
TYPES OF CONTRACTS

To participate in cooperative approaches under Article 6 of the Paris Agreement, Parties establish various types of contracts to define the rights, responsibilities, and obligations of those involved. The structure and content of these contracts depend on their purpose, legal context, and the preferences of the Parties. They can be tailored to reflect specific national circumstances, regulatory requirements, or project-level considerations.

While many Article 6.2 activities currently underway follow **bilateral approaches**, (*i.e.* involving a host country and a partner acquiring country), **unilateral approaches** are increasingly gaining traction¹. These occur when a host country develops and authorises mitigation activities without having a foreign government counterparty in place at the outset. Instead of a formal bilateral agreement between two governments, the host Party unilaterally sets up the framework for generating and transferring ITMOs to non-state buyers (e.g. private companies, funds, or international platforms). It is important to note that unilateral approaches may follow a different contractual process than the one outlined below.

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

Memorandum of Understanding (MoU):

An MoU serves as an initial step in establishing cooperation under Article 6.2. It is a non-binding declaration of intent between two or more Parties expressing their willingness to engage in cooperative approaches. Typically, an MoU identifies the participating Parties or entities, outlines shared objectives such as capacity building or pilot project development, establishes a framework for future negotiations toward legally binding agreements, and signals political commitment without creating enforceable obligations.

¹ see IETA, Visualising Article 6 Implementation, available [here](#)



Example: [The Norway-Senegal MoU](#) signed in 2023 under the Global Green Growth Institute's (GGGI) DAPA programme, laid the groundwork for establishing subsequent frameworks for bilateral cooperation under Article 6.2.

Bilateral Agreement (BA)

Following an MoU, Parties typically formalise cooperation through a bilateral agreement, which is legally binding. These agreements form the foundation of Article 6.2 implementation and operationalise cooperative approaches.

Bilateral agreements under Article 6.2 of the Paris Agreement are not based on a single global template, but they generally follow a common structure that has emerged through practice and guidance.

There is no official UNFCCC-mandated template for these agreements. Instead, countries develop their own bilateral templates inspired by early examples and best practices, particularly those established by Switzerland, Japan, Singapore, and the Nordic countries.

However, many of these agreements share core structural elements, informed by Article 6.2 guidance ([Decision 2/CMA.3](#), Glasgow 2021) and model clauses circulated informally among Parties and legal experts. A bilateral agreement generally includes:

- Detailed eligibility criteria for activities and ITMOs;
- Environmental integrity and additionality provisions;
- Procedures for authorisation of mitigation outcomes and corresponding adjustments;
- Requirements for sustainable development contribution and stakeholder engagement;
- Terms governing the transfer, use, and tracking of ITMOs; and
- Dispute resolution mechanisms.

Example: Bilateral agreements can be accessed on the [website](#) of the Swiss Federal Office for the Environment, including those signed between Switzerland and countries such as [Senegal](#), [Ghana](#), and others.

Institutional Arrangements

This category covers operational contracts between a coordinating entity (e.g., a government-designated Article 6 authority) and other implementing stakeholders such as financiers, project developers, verifiers, or technology providers involved in a given activity. Such agreements may establish the roles and responsibilities in the implementation and governance of Article 6-related activities, as well as the reporting and data-sharing obligations by each entity.

These arrangements often serve as the interface between national authorities and project-level participants, ensuring alignment with host-country climate strategies and NDC targets.



Contracts related to the activity cycle and ITMO Transactions

The **Mitigation Outcome Purchase Agreement (MOPA)** is the key contractual instrument for the sale and purchase of ITMOs. It is a legally binding agreement between the activity developer (or coordinating entity) and the ITMO buyer (typically a government or private entity).

A MOPA typically defines:

- The volume, price, and delivery schedule of ITMOs;
- Verification milestones and payment conditions (e.g., pay-on-delivery or pre-payment);
- Risk-allocation mechanisms (e.g., delivery shortfall clauses, force majeure);
- Provisions for corresponding adjustments and host-country authorisation; and
- Compliance with Article 6.2 reporting and transparency rules.

Example: The Swedish Energy Agency (on behalf of the Government of Sweden) [entered into a MOPA with a mitigation activity proponent in Ghana](#) in November 2023 to govern the sale and purchase of ITMOs generated from a specific mitigation activity.

The pre-payment model for ITMOs² involving using escrow accounts, tranche payments, or host-country issuance guarantees is explored to enhance project bankability and accelerate capital deployment prior to ITMO delivery

Other contracts

Other agreements fall under this category, including:

- Validation and verification contracts between the coordinating entity and accredited third-party auditors;
- Registry service agreements with IT system providers; and
- Monitoring and reporting contracts with data verification entities.

These contracts depend on the specific needs of the country and stakeholders and should be evaluated on a case-by-case basis, taking into account the cooperative approach and the particular mitigation activity.

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² see UNDP-CCC publication, [A pre-payment model for Internationally Transferred Mitigation Outcomes under article 6 of the Paris agreement](#).