



MITIGATION OUTCOME PURCHASE AGREEMENT (MOPA)

Purchase agreements, such as the MOPA, have previously been employed in the context of the CDM and Joint Implementation. A MOPA can be established either by two Parties or one or more Parties and a public or private sector entity, provided that they are authorised to participate in the cooperative approach. It is important to note that MOPAs may vary in form and content depending on the participating Parties, activity type and legal requirements of the involved Parties. Therefore, seeking legal advice is advisable to tailor MOPAs to specific trades and ensure content accuracy. Well prepared MOPAs can mitigate multiple risks, including financial losses and overselling, and all potential risks should be identified and addressed before the MOPA is signed. Options for risk mitigation, such as condition for due diligence check, can be incorporated in the MOPA. The essential components of a MOPA include:¹

- Type of activity
- Quality
- Schedule of deliverance
- Volume of ITMOs for transfer
- Requirements for transfer of ITMOs
- Price and payment method
- Signatories (e.g. Parties/Entities involved)
- Principles (e.g. high environmental integrity, supporting sustainable development goals)

¹ GGGI (2023): Mitigation Outcome Purchase Agreements, GGGI Technical Guidelines N°7, https://gggi.org/wp-content/uploads/2023/05/GGGI_Tech_Guidelines_7-1.pdf (accessed May 21, 2024)



A MOPA may also contain information concerning provisions related to corresponding adjustments (CAs) or the host countries' NDC (to prevent overselling and noncompliance with unconditional targets), as well as specifications regarding registries, MRV, safeguards, alignment with national policies, and the authorisation of transfer.

The technical guidance outlines five key categories informing the content of a MOPA :

- **Background:** This section identifies the Parties involved and states the contract's purpose. This background is vital for establishing responsibilities, for compliance and dispute resolution. It also contains recitals (i.e. statements on motivation and objectives), effective date and term as well as definitions and interpretations of key concepts.
- **Conditions precedent:** This section stipulates the conditions that must be fulfilled by the Parties before their legal relationship takes effect. Such provisions can include the fulfilment of Article 6 participation requirements, proofing of legal ownership of mitigation outcomes (by the seller), existence of a registry, or completion of due diligence. Conditions listed in this section should be clear and balanced between the Parties. Non-compliance consequences should be listed in this section (e.g. cancelation of MOPA).
- **Obligations:** This section lists all responsibilities and commitments the Parties must adhere to, including, the application of CAs where applicable, adherence to Article 6 reporting requirements, set price and volume of ITMOs and transaction costs. The primary objective of this section is to ensure that mitigation outcomes are achieved. Technical elements, such as requirements for MRV, are not explicitly stated in the MOPA but are articulated in the MADD. Consequently, the MOPA specifies the obligation to comply with the requirements outlined in the MADD.
- **Default and termination:** This section regulated the termination of the MOPA., specifying the specific circumstances leading to termination and respective remedies. Termination can occur according to the contract terms or as a result of the right to terminate the contract in case of non-compliance. In both cases, the MOPA should establish respective provisions for that purpose. In addition, this section should cover dispute resolution mechanisms, delineating approaches such a as diplomacy and negotiations, and specifying the applicable laws. To maintain a balanced power dynamic, Parties may opt to apply the law of a country not explicitly involved in the MOPA.
- **Annexures:** This section should include documents referenced in the MOPA and provide additional information, such as the MADD, authorisation letter and commercial terms like deliverance and payment schedule.

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