

## **PRESS RELEASE**

**3 May**

### **Launch of a new open-source agreement for CDM projects**

A new open-source agreement template for selling and buying Certified Emission Reductions (CERs) from Clean Development Mechanism (CDM) projects under the Kyoto Protocol was released today in an event to coincide with Carbon Expo 2007.

The new template – titled CER Sale and Purchase Agreement or “CERSPA” – was developed by over 30 lawyers and CDM experts from the private sector, civil society, intergovernmental organizations, and financial institutions from around the world. The purpose of the CERSPA is to provide a simple, balanced, open-source CDM contract that is accessible to sellers and buyers in many countries.

“The CERSPA facilitates the entry of new sellers by levelling the contractual playing field. It is a clear signal of the maturity of a market in which buyers and sellers can participate on an equal footing” said Christina Figueres from Costa Rica, Member of Executive Board of the CDM.

As the carbon market continues to develop, and moves from a buyers market to a sellers market, there is a need to assist project developers and sellers draft and negotiate contracts. Many CDM projects are being developed by entities which do not have the means to obtain advice from international legal firms. Unlike many buying institutions, sellers are rarely represented in international forums and do not have the capacity to follow the international discussions in detail. Their legal advisors in most cases are generalists without specific expertise in the carbon market. In order to benefit from the CDM and the carbon market it is important that entities selling CERs under forward contracts receive proper legal advice.

The Inter-American Investment Corporation (IIC), the private sector lending facility of the Inter-American Development Bank, is the main sponsor of the CERSPA initiative. IIC sees the development of the template as an important contribution to the carbon market that will enable financing institutions to consider an emission reduction sales agreement as collateral for their lending activities. “Based on our extensive experience with credit analysis of projects in Latin America and the Caribbean, we are confident that a template that strikes a balance between the interests of the buyers and the sellers of carbon credits, and their financiers, is critical for the development and financing of CDM projects. The CERSPA initiative will open many doors to smaller-scale developers around the world that may otherwise have been closed” said Sarah Fandell, General Counsel of the IIC.

Climate Focus and Lee International also sponsored the CERSPA initiative, and act as secretariat by providing their input and coordinating the drafting process. “The CERSPA stands out as the first open-source CDM contract that balances the interests of sellers, financial institutions and buyers and explains the legal and commercial rationale behind each clause in the contract.” said Robert O’Sullivan, counsel from Climate Focus. The translations in Spanish, Portuguese and Chinese will further promote the equitable participation of sellers who do not speak English as a first language “From my CDM work in South Africa, it is clear that sellers need access to a model contract that takes into account their specific needs and issues. The CERSPA and guidance document will give sellers a starting point” said Cathy Lee, Director of Lee International.

The launch of the agreement has been preceded by intensive consultation as well as a workshop which took place at the IIC's headquarters in Washington D.C. from the 5-6 October 2006. MGM International translated the documents into Spanish, Siqueira Castro Advogados provided the translations into Portuguese, and Mallesons Stephen Jaques provided the Chinese translations.

The CERSPA has received support from many companies around the world that recognized the need for the template and guidance document.

For more information on the CERSPA initiative, to obtain a copy of the CERSPA and Guidance Document, and provide input for future versions please visit [www.cerspa.org](http://www.cerspa.org), [www.iic.int](http://www.iic.int), [www.climatefocus.com](http://www.climatefocus.com) and [www.go-worldlee.com](http://www.go-worldlee.com).

Additional Quotes:

"As competitive markets are more efficient when demand and supply are diversified, the CDM market will benefit from a new template that buyers and sellers can use and draw from" said Claudio J. Lutzky, Legal Counsel, MGM International.

"The CERSPA Initiative provides tools to remind both parties of the need to consider the effects of language in the contract, their interests, and the implementation of the Clean Development Mechanism. It promotes the equitable treatment of buyers and sellers and thus helps to spread justice in the carbon contract negotiations" said Flavia Witkowski Frangetto, Local Partner, Siqueira Castro Advogados, Sao Paulo, Brazil.

"Sellers in Asia have often struggled with carbon contracts and associated documents. The CERSPA and Guidance Document are a very deliberate effort by an international team of carbon lawyers to level the playing field and facilitate transactions" said Christopher Tung, Partner Mallesons Stephens Jaques in Hong Kong and Lead Counsel of the Centre for International Sustainable Development Law.

"The CERSPA and guidance document has the power to make both parties feel they are in a win-win commercial relationship" said Innes Manzano, Director, Manzano & Asociados, Guayaquil, Ecuador.