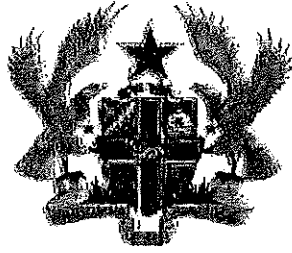


SECRET



PARLIAMENT MEMORANDUM

PRESENTED BY

DR. KWAKU AFRIYIE

MINISTER FOR ENVIRONMENT, SCIENCE, TECHNOLOGY AND INNOVATION

**TITLE:** BILATERAL AGREEMENT BETWEEN THE REPUBLIC OF GHANA  
AND THE KINGDOM OF SWEDEN FOR ENGAGEMENT IN  
COOPERATIVE APPROACHES INVOLVING INTERNATIONALLY  
TRANSFERRED MITIGATION OUTCOMES

DATE: 27 July 2023

PARLIAMENT OF GHANA LIBRARY  
PARLIAMENT HOUSE  
OSU - ACCRA

TABLE OF CONTENTS

**EXECUTIVE SUMMARY** .....3

**1.0 PARLIAMENT DECISION REQUESTED** .....3

**1.1 BACKGROUND INFORMATION** .....3

**1.1.1 Ghana-Kingdom of Sweden Bilateral Cooperation on ITMOs**.....4

**2.0 JUSTIFICATION FOR GOVERNMENT ACTION** .....5

**3.0 OPTIONS AND IMPACTS CONSIDERED** .....5

**3.1 Positive Socio-Economic impacts expected:** .....6

**3.2 Positive Environmental impacts expected:**.....6

**3.3 Financial /investment impact expected**.....7

**4.0 INTER-MINISTRY CONSULTATIONS**.....7

**5.0 IMPLEMENTATION ARRANGEMENTS**.....7

**6.0 LEGAL AND REGULATORY PLAN** .....8

**7.0 COMMUNICATIONS PLAN** .....9

**ANALYSIS DOCUMENT** .....10

**8.0 CONTEXT** .....10

**8.1 Strategies to implement the Paris Agreement**.....11

**8.2 Ghana-Kingdom of Sweden Bilateral Cooperation**.....13

**9.0 JUSTIFICATION FOR GOVERNMENT ACTION** .....13

**10.0 OPTIONS AND IMPACTS CONSIDERED** .....154

**11.0 FINANCIAL IMPACT**.....17

**12.0 INVESTMENT IMPACT**.....17

**13.0 INTER-MINISTRY CONSULTATIONS** .....17

**14.0 IMPLEMENTATION ARRANGEMENTS**.....18

**15.0 LEGAL AND REGULATORY PLAN**.....18

**16.0 COMMUNICATIONS PLAN** .....19

**17.0 CONCLUSIONS**.....19

SECRET

## **EXECUTIVE SUMMARY**

### **1.0 PARLIAMENT DECISION REQUESTED**

Honourable Members of Parliament are respectfully invited to consider and ratify a Bilateral Cooperation Agreement between the Republic of Ghana and the Kingdom of Sweden towards engagement in cooperative approaches involving internationally transferred mitigation outcomes under the Paris Climate Change Agreement. Cabinet at its Fifty-third meeting held on the 29<sup>th</sup> of June 2023 approved the Bilateral Cooperation Agreement between the Republic of Ghana and the Kingdom of Sweden towards engagement in cooperative approaches involving internationally transferred mitigation outcomes under the Paris Climate Change Agreement for consideration by Parliament

### **1.1 BACKGROUND INFORMATION**

Climate change adversely affects human health, ecological systems and socio-economic development. Evidence of the direct manifestations of climate change globally and in Ghana are increasing temperatures and rainfall variability, including unpredictable extreme events and sea-level rise. Ghana joined and ratified the United Nations Framework Convention on Climate Change (UNFCCC) in 1992 to demonstrate its commitment to the fight against climate change. Due to the anticipated closure of the second commitment period of the Kyoto Protocol in 2020, a new Ten (10)-year (2015-2030) multilateral agreement, the Paris Agreement, was adopted.

In 2021 Ghana's updated and enhanced our nationally determined contribution for submission to the Secretariat of the United Nations Framework Convention on Climate Change. It covered 19 policy areas and translates into 47 mitigation and adaptation programmes of action. The 34 mitigation programmes of action are envisaged to generate absolute greenhouse gas (GHG) emission reductions of 64 MtCO<sub>2</sub>eq from 2021 to 2030 and require an investment between US\$9.3 and US\$ 15.5 billion over the Ten (10)-year period to implement the forty-seven (47) mitigation, and adaptation actions.

Three strategic focus areas, as stipulated in the Paris Agreement, have been identified as ways of mobilising external resources to facilitate the implementation of the GH-NDCs. These strategies

SECRET

aim to promote partnerships and mobilise funds to implement the Nationally Determined Contribution targets.

They are as follows:

- i. Reducing Emissions from Deforestation and Degradation (REDD+ Mechanism) under Article 5 of the Paris Agreement
- ii. Carbon markets under Article 6. *This article focuses on Internationally Transferred Mitigation Outcomes (ITMOs), Mitigation and Sustainable Development Mechanism (MSDM).* ITMOs would allow two countries to cooperate to implement mitigation actions and exchange the outcomes as offsets to achieve NDC targets. This would require the selling country to transfer emission reduction credits to the buying party.
- iii. Climate finance under Article 9 (dealing with Multilateral sources and special climate funds).

With reference to the Paris Climate Agreement, Ghana's anticipated as part of the updated and enhanced Nationally Determined Contribution to adopt carbon pricing strategies (Articles 6.2 on Internationally Transferred Mitigation Outcomes (ITMOs) and Articles 6.4 on Sustainable Development Mechanism) to strengthen implementation to achieve our targets, raise ambition, and mobilise adaptation finance.

#### **1.1.1 Ghana-Kingdom of Sweden Bilateral Agreement on ITMOs**

Through the Ministry of Environment, Science, Technology, and Innovation (MESTI), the government of Ghana entered official discussions with the Kingdom of Sweden to operationalise Article 6.2 of the Paris Agreement on ITMOs. This is part of efforts to mobilise international finance to implement the GH-NDCs, achieve our low-carbon development goals, and create green jobs. The Bilateral Agreement is envisaged to be implemented for seven (7) years with the possibility of extension. The total emission reduction required under the Agreement is open-ended and based on the availability of ITMOs for exchange. This Bilateral Agreement will be implemented through the private sector, with the government playing a facilitative and coordination role.

SECRET

## **2.0 JUSTIFICATION FOR GOVERNMENT ACTION**

The efforts to address the negative impacts of climate change on Ghana's economy and environment is a global as well as a national obligation. As enshrined in Article 36 (9) of the 1992 Constitution of Ghana, Ghana is enjoined to cooperate with other states to protect and safeguard the national environment for posterity; and the wider international environment for humankind.

The Bilateral Agreement also provides an opportunity to attain the aspirations of Ghana's national development blueprint; the Coordinated Programme of Economic and Social Development Policies (Agenda for Jobs, 2017-2024), under section 4.7.3. which has a goal to "safeguard the natural environment and ensure a resilient built environment".

With approval from Cabinet, a framework for market and non-market mechanisms under the Paris Agreement covers the four critical areas of carbon trading: ITMOs, Carbon Offsetting and Reduction Scheme for International Aviation (CORSA), and Voluntary Carbon Market (VCM). The frameworks call for and provide guidelines on engagement in carbon trading in Ghana. ITMOs would allow two countries to cooperate to implement mitigation actions and exchange the outcomes to achieve NDCs. This would require the selling country to transfer emission reduction credits to the buying party.

The Ghana – Kingdom of Sweden Bilateral Agreement on ITMOs will enable government to fulfil the commitments of the Paris Agreement and provide an incentive to the private sector to participate in the implementation of GH-NDCs, thereby contributing to achieving the sustainable development goals (SDG7, SDG8, SDG12 SDG13 and SDG17). Additionally, Article fifteen (15) of the cooperation agreement between the Republic of Ghana and the Kingdom of Sweden requires Parliament to ratify the Agreement before it comes into force.

