

CONFORMED COPY

TRANSFER MEMORANDUM

GUYANA REDD-PLUS INVESTMENT FUND (GRIF)
(MTO No. 069017)

(A) the Multilateral Trusteeship and Innovative Financing Department of the International Development Association (“IDA”), as trustee (the “Trustee”) of the Guyana REDD-Plus Investment Fund (MTO No. 069017) (the “GRIF”) and the Caribbean Country Management Unit of the Latin America and Caribbean Region of the International Development Association (“IDA”) (the “Partner Entity”, and together with the Trustee, the “Parties” and each a “Party”) are entering into this Transfer Memorandum (the “Transfer Memorandum”) for the transfer of funds by the Trustee from the GRIF to the Partner Entity.

(B) The GRIF has been established through Administration Agreements (as such term is defined below).

(C) The Steering Committee (as such term is defined below) has endorsed the GRIF governance framework document which sets forth the governance framework for the GRIF (the “GRIF Governance Framework Document”), which provides for the invitation of IDA to be a Partner Entity for the GRIF.

(D) The Partner Entity may provide requests to the Trustee for the transfer of GRIF funds to finance Administrative Fees for Project Proposal Preparation (as such term is defined below), Projects and Administrative Fees, which the Trustee will transfer under this Transfer Memorandum in accordance with the terms set forth herein.

(E) The Partner Entity, in accordance with its policies and procedures and in accordance with the terms hereof, will enter into grant agreements with Implementing Entities (as such term is defined below) to provide grants of GRIF funds to Implementing Entities for Projects approved by the Steering Committee.

1. Capitalized terms used herein, but not otherwise defined in this Transfer Memorandum, will have the meanings ascribed to them below:

“Administration Agreement” means an administration agreement entered into between the Trustee and a Contributor in respect of such Contributor’s Contribution;

“Administrative Fee” means the amount agreed by the Steering Committee with the Partner Entity for administrative and other costs, including but not limited to costs for Project preparation, Project supervision and preparation of reports and unaudited or audited financial reports and evaluations, incurred by the Partner Entity in connection with services performed by the Partner Entity in connection with a Project, excluding any Administrative Fee for Project Proposal Preparation for such Project;

“Administrative Fee for Project Proposal Preparation” means the amount agreed by the Steering Committee with the Partner Entity for administrative and other costs incurred by the Partner Entity in connection with the development of a Project Proposal;

“Allocation” means the portion of the GRIF funds that has been allocated by the Steering Committee to the Administrative Fee for Project Proposal Preparation for a proposed Project or to a Project and the Administrative Fee for such Project;

“Calendar Year” means January 1 through December 31 of each calendar year;

“Contribution” means each Contributor’s respective contribution to the GRIF, and **“Contributions”** means the aggregate of all the contributions from the Contributors to the GRIF;

“Contributor” means any entity that provides a Contribution to the GRIF;

“Implementing Entity” means Guyana or any instrumentality thereof or any other entity that is eligible to receive funding in accordance with the Partner Entity’s policies, guidelines and procedures and which Guyana has agreed to be a recipient of resources;

“LCDS” means Guyana’s Low Carbon Development Strategy;

“Letter of Commitment” means a letter from the Trustee to the Partner Entity making the commitment of an Allocation to the Partner Entity, which will be substantially in the form attached to this Transfer Memorandum as Schedule 1 and will include in its annex the relevant decisions of the Steering Committee approving the Allocation;

“Project” means goods, works or services for an investment, technical assistance or capacity building activity or activities which are to be financed on a grant basis with funds from the GRIF, as approved by the Steering Committee in accordance with the GRIF Governance Framework Document;

“Project Proposal” means any proposal submitted by the Partner Entity to the Steering Committee seeking an Allocation from the GRIF for a Project and the corresponding Administrative Fee;

“Secretariat” means the administrative unit established pursuant to the GRIF Governance Framework Document to support the Steering Committee and the GRIF;

“Steering Committee” means the steering committee established pursuant to the GRIF Governance Framework Document to approve Administrative Fees for Project Proposal Preparation, Projects and Administrative Fees;

“Transfer Request” means a request submitted by the Partner Entity to the Trustee for the transfer of GRIF funds to the Partner Entity for an Administrative Fee for Project Proposal Preparation or for a Project and the corresponding Administrative Fee, which will be substantially in the form attached to this Transfer Memorandum as Schedule 2; and

“Transferred Funds” means any portion of an Allocation that the Trustee transfers in United States Dollars to the Partner Entity pursuant to this Transfer Memorandum.

