

Annex XV

AGREEMENT FOR THE TOTAL PHASE-OUT OF CFCs IN TURKEY

1. The Executive Committee approves in principle a total of US \$9 million in funding for the phased reduction and complete phase-out of consumption of CFC-11, CFC-12 and CFC-115 in Turkey by 2006. This level of funding takes into account the significant acceleration of the agreed phase-out in Turkey and the resulting reduction in ODS emissions. This is the total funding that will be available to Turkey from the Multilateral Fund for the total elimination of CFC use in the refrigeration sector in Turkey as well as for all other sectors using these substances, (e.g., foams, aerosols, solvents, etc.). The agreed level of funding will be paid out in instalments in the exact amount of US dollars specified in paragraph 2, and on the basis of the understanding set out in this agreement.

2. By this agreement, Turkey commits that in exchange for the funding specified below, it will eliminate its total CFC consumption in accordance with the individual and aggregate consumption targets as indicated in Table 1 below.

Table 1
National Control Targets for CFC-11, CFC-12 and CFC-115 consumption in ODP tonnes

	1999 Baseline	2001	2002	2003	2004	2005	2006	2007	2008	2009
Maximum allowable CFC-12 consumption (ODP tonnes)	736	700	650	334	166	100	0	0	0	0
Maximum allowable CFC-11 consumption (ODP tonnes)	1,049	300	250	200	150	50	0	0	0	0
Maximum allowable CFC-115 consumption (ODP tonnes)	9	9	9	0	0	0	0	0	0	0
Max allowable total ODP (ODP tonnes)		977	909	534	316	150	0	0	0	0
Total agreed funding (US \$ million)		3.5	2.5	1	0.75	0.75	0.5	0	0	0
Agency support costs (US \$ million)		0.295	0.175	0.150	0.045	0.03	0.03	0.03	0.03	0.025

3. The Executive Committee also agrees in principle that the funds will be provided at the last meeting of the Executive Committee in a given year, for the exact amount listed in the above table for that year and on the basis of an annual implementation plan for the following year, subject to the performance requirements contained in this agreement. Thus, for example, the payment indicated in year 2001 will be for activities to be undertaken in 2002, and so on.

4. Payments noted in Table 1, other than those for 2001, will be released based on confirmation that: the agreed phase-out targets noted in Table 1 for the previous year have been achieved; it has been verified that the activities planned for the previous year were undertaken in accordance with the annual implementation plan, and CFC phase-out contracts have been signed

amounting to at least 80 per cent of the Multilateral Fund funding approved for the relevant annual programme. For example, payment in 2002 for the implementation of the 2003 work programme will be conditional on satisfactory verification that Turkey has, as a minimum, met its consumption targets for 2001 as specified in Table 1 and as provided in detail in the 2002 implementation plan. Payment in 2003 for the 2004 implementation plan will be released based on confirmation that the 2002 consumption targets have been met, all 2002 implementation plan activities have been completed and contracts amounting to at least 80 per cent of the 2002 Multilateral Fund grant have been signed; and so on for future years. In the event that contracts totalling 80 per cent of the Multilateral Fund funding available for a given year have not been signed, funding equivalent to the deficit will be held back and considered for release by the Executive Committee when all additional contracts have been signed and the targets met.

5. The Government of Turkey agrees to ensure accurate monitoring of the phase-out. The Government of Turkey will provide regular reports, as required by its obligations under the Montreal Protocol and this Agreement. Consumption figures provided under this agreement will be consistent with Turkey's reports to the Ozone Secretariat under Article 7 of the Montreal Protocol.

6. The Government of Turkey also agrees to allow independent verification audits as provided for in this agreement, and in addition, external evaluation as may be directed by the Executive Committee, to verify that annual CFC consumption levels correspond to those agreed in Table 1 and that implementation of the sector plan proceeds as scheduled and agreed in annual implementation programmes.