## **3.0 OPTIONS AND IMPACTS CONSIDERED**

Ghana's updated nationally determined contribution submitted to the Secretariat of the United Nations Framework Convention on Climate Change covered 19 policy areas and translates into 47 mitigation and adaptation programmes of action. The 34 mitigation programmes of action are envisaged to generate absolute greenhouse gas (GHG) emission reductions of 64 MtCO<sub>2</sub>eq from 2021 to 2030. For the 34 mitigation measures, Ghana aims to implement nine (9) unconditional

## SECRET

programmes of action to generate 8.5 MtCO<sub>2e</sub> GHG reductions in 2025 and further to 24.6 MtCO<sub>2e</sub> by 2030. Ghana can also adopt additional 25 conditional programmes of action that have the potential to achieve 16.7 MtCO<sub>2e</sub> in 2025 and 39.4 MtCO<sub>2e</sub> by 2030 if financial support from the international and private sector are made available to cover the full cost for implementation. For the 25 conditional actions, the country would need international support to implement them.

The positive impacts that will accrue from the implementation of the Bilateral Cooperation are listed below.

### **3.1 Positive Socio-Economic impacts expected**

- Technology transfer: Implementing the Bilateral Agreement will contribute to introducing new and efficient solar technologies and clean cooking stoves into the country.
- Job creation: The development and implementation of projects under this Agreement will create jobs for the whole value chain.
- Provide incentives for the private sector to contribute to the nation's economic development and environmental protection.
- Health impact: implementation of the Agreement will contribute to the estimated 2,900 avoided deaths due to improve air quality.

### **3.2 Positive Environmental impacts expected**

- Emission reduction: the implementation of the Bilateral Agreement is envisaged to result in emission reduction over the project period, part of which will be used for meeting Ghana's NDC target.
- Agriculture enhancement: implementation of waste-to-compost programmes under the Agreement will reduce the amount of nitrogen released in farms due to the extensive application of inorganic fertilisers.
- Contribute to our goal of transitional to low carbon development, a sustainable energy system to achieve universal access to clean energy for all citizens.

### **3.3 Financial /investment impact expected**

The implementation of this Bilateral Agreement will be based on results for payment.

- The Cost for developing all Mitigation Design Documents (MADD) for projects under the Agreement would be borne by the Kingdom of Sweden and the project developers. The appropriate business model for the project will ensure that commercial partners are identified and supported to raise the needed finance to fund the project.
- Payment to commercial partners would be from the share of proceeds after the Kingdom of Sweden pays the government of Ghana in exchange for the mitigation outcomes (emission reductions).
- Implementation is purely private sector-led, and the government of Ghana will not directly finance the implementation of this Agreement.
- As part of the implementation, the following revenue points (fees and charges) would be paid by the Kingdom of Sweden and the Project Developers to the Government of Ghana as approved by Cabinet in the National Framework for Market and non-market mechanisms:
  - Corresponding Adjustment Fee (CAF). to compensates for the opportunity cost of meeting Ghana's NDC and the marginal cost associated with the regular transfer and reporting of transferable mitigation outcomes.
  - Listing Fee (LF). To cover administrative expenses of the Article 6 Office for delivering authorisation, registration, issuance and transfer services and the maintenance cost for effectively running the registry system.
  - Share of proceeds for Ambition for Adaptation. The share of the proceeds will be discussed with the participating acquiring Party and applied to the mitigation activities to meet the costs of adaptation in Ghana

### **4.0 INTER-MINISTRY CONSULTATIONS**

The Agreement has been subjected to extensive stakeholder consultations comprising Ministries, Departments and Agencies. Notably, inputs were solicited from the Ministry of Justice and Attorney Generals Department, Ministry of Energy, Ministry of Finance, Ministry of Transport, Ministry of Lands and Natural Resources, Ministry of Food and Agriculture, Ministry of Sanitation

SECRET

and Water Resources,- the National Development Planning Commission, Ministry of Railways Development, Ministry of Health and Ministry of Works and housing. The Ministry of Environment, Science and Technology also consulted with the implementing Agencies, namely the Environmental Protection Agency, Energy Commission and the Council for Scientific and Industrial Research (CSIR). The Private Sector, including the financial sector, Gender Groups, Development Partners and Civil Society Organizations, Industry and Research Institutions were also consulted. In negotiations with the Government of the Kingdom of Sweden, six (6) preparatory meetings have been held. Three (3) review meetings have been conducted, three (3) coordination meetings, and three (3) formal dialogue sessions have been held.

#### **5.0 IMPLEMENTATION ARRANGEMENTS**

The Ministry of Environment, Science, Technology, and Innovation (MESTI) will represent the Republic of Ghana in the Bilateral Agreement as set out in the Conditions for the Cooperation. The Ministry will also coordinate and provide strategic direction for implementation. The Environmental Protection Agency (EPA) will provide technical support in terms of project implementation in collaboration with the Energy Commission. A Coordinating Committee between Ghana and the Kingdom of Sweden will be established to coordinate the technical implementation of the Agreement. It will consist of representatives of each Party, as required by circumstances. It will be responsible for discussing and resolving matters related to (a) Crediting Standards, including any Methodology; (b) Validation and Verification; (d) Authorisation of MOs; (e) Issuance and transfers of MOs; and (f) Corresponding Adjustments.

#### **6.0 LEGAL AND REGULATORY PLAN**

In developing the Bilateral Agreement, the relevant national laws and regulations were reviewed to ensure that the Agreement is consistent and coherent with the relevant national legislations. The regulatory frameworks reviewed include; the 1992 Constitution of the Republic of Ghana, the Environment Protection Agency Act, 1994 (Act 490), the Ghana Investment Promotion Centre Act, 2013 (Act 865), the Securities and Exchanges Act 2006(Act 723) and SEC Regulations 2003 (LI 1728).



SECRET

## **7.0 COMMUNICATIONS PLAN**

As part of the Bilateral Agreement, the parties have agreed to provide technical assistance and capacity building to ensure readiness and efficiency in the national systems for the implementation of the Agreement. The Ministry has regular awareness creation and educational programmes that will be used to inform stakeholders on issues relating to the environment and Climate Change. This will be complemented by the EPA using the Agency's Educational Programmes. In addition, workshops and training programmes will be organised to adequately prepare the relevant institutions and private sector players that will be involved in implementation.

SECRET

SECRET

## ANALYSIS DOCUMENT

### 8.0 CONTEXT

Warming of the climate resulting from an increase in the atmospheric concentration of greenhouse gases from anthropogenic emissions is known as global warming. This ultimately leads to climate change, which has adverse effects on human health, ecological systems and socio-economic development of the world. Evidence of the direct manifestations of climate change globally and in Ghana are increasing temperatures and rainfall variability, including unpredictable extreme events and sea-level rise.

Countries on their own cannot address climate change since it has become a global challenge and requires concerted efforts by both developed and developing countries, poor and rich countries, and strong and weak nations to address the problem. Therefore in 1992, countries, including Ghana, joined the international treaty, the United Nations Framework Convention on Climate Change (UNFCCC), as a framework for international cooperation to combat climate change. The goal of the UNFCCC is to limit average global temperature increases and enhance coping mechanisms for the impacts of climate change.

To strengthen the global response to climate change, countries adopted the Kyoto Protocol in 1997, which legally binds developed country Parties to emission reduction targets. The Protocol's first commitment period started in 2008 and ended in 2012. The second commitment period began on January 2013 and will end in 2020. The Paris Agreement adopted in 2015 will effectively come into force in 2020 and marks the latest step in the evolution of the UN climate change regime and builds on the work undertaken under the Convention and the Kyoto Protocol.

In 2021 Ghana's updated and enhanced our nationally determined contribution for submission to the Secretariat of the United Nations Framework Convention on Climate Change. It covered 19 policy areas and translates into 47 mitigation and adaptation programmes of action. The 34 mitigation programmes of action are envisaged to generate absolute greenhouse gas (GHG)

SECRET

emission reductions of 64 MtCO<sub>2</sub>e from 2021 to 2030 and require an investment of US\$ 9.3 and US\$ 15.5 billion over the Ten (10)-year period to implement the forty-seven (47) mitigation, and adaptation actions is estimated at between.

