

July 6, 2010

SELLER PARTICIPATION AGREEMENT

between

[INSERT NAME OF SELLER PARTICIPANT]

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AS TRUSTEE
OF THE CARBON ASSET DEVELOPMENT FUND AND OF THE CARBON FUND OF THE
CARBON PARTNERSHIP FACILITY

Whereas:

- A. [INSERT NAME OF SELLER PARTICIPANT] submitted [the] Program Idea Note[s] (“**PIN[s]**”) for the [INSERT NAME OF PROGRAM(S)] to the International Bank for Reconstruction and Development (“**IBRD**”) acting as trustee of the Carbon Asset Development Fund (“**Trustee of the CADF**”) and as trustee of the Carbon Fund (“**Trustee of the Carbon Fund**” and together referred to as “**Trustees**”) of the Carbon Partnership Facility (“**Facility**”) for consideration of its participation as Seller Participant in the Facility; and
- B. The Trustees, after reviewing the PIN[s], have approved the PIN[s] and, subject to the Buyer Participants consenting to the inclusion of the [Program][Programs] into the Tranche’s Program portfolio in accordance with Section 10.10 of the Instrument, the Trustee of the Carbon Fund has tentatively allocated the [Program][Programs] to the [First] Tranche of the Carbon Fund of the Facility.

[INSERT NAME OF SELLER PARTICIPANT] as Seller Participant in the Facility (hereinafter referred to as “**Seller Participant**”) and the Trustees (together referred to as “**Parties**”) enter into this Agreement on the terms and conditions set forth below:

Article I Definitions

Section 1.01 Unless defined otherwise herein, capitalized terms appearing in this Agreement shall have the meaning ascribed to them in the Instrument, and the terms set forth below shall have the following meanings:

- (a) “**Agreement**” means this Seller Participation Agreement, as amended from time to time, including the schedules attached hereto;
- (b) “**Instrument**” means the Instrument Establishing the Carbon Partnership Facility dated November 25, 2009 incorporated into this Agreement by reference, as amended from time to time;
- (c) [“**Program**”][“**Programs**”] means the Emission Reduction Program[s], as described in the PIN[s] approved by the Trustees and listed in Schedule 2 to this Agreement (as amended or supplemented from time to time);

Article II The Instrument

The Parties agree to be also bound by the terms and conditions of the Instrument. The Instrument shall be an integral part of this Agreement.

Article III Commitment by Seller Participant

Section 3.01 The Seller Participant commits (i) to develop and implement the [Program][Programs] in order to generate or have generated Emission Reductions from the [Program][Programs] and (ii) to negotiate with the Trustee of the Carbon Fund one or more ERPAs in order to sell and transfer or to ensure sale and transfer of legal title to a portion of the ERs generated by the [Program][Programs] to the Trustee of the Carbon Fund (“**Contract ER Volume**”) for the benefit of the respective Buyer Participants in the relevant Tranche or Tranches of the Carbon Fund.

Section 3.02 The Seller Participant agrees that the terms of any ERPA with respect to the [Program][Programs] shall be based on the Pricing Approach and the General Conditions as endorsed or to be endorsed by the Partnership Committee in accordance with the Instrument as well as on the Contract ER Volume and any other terms attached in Schedule 1 to this Agreement (“**Indicative Terms**”). The Seller Participant further agrees that the Contract ER Volume to be purchased by and sold to the Trustee of the Carbon Fund under an ERPA with respect to a Program shall not be less than the indicative Contract ER Volume specified in the Indicative Terms, provided that the Carbon Finance Document to be prepared by the Seller Participant after signature of this Agreement does not indicate a lesser overall amount of ERs expected to be generated by the [Program][Programs] than indicated in the Indicative Terms. In case the Carbon Finance Document does indicate that the overall amount of ERs expected to be generated by the [Program][Programs] is less than indicated in the Indicative Terms, the Contract ER Volume included in the ERPA shall be reduced to a level acceptable to the Trustee of the Carbon Fund.

