



LETTER OF AUTHORIZATION FOR USE OF EMISSIONS REDUCTIONS UNDER ARTICLE 6.2 OF THE PARIS AGREEMENT FOR INTERNATIONAL MITIGATION PURPOSES OR OTHER PURPOSES

TEMPLATE: November 2024

PURPOSE

This template is intended to be used for project activities seeking compliance with requirements for mitigation outcomes authorized for use under Article 6.2 of the Paris Agreement for international mitigation purposes or other purposes.

The main purposes of this template are to (i) support host governments' efforts in facilitating carbon investments into host countries by enhancing transparency and clarity in carbon-related government processes through a standardized template and (ii) assist potential investors in setting out their legal rights over mitigation outcomes, thereby increasing the insurability of projects generating mitigation outcomes.

Document Revision History

Version	Date	Description
1.0	November 2024	Initial template
2.0	TBD	TBD

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FROM: Government of [COUNTRY]

[Name and Title of duly authorized representative empowered by the Government of [COUNTRY] party to the Paris Agreement to provide all Article 6.2 related authorizations and adjustments]

TO: [Addressee name, title, contact info]¹ [for and on behalf of the Investor(s)]

LETTER OF AUTHORIZATION

[NAME OF PROJECT]

WHEREAS [COUNTRY] is a party to the international treaty on climate change adopted by 196 parties to the Conference of the Parties 21 in Paris on December 12, 2015, and entered into force on 4 November 2016, being Decision 1/CP.21 (*Adoption of the Paris Agreement*) (the “**Paris Agreement**”), and has ratified the Paris Agreement on [DATE];

WHEREAS [COUNTRY] intends to participate in cooperative approaches under Article 6.2 of the Paris Agreement in order to cooperate in the implementation of its nationally determined contributions (“**NDCs**”) to allow for higher ambition in mitigation and adaptation actions, promote sustainable development, and environmental integrity;

WHEREAS [COUNTRY] allows mitigation outcomes to be authorized for (i) the achievement of an NDC other than the NDCs of [COUNTRY], [and/or] (ii) international mitigation purposes other than achievement of an NDC, [and/or] (iii) other purposes as determined by the first transferring participating party (clauses (ii) and (iii) together, “**Other International Mitigation Purposes**” or “**OIMP**”) as per Decision 2/CMA.3 (Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement) and Decision 6/CMA.4 (Matters relating to cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement) (together, the “**Article 6.2 Rules**”);

WHEREAS [name of the relevant project developer or other private entity to whom the authorization is being issued] (the “**Investor(s)**”) has undertaken or intends to undertake [PROJECT], as described in the project documentation attached to this Letter of Authorization (the “**Project**”);

AND WHEREAS [name of the ministry/government agency signatory of this Letter of Authorization that is the national focal point of the country to the UNFCCC] (the “**Authority**”) is mandated by the Government of [COUNTRY] and has exclusive authority to issue this Letter and the authorization contained herein for and on behalf of the Government of [COUNTRY].

NOW, THEREFORE, the Government of [COUNTRY] agrees, and the Investor accepts and acknowledges such agreement, as follows:

1. Government Authorizations and Commitments

The Government of [COUNTRY] hereby endorses the Project in accordance with [*insert name of applicable legislation or regulation in the host country, and applicable other agreements, if any, between the host country and the investor*] [or any further regulation aimed at implementing

¹ Since this letter is being issued to a counterparty that is not a Party to the Paris Agreement (i.e., a private entity), the issuer of this letter should first obtain legal advice regarding the permissibility of such “unilateral” letters of authorization under the current Article 6.2 Rules.

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requirements for cooperative approaches under Article 6.2 of the Paris Agreement.]

The Government of [COUNTRY] hereby acknowledges and agrees that the Project will contribute to sustainable development and reduce emissions or enhance removals in [COUNTRY] and that [name of carbon credits certification body] (the “**Certification Entity**”) has issued, or has confirmed that it expects to issue, mitigation outcomes for these emission reductions or removals, which have been, or will be verified/certified as per the procedures of the Certification Entity.

The Government of [COUNTRY] hereby [irrevocably]² authorizes the Project’s emission reductions or removals, issued and certified, or to be issued and certified, as mitigation outcomes by the Certification Entity (the “**Credits**”), [and subject to the limitations below it irrevocably authorizes the Credits] to be used by the Investor or by any other private or public entities as Internationally Transferred Mitigation Outcomes (“**ITMOs**”) (i) towards an NDC (other than the NDCs of [COUNTRY]) or (ii) for Other International Mitigation Purposes under the Article 6.2 Rules.

[The Investor shall submit annual reports to the Government of [COUNTRY], by no later than [] of each year, regarding the latest issuance of the Credits and the use of the Credits’ associated emissions reductions or removals by the Investor, other entities or other countries.]

