EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-first Meeting
Montreal, 19-23 March 2007

PROJECT PROPOSAL: PARAGUAY

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

Phase-out

- Terminal phase-out management plan for Annex A Group I substances (first tranche)
PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
PARAGUAY

PROJECT TITLE
Terminal phase-out management plan for Annex A Group I substances (first tranche)

BILATERAL/IMPLEMENTING AGENCY
UNDP and UNEP

SUB-PROJECT TITLES

| (a)  Provision of tools and training to promote conservation and use of substitute blends | UNDP |
| (b)  Enforcement of the CFC import licensing system and prevention of illegal CFC trade | UNEP |
| (c)  TPMP implementation, monitoring and control | UNEP |

LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT

A: ARTICLE-7 DATA (ODP TONNES, 2005, AS OF 10 JANUARY 2007)

| CFC | 250.7 |

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2005, AS OF 22 JANUARY 2007)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>CFC-11</td>
<td>0.70</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>CFC-12</td>
<td>248.96</td>
<td></td>
<td></td>
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</table>

CFC consumption remaining eligible for funding (ODP tonnes) | N/A

CURRENT YEAR BUSINESS PLAN: Total funding US $152,000 UNDP and US $319,000 UNEP: total phase-out 24.0 ODP tonnes.

PROJECT DATA

<table>
<thead>
<tr>
<th>CFC (ODP tonnes)</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montreal Protocol limit</td>
<td>105.28</td>
<td><strong>31.59</strong></td>
<td>31.59</td>
<td>31.59</td>
<td>0.00</td>
<td></td>
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<tr>
<td>Annual consumption limit</td>
<td>105.28</td>
<td><strong>31.59</strong></td>
<td>31.59</td>
<td>31.59</td>
<td>0.00</td>
<td></td>
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<tr>
<td>Annual phase-out from ongoing projects</td>
<td>5.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual phase-out newly addressed</td>
<td>68.70</td>
<td>31.58</td>
<td></td>
<td></td>
<td></td>
<td>100.28</td>
</tr>
</tbody>
</table>

TOTAL ODS CONSUMPTION TO BE PHASED OUT

Total ODS consumption to be phased-in (HCFCs)

Final project costs (US $):

| Funding for Lead IA: UNEP | 80,000 | 60,000 | 30,000 | 24,000 | 194,000 |
| Funding for Cooperating IA: UNDP | 160,000 | 140,000 | 50,000 | 21,000 | 371,000 |
| Total project funding | **240,000** | **200,000** | **80,000** | **45,000** | **565,000** |

Final support costs (US $):

| Support cost for Lead IA: UNEP | 10,400 | 7,800 | 3,900 | 3,120 | 25,220 |
| Support cost for Cooperating IA: UNDP | 12,000 | 10,500 | 3,750 | 1,575 | 27,825 |
| Total support costs | **22,400** | **18,300** | **7,650** | **4,695** | **53,045** |

TOTAL COST TO MULTILATERAL FUND (US $) | **262,400** | **218,300** | **87,650** | **49,695** | **618,045** |

Final project cost effectiveness (US $/kg) | N/A

FUNDING REQUEST: Approval of funding for the first tranche (2007) as indicated above.

SECRETARIAT'S RECOMMENDATION | For individual consideration
PROJECT DESCRIPTION

1. On behalf of the Government of Paraguay, UNEP, as the lead implementing agency, has submitted a terminal phase-out management plan for Annex A Group I substances (TPMP) for consideration by the Executive Committee at its 51st Meeting. The project will also be implemented with assistance from UNDP.

2. The total cost of the Paraguay TPMP is US $565,000 plus agency support costs of US $27,825 for UNDP and US $25,220 for UNEP. The project proposes the complete phase-out of CFCs by the end of 2009. The CFC baseline for compliance is 210.6 ODP tonnes.

Background

3. Paraguay has already phased out the use of 63 ODP tonnes of CFCs used in the foam and refrigeration manufacturing sectors. In regard to the phase-out of CFCs in the refrigeration servicing sector, the Executive Committee allocated US $508,098 for the refrigerant management plan (RMP) at its 32nd Meeting.