2. The Partner Entity will ensure that each Project Proposal it submits to the Steering Committee: (i) is consistent with the LCDS and the overall results framework of the GRIF once such framework is approved by the Steering Committee; (ii) includes a robust results framework for the Project, as agreed between Guyana and the Partner Entity; and (iii) discloses any proposed waiver of the Partner Entity’s policies and procedures.

3. (a) Subject to the availability of resources in the GRIF, once the Steering Committee has approved an Allocation for an Administrative Fee for Project Proposal Preparation for a proposed Project or for a Project and the corresponding Administrative Fee, and the Secretariat has notified the Trustee and the Partner Entity of such approval, the Trustee will commit to the Partner Entity the Allocation as approved by the Steering Committee.

(b) Commitments of Allocations by the Trustee under Paragraph 3(a) above will be made on a monthly basis (or such other period as agreed between the Trustee and the Partner Entity) by means of a Letter of Commitment.

4. Once a Letter of Commitment has been issued by the Trustee in accordance with Paragraph 3 above, the Partner Entity may request the Trustee to transfer the full amount of the GRIF funds that has been committed by the Trustee in such Letter of Commitment.

All requests for transfers of GRIF funds will be made by the Partner Entity by means of submission to the Trustee, by e-mail, facsimile or as otherwise agreed with the Trustee, a Transfer Request.

5. Upon receipt of a Transfer Request, the Trustee will transfer such funds to the Partner Entity to the account specified in such Transfer Request; provided that: (i) the amount to be transferred is no more than the amount committed by the Trustee in the relevant Letter of Commitment; and (ii) the amount of available funds in the GRIF equals or exceeds the amount specified in the Transfer Request.

6. The Trustee will not disburse any GRIF funds to the Partner Entity after December 31, 2016 unless the Contributors so approve.

7. Subject to Paragraph 24, the Partner Entity may retain Administrative Fees for Project Proposal Preparation for a proposed Project and Administrative Fees for a Project from the Transferred Funds in the amount agreed by the Steering Committee with the Partner Entity.

8. Except as the Trustee will otherwise agree, unused funds from Projects for which no further disbursements are due to be made, will be returned on an annual basis by the Partner Entity to the GRIF, to such account as the Trustee may designate (following their return to the Partner Entity by the Implementing Entity or other party). The Partner Entity will maintain a record of any such unused funds and report to the Trustee.

9. For the purposes of verifying amounts in connection with the commitment of GRIF funds by the Trustee under this Transfer Memorandum, the Trustee will rely upon the information provided by the Secretariat to the Trustee indicating:

(a) the amount of each Administrative Fee for Project Proposal Preparation for a proposed Project approved by the Steering Committee as payable to the Partner Entity;

(b) the amount of GRIF funds approved by the Steering Committee as allocated to the Partner Entity for each Project; and

(c) the amount of each Administrative Fee approved by the Steering Committee as payable to the Partner Entity.

10. Upon the transfer of the Transferred Funds, the Trustee will have no responsibility, fiduciary or otherwise, for the use of such funds or activities carried out therewith. The Partner Entity will be responsible for reporting to the Steering Committee on its activities carried out with the GRIF funds.

11. The Partner Entity agrees that any Transferred Funds will be used in accordance with: (i) the Partner Entity's policies and procedures (including those in respect of the procurement of goods and services, financial management, environmental and social safeguards, reporting arrangements and its framework to combat fraud and corruption); (ii) the applicable decisions of the Steering Committee, including the purpose for which the Allocations have been approved; (iii) the LCDS and the overall results framework of the GRIF once such framework is approved by the Steering Committee; and (iv) the results framework for the Project, as agreed between Guyana and the Partner Entity.

12. The Partner Entity will be responsible for the supervision of a Project's adherence to the criteria set out in Paragraph 11 above. This supervision will be in accordance with the Partner Entity's own fiduciary, safeguards and operational policies and procedures.

