



# Forest Carbon Partnership Facility

## **5b. Update on Roadmap to ERPA General Conditions**

FCPF Carbon Fund Meeting – Third meeting (CF3)

Asuncion, Paraguay

March 24 and 26, 2012

# Overview

## **I. Process of Endorsing the ERPA General Conditions**

- Term Sheet
- ERPA General Conditions
- ERPA Commercial Terms

## **II. Process of Entering into FCPF ERPAs**

- Letter of Intent
- FCPF ERPA

## **III. Updated Time Schedule for Legal Documentation**

## **IV. Workshops/Tutorials**

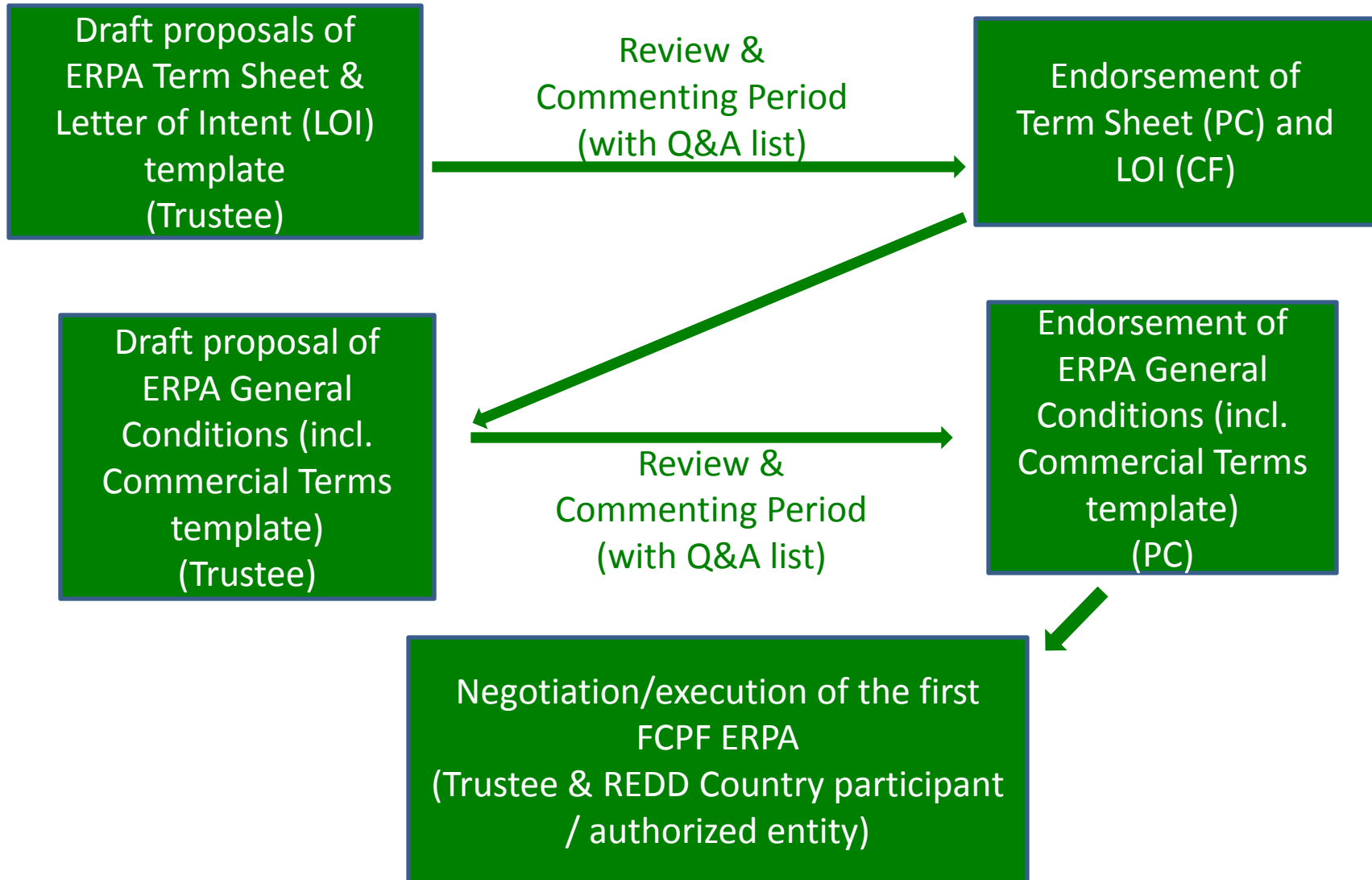
# Process of Endorsing ERPA General Conditions

