

MEMORANDUM of UNDERSTANDING

between

the Ministry for the Environment, Land and Sea of Italy

and

the Governments of the Pacific Small Island States, including the following countries : the Republic of the Fiji Islands, the Republic of Kiribati, the Republic of the Marshall Islands, the Federated States of Micronesia, the Republic of Nauru, the Republic of Palau, the Independent State of Papua New Guinea, the Independent State of Samoa, the Solomon Islands, the Kingdom of Tonga, Tuvalu, and the Republic of Vanuatu

on

***“CO-OPERATION ON CLIMATE CHANGE
AND ON THE CLEAN DEVELOPMENT MECHANISM (CDM)
UNDER ARTICLE 12 OF THE KYOTO PROTOCOL”***

The Ministry of the Environment, Land and Sea of the Republic of Italy

and

The Governments of the countries of the Pacific Small Island States: the Republic of the Fiji Islands, the Republic of Kiribati, the Republic of the Marshall Islands, the Federated States of Micronesia, the Republic of Nauru, the Republic of Palau, the Independent State of Papua New Guinea, the Independent State of Samoa, the Solomon Islands, the Kingdom of Tonga, Tuvalu, and the Republic of Vanuatu, being for the purposes of this Memorandum, hereinafter referred to as “Parties”.

RECALLING that the Republic of Italy and the countries of the above mentioned Pacific Small Island States are Parties to the United Nations Framework Convention on Climate Change (UNFCCC), and the Kyoto Protocol of that Convention,

TAKING INTO ACCOUNT Article 12 of the Kyoto Protocol that stipulates that the purpose of the Clean Development Mechanism is to assist Parties not included in Annex I to the UNFCCC in achieving sustainable development and in contributing to the ultimate objective of the UNFCCC, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3 of the Kyoto Protocol,

RECALLING the Pacific Islands Energy Policy (PIEP) and companion Pacific Islands Energy Strategic Action Plan (PIESAP) endorsed in 2004 and the Pacific Islands Energy Ministers Meeting Declaration and Communiqué in Rarotonga, Cook Islands, 25-26 April 2007,

ACKNOWLEDGING that the above mentioned PIEP, PIESAP and Communiqué recognises the key role of renewable energies and biofuels in meeting the energy security of the region; participation in a CDM project activity is voluntary and that it implies mutual co-operation on equitable basis,

CONSIDERING that projects on renewable energies and biofuels provide potential opportunities to be designed and implemented under the Clean Development Mechanism, and will result in an efficient contribution to sustainable development and in the reduction of greenhouse gases emissions,

REFERRING to the law of the Republic of Italy, December 19, 2002, n° 123, reviewing the guidelines on the domestic policies and measures for the reduction of greenhouse gases emissions,

REFERRING to the law of the Republic of Italy, June 1, 2002, n° 120, that authorizes the Italian Ministry of the Environment and Territory to finance activities in third countries to substantively contribute to the implementation of the Kyoto Protocol,

Have agreed on the following:

ARTICLE 1
OBJECTIVE

1. The Parties, in co-operation with other relevant ministries, international organisations, institutions and enterprises, shall maintain and enhance bilateral co-operation under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol, on the basis of equality, reciprocity and mutual benefit.

2. This Memorandum will apply to procedures that – in accordance with article 12 of the Kyoto Protocol – facilitate the development and implementation of joint project activities aiming at greenhouse gas emission reduction.

ARTICLE 2
SECTORS OF COOPERATION

1. The Parties will co-operate in the sectors of:

- ✓ Adaptation to climate change, and protection from the vulnerability to sea level rise and climate variability in the region;
- ✓ Development and dissemination of the use of renewable energies and biofuels to meet the energy security of the Pacific Small Island States;
- ✓ Development of sustainable tourism;
- ✓ Transfer of scientific and technical knowledge and experience;
- ✓ Transfer of technology;
- ✓ Exchange of experts, scientists and researchers;
- ✓ Training courses in the Pacific Small Island States;
- ✓ Promotion of joint ventures between the private sectors of the Parties;

In addition, the Parties will aim at strengthening the national energy infrastructure through the development of the local renewable energy potential and ensuring increased access to energy services of the island's population and the remote communities.

