Annex VIII

AGREEMENT FOR THE TERMINAL CFC PHASE-OUT MANAGEMENT PLAN (TPMP) FOR CROATIA

1. The Executive Committee approves a total of US $379,700, excluding agency support costs, in funding for the phased reduction and complete phase out of Annex A, Group I substances used in Croatia. This is the total funding that would be available to Croatia from the Multilateral Fund for the total elimination of the use of Annex A, Group I substances in Croatia. The agreed level of funding would 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, Croatia commits that, in exchange for the funding level specified below in Table 1, it will eliminate its total Annex A, Group I CFC consumption in accordance with the annual consumption limits given in Table 2.

Table 1: Funding levels and profile under the TPMP

Funding (US $)	2003	2004	2005	2006	2007	2008	Total
Component I (Sweden)	46,000	24,700	21,500				92,200
Component II (UNIDO)	184,000	48,300	35,000	10,200	5,000	5,000	287,500
Agency fees (Sweden)	3,450	1,853	1,613				6,915
Agency fees (UNIDO)	13,800	3,623	2,625	765	375	375	21,563
Total (Sweden)	49,450	26,553	23,113				99,115
Total (UNIDO)	197,800	51,923	37,625	10,965	5,375	5,375	309,063
Grand total	247,250	78,475	60,738	10,965	5,375	5,375	408,178

Table 2: Maximum allowable consumption for Annex A, Group I (CFCs) in ODP tonnes

Year	(ODP tonnes)
2003	98
2004	98
2005	65
2006	*
2007	*
2008	*
2009	*
2010	0

*The By-Law on Substances that Deplete the Ozone Layer (of 30 January 1999) includes a clause on importing on an exceptional basis between 2006 and 2009 up to 21.9 ODP tonnes of Annex A (Groups I and II) and/or Annex B (Groups II and III) or products containing these substances, when these substances and/or products are for preserving human, plant and/or animal life; national defence, safety and fire-fighting; and scientific research safety, when such products cannot be replaced by environmentally-sound and economically-viable alternatives.

3. In order to assist Croatia in achieving the 2003 reduction targets and to initiate measures necessary to meet the other reduction targets included in Table 2, the Executive Committee decides at its 39th Meeting to provide US $379,700 plus agency support costs to Croatia. The TPMP consists of the phase-out plan for the remaining CFC consumption in the servicing sector prepared with assistance from the Government of Sweden. As the lead agency, UNIDO will assist the Government of Croatia to implement the overall TPMP, particularly activities indicated in Table 3. The Government of Sweden, as co-implementing agency, will provide assistance to Croatia to implement activities included in Table 3. The funding provided by the Government of Sweden, as stated in Table 1, will be counted against the Swedish bilateral quota of its contribution to the Multilateral Fund in annually specified tranches.

4. The Executive Committee also agrees, in principle, that the funds for 2003 will be provided upon approval of this Agreement and thereafter funds will be provided at the first meeting of the Executive Committee of each year, in accordance with Table 1, for the exact amounts listed in Table 1 and on the basis of an annual implementation plan for the following implementation period, subject to the performance requirements contained in this Agreement. On this basis, the payment indicated in year 2003 will be for activities to be undertaken in the remainder of 2003 until June 2004.

5. Payments noted in Table 1, other than the payment in 2003, will be released based on confirmation that the agreed phase-out targets noted in Table 2 for the previous year have been achieved and it has been verified that the activities planned for the previous year have been undertaken in accordance with the annual implementation plan. Hence, payment in 2004 for the 2004 implementation plan would be released based on confirmation that the 2003 consumption target had been met and all 2003 implementation plan activities had been completed, and likewise for future years.

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

7. The Government of Croatia 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 consumption levels correspond to those agreed in Table 2 and that implementation of the TPMP proceeds as scheduled and agreed in annual implementation programmes.

8. The Croatia Terminal CFC Phase-out Management Plan may include estimates of specific funds that are thought to be needed for specific items. Notwithstanding this, the Executive Committee wishes to provide Croatia with maximum flexibility in using the agreed funds to meet the consumption limits agreed in Table 2. The Executive Committee understands that during implementation, as long as it is consistent with this Agreement, the funds provided to Croatia pursuant to this Agreement may be used in any manner that Croatia believes will achieve the smoothest possible CFC phase out, consistent with operational procedures as agreed between the Government of Croatia, UNIDO as the lead implementing agency, and the Government of

Sweden as co-implementing agency. In the Executive Committee's acknowledgement of the flexibility available to Croatia to achieve a complete CFC phase out, it is noted that Croatia is committing to contribute the level of resources necessary to implement the plan and to achieve the consumption limits in Table 2 of this Agreement.

9. The Government of Croatia agrees that the funds being agreed in principle by the Executive Committee at its 39th Meeting for the complete phase out of Annex A, Group I substances are the total funding that will be available to Croatia to enable 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 requested for any related activities. It is also understood that, apart from the agency fees referred to in paragraph 11 below, the Government of Croatia, the Multilateral Fund, 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 country.

10. The Government of Croatia agrees that if the Executive Committee meets its obligations under this Agreement but that the Government of Croatia does not meet the reduction requirements stated in paragraph 2 and other requirements outlined under 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 the satisfactory performance of its obligation by both the Government of Croatia and the Executive Committee.

11. UNIDