Dear Mrs. Sæverud,

1. Introduction

We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development ("IBRD") the intention of Norwegian Ministry of Climate and Environment ("Norway" or "Donor") to make available to the IBRD grant funds of six hundred ninety million Norwegian Kroners (NOK 690,000,000) ("Contribution"), to be held by the IBRD in the Third Tranche of the BioCarbon 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 Norway’s participation in the BioCF, in respect of which Norway will contemporaneously enter into a Participation Agreement ("Participation Agreement") with the IBRD for the BioCF.

2. Use of the Contribution

The Contribution shall be used for the purposes described in this Letter of Agreement 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 will be subject to the provisions of this Letter of Agreement 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 Letter of Agreement.
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 (such deposit being an “Installment”).

When making any deposit, the Donor shall 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 shall 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 shall be accounted for as a single trust fund and shall 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 shall 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 shall 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 shall 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 Letter of Agreement, whichever is earlier.
6. Coordination

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

For The Norwegian Ministry of Climate and Environment:

Attention: Ingvild Andreassen Sæverud
Director General
Head of Department for Climate Change
P.O. Box 8013 Dep, 0030 Oslo
Telephone: +47 22 24 58 79. Cell phone: +47 415 50 491
Electronic Mail: ingvild.andreassen.saeverud@kld.dep.no

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
We propose that this Letter of Agreement shall, upon your confirmation in the manner indicated below, constitute an Agreement between Norway and the IBRD.

Sincerely yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Neeraj Prasad
Manager, Knowledge and Partnerships
Climate Change Group

CONFIRMED AND AGREED:

NORWEIGAN MINISTRY OF CLIMATE AND ENVIRONMENT

[Signature]
Ing d Andreassen Sæverud
Director General
Department for Climate Change

Date: 26.11.2014
ANNEX

Third Tranche of BioCF PrePaid Trust Fund

Standard Provisions Applicable to Donors

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

1. Use of Contributions and Investment Income

(a) The Contributions provided to 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 transfer the income from any investment of the funds in the Third Tranche of BioCF PrePaid Trust Fund to the BioCF Technical Assistance Fund on a monthly basis.

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 obligations undertaken by the Donor under 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 under this Agreement are fully withdrawn from the Third Tranche of BioCF PrePaid Trust Fund.

6. **Disclosure**

The IBRD may disclose the Letter of Agreement 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 all 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 and investment income 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.