



**United Nations
Environment
Programme**



Distr.
GENERAL

UNEP/OzL.Pro/ExCom/50/37
9 October 2006

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fiftieth Meeting
New Delhi, 6-10 November 2006

PROJECT PROPOSAL: KYRGYZSTAN

This document consists of the comments and recommendations of the Fund Secretariat on the following project proposal:

Phase-out

- Terminal CFC phase-out management plan (first tranche) UNDP and UNEP

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issue of the document.

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to the meeting and not to request additional copies.

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
KYRGYZSTAN**

PROJECT TITLE **BILATERAL/IMPLEMENTING AGENCY**

Terminal CFC phase-out management plan (first tranche)	UNDP and UNEP
--	---------------

SUB-PROJECT TITLES

(a) Refrigeration servicing: technical assistance and investment components	UNDP
(b) Refrigeration training and establishment of National Refrigeration Association	UNEP
(c) Customs training and enhancement of national capacity to prevent illegal trade	UNEP
(d) Review and update of regulation to improve control of ODS	UNEP
(e) MDI strategy	UNDP
(f) Monitoring of the activities in the TPMP	UNEP

NATIONAL CO-ORDINATING AGENCY:	National Ozone Centre, Ministry of Ecology and Emergency Situations (MEES)
---------------------------------------	--

LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2005, AS OF SEPTEMBER 2006)**

CFC	8.10		
-----	------	--	--

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2005, AS OF SEPTEMBER 2006)

ODS	Aerosol	Foam	Ref.	ODS	Solvents	Process agent	Fumigant
CFC-12			8.10				

CFC consumption remaining eligible for funding (ODP tonnes)	0
--	---

CURRENT YEAR BUSINESS PLAN: Total funding US \$287,000: total phase-out 6.0 ODP tonnes.

PROJECT DATA		2006	2007	2008	2009	2010	Total
CFC (ODP tonnes)	Montreal Protocol limits	36.4	10.9	10.9	10.9	0.0	
	Annual phase-out from ongoing projects	0.0	0.0	0.0	0.0	0.0	0.0
	Annual phase-out newly addressed (TPMP)	1.0	1.0	2.0	3.0	0.0	7.0
CFC consumption to be phased out		1.0	1.0	2.0	3.0	0.0	7.0
Maximum allowable CFC consumption		7.0	6.0	5.0	3.0	0.0	21.0
Total ODS consumption to be phased-in (HCFCs)						N/A	N/A
Project cost as originally submitted (US \$)							
Final project costs (US \$):							
Funding for Lead IA (UNEP)		142,600	65,100	25,300	0	0	233,000
Funding for Cooperating IA (UNDP) (incl. MDI strategy)		194,000	63,000	60,000	0	0	317,000
Total project funding		336,600	128,100	85,300	0	0	550,000
Final support costs (US \$)							
Support cost for Lead IA (UNEP)		18,538	8,463	3,289	0	0	30,290
Support cost for Cooperating IA (UNDP)		14,550	4,725	4,500	0	0	23,775
Total support costs		33,088	13,188	7,789	0	0	54,065
TOTAL COST TO MULTILATERAL FUND (US \$)		369,688	141,288	93,089	0	0	604,065
Final project cost effectiveness (US \$/kg)							n/a

FUNDING REQUEST: Approval of funding for first tranche (2006) as indicated above.

SECRETARIAT'S RECOMMENDATIONS	Blanket approval
--------------------------------------	------------------

