

**MEMORANDUM OF UNDERSTANDING
REGARDING
BILATERAL CO-OPERATION BETWEEN
THE REPUBLIC OF AUSTRIA AND THE SLOVAK REPUBLIC
FOR THE REDUCTION OF GREENHOUSE GAS EMISSIONS**

The Federal Minister of Agriculture, Forestry, Environment and Water Management of the Republic of Austria and the Minister of Environment of the Slovak Republic,

- Recalling that the Republic of Austria and the Slovak Republic, hereafter referred to as Partner States, have ratified the Kyoto Protocol
- Taking into account in particular Article 6 of the Kyoto Protocol including Decision 15/CP.7 and 16/CP.7 adopted at the Marrakesh Conference as well as future decisions of the Conference of the Parties of the UNFCCC concerning the implementation of this Article
- Taking into account furthermore Article 17 of the Kyoto Protocol including Decision 18/CP.7 adopted at the Marrakesh Conference as well as future decisions concerning the implementation of this Article
- Recalling existing co-operation in the fields of environment and energy and stressing the importance of enhanced co-operation within the framework of the energy partnership

conclude the following Memorandum:

I. Scope and Objective

The co-operation in the framework of this Memorandum will include support for realising Joint Implementation projects in accordance with Article 6 of the Kyoto Protocol in the Slovak Republic through joint activities and the transfer to the Republic of Austria of the agreed part of emission reduction units (ERUs) resulting from the implementation of such projects.

II. Project Cycle

1. The project cycle will be based on the provisions of the Kyoto Protocol and all relevant COP and COP/moP decisions and will follow any additional requirements or national guidelines of both Partner States.
2. The Partner States agree to elaborate standardised procedures for certain project categories.

III. Principles for baseline setting and calculation of ERUs

1. A baseline will be established in accordance with the relevant COP and COP/moP decisions.
2. ERUs attributable to a project will be calculated by subtracting the monitored and verified data on actual emissions from the baseline after realisation of the project.
3. The elaboration of the baseline study and the detailed calculation of ERUs will follow primarily an existing methodology accepted by both Partner States. Unless otherwise agreed between the Partner States for specific projects, a baseline, which has been validated in accordance with the provisions of this Memorandum, will have to be re-assessed and re-validated at the earliest 5 years, but at the latest 10 years after the original validation.
4. The Partner States strive to co-operate on the elaboration and further development of methodologies for baseline setting and ERU calculation.

IV. Approval by the Slovak Republic and Transfer of Emission Reduction Units to the Republic of Austria

1. The ERUs to be transferred to the Republic of Austria will be determined between the Partner States by mutual agreement in accordance with the provisions under Art. VI and approved by the Slovak Republic in written form. Such written approval will contain a binding confirmation of the Slovak Republic that a part of the ERUs attributable to a project under Art. III will be transferred to the Republic of Austria upon verification.

2. Such transfer may occur as long as ERUs can be attributed to a project in accordance with the provisions under Art. III. As a matter of principle, ERUs may only be transferred after their actual occurrence and corresponding to the extent of their actual occurrence in the year concerned.
3. The Slovak authorities will furthermore assist in the development and fulfilment of projects through assistance to the interested companies, as appropriate.
4. As for transfers under Article 17 of the Kyoto Protocol, the necessary details related to such transfers shall be agreed on a case by case basis and in accordance with all relevant provisions and rules.

V. Project Types and Categories

1. The provisions of this Memorandum will apply in any case to the following project categories in so far as the technical implementation of the projects corresponds to the current state of technical development:
 - Construction (or retrofitting) of CHP installations;
 - Fuel switch in energy conversion installations to renewable or from fuels with high carbon content to fuels with lower carbon content, in particular in existing distance-heating systems;
 - Construction (or retrofitting) of power generation installations operated with renewables (in particular hydropower, wind power, biogas or biomass CHP);
 - Projects leading to avoidance or (energetic) recovery of landfill gas;
 - Waste management measures contributing to avoidance of greenhouse gas emissions in particular through energy recovery and use;
 - Projects leading to reduction of final energy consumption in residential buildings, public and private services buildings as well as in industrial applications and processes (including waste heat potentials).
2. Concerning projects not listed under paragraph 1 above, the Partner States will decide jointly in how far provisions of this Memorandum can be applied to support their realisation.
3. Projects will have overall positive impacts on the environment and social development of the Slovak Republic.

4. Projects aiming at the construction or retrofitting of nuclear power plants will be excluded under this Memorandum.

VI. Co-ordination between the Partner States

1. Concerning the management of projects with regard to the support granted by the Republic of Austria and with regard to the transfer of ERUs attributable to a project from the Slovak Republic to the Republic of Austria, the Partner States agree upon the following process:

- a. Both Partner States will designate authorised representatives to be responsible for the operative representation of the respective partner country and function as direct contact points in all matters concerning the implementation of this Memorandum.
- b. The authorised representatives of both Partner States will have to reach agreement on the eligibility of a selected project for transfer of ERUs in accordance with the provisions of this Memorandum. On this basis, in accordance with Art. IV, the ERUs, which will be transferred after project realisation from the Slovak Republic to the Republic of Austria, will have to be determined by mutual agreement. The above-mentioned agreements may be linked to conditions in relation to actual implementation of the projects.

2. The authorised representatives of the Partner States will jointly define requirements for independent entities which may be charged with baseline validation and verification of ERUs that have actually occurred. On the basis of this definition of requirements the authorised representatives will jointly select the appropriate entities and grant written authorisation to such entities to perform the afore-mentioned verification functions. It is agreed that independence of such entities from representatives of the Republic of Austria, of the Slovak Republic, and from interests of prospective project participants will constitute an indispensable requirement.

3. The authorised representatives of the Partner States may jointly develop standardised procedures for certain project categories.

VII. Adjustment of the Memorandum to future international agreements

In case a specific provision of this Memorandum contradicts a provision from a treaty to be concluded in the future and to which one of the Partner States becomes a Party, the Memorandum will be adjusted accordingly.

VIII. Final Provisions

This Memorandum will take effect on the day of signature. Amendments and supplements require written form.

The Memorandum is executed in two originals in the English language.

SIGNED in Johannesburg, on September 2002

Wilhelm MOLTERER

Federal Minister for Agriculture,
Forestry, Environment and Water
Management of the Republic of Austria

Laszlo MIKLOS

Minister for the Environment of the Slovak
Republic