Three strategic focus areas, as stipulated in the Paris Agreement, have been identified as ways of mobilising external resources to facilitate the implementation of the GH-NDCs. These strategies aim to promote partnerships and mobilise funds to implement the Nationally Determined Contributions targets. They are as follows:

- i. Reducing Emissions from Deforestation and Degradation (REDD+ Mechanism) under Article 5 of the Paris Agreement
- ii. Carbon markets under Article 6. *This article focuses on Internationally Transferred Mitigation Outcomes (ITMOs), Mitigation and Sustainable Development Mechanism (MSDM).* ITMOs would allow two countries to cooperate to implement mitigation actions and exchange the outcomes as offsets to achieve NDC targets. This would require the selling country to transfer emission reduction credits to the buying party.
- iii. Climate finance under Article 9 (dealing with Multilateral sources and special climate funds).

With reference to the Paris Climate Agreement, Ghana's anticipated as part of the updated and enhanced Nationally Determined Contribution anticipated to adopt carbon pricing strategies (Articles 6.2 on Internationally Transferred Mitigation Outcomes (ITMOs) and Articles 6.4 on Sustainable Development Mechanism) to enhance implementation to achieve our targets, raise ambition, and mobilise adaptation finance.

### **8.1 Strategies to implement the Paris Agreement**

The Paris Agreement established three strategies in connection with some articles to the Agreement to help forge partnerships and mobilise funds to support the achievement of the NDCs' targets. The strategies are; the carbon market (Article 6), climate finance (Article 9) and REDD+ (Article 5). Article 6 is on Internationally Transferred Mitigation Outcomes (ITMOs) and the Mitigation and Sustainable Development Mechanism (MSDM). ITMOs would allow two countries to cooperate to implement mitigation actions and exchange the outcomes to achieve

SECRET

NDCs. This would require that Ghana transfers emission reduction credits to the Swiss government.

Article 6 of the Paris Agreement, one of the most technical parts of the UN climate process, concerns cooperative approaches to cutting emissions, primarily via carbon trading. Article 6, “rulebook”, was completed at COP26 in Glasgow; COP27 faced decisions on the machinery, definitions and procedures that are still needed before any trading can begin. Its main areas are Articles 6.2, 6.4 and 6.8

#### **Article 6.2**

Article 6.2 defines the “internationally traded mitigation outcomes” (ITMOs) that countries can buy and sell from each other towards their targets under the Paris Agreement. Key decisions at COP27 included what information countries would need to report when trading ITMOs and whether this reporting could be kept confidential. The agreed text gives countries complete control over whether to keep this information secret. It says they “may designate information...as confidential”. It asks them to explain why they are doing so, but unlike in earlier drafts, this is optional (“should”).

#### **Article 6.4**

Article 6.4 will create a new international carbon market. This will allow emission reduction projects to sell offsets, known as “Article 6.4 emissions reductions” (A6.4 ERs), for use towards national climate goals or for other regulatory purposes. COP27 included the definition of carbon “removals”, meaning engineered or natural processes that suck carbon dioxide (CO<sub>2</sub>) out of the atmosphere. A “supervisory body” set up to run this new carbon market had been tasked with suggesting rules on what should count as carbon removal and when this could generate carbon credits for sale.

SECRET

### **Article 6.8**

The third part, Article 6.8, covers “non-market approaches” (NMAs) to climate cooperation for those wanting a way to get paid for their climate efforts without involving markets. A 13-page secretariat technical report, prepared ahead of COP27, gives examples, such as the Adaptation Benefit Mechanism (ABM), REDD+ and the Cleaner Energy Future Initiative for ASEAN (CEFIA)

### **8.2 Ghana-Kingdom of Sweden Bilateral Agreement**

The government of Ghana, through MESTI, entered into official discussions with the Kingdom of Sweden to operationalise Article 6.2 on Internationally Transferred Mitigation Outcomes (ITMOs) of the Paris Agreement as part of efforts to meet Ghana’s financial requirements for the Nationally Determined Contributions. This Bilateral Cooperation Agreement with the Kingdom of Sweden was prepared and designed within the context of national sustainable development priorities, including achieving the objectives of the governments Coordinated Programme for Social and Economic Development Policies: Agenda for Jobs: Creating equal opportunities for all (2017–2024) under section 4.7.3, and the national framework for market and non-market mechanisms under the Paris Climate Change Agreement.

The Bilateral Agreement provides clearly defined approaches for implementing Article 6, Internationally Transferred Mitigation Outcomes (ITMOs) between the Government of Ghana and the Kingdom of Sweden and establishes the framework for transfers and use of mitigation outcomes. The Bilateral Agreement is initially envisaged to be implemented over a period of 8 years with the possibility of extension.

### **9.0 JUSTIFICATION FOR GOVERNMENT ACTION**

The efforts to address the negative impacts of climate change on Ghana’s economy and environment is a constitutional requirement enshrined in Article 36 (9) of the Constitution of Ghana, which states in Article 36 (9) “The State shall take appropriate measures needed to protect and safeguard the national environment for posterity; and shall seek cooperation with other states and bodies for purposes of protecting the wider international environment for mankind”.

SECRET

Based on the above, Ghana ratified the Paris Agreement and, in 2021, updated and enhanced our Nationally Determined Contribution for submission to the Secretariat of the United Nations Framework Convention on Climate Change. It covered 19 policy areas and translates into 47 mitigation and adaptation programmes of action. The 34 mitigation programmes of action are envisaged to generate absolute greenhouse gas (GHG) emission reductions of 64 MtCO<sub>2</sub>e from 2021 to 2030 and require an investment of US\$ 9.3 and US\$ 15.5 billion over the Ten (10)-year period to implement the forty-seven (47) mitigation, and adaptation actions.

With reference to the Paris Climate Agreement, Ghana's anticipated, as part of the updated and enhanced Nationally Determined Contribution, anticipated to adopt carbon pricing strategies to enhance implementation to achieve our targets, raise ambition, and mobilise adaptation finance. This was going to be achieved by exploiting the opportunities presented by Article 6 of the Paris Agreement, which establishes three cooperative approaches for the post-2020 climate market participating countries. A national framework for market and non-market mechanisms was adopted in 2020 after cabinet approval which covers the four critical areas of carbon trading, ITMOs, Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), and Voluntary Carbon Market (VCM). ITMOs would allow two (2) countries to cooperate to implement mitigation actions and exchange the outcomes to achieve NDCs. This would require the selling country to transfer emission reduction credits to the buying party.

Entering into this Bilateral Agreement with the Kingdom of Sweden will ensure that Ghana;

- Explore the benefits of Article 6.2 of the Paris Agreement.
- Provide financial incentives to the private sector in the implementation of Ghana's NDCs
- Make funding available for the implementation of high-impact projects to meet the emission reduction target of GH-NDCs
- Meet the targets of the sustainable development goals.

This Cooperation Agreement also resonates with the country's Coordinated Programme of Economic and Social Development Policies (Agenda for Jobs, 2017-2024), which has a goal to "Safeguard the natural environment and ensure a resilient built environment".

SECRET

## **10.0 OPTIONS AND IMPACTS CONSIDERED**

Ghana's updated nationally determined contribution for submission to the Secretariat of the United Nations Framework Convention on Climate Change. It covered 19 policy areas and translates into 47 mitigation and adaptation programmes of action. The 34 mitigation programmes of action are envisaged to generate absolute greenhouse gas (GHG) emission reductions of 64 MtCO<sub>2e</sub> from 2021 to 2030. The 13 adaptation measures are divided into seven (7) unconditional and six (6) conditional programmes of action. For the 34 mitigation measures, Ghana aims to implement nine (9) unconditional programmes of action to generate 8.5 MtCO<sub>2e</sub> GHG reductions in 2025 and further to 24.6 MtCO<sub>2e</sub> by 2030. Ghana can also adopt additional 25 conditional programmes of action that have the potential to achieve 16.7 MtCO<sub>2e</sub> in 2025 and 39.4 MtCO<sub>2e</sub> by 2030 if financial support from the international and private sector are made available to cover the full cost for implementation. The positive impacts that will accrue from the implementation of the Bilateral Cooperation are listed below.

