September 18, 2015

Judith G. Garber
Acting Assistant Secretary
Bureau of Oceans and International Environmental and Scientific Affairs
U.S. Department of State
2201 C St NW
Washington, DC 20520

Arrangement between the United States of America, acting through the Department of State, and the International Bank for Reconstruction and Development ("IBRD") concerning the Third Tranche of BioCF PrePaid Trust Fund (TF No. 072336)

Dear Ms. Garber,

1. Introduction

We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development ("IBRD") the intention of the United States of America acting through the Department of State ("Donor") to make available to the IBRD funds in the amount of six million nine hundred forty-eight thousand US Dollars ($6,948,000) ("Contribution"), to be held by the IBRD in the Third Tranche of the BioCF PrePaid Trust Fund (TF No. 072336) pending subsequent transfer to the Third Tranche of the BioCarbon Fund ("BioCF," TF No. 071955). Other donors are also expected to contribute to the Third Tranche of the BioCF PrePaid Trust Fund.

The Donor wishes to contribute to the Third Tranche of BioCF PrePaid Trust Fund in furtherance of the Donor's participation in the BioCF, in respect of which the Donor will contemporaneously enter into a Participation Agreement ("Participation Agreement") with the IBRD for the Third Tranche of the BioCF through which the Contribution will be made.

2. Use of the Contribution

The Contribution will be used for the purposes described in this PrePaid Arrangement and in the attachment hereto, and the Donor authorizes the IBRD to use the Contribution funds for such purposes. The administration and use of the Contribution while in the BioCF PrePaid Trust Fund will be subject to the provisions of this PrePaid Arrangement and to the "Standard Provisions Applicable to Donors to the Third Tranche of BioCF PrePaid Trust Fund" ("Standard Provisions") attached hereto as an Annex, which forms part of this PrePaid Arrangement.
3. Deposits and Allocation

The Donor shall deposit the Contribution promptly following countersignature in the full amount and currency ("Contribution Currency") specified in Section 1 above into such bank account designated by the IBRD upon submission of a payment request by the IBRD.

When making any deposit, the Donor will instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Donor for TF No. 072336 (Third Tranche of BioCF PrePaid Trust Fund), and the date of the deposit ("Deposit Instructions"). In addition, the Donor will provide a copy of the Deposit Instructions to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.

4. Management of the Contributions

4.1 The funds deposited in the Trust Fund will be accounted for as a single trust fund and will be kept separate and apart from the funds of the IBRD. The funds deposited in the Trust Fund may be commingled with other trust fund assets maintained by the IBRD. The IBRD, in its capacity as trustee, has legal title to the funds deposited in the Trust Fund.

4.2 The currency in which the funds in the Trust Fund will be held is United States dollars ("Holding Currency").

4.3 Donors agree to deposit their Contributions in the Contribution Currency stated in their respective Participation Agreements. In the case of deposits received in a Contribution Currency other than the Holding Currency, promptly upon the receipt of such amounts and the accompanying Deposit Instructions, the IBRD will convert such amounts into the Holding Currency at the exchange rate obtained by the IBRD on the date of the conversion. Where deposits prove to be insufficient to complete activities as a result of exchange rate fluctuations, neither the IBRD nor the Donor will bear any responsibility for providing any additional financing.

4.4 The funds deposited in the Trust Fund may be freely exchanged by the IBRD into other currencies as may facilitate their disbursement at the exchange rate obtained by the IBRD on the date of the conversion.
5. **Duration of Third Tranche of BioCF PrePaid Trust Fund**

The IBRD will administer the Third Tranche of the BioCF PrePaid Trust Fund until either the BioCF has been terminated or until such time as the Contribution has been fully transferred from the Third Tranche of BioCF PrePaid Trust Fund to BioCF in accordance with this PrePaid Arrangement, whichever is earlier.

6. **Coordination**

The offices responsible for the coordination of all matters related to this PrePaid Arrangement are the following:

For the United States of America acting through the Department of State:

Attention: Christine Dragisic  
Foreign Affairs Officer  
Office of Global Change (OES/EGC)  
Bureau of Oceans and International Environmental and Scientific Affairs  
U.S. Department of State  
2201 C St, NW  
Washington, DC 20520  
Telephone: +1 (202) 736-7444  
Electronic Mail: DragisicCD@state.gov

For IBRD:

Attention: Dan Radack  
Fund Manager, BioCarbon Fund  
Landscapes and Forest Climate Finance Unit  
Climate Change Group  
1818 H Street, N.W.  
Washington, D.C. 20043  
Telephone: +1 (202) 473-8003  
Electronic Mail: Dradack@worldbank.org
This Prepaid Arrangement, including any annexes, is not an international treaty and is not eligible for registration under Article 102 of the United Nations Charter. It is an administrative arrangement between the Bank and the Donor.

