

INDICATIVE TERMS ONLY

Clean Development Mechanism Verified Emission Reductions Purchase Agreement

(Name of the Project)

by and between

PROJECT ENTITY

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT, AS TRUSTEE OF FUND**

Dated _____ **, 2006**

VERIFIED EMISSION REDUCTIONS PURCHASE AGREEMENT (“the Agreement”)

PARTIES: [PROJECT ENTITY] (“**Project Entity**”)

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“**IBRD**”) in its capacity as trustee (“**Trustee**”) of the _____ Fund (the “**Fund**”) pursuant to the Fund Instrument.

RECITALS:

- A. [*Host Country*] has ratified or acceded to the UNFCCC and the Kyoto Protocol.
- B. The Project Entity intends to carry out the Project which is expected to result in reduction of greenhouse gas emissions that are additional to any that would occur in the absence of the Project.
- C. The Project Entity wishes to sell, and the Trustee wishes to purchase, upon the terms and conditions in this Agreement, Emission Reductions from the Project.
- D. The Project Entity and Trustee intend that the Emission Reductions will be consistent with the International Rules and both Parties will make all reasonable efforts in accordance with this Agreement to transform the Emission Reductions into Certified Emission Reductions in accordance with the International Rules.

The Parties agree as follows:

ARTICLE I

Application of General Conditions

Section 1.01 *Application of General Conditions*

- (a) The International Bank for Reconstruction and Development's “General Conditions Applicable to Verified Emission Reductions Purchase Agreement for Clean Development Mechanism Projects” dated February 1, 2006 (“**General Conditions**”), set forth the terms and conditions applicable to this Agreement, to the extent and subject to any modifications set forth in this Agreement.
- (b) Any capitalized terms in this Agreement have the definition given to those terms in the General Conditions.

Section 1.02 *Inconsistency with General Conditions*

- (a) [Part B (Aggregated Projects) of the General Conditions is not incorporated in and does not apply to this Agreement.] [delete if projects are aggregated.]

- (b) If any provision of this Agreement is inconsistent with a provision of the General Conditions, the provision of this Agreement shall govern.

ARTICLE II

Project Details

Section 2.01 *Description of the Project*

- (a) The Project is: _____
- (b) The Host Country is: _____
- (c) The Crediting Period is: [seven (7) year Crediting Period, which may be renewed twice, adding up to a total maximum Crediting Period of twenty-one (21) years] OR [ten (10) year Crediting Period]

ARTICLE III

Conditions to Sale and Purchase

Section 3.01 *Conditions to be fulfilled*

The obligations to sell and purchase Emission Reductions in Article V of the General Conditions will not take effect until all of the conditions included in Schedule 1 to this Agreement have been fulfilled.

Section 3.02 *Conditions for benefit of Trustee*

The conditions in Section 3.01 are for the benefit of, and may only be waived or deferred by, the Trustee.

Section 3.03 *Termination of the Agreement*

- (a) If any of the conditions in Section 3.01 have not been either satisfied or waived by the Trustee within six (6) months from the date of this Agreement, the Trustee may terminate this Agreement by written notice to the Project Entity.
- (b) If the Trustee terminates this Agreement in accordance with Section 3.03(a), the Trustee shall provide the Project Entity with documentation evidencing any Project Preparation Costs and Kyoto Protocol and Other Costs which the Trustee has incurred at the date of termination and for which the Trustee requires reimbursement, and the Project Entity shall reimburse all such costs to the Trustee within thirty (30) days of receiving the documentation.

ARTICLE IV

Purchase and Sale of Emission Reductions

Section 4.01 *Contract ER Volume and Unit Price*

(a) Contract ERs are: _____

(b) The Unit Price is: _____ per Contract ER transferred to the Trustee.

Section 4.02 *Transfer of Contract ERs*

(a) The Annual Amounts and Cumulative Amounts of Contract ERs to be transferred to the Trustee each Reporting Year in accordance with Section 3.02 of the General Conditions are set out in Schedule 2 to this Agreement.

Section 4.03 *Reserved*

Section 4.04 *Annual Payment*

The Annual Payment for transferred Contract ERs and Option ERs is calculated in the manner set out below.