### **10.1 Positive Socio-Economic impacts expected**

- Technology transfer: the implementation of the Bilateral Agreement will contribute to the introduction of new and efficient solar technologies and clean cooking stoves into the country
- Job creation: The development and implementation of projects under this Agreement will lead to the creation of jobs for the whole value chain.
- Provide incentives for the private sector to contribute to the economic development of the nation and environmental protection
- Health impact: implementation of the Agreement will contribute to the estimated 2,900 avoided deaths due to improve air quality

### **10.2 Positive Environmental impacts expected**

- Emission reduction: the implementation of the Bilateral Agreement is envisaged to result in emission reduction over the project period, part of which will be used for meeting Ghana's NDC target.
- Agriculture enhancement: implementation of waste-to-compost programmes under the Agreement will contribute to a reduction in the amount of nitrogen release in farms as a result of extensive application of inorganic fertilisers.

## SECRET

- Contribute to our aim of transitional to low carbon development, a sustainable energy system to achieve our universal access to clean energy for all citizens.

### 10.3 Financial /investment impact expected

The implementation of this Bilateral Agreement will be based on results for payment.

- The Cost for the development of all Mitigation Design Document (MADD) for projects under the Agreement would be borne by the Kingdom of Sweden and the project developers. The appropriate business model for the project will ensure that commercial partners are identified and supported to raise the needed finance to fund the project.
- Payment to commercial partners would be from the share of proceeds after the Kingdom of Sweden pays the government of Ghana in exchange for the mitigation outcomes (emission reductions).
- Implementation is purely private sector led and the government of Ghana will not directly finance the implementation of this Agreement.
- As part the implementation, the following revenue points (fees and charges) would be paid by the Kingdom of Sweden and the Project Developers to the Government of Ghana as approved by Cabinet in the National Framework for Market and non-market mechanisms;
  - Corresponding Adjustment Fee (CAF); which is compensate for the opportunity cost of meeting Ghana's NDC and the marginal cost associated with the regular transfer and reporting of transferable mitigation outcomes.
  - Listing Fee (LF) to cover administrative expenses of the Article 6 Office for delivering authorisation, registration, issuance and transfer services and the maintenance cost for effectively running the registry system.
  - Share of proceeds for Ambition for Adaptation; the share of the proceeds will be discussed with the participating acquiring Party and applied to the mitigation activities to meet the costs of adaptation in Ghana



SECRET

### **11.0 FINANCIAL IMPACT**

As part the implementation, the following revenue points (fees and charges) would be paid by the Kingdom of Sweden and the Project Developers to the Government of Ghana as approved by Cabinet in the National Framework for Market and non-market mechanisms;

- Corresponding Adjustment Fee (CAF); which compensates for the opportunity cost of meeting Ghana's NDC and the marginal cost associated with the regular transfer and reporting of transferable mitigation outcomes.
- Listing Fee (LF) to cover administrative expenses of the Article 6 Office for delivering authorisation, registration, issuance and transfer services and the maintenance cost for effectively running the registry system.
- Share of proceeds for Ambition for Adaptation; the share of the proceeds will be discussed with the participating acquiring Party and applied to the mitigation activities to meet the costs of adaptation in Ghana

### **12.0 INVESTMENT IMPACT**

The effective implementation of the Ghana-Kingdom of Sweden Bilateral Agreement could contribute to reduction in the energy demand from the national grid, improve on agriculture productivity and soil fertility, the forest and save the government millions in investment. Other results will come in the form of job creation throughout the business value chain. Jobs to be created include technicians and artisans, of which are the most vulnerable in society, including women, children, the elderly and disabled, urban immigrants, the urban poor and inner-city communities.

### **13.0 INTER-MINISTRY CONSULTATIONS**

Discussions for the development of this Bilateral Cooperation Agreement between the governments of Ghana and the Kingdom of Sweden has been ongoing for almost twelve months. On negotiations with the Government of the Kingdom of Sweden, six (6) preparatory meetings have been held, three (3) review meetings have been conducted, three (3) coordination meetings have been held and three (3) formal dialogue sessions held.

SECRET

The Agreement has been subjected to extensive stakeholder consultations comprising Ministries, Departments and Agencies. Particularly inputs were solicited from the Ministry of Justice and Attorney Generals Department, Ministry of Energy, Ministry of Finance, Ministry of Transport, Ministry of Lands and Natural Resources, Ministry of Food and Agriculture, Ministry of Sanitation and Water Resources,- the National Development Planning Commission, Ministry of Railways Development, Ministry of Health and Ministry of Works and housing. The Ministry of Environment, Science and Technology also held consultations with the implementing Agencies, namely the Environmental Protection Agency, Energy Commission and the Council for Scientific and Industrial Research (CSIR). The Private Sector, including the financial sector, Gender Groups, Development Partners and Civil Society Organizations, Industry and Research Institutions were also consulted.

#### **14.0 IMPLEMENTATION ARRANGEMENTS**

MESTI will act as the representative of the Republic of Ghana for the Bilateral Agreement as set out in the Conditions for the Cooperation. The Ministry will also coordinate and provide strategic direction for implementation. The Environmental Protection Agency (EPA) will provide technical support in terms of project implementation in collaboration with the Energy Commission. A Coordinating Committee between Ghana and the Kingdom of Sweden will be established for the purpose of coordinating the technical implementation of the Agreement and will consist of representatives of each Party, as required by circumstances. It will be responsible for discussing and resolving matters related to (a) Crediting Standards, including any Methodology; (b) Validation and Verification; (d) Authorisation of Mitigations Outcomes (MOs); (e) Issuance and transfers of MOs; and (f) Corresponding Adjustments;

#### **15.0 LEGAL AND REGULATORY PLAN**

As part of the process of developing the Bilateral Agreement, relevant national laws and regulations were reviewed to ensure consistency and coherence of the Agreement with relevant national laws and regulations. The regulatory frameworks reviewed include; the 1992 constitution of the Republic of Ghana, the Environment Protection Agency Act, 1994 (Act 490), the Ghana Investment Promotion Centre Act, 2013 (Act 865), the Securities Industry Act, 2016 (Act 929), Foreign Exchange Act 2006 (Act 723), SEC Regulations 2003 (LI 1728).

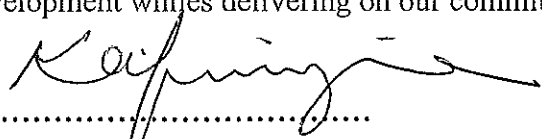
SECRET

### **16.0 COMMUNICATIONS PLAN**

As part of the Bilateral Agreement, the parties are to provide technical assistance and capacity building to ensure efficiency and to ensure institutionalisation at the national level for the implementation of the Agreement. The Ministry has regular awareness creation and educational programmes to inform stakeholders on issues relating to the environment and climate change. Dissemination of information will be complemented through regular communication channels of the Ministries, Departments and Agencies.

### **17.0 CONCLUSION**

It is our cherished hope that Honourable Members of Parliament would ratify the Republic of Ghana-Kingdom of Sweden Bilateral Agreement for the realisation of socio-economic development whiles delivering on our commitments to the Paris Agreement.



.....  
**DR. KWAKU AFRIYIE**  
**MINISTER FOR ENVIRONMENT, SCIENCE,**  
**TECHNOLOGY AND INNOVATION**



REPUBLIC OF GHANA

OFFICE OF THE PRESIDENT

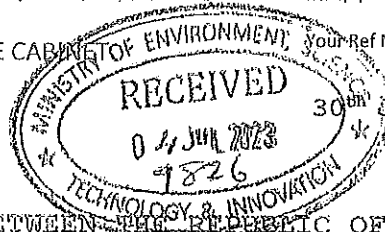
SECRETARY TO THE CABINET

Jubilee House, Accra  
Digital Address: GA-000-0288

My Ref No. OPCA.3/3/300623  
Kindly quote this number and date on all correspondence

Your Ref No. \_\_\_\_\_

CONFIDENTIAL



BILATERAL AGREEMENT BETWEEN THE REPUBLIC OF GHANA AND THE KINGDOM OF SWEDEN FOR ENGAGEMENT IN COOPERATIVE APPROACHES INVOLVING INTERNATIONALLY TRANSFERRED MITIGATION OUTCOMES

Cabinet at its Fifty-third meeting held on Thursday, 29th June, 2023 considered a Memorandum on the above-mentioned subject submitted by the Minister for Environment, Science, Technology and Innovation.

2. The Memorandum invited Cabinet to consider and approve a Bilateral Cooperation Agreement between the Republic of Ghana and the Kingdom of Sweden towards engagement in cooperative approaches involving internationally transferred mitigation outcomes under the Paris Climate Change Agreement.

