



## National Guidelines

### for Approving Projects in Accordance with Article 6 and Article 12 of the Kyoto Protocol

#### I. Institutional Framework

The National Guidelines of the Principality of Liechtenstein regarding the use of the flexible Mechanisms of the Kyoto Protocol by the private sector are based on Liechtenstein's Emissions Trading Act (Emissionshandelsgesetz, EHG) of 23 November 2007, LGBI. 2008 No. 10. The relevant provisions are to be found in Art. 3 and Arts. 20 to 25 EHG (see Annex). The competent authority for the implementation of the flexible Mechanisms in Liechtenstein is the national Office of Environmental Protection (OEP). The OEP represents the Designated National Authority (DNA) as well as the Designated Focal Point (DFP) of Liechtenstein. The OEP also maintains the National Registry.

#### II. Procedural Issues

Every natural or legal person may act as project initiator and file an application for a Letter of Approval. The OEP accepts all types of projects in and outside the territory of Liechtenstein provided they are in accordance with the Kyoto Protocol. Only afforestation and reforestation project activities using genetically modified organisms or alien invasive species are not eligible for a Letter of Approval.

The OEP will check the application received against the criteria mentioned in the Emissions Trading Act, the Kyoto Protocol and the relevant decisions by COP/MOP.<sup>1</sup> The OEP will however not perform a substantive check of project activities outside the territory of Liechtenstein, as this is considered covered by the respective Entities and the CDM Executive Board (EB) or Joint Implementation Supervisory Committee (JISC). The issuance of a Letter of Approval will be rejected by the OEP if suspicion of unsatisfactory work by the applicant/project initiator is entertained.

In addition to approval of the project activity itself, authorisation of participation in the project activity is also required and can be applied for to the OEP by the project initiator.

At the request of the project initiator, the OEP may support the development of a project by issuing a Letter of Endorsement if the examination of the planned project activity leads to the conclusion that approval for the project is likely to be granted.

Letter of Endorsement and Letter of Approval are subject to fees. The OEP will, however, charge no fees for Letters of Endorsement or Approval for CDM Small Scale Projects as defined by Decision 17/CP.7 paragraph (6).

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<sup>1</sup> decisions by COP/MOP are decisions adopted by the Conference of the Parties to the Climate Change Convention serving as the Meeting of the Parties to the (Kyoto) Protocol

### **III. Projects Activities in and outside Liechtenstein, National Registry**

The implementation of project activities Joint Implementation (JI) and Clean Development Mechanism (CDM) projects with the participation of Liechtenstein requires a Letter of Approval. This letter will be issued if the legal conditions are fulfilled. The legal conditions are to be found in the Annex to these guidelines. This chapter provides for further information regarding the practical execution of the respective application procedures in Liechtenstein, especially with respect to the implementation of project activities within the territory of Liechtenstein.

For the Purpose of these guidelines - and in addition to the definitions given in the Annex to these guidelines - the following shall apply:

“Validation Report” means the report by an independent entity, accredited by the United Nations Framework Convention on Climate Change (UNFCCC), determining whether a particular project meets the requirements of an approval,

“Verification Report” means the report by an independent entity certifying the extent to which the emission reduction declared in the monitoring report has occurred as a result of the project activity during the period under review,

“Monitoring Plan” is part of the project documentation and sets out the arrangements for collecting all the relevant information needed to determine the emission reductions achieved by the project activity,

“Monitoring Report” means the report by the project initiator on the information collated in accordance with the arrangements of the monitoring plan,

The National Registry is an application that records emission allowances, Certified Emission Reductions and Emission Reduction Units held by the Principality of Liechtenstein, natural or legal persons (e.g. project developers) or operators (e.g. under the EU Emission Trading Scheme).