Section 3.03 The Seller Participant commits to develop and submit to the Trustee of the Carbon Fund a Carbon Finance Document for each Program. The Carbon Finance Document shall be developed and submitted to the Trustee of the Carbon Fund, in form and substance satisfactory to the Trustee of the Carbon Fund, within [12] months (subject to extension by the Trustee of the Carbon Fund in its sole and absolute discretion) following (i) in the case of a Program included in Schedule 2 of this Agreement at the time of the execution of this Agreement, the later of execution of this Agreement or the Operational Date of a Tranche to which the Trustee of the Carbon Fund has allocated the respective Program or (ii) in the case of each additional Program, the later of the date of the amendment to this Agreement by which such

Program is added to Schedule 2 of this Agreement or the Operational Date of a Tranche to which the Trustee of the Carbon Fund has allocated the respective Program. Following receipt of the Carbon Finance Document, in form and substance satisfactory to the Trustee of the Carbon Fund, the Trustee of the Carbon Fund shall, in accordance with Section 10.10 of the Instrument, submit the Carbon Finance Document to the Buyer Participants of a Tranche or Tranches of the Carbon Fund for their consent to include the Program in such Tranche's or Tranches' Program portfolio, or if the Program is rejected by those Buyer Participants to become part of that Tranche's Program portfolio to the Buyer Participants of another Tranche, if any, in order for such Buyer Participants to determine whether or not to consent to the inclusion of the Program into the Tranche's Program portfolio.

Section 3.04 The Seller Participant understands and agrees that the negotiation and execution of any ERPA by the Trustee of the Carbon Fund is subject to the proposed Program being satisfactory to the Trustee of the Carbon Fund and being included in a Tranche's Program portfolio in accordance with Section 3.03 above.

Section 3.05 The Seller Participant understands and agrees that the Trustee will not enter into legal commitments that exceed the capital available in the relevant Tranche of the Carbon Fund or that would provide for delivery of ERs after the termination date of the relevant Tranche. The Trustee of the Carbon Fund shall only enter into ERPAs for each Tranche up to the capital available in that Tranche after the deduction of the applicable CADF Charges, and accordingly the ERPA may include a maximum contract value.

Article IV Grants for Program Preparation

Section 4.01 The Seller Participant may request the issuance of one or more grants by the Trustee of the CADF in order to help the Seller Participant to prepare the [Program][Programs].

Section 4.02 Upon receipt of a grant request by the Seller Participant, the Trustee of the CADF may, at the sole and absolute discretion of the Trustee of the CADF, extend a grant to the Seller Participant to help the Seller Participant to prepare the [Program][Programs] subject to availability of funds in the CADF (considering also potential present and future grant requests by other Seller Participants or Partners), compliance with the World Bank Operational Policies and Procedures and execution of a Grant Agreement, in form and substance acceptable to the Trustee of the CADF. For the avoidance of doubt, the Trustee of the CADF shall be free in its decision to extend or not to extend a grant to the Seller Participant or may limit grant funding to specific Programs only or reduce the grant amounts being requested by the Seller Participant.

Article V Seller Contribution Credit

Section 5.01 In case of the execution of an ERPA between the Trustee of the Carbon Fund and the Seller Participant with respect to a Program and in accordance with Section 6.4 of the Instrument, payment to the Seller Participant for ERs delivered under the terms of the ERPA shall be subject to the Seller Contribution Credit. The Seller Contribution Credit shall be deducted by the Trustee of the Carbon Fund from any payment due (i.e. the gross amount before any other deductions are applied, if any) to the Seller Participant for ERs delivered under the terms of the ERPA.

Section 5.02 With respect to any Program included into the Program portfolio of the First Tranche, the Seller Contribution Credit shall be in the amount equal to two per cent (2%) of any

payment due to the Seller Participant for ERs delivered under the terms of the ERPA.

Section 5.03 With respect to any Program included into the Program portfolio of another Tranche, the percentage amount of the Seller Contribution Credit shall be determined by the Trustee of the Carbon Fund before the opening of that other Tranche. In case such percentage amount of the Seller Contribution Credit is determined to be higher than for the First Tranche or for any other opened Tranche (whichever is higher), the Trustee shall only allocate the Program to that Tranche with the prior consent of the Seller Participant.

Article VI Exclusivity Period

Section 6.01 The Seller Participant and the Trustee of the Carbon Fund agree that they will, during a period of [twenty-four (24)] months (being subject to extension if the Parties so agree) following the later of the execution of this Agreement or the Operational Date of a Tranche to which the Program is allocated (“**Exclusivity Period**”), use all reasonable endeavors to negotiate exclusively and in good faith the purchase and sale of the Contract ER Volume and to execute one or more ERPAs accordingly.

