



A GUIDE TO CONTRACTUAL STRUCTURE

To engage under Article 6, Parties can set up different types of contracts to delineate the rights and obligations of the involved parties. The specific content of these contracts depends on the document's purpose and the Parties preferences. In addition, contracts can be customised to the particular circumstances, including legal requirements, of the Parties involved.

There are five types of contracts commonly associated with Article 6 engagement, and they can be described as follows:

1. **Memorandum of Understanding (MoU):** In preparation for cooperation under Art.6.2 Parties can sign an MoU to declare their intent to engage in a joint cooperative approach. An MoU is a non-legally binding document, which usually includes information on the participating Parties and/or entities and the intention to cooperate under Article 6.2, adhering to the requirements outlined under the Article 6.2 guidance.
2. **Bilateral agreement:**¹ A bilateral agreement between host and acquiring Party is often signed as subsequent step after signing an MoU. In contrast to an MoU, bilateral agreements are legally binding and provide more detail regarding the cooperative approach. These include specifications on environmental integrity criteria, activity eligibility, authorisation, sustainable development and corresponding adjustments.²

¹ This strategic orientation is further detailed in the *Bilateral Agreement* section on the Article 6 page *How to assess activities and cooperation approaches?*

² Examples of bilateral agreements can be accessed for example on the website of the Swiss Ministry of Environment for agreements between Switzerland and other countries: <https://www.bafu.admin.ch/bafu/en/home/topics/climate/info-specialists/climate--international->



3. **Institutional arrangements:**³ This category includes contracts between a coordinating entity responsible for Article 6 activities and other stakeholders involved. These stakeholders can include implementing, financing and operational entities as well as other service providers.
4. **Contracts related to actual activity cycle and emission reductions:** The Mitigation Outcome Purchase Agreement (MOPA)⁴ is a legally binding document between the activity developer or the coordinating entity and the buyer of ITMOs. It facilitates the sale and purchase of ITMOs, instilling confidence to the Parties involved.
5. **Other contracts:** All other types of contracts fall under this category, such as agreements for the validation and verification of mitigation outcomes by third-parties.

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[affairs/staatsvertraege-umsetzung-klimauebereinkommen-von-paris-artikel6.html](#) (accessed May 21, 2024)

³ This strategic orientation is further detailed in the *Governance structure and institutional arrangements* section of the Article 6 page *What is needed for national implementation?*

⁴ MOPAs are further detailed in the Information Note *MOPAs on the Article 6 page How to assess activities and cooperation approaches?*

