



## **Letter of Authorization**

**To authorize ITMOs for International Mitigation Purposes: CORSIA**

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*November 2024: This draft document is subject to change based on the results of the ongoing negotiations under Article 6 of the Paris Agreement.*

FROM: Government of [COUNTRY]

[Name of the ministry/government agency signatory of this Letter of Authorization that is the national focal point of the country to the UNFCCC]

TO: [Addressee name, title, contact info of the Investor]

RE: Letter of Authorization

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] allows mitigation outcomes to be authorized for international mitigation purposes other than achieving an NDC (hereinafter referred to as International Mitigation Purposes) 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 to whom the authorization is being issued] (the “Investor”) has undertaken a project that reduces greenhouse gas emissions and enhances removals and has issued, or intends to issue, offset credits for these emissions reductions/removals, 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].

The Government of [COUNTRY] hereby acknowledges that the Project will contribute to sustainable development and reduce emissions or enhance removals in [COUNTRY] and that [name of carbon credits standard body] (the “Program”) 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 as per the procedures of the Program.

The Government of [COUNTRY] acknowledges that the International Civil Aviation Organization (ICAO, the “Certification Entity”) has certified or has confirmed that it expects to certify, these emission reductions or removals as per the emissions unit eligibility criteria of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), developed by ICAO.

The Government of [COUNTRY] hereby irrevocably authorizes the Project’s emission reductions or removals, issued and verified, or to be issued and verified as mitigation outcomes by the Program (the “Credits”) as Internationally Transferred Mitigation Outcomes (“ITMOs”) for International Mitigation Purposes under the Article 6.2 Rules. Following the Certification Entity’s certification of ITMOs as CORSIA Eligible Emission Units (“CORSIA EEUs”), the Credits shall be used by aeroplane operators to meet their offsetting requirements under CORSIA, subject to the following restrictions:

The authorization is limited to emission reductions or removals to a maximum of [QUANTITY or PERCENTAGE]<sup>1</sup> tCO<sub>2e</sub> of the Project’s emission reductions or removals, for each calendar year. (“Authorized ITMOs”); and

- The Authorized ITMO shall not have been generated prior to the vintage date of 2021.

Further, the Government of [COUNTRY]:

- (i) Shall not use the Authorized ITMOs to implement and achieve its Nationally Determined Contributions (“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, export or any other disposition to aeroplane operators to meet their offsetting requirements under CORSIA, any other person or entity of the Authorized ITMOs or any rights associated therewith, including outside of [COUNTRY], by the Investor, by any person to whom the Investor has made such transfer or disposition, or by any other future transferee of the Authorized ITMOs

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<sup>1</sup> Such quantity to be net of overall mitigation in global emissions (OMGE) and share of proceeds (SOP) for adaptation.

and the Credits, in each case in conjunction with the transfer of the rights under this Letter of Authorization, (y) any such future transfers or dispositions of the Authorized ITMOs 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 to represent “First Transfer”;

(iv) Shall make available the Letter of Authorization to the public-facing registry of Program.

[(v) include any other specific commitments requested by the Investor, the Program, the Certification Entity or the Host Country on a project- or country-specific basis].

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 authorization in this Letter of Authorization, the Authority requires that:

The Investor shall submit annual reports to the Government of [COUNTRY], by no later than [DATE] of each year, regarding the use of the Authorized ITMOs as CORSIA EEU by the aeroplane operators, including volumes canceled for use by each of them.

## **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 Authorized ITMOs, including the amount thereof [and any other features/qualities thereof], shall have been registered and issued by the Program, which the Certification Entity has certified, or has confirmed that it expects to certify as CORSIA EEU. 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. Particularly, in the failure of complying with its commitment under Section 1, (i) and (ii) above, the Government of [Country] shall compensate for, replace, or otherwise reconcile any double-claimed Authorized ITMOs. [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 Program 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 Authorized ITMOs in accordance with Section 3 above) shall be referred to and finally settled by [ ].<sup>2</sup>

X

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Government of COUNTRY  
Authorized Representative

X

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ACCEPTED AND AGREED  
INVESTOR NAME

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<sup>2</sup> 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.