Policy and legislation

4. Paraguay’s ODS legislation comprises a Presidential Decree of 1999 containing all ODS regulations, including a licensing system and import bans. Legislation was also passed in 2006 to adjust the country’s phase-out schedule to that of the Montreal Protocol, to introduce sanctions for non-compliance with ODS regulations, and to restructure national authorities for the implementation of the Montreal Protocol, including the National Ozone Unit.

Refrigeration servicing sector

5. Between 2004 and 2005, CFC consumption increased from 141 ODP tonnes to 251 ODP tonnes. During the survey conducted for the preparation of the TPMP it was found that, of the total consumption for 2005, only 150 ODP tonnes were used to service domestic refrigerators and MAC units (about 83 per cent of total consumption) and commercial and industrial refrigerated systems (17 per cent of total consumption). It is reported that the remaining consumption was partly stockpiled and partly re-exported without authorization (CFC prices in neighbouring countries are higher than in Paraguay).

6. There are approximately 1,250 refrigeration technicians in the country working in some 850 workshops, 50 per cent of which are formally established. About 60 per cent of technicians have received formal training. The refrigeration servicing sector comprises a large number of small users, with many different types and capacities of refrigeration equipment.

Results achieved so far

8. Through the implementation of the RMP project for Paraguay:
   (a) A workshop for the development of ODS policies and legislation was conducted in 2003 with major stakeholders, which resulted in specific measures that strengthened the import licensing system;
   (b) Four training courses and a technical seminar for 61 customs officers were conducted in three regions of the country. ODS identification kits were provided in each region;
   (c) Through 50 training workshops over 1,000 refrigeration service technicians were trained in good servicing practices. Training equipment was provided to the training centres; and
   (d) A recovery and recycling network was established in Paraguay’s four major cities. In total, 74 recovery machines, 7 recycling units and 7 MAC recovery and recycling units were distributed to 93 servicing workshops. On average, 0.9 ODP tonnes of CFCs were recovered annually. The rate of utilization of the equipment by servicing workshops ranged from 25 to 75 per cent across the different regions of the country (no further monitoring could be carried out due to lack of resources).

Activities proposed in the TPMP

9. The Government of Paraguay proposes an ODS compliance strategy based on increased institutional support, a reduction in CFC demand and control of CFC supply with the following initiatives:
   (a) Enforcement of the CFC import licensing system and prevention of illegal CFC trade;
   (b) Implementation of a technical assistance programme to the refrigeration servicing sector to promote better servicing and maintenance practices and the adoption of alternative refrigerants; and
   (c) Implementation, monitoring, and control to ensure the success of the different initiatives within the TPMP.

10. The Government of Paraguay plans the complete phase-out of CFCs by 1 January 2010, in accordance with the provisions of the Montreal Protocol. A detailed work plan for 2007 has been submitted with the TPMP proposal.
SECRETARIAT’S COMMENTS AND RECOMMENDATION

COMMENTS

Compliance issue

11. Through decision XVIII/32, the Parties to the Montreal Protocol noted that the CFC and CTC consumption levels reported by Paraguay for 2005 (250.7 ODP tonnes and 6.8 ODP tonnes respectively) exceeded Paraguay’s maximum allowable consumption levels for that year (i.e., 105.3 ODP tonnes for CFCs and 0.09 ODP tonnes for CTC). Paraguay was therefore found to be in non-compliance with the CFC and CTC control measures under the Montreal Protocol. The Parties also requested Paraguay to submit to the Ozone Secretariat, as a matter of urgency and no later than 31 March 2007, for consideration by the Implementation Committee at its next meeting, a plan of action with specific time benchmarks to ensure a prompt return to compliance.

12. Based on the request by the Parties, the Secretariat suggested that UNDP and UNEP assist the Government of Paraguay in submitting the required documentation. The Secretariat was subsequently advised that UNDP and UNEP have been providing special assistance to the Government of Paraguay from the moment the situation of non-compliance was detected; this increased assistance will continue until the newly established Ozone Unit is fully operational.

CFC consumption

13. The Secretariat noted that preliminary information reported in the TPMP proposal indicates a CFC consumption of 69 ODP tonnes for 2006, which is 36.3 ODP tonnes below the allowable level of consumption for 2005. However, the Government is analyzing import data in order to verify the final consumption level.

