

MEMORANDUM OF UNDERSTANDING
ON
BILATERAL CO-OPERATION BETWEEN
THE FEDERAL MINISTER OF AGRICULTURE, FORESTRY,
ENVIRONMENT AND WATER MANAGEMENT OF THE REPUBLIC OF
AUSTRIA
AND THE MINISTER OF NATURE AND ENVIRONMENT OF
MONGOLIA
FOR THE REALISATION OF PROJECTS IN THE FIELD OF THE CLEAN
DEVELOPMENT MECHANISM UNDER ARTICLE 12 OF THE
KYOTO PROTOCOL

The Federal Minister of Agriculture, Forestry, Environment and Water Management of the Republic of Austria and the Minister of Nature and Environment of Mongolia, hereinafter referred to as "Partners",

- *Recalling* that the Republic of Austria has ratified the Kyoto Protocol in May 2002 and that Mongolia has accepted the Kyoto Protocol in December 1999;
- *In view* of the recognition of the Kyoto Protocol's fundamental objective by the Republic of Austria and Mongolia, and their intention to implement the Kyoto Protocol;
- *Taking* into account in particular Article 12 of the Kyoto Protocol including Decision 15/CP.7 and 17/CP.7 adopted at the Marrakech 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 and to promote sustainable development;
- *Recalling* existing co-operation and stressing the importance of enhanced cooperation in the field of environment;

Have reached the following understanding:

PARAGRAPH 1: Scope and Objective

- a. The co-operation in the framework of the present Memorandum will include support for realising projects under the Clean Development Mechanism in accordance with Article 12 of the Kyoto Protocol in Mongolia through joint activities.
- b. The Partners will facilitate the exchange of information on their climate change programmes and strategies, including programmes for the use of the flexible mechanisms of the Kyoto Protocol.
- c. The Partners will facilitate the development and implementation of CDM projects and assist interested project developers, e.g. through providing relevant information on project opportunities, on the relevant national provisions for such projects and formal approval for project activities in accordance with Art. 12.5 of the Kyoto Protocol.

PARAGRAPH 2: Project Cycle

- a. 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 Partners.
- b. Baselines and monitoring plans will be established in accordance with the relevant COP and COP/MOP decisions and with guidelines of the CDM Executive Board.
- c. The Partners will support international efforts for the elaboration and further development of methodologies for baseline setting and monitoring plans and for simplified modalities and procedures for small-scale projects.

PARAGRAPH 3: Approval of the Projects by the Republic of Austria and Mongolia

- a. The Republic of Austria will acquire certified emission reductions from project activities provided that such project activities are in conformity with all relevant international rules and guidelines as well as with the criteria of the Austrian national programme for JI and CDM. The formal approval of the project by Mongolia will be a necessary prerequisite for acquisitions of CERs under the Austrian JI/CDM programme.

PARAGRAPH 4: Project Types and Categories

- a. The present Memorandum concerns the following priority of 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 generators' installations operated with renewable (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 usage;
- 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).

b. Projects not listed under paragraph 1 above will be eligible if the Partners decide jointly that this Memorandum also covers their realisation.

c. Projects will have overall positive impacts on the environment, economic and social development of Mongolia.

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

PARAGRAPH 5: Co-ordination between the Partners

a. Concerning the management of projects, both Partners will authorise representatives to be responsible for the operative representation of the respective Partners and to function as direct contact points in all matters concerning the implementation of this Memorandum. The Republic of Austria has selected the Kommunalkredit Public Consulting (KPC) and Mongolia has selected the Designated National Authority to CDM to act as the authorised representatives.

b. The authorised representatives will co-operate with project participants in selecting accredited operational entities to perform functions of validation and certification for projects by the Partners.

PARAGRAPH 6: Final Provisions

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

PARAGRAPH 7: DISPUTE RESOLUTION

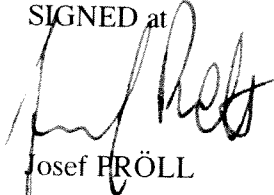
Any dispute arising from the interpretation, application or implementation of the present Memorandum of Understanding will be resolved amicably through consultations between Partners.

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

SIGNED at

, on

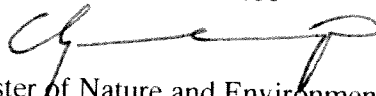
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Josef PRÖLL

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

Erdenebaatar Inchinkhorloo



Minister of Nature and Environment of
Mongolia