Section 6.02 For the duration of the Exclusivity Period, the Seller Participant agrees, other than with the Trustee of the Carbon Fund, not (i) to start or continue to have any discussions or negotiations with any other person regarding the dealing in or the sale of the Contract ER Volume to be generated by the [Program][Programs] or (ii) to enter into an agreement with any other person regarding the dealing in or sale of the Contract ER Volume as a result of any such discussions or negotiations without the prior written consent of the Trustee of the Carbon Fund.

Section 6.03 Without prejudice to Section 14.1 of the Instrument and in addition to the rights of the Trustee of the CADF under any Grant Agreement, if the Seller Participant breaches its obligation under Section 6.02 above during the Exclusivity Period, or if the ERPA is not executed due to any reason being within the control of the Seller Participant, as determined by the Trustee of the Carbon Fund in its sole discretion, the Seller Participant agrees that the Trustees may seek to recover from the Seller Participant any costs incurred and duly documented by either Trustee in connection with the preparation of such Program(s).

Article VII Representations and Warranties of the Trustees

Section 7.01 The Trustees represent and warrant that:

- (a) They have all necessary power and authority to act as Trustees and to enter into this Agreement and
- (b) The representative signing this Agreement on behalf of the Trustees is an authorized signatory of the IBRD to execute this Agreement.

Article VIII Representations, Warranties, Acknowledgments and Covenants of the Seller Participant

Section 8.01 The Seller Participant represents and warrants that it has

- (a) All necessary power and authority to enter into this Agreement and to participate in the Facility; and
- (b) Its representative signing this Agreement on behalf of the Seller Participant is an authorized signatory of the Seller Participant to execute this Agreement.

Section 8.02 The Seller Participant acknowledges and agrees with the Trustee as follows:

- (a) By entering into this Agreement, a Grant Agreement, an ERPA or any other agreement pertaining hereto, the IBRD or the Trustees are not and will not become agents of, or trustees for, the Seller Participant and shall not have any fiduciary relationship with the Seller Participant.
- (b) The Seller Participant agrees that, in case a Program is rejected by the Buyer Participants of any Tranche to become part of that Tranche's Program portfolio, the Trustee may, in its sole discretion and subject to Section 3.03 and Section 5.03 above, assign any Program to any other Tranche of the Carbon Fund. The Seller Participant acknowledges that the inclusion of a Program in a Tranche may be rejected by the Buyer Participants of that Tranche in accordance with Section 10.10 of the Instrument.
- (c) In case the Seller Participant is subject to any potential conflict of interest in accordance with Section 16.1 of the Instrument, the Seller Participant, in accordance with Article 16 of the Instrument, shall fully disclose such potential conflict of interests to the Facility Coordinator and recuse itself from any deliberations on a Program subject to this conflict or potential conflict of interest or any discussions or decisions related thereto if so directed by the Facility Coordinator or the Partnership Committee, as the case may be. The Seller Participant further understands that any failure to disclose such potential conflicts of interest in a timely manner shall constitute a breach of the Instrument and may result in sanctions to be determined in accordance with Article 16 of the Instrument.
- (d) For the avoidance of doubt, Section 8.02 (c) above shall not apply to the Seller Participant's right to participate in any discussions within the Partnership Committee with respect to the endorsement of the Pricing Approach and the General Conditions.

Article IX Amendment

This Agreement may only be amended with the written consent of the parties hereto.

Article X Withdrawal and Suspension of Rights and Privileges

Section 10.01 Subject to Section 6.03 above, the Seller Participant may, at any time (provided at least three (3) months prior written notice is given to the Trustee), withdraw its participation in the Facility in accordance with Section 15.1 of the Instrument. For the avoidance of doubt, any such withdrawal shall not, in any manner, affect the effectiveness, implementation and enforcement of any Emission Reductions Purchase Agreement already entered into at the time of withdrawal between the Seller Participant and the Trustee of the Carbon Fund.

Section 10.02 In the event the Seller Participant becomes a Defaulting Seller Participant in

accordance with Section 14.1(a) of the Instrument, the Seller Participant's rights and privileges under the Instrument and this Agreement shall be suspended until such time as such default has been remedied to the satisfaction of the Trustees. In addition, in the case of a default under Section 14.1(a) of the Instrument, the Trustee of the CADF may seek recovery of the amount established by the Trustee of the CADF as Program preparation costs for the affected Program(s).

Article XI Termination

Section 11.01 This Agreement shall terminate in accordance with the relevant provisions of the Instrument, including the following events:

- (a) Termination of the Facility in accordance with Sections 22.1 and 22.2 of the Instrument; and
- (b) Withdrawal by the Seller Participant of its participation in the Facility in accordance with Section 15.01 of the Instrument.