In general, all allowances and units that are in accordance with Directive 2003/87/EC, the Kyoto Protocol and the relevant decisions by COP/MOP may be held within the National Registry. However, the holding of units originating from afforestation and reforestation project activities (e.g. temporary Certified Emission Reductions, tCER and long-term Certified Emission Reductions, ICER) within the National Registry are subject to further conditions.<sup>2</sup>

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<sup>2</sup> These conditions are still under development, therefore it is currently not possible to transfer tCER or ICER to the National Registry of Liechtenstein.

## **1. Joint Implementation (JI) within the territory of Liechtenstein**

For issuance of a Letter of Approval for a project activity under JI *within* the territory of Liechtenstein, the following documents have to be submitted via mail to the OEP:

- the latest version of the Project Design Document, including stakeholders' comments (PDD-Form can be downloaded under: <http://ji.unfccc.int/Ref/Docs.html>),
- proof of applicant's identity,
- proof of applicant's solid financial status,
- the validation report of an independent entity, accredited by the United Nations Framework Convention on Climate Change (UNFCCC).<sup>3</sup>  
Accredited entities can be found under <http://cdm.unfccc.int/DOE/list/index.html> and <http://ji.unfccc.int/AIEs/index.html>,
- further mandatory permits and documentation required by the law of Liechtenstein,
- in case the project initiator is based abroad, the address of an authorized recipient resident in Liechtenstein

The issuance of Emission Reduction Units (ERU) originated from Assigned Amount Units of Liechtenstein is based on the ground of a verification report. This verification report needs to be confirmed by the OEP. The project initiator has to apply for confirmation by submitting a written application enclosing the following documents:

- the monitoring report, and
- the verification report of an independent entity, accredited by the United Nations Framework Convention on Climate Change (UNFCCC).

The OEP will confirm the verification report provided

- the project activity was implemented in accordance with the PDD on which approval was based, and in particular, the monitoring report complies with the requirements of the validated monitoring plan,
- the verification report indicates that double counting on the basis of direct or indirect emission reductions and double crediting on the basis of public funding<sup>4</sup> are excluded.

After confirmation of the verification report, the OEP will notify the administrator of Liechtenstein's National Registry. The administrator will transfer the number of Emission Reduction Units, corresponding to the verified quantity of emission reductions in tonnes of carbon dioxide equivalent, to the account designated by the project initiator.

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<sup>3</sup> so called Accredited Independent Entity (AIE)

<sup>4</sup> further information on public funding is available from the Liechtenstein Office of Economic Affairs (Bureau of Energy Consumption and Conservation)

## **2. Joint Implementation (JI) outside the territory of Liechtenstein**

For issuance of a Letter of Approval for a project activity under JI *outside* the territory of Liechtenstein the following documents have to be submitted via mail or electronic format to the OEP:

- the latest version of the Project Design Document (PDD),
- proof of applicant's identity,
- in case the project initiator is based abroad, the address of an authorized recipient resident in Liechtenstein.

In certain cases the OEP may require further documents (e.g. Validation Report, LoA of the host country).

## **3. Clean Development Mechanism (CDM)**

For issuance of a Letter of Approval for a project activity under CDM, the following documents have to be submitted via mail or electronic format to the OEP:

- the latest version of the Project Design Document (PDD),
- proof of applicant's identity,
- in case the project initiator is based abroad, the address of an authorized recipient resident in Liechtenstein.

In certain cases the OEP may require further documents (e.g. Validation Report, Letter of Approval issued by the Host Country).

#### **4. Fees**

Persuant to Liechtenstein's Ordinance on Fees under the Emissions Trading Act (Verordnung über die Erhebung von Gebühren nach dem Emissionshandelsgesetz) fees are to be paid in Swiss francs (CHF) and will not be refunded where an application was rejected. Under certain circumstances the OEP may require payment of fees in advance (e.g. applicant is situated abroad).