PROJECT DESCRIPTION

1. On behalf of the Government of Kyrgyzstan, UNDP has submitted to the 50th Meeting of the Executive Committee the request for a third tranche of the "National Phase Out Plan for Annex A (Group I) Substances for Kyrgyzstan (NPP)". The NPP for Kyrgyzstan was approved at the 44th Meeting. The NPP will lead to the early final phase-out of CFCs in the country by the year 2009 and will assist the Government of Kyrgyzstan to meet its 2007 compliance targets for CFC
2. The Terminal CFC phase-out management plan (TPMP) submitted for consideration by the Executive Committee at its 50th Meeting was prepared by the Government of Kyrgyzstan with support from UNEP as lead agency, and UNDP as co-operating agency. It proposes a combination of investment and non-investment activities in the refrigeration and air-conditioning servicing sector as well as a MDI strategy, with a total funding request of US \$550,000, plus agency support costs of US \$54,065. It will result in the complete phase-out of the remaining CFC consumption by 31 December 2009, of which 7 ODP tonnes have not received funding so far.
3. The licensing system has been in place since September 2000 and was reinforced in 2004. It covers the prohibition to produce ODS, controls on the imports and exports of ODS and the sales and purchases of ODS, ban on import of ODS using equipment, and a mandatory notification of ODS imports, exports and sales.
4. The country, having its consumption exclusively in the refrigeration servicing sector, has previously received support from the Multilateral Fund through a refrigerant management plan (RMP). The project proposal provides a detailed account of the results of activities under the RMP and the present situation in the servicing sector. The implementation of the RMP is presented as successful and will be completed at the end of this year. The TPMP is supposed to commence immediately afterwards to avoid loss in momentum.
5. Under the TPMP, technicians in the MAC sector are to benefit from equipment and training, and financial incentives are to be given to owners of vehicles to retrofit. For this purpose, four recovery and recycling (R&R) machines are to be distributed to the principle MAC servicing enterprises, and two workshops are to be held. One-off payments of US \$50 would be offered to owners of cars fitted with a CFC-12 MAC who agree to retrofit to HFC-134a. It is expected that during the two year period 400 MAC units could be retrofitted. No further recycling equipment would be included in this project, as the existing infrastructure is considered to be sufficient.
6. Approximately 150 non-MAC refrigeration technicians are to be trained. Servicing practices in the refrigeration trade will be strengthened through the establishment of a code of good practice, certificates for refrigeration technicians and the establishment of an association of refrigeration technicians. It is also planned to hold seminars on blends and on hydrocarbon refrigerants. A further 30 portable recovery machines are to be distributed as well as six recovery machines for fixed systems and ten portable recovery pumps. The technicians will be advised about the appropriate use in workshops.

7. The TPMP will provide training for 60 customs officers (inspectors, controllers and customs policemen) and support the establishment of a monitoring/control system for the Ozone Unit authorizations for ODS import.

8. The NOU will be strengthened as part of the TPMP with the establishment of a project monitoring and management (PMU). The Government of Kyrgyzstan is ready to provide more office space to accommodate the PMU. To facilitate its work, the TPMP will support the operation of the office, including the salary for the PMU programme officer and daily office operation costs, including necessary local travel within the country.

9. Kyrgyzstan does not produce MDIs. The national legislation regulates the import of ODS and CFC-based aerosols. Aerosol products containing CFCs in medical inhalators (MDIs) are still being imported. Kyrgyzstan plans to shift towards alternatives to CFC-based MDIs without infringement of public health. The total annual import of ODS contained in MDIs is estimated to be approximately 1.6 ODP tonnes. The most imported MDIs in 2005 were Ingalipt (7%), Kameton (32%), Salbutamol (22%), Olazol (19%), Berotek (5%), and Astmopent (5%). Kyrgyzstan through UNEP has requested funding for an MDI phase-out strategy in order to address the transition to non-CFC MDIs appropriately.

10. The funding is requested in three annual tranches, the first of which constitutes of 60% the overall funding.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

11. The funding level requested for this TPMP is eligible. The Secretariat reviewed the request and established that the measures proposed are suitable and provide the right balance of activities. The associated funding appears appropriate for the activities foreseen. Since the activities are a direct continuation of what appears to be an active RMP implementation, it seems probable that significant funds required already would be in the first year of implementation. Therefore, the approval of 60% of the total funding in the first tranche seems justifiable.