Technical issues regarding the TPMP

14. In seeking a clarification on specific modalities that could be introduced during the implementation of the TPMP to achieve the complete phase-out of CFCs on time, the Secretariat was informed that the Government of Paraguay: has reorganized and strengthened the Ozone Office; the newly appointed staff of the Ozone Unit is being trained with assistance from UNDP and UNEP; the Government is strengthening cooperation among key stakeholders; and is establishing a specialized unit for monitoring and control of all ODS phase-out projects. The Secretariat and the implementing agencies also discussed issues related to the availability of drop-in refrigerants in Paraguay, technical issues associated with their use, and their acceptance or otherwise by service technicians and local importers. All of these issues were successfully addressed and incorporated into relevant sections of the TPMP proposal.

Agreement

15. The Government of Paraguay submitted a draft agreement between the Government and the Executive Committee covering the conditions for the complete phase-out of CFCs in Paraguay, which is contained in Annex I to the present document.
RECOMMENDATION

16. The Executive Committee may wish to consider, without prejudice to the operation of the Montreal Protocol’s mechanism for addressing non-compliance:

(a) Approving, in principle, the terminal phase-out management plan for Paraguay, at the amount of US $565,000 plus agency support costs of US $27,825 for UNDP and US $25,220 for UNEP;

(b) Approving the draft agreement between the Government of Paraguay and the Executive Committee for the implementation of the national phase-out plan as contained in Annex I to this document;

(c) Urging UNEP and UNDP 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) Approving the first tranche of the plan at the funding levels shown in the table below, on the understanding that UNDP and UNEP will not disburse any funding until the Government of Paraguay submits to the Ozone Secretariat a plan of action with specific time benchmarks to ensure a prompt return to compliance as required under decision XVIII/32 of the Parties to the Montreal Protocol:

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Project Funding (US $)</th>
<th>Support Cost (US $)</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Terminal phase-out management plan for Annex A Group I substances (first tranche)</td>
<td>160,000</td>
<td>12,000</td>
<td>UNDP</td>
</tr>
<tr>
<td>(b) Terminal phase-out management plan for Annex A Group I substances (first tranche)</td>
<td>80,000</td>
<td>10,400</td>
<td>UNEP</td>
</tr>
</tbody>
</table>
Annex I

DRAFT AGREEMENT BETWEEN PARAGUAY AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE PHASE-OUT OF ANNEX A GROUP I OZONE-DEPLETING SUBSTANCES

1. This Agreement represents the understanding of the Government of Paraguay (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”) prior to 1 January 2010 in compliance with Protocol schedules.

2. The Country agrees to meet the annual consumption limits of the Substances in Annex A (Group I) of the Montreal Protocol as set out in row 1 of Appendix 2-A (the “Targets, and Funding”) 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 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 5 of Appendix 2-A (the “Funding”) to the Country. 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 program in the form of Appendix 4-A (the “Annual Implementation Programme”) 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 have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the goals prescribed under this Agreement. Reallocations categorized as major changes must be documented in advance in the next annual implementation programme and endorsed by the Executive Committee as described in sub-paragraph 5(d). Reallocations not categorized as major changes may be incorporated in the approved annual implementation programme, under implementation at the time, and reported to the Executive Committee in the report on implementation of the annual programme.

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 will be implemented in stages so that remaining resources can be diverted to other activities such as additional training or procurement of service 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 terminal phase-out management plan.

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all 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 programmes 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 6 and 7 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 and the Cooperating 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 CFC-114 and CFC-115 |

APPENDIX 2-A: THE TARGETS, AND FUNDING

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Montreal Protocol consumption limits of Annex A Group I substances (ODP tonnes)</td>
<td>105.30</td>
<td>31.58</td>
<td>31.58</td>
<td>31.58</td>
<td>0.00</td>
<td></td>
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<tr>
<td>2. Max. allowable total consumption of Annex A Group I substances (ODP tonnes)</td>
<td>31.58</td>
<td>31.58</td>
<td>31.58</td>
<td>0.00</td>
<td></td>
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<tr>
<td>3. Lead IA agreed funding (US $)</td>
<td>80,000</td>
<td>60,000</td>
<td>30,000</td>
<td>24,000</td>
<td>194,000</td>
<td></td>
</tr>
<tr>
<td>4. Cooperating IA agreed funding (US $)</td>
<td>160,000</td>
<td>140,000</td>
<td>50,000</td>
<td>21,000</td>
<td>371,000</td>
<td></td>
</tr>
<tr>
<td>5. Total agreed funding costs (US $)</td>
<td>240,000</td>
<td>200,000</td>
<td>80,000</td>
<td>45,000</td>
<td>565,000</td>
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<td>6. Lead IA support costs (US $)</td>
<td>10,400</td>
<td>7,800</td>
<td>3,900</td>
<td>3,120</td>
<td>25,220</td>
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<tr>
<td>7. Cooperating IA support costs (US $)</td>
<td>12,000</td>
<td>10,500</td>
<td>3,750</td>
<td>1,575</td>
<td>27,825</td>
<td></td>
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<tr>
<td>8. Total agreed support costs (US $)</td>
<td>22,400</td>
<td>18,300</td>
<td>7,650</td>
<td>4,695</td>
<td>53,045</td>
<td></td>
</tr>
<tr>
<td>9. Total agreed costs (US $)</td>
<td>262,400</td>
<td>218,300</td>
<td>87,650</td>
<td>49,695</td>
<td>618,045</td>
<td></td>
</tr>
</tbody>
</table>