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|---|------------|
| 1. Issuance of a Letter of Endorsement  | 200.-CHF   |
| 2. Letter of Approval for Projects according to Art. 6 of the Kyoto Protocol  | 1'500.-CHF |
| 3. Letter of Approval for Projects according to Art. 12 of the Kyoto Protocol<br>(Large Scale)                                  | 1'000.-CHF |
| 4. Opening and Maintenance of a (person holding) account within the Emissions<br>Registry of Liechtenstein (per trading period) | 240,-CHF   |
| 5. Other services (e.g. authorization of participation)   | 120,-CHF   |

#### **IV. Contact and Information**

Office of Environmental Protection  
DNA / DFP Liechtenstein  
P.O. Box 684  
FL-9490 Vaduz  
Principality of Liechtenstein

<http://www.llv.li/amtstellen/llv-aus-emissionshandel.htm>

CDM : [dna@aus.llv.li](mailto:dna@aus.llv.li)  
JI : [dfp@aus.llv.li](mailto:dfp@aus.llv.li)

Tel: +423 236 6191  
Fax: +423 236 6199

ANNEX\*

**A. General Provisions**

**Art. 3**

*Definitions*

1) In these provisions, unless the context otherwise requires –

a) “Climate Convention” means the United Nations Framework Convention on Climate Change of 9 May 1992;

b) “Kyoto Protocol” means the Protocol of Kyoto to the United Nations Framework Convention on Climate Change of 11 December 1997;

c) “Emission” means the release of greenhouse gases;

d) “Greenhouse Gases” means Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O), Hydrofluorocarbons (HFCs) and Perfluorocarbons (PFCs), Sulphur Hexafluoride (SF<sub>6</sub>);

(...)

i) “Annex I Party” means a party mentioned in Annex I of the Climate Convention, specified in Article 1 paragraph (7) of the Kyoto Protocol and the relevant decisions by COP/MOP;

k) “Project activity” means the development and implementation of a project in accordance with Article 6 (Joint Implementation) or Article 12 (Clean Development Mechanism) of the Kyoto Protocol and the relevant decisions by COP/MOP;

l) “Emission Reduction Unit (ERU)” means a unit issued pursuant to Article 6 of the Kyoto Protocol and the relevant decisions by COP/MOP, which is equal to one metric tonne of carbon dioxide equivalent;

(m) “Certified Emission Reduction (CER)” means a unit issued pursuant to Article 12 of the Kyoto Protocol and the relevant decisions by COP/MOP which is equal to one metric tonne of carbon dioxide equivalent;

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\* Unofficial translation of the German version, excerpt. The official version in the German language can be found under [http://www.llv.li/pdf-llv-aus-ehg\\_lhbl\\_20080115.pdf](http://www.llv.li/pdf-llv-aus-ehg_lhbl_20080115.pdf)

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(n) “Project Initiator” means the natural or legal person with decision-making authority over a project activity;

(o) “Project Documentation” means the documentation by the project initiator that describes the implementation of the planned project activity and which is in line with the respective conditions given by the Kyoto Protocol and the relevant decisions by COP/MOP;

(p) “Additionality Criteria” means an additional benefit of emission reductions that achieve a lower volume of emissions which would have been incurred had the project activity not been undertaken and which ensures both environmental and investment additionality.

**Art. 20**

*Procedure*

- 1) Project activities which are implemented in order to generate emission reduction units or certified emission reductions and where the Principality of Liechtenstein is to be a host or investor country require written approval by the Office of Environmental Protection (OEP).
- 2) The approval will be granted upon application by the project initiator if the project activity is in line with national laws as well as with the regulations of the Kyoto Protocol and the relevant decisions by COP/MOP. The application shall contain project documentation. The OEP may ask for further documents.
- 3) The OEP will reach a final decision within four weeks after receiving the complete application documents.
- 4) The approval may be withdrawn by the OEP if it was based on insufficient or false project documentation.

**Art. 21**

*Appointment of an authorized representative*

- 1) If the project initiator comprises more than one natural or legal person, one natural person with a postal address in the Principality of Liechtenstein shall be designated to the OEP as the joint authorized representative.
- 2) If the project initiator is based abroad and does not have a branch office in the Principality of Liechtenstein, the project initiator must appoint a person resident within Liechtenstein as the authorized representative for all service of documents.