RECOMMENDATIONS

12. The Secretariat recommends blanket approval of the TPMP for Kyrgyzstan. The Executive Committee may wish to:

- (a) Approve, in principle, the terminal phase-out management plan for Kyrgyzstan, at the amount of US \$233,000 plus agency support costs of US \$30,290 for UNEP as lead agency and of US \$317,000 plus agency support costs of US \$23,775 for UNDP;
- (b) Approve the draft agreement between the Government of Kyrgyzstan and the Executive Committee for the implementation of the national phase-out plan as contained in Annex I to the present document;

- (c) Urge UNEP to take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the terminal phase-out management plan; and
- (d) Approve the first tranche of the plan at the funding levels shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Terminal CFC Phase-out Management Plan (TPMP)	194,000	14,550	UNDP
(b)	Terminal CFC Phase-out Management Plan (TPMP)	142,600	18,538	UNEP

**AGREEMENT BETWEEN THE GOVERNMENT OF KYRGYZSTAN AND THE
EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE TERMINAL
CFC PHASE-OUT MANAGEMENT PLAN (TPMP)**

1. This Agreement represents the understanding of the Government of Kyrgyzstan (the “Country”) and the Executive Committee with respect to the complete phase-out of controlled use of the ozone-depleting substances set out in Appendix 1-A (the “Substances”) in the refrigeration sector, prior to 1 January 2010 in compliance with Protocol schedules.
2. The Country agrees to phase out the use of the Substances in Annex A (Group I) of the Montreal Protocol in accordance with the annual phase-out targets set out in row 5 of Appendix 2-A (the “Targets”) in this Agreement. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to the Substances for the refrigeration sector as described in the TPMP document.
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees in principle to provide the funding set out in row 9 of Appendix 2-A (the “Funding”) to the Country, commencing with the entry into force of an import/export licensing system to monitor and control trade in ozone depleting substances. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (the “Funding Approval Schedule”).
4. The Country will meet the consumption limits for each of the Substances as indicated in Appendix 2-A. It will also accept independent verification by the relevant implementing agency of achievement of these consumption limits as described in paragraph 9 of this Agreement.
5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least 30 days prior to the applicable Executive Committee meeting set out in the Funding Approval Schedule:
 - (a) That the Country has met the Targets for the applicable year;
 - (b) That the meeting of these Targets will be independently verified if requested by the Executive Committee consistent with paragraph (d) of decision 45/54;
 - (c) That the Country has substantially completed all actions set out in the last annual implementation programme; and
 - (d) That the Country has submitted and received endorsement from the Executive Committee for an annual implementation programme in the form of Appendix 4-A (the “Annual Implementation Programmes”) in respect of the year for which funding is being requested.

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (the “Monitoring”) will monitor and report on that monitoring in accordance with the roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in paragraph 9.
7. While the Funding was determined on the basis of estimates of the needs of the Country to carry out its obligations under this Agreement, the Executive Committee agrees that the Country may use the Funding for other purposes that can be demonstrated to facilitate the smoothest possible phase-out, consistent with this Agreement, whether or not that use of funds was contemplated in determining the amount of funding under this Agreement. Any changes in the use of the Funding must, however, be documented in advance in the Country’s Annual Implementation Programme, endorsed by the Executive Committee as described in sub paragraph 5(d) and be subject to independent verification as described in paragraph 9.
8. Specific attention will be paid to the execution of the activities in the servicing sector, in particular:
 - (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation;
 - (b) The technical assistance programme for the refrigeration servicing sub sectors would be implemented in stages so that resources can be diverted to other activities such as, additional training or procurement of servicing tools, in cases where the proposed results are not achieved, and will be closely monitored in accordance with Appendix 5-A of this Agreement; and
 - (c) The Country and the implementing agencies will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the TPMP.
9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of Activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNEP has agreed to be the lead implementing agency (the “Lead IA”) and UNDP has agreed to be cooperating implementing agency (the “Cooperating IA”) under the lead of the Lead IA in respect of the Country’s activities under this Agreement. The Lead IA will be responsible for carrying out the activities listed in Appendix 6-A, including but not limited to independent verification. The Country also agrees to periodic evaluations, which will be carried out under the monitoring and evaluation work programs of the Multilateral Fund. The Cooperating IA will be responsible for carrying out the activities listed in Appendix 6-B. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IA with the fees set out in rows 10 and 11 of Appendix 2-A.
10. Should the Country, for any reason, not meet the Targets for the elimination of the Substances in Annex A (Group I) of the Montreal Protocol or otherwise does not comply with this Agreement, then the Country agrees that it will not be entitled to the Funding in

accordance with the Funding Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised funding approval schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next instalment of Funding under the funding approval schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amounts set out in Appendix 7-A in respect of each ODP tonne of reductions in consumption not achieved in any one year.