13. The Partner Entity agrees that the Transferred Funds will be kept separate and apart from the funds of the Partner Entity in one or more dedicated accounts pending their use for the purposes for which the specific Allocation has been approved by the Steering Committee. The Transferred Funds in these dedicated accounts may be commingled and may be freely exchanged by the Partner Entity into other currencies as may facilitate their further disbursement and investment. In the event that the Partner Entity has provided funding to a third party in a currency other than United States Dollars, unless otherwise agreed by the Steering Committee, any exchange rate risk arising as a result of such conversion of currencies will be borne by the Partner Entity.

14. (a) Subject to the terms of this Transfer Memorandum, the Partner Entity will invest all Transferred Funds pending their disbursement in accordance with the Partner Entity's policies and procedures concerning the investment of funds including those applicable to funds for which the Partner Entity acts as a trustee. The Partner Entity will not be held liable for any losses, which may arise from such investment save to the extent provided for in Paragraph 23 below.

(b) Except for investment income earned on Administrative Fees for Project Proposal Preparation or on Administrative Fees, any investment income earned on the Transferred Funds will be returned from the Partner Entity to the Trustee annually or such other frequency as may be agreed between the Trustee and the Partner Entity.

(c) Income earned on the investment of Transferred Funds as Administrative Fees for Project Proposal Preparation or on Administrative Fees will be retained by the Partner Entity and is not required to be reported or returned to the Trustee.

15. The Partner Entity, in accordance with its policies and procedures, will: (i) maintain books, records, documents, and other evidence in accordance with its usual accounting procedures to sufficiently substantiate the use of the Transferred Funds; (ii) provide periodic financial reports including annual unaudited or audited financial reports, as agreed with the Steering Committee; and (iii) provide any other relevant financial information in United States dollars to the Trustee for distribution to the Steering Committee, as agreed with the Steering Committee.

16. The Partner Entity will prepare and submit to the Trustee for each Project: (i) no later than one hundred fifty (150) days after the end of each Calendar Year annual reports on implementation results; (ii) mid-year progress narrative reports if agreed with the Steering Committee; and (iii) no later than six (6)

months after termination of this Transfer Memorandum, a final financial statement for the dedicated account(s) referred to in Paragraph 13 above.

17. Unless otherwise agreed between the Trustee and the Partner Entity, the Partner Entity's external auditors will audit the financial statements of the dedicated account(s) referred to in Paragraph 16 above. The costs of such audits will be borne by the Partner Entity and will be included in the Administrative Fee.

18. The Partner Entity will report to the Steering Committee, through the Secretariat, annually on the progress of implementation of its activities, results achieved compared to planned results as well as to its contribution to the achievement of the planned results of the GRIF as such and the financial status of Projects and activities under its responsibility and will, within six months of the completion date of the Project, provide the Steering Committee with a final report of such Project.

19. Any grant agreement that the Partner Entity enters into with an Implementing Entity will provide that:

(a) if the Partner Entity determines that GRIF funds are used in a manner inconsistent with the corresponding grant agreement, the Implementing Entity will promptly refund the GRIF funds to the Partner Entity and the Partner Entity will promptly return such funds to the GRIF; and

(b) the Partner Entity will only be obligated to make funds available under any grant agreement with the Implementing Entity to the extent the Partner Entity has received funding from the Trustee and that neither the Partner Entity nor the Trustee will have any personal liability to the Implementing Entity for any shortfall in funding under such grant agreement.

20. (a) A Contributor will notify the Trustee if the Contributors have determined, in consultation with the Partner Entity and Guyana, that with respect to a Project: (i) there has been a substantial deviation from the Project's concept and budget approved by the Steering Committee; (ii) the Partner Entity has failed to comply with any of the terms of this Transfer Memorandum; or (iii) the Partner Entity has engaged in financial mismanagement, as determined in accordance with the Partner Entity's policies and procedures. The Trustee will then notify the Partner Entity in writing that (i), (ii) or (iii) above has occurred and request the Partner Entity to remedy or cause such event to be remedied within thirty (30) calendar days of the notification by the Trustee.