The authorization for use of the Credits as ITMOs is limited to those issued in respect of emission reductions or removals that occur in the period from [] to [] and to a maximum of [QUANTITY or PERCENTAGE]³ tCO₂e of the Project’s emission reductions or removals generated [in each calendar year] [for the duration of the Project] (“**Authorized ITMOs**”).

Further, the Government of [COUNTRY]:

(i) shall not use the Authorized ITMOs to implement and achieve its NDCs or any other domestic climate change mitigation targets;

(ii) shall account for the Authorized ITMOs by applying corresponding adjustments to its National GHG Inventory in accordance with the Article 6.2 Rules;

(iii) (x) hereby expressly [and irrevocably] permits, consents to and authorizes the transfer, sale, or any other disposition (a “**Transfer**”) to any other person or entity of the Authorized ITMOs and the Credits or any rights associated therewith, including outside of [COUNTRY], by the Investor, by any person to whom the Investor has made such Transfer, or by any other future transferee of the Authorized ITMOs and the Credits, in each case in conjunction with the transfer of the rights under this Letter of Authorization, (y) any such future Transfers of the Authorized ITMOs and the Credits shall be free and clear of any liability to the Government of [COUNTRY], and (z) the Government of [COUNTRY] shall consider the [authorization]/[issuance] of the Authorized ITMOs and the Credits to represent “First Transfer”⁴; and

[(iv) include any other specific commitments requested by the Investor or the Host Country on a project- or country-specific basis].

² The Host Country should consider including this word to provide confidence regarding the authorization.

³ Such quantity to be net of overall mitigation in global emissions (OMGE) and share of proceeds (SOP) for adaptation.

⁴ This has the meaning set out in FCCC/PA/CMA/2021/10/add.1 section 2; to be updated as additional guidance emerges.

In furtherance of the above, the Government of [COUNTRY] shall report on the authorization and, where different, the First Transfer of the Project's emission reductions or removals as ITMOs, in a transparent manner that is consistent with the requirements of Article 13 of the Paris Agreement and Chapter IV A-C (inclusive) of the Annex to Decision 2/CMA.3 (Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement).

2. Consideration and Proceeds

As consideration for the authorizations in this Letter of Authorization, the Authority requires that: (i) the following amounts of US\$ be paid by the Investor to the Authority [to compensate [COUNTRY] for its marginal cost of abatement]: [On registration of the project [*Insert Amount*] in US\$ calculated as [*insert amount*] per Credit predicted to be issued in total] [On issuance of Credits [*Insert Amount*] in US\$ per Authorised ITMOs [calculated by reference to the quantity or % as per the fifth paragraph of Section 1 above] [*other*]; and (ii) an additional []% of revenues generated from the sale of the mitigation outcomes authorized in this Letter of Authorization be paid to the Authority.⁵

3. Registration and Issuance of, and Compensation for, the Credits

As a requirement for the authorizations and commitments set forth in Section 1 above, the Credits, including the amount thereof [and any other features/qualities thereof], shall have been certified, registered and issued by the Certification Entity. Such certification, registration and issuance shall be the sole condition precedent to the commitments of the Government of [COUNTRY] specified in [paragraphs [] of] Section 1 above. [The Government of [COUNTRY] hereby waives any claim, objection, or defense with respect to such commitments on any grounds other than the non-satisfaction of such condition].

If the Government of [COUNTRY] fails to comply with its commitments set forth in Section 1 above, it shall compensate the Investor for the losses resulting from such non-compliance. [The scope and amount of such compensation will be determined in a manner that is equitable, transparent and consistent with prevailing industry standards and regulations in consideration of, among others, the prevailing market value of the affected Credits [and estimated revenue losses by the Investor attributable to the Government of [COUNTRY]'s failure to meet its commitments under this Letter of Authorization.]]

4. Governing Law and Dispute Resolution

This Letter of Authorization is governed by the laws of [COUNTRY] and constitutes legal, valid and binding obligations of the Government of [COUNTRY], enforceable in accordance with its terms.

Any dispute, controversy or claim arising out of, relating to, or in connection with, this Letter of Authorization (including its existence, validity, interpretation, breach, termination or enforcement, and in relation to the compensation for the Credits in accordance with Section 3 above) shall be referred to and finally settled by [].⁵

⁵ Parties to this letter to consider adding other references in this section such as percentage of proceeds to be allocated to the Global Adaptation Fund and a certain proportion of mitigation outcomes to be retired on issuance for the purposes of Overall Mitigation in Global Emissions or other fees and pricing mechanism.

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Government of [COUNTRY]
Authorized Representative

(signature)

Name: _____

Title: _____

Date: _____

[INVESTOR NAME]
ACCEPTED AND AGREED BY:

(signature)

Name: _____

Title: _____

Date: _____

⁵ This is a required element of the LoA to be negotiated and included by the parties whereby they commit to abide by a final determination by an independent third party. [In addition, a waiver of sovereign immunity clause to be considered].