



CLIMATE | **LEDGER**
INITIATIVE



Digitalisation and Blockchain – moving into implementation for climate action

The Liechtenstein Blockchain Act - Token economy for climate action?

Sven Braden, LIFE Climate Foundation Liechtenstein and Climate Ledger Initiative

UNFCCC SB 50, 25. June 2019, Kaminzimmer, World Conference Centre Bonn, Germany

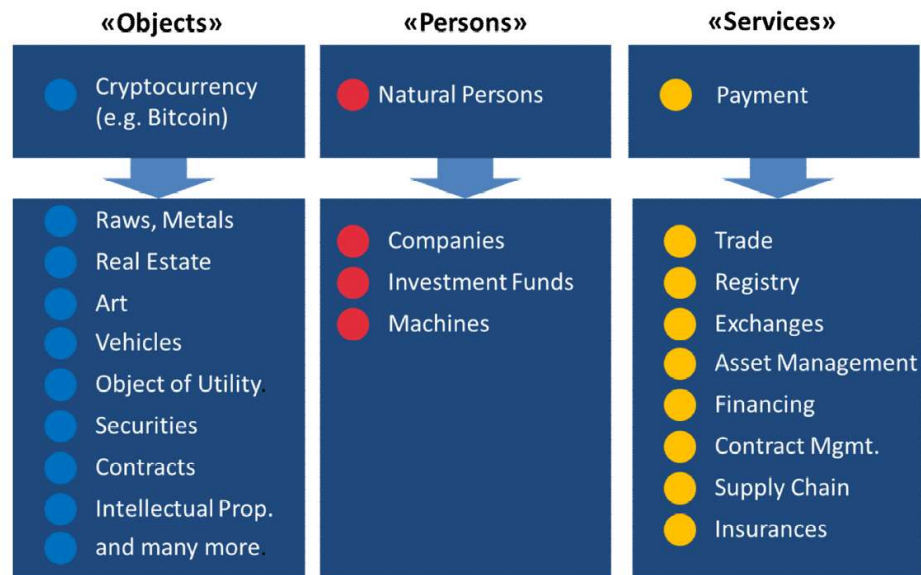
Outline

- What is a token?
- Token Economy for Climate Action – What are potential applications?
- Token Economy and the Liechtenstein (Draft) Law for Trusted Technologies
- Outlook

What is a token?

A token is:

- a network vehicle which contains a specific information (a container);
- clearly attributable to one person and can be securely transferred to another person (peer2peer).
- unique, since it cannot be copied. It fulfils the ideal conditions for digitalising money, assets and intellectual property.



Source: Government Consultation Report and the Draft-Law on Transaction Systems
Based on Trustworthy Technologies (Liechtenstein Blockchain Act), 2018

Token Economy for Climate Action – potential applications

Tokens can represent...