3. Cabinet approved the Memorandum for consideration by Parliament.

4. I should be grateful if you could take requisite action on the decision by Cabinet.

*Mercy Debrah-Karikari*  
MERCY DEBRAH-KARIKARI  
SECRETARY TO THE CABINET

THE HON. MINISTER FOR ENVIRONMENT,  
SCIENCE, TECHNOLOGY AND INNOVATION

- cc: Chief of Staff
- Secretary to the President
- Secretary to the Vice President
- Hon. Minister for Parliamentary Affairs

✓  
CD / D. Emt.  
Seen 06/07/2023  
Kindly bring to attention  
all relevant parties and fwd. pls  
5/07/2023

---

**Bilateral Agreement for  
Engagement in Cooperative  
Approaches Involving  
Internationally Transferred  
Mitigation Outcomes**

Between

The Republic of Ghana and  
the Kingdom of Sweden

---

## Table of Contents

---

1.	Definitions and Interpretation	2
2.	Participation Requirements	6
3.	Authorization	6
4.	Issuance and Transfer	7
5.	Corresponding Adjustments	7
6.	Information Sharing	8
7.	Coordination	8
8.	Environmental Integrity and Sustainable Development	9
9.	Non-State Actor Participation	10
10.	Capacity Building	10
11.	Reporting and Review to the Secretariat	10
12.	Ambition in Mitigation and Adaptation Actions	10
13.	Representations and Warranties	11
14.	Miscellaneous	11
15.	Entry into Force, Term and Amendments	11
16.	Event of Default	11
17.	Remedies	12
18.	Anti-Bribery, Anti-Corruption and Anti-Money Laundering	12
19.	Force Majeure	13
20.	Change in Law	13
21.	Settlement of Disputes	13
22.	Confidentiality	14
23.	Governing Law	14

**Title**                    **Bilateral Agreement for Engagement in Cooperative Approaches Involving Internationally Transferred Mitigation Outcomes**

**Date**                    XX November 2022

**Parties**                **The Republic of Ghana** represented by **the Ministry of Environment, Science, Technology, and Innovation**, duly authorized representative for the negotiation of this Agreement (**Host Country**)

**The Kingdom of Sweden** represented by **the Swedish Energy Agency**, duly authorized representative for the negotiation of this Agreement (**Acquiring Country**)

## **Preamble**

- A        Recalling the long-term temperature goal of the Paris Agreement of pursuing efforts to limit the global average temperature increase to 1.5°C, and the United Nations Sustainable Development Goals, and recognizing the intrinsic relationship between climate action and sustainable development.
- B        Reconfirming the Parties' commitment, as outlined in the Memorandum of Understanding, to cooperate voluntarily to encourage ambition in implementing the Paris Agreement to which they are both a party.
- C        Having regard to Article 6.2 of the Paris Agreement and its implementing provisions which provide the option for parties to engage in cooperative approaches that involve the use of Internationally Transferred Mitigation Outcomes towards Nationally Determined Contributions as well as for Other International Mitigation Purposes.
- D        Confirming the Parties' joint interest in such cooperative approaches to support the development and implementation of Greenhouse Gas mitigation activities with a view of generating Mitigation Outcomes of high environmental integrity that may be authorized and transferred among the Parties in line with the Paris Agreement Rules.
- E        Noting the mechanism established by Article 6.4 of the Paris Agreement and its forthcoming implementing provisions and affirming the Parties' joint interest in exploring opportunities for future collaboration under it.
- F        Recognizing the importance of Non-State Actors in climate action, including business, industries, energy utilities, financial institutions, not-for-profits, regional and local authorities, and the special role of Parties in incentivizing and facilitating private sector participation, including by authorizing private entities to participate in Mitigation Activities and the transfer of Mitigation Outcomes.
- G        Therefore, the Parties agree to engage in cooperative approaches under Article 6.2 of the Paris Agreement leading to the creation of Mitigation Outcomes and enabling the authorization and transfer of those Mitigation Outcomes, in accordance with high standards of environmental integrity and sustainable development.

## Operative provisions

---

### 1. Definitions and Interpretation

#### Glossary of Terms

##### 1.1

**Agreement** means this Agreement.

**Article 6 Database** has the meaning given to that term in the Article 6.2 Guidance.

**Article 6.2 Guidance** means the "Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement", set out in *Decision 2/CMA.3 of the CMA*.

**Authorization** has the meaning given to the term in Article 6 of the Paris Agreement and the Article 6.2 Guidance.

**Buyer** means the Acquiring Country, or any Non-State Actor within the Acquiring Country, that intends to purchase MOs from the Mitigation Activity Owner.

**Cancel** means a process in which the Host or the Acquiring Country takes out of circulation or sets aside a certain quantity of ITMOs for the purposes of contributing to achieve Overall Mitigation in Global Emissions.

**Carbon Dioxide Equivalent** or **CO<sub>2</sub>e** means the base reference for the determination of global warming potential of GHG, against which other GHGs are measured.

**Change in Law** has the meaning given to the term in Article 20.1.

**CMA** means the Conference of the Parties serving as the meeting of the parties to the Paris Agreement as defined in the Paris Agreement Rules.

**Confidential Information** means all information which is used in or otherwise relates to a Party's financial or other affairs which it has acquired in connection with the Agreement but does not include information, which is made public by, or with the consent of, such Party. The recipient of such Confidential Information is the "Receiving Party" and the provider of such the "Disclosing Party".

**Cooperative Approach** has the meaning given to the term under the Paris Agreement Rules.

**Coordinating Committee** has the meaning given to that term in Article 7.2.

**Corresponding Adjustment** has the meaning given to the term in the Paris Agreement Rules.

**Corrupt Practice** means the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of a person.

**Crediting Standard** means an internationally recognised set of certification rules and requirements to enable Validation of Mitigation Activities and Verification of Mitigation Outcomes generated by the Mitigation Activity, including the Clean Development Mechanism, the Gold Standard, the Verified Carbon Standard, ISO-14064 or such other standard that the parties agree is an applicable standard.

**Delayed Performance** has the meaning set forth in Article 19.3 (Force Majeure).

**Dispute** has the meaning given to it in Article 21.1 (Settlement of Disputes).



**Entity** means any partnership (general or limited), limited liability company, corporation, joint venture, trust, business trust, cooperative, association, foreign trust or foreign business organization or other legal entity.

**Event of Default** has the meaning set forth in Article 16 (Event of Default).

**First Transfer** means for a Mitigation Outcome authorized for use towards:

- (a) the achievement of an NDC: the first international transfer of the Mitigation Outcome; or
- (b) Other International Mitigation Purposes: (i) the Authorization, or (ii) the Issuance, or (iii) the use or cancelation of the Mitigation Outcome, as specified by the Authorizing Party.

**FM Affected Party** has the meaning set forth in Article 19 (Force Majeure).

**Force Majeure Event** means any unexpected and unpreventable act beyond the control of the Parties, other than a Change in Law, which makes performance of an obligation under this Agreement impossible arising from unforeseen circumstances such as, peril of the sea, war, riot, insurrection, civil commotion, martial law, flood, earthquake, epidemic, quarantine, radiation, or radioactive contamination, provided that such Party has not played a substantial role in bringing about the act and cannot, after using all reasonable efforts, overcome the act. For the avoidance of doubt, a Delivery Disruption Event, as such term is defined in an applicable MOPA, will not be a Force Majeure Event if the failure is such that there are contingency arrangements in operation by which the Host Country or a transferring Entity can reasonably be expected to transfer Mitigation Outcomes, as required, to the Acquiring Country's Registry Account.

**Greenhouse Gas** or **GHG** means the atmospheric gases responsible for causing global warming and climate change. The major GHGs are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O). Other greenhouse gases are hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>).

**International Registry** means the registry implemented or for implementation by the UNFCCC Secretariat for parties that do not have access to a registry.

**Internationally Transferred Mitigation Outcome** or **ITMO** has the meaning given to that term in the Paris Agreement Rules.

**Issue** or **Issuance** means the issuance by the applicable authority of a specified quantity of Mitigation Outcomes in the form of a uniquely identifiable unit of measure into the Registry account of the Mitigation Activity Owner.