(b) If following receipt of the Trustee notification referred to in Paragraph 20(a) the Partner Entity fails to remedy or cause such event to be remedied within the specified time period to the satisfaction of the Contributors, the Trustee: (i) will consult the Contributors; and (ii) at the instruction of the Contributors (in consultation with the Partner Entity and Guyana), may, if such event has not been remedied and such failure is continuing, suspend any further commitment and/or disbursement of the Transferred Funds for such Project and/or require the Partner Entity to return the funds transferred to the Partner Entity for such Project.

21. Recognizing the obligations of the Partner Entity's member countries under various United Nations Security Council Resolutions to take measures to prevent the financing of terrorists, the Partner Entity undertakes to use reasonable efforts, consistent with its policies and procedures, to ensure that the GRIF funds provided to it by the Trustee are used for their intended purposes and are not diverted to terrorists or their agents. The Partner Entity will include provisions corresponding to the above in any grant agreements that it enters into with Implementing Entities.

22. The Partner Entity will be responsible only for performing its functions specifically set forth in this Transfer Memorandum and will not be subject to any other duties or responsibilities, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or a trustee under general principles of trust or fiduciary law.

23. In performing its functions in accordance with the terms of this Transfer Memorandum, the Partner Entity will not be liable to the Trustee or the Contributors for any loss, costs or damages that may result from any act or omission on the part of the Partner Entity other than those caused by its gross negligence or willful misconduct. In no event will the Partner Entity be liable to the Trustee or the Contributors for consequential, special, indirect, incidental, punitive or exemplary losses, costs or damages.

24. This Transfer Memorandum may be terminated by either Party upon three (3) months prior written notice. Following termination, the Trustee and the Partner Entity will, in consultation with the Steering Committee, to the extent possible, take all necessary actions for winding up their affairs in relation to the Project(s) in an expeditious manner, and for meeting the commitments already made by the Trustee and the Partner Entity under this Transfer Memorandum prior to the date of the abovementioned termination notice. In the event of any such termination, unless the Parties agree on another course of action: (i) any agreement entered into prior to the termination between the Partner Entity and any consultants and/or other third parties will remain in effect and be unaffected by the termination; and (ii) the Partner Entity will continue to disburse the Transferred Funds in respect of such agreements to the extent necessary to fulfill the Partner Entity's obligations thereunder as if this Transfer Memorandum had not been terminated. All other Transferred Funds remaining with the Partner Entity including any investment income earned on the Transferred Funds (excluding investment income earned on Administrative Fees for Project Proposal Preparation or on Administrative Fees) and any unused amount of the Administrative Fees for Project Proposal Preparation or the Administrative Fees will be returned to the Trustee.

25. (a) The Partner Entity agrees that the Contributors, as third party beneficiaries, will have the right to seek recourse against the Partner Entity with respect to any unmet or breached obligations of the Partner Entity stated in this Transfer Memorandum; provided that the procedures specified in Paragraph 20 above have been exhausted. If as a result of the Contributors' recourse the Partner Entity makes any payment, such payment will be made only to the Trustee and only for the benefit of the GRIF. Any payment from the Partner Entity will be limited to such amount of Transferred Funds attributable to the breach of its obligations. The Partner Entity and the Contributors will use their best efforts to amicably resolve any disputes, controversy or claims arising out of or relating to this Transfer Memorandum.

(b) In the event the Contributors have the right to seek recourse against the Partner Entity pursuant to Paragraph 25(a), the Trustee may: (i) assign its rights under this Transfer Memorandum to the Contributors or their representative; and (ii) novate its obligations under the Transfer Memorandum to the Contributors or their representative and the Partner Entity irrevocably consents to such assignment and novation by the Trustee.

26. The Partner Entity will invite the Contributors to participate in its supervision missions related to the activities funded by the Partner Entity with the GRIF funds. If any Contributor wishes to request to review or evaluate the activities of the Partner Entity financed by the GRIF, the Contributor and the Partner Entity will agree on the scope and conduct of such review or evaluation, and the Partner Entity will provide all relevant information within the limits of its policies and procedures. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the GRIF. All associated costs will be borne by the Contributor, unless otherwise agreed.

27. All communications concerning this Transfer Memorandum will be addressed to the persons listed below (the “Trustee Contact” and the “Partner Entity Contact”, respectively).

Trustee Contact:

Ms. Susan McAdams
Director
Multilateral Trusteeship and Innovative Financing Department

The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.