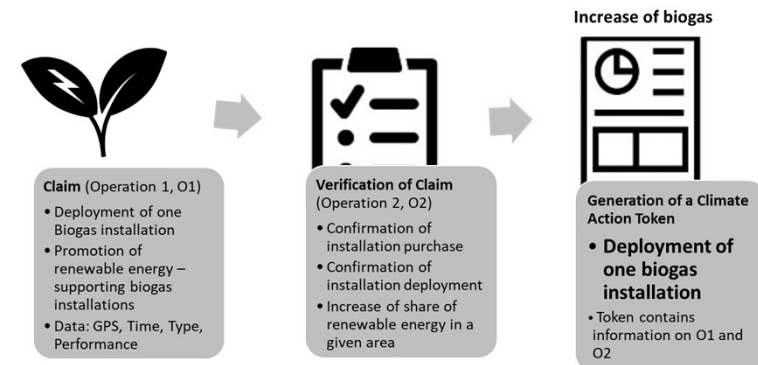
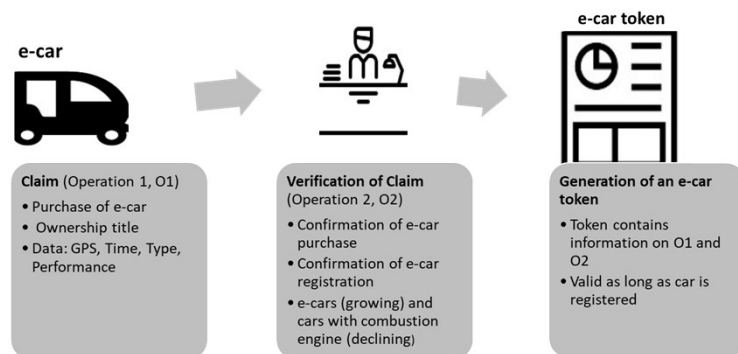
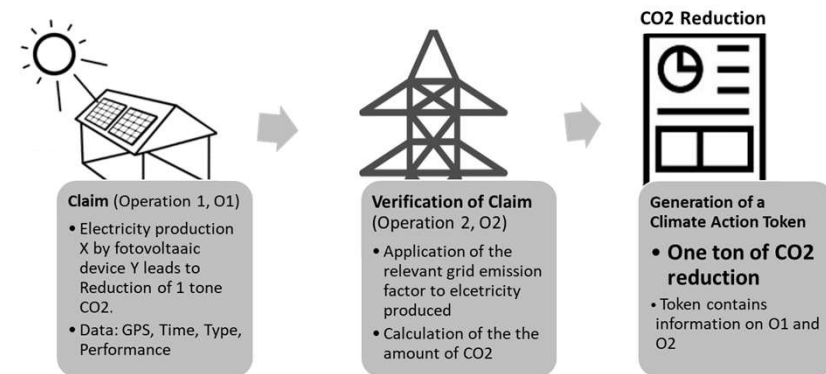
...a small share in a company, for example, one m³ wood from sustainable forests, one ton of CO₂e reduction, 1 kWh of solar energy; an insurance policy against drought or flooding; the confirmation of the use of specific GHG measurement devices, the proof of the use of public transportation

Tokens can be used as...

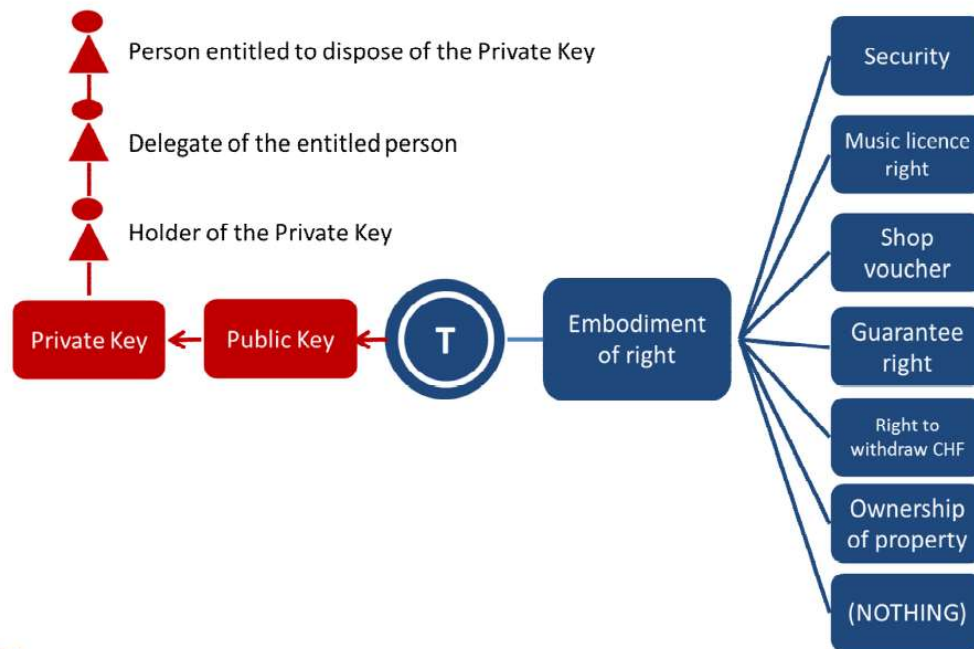
...ownership titles, means of payment for certain services, vouchers to use specific services (public transportation) or benefits (tax reductions), digital keys for electric cars, quality certificates, or proof for earmarked payments

