



Benefits of undertaking a JI project

By selling carbon credits, a company can attract additional revenue to the project. This in turn makes the project more bankable, and/or enhances the equity returns. The EBRD and other providers of financing may consider these additional cash flows when evaluating a company's capacity to repay debt and/or provide a return on equity.

Payments from the Fund

Through the Fund, an Emission Reduction Purchase Agreement will be established with the project company. This will provide for the forward purchase of credits, at a fixed price. The price will be negotiated on a case-by-case basis and will be a function of the country and project risk.

The Fund may make advance payments of up to 50 per cent of the contract value. The remaining 50 per cent will be paid on delivery of verified carbon credits (according to UNFCCC standards), in the period 2008-12. With approval from the host country, carbon credits generated before 2008 can also be sold.

There are many steps involved in the establishment of an Emission Reduction Purchase Agreement, from concept stage through to implementation. All along this process the EBRD can assist with the development of the project.

Step 1. Project identification

- ✓ preparation of a Project Idea Note
- ✓ obtaining a Letter of Endorsement from the host country
- ✓ signing a Project Mandate Letter for the further development of the JI part of the project. (The EBRD can financially assist with further development.)

Step 2. Project design

- ✓ preparation of a Project Design Document
- ✓ validation of the Project Design Document by an Independent Entity
- ✓ obtaining Letter of Approval from the host country.

Step 3. Contracting

- ✓ negotiation and signing of an Emission Reduction Purchase Agreement with the EBRD (the Fund).

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