All references made in the Annexes to “shall” will have the same meaning as the term “will” herein.

Each of the undersigned represents, by confirming its acceptance below, that it is authorized to enter into this Prepaid Arrangement and act in accordance with its provisions. The IBRD and the Donor are each requested to sign and date this Prepaid Arrangement, and upon possession by the Bank of this fully signed Prepaid Arrangement, this Prepaid Arrangement will become effective as of the date of the last signature.

Sincerely yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]

Ellysar Baroudy
Acting Program Manager
Forests and Landscapes Climate Finance
Climate Change Group

CONFIRMED AND AGREED:

THE UNITED STATES OF AMERICA,
ACTING THROUGH THE DEPARTMENT OF STATE

[Signature]

Date:
ANNEX

**Third Tranche of BioCF PrePaid Trust Fund**

**Standard Provisions Applicable to Donors**

The following provisions ("Standard Provisions") will apply to all agreements and arrangements entered into between the IBRD and donor countries and/or organizations ("Donors") that provide funding to the IBRD for the Third Tranche of the BioCF PrePaid Trust Fund.

1. **Use of Contributions and Investment Income**

   (a) The Contributions deposited in the Third Tranche of BioCF PrePaid Trust Fund:
   
   (i) will be provided by IBRD to the BioCF in accordance with paragraph 2 below;
   
   (ii) will be accounted for by IBRD as a single trust fund and will be kept separate and apart from the funds of the IBRD;
   
   (iii) may be commingled with other trust fund assets maintained in the T-Account; and
   
   (iv) will be invested by IBRD pending their disbursement in accordance with IBRD’s policies and procedures concerning the investment of trust funds administered by IBRD.

   (b) The IBRD will credit the income from any investment of the funds in the Third Tranche of BioCF PrePaid Trust Fund to the BioCF Technical Assistance Fund.

2. **Transfers from the Third Tranche of BioCF PrePaid Trust Fund to the BioCF**

IBRD will draw down from the Third Tranche of BioCF PrePaid Trust Fund and transfer to the BioCF the amounts specified in the demands for payments made by IBRD in accordance with the BioCF Instrument, on the dates such amounts are payable by the Donor to the BioCF.

Draw-downs to the BioCF from the Third Tranche of BioCF PrePaid Trust Fund will only take place after the notice required by the BioCF Instrument has been given by IBRD to the designated representative of the Donor. Such draw-downs from the Third Tranche of BioCF PrePaid Trust Fund to the BioCF will be in satisfaction of the terms of the Participation Agreement with regard to the payment of its required contribution to the BioCF.
3. Express Obligations Only

IBRD shall be responsible only for performing those functions specifically set forth herein and shall not be subject to any other duties or responsibilities to any Donor, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing herein shall be considered a waiver of any privileges or immunities of the IBRD under its Articles of Agreement or any applicable law, all of which are expressly reserved.

4. Financial Statements and Reports

(a) IBRD will maintain separate records and ledger accounts in respect of the aggregate Contribution funds and disbursements made thereof. Within ninety (90) days of each March 31, June 30, September 30, and December 31, as long as any Contribution funds remain in the Third Tranche of BioCF PrePaid Trust Fund, IBRD will prepare a cash-based unaudited statement of receipts, disbursements and fund balance in the United States Dollars and forward a copy to each Donor.

(b) IBRD will, within six (6) months following the end of each IBRD fiscal year, provide each Donor with a management assertion together with an attestation from the IBRD’s external auditors concerning the adequacy of internal controls over cash-based financial reporting for trust funds as a whole. The costs of such attestations will be borne by the IBRD.

5. Effectiveness

The arrangements provided for herein will enter into force on the day of signature by both parties and will remain in force, unless terminated by mutual agreement of the IBRD and the Donor, until all funds provided by the Donor are fully withdrawn from the Third Tranche of BioCF PrePaid Trust Fund.

6. Disclosure

The IBRD may disclose the Prepaid Arrangement to which the Standard Provisions apply (including the Standard Provisions) and information relating to the Third Tranche of BioCF PrePaid Trust Fund in accordance with its disclosure policy.

7. Termination

If the arrangements provided for herein are terminated, within six (6) months following such termination, the IBRD shall furnish to the Donors an unaudited cash-based statement of receipts, disbursements and fund balance in United States dollars with respect to the aggregate amount contributed by all Donors. Any remaining Contribution funds in the Third Tranche of BioCF PrePaid Trust Fund will be returned to the Donors on a pro rata basis and the IBRD’s functions hereunder in relation to that Donor will be considered terminated.