Token Economy for Climate Action – potential applications

Creating token value by assembling unique information based on a sequence of events.



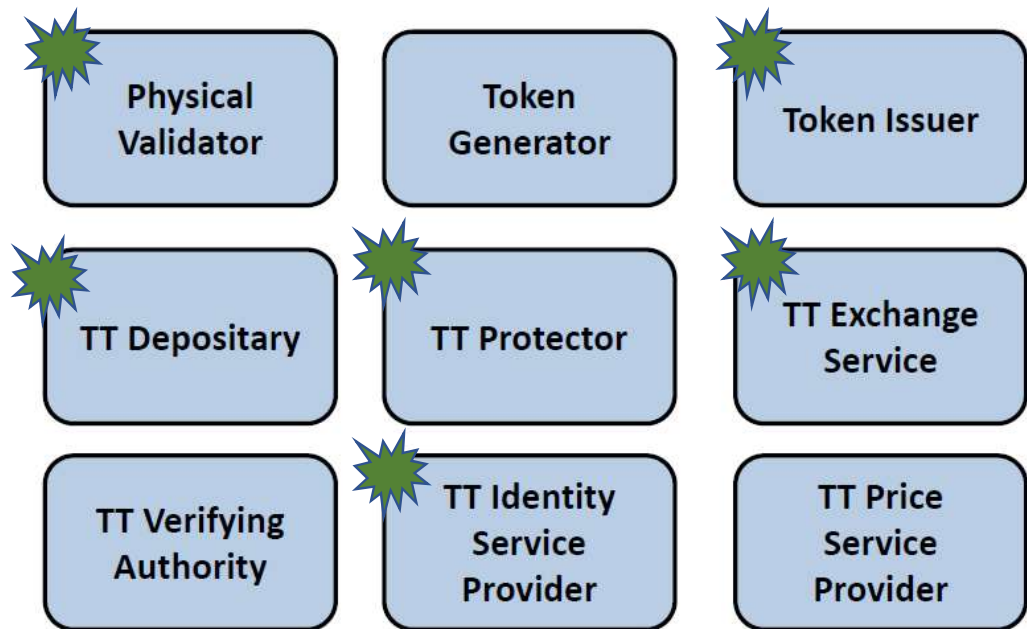
Token Economy and the Liechtenstein (Draft) Act for Trusted Technologies



With the “TOKEN” the TT Act introduces a new legal element which represents rights of all types on a TT system.

Source: Government Consultation Report and the Draft-Law on Transaction Systems Based on Trustworthy Technologies (Liechtenstein TT Act), 2018

Token Economy and the Liechtenstein (Draft) Act for Trusted Technologies



TT Act introduces

- basic roles of token economy (e.g. new service providers),
- Due diligence obligations (AML/KYC provisions) and obligation to public registration for TT service providers,
- Provisions for user protections (compulsory publication of basic information on token issuance, including liability clause).

Outlook

- TT Act of Liechtenstein establishes a promising framework to support the evolvement of the token economy.
- The framework provides legal certainty for users and service providers.
- The introduction of AML/KYC provisions as well as user protection clauses may facilitate the tokenization of climate outcomes for result based finance).
- Challenges remain in terms of
 - cross boarder operations (no unified legal treatment of token transfers yet, neither on EU nor UN / WTO level);
 - lack of international standards.



Thank You!