

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 NATIONAL ENVIRONMENTAL AUTHORITY OF THE REPUBLIC OF PANAMA
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 National Environmental Authority of the Republic of Panama, hereinafter referred to as "Partners",

- *Recalling* that the Republic of Austria ratified the Kyoto Protocol in May 2002 and that the Republic of Panama ratified the Kyoto Protocol in March 1999;
- *In view* of the recognition of the Kyoto Protocol's fundamental objective by the Republic of Austria and the Republic of Panama 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 being ready to take into account future decisions of the Conference of the Parties (COP) 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 cooperation in the field of the 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 by both Partners for realising, through joint activities, projects under the Clean Development Mechanism (CDM) in the Republic of Panama in accordance with Article 12 of the Kyoto Protocol.
- 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 on formal approval of project activities in accordance with Article 12 paragraph 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 the requirements of the respective Partner's national programmes and guidelines.
- 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 Projects by the Republic of Austria and the Republic of Panama

- a. The Republic of Austria will acquire Certified Emission Reductions (CERs) 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 the Republic of Panama 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 renewables or from fuels with high carbon content to fuels with lower carbon content, in particular in existing distanceheating 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 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).

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b. Projects not listed under a., 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 and on the economic and social development of the Republic of Panama.

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

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

PARAGRAPH 6: Final Provisions

This Memorandum of Understanding will enter into effect on the date of the later notification by the Partners, through diplomatic channels, indicating that national requirements for the entry into effect have been completed. It will remain effective until a Partner notifies, in writing and through diplomatic channels, to the other Partner that this Memorandum of Understanding ceases to be in effect 30 days after such a notification. Amendments and supplements have to be made in writing and have to be signed by both Partners.

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 Poznan (Poland), on December 12, 2008.

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



Ligia CASTRO DE DOENS
Administrator General
National Environmental Authority
of the Republic of Panama

