



OFFICE FOR ENVIRONMENT
PRINCIPALITY OF LIECHTENSTEIN

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Kyoto Protocol Compliance Committee
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Your correspondence:
CC-2024-1-3/Liechtenstein/EB,
CC-2024-1-7/Liechtenstein/EB,
CC-2024-1-8/Liechtenstein/EB,
CC-2024-1-9/Liechtenstein/EB

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2nd Progress Report to Action plan to address non-compliance with the Kyoto Protocol (Second Commitment Period)

Liechtenstein is pleased to present this second progress report to the Action Plan submitted to the Enforcement Branch of the Compliance Committee under Section XV, paragraph 6 of the “Procedures and mechanisms relating to compliance under the Kyoto Protocol” (annex to decision 27/CMP.1) (the “Procedures and mechanisms”) in response to the preliminary finding of the Enforcement Branch of the Compliance Committee (CC-2024-1-3/Liechtenstein/EB) and its final decision (CC-2024-1-6/Liechtenstein/EB).

This second progress reports complements the first progress report by Liechtenstein submitted on 16th June 2025 (CC-2024-1-9/Liechtenstein/EB) and provides an update on the implementation of the corrective measures. It outlines the status of implementation outlined in the action plan submitted in May 2025 (CC-2024-1-7/Liechtenstein/EB), describes the progress achieved to date, and affirms Liechtenstein’s ongoing commitment to restoring and maintaining full compliance.

Table of Content

| | |
|--|---|
| 1. Short summary of the Action Plan | 3 |
| 2. Timeline and status of full implementation of the corrective measures | 3 |
| 3. Additional Information and Outlook | 6 |
| 4. Conclusion | 6 |

1. Short summary of the Action Plan

Liechtenstein failed to retire 1 558 777 tonnes of CO₂ equivalent emission units for the second commitment period of the Kyoto Protocol within the deadline, despite having the corresponding number of units available in its registry and ready to be retired for the purpose of demonstrating compliance. The root causes identified were as follows:

- Leadership transition and insufficient knowledge transfer
- Capacity constraints due to limited staffing and turnover
- Technical and administrative issues accessing the national registry
- Disruptions in internal communication
- Insufficient administrative oversight.

To address these shortcomings that caused the non-compliance and to restore full compliance with the Kyoto Protocol, the action plan of Liechtenstein outlines a comprehensive package of corrective measures across five domains:

- Capacity Building: Staff training, added personnel, and continuous learning
- Peer Group Exchanges: Cooperation with other countries on best practices
- Knowledge Management: Establishment and updating of Standard Operating Procedures (SOPs)
- Administrative Processes: Oversight, workflow redesign, and improved communication
- Operational Processes: Secure access to the registry, testing of the retirement process and assurance of sufficient Kyoto Protocol units.

2. Timeline and status of full implementation of the corrective measures

The table below summarizes the implementation status of the corrective measures.

| Fields of Action | Corrective Measures | Description | Timeline | Status |
|--------------------------|---------------------|---|----------|--|
| Capacity Building | | | | |
| | Staff Training | Initial staff training sessions have been held to improve understanding of Kyoto Protocol obligations and registry operations | Q3 2024 | Completed: Three training sessions held with support from other countries. |

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| | Staff training | Capacity-building exercises and regular workshops | continuously | Ongoing: Capacity-building with current staff held. |
| | Additional Capacity | Additional staff resources added to the climate team | Q4 2023 | Completed: Climate team staff capacity doubled since Q4 2023. |
| | Continuous Training | Continue process improvements, implement periodic reviews, and participate in international compliance forums to stay informed and aligned | continuously | Ongoing: I.a. staff member to participate in SB in Bonn 2025 and participate in relevant compliance fora. |
| Peer Group Exchanges | | | | |
| | Exchange of good practices | Reaching out to other European countries | continuously | Ongoing: Support service contract with the Austrian Office for Environment (AOE) is about to be signed. Purpose mainly to jointly identify process improvements. Training sessions will be completed at the end of August 2025. |
| Knowledge Management | | | | |
| | SOP | SOPs have been established and will be regularly updated | Q4 2024 - continuously | Ongoing: Draft SOP established. SOPs to be finalized in Q2 with the support of AOE. Advanced draft available. Final draft expected to be signed off before 10th of September 2025. |
| Administrative Processes | | | | |
| | Oversight | Establishment of clear oversight and control roles | Q4 2023 | Completed: Roles and responsibilities of climate staff clarified. |
| | Process enhancement | Redesign of internal workflows checkpoints, clearer accountability | Q1 2024 | Completed: workflows and accountability of climate staff clarified. |

| | | structures and automated tracking mechanisms | | |
|---------------------------------|-----------------------------------|---|-----------|--|
| Fields of Action | Corrective Measures | Description | Timeline | Status |
| Administrative Processes | | | | |
| | Strengthened communication | Establishment of regular cross-departmental coordination meetings | Q2 2024 | Completed: Exchanges with Office of Foreign Affairs Liechtenstein on compliance process held. |
| | Strengthened communication | Supervisory Role of Financial Intelligence Office | Q3 | Ongoing: Exchanges with Financial Intelligence Office on compliance process. |
| Operational Processes | | | | |
| | Testing and validation | Establish a test environment in cooperation with the EU and UNFCCC to validate the retirement procedure | Q2 2025 | Ongoing: Test environment ready and retirement account successfully opened. Upon suggestion of EU ETS, the transfer will be carried out directly in the production environment. The Liechtenstein team entered the production environment and confirmed that the functionality has been re-instated by the EU ETS team. |
| | Access to the Registry | Ensure that all team members have access to Liechtenstein's national registry | Q4 2023 | Completed: All team members have access to relevant production and test environments. |
| | KP Units | Ensure that KP units continue to be available for retirement until retirement is completed. | Q1 2025 | Completed: List of KP units for transfer to retirement account have been shared with UNFCCC. |

3. Additional Information and Outlook

Cooperation with International Partners

Liechtenstein has actively engaged with the EU Union Registry and the International Transaction Log (ITL) team to establish and test the retirement environment and created a retirement account. The ITL has already re-established the transfer functionality on the production environment. Therefore, Liechtenstein considers that the transfer can be carried out any time to allow Liechtenstein, on an exceptional basis, to execute the retirement of the required available Kyoto Protocol units ([CC/EB/41/2025/2](#), para 12).

Challenges Faced

The most significant initial challenge was the transfer and retention of institutional knowledge following staff turnover. This has been mitigated through comprehensive SOPs and redundancy in access rights and training. Technical hurdles have been overcome with the help of the EU ETS service desk and the International Transaction Log (ITL).

Next Steps

- **Final transfer of units in the production environment.** Liechtenstein notes that the transfer can be carried out any time.
- Continued training and participation in international compliance-related events.
- Ongoing monitoring and updates to administrative processes and SOPs completed before 10th of September.

4. Conclusion

Liechtenstein reiterates its full responsibility for the non-compliance issue and remains committed to achieving full compliance with the Kyoto Protocol. Substantial progress has been made in implementing the corrective measures, and Liechtenstein is prepared to **finalize the retirement of units before 10th of September** in line with the permission granted, on an exceptional basis, by the Enforcement Branch of the Compliance Committee.

Liechtenstein would like to express its appreciation for the continued support received from UNFCCC.