

Annex XV

**CONSENSUS AGREEMENT FOR THE INDIAN HALON
PRODUCTION AND CONSUMPTION SECTOR**

1. The Executive Committee decides to approve a total of US \$2.6 million in funding (net of all taxes, as the Multilateral Fund does not compensate for taxes) for the implementation of the immediate, complete and permanent phase-out of production of halons in India, as well as the complete phase-out of consumption of virgin halons. The sum is being paid in part in recognition of the significant early phase-out in halon production and consumption that has been achieved by India.
2. With regard to the production sector, funds agreed in this project will be disbursed by the Bank to the enterprises once the halon production plants are dismantled and have been certified. This is the total funding that would be available to the Government of India from the Multilateral Fund for the cessation of production of Annex A Group II halons (and all existing and future halons classified as controlled substances) as per the Montreal Protocol phase-out schedule and dismantling of the production plants, which will be completed no later than 12 months after approval of this agreement.
3. With regard to the consumption sector, five enterprises have already been identified and included within the totality of the approved funding. Consumption in these five enterprises, as well as any other remaining halons consumption in the country, will be eliminated within the level of funds provided.
4. The Government of India agrees to ensure accurate monitoring of the phase-out in the production and consumption sector and to report regularly, consistent with their obligations under the Protocol and this agreement. The Government of India also agrees to allow for independent technical audits administered by the implementing agency to ensure that all halon production facilities have been dismantled and that no halons are produced in India.
5. The Executive Committee wishes to provide the Government of India with maximum flexibility in using agreed funds to meet the reduction requirements agreed in paragraph 1. Accordingly, while India's country programme, sector strategy or other related documentation discussed during the preparation of this agreement may have included estimates of specific funds that were thought to be needed for specific items, the Executive Committee is of the understanding that the funds provided to India pursuant to this agreement may be used in any manner that the Government of India believes will achieve the smoothest possible halon production and consumption phase-out possible.

Other conditions

6. The Government of India agrees that the funds agreed at this Executive Committee meeting for complete closure of the production sector as well as complete phase-out of halons in the consumption sector will enable the Government of India to permanently phase out production

and consumption of all halons in accordance with the terms of this agreement and that no additional Multilateral Fund resources will be approved for any future activities including but not limited to the development of infrastructure for the production of alternatives or the import of alternatives. It is also understood that, aside from the agency fee referred to in the subsequent paragraph, the Government of India and the Multilateral Fund and its implementing agencies and bilateral donors will neither provide nor request further Multilateral Fund-related funding for the accomplishment of the total phase-out of production and consumption of all Annex A Group II halons (and all existing and future halons classified as controlled substances) in accordance with this agreement. This includes, but is not limited to, funding for employee compensation and all technical assistance training.

7. The World Bank has agreed to be the Implementing Agency for this project for a fee of 9 per cent. The World Bank agrees to be responsible for: 1. Ensuring/providing independent verification to the Executive Committee that the production closure of halons has taken place; 2. Ensuring that technical reviews undertaken by the World Bank are undertaken by the appropriate independent technical experts such as the OORG; 3. Carrying out supervision missions as required; 4. Ensuring that there is transparent implementation of the closure programme and accurate, verified reporting of data; 5. Incorporating its work into the existing agreement between the Government of India and the Bank; 6. Ensuring that disbursements are made only after independent verification of production closure and dismantling has taken place and that the Executive Committee has been advised accordingly. The World Bank is given flexibility, on request of the Government of India, to subcontract UNDP to undertake the consumption sector activities

8. The funding components of this decision shall not be modified on the basis of future Executive Committee decisions that may affect the funding of the halon production and consumption sector.

9. In light of the fact that the closure of halon production capacity in India will make halons more scarce, and that recycled halons will be important in ensuring that halons are available to meet continuing servicing needs, India will endeavour to preserve its recycled/reclaimed halons within the country for its own use.