2. To this end:

a. A joint Working Group composed by experts designated by the Parties will develop – within six months after the signature of this Memorandum - a feasibility study for the identification of the programmes/projects to be implemented on the basis of the Programme outline contained in the Annex to this Memorandum, which is an integral part of the Memorandum. The “Centro Euromediterraneo sui Cambiamenti Climatici” (Euromediterranean Center on Climate Changes) is hereby designated by the Italian party to coordinate the working group.

b. The Parties will implement the programmes/projects, according to the decisions of the Joint Committee established under the provisions of Art. 3 below.

3. The Italian Ministry for the Environment, Land and Sea will:

a. Support the activities of the feasibility study mentioned in paragraph 2a. above with a contribution of 400,000 US dollars;

b. Co-finance the implementation of the projects generated under this Memorandum in accordance with the Programme outline contained in the ANNEX, in an amount not exceeding ten (10) million US dollars in the period 2007-2009.

4. In order to leverage the Italian financial contribution, the Parties will jointly submit projects to the International Financing Institutions, inter alia the World Bank, the Global Environment Facility and the European Commission.

5. The areas of cooperation identified in Paragraph 1 above can be extended to other areas upon approval by the Parties, and the corresponding amendment to the Memorandum shall be annexed to the Memorandum as an integral part of it.

ARTICLE 3 ***CO-ORDINATION BETWEEN THE PARTIES***

1. The Parties agree to set up a Joint Committee for the implementation of this Memorandum, constituted of five representatives of the Italian Party and one representative of each Pacific island nation Party.
2. The Italian Party will be represented by the General Director of the Directorate for Environmental Research and Development of the Italian Ministry for the Environment Land and Sea, designated as National Authority for CDM, by one representative of the Italian Ministry of Foreign Affairs (General Directorate for Cooperation for Development) and by three experts.
3. The Pacific Small Island States will be represented by the Heads of Missions of the Permanent Missions to the UN in New York.
4. The Joint Committee shall meet within three months following signature of this Memorandum.
5. During its first meeting, the Joint Committee shall detail the Terms of Reference for the implementation of this Memorandum and shall agree upon the rules and procedures that shall govern its operations, as well as on its tasks and frequency of meetings.

ARTICLE 4 ***FINAL PROVISIONS***

1. This Memorandum will come into force on the date of signing and will remain in force until the end of the first commitment period of the Kyoto Protocol in 2012, unless one Party notifies the other Party about the intention to terminate it, through diplomatic means, at least (6) six month in advance of the termination date.
2. The Parties agree that all the financial resources allocated by the Italian Ministry for the Environment Land and Sea to the programme developed under the provisions of this Memorandum are not liable to tax, in accordance with the legislation of the Pacific Small Island States.
3. Amendments can be made consensually by the Parties through an exchange of letters, specifying the date of the entry into force of the Amendment.

4. Any difference that may arise as to the interpretation, management and/or execution of this Memorandum shall be resolved by mutual agreement and diplomatic means. The English text shall be utilized to resolve disagreements arising between the Parties.

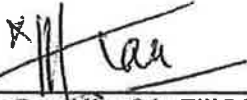
5. This Memorandum may also be extended past the first commitment period of the Kyoto Protocol in 2012, through mutual agreement in writing by both parties.

6. Termination of this Memorandum shall have no effect on ongoing co-operation projects or on the acquisition of certified emission reductions, already agreed upon by the parties.

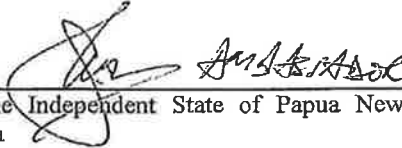
Done in New York City, USA **on** 11 May 2007



For the Ministry for the Environment Land
and Sea of the Republic of Italy



For the Republic of the Fiji Islands



For the Independent State of Papua New
Guinea



(TERWE JETAKI)