## **B. Project Activities**

### **Art. 22**

#### *Joint Implementation Projects within the territory of Liechtenstein*

1) Approval by the OEP of a project to be implemented in the territory of Liechtenstein as a Joint Implementation project shall be granted upon application if the project documentation proves that the project activity:

- a) meets the criteria of additionality;
- b) does not cause any severe adverse environmental impacts;
- c) is not related to an installation covered by Chapter II of the Emissions Trading Act.

2) Approval shall be granted for a limited period in accordance with the term applied for by the project initiator. The term must not extend beyond 31 December 2012. Further administrative regulations or permissions related to the respective project implementation remain reserved.

### **Art. 23**

#### *Joint Implementation Projects outside the territory of Liechtenstein*

1) Approval by the OEP of a project to be implemented outside the territory of Liechtenstein as a Joint Implementation project shall be granted upon application if the project documentation proves that the project activity:

- a) meets the criteria of additionality;
- b) does not cause any severe adverse environmental impacts;
- c) in the case of the generation of electricity from hydropower with a generating capacity in excess of 20 MW, meets the valid international criteria and guidelines listed in Article 11b paragraph (6) of Directive 2003/87/EC.

2) Approval will be denied

- a)
  - if the project activity directly or indirectly reduces emissions of greenhouse gases from an installation falling within the scope of Directive 2003/87/EC and
  - where the host country fails to make any provision for ruling in accordance with Commission Decision 2006/780/EC on avoiding double counting of greenhouse gas emission reductions under the Community emissions trading scheme for project activities under the Kyoto Protocol pursuant to Directive 2003/87/EC of the European Parliament and of the Council;
- b) for nuclear project activities;



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- c) for afforestation and reforestation project activities using genetically modified organisms or alien invasive species.
- 3) The OEP may undertake further investigations in the country where the project is to be implemented before concluding a final decision. The additional costs shall be borne by the project initiator. The OEP shall inform the project initiator before undertaking further investigations.
- 4) Approval shall be granted for a maximum duration of ten years. Provided the initial term does not exceed a maximum of seven years, approval for the same project activity may be renewed up to two times, upon application, for no more than seven years in each case.

**Art. 24**

*Clean Development Mechanism*

- 1) Approval by the OEP of a project to be implemented as a Clean Development Mechanism project shall be granted upon application if the project documentation proves that the project activity:
- a) meets the criteria of additionality;
  - b) does not cause any severe adverse environmental impacts;
  - c) in the case of the generation of electricity from hydropower with a generating capacity in excess of 20 MW, meets the valid international criteria and guidelines listed in Article 11b paragraph (6) of Directive 2003/87/EC;
  - d) in accordance with Article 12 paragraph (2) of the Kyoto Protocol, contributes to sustainable development of the host country.
- 2) Approval will be denied
- a)
    - if the project activity directly or indirectly reduces emissions of greenhouse gases from an installation falling within the scope of Directive 2003/87/EC and
    - where the host country fails to make any provision for ruling in accordance with Commission Decision 2006/780/EC on avoiding double counting of greenhouse gas emission reductions under the Community emissions trading scheme for project activities under the Kyoto Protocol pursuant to Directive 2003/87/EC of the European Parliament and of the Council;
  - b) for nuclear project activities;
  - c) for afforestation and reforestation project activities using genetically modified organisms or alien invasive species;
  - d) if the project activity is in conflict with the foreign and development policy objectives and efforts of Liechtenstein.
- 3) Article 23 paragraph (3) and (4) shall apply mutatis mutandis.

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4) At the project initiator's application, the OEP may authorize a natural or legal person as defined in Article 12, paragraph (9) of the Kyoto Protocol to participate in a project activity for which approval has been granted pursuant to paragraph (1).

**Art. 25**

*Request for Review*

Provided the requirements of the respective regulations of the Kyoto Protocol and the relevant decisions by COP/MOP have been met, the OEP may submit a request for review to the Executive Board.