Process	Legal Document	Purpose
<b>Endorsement of ERPA General Conditions (GCs)</b>	<b>Step 1:</b> ERPA Term Sheet  <b>Step 2:</b> ERPA GCs (incl. template on ERPA Commercial Terms)	PC participants agree on certain cornerstones of the ERPA General Conditions (in the form of general terms and procedures)  PC participants endorse ERPA GCs that are applicable to all FCPF ERPA (non-negotiable) together with a template of the ERPA Commercial Terms (negotiable)

# Process of Entering into FCPF ERPAs

Process	Legal Document	Purpose
<b>Entering into FCPF ERPAs</b>	<b>Step 1:</b> Letter of Intent (LOI)	Legally-binding agreement between Trustee and REDD Country Participant / authorized entity which includes provisions that shall guide the ERPA negotiation process (e.g. a period to negotiate an ERPA in good faith on basis of exclusivity) and is based on an LOI template that has been previously agreed upon with Carbon Fund Participants
	<b>Step 2:</b> FCPF ERPA (incl. endorsed ERPA GCs & Commercial Terms)	Legally-binding agreement between Trustee and REDD Country Participant / authorized entity on the sale & purchase of ERs generated by a specific ER Program

# Roadmap to ERPA General Conditions & FCPF ERPA execution



# Updated Time Schedule for Legal Documentation (1)

Legal Document	Process	Deadline (proposed at CF2)	New Deadline / [ <i>more conservative deadline</i> ] (proposed at CF3)
<b>ERPA Term Sheet</b>	Circulation of draft proposal of ERPA Term Sheet to PC	Prior to PC11 (March 2012)	Prior to PC12 (June 2012), e.g. May 2012 / [ <i>Prior to PC13 (October 2012), e.g. September 2012</i> ]
	Review & Commenting Period (w/ conference calls)	Following PC11 (March 2012); e.g. 2 weeks	Following receipt of draft proposal; e.g. 3 weeks
	Preparation of Q&A and revised draft ERPA Term Sheet	During Review & Commenting Period	Following Review and Commenting Period, e.g. beginning of June 2012 [ <i>October 2012</i> ]
	Circulation of revised draft ERPA Term Sheet / Q&A	-	Prior to PC12 (June 2012) / [ <i>Prior to PC13 (October 2012)</i> ]

# Updated Time Schedule for Legal Documentation (2)

Legal Document	Process	Deadline (proposed at CF2)	New Deadline / [ <i>more conservative deadline</i> ] (proposed at CF3)
ERPA Term Sheet (continued)	<p>Presentation of proposed (revised) draft ERPA Term Sheet</p> <p>Endorsement of ERPA Term Sheet by PC (by no-objection)</p>	<p>PC11 (March 2012)</p> <p>Following Review &amp; Commenting Period</p>	<p>PC12 (June 2012) / [<i>PC13 (October 2012)</i>]</p> <p>Following PC12 (June 2012) / [<i>PC13 (October 2012)</i>]</p>

