes Emission Reductions Programs dated [insert date] including the modifications set forth in the ERPA ("**General Conditions**").
- B. The Trustee wishes to be released and discharged from the ERPA and the Program Entity has agreed to release and discharge the Trustee upon the Substituting Party undertaking to perform the ERPA and to be bound by its terms.
- C. The Substituting Party wishes to assume the Trustee's rights and obligations under the ERPA.

#### **1. Assumption of obligations**

##### **1.1 The Substituting Party's performance**

The Substituting Party:

- (a) is substituted for the Trustee as a Party to the ERPA on and from [date novation takes place] ("**Effective Date**"); and
- (b) undertakes to perform the Trustee's obligations and be bound by the Trustee's liabilities under the ERPA arising on and after the Effective Date.

##### **1.2 The Trustee's performance**

The Trustee:

- (a) consents to the Substituting Party's substitution as a Party to the ERPA on and from the Effective Date;
- (b) agrees to comply with all its obligations and be bound by all its liabilities due and arising under the ERPA up to but not including the Effective Date; and
- (c) agrees to execute any documentation necessary to add the Substituting Party as a program participant in the ISFL ER Program to which the ERPA relate.

## **2. The Program Entity's consent**

The Program Entity:

- (a) acknowledges that the ERPA are in full force and effect;
- (b) accepts the Substituting Party's substitution for the Trustee as a Party to the ERPA on and from the Effective Date;
- (c) agrees that, on and from the Effective Date, the Substituting Party shall be bound by present and future obligations and liabilities and shall be entitled to present and future benefits of (and causes of action relating to) the ERPA, as if the Substituting Party had been originally named in the ERPA as the Trustee; and
- (d) acknowledges that the Substituting Party shall not be entitled to the benefits of, or be responsible for any obligations and liabilities, under the ERPA for the period before the Effective Date.

## **3. Releases**

### **3.1 Program Entity**

As from the Effective Date, the Trustee releases and discharges the Program Entity from all the Program Entity's obligations and liabilities to the Trustee under or in connection with the ERPA, except for:

- (a) any obligation, liability or cause of action arising under or in connection with the ERPA before the Effective Date which is unsatisfied; or
- (b) any default by the Program Entity under the ERPA which occurred before the Effective Date.

### **3.2 Trustee**

As from the Effective Date, the Program Entity releases and discharges the Trustee from all the Trustee's obligations and liabilities under or in connection with the ERPA, except for:

- (a) any obligation, liability or cause of action arising under or in connection with the ERPA before the Effective Date which is unsatisfied; or



(b) any default by the Trustee under the ERPA which occurred before the Effective Date.

**Signatures:**

**[TRUSTEE]**

**[SUBSTITUTING PARTY]**

**[PROGRAM ENTITY]”**