

Memorandum of Understanding
on
co-operation regarding Clean Development Mechanism project activities

between

the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of the
Federal Republic of Germany

and

the Ministry of State for Environmental Affairs of
the Arab Republic of Egypt

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of the Federal Republic of Germany

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recognize that many environmental problems are of cross-border nature and require international cooperation, through both bilateral and multilateral conventions and that cooperation between national environmental authorities can be of mutual benefit at national, regional and global level,

wish to strengthen the cooperation in the framework of specific international conventions in conformity with the final documents of the World Summit on Sustainable Development (Johannesburg, 2002),

bear in mind the need for closer scientific and technical co-operation for the protection of the environment and the conservation of natural resources,

refer under the perspective of the Kyoto Mechanisms to the six areas of co-operation between the German and Egyptian sides laid down in the "Priority Area Strategy Environmental Policy, Protection and Sustainable Use of Natural Resources" – signed in Bonn, Germany, on 9 April, 2003 :

- a) Waste management, including agricultural waste
- b) Water quality management
- c) Industrial pollution
- d) Air pollution
- e) Renewable energy and energy efficiency including energy conservation (e.g. promotion and implementation of CDM projects)
- f) Institutional support to address multilateral and global issues (e.g. clean development mechanism-Integration of environment aspects, which is the focus of this MoU),

recall that the Federal Republic of Germany and the Arab Republic of Egypt are Parties to the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol to that Convention,

recall furthermore that Article 12 of the Kyoto Protocol provides for the transfer of Certified Emission Reductions (CERs) resulting from Clean Development Mechanism (CDM) project activities aimed at reducing anthropogenic emissions by sources or enhancing anthropogenic removals by sinks of greenhouse gases,

underline that CDM project activities should assist the host country in achieving sustainable development and that it is the host Party's prerogative to confirm this,

expect CDM project activities to contribute overall to the reduction of other hazardous emissions, especially industrial, and to the reduction of air pollution,

take into account decisions, guidelines, modalities and procedures adopted by the Conference of Parties (COP) to the UNFCCC and the COP serving as the Meeting of the Parties (COP/MOP) to the Kyoto Protocol on Article 12 of the Kyoto Protocol and by the Executive Board to the CDM,

express, in pursuing the objectives of the UNFCCC and of the Kyoto Protocol, their intent to co-operate in the following manner:

I. Scope and Instruments of Co-operation

Both sides share the view that

1. the co-operation under this MoU should include the development and further improvement of framework conditions to facilitate the implementation of project activities in all sectoral scopes of the protection of the environment with special focus on renewable energy and energy efficiency by the public and private sectors;
2. co-operation regarding the CDM and its activities in particular should include - subject to the national legislation of the Federal Republic of Germany and the Arab Republic of Egypt - the following:
 - a) exchange of information on the subject of compliance with the eligibility requirements for participation in CDM project activities;
 - b) exchange of information on project opportunities, in particular in the fields of renewable energies and energy efficiency, project funding and financing conditions and facilitation of the information flow to public and private entities;
 - c) exchange of information and views on the assessment of project activities including approval procedures and guidelines for CDM project activities applied by the parties involved; the information concerning bilateral CDM project activities should be exchanged by means of electronic communication;
 - d) exchange of information and views on methodologies and mechanisms for determining emission baselines and demonstrating additionality, and for monitoring and verification of greenhouse gas emission reductions that would not have occurred in the absence of the CDM project activity; the information concerning bilateral CDM project activities should be exchanged by means of electronic communication;

- e) facilitation of project activities identified jointly as being able to fulfill the CDM project cycle requirements, especially in the case of Small Scale Projects. Project activities identified jointly should preferably be endorsed through official letters from each side;
- f) facilitation of the development of project ideas presented to the Designated National Authorities (DNA) by pre-checking them in due time, in order to determine the endorsement of project activities as CDM projects. Both DNAs should communicate their decisions to the applicant entity in written form;
- g) support of project activities which have been approved by both DNAs throughout the whole CDM cycle in particular before the CDM Executive Board. Both sides should exchange views and inform each other on any activity intended to be pursued in this context;
- h) consideration of the possibilities of technology transfer in the field of renewable energy in the framework of the respective national legislation;
- i) encouragement of major German companies and respective Egyptian cooperation partners to develop CDM project activities and cooperations in the areas of heavy transportation based on fuel switching to natural gas, waste management, including agricultural waste and water quality management.

II. GENERAL PRINCIPLES, PROCEDURES AND STRUCTURE OF THE COOPERATION

In their cooperation, both sides intend to:

1. facilitate – subject to the respective national legislation - the exchange of information concerning business agreements, joint ventures and licensing agreements among legal entities in the Federal Republic of Germany and the Arab Republic of Egypt, while preserving the appropriate confidentiality;
2. consult regularly on the progress of project activities and other activities that occur within the co-operation under this MoU and to inform relevant departments within the national administrations and others involved in a project activity;
3. exert all efforts to facilitate and shorten the process of the development of CDM project activities, and in particular, to take and to communicate decisions on approval of validated Project Design Documents (PDDs) within two months at the latest;
4. inform each other immediately after signing this MoU about the contact persons of their respective DNAs through an exchange of letters.

III. Disagreement

Both sides intend to resolve any disagreement which may arise in the context of co-operation under this MoU by consultation between them.

IV. Amendment

Both sides share the view that

1. this MoU may at any time be amended in writing by mutual consent;
2. this MoU should be revised if it proves necessary to take into account new requirements emerging from any new bilateral cooperation agreement, COP and COP/MOP decisions, changes in the national climate policy strategy, including CDM project assessment and approval procedures, or the lessons learned from the implementation of CDM project activities.

V. Duration of the Co-operation

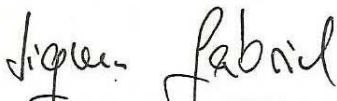
Both sides share the view that

1. co-operation under this MoU should commence on the date of signature thereof;
2. co-operation should be continued until one side informs the other in writing six months in advance of its wish to terminate co-operation under this MoU;
3. the termination of this MoU should not affect CDM project activities already implemented or approved by both sides.

This Memorandum of Understanding is signed in two copies in the English language.

Cairo, 12 June 2006

For the Federal Ministry for
the Environment, Nature Conservation
and Nuclear Safety of the Federal
Republic of Germany



H.E. Sigmar Gabriel
The Minister for the Environment, Nature
Conservation and Nuclear Safety

For the Ministry of State for
Environmental Affairs of
the Arab Republic of Egypt



H.E. Maged George
The Minister of State for
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