

Annex VIII

AGREEMENT BETWEEN LEBANON AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE PHASE-OUT OF ANNEX-A, GROUP-I SUBSTANCES (CFCS)

1. This Agreement represents the understanding between Lebanon (the “Country”) and the Executive Committee with respect to the complete phase-out of controlled use of ozone depleting substances set out in Appendix 1-A (the “Substances”) prior to 1 January 2009.
2. The Country agrees to phase out the controlled use of the Substances in accordance with the annual phase-out targets set out in Appendix 2-A (the “Targets, and Funding”) and this Agreement. The annual phase-out targets will, at a minimum, correspond to the reduction schedules mandated by the Action Plan approved at the Fifteenth Meeting of the Parties to the Montreal Protocol. 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.
3. Subject to compliance with the following paragraphs 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 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 Substance 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 Target for the applicable year;
 - (b) That the meeting of these Targets has been independently verified as described in paragraph 9;
 - (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 “Format for 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 Institutions and Roles”) 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 will have maximum flexibility for allocating the approved funding in a way that is determined to be the best for achieving the project objectives and compliance obligations and 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 recovery and recycling programme for the refrigeration service sector will be implemented in stages so that 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.

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. UNDP (the “Lead IA”) has agreed to be the lead implementing agency 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 Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 7 of Appendix 2-A.

10. Should the Country, for any reason, not meet the Targets for the elimination of the Substances in all the Appendix 1-A Sectors 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 the amount exceeding the Maximum Allowable Total Consumption of Annex A Group I substances limit (Appendix 2-A) 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 access by the Lead IA 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.

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

Row	Milestone/Parameter	2004	2005	2006	2007	2008	2009	Total
1.	Compliance Milestone* (ODP tonnes)		362		109			
2.	Maximum allowable consumption of Annex-A Group-I substances (ODP tonnes)	499	362	235	75	35	0	
3.	Reduction from ongoing projects (ODP tonnes)	82	0	0	0	0	0	82
4.	New reduction under the Plan (ODP tonnes)	55**	127	160	40	35	0	417
5.	Total Annual Reduction of Annex-A Group-I substances (ODP tonnes)	137	127	160	40	35	0	499
6.	Lead IA (US \$)	1,061,420	500,000	365,000	100,000	65,000	0	2,091,420
7.	Support Costs (US \$)	79,607	37,500	27,375	7,500	4,875		156,857
8.	Total Cost to Multilateral Fund (US \$)	1,141,027	537,500	392,375	107,500	69,875	0	2,248,277

*According to the Action Plan approved at the Fifteenth Meeting of the Parties to the Montreal Protocol.

** New reduction in 2004 is unfunded.

Appendix 3-A: Funding Approval Schedule

Funding other than payments in 2004, will be considered for approval at the first meeting of the year of the annual implementation programme.

Appendix 4-A: Format for 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

Target:				
Indicators		Preceding Year	Year of Plan	Reduction
Supply of ODS	Import			
	Production*			
	Total (1)			
Demand of ODS	Manufacturing			
	Servicing			
	Stockpiling			
	Total (2)			

* For ODS-producing countries

3. Industry Action

Sector	Consumption Preceding Year 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						
Aerosol						
Foam						
Refrigeration						
Solvents						
Other						
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. The monitoring process will be covered by the Ministry of Environment through the Ozone Office.
2. The consumption will be monitored through receiving the data from relevant government departments and crosschecking it with the data to be permanently collected from the distributors and consumers. At the same time, the Ozone Office and the Implementation Team will also be responsible for preparing the national Monitoring Plan of the implementation of the Plan to phase-out the Substances.
3. The reporting process will be responsibility of the Ozone Office. They have to timely collect and analyze all information and regularly submit the following reports:
 - (a) Annual reports on consumption of the Substances to be submitted to the Ozone Secretariat;
 - (b) Annual reports on progress of implementation of NPMP to be submitted to the Executive Committee of the Multilateral Fund; and
 - (c) Project-related reports to the Lead IA.

4. Concerning the evaluation process, the Ministry of Environment and the Lead IA will select and hire an independent consultant who will work in close cooperation with the Implementation team to evaluate the progress, quality and performance of the implementation of the Plan to phase out the Substances.
5. The consultant will have full access to all financial and technical data and information concerning the implementation of the Plan to phase out the Substances for reliable data collection and cross checking.
6. The consultant will prepare and submit to the Lead IA reports of activities on a quarterly basis and the reports on the status of implementation of the Plan to phase out the Substances and consumption figures annually. After consideration by the Lead IA the reports will be sent to the Ozone Office and the Implementation Team for consideration and follow up.
7. The responsibilities of the consultant will also include:
 - (a) Development of recommendations for improvements/adjustments of the Plan to phase out the Substances;
 - (b) Take into consideration comments from the Lead IA and the Ozone Office to the reports and react accordingly; and
 - (c) Assist in the organization and participate in possible evaluation visits by the Lead IA or the Multilateral Fund Secretariat.
8. On the other hand, the Lead IA should:
 - (a) Provide the independent consultant with all relevant information;
 - (b) Provide the consultant with necessary support and advice;
 - (c) Consider and comment on the submitted reports in a timely manner
 - (d) Control the performance of the consultant in the most suitable manner.

Appendix 6-A: Role of the Lead IA

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

- (a) Ensuring performance and financial verification in accordance with this Agreement 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;

- (c) Assisting the Country in preparation of the Annual Implementation Programme;
- (d) Ensuring that achievements in previous Annual Implementation Programmes are reflected in future Annual Implementation Programmes;
- (e) Reporting on the implementation of the Annual Implementation Programme of the preceding year and preparing an Annual Implementation Programme for the year of submission to the Executive Committee;
- (f) Ensuring that technical reviews undertaken by the Lead IA are carried out by appropriate technical experts;
- (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) Ensuring that disbursements are made to the country in a timely and effective manner; and;
- (k) Providing assistance with policy, management and technical support when required.

Appendix 7-A: Reductions in Funding for Failure to Comply

In accordance with paragraph 10 of the Agreement, the amount of funding provided may be reduced by US \$13,365 per ODP tonne of reductions in consumption not achieved in the year.