

# *Republic of Bulgaria*



## *Ministry of Environment and Water*

*Minister*

*Sofia, 25 February 2003*

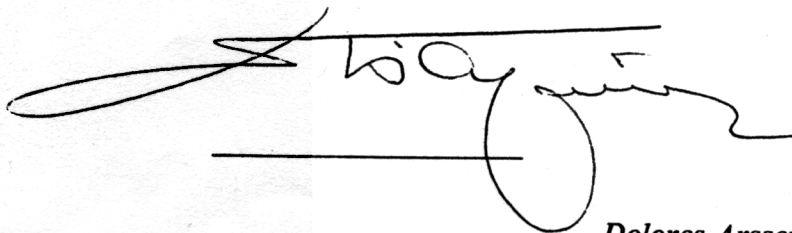
**Dear Mr. Vorkink,**

**Ref: Prototype Carbon Fund. "Svilosa Biomass Utilisation Project"**

1. I wish to refer to the request by Svilosa AD that the above mentioned project be considered for the purchase of emission reductions by the Prototype Carbon Fund (PCF), established by the International Bank for Reconstruction and Development (IBRD). I also wish to refer to the Host Country Umbrella Agreement between the Republic of Bulgaria and the IBRD in its own capacity and as Trustee of the PCF, of November 14, 2002.
2. The Republic of Bulgaria appreciates that the objective of the PCF is to buy emission reductions from project which will generate greenhouse gas emission reductions that in due course are expected to be eligible for transfer under Article 6 of the Kyoto Protocol to the UN Convention on Climate Change (UNFCCC) according to the terms of the UNFCCC, the Kyoto Protocol and the decisions, guidelines and modalities adopted thereunder.
3. As the authorized representative of the Republic of Bulgaria, I hereby confirm that the Republic of Bulgaria endorses the further development of the "Svilosa Biomass Utilisation Project" project and approves this project for the purpose of Article 6 of the Kyoto Protocol. The Republic of Bulgaria considers that the project will assist in achieving sustainable development and authorizes the Trustee (and as appropriate the PCF Participants) and Svilosa AD to participate, under its responsibility, in actions leading to the generation, transfer or acquisition of Emission Reductions from that project, and agrees to take whatever steps may be required under the UNFCCC and Kyoto Protocol for these purposes.

**Prototype Carbon Fund  
Mr. Andrew N. Vorkink  
Country Director for the Republic of Bulgaria  
The World Bank  
1818 H Street NW  
Washington DC 20433, USA**

4. As the authorized representative of Republic of Bulgaria, I also confirm that:
- (a) by this endorsement and approval the Republic of Bulgaria is committing itself to render such assistance as may be necessary for the purposes of the UNFCCC, such as the verification and certification of the greenhouse gas emission reductions from that project for the purposes of Article 6 of the Kyoto Protocol, in accordance with the UNFCCC, the Kyoto Protocol and the decisions, guidelines and modalities adopted thereunder;
  - (b) that the Emission Reductions to be generated by Svilosa AD have not been sold, assigned or transferred to any other party, or otherwise subjected to any Lien;
  - (c) that the Republic of Bulgaria will set aside and/or transfer the Assigned Amount Units generated by this Project according to the Host Country Umbrella Agreement;
  - (d) that the Republic of Bulgaria will issue and transfer the Emission Reduction Units generated by this Project according to the Host Country Umbrella Agreement;
  - (e) that Republic of Bulgaria will notify the Secretariat of the UNFCCC and the Article 6 Supervisory Committee of its intention to debit its Assigned Amount in the amount equivalent to the emission reductions generated by the Project and validated by an Independent Third Party.
5. In the event, the PCF decides to call the option under its agreement with Svilosa AD for the purchase of additional emission reductions, the Republic of Bulgaria will consider to debit an amount of its Assigned Amount equivalent to the additional emission reductions purchased.
6. The Republic of Bulgaria undertakes to ensure that:
- (a) the Svilosa AD is not precluded from obtaining, or unduly delayed in obtaining, any consents or approvals which it requires for the Svilosa AD, due to unlawful interference from any government authority;
  - (b) there will be no expropriation at any time of the Svilosa's assets included in the Project for the sale and delivery of Emission Reductions.
7. This letter will form part of the Project Design Document for the project and as such made publicly available through the UNFCCC Secretariat.
8. This letter of approval is done in two (2) originals in the English language.



*Dolores Arsenova*