For the Republic of Kiribati



For the Independent State of Samoa



For the Republic of the Marshall Islands



For the Solomon Islands

For the Federated States of Micronesia



For the Kingdom of Tonga



For the Republic of Nauru



For Tuvalu

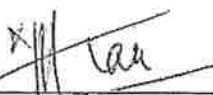


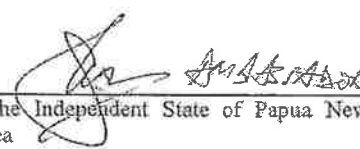
For the Republic of Palau



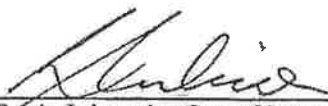
For the Republic of Vanuatu

For the Ministry for the Environment Land
and Sea of the Republic of Italy


For the Republic of the Fiji Islands

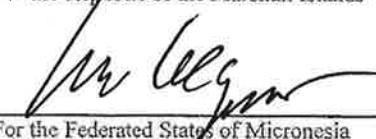

For the Independent State of Papua New
Guinea

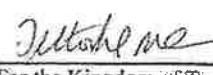
For the Republic of Kiribati

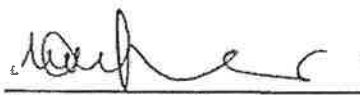

For the Independent State of Samoa



For the Republic of the Marshall Islands



For the Solomon Islands



For the Federated States of Micronesia


For the Kingdom of Tonga


For the Republic of Nauru


For Tuvalu


For the Republic of Palau


For the Republic of Vanuatu

ANNEX

SUSTAINABLE ENERGY PROGRAMME FOR THE PACIFIC SMALL ISLAND STATES Programme Outline

Justification

Protection from and adaptation to the adverse effects of climate change as well as mitigation of harmful emissions generated by energy utilization, are priorities established by the governments of the Pacific Small Island States. Energy however is a key driver of economic growth, with a significant bearing on education, environment, health and social welfare; thus energy and sustainable development need to be integrated and prioritised in national strategic development plans. The Pacific Small Island States have recognized the need for all to have national energy policy and action plans in place to ensure that energy initiatives are in line with national expectations.

To this end, the Sustainable Energy Programme to be funded by the Italian Government intends to strengthen the national energy infrastructure through the development of the local renewable energy potential and to ensure increased access to energy services of the islands' population, the remote rural communities in particular. In this context, the programme, wherever possible, will be community-based and implemented with the involvement and support of the communities so as to ensure long-term sustainability.

Sub-Programmes

It is foreseen that the activities articulated in the five sub-programmes below will be carried out in all the Pacific Small Island States participating in the programme, as applicable.

1. Development of climate change adaptation measures

The Pacific region is the site of the most intense and important climate variations that have consequences that impact the whole planet, and is the site of special vulnerability for the small island community and states. The islands are in fact vulnerable to long term climate change, especially sea level rise, land degradation and changes in the intensity, distribution and prevalent paths of tropical cyclones. The sub-programme will include:

- Assessment of current and future climate changes in the tropical cyclones distribution, intensity and frequency;
- Experimental dynamical seasonal forecasts;
- Expansion of the periodic bulletin of climatic information for small islands – the "Island Climate Update" – to include more information and adding a special "Yearly Climate Assessment" of climate change in the region;
- Setup and strengthen early warning systems.

2. Assessment of energy requirements and strengthening of energy policies and action plans

- Technology assessment of energy requirements and infrastructure in the mid-and long-term and of the most appropriate renewable energy mix capable of meeting those needs;
- Advise and technical assistance for the development of sustainable transport technologies, including non-motorized solutions, in order to reduce pollutants and GHG emission;

- Development of human resources specialized in the planning, implementation and management of energy policies, strategies and plans;
- Strengthen the participation of all actors in the design and implementation of renewable energy policies and practices, in particular of rural women;
- Strengthen national capacities for the development of national and regional energy markets, as well as of the appropriate financial instruments;
- Energy Data collection and analysis.

3. Rural Electrification

There is a pressing need to increase access to electricity for lighting, water pumping, telecommunications, medicine cold storage, etc., especially in the remote communities in the outer islands where there is currently limited or no grid.

- the photovoltaic technology – new installations and rehabilitation of existing facilities – is foreseen as the most suitable technology in those islands where solar energy is the most abundant renewable source;
- other renewable energy technologies – such as minihydro and wind – will be developed in accordance with the local potential;

4. Development of biofuels

A variety of locally grown crops have considerable potential for production and utilization of biofuels for the local transportation **and power generation** – ethanol from sugarcane, cassava and breadfruits; coco diesel from copra.

- Assessment of the viability of biofuel production from diversified local sources;
- Feasibility studies and pilot projects/testing for the utilization of biofuels for local transportation and power generation /;
- Technical studies and process analysis for biofuels production.

5. Development of renewable energy sources

The pacific region has in general a considerable potential for a variety of renewable sources – biomass, geothermal, hydro, solar, tide, waves and wind. According to each country priorities, the programme will include the following feasibility studies and pilot projects:

- Photovoltaic stand-alone electrification in urban areas;
- Photovoltaic integration into the national grid;
- Wind energy data collection and resource assessment;
- Biogas from household waste and waste management;
- Assessment of the geothermal, tidal and wave power generation potential;
- Small Hydropower resource assessment.

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