

**MEMORANDUM OF UNDERSTANDING
REGARDING
BILATERAL CO-OPERATION BETWEEN
THE REPUBLIC OF AUSTRIA AND THE CZECH REPUBLIC
FOR THE REALISATION OF
JOINT IMPLEMENTATION PROJECTS**

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

- Recalling that the Czech Republic has already ratified the Kyoto Protocol to the United Nations Framework Convention on Climate Change, hereafter referred to as the Kyoto Protocol, in 2001 and that the Republic of Austria has signed the Kyoto Protocol and is currently in the process of ratification
- In view of the recognition of the Kyoto Protocol's fundamental objective by the Czech Republic and the Republic of Austria, hereinafter referred to as the Partner States, and their intention to implement it
- 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
- Affirming their intention to undertake all efforts to promote sustainable development
- Recalling existing co-operation and stressing the importance of enhanced co-operation in the field of environment

have reached the following understanding:

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 Czech Republic through joint activities and the transfer to the Republic of Austria of emission reduction units 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 requirements of the respective national programmes and 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 have to be established in accordance with the relevant COP and COP/MOP decisions.
2. Emission reduction units (ERUs) attributable to a project are 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 by an independent entity 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 Czech Republic and Transfer of Emission Reduction Units to the Republic of Austria

1. The ERUs to be transferred to the Republic of Austria will have to be determined between the Partner States by mutual agreement in accordance with the provisions under Art. VI and approved by the Czech Republic in written form. Such written approval will contain a legally binding confirmation of the Czech Republic that those ERUs attributable to a project under Art. III and verified by an independent entity 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 Czech authorities will facilitate the development and implementation of projects, i.a. through providing relevant information to interested companies.

V. Project Types and Categories

1. The provisions of this Memorandum will apply in any case to the following priority project categories in so far as the technical implementation of the projects corresponds to the current state of technical development:
 - Utilisation of renewable energy sources
 - Energy savings in final energy consumption of buildings (insulation, regulation) in the public sector
 - Energy savings in final energy consumption of apartment buildings (insulation, regulation)
 - Utilisation of waste industrial heat
 - Construction of collection systems for landfill gases in old landfills and use of energy thereof.

2. Concerning projects not listed under paragraph 1 above, such projects will also be eligible if the Partner States decide jointly that 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 Czech 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 Czech Republic to the Republic of Austria, the Partner States agree upon the following process:
 - a. Both Partner States will authorise representatives to be responsible for the operative representation of the respective Partner States and to 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, including a letter of approval from the Czech Republic. On this basis, in accordance with Art. IV the ERUs resulting from the project, which will be transferred after project realisation from the Czech 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 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 Czech Republic, and from interests of prospective project participants will constitute an indispensable requirement.
4. The authorised representatives of the Partner States will 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 based on the agreement of both Partner States.

VIII. Final Provisions

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

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

SIGNED at Vienna, on 4 April 2002

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

Milos KUZVART
Minister of Environment of the Czech
Republic