7. The Turkish refrigeration plan which supports this Agreement, Turkish Country Programme and other related documentation may include estimates of specific funds that were thought to be needed for specific items. Notwithstanding this, the Executive Committee wishes to provide Turkey with maximum flexibility in using the agreed funds to meet the consumption limits agreed in Table 1. The Executive Committee understands that during implementation, the funds provided to Turkey pursuant to this Agreement may be used in any manner consistent with this Agreement that Turkey believes will achieve the smoothest possible CFC phase-out in the refrigeration sector, consistent with operational procedures as agreed between Turkey and the World Bank in the refrigeration sector plan as revised and as indicated in the annual implementation programmes. In the Executive Committee's acknowledgement of the flexibility available to Turkey to achieve a complete CFC refrigeration sector phase-out, it is noted that Turkey is committing to contribute the level of resources necessary to implement the plan and to achieve the consumption limits in paragraph 2 of this agreement.

8. The Government of Turkey agrees that the funds being agreed in principle by the Executive Committee at its 35th Meeting for the complete phase-out of CFC-11, CFC-12 and CFC-115 consumption are the total funding that will be available to Turkey to allow its full compliance with the reduction and phase-out as agreed with the Executive Committee of the Multilateral Fund, and that no additional Multilateral Fund resources will be forthcoming for any related activities in the refrigeration sector. It is also understood that aside from the agency fee referred to in paragraph 10 below, the Government of Turkey, the Multilateral Fund, and its implementing agencies, and bilateral donors will neither request nor provide further Multilateral

Fund-related funding for the accomplishment of the total phase-out of CFCs in the refrigeration sector.

9. The Government of Turkey agrees that if the Executive Committee meets its obligations under this Agreement, but Turkey does not meet the reduction requirements outlined in paragraph 2, or other requirements outlined in this document, the implementing agency and the Multilateral Fund will withhold funding for subsequent tranches of funding outlined in paragraph 2 until such time as the required reduction has been met. It is clearly understood that the fulfilment of this agreement depends on satisfactory performance by both the Government of Turkey and the Executive Committee of their obligations. In addition, Turkey understands that with respect to all calendar year targets beginning with 2002, as set out in paragraph 2 of this agreement, the Multilateral Fund will reduce the subsequent tranche and therefore the total funding for CFC-11, CFC-12 and CFC-115 phase-out on the basis of US \$15,000 per ODP tonne of reduction not achieved in any year.

10. The World Bank has agreed to be the implementing agency for the implementation of this sector plan which will be completed in 2006. It is also agreed that monitoring will continue until 2009 in order to ensure compliance during the period 2006 to 2009. A fee of 9 per cent of the sector plan annual funding has been agreed in accordance with the provisions of this Agreement, and distributed as shown in Table 1. As the implementing agency, the World Bank will be responsible for the following:

- (a) Ensuring performance and financial verification in accordance with specific World Bank procedures and requirements as specified in the Turkish refrigeration sector plan, as revised;
- (b) Reporting on the implementation of the annual implementation programmes to be included as part of each annual programme starting with the submission for the 2003 annual implementation programme prepared in 2002;
- (c) Providing verification to the Executive Committee that the control targets listed in Table 1 and the associated activities have been met;
- (d) Ensuring that technical reviews undertaken by the World Bank are carried out by appropriate independent technical experts;
- (e) Assisting Turkey in preparation of annual implementation programmes, which will incorporate achievements in previous annual programmes;
- (f) Carrying out required supervision missions;
- (g) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the programme, and accurate data reporting;
- (h) Verification for the Executive Committee that CFC consumption for the refrigeration sector has been completed based on the schedules listed in Table 1;

- (i) Ensuring that disbursements are made to Turkey based on agreed performance targets in the project and provisions in this Agreement;
- (j) Providing policy development assistance when required.

11. The funding components of this Decision shall not be modified on the basis of future Executive Committee decisions that may affect the funding of any other consumption sector projects or any other related activities in the country.