

Annex XV

AGREEMENT BETWEEN KENYA AND THE EXECUTIVE COMMITTEE FOR THE NATIONAL PHASE-OUT OF ANNEX A (GROUP I) SUBSTANCES

1. This Agreement represents the understanding of Kenya (the “Country”) and the Executive Committee with respect to the complete phase-out of controlled use of the ozone depleting substances in the sectors set out in Appendix 1-A (the “Substances”) prior to 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 row 2 of 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, 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 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 “Form of 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 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 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; and
- (b) The recovery and recycling programmes for the refrigeration and air conditioning service sector would be implemented in stages so that resources can be diverted to other activities, such as additional training or procurement of service tools, if 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 fulfill the obligations under this Agreement. The Government of France has agreed to be the bilateral implementing agency (the "IA") in respect of the Country's activities under this Agreement regulations. The IA will be responsible for carrying out the activities listed in Appendix 6-A (the "Role of the Implementing Agency") 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 the fees set out in row 6 of Appendix 2-A.

10. Should the Country, for any reason, not meet the Targets for the elimination of the Substances 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 (the "Reductions in Funding for Failure to Comply") in respect of each ODP tonne of reductions in consumption not achieved in any one year.

10. 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.

11. 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 to the Lead IA to information necessary to verify compliance with this Agreement.

12. 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
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APPENDIX 2-A: THE TARGETS, AND FUNDING

	2003	2004	2005	2006	2007	2008	2009	2010	Total
1. Montreal Protocol Reduction Schedule	239.5	239.5	119.75		35.9			0	n/a
2. Max allowable total consumption at Annex A Group I substances (ODP tonnes)	168.8	120	90	60	30	10	0	0	n/a
3. Annual reduction in consumption of Annex A Group 1 substances under the Plan		48.8	30	30	20	10	0	0	138.8
4. Lead IA agreed funding		215,914	330,000	0	179,086	0	0	0	725,000
5. Lead IA support costs		28,069	42,900	0	23,281	0	0	0	94,250
6. Total agreed grant (US\$)		243,983	372,900	0	202,367	0	0	0	819,250

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

Funding will be considered for approval at the last meeting of the year prior to the year of the annual plan.

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

Co-operating agency(ies)

2. Targets

Target:				
Indicators		Preceding Year, 2003	Year of Plan, 2004	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
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
Policy Control on ODS Import	
Public Awareness	
Others	

6. Annual Budget

Activity	Planned Expenditures (US \$)
TOTAL	

7. Administrative Fees

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

Institution involved	Role	Responsibility and frequency of reporting	Evaluation
Ozone office	Overall monitoring	Meetings with Lead IA Meeting Reports, MOU	By France
France	IA	Expenditure Report Quarterly Report	By France
France	IA	Progress Report (annual) Quarterly Report	By Ozone Office

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for the following activities:
 - (a) Ensuring performance and financial verification in accordance with this Agreement, with the rules and guidelines of the Multilateral Fund and 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) Report on the implementation of the Annual Implementation Programme of the preceding year and the Annual Implementation Programme for the year are to be prepared and submitted to the last meeting of the Executive Committee of the year;
 - (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 reduced 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 \$10,000 per ODP tonne of the reductions in consumption not achieved in any one year.