



REPUBLICA DE COSTA RICA

Ministerio del Ambiente y Energía

Despacho del Ministro

DM 1617-02

November 27, 2002

To: Marco Cordero Gamboa
Manager, National Power and Light Co. (CNFL)

Ref: Prototype Carbon Fund (PCF), Cote Hydroelectric Project (HP)

Dear Mr. Cordero,

I wish to refer to your request that the above-mentioned project be considered for funding by the PCF established by the International Bank for Reconstruction and Development (IBRD).

As authorized representative of Costa Rica I hereby:

- a. Approve Cote HP for the purpose of Article 12 of the Kyoto Protocol;
- b. Express that the project assists Costa Rica in achieving sustainable development; and,
- c. Confirm the voluntary participation of CNFL with Cote HP.

In virtue of the above, encourages the IBRD, as trustee of the PCF and the CNFL, to participate in actions leading to the generation, acquisition and transfer of Certified Emission Reductions (CERs), and agrees to take all steps that may be required under the UN Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol for these purposes.

The Ministry of Environment and Energy under its competence is prepared to render such assistance to the PCF, the CNFL, the Executive Board of the Clean Development Mechanism and designated operational entities, as may be necessary for the registration of the project, the certification and verification of its performance, and if required the renewal of the baseline, in addition to the issuance and transfer of CERs to or to the order of the trustee (and as appropriate the PCF Participants) and for the purposes of the UNFCCC and the Kyoto Protocol.

On behalf of the Government of Costa Rica, I also confirm that:

- (a) The Republic of Costa Rica has ratified the Kyoto Protocol and is eligible to transfer and acquire CERs,
- (b) Under the laws of Costa Rica the CNFL has all rights, title and interest in and to all of the CERs to be generated by Cote HP and may sell those CERs to or to the order of trustee (and as appropriate the PCF Participants) in accordance with the terms and provisions of the Emission Reductions Purchase Agreement (ERPA), agreed between the PCF and the CNFL.

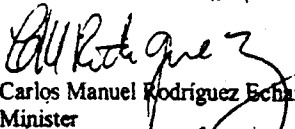


For their interest, I will send a copy of this letter to the attention of:

Prototype Carbon Fund
The World Bank
1818 H Street NW
Washington DC 20433
USA

This letter of approval is done in [two] originals in the English language.

Sincerely,


Carlos Manuel Rodríguez Echandi
Minister



Cc. Mr. Kenneth Newcombe, PCF Fund Manager