

Annex X**AGREEMENT BETWEEN THE GOVERNMENT OF TUNISIA AND
THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND
FOR THE PHASE-OUT OF OZONE-DEPLETING SUBSTANCES**

1. This Agreement represents the understanding of Tunisia (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”) by January 2010, in compliance with Protocol schedules.
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 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 and consistent with existing MLF policies and guidelines, 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 6 of Appendix 2-A (“The Targets, and Funding”) to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (“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 56 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 the target 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 (“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 (“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 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 refrigeration servicing subsector:

- (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 servicing sector will be implemented in stages so that remaining resources can be diverted to other phase-out 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. The World Bank has agreed to be the lead implementing agency (“Lead IA”). 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 set out in Appendix 1-A 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. In 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 CFCs 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 the Lead 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.

APPENDIX 1-A: THE SUBSTANCES

1. The ozone-depleting substances to be phased out under the Agreement are as follows.

Annex	Group	Chemical
Annex A	I	CFC-11, CFC-12 and CFC-115
Annex A	II	Halon 1211 and Halon 1301

APPENDIX 2-A: THE TARGETS, AND FUNDING

	2004	2005	2006	2007	2008	2009	2010	Total
1. Annex A, Group I Montreal Protocol Reduction Schedule (ODP tonnes)	870.1	435.05	435.05	130.5	130.5	130.5	0	
2. Max allowable total consumption of CFCs under the NOPP (ODP tonnes)	NA	NA	300.0	130.5	130.5	130.5	0	
3. Annex A, Group II Montreal Protocol Reduction Schedule (ODP tonnes)	104.3	52.15	52.15	52.15	52.15	52.15	0	
4. Max allowable total consumption of CFCs under the NOPP (ODP tonnes)	NA	NA	42.00	42.00	42.00	42.00	0	
6. Total agreed NOPP funding (US \$)	0	0	790,000	0	345,395	0	0	1,135,395
7. WB support costs (US \$)			59,250	0	25,905	0	0	85,155
8. Total agreed grant for tranche, including support cost (US\$)			849,250	0	371,300	0	0	1,220,550

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding other than the payments in 2006, will be considered for approval at the second Executive Committee meeting in 2008 together with the 2008-2009 implementation plan.

APPENDIX 4-A: FORMAT FOR 2008-2009 IMPLEMENTATION PLAN**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 (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)
Servicing						
Aerosol						
Foam						
Halon						
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 NOU within ANPE has the overall responsibility for monitoring of the implementation of the NOPP;
2. All monitoring activities will be coordinated and managed through a project management team to be established within the NOU. The management team will consist of staff appointed within NOU, supported by sector specific consultants as needed;
3. Consistent with the existing ODS import control system, of all imports of ODSs substances are based on import permits issued by NOU and monitored and recorded by NOU. With the initiation of the NOPP, the import will be controlled within the limits given in the agreement and the overall national ODS policies. The NOU will provide the Bank's Tunisian Task Team with regular updates on ODS import during the year; and
4. Annual verification of ODS import, as required by this agreement, will be carried out by an independent party each year. Based on agreed TOR, ANPE will select an independent consultant/company to carry the annual verification of the ODS imports during the year and status of implementation of activities planned for the same year. The annual verification report will be submitted to the Bank not later than May 1 each year.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. 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 and with its specific internal procedures and requirements as set out in the Country's ODS 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 implementation programme;
- (c) Assisting the Country in preparation of the 2008-2009 Implementation Programme;
- (d) Ensuring that achievements in previous Annual Implementation Programmes are reflected in future Implementation Programmes;
- (e) Reporting on the implementation of the Implementation Programme of the preceding years and preparing an Implementation Programme for the year 2008-2009 for 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 Implementation Programme and accurate data reporting;
- (i) Verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Target;
- (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

1. In accordance with paragraph 10 of the Agreement, the amount of funding provided may be reduced by US \$14.4/kg of ODS reduction in consumption not achieved in the year.