**Letter of Authorization** has the meaning given to it in Article **Error! Reference source not found.** 1, 3.4 and 3.5.

**Methodology** means any of the methodologies, tools, methodological guidelines, or protocols used to quantify the Mitigation Outcomes generated by the Mitigation Activity in line with a Crediting Standard.

**Mitigation Activity** means an activity generating Mitigation Outcomes Authorized by the Host Country.

**Mitigation Activity Design Document** or **MADD** means the detailed documentation describing the Mitigation Activity in accordance with a Crediting Standard.

**Mitigation Activity Owner** means an Entity that will generate Mitigation Outcomes with respect to one or more Mitigation Activities.

**Mitigation Outcome** or **MO** means a real, additional, and verified reduction in GHG emissions or removal of GHGs from the atmosphere, measured in tCO<sub>2e</sub> and representing one (1) tCO<sub>2e</sub> in accordance with methodologies approved under the Paris Agreement Rules, and generated by a specific Mitigation Activity from 2021 onwards.

**Mitigation Outcome Purchase Agreement** or **MOPA** for the purpose of this agreement, means a purchase agreement(s) between the Buyer(s) and Mitigation Activity Owner(s), specifying the Mitigation Activity which is intended to produce Mitigation Outcomes.

**Nationally Determined Contribution** or **NDC** shall have the meaning given to the term in Article 4 of the Paris Agreement.

**Non-State Actor** are business, industries, energy utilities, financial institutions, not-for-profits, regional and local authorities that have an active role within the framework of this Agreement.

**Other International Mitigation Purposes** means International Mitigation Purposes and Other Purposes as those terms are defined in the Paris Agreement Rules.

**Paris Agreement** means the international treaty on climate change adopted at the 21<sup>st</sup> Conference of the Parties to the UNFCCC in Paris, on 12 December 2015.

**Paris Agreement Rules** means the Paris Agreement and all relevant decisions, guidelines, rules, modalities, and procedures made by the CMA and any relevant constituted body, as amended from time to time, including the Article 6.2 Guidance.

**Party** means either of the contracting parties to this Agreement and Parties shall be construed as such.

**Positive Examination** means the determination by the Host Country or the Acquiring Country that the MOs generated have been Verified and deemed compliant with the sustainable development requirements for each Mitigation Activity.

**Registry** means an electronic database system that is established or operated pursuant to the Paris Agreement Rules and/or a Crediting Standard in order to ensure accurate accounting of the Issuance, holding, transfer, acquisition, surrender, cancellation, and replacement of all MOs/ITMOs, including the assignment of Unique Identifiers.

**Secretariat** refers to the UNFCCC secretariat.

**Sustainable Development Tools** means an internationally recognised sets of tools, methods, and modalities to enable assessment of the Mitigation Activity's contribution to sustainable development, including Gold Standard SDG impact tools, methods, and modalities or such other standards that the Parties agree are applicable.

**Technical Expert Review** has the meaning given to that term in the Paris Agreement Rules.

**tCO<sub>2e</sub>** Metric tonnes of Carbon Dioxide Equivalent.

**Third Party** means a party that is not a Party to this Agreement.

**UNFCCC** means the United Nations Framework Convention on Climate Change, which is the parent treaty of the 1997 Kyoto Protocol and the Paris Agreement.

**Unique Identifiers** has the meaning given to it in the Article 6.2 Guidance.

**Validator** means an organisation or body designated by mutual agreement of the Parties and accredited or recognised under the Paris Agreement Rules and/or the rules of a Crediting Standard to carry out Validation of the Mitigation Activities according to those rules.

**Validation** means validation in accordance with the Paris Agreement Rules and/or the rules of a Crediting Standard by a Validator that a Mitigation Activity meets the criteria as set by the Crediting Standard and includes the process of independent evaluation of a Mitigation Activity Design Document in accordance with those rules. **Validated** has a corresponding meaning.

**Validation Report** means a written report prepared and issued by the Validator in respect of the Validation conducted, in accordance with the requirements of the Paris Agreement Rules and/or the rules of a Crediting Standard.

**Verification** means the periodic review and ex post determination by a Verifier in accordance with the requirements of the Paris Agreement Rules and/or the rules of a Crediting Standard of the amount of Mitigation Outcome achieved by the Mitigation Activity in a given monitoring period. **Verified** has a corresponding meaning.

**Verification Report** means a written report prepared and issued by the Verifier in respect of the Verification conducted, in accordance with the requirements of the Paris Agreement Rules and/or the rules of a Crediting Standard.

**Verifier** means an organisation or body designated by mutual agreement of the Parties and accredited or recognised under the Paris Agreement Rules and/or the rules of a Crediting Standard and Methodology to carry out Verification of Mitigation Outcomes.

## Other Terms

- 1.2 Capitalized terms not defined in this Agreement shall have the meaning given to them in the Paris Agreement Rules.
- 1.3 Reference to any legal instruments or approved Crediting Standards includes amendments, consolidations, re-enactments, and replacements of it.
- 1.4 Words in the singular are to be interpreted as including the plural, and vice versa, to the extent the context permits or requires.
- 1.5 All references to a Party or Parties being required to act or refrain from acting in respect of obligations set out in this Agreement include their officers and employees.

## Purpose

- 1.6 The purpose of this Agreement is to establish the legal framework for the engagement in cooperative approaches including the authorization of MOs and their transfers as ITMOs based on the provisions of Article 6.2 of the Paris Agreement and on the Paris Agreement Rules related to this Article.
- 1.7 In case any provisions in this Agreement conflict with the provisions set out in Article 6.2 of the Paris Agreement and/or with the Paris Agreement Rules related to this Article, the latter two shall prevail.
- 1.8 Any Mitigation Activities in the Host Country, that the Buyer intends to acquire ITMOs from, will be regulated in a separate MOPA between the Buyer and Mitigation Activity Owner(s).
- 1.9 The Agreement does not give rise to any specific ITMO transfer, but rather provides the legal framework for authorised ITMO transfer.

---

## 2. Participation Requirements

### Participation

- 2.1 Each Party shall ensure that its participation in Cooperative Approaches under this Agreement, including Authorization, any transfer of ITMOs, and any use of ITMOs, is in compliance with the participation requirements in the Article 6.2 Guidance.

### Regulatory and Institutional Arrangements

- 2.2 Within a period of up to two years of the entry into force of this Agreement:
- (a) The Host Country shall ensure that it is legally and operationally in the position to Authorize, Issue and transfer, use and/or cancel the MO in its Registry in accordance with Article 3 (Authorization) and Article 4 (Issue and Transfer).
  - (b) The Acquiring Country shall ensure that it is legally and operationally in the position to receive, use and/or cancel the ITMOs in its Registry in accordance with Article 4 (Issue and Transfer).
- 2.3 Each Party shall notify the other Party that the relevant regulatory and institutional arrangements are operational, providing details of the specific rules, policy or guidance and institutions established, including but not limited to the body or official in the Host Country which has the authority to authorize MOs and transfer ITMOs.

### Registries

- 2.4 Each Party ensures that from two year(s) of the entry into force of this Agreement, it will have access to and continuously maintain a Registry for ITMO tracking purposes.
- 2.5 A Party may instead use the International Registry, subject to its operationality.

---

## 3. Authorization

- 3.1 The Host Country shall provide a Letter of Authorization for each Mitigation Activity specifying that it authorizes MOs generated from the Mitigation Activity for use towards the NDC of the Acquiring Country or Other International Mitigation Purposes in accordance with the Paris Agreement Rules.
- 3.2 The Host Country shall only authorize a Mitigation Activity provided that the Host Country has determined that the Mitigation Activity will not jeopardize their NDC fulfillment, and provided that the Mitigation Activity has been validated and determined to be in compliance with sustainable development requirements.
- 3.3 The Host Country's Letter of Authorization of a Mitigation Activity shall include all of the following:
- (a) a reference to the Validation Report,
  - (b) the crediting period,
  - (c) the NDC implementation period,
  - (d) the maximum amount of MOs to be issued and transferred,
  - (e) an indication of the First Transfer of the MOs from the activity,

- (f) the method for applying Corresponding Adjustments,
- (g) a reference to the Mitigation Activity's contribution to sustainable development in accordance with Article 8 (Environmental Integrity and Sustainable Development),
- (h) documented assessment by the Host Country that the Mitigation Activity is not anticipated to jeopardise the achievement of the Host Country's NDC, and
- (i) the name of the Acquiring Country.