11. The funding components of this Agreement will not be modified on the basis of any future Executive Committee decision that may affect the funding of any other consumption sector projects or any other related activities in the Country.
12. The Country will comply with any reasonable request of the Executive Committee and the Lead IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA and the cooperating IA with access to information necessary to verify compliance with this Agreement.
13. All of the agreements set out in this Agreement are undertaken solely within the context of the Montreal Protocol and as specified in this Agreement. All terms used in this Agreement have the meaning ascribed to them in the Protocol unless otherwise defined herein.

Appendices

APPENDIX 1-A: THE SUBSTANCES

Annex A:	Group I	CFC-11, CFC-12, CFC-113
----------	---------	-------------------------

APPENDIX 2-A: THE TARGETS, AND FUNDING

PROJECT DATA	2004	2005	2006	2007	2008	2009	2010	Total
1. Montreal Protocol limits	72.9	36.4	36.4	10.9	10.9	10.9	0.0	
2. Annual phase-out from ongoing RMP projects	14.2	1.1	0.0	0.0	0.0	0.0	0.0	15.2
3. Annual phase-out newly addressed (TPMP)	0.0	0.0	1.0	1.0	2.0	3.0	0.0	7.0
4. TOTAL ODS CONSUMPTION TO BE PHASED OUT	14.2	1.1	1.0	1.0	2.0	3.0	0.0	22.3
5. RESULTING CFC TARGETS TO BE ACHIEVED	22.3	8.1	7.0	6.0	5.0	3.0	0.0	22.3
6. Total ODS consumption to be phased-in (HCFCs)		N/A					N/A	N/A
Project costs (US \$):								
7. Funding for UNDP (incl MDI strategy)			194,000	63,000	60,000	0	0	317,000
8. Funding for lead agency UNEP			142,600	65,100	25,300	0	0	233,000
9. Total project funding			336,600	128,100	85,300	0	0	550,000
Support costs (US \$)								

PROJECT DATA	2004	2005	2006	2007	2008	2009	2010	Total
10. Support cost for UNDP (7.5%)			14,550	4,725	4,500	0	0	23,775
11. Support cost for lead agency UNEP (13%)			18,538	8,463	3,289	0	0	30,290
12. Total support costs			33,088	13,188	7,789	0	0	54,065
13. TOTAL COST TO MULTILATERAL FUND (US \$)			369,688	141,288	93,089	0	0	604,065

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding will be considered for approval at the third meeting of the year of the annual implementation programme. In case the Executive Committee requires verification of the achievements of the targets in the TPMP, it is understood that the approval or disbursement of the tranche might be delayed until the verification is completed and has been reviewed.

APPENDIX 4-A: FORMAT OF ANNUAL IMPLEMENTATION PROGRAMME

1. **Data**

- Country _____
- Year of plan _____
- # of years completed _____
- # of years remaining under the plan _____
- Target ODS consumption of the preceding year _____
- Target ODS consumption of the year of plan _____
- Level of funding requested _____
- Lead implementing agency _____
- Co-operating agency(ies) _____

2. **Targets**

Indicators		Preceding year	Year of plan	Reduction
Supply of ODS	Import			
	Total (1)			
Demand of ODS	Manufacturing			
	Servicing			
	Stockpiling			
	Total (2)			

3. Industry Action

Sector	Consumption preceding year (1)	Consumption year of plan (2)	Reduction within year of plan (1)-(2)	Number of projects completed	Number of servicing related activities	ODS phase-out (in ODP tonnes)
Manufacturing						
Total						
Servicing						
Refrigeration						
Total						
Grand total						

4. Technical Assistance

Proposed Activity: _____
 Objective: _____
 Target Group: _____
 Impact: _____

5. Government Action

Policy/Activity Planned	Schedule of Implementation
Type of policy control on ODS import: servicing, etc	
Public awareness	
Others	

6. Annual Budget

Activity	Planned Expenditures (US \$)
Total	

7. Administrative Fees

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. All the monitoring activities will be coordinated and managed through the project "Monitoring and Management Unit" (PMU), which is included within this TPMP.
2. The Lead IA will have a particularly prominent role in the monitoring arrangements because of its mandate to monitor ODS imports, whose records will be used as a crosschecking reference in all the monitoring programmes for the different projects within the TPMP. This organization, along with the cooperating IA will also undertake

the challenging task of monitoring illegal ODS imports and exports with advisements made to the appropriate national agencies through the National Ozone Office.

