

Mitigation Outcome Purchase Agreements in Article 6 Mitigation Activities : Cases and Key Considerations

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Why purchase agreements matter now

The volumes Korea needs are large; what has been secured so far is small.

International mitigation in Korea's 2030 NDC

37.5 Mt

~0.5% in sight

Volume securable by 2030 from the 2023–24 project calls (about 0.2 Mt a year), per a reported government document

53–61%

2035 NDC reduction below 2018 levels, adopted in November 2025

Three points for today

01 **A signed MOPA speaks for itself**

It lets the host show **what volume is contracted** and that **a deal exists**.

02 **No result, no payment**

The buyer pays for **verified, delivered outcomes**; money moves only when results do.

03 **Buying early can mean buying at today's price**

As demand grows and hosts hold more back for their NDCs, **prices are expected to rise**.

Sources: The Better Future (2025); Financial News (11 Nov 2025)

What a MOPA is

The Paris Agreement sets the principles; the contract sets the deal, on top of a government agreement.

Who signs

Governments, or private entities authorized by their governments

What is traded

ITMOs: real, verified, additional outcomes from 2021, authorized by a Party

What the contract adds

Price, delivery and title , which the Paris rules do not set

Structure	Contract set-up and who is paid	Host government's role	What to check
Government – government	One MOPA between governments; **the host government** is paid	Implements the activity	Treaty or commercial contract? Who signs?
Government – private	Framework agreement + MOPA with **a host entity** , which is paid	Authorizes, reports, adjusts	Does the seller hold title?
Private – private	Framework agreement + MOPA between companies	Authorizes, reports, adjusts	Results transferred to the buyer's country

ITMO definition: Decision 2/CMA.3, Annex, para. 1. Structures: Carbon Limits, Oeko-Institut and SEI (2021)

Korea's route to volumes

Korea invests, then shares results through the Joint Committee; hosts now run their own approvals too.

Korea's track

Project found
By a Korean developer

›

Pre-feasibility
Government support

›

Feasibility
Government support

›

Capex support
Installation and investment

›

Operation
Monitoring and verification

›

Joint Committee
Transfer and sharing

The host's own framework

Hosts increasingly decide whether to authorize under their own governance framework.

Activity approval
Under host rules

›

Authorization
Letter of authorization

›

Transfer
Registry and adjustment

From Korea's side

A reasonable route: volumes are **agreed through dialogue** with the host.

From the host's side

It can look like **a second approval** on top of its own process.

Hosts may read the Joint Committee as an extra step; what it adds for them needs to be clear.

Another route: a fund -led purchase

A buyer country can combine feasibility support and purchase in one structure.

Buyer side

Buyer country
Capitalizes a trust fund

›

Fund operator
Acts for the buyer

›

Technical assistance
Pipeline and feasibility

›

MOPA signed
With a host entity

›

Results verified
Monitoring and verification

›

Payment
Only for delivered outcomes

Host side

The host runs the programme; the MOPA sets who delivers what, and when.

Programme
e.g., incentive per verified output

›

Authorization
Letter of authorization

›

Transfer
Registry and adjustment

What it makes visible

Contracted volume and term are public from the day of signing.

How money moves

Feasibility work comes first; **purchase payments follow verified results** .

Recent examples: purchase agreements signed or extended at COP31 with Indonesia, Morocco and Zambia

What a purchase agreement adds

A MOPA writes down who owes what, to whom, and by when, and says so in public.

	Invest and recover	Purchase agreement (MOPA)
Contract	**Support agreement** between a funding agency and a company	**Purchase agreement** between buyer and seller, with the host's role defined
Host's role	Set out in the implementation agreement; transfers settled later in the Joint Committee	Authorization, adjustments and delivery **written in as obligations**
Delivery risk	Sits **implicitly** with the company	Allocated **explicitly** : guarantees, options, remedies
Buyer's side	The funder is not the authority for authorization and transfer	Receiving entity, registry account and timing named
Public signal	'A country invested in a firm's project': read as **one company's deal**	'Country X will transfer ITMOs': read as **host intent** , even with the price undisclosed

Where an investment model is used, sharing its broad scale (projects, support, expected volumes) makes the framework visible.

What goes into a MOPA

Five blocks; delivery and payment start only once the conditions precedent are met.