Section 11.02 Without prejudice to Section 11.01 above, this Agreement may be terminated by written notice in accordance with the terms and conditions of the Instrument.

Article XII Effectiveness

This Agreement shall become effective on the date as of which it has been executed by the parties thereto.

Article XIII Notices

All communications shall be in writing (including telex and facsimile communications), or by telephone (to be promptly confirmed in writing) or, in the case of communications to the Seller Participant, by electronic mail. Each communication will be made to the relevant person at the address, facsimile number, telex, telephone number or electronic mail address, from time to time designated by that party to the others for that purpose. The address, facsimile number, telex, telephone number and electronic mail address so designated are set out below:

Seller Participant:

Name: _____

Address: _____

Attention: _____

Telephone: _____

Facsimile: _____

Telex: _____

Electronic Mail: _____

Trustee:

Name: International Bank for Reconstruction and Development,
as Trustee of the Carbon Asset Development Fund and the Carbon Fund
of the Carbon Partnership Facility

Address: 1818 H Street, N.W. Washington, D.C. 20433 U.S.A.

Attention: _____

Telephone: _____

Facsimile: _____

Telex: _____

Electronic Mail: _____

Article XIV Miscellaneous

Section 14.1 The Seller Participant shall keep confidential and not publish, disclose or otherwise divulge to anyone (and shall cause its officers, directors, employees, agents and representatives to keep confidential, and not publish, disclose or otherwise divulge to anyone) any information to which it gains access in relation to the operation of the Carbon Fund, the CADF or the CPF or as a result of its participation in the CPF, unless specifically authorized to be disclosed under the IBRD's general disclosure policy, or as otherwise agreed in writing by the Trustees.

Section 14.2 The Trustee will disclose this Agreement and information on the Carbon Fund, the CADF or the CPF in accordance with the World Bank's Policy on Access to Information. By entering into this Agreement, the Seller Participant consents to disclosure of this Agreement and related information on the Funds and the CPF.

Section 14.3 The Seller Participant agrees that, upon demand, it will furnish promptly to the Trustees such information and execute and deliver such documents as may reasonably be required by the Trustees to comply with, or to confirm compliance with, any applicable laws or regulations or other obligations of the Trustees or the CPF.

Section 14.4 Words importing the singular number hereunder shall include the plural number and vice versa, and any pronoun used herein shall be deemed to cover all genders.

Section 14.5 This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof.

Section 14.6 Within ten (10) days after the receipt of a written request from either Trustee, the Seller Participant agrees to provide such information and to execute and deliver such documents

as reasonably may be necessary to comply with any and all laws and ordinances to which the respective Trustee, the Carbon Fund, the CADF or the CPF is subject to.

Section 14.7 Every provision of this Agreement is intended to be severable, and if any term or provision herein is held to be illegal or invalid for any reason whatsoever in any jurisdiction, such illegality or invalidity shall not affect the validity of the remainder hereof or of such term or provision in any other jurisdiction.

Article XV Execution in Counterparts

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed this Agreement on the date set forth below.

[Name of the Seller Participant]

By: _____
Authorized Representative

Name: _____

Title: _____

Date: _____

**International Bank for Reconstruction and
Development, as Trustee of the Carbon Asset
Development Fund and the Carbon Fund of the
Carbon Partnership Facility**

By _____

Name: _____

Title: _____

Date: _____

SCHEDULE 1

INDICATIVE TERMS

Unless provided for otherwise in the Participation Agreement, the following indicative terms shall not be binding on the Seller Participant and/or the Trustee of the Carbon Fund in negotiating any ERPA or Grant Agreement with respect to the [Program][Programs] and will need to be finalized during contract negotiations:

1. Overall amount of ERs expected to be generated by the Program(s)

[INSERT NAME OF THE PROGRAM]: []

##Insert if more than one Program##: [INSERT NAME OF THE PROGRAM]: []]

2. Contract ER Volume to be transferred to the Trustee of the Carbon Fund

[INSERT NAME OF THE PROGRAM]: []

##Insert if more than one Program##: [INSERT NAME OF THE PROGRAM]: []]

3. [INCLUDE ADDITIONAL INDICATIVE TERMS AS NEEDED]

SCHEDULE 2

LIST OF PROGRAMS

Name of Program	Description	Host Country