Annual Payment for transferred Contract ERs:

The Unit Price	X	The number of Contract ERs specified in the Transfer Form, which have been verified in the Verification Report (or as confirmed in the Annual ER Report where the Trustee has waived its right to Verification).	-	Project Preparation Costs and Kyoto Protocol and Other Costs in accordance with Section 5.04 of the General Conditions.
----------------	---	--	---	---

Annual Payment for transferred Option ERs:

The Exercise Price	X	The number of Option ERs specified in the Transfer Form, which have been verified in the Verification Report.	-	Kyoto Protocol and Other Costs in accordance with Section 5.04 of the General Conditions
--------------------	---	---	---	--

Section 4.05 *Exchange rate*

[For the purposes of Section 5.04 of the General Conditions, the exchange rate between the Euro (€) and the US Dollar (\$) for purposes of the Euro equivalent will be calculated when the Trustee makes the Annual Payment, including the deduction of costs thereto.]

ARTICLE V

Call Option

Section 5.01 *Call Option Volume and Exercise Price*

- (a) The Option ERs are: _____
- (b) Maximum Option
Volume during the
Term is: _____
- (c) Exercise Price is: _____
- (d) Exercise Period thirty (30) days
- (e) Exercise Completion thirty (30) days
Date is:

ARTICLE VI

Project Development and Monitoring

Section 6.01 *Project Development*

- (a) Expected Project
Commissioning Date is: _____
- (b) Cap on Project
Preparation Costs is: The maximum amount that the Trustee may deduct on
account of its Project Preparation Costs from the Annual
Payment(s) due to the Project Entity in any single
Reporting Year is US\$___ and over the term of this
Agreement is US\$___.
- (c) Cap on Kyoto Protocol
and Other Costs is: The maximum amount that the Trustee may deduct from
any Annual Payments due to the Project Entity on account
of its Kyoto Protocol and Other Costs incurred in any three
(3) consecutive Reporting Year period is US\$___
- (d) Project-Specific Due
Diligence Plans or
Covenants are: _____

ARTICLE VII

Representations and Warranties

Section 7.01 *Additional Project Entity Warranties*

In addition to the warranties in Article XII of the General Conditions, the Project Entity warrants, as at the date of this Agreement, and again upon both the production of the GHG Reductions and the transfer of Contract ERs or Option ERs, that:

(a) _____.

ARTICLE VIII

Term

Section 8.01 *Term of the Agreement*

Unless terminated earlier in accordance with the General Conditions or Section 3 of this ERPA, this ERPA shall terminate upon transfer of the Contract ERs and the Option ERs and the corresponding CERs and the payment of Annual Payments thereto, subject to the survival of provisions as identified in Section 15.09 of the General Conditions but in any case shall not terminate later than _____.

ARTICLE IX

Notices

Section 9.01 *Notices*

Any notice, communication, request or correspondence required or permitted under the terms of this Agreement shall be in writing, in the English language (it being understood that any such communication in a language other than English shall be of no force and effect), and shall be delivered personally, or via courier, telex, mail, or facsimile to the address and telecopier numbers provided below.

For the Project Entity:

For the Trustee:

[insert name of fund] Fund
1818 H Street, N.W.
Washington, D.C. 20433

United States of America

Cable address: INTBAFRAD
Washington, D.C.
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: (202) 477-6391

ARTICLE X

**[If necessary, add provisions regarding aggregated projects
and/or BioCF or CDCF-specific provisions]**

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the date first above written.

PROJECT ENTITY

By: _____

Title: _____

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT,
AS TRUSTEE OF THE _____ FUND

By: _____

Title: _____

SCHEDULE 1

CONDITIONS TO SALE AND PURCHASE

1. Receipt by the Trustee of the Written Approval, in form and substance satisfactory to the Trustee.

2. _____

SCHEDULE 2

ANNUAL AMOUNTS

Reporting Year	Period	Annual Amount of Contract ERs to be transferred in this Reporting Year	Cumulative Amount of Contract ERs which must be transferred by this Reporting Year
1	Commissioning Date – [*]		<i>[insert sum of Annual Amounts]</i>
2			
3			
4			
5			
6			
7			
8			
9, etc.			