Entry into force

- Conditions precedent
- Effective date and term
- Recitals

Commercial terms

- Volume and minimum amount
- Delivery
- Unit price and payment
- Options: first refusal, call, put
- Costs and share of proceeds

Article 6 role

- Participation
- Authorization
- Adjustments (CA)
- Reporting and review

Implementation

- Host implementation and reporting
- Buyer obligations
- Reps and warranties

Default and exit

- Delivery shortfall
- Liability
- Force majeure, change in law
- Termination
- Governing law, disputes

Conditions and the host's Article 6 obligations

Paris requirements become contract terms, and they apply to buyer countries too.

Requirement	How the MOPA handles it	What it means for the buyer
Participation	**Condition precedent** : Party to the PA, NDC, authorization and tracking arrangements, latest inventory	The buyer country must meet the same requirements
Authorization	**Condition precedent** : authorized use (e.g., NDC use), scope and timing	Hosts tend to use one common format for all buyers
Corresponding adjustments	**Host's obligation** , with payment linked to it	**The buyer's key safeguard**
Reporting and review	**Host's obligation** : initial report, annual information, technical expert review	Open-ended reporting duties tend to raise the price
Other conditions	Due diligence, regulation enacted, project commissioned	Mutual conditions build trust; one-sided discretion reads as an exit

Basis: Decision 2/CMA.3, Annex, and subsequent CMA decisions

Volume and price

Hosts tend to keep their most valuable projects for their own NDC; volume and price are negotiated together.

How sure is the volume?

What the contract says	For the buyer	For the host
Fixed delivery: 'X t by [date]'	Sure of the volume	Penalty risk, so a higher price
Best efforts: 'try to deliver'	Volume may vary	Easy to agree

A common middle ground

Fix a small amount, and secure the rest through a right of first refusal or a call option.

How is the price set?

Approach	For the buyer
Fixed	Easy to budget; pressure to renegotiate if markets rise
Indexed	Few ITMO benchmarks; the budget varies
Fixed + indexed	Preferred by sellers; the floor is the key number
Floor and ceiling	Protects both sides;**suits long contracts**
Escalating	Predictable, and acceptable to hosts

Payment terms

What the buyer pays against decides how much risk it carries.

Lowest buyer risk

Payment on delivery

Paid once delivery is **confirmed in the registry** .

The buyer's key safeguard

Split payment linked to adjustments

Part on delivery; **the balance once the host shows** it has submitted the adjustment information to the UNFCCC Article 6 database.

What projects often need

Advance payment

Many projects **need upfront finance** to be built. Paid against milestones, then set off against deliveries.

Share of proceeds and OMGE under 6.2

Not mandatory under 6.2, but encouraged: contributions to adaptation, and cancellation for overall mitigation. Agree whether to apply them, and who bears the cost.

Costs, taxes and funding

Taxes usually fall where they arise; issuance and registry fees need an owner. **Can the buyer pay in advance, or over several years?**

Sharing risk

Overselling, force majeure and change in law sit on both sides; agreeing how to suspend works better than resisting it.

Risk	Why it matters	What hosts ask for	Buyer's response
Overselling	The host sells, then misses its own NDC	A right to suspend or terminate; due care only	Check the host's NDC pathway; **secure priority to restore volumes**
Force majeure	Events beyond control; whether project failure counts is disputed	A broad, open definition	Agree the scope; return unused advances
Change in law	Paris rules, or domestic law such as an export ban	Keep host law inside the definition	**Treat both sides the same way**; renegotiate first

If a MOPA is considered in Korea's current setting

Today's setting shapes what a purchase agreement would need to address.

Korea today	What a MOPA would need to address
The Joint Committee approves projects and shares results	Where a MOPA sits **under the Joint Committee** , and who signs on Korea's side
Government funds feasibility and capex; results are recovered	**A funding route** for purchase obligations: public budget, policy finance or private buyers
Hosts authorize under their own frameworks	**Authorization for NDC use** and adjustments as conditions, with payment tied to them
Volumes depend on project results	**A fixed amount plus options** , and risk clauses that apply to both sides
Investment announcements read as one company's deal	A signed MOPA **signals host intent** ; the program's broad scale can be shared

In today's setting, a MOPA would complement the Joint Committee, not replace it.



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