

MEMORANDUM OF UNDERSTANDING

REGARDING

BILATERAL CO-OPERATION BETWEEN THE FEDERAL MINISTER OF AGRICULTURE,
FORESTRY, ENVIRONMENT AND WATER MANAGEMENT OF

THE REPUBLIC OF AUSTRIA AND NATIONAL ENVIRONMENTAL COUNCIL OF THE REPUBLIC
OF PERU

FOR THE IMPLEMENTATION OF

PROJECTS UNDER THE CLEAN DEVELOPMENT MECHANISM

The Federal Minister of Agriculture, Forestry, Environment and Water Management of the Republic of Austria and the National Environmental Council of the Republic of Peru,

- Recalling that the Republic of Peru has approved the Kyoto Protocol in September 2002 and that the Republic of Austria has ratified the Kyoto Protocol in May 2002;
- In view of the recognition of the Kyoto Protocol's fundamental objective by the Republic of Peru and the Republic of Austria, hereinafter referred to as Partners, and their intention to implement it;
- Taking into account in particular Article 12 of the Kyoto Protocol including Decision 15/CP.7 and 17/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;
- Recognizing that Peru has designated the National Environmental Council as the National Authority for the Clean Development Mechanism.
- 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:

Article 1. Scope and Objective

1. The co-operation in the framework of this Memorandum will include support for realising projects under the Clean Development Mechanism in accordance with Article 12 of the Kyoto Protocol in the Republic of Peru through joint activities.
2. 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.
3. 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, including procedures for permitting, licensing, and on procedures for obtaining Letters of No

Objection and formal approval for project activities in accordance with Art. 12.5 of the Kyoto Protocol.

4. The partners will discuss the possibilities to undertake capacity building activities for the promotion of the Clean Development Mechanism projects.

Article 2. 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 Partners.
2. 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.
3. 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.

Article 3. Approval of the Projects by the Republic of Peru and the Republic of Austria

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 the Republic of Peru will be a necessary precondition for acquisitions of CERs under the Austrian JI/CDM programme.

Article 4. Project Types and Categories

1. This Memorandum concerns the following priority 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. Projects not listed under paragraph 1 above will be eligible if the Partners decide jointly that this Memorandum also covers their realisation.
3. Projects will have overall positive impacts on the environment, economic and social development of the Republic of Peru.
4. Projects aiming at the construction or retrofitting of nuclear power plants are excluded under this Memorandum.

Article 5. Co-ordination between the Partners

1. 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.
2. The authorised representatives will co-operate with project participants in selecting accredited operational entities to perform the validation and certification functions for projects by the Partners.

Article 6. Termination

Any of the Partners may terminate the Memorandum of Understanding by diplomatic channels, with at least six (06) months in advance notice, or if there are programs underway, until their completion, except as otherwise decided by common understanding of the Partners .

Article 7. Duration

The Memorandum of Understanding will be effective for five (05) years , unless one of the Partners notifies the other Partner in writing its intention of terminating it.

Article 8. Modification and renewal

This Memorandum of Understanding may be modified or renewed with the mutual written consent of the Partners .

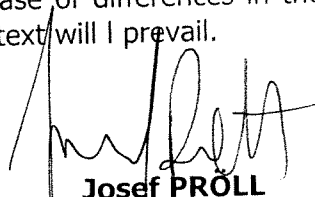
Article 9. Dispute

Any controversy or dispute arising from the interpretation, application or execution of the Memorandum of Understanding herein will be settled through friendly consultation between the Partners .

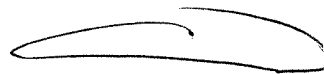
Article 10. Entry into effect

The Memorandum of Understanding will come into effect on the date each government informs the other one, in writing, that all domestic requirements, if any, have been fulfilled.

Signed in the city of Lima, on February 17th, 2005 and in the city of _____,
on _____ 200_, in the spanish, german and english language in two original
copies. In case of differences in the interpretation of this Memorandum of Understanding,
the english text will prevail.



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



Carlos LORET DE MOLA
President
**National Environmental Council
CONAM**