

19.12.2007

## COOPERATION AGREEMENT

Between

**The Government of the Republic of Italy  
Represented by the Ministry for the Environment Land and Sea**

And

**The Council of Ministers of the Republic of Albania  
Represented by the Ministry of Economy, Trade and Energy**

On

**“Sustainable development and greenhouse gases emissions reduction”**

(Hereinafter referred to as “Parties”)

*WHEREAS* The Ministry of Environment, Forestry and Water Administration of the Republic of Albania and the Ministry for the Environment Land and Sea of the Republic of Italy have signed a Memorandum of Understanding on “Cooperation in the field of the Clean Development Mechanisms (CDM) under Article 12 of the Kyoto Protocol” on May, 30 2005;

*WHEREAS* the decree of the Government of Italy, December 19, 2002, No 123, reviews the guidelines on the domestic policies and measures for the reduction of green house gases emissions;

*WHEREAS* the law of the Republic of Italy, June 1, 2002 No 120, authorizes the Italian Ministry for the Environment Land and Sea to finance activities in third countries to substantively contribute to the implementation of the Kyoto Protocol;

*WHEREAS* the Ministry for the Environment Land and Sea of the Republic of Italy established the Italian Carbon Fund within the World Bank for the purchasing of certified Emission Reductions (CERs) on behalf of the Italian government;

*WHEREAS* the Republic of Albania has been identified as Non-Annex I Party to United Nations Framework Convention on Climate Change (UNFCCC);

*TAKING INTO ACCOUNT* the agreement signed in Rome on June 10, 2006, by the Ministry for the Environment Land and Sea of the Republic of Italy, the Ministry for Economic Development (former Ministry for Productive Activities) of the Republic of Italy and the Ministry of Economy, Trade and Energy of the Republic of Albania for the establishment of a regulatory framework scheme in the Albanian legislation, similar to the Italian one, for the Production of Renewable Energy Green Certificates

will improve Italian investments in Albania to produce "clean energy" and to address the objectives of the Kyoto Protocol;

*WHEREAS* the Ministry of Economy, Trade and Energy of the Republic of Albania is responsible for the entire energy sector;

*WHEREAS* the Ministry of Environment, Forestry and Water Administration in the Republic of Albania is responsible for environmental, forestry and administration of water issues,

*CONSIDERING* the law of the Republic of Albania, April 28, 2005 No. 9379, on Energy Efficiency, stimulating the use of all kinds of Energy Efficiency;

*CONSIDERING* the law of the Republic of Albania, December 24, 2002 No. 8987, on providing facilitating conditions for construction of new resources for power generation.

### **Agree that**

#### **Article 1**

The Parties will identify joint pilot projects to be implemented in the Republic of Albania, under the provisions of article 12 of the Kyoto Protocol, for designing and testing the bilateral cooperation both in generating CERs and in supporting sustainable development and greenhouse gases emissions reduction in the Republic of Albania.

#### **Article 2**

The joint projects will cover the following sectors:

1. Energy Efficiency;
2. Renewable Energy.

#### **Article 3**

The above mentioned pilot projects shall be designed and implemented by Italian enterprises or Italo-Albanian joint ventures.

To this end, the Ministry of Economy, Trade and Energy of the Republic of Albania, the Ministry of Environment, Forestry and Water Administration of the Republic of Albania, and the Ministry for the Environment Land and Sea of the Republic of Italy will jointly advertise a call for interest in the respective daily national newspaper.

#### **Article 4**

For the prompt implementation of the present Agreement, a joint Committee will be established. The joint Committee will be composed by three representatives of each party, respectively three representatives from Albanian party and three representatives from Italian party. The Albanian party will be composed from two representatives nominated from the Ministry of Economy, Trade and Energy and one representative nominated by the Ministry of Environment, Forestry and Water Administration of the Republic of Albania and the Italian party will be represented by the General Director of the Department for Environmental Research and Development of the Italian Ministry for the Environment Land and Sea, and two representatives from the Italian Ministry for the Environment Land and Sea.

The representatives shall be appointed and notified to the other Party within 30 days after the signature of the present Agreement.

During its first meeting, the Joint Committee will detail the Terms of Reference for the implementation of the present Agreement and will agree upon its tasks, rules and procedures as well as the frequency of the meetings.

The joint Committee will have the tasks of inter alia: (i) identifying the specific pilot projects in the areas mentioned in the article 2 and the related financial planning; (ii) selecting the Italian enterprises or Italo-Albanian joint ventures for the designing and the implementation of pilot projects, according to the procedures under the Article 3; (iii) monitoring the project activities; (iv) financial overview; (v) overall coordination and guidance.

#### **Article 5**

The project shall be implemented in the framework of the Clean Development Mechanism of the Kyoto Protocol.

The certified Emission Reductions generated by such pilot projects shall be at disposal of the donor country, namely Italy through the Italian Carbon Fund established at World Bank, or, at Italy's convenience, sold on the carbon market.

#### **Article 6**

The Ministry for the Environment Land and Sea of the Republic of Italy will co-finance the designing and the implementation of the pilot projects, according to the above mentioned financial planning under Article 4 (i).

The financial support granted by the Ministry for the Environment Land and Sea of the Republic of Italy will be in the maximum of 5 million Euro and will be disbursed within three years beginning from the date of signing of this present agreement.

The Ministry for the Environment Land and Sea of the Republic of Italy will allocate the annual contribution according to the work plan that will be identified by the Joint

Committee for the implementation of the specific pilot projects mentioned in the article 4.

### Article 7

This Agreement will come into effect on the date of signing and will remain in effect until the end of the first commitment period of the Kyoto Protocol, on 2012, unless that one Party notifies the other Party the intention to terminate it, through diplomatic means, at least (6) six month in advance of the termination date.

The Parties agree that all the financial obligations provided by the legislation of the Republic of Albania for VAT payments and all other local taxes in the development of this initiative are to be afforded by the Albanian Ministry of Economy, Trade and Energy. This ministry will take all measures to plan it in its annual budget. Amendments can be made consensually by the Parties through exchange of written communications, specifying the date of the entry in force.


Any disputes arising in the interpretation, management or execution of this agreement will be resolved by mutual agreement and diplomatic channel.

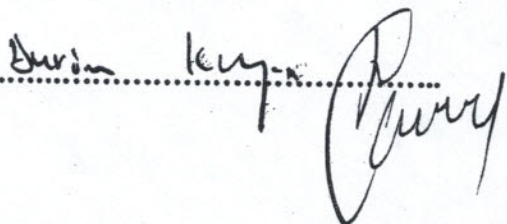
Termination of this Agreement shall have no effect on ongoing co-operation projects, or on the acquisition of certified emission reductions, already agreed upon by the Parties.

Done at TIRANA on 19.12 2007 in two original copies in Albanian, English, referring the English.

**FOR THE GOVERNMENT OF THE  
REPUBLIC OF ITALY  
REPRESENTED BY  
THE MINISTRY FOR THE  
ENVIRONMENT LAND AND SEA**

**FOR THE COUNCIL OF MINISTERS  
OF THE REPUBLIC OF ALBANIA  
REPRESENTED BY  
THE MINISTRY OF ECONOMY,  
TRADE AND ENERGY**

  
.....

  
.....