3.4 The Acquiring Country shall provide a Letter of Authorization for each Mitigation Activity specifying that it authorizes MOs generated from the Mitigation Activity for use towards its NDC or Other International Mitigation Purposes in accordance with the Paris Agreement Rules.

3.5 The Acquiring Country's authorization will occur subsequent to the Validation of the Mitigation Activity and is contingent on its subsequent Positive Examination of the Verification Report and the sustainable development requirements specified for each Mitigation Activity.

3.6 By no later than 15 April of each calendar year, the Host Country shall notify the Acquiring Country annually of all Authorizations of MOs Issued by the Host Country under this Agreement during the previous calendar year.

3.7 The Parties shall promptly notify each other of any Authorizations under this Article 3.

#### **4. Issuance and Transfer**

##### **Issuance**

4.1 Provided that the MOs from a given Mitigation Activity have been Verified and received a Positive Examination by the Host Country and the Acquiring Country, the Host Country shall promptly issue MOs into its Registry.

##### **Transfer**

4.2 Upon Issuance of the MOs in accordance with Article 4.1, the Host Country shall promptly transfer the MOs to the Acquiring Country.

4.3 The Host Country shall notify the Acquiring Country upon the transfer from the Registry of the Host Country.

4.4 Transfers comprise and are complete only once the notification has been made and both the Host Country and Acquiring Country Registries have recorded the transfer.

#### **5. Corresponding Adjustments**

##### **Approach**

5.1 The Parties must apply Corresponding Adjustments for all ITMOs in accordance with the Paris Agreement Rules.

5.2 Without limiting Article 5.1, the Parties shall strive to apply international best practice concerning the use of Corresponding Adjustment methods and the application of Corresponding Adjustments.

5.3 Corresponding Adjustments by the Host Country are required no later than at the time of the First Transfer of ITMOs.

PARLIAMENT OF GHANA  
 PARLIAMENT HOUSE  
 OSU - ACCRA

- 5.4 Corresponding Adjustments are required for First Transfers of ITMOs independent of whether the Mitigation Activities from which they are generated are covered by the Host Country's NDC or not.

### **Avoidance of Double Counting and/or Double Claiming**

- 5.5 The Parties shall ensure that no double counting and/or double claiming concerning any ITMOs delivered shall occur, including from or with respect to participating stakeholders and voluntary carbon markets.

### **Voluntary Cancellation**

- 5.6 For the avoidance of doubt, the Acquiring Country may choose at any time to voluntarily cancel any ITMOs transferred without consequence for the Corresponding Adjustment made by the Host Country.

---

## **6. Information Sharing**

- 6.1 The Parties shall make publicly available in English:
- (a) any Authorization of MOs in accordance with Article **Error! Reference source not found.** (Authorization) of this Agreement; and
  - (b) details of each international transfer and Corresponding Adjustment in accordance with Article 4 (Corresponding Adjustments) of this Agreement.

---

## **7. Coordination**

### **Implementing Entities**

- 7.1 The Parties shall inform each other of the national entities designated to implement this Agreement. In the event of changes to these entities the Host Country or the Acquiring Country will notify the other Party in writing.

### **Coordinating Committee**

- 7.2 The Parties hereby establish a Coordinating Committee for the purpose of coordinating the technical implementation of this Agreement.
- 7.3 The Coordinating Committee will consist of representatives of each Party, as required by circumstances.
- 7.4 The Coordinating Committee is to convene meetings in person or remotely, as required, upon 14 days' notice of one of the Parties unless otherwise urgent.
- 7.5 The functions of the Coordinating Committee may include discussing and resolving matters related to:
- (a) Crediting Standards, including any Methodology;
  - (b) Validation and Verification;
  - (c) Authorization of MOs;
  - (d) Issuance and transfers of MOs;
  - (e) Corresponding Adjustments;

- (f) monitoring and reporting;
- (g) environmental integrity and sustainable development in accordance with Article 8 (Environmental Integrity and Sustainable Development);
- (h) the share of gross proceeds of any ITMO transfer that shall be reserved as a contribution to adaptation as well as the recipient of such proceeds;
- (i) capacity building in accordance with Article 10 (Capacity Building);
- (j) to consider any amendment in respect of this Agreement; and/or
- (k) any Disputes in accordance with Article 21.1.

7.6 The Coordinating Committee shall have no decision-making authority and its mandate and activities shall not conflict with the existing or proposed national institutional entities of the Parties.

## **8. Environmental Integrity and Sustainable Development**

### **Environmental Integrity**

- 8.1 Prior to Issuing ITMOs, the Host Country and the Acquiring Country shall confirm, through Validation and Verification, the environmental integrity of the ITMOs as described in the Paris Agreement Rules, especially:
- (a) that there is no net increase in global emissions within and between NDC implementation periods,
  - (b) through robust accounting and transparent governance, to ensure the quality of ITMOs, including through conservative reference levels, baselines set in a conservative way and below 'business as usual' emission projections (including by taking into account all existing policies and addressing uncertainties in quantification and potential leakage), and
  - (c) by minimizing the risk of non-permanence of mitigation across several NDC periods and when reversals of emission removals occur, ensuring that these are addressed in full.

### **Sustainable Development**

- 8.2 Mitigation Activities implemented in the Host Country as a result of this Agreement shall be consistent with and contribute to sustainable development objectives of both the Host Country and the Acquiring Country, including any respective strategies, policies, or long-term low emission development strategies.
- 8.3 Mitigation Activities shall be subject to appropriate Sustainable Development Tools to identify and monitor sustainable development impacts delivered by the activity.
- 8.4 Mitigation Activities shall further be subject to appropriate tools, methods, and/or modalities to:
- (a) prevent any negative social or environmental-related impacts caused by the activity, including on air and water quality, biodiversity, worksite safety, social inequality and discrimination against population groups based on gender, ethnicity, or age,
  - (b) respect national and international environmental regulations,

- (c) be in line with long-term low emission development strategies and promote sustainable development in the Host Country, and
- (d) ensure such activities do not lead to or exacerbate social conflict and violation of human rights.

8.5 Mitigation Activity Owners shall undertake consultation with local and otherwise affected stakeholders with regard to sustainable development and have established an independent grievance process that may be accessed by stakeholders.

---

## **9. Non-State Actor Participation**

9.1 capacity

9.2

9.3 The Acquiring Country may authorize a Non-State Actor to receive, register and/or transfer MOs on the Acquiring Country's behalf.

---

## **10. Capacity Building**

10.1 The Parties agree to work together to build capacity regarding the Article 6 Paris Agreement instruments including assistance with the development of the institutions, competencies, and infrastructure necessary to fulfil the terms of this Agreement.

10.2 The Parties may contribute resource and capacity support (as applicable) to implement this cooperation and to support technical analysis to inform the design and implementation of Mitigation Activities and the development of national institutional infrastructure supporting Article 6 of the Paris Agreement.

---

## **11. Reporting and Review to the Secretariat**

11.1 Each Party shall comply with the requirements on initial reporting, annual information, and biennial transparency reporting (including all Regular Information under the Paris Agreement Rules) in accordance with the Paris Agreement Rules.

11.2 The Parties shall at all times cooperate with and take best efforts to implement any recommendations from the Technical Expert Review proceedings as foreseen in the Paris Agreement Rules.

---

## **12. Ambition in Mitigation and Adaptation Actions**

12.1 The Parties shall promote enhanced climate action and ambition in accordance with their respective low-emission development strategies.

12.2 The Parties shall ensure for each Cooperative Approach under the Article 6.2 Guidance in which they participate that a share of gross proceeds of any ITMO transfer shall be reserved as a contribution to adaptation. The modalities for the determination of the amount and recipients shall be dealt with by the Coordinating Committee.

12.3 The Acquiring Country shall ensure that from each transaction a share of ITMOs shall be cancelled for purposes of contributing to the overall mitigation in global emissions.