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding will be considered for approval at the first meeting of the year of the Annual Implementation Programme.

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
   - Cooperating agency(ies)
2. **Targets**

<table>
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<tr>
<th>Indicators</th>
<th>Preceding year</th>
<th>Year of plan</th>
<th>Reduction</th>
</tr>
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<tbody>
<tr>
<td>Supply of ODS</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Import</td>
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<tr>
<td>Total (1)</td>
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<td>Demand of ODS</td>
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<td></td>
</tr>
<tr>
<td>Manufacturing</td>
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<tr>
<td>Servicing</td>
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<td></td>
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<tr>
<td>Total (2)</td>
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</table>

3. **Industry Action**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Consumption preceding year (1)</th>
<th>Consumption year of plan (2)</th>
<th>Reduction within year of plan (1) – (2)</th>
<th>Number of projects completed</th>
<th>Number of servicing related activities</th>
<th>ODS phase-out (in ODP tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
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<td></td>
<td></td>
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<tr>
<td>Total</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Refrigeration</td>
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<td></td>
<td></td>
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<tr>
<td>Total</td>
<td></td>
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<tr>
<td>Grand total</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

4. **Technical Assistance**

- Proposed Activity:
- Objective:
- Target Group:
- Impact:

5. **Government Action**

<table>
<thead>
<tr>
<th>Policy/Activity planned</th>
<th>Schedule of implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of policy control on ODS import: servicing, etc.</td>
<td></td>
</tr>
<tr>
<td>Public awareness</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
</tr>
</tbody>
</table>

6. **Annual Budget**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Planned expenditures (US $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

7. **Administrative Fees**

**APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES**

1. The monitoring of the initiatives within the TPMP and of the compliance with the CFC consumption limits will be carried out within the project “TPMP Implementation, Monitoring, and Control”.
2. The project will produce quarterly operational reports for the purpose of timely identification of problems or obstacles and design of corrective measures. The quarterly reports will be consolidated into an Annual Progress Report, which in turn will be the basis for the “TPMP Annual Implementation Report” and the “TPMP Annual Implementation Plan” to be submitted to the Executive Committee.

**Verification and reporting**

3. In accordance to decision 45/54 (d), the Executive Committee reserves the right for independent verification in case the Executive Committee selects Paraguay for related auditing. Based on discussion with the Lead IA, Paraguay should select the independent organization (auditing) to carry out the verification of the TPMP results and this independent monitoring programme.

**APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY**

1. The Lead IA will be responsible for a range of activities to be specified in the project document as follows:

   (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) Assisting the Country in preparation of the Annual Implementation Programme;

   (c) 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 consistent with Appendix-5A. In case the Executive Committee selects Paraguay consistent with paragraph (d) of decision 45/54, separate funding will be provided by the Executive Committee to the Lead IA for this undertaking;

   (d) Ensuring 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 2008 annual implementation programme combined with the report on the 2007 annual implementation programme;

   (f) Ensuring that appropriate independent technical experts carry out the technical reviews undertaken by the Lead IA;

   (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) Providing verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Targets, if requested by the Executive Committee;

(j) Coordinating the activities of the Cooperating IA;

(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 IMPLEMENTING AGENCY

1. The Cooperating IA will:

   (a) Provide policy development assistance when required;

   (b) Assist the Government in the implementation and assessment of the activities funded for by the Cooperating 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.