Tel: (202) 458-0019
Fax: (202) 614-0795
E-mail: Smcadams@worldbank.org

Partner Entity Contact:

Ms. Francoise Clottes
Country Director for the Caribbean
Caribbean Country Management Unit
Latin American and Caribbean Region

International Development Association
1850 I Street, NW
Washington, DC 20433
U.S.A.

Tel: (202) 473-1905
Fax: (202) 676-1494
E-mail: Fclottes@worldbank.org

28. The Trustee will make this Transfer Memorandum and any related information on the GRIF publicly available in accordance with its policies and procedures with respect to the disclosure of information, in effect at the time of such disclosure.

29. The Partner Entity acknowledges that the Governance Framework Document may be amended from time to time by the Steering Committee, provided that any amendments that would affect the rights or obligations of the Partner Entity will only be effective upon the agreement of the Partner Entity.

30. This Transfer Memorandum may be amended only by written agreement between the Trustee and the Partner Entity.

31. The Trustee and the Partner Entity agree that this Transfer Memorandum will become effective as of the date of signature of the last signing Party.

**INTERNATIONAL DEVELOPMENT ASSOCIATION
AS TRUSTEE OF THE GUYANA REDD-PLUS INVESTMENT FUND**

/s/ Susan McAdams

Name: Susan McAdams

Title: Director

Date: April 13, 2011

**INTERNATIONAL DEVELOPMENT ASSOCIATION
AS PARTNER ENTITY OF THE GUYANA REDD-PLUS INVESTMENT FUND**

/s/ Francoise Clottes

Name: Francoise Clottes

Title: Country Director

Date: April 26, 2011

LETTER OF COMMITMENT

[date]

[Name]
[Title]
as Partner Entity Contact pursuant to the
Transfer Memorandum

Guyana REDD-Plus Investment Fund
Commitment of Funds to the [Partner Entity Full Name]

Dear Sir or Madam:

Reference is made to the Transfer Memorandum between the International Development Association (the “Association”) as trustee (the “Trustee”) of the Guyana REDD-Plus Investment Fund MTO No. 069017) (the “GRIF”) and the _____ (the “Partner Entity”), dated _____ (the “Transfer Memorandum”), in which the Trustee has agreed to transfer funds to the Partner Entity for the GRIF.

Capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Transfer Memorandum.

In accordance with Paragraph 3 of the Transfer Memorandum, the Trustee hereby commits the sum of US\$ [amount] to [Partner Entity Name], such amount reflecting the amounts approved by the GRIF Steering Committee for [the Partner Entity’s Administrative Fee for Project Proposal Preparation for the proposed Project][the Partner Entity activities to be carried out in connection with the Project and Administrative Fee] listed in Annex attached hereto.

International Development Association, as Trustee of the
Guyana REDD-Plus Investment Fund

Name:
Title:

Attachments

Form of Partner Entity Transfer Request

[Partner Entity's letterhead]

[Date]

[name]

[title]

Trustee Contact pursuant to the
Transfer Memorandum

RE: Guyana REDD-Plus Investment Fund (MTO No. 069017)

Dear [name]:

Reference is made to the Transfer Memorandum between the International Development Association (the "Association") as trustee (the "Trustee") of the Guyana REDD-Plus Investment Fund MTO No.069017 ("GRIF") and the _____ (the "Partner Entity"), dated _____ (the "Transfer Memorandum"), in which the Trustee has agreed to transfer funds to the Partner Entity for the GRIF.

Capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Transfer Memorandum.

Pursuant to Paragraph 4 of the Transfer Memorandum, the Partner Entity hereby requests you to transfer _____ *[insert amount]* United States Dollars from the GRIF for the Partner Entity's use consistent with the terms of the Transfer Memorandum for [the Administrative Fee for Project Proposal Preparation][the Project and Administrative Fee] set forth below:

[Administrative Fee for Project Proposal Preparation Amount:]

[Project Amount:

Administrative Fee Amount:]

Bank Account Details

Bank account name:

Bank account number:

Bank name:

Bank address:

Bank SWIFT code:

Routing instructions:

Sincerely,

NAME OF PARTNER ENTITY

[Name]

[Title]

as Partner Entity Contact pursuant to the
Transfer Memorandum