---

## 13. Representations and Warranties

### Mutual Representations and Warranties

- 13.1 Each Party represents and warrants to the other Party on the date hereof that
- (a) it is duly authorized and has the power and authority to execute and deliver this Agreement and to perform its obligations under it and has taken all necessary actions to authorize the entry into and the observance and performance of its obligations under this Agreement and shall maintain all relevant authorizations, and that
  - (b) the Person signing this Agreement on behalf of a Party is duly authorized to sign the Agreement as a representative of the Party.
- 

## 14. Miscellaneous

- 14.1 Participation in this Agreement does not affect the right of each Party to enter into other agreements with respect to Article 6 of the Paris Agreement.
- 14.2 Participation in this Agreement does not affect the obligations of each Party under the UNFCCC or the Paris Agreement.
- 

## 15. Entry into Force and Amendments

- 15.1 This Agreement shall become effective upon signature and, when applicable, subsequent ratification, acceptance or approval by the Parties.
- 15.2 The parties are to exercise reasonable endeavours to exchange instruments of ratification, acceptance or approval following execution of this Agreement.
- 15.3 This Agreement may only be amended by agreement in writing executed by the Parties, following consideration by the Coordinating Committee under Article 7.5.
- 

## 16. Event of Default

- 16.1 The occurrence at any time with respect to a Party of any of the following events constitutes an Event of Default with respect to such Party:
- (a) any representation or warranty made by a Party which is false or misleading in any material respect;
  - (b) failure of a Party to enter into direct negotiations through diplomatic channels when requested by the other Party in accordance with Article 21.2 (Settlement of Disputes);
  - (c) failure of a Party to comply with Article 18 (Anti-Bribery, Anti-Corruption and Anti-Money Laundering);
  - (d) a Party who disaffirms, disclaims, repudiates, or rejects, in whole or in part, or challenges the validity of, or expressly refuses to perform its obligations under this Agreement (or such action is taken by any Entity or person appointed or empowered to operate it or act on its behalf); or
  - (e) a Party who fails to comply in any material respect with or perform in any material respect any of its other obligations or covenants under this Agreement and such failure

is not remedied to the reasonable satisfaction of the other Party within 120 days after written notice of such failure is given to the Party by such other Party.

---

## 17. Remedies

- 17.1 Upon the occurrence of an Event of Default and while such Event of Default is continuing, the non-defaulting Party, at its option, may:
- (a) suspend performance of any obligation under this Agreement; and/or
  - (b) terminate this Agreement upon 180 days written notice to the defaulting Party.

---

## 18. Anti-Bribery, Anti-Corruption and Anti-Money Laundering

### Engagement with Designated Persons

- 18.1 The Parties shall not, in performing its obligations under this Agreement or any MOPA pursuant to this Agreement (and shall ensure that its officers, directors, employees, agents and representatives do not) receive, transfer, retain, use or hide the proceeds of any criminal activity whatsoever, or employ or otherwise conduct business with a Designated Person.
- 18.2 For the purposes of this Article 18, a Designated Person is any person who is publicly identified from time to time by any government or legal authority under applicable trade sanctions, export controls, anti-money laundering, non-proliferation, anti-terrorism and similar laws as a person with whom trade or financial dealings and transactions by the Parties are prohibited or restricted, including but not limited to:
- (a) persons designated on the United Nations lists of persons subject to sanctions;
  - (b) persons designated on the EU list of persons subject to sanctions;
  - (c) persons on the Consolidated List of Individuals and Entities subject to the UK's Financial Sanctions Regimes as maintained by Her Majesty's Treasury;
  - (d) the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) List of Specially Designated Nationals and Other Blocked Persons (including terrorists and narcotics traffickers);
  - (e) the U.S. Department of State's lists of persons subject to non-proliferation sanctions;
  - (f) the U.S. Department of Commerce's Denied Parties List, Entity List, Unverified List, General Order 3 to Part 736 List; and
  - (g) persons and entities subject to Special Measures regulations under Article 311 of the USA PATRIOT Act and the Bank Secrecy Act and its regulations.

### Corrupt Practices

- 18.3 The Parties shall not (nor authorise any person acting on its behalf to) engage in Corrupt Practices in connection with this Agreement or any MOPA pursuant to this Agreement, including the procurement or the execution of any contract for goods or works. The Parties shall institute, maintain, and comply with internal procedures and controls following international best practice standards for the purpose of preventing any action in breach of the provisions of this clause.

## Notification of Violation

- 18.4 Each Party undertakes to inform the other promptly if it should, at any time, obtain information in relation to any violation or potential violation of the provisions of this Article 18.
- 18.5 If a Party notifies the other Party of its concern that there has been a violation of any of the provisions of Article 18.1, the Party receiving that notice shall:
- (a) cooperate in good faith with the notifying Party and its representatives in determining whether such a violation has occurred,
  - (b) respond promptly and in reasonable detail to any notice from the notifying Party, and
  - (c) furnish documentary support for each such response upon the notifying Party's request.
- 

## 19. Force Majeure

- 19.1 Upon the occurrence of a Force Majeure event, the Party affected by the FM event (the "FM Affected Party") shall notify the other Party in writing of the commencement of the FM event. The FM Affected Party shall provide details of the FM event and a non-binding estimate of the extent and the expected duration of its inability to perform its obligations due to the FM event.
- 19.2 During the continuation of the FM event, the FM Affected Party shall use reasonable efforts to mitigate and overcome the FM event and to update the other Party with any change to its estimate of the expected duration of its inability to perform its obligations due to FM event and providing full details for such change.
- 19.3 The obligations of both Parties under this Agreement which cannot be performed due to the FM event will be suspended for the duration of the FM event and shall not be required to be performed until the day that is 90 days after the FM event is overcome or ceases to exist (the "Delayed Performance").
- 

## 20. Change in Law

- 20.1 In the event of a change to the Paris Agreement Rules or other International Law that adversely affects a Party's ability to perform under this Agreement or renders any term or condition inconsistent with such change (Change in Law), the Parties shall in good faith attempt to make amendments to reflect such Change in Law so as to be able to perform their respective obligations while retaining the intent of this Agreement.
- 

## 21. Settlement of Disputes

- 21.1 Any dispute between the Parties arising out of, or in connection with this Agreement, including any question concerning the interpretation or application of this Agreement or the breach, termination, or invalidity thereof (Dispute) shall first be promptly referred to the Coordinating Committee to seek to resolve the Dispute through negotiation.
- 21.2 If the Dispute has not been resolved within 180 days of its referral to the Coordinating Committee, the Parties shall seek to resolve the Dispute by direct negotiations in bilateral diplomatic channels.
- 21.3 If the Dispute has not been resolved through bilateral diplomatic channels within a further 180 days, it shall be resolved in accordance with Article 14 of the UNFCCC.

21.4 Nothing in this Article 21 prevents a Party seeking urgent injunctive or declaratory relief at the International Court of Justice.

---

## **22. Confidentiality**

22.1 Each Party undertakes not to use or disclose any Confidential Information relating to any person. This does not apply to disclosure of Confidential Information:

- (a) which is lawfully or will be lawfully brought to public domain other than by breach of this Agreement;
- (b) shown to be known to a Party before receipt thereof from the other Party;
- (c) received by a Third Party which is received from that Third Party without restraints as to the use thereof;
- (d) where disclosure is required under an approved Crediting Standard or an approved Methodology;
- (e) where disclosure is required under the laws of the Acquiring Country or the Host Country;
- (f) where disclosure is to a competent national or international authority in relation to any violation of any of the provisions of Article 18; and/or
- (g) in cases referred to in Article (c) above, the receiving Party is not, however, entitled to disclose to Third Parties that the same information has also been received from the other Party.

22.2 This confidentiality undertaking is unlimited in time and shall survive termination of this Agreement.

---

## **23. Governing Law**

23.1 This Agreement shall be governed by and construed in accordance with International Law.

## Execution

Executed as an agreement.

Signed for and on behalf  
of **the Republic of Ghana**  
by its duly authorized representative:

\_\_\_\_\_  
Date and Place

\_\_\_\_\_  
Signature of authorized representative

\_\_\_\_\_  
Name of authorized representative  
(Please print)

Signed for and on behalf  
of **the Kingdom of Sweden**  
by the Swedish Energy Agency, its duly  
authorized representative:

\_\_\_\_\_  
Date and Place

\_\_\_\_\_  
Signature of authorized representative of the  
Swedish Energy Agency

\_\_\_\_\_  
Name of authorized representative of the  
Swedish Energy Agency  
(Please print)