# Updated Time Schedule for Legal Documentation (3)

Legal Document	Process	Deadline (proposed at CF2)	New Deadline / [ <i>more conservative deadline</i> ] (proposed at CF3)
ERPA General Conditions (GCs), including Commercial Terms template	Circulation of draft proposal of ERPA GCs to PC	Prior to PC12 (June 2012)	Prior to PC13 (October 2012) / [ <i>PC14 (March 2013)</i> ]
	Review & Commenting Period (w/ conference calls)	Following PC12 (June 2012); e.g. 2 weeks	Following receipt of draft proposal; e.g. 3 weeks
	Preparation of Q&A and revised draft ERPA GCs	During Review & Commenting Period	Following Review and Commenting Period, e.g. beginning of October 2012 [ <i>March 2013</i> ]
	Circulation of revised draft ERPA GCs / Q&A	-	Prior to PC13 (October 2012) / [ <i>Prior to PC14 (March 2013)</i> ]



# Updated Time Schedule for Legal Documentation (4)

Legal Document	Process	Deadline (proposed at CF2)	New Deadline / [ <i>more conservative deadline</i> ] (proposed at CF3)
<b>ERPA General Conditions (GCs), including Commercial Terms template (continued)</b>	Endorsement of ERPA GCs by PC	At PC12 (June 2012)	At PC13 (October 2012) / [ <i>PC14 (March 2013)</i> ]

# Updated Time Schedule for Legal Documentation (5)

Legal Document	Process	Deadline (proposed at CF2)	New Deadline / [ <i>more conservative deadline</i> ] (proposed at CF3)
<b>Letter of Intent (LOI)</b>	Circulation of draft proposal of LOI to CF	Prior to CF3 (March 2012)	Prior to CF4 (June 2012), e.g. May 2012 / [ <i>Prior to CF5 (October 2012), e.g. September 2012</i> ]
	Review & Commenting Period (w/ conference calls)	Following CF3 (March 2012); e.g. 2 weeks	Following receipt of draft proposal; e.g. 3 weeks
	Preparation of Q&A and revised draft LOI	During Review & Commenting Period	Following Review and Commenting Period, e.g. beginning of June 2012 [ <i>October 2012</i> ]
	Circulation of revised draft LOI / Q&A	-	Prior to CF4 (June 2012) / [ <i>Prior to CF5 (October 2012)</i> ]

# Updated Time Schedule for Legal Documentation (6)

Legal Document	Process	Deadline (proposed at CF2)	New Deadline / [ <i>more conservative deadline</i> ] (proposed at CF3)
<b>Letter of Intent (LOI) (continued)</b>	<p>Presentation of proposed (revised) draft LOI</p> <p>Endorsement of LOI by CF (by no-objection)</p>	<p>At CF3 (March 2012)</p> <p>Following Review &amp; Commenting Period</p>	<p>At CF4 (June 2012) / [<i>CF5 (October 2012)</i>]</p> <p>Following CF4 (June 2012) / [<i>CF5 (October 2012)</i>]</p>

# Updated Time Schedule for Legal Documentation (7)

Legal Document	Process	Deadline (proposed at CF2)	New Deadline / [ <i>more conservative deadline</i> ] (proposed at CF3)
<b>FCPF ERPA</b>	Negotiation of the first FCPF ERPA (based on the endorsed ERPA GCs and Commercial Terms template)	Following PC12 (June 2012)	Following PC13 (October 2012) / [ <i>PC14 (March 2013)</i> ]

## Workshops / Tutorials

- Trustee may offer workshops / tutorials to explain to PC/PA members (in particular REDD Country Participants) basic concepts of carbon finance transactions, pricing, elements of proposed Term Sheet/ERPA General Conditions/Commercial Terms/Annexes
- Designed to enable PC/PA members to make fully informed decision
- Process:
  - Trustee may offer workshops/tutorials for all PC/PA members and/or specific REDD Country Participants immediately prior to PC12 (June 2012), PC13 (October 2012) and/or PC14 (March 2013) (with PC/PA members/REDD Country Participants present) or between such PC meetings (e.g., by video- or telephone conference)