Verification and reporting

3. Under this component there are two independent types of verification as follows:
 - (a) In accordance with Decision 45/54, the Executive Committee reserves the right for independent verification in case the Executive Committee selects Kyrgyzstan for related auditing as per decision 45/54.
 - (b) Verification for monitoring and in accordance to the TPMP and the TPMP Annual Implementation Programme objectives will be coordinated and managed through the project "Monitoring and Management Unit", which is included within this TPMP. Kyrgyzstan and the Lead IA will jointly design the verification procedures.

Frequency of verification and reporting

4. The monitoring reports will be produced and verified each year to be submitted to the last meeting of the Executive Committee. These reports will produce the input for the yearly implementation reports required by the Executive Committee.
5. The activities related to the ozone layer protection and implementation of the Montreal Protocol are coordinated by the Ministry of Ecology and Emergency Situations through its NOU of Kyrgyzstan. This involves:
 - (a) Monitoring of the progress of implementation of projects and activities funded by the MLF;
 - (b) Formulating guidelines and regulations necessary for policy implementation;
 - (c) Supporting public awareness initiatives and campaigns promoting ozone layer protection at the equipment owner/consumer level, and
 - (d) Interaction with other ministries and departments, industry representatives and implementing agencies for information dissemination related to the impact of policy and regulatory measures.
6. The TPMP activities will be implemented by a PMU team that is to support the NOU at the Ministry of Ecology and Emergency Situations. The NOU will be responsible for monitoring of the implementation of all activities of the TPMP.
7. In order to achieve the targets set out in the TPMP it is essential that the PMU team with support from the NOU continuously coordinates the implementation of the measures, monitor the developments on the market and have the flexibility to adapt to market changes. Monitoring of the impact of all measures will be carried out during the whole implementation period and corrective actions will be taken if any of the measures does not achieve the intended results.

8. A key factor for success is that the PMU team has sufficient manpower and competency to supervise the implementation and initiate and participate in the necessary discussion with trade authorities during the development of updated legislation, the Code of Practice, and the improved re-use scheme. Due to the type of actions required, it is necessary that relevant authorities within the Kyrgyzstan Government, as well as the private sector and relevant trade associations, be involved and consulted in the implementation of the TPMP. To strengthen the ongoing movement towards non ODS technology and improved servicing practices in the industry the PMU team will provide technical guidance, seek funding and generally provide an enabling environment to the companies. To ensure input of international experiences and to support the regulatory process, it is suggested that USD 8,000 under this component is set aside for technical assistance.
9. The monitoring, management and evaluation support component of the PMU team of the phase-out plan will for example include the following activities for the duration of the plan:
 - (a) Management and co-ordination of the Plan implementation with the various Government policy actions pertaining to the refrigeration servicing sector;
 - (b) Establishment of a policy development and enforcement programme, covering various legislative, regulatory, incentive, disincentive and punitive actions to enable the Government to exercise the required mandates in order to ensure compliance by the industry with the phase-out obligations;
 - (c) Development and implementation of training, awareness and capacity-building activities for key Government departments, legislators, decision-makers and other institutional stakeholders, to ensure a high-level commitment to the Plan objectives and obligations;
 - (d) Informing the refrigeration trade of the availability of funds under this TPMP;
 - (e) Developing and maintaining, in cooperation with the trade, a database of refrigeration and MAC certified technicians including names and addresses of service providers that have already received advice and recommendations on the allocation of annual import quotas of all Annex A, Group I, chemicals;
 - (f) Preparing an annual progress report of overall implementation of the TPMP in accordance with Executive Committee procedures and requirements pertaining to this task;
 - (g) Coordinating and implementing, together with the trade, the awareness raising and targeted information activities;
 - (h) Development of business criteria for refrigerant recycling/reclamation centers in collaboration with relevant authorities and trade representatives;
 - (i) Monitoring of the established recycling/reclamation centers i.e. collecting data at a regular basis on how much CFC etc is being reused;

- (j) Local distribution of servicing equipment and recovery and recycle/ reclamation machines, which are to be procured through UNDP and delivered to the country;
 - (k) Development of selection criteria for demonstration projects, coordination and implementation of the demonstration projects including sufficient transfer of knowledge to other similar companies;
 - (l) Arrangement for the workshops for industry and servicing trades on the possibilities of ODS substitution and recycling as well as for presenting the results of the demonstration projects.
10. To perform these tasks, a close collaboration between the PMU team and the NOU at the Ministry of Ecology and Emergency Situations of Kyrgyzstan will be established.

Project's Organization

11. The Ministry of Ecology and Emergency Situations will be an implementing partner for the project. It will designate a National Project Director from the NOU of Kyrgyzstan who will be the liaising person between the Ministry and UNEP and UNDP. A project manager will recruited through a transparent and competitive process. He/She will be responsible for day-to-day management of the project with assistance from a small project support group. One of the options is that the PMU team would be hosted by the National Ozone Unit under the Ministry of Ecology and Emergency Situations.
12. The PMU composed of representatives of the NOU, of the Ministry of Ecology and Emergency Situations and UNEP will be established. This board will have a general oversight function, give guidance to the project and make key decisions for the project. It will meet at least once in a quarter. UNEP will assign its staff to provide project policy and technical guidance.

Monitoring, Evaluation and Audit:

13. The PMU will provide overall oversight to the project. UNEP will conduct periodic monitoring of the project against defined benchmarks and indicators and financial work plan.
14. Project Manager will be responsible for day-today monitoring of project activities and experts work. During Project Inception Phase he/she will develop detailed work plan, including project monitoring and evaluation and financial work plans. She/he will provide brief monthly progress reports to UNEP and more detailed quarterly and annual reports to UNEP and PMU. The manager will organize and coordinate the final review of the project outcomes by the PMU and, in cooperation with UNEP, prepare a final project review report, including lessons learned.
15. Project consultants will, in agreement with and under the overall coordination of the project manager, deliver task reports.
16. The project will undergo periodic audits by a certified auditor according to UNEP rules and regulations.

APPENDIX 6-A: ROLE OF THE LEAD IA

1. The Lead IA UNEP will be responsible for a range of activities to be specified in the project document along the lines of the following:
 - (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's phase-out plan;
 - (b) Providing verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the Annual Implementation Programme. For this undertaking, separate funding will be provided by the Executive committee to the Lead Agency;
 - (c) Assist the country in Preparation of the Annual Implementation Programme;
 - (d) Ensure that the achievements in previous Annual Implementation Programmes are reflected in the future Annual Implementation Programme;
 - (e) Reporting on the implementation of the Annual Implementation Programme of the preceding year and preparing for Annual Implementation Programme for the year of submission for submission to the Executive Committee, commencing with the 2007 Annual Implementation Programme combined with the Report on the 2006 Annual Implementation Programme;
 - (f) Ensuring that appropriate independent technical experts carry out the technical reviews undertaken by the lead Implementing Agency;
 - (g) Carrying out required supervision missions;
 - (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Annual Implementation Programme and accurate data reporting;
 - (i) Verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Targets;
 - (j) Coordinating the activities of the Coordinating IAs, if any;
 - (k) Ensuring that disbursements made to the Country are based on the use of the Indicators; and
 - (l) Providing assistance with policy, management and technical support when required.

APPENDIX 6-B: ROLE OF COOPERATING IA UNDP

1. The cooperating implementing agency, will:
 - (a) Provide policy development assistance when required;
 - (b) Assist the Government of Kyrgyzstan in the implementation and verification of the activities funded for by the lead IA; and
 - (c) Provide reports to the lead IA on these activities, for inclusion in the consolidated reports.

APPENDIX 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY

1. In accordance with paragraph 10 of the Agreement, the amount of funding provided may be reduced by US \$10,000 per ODP tonne of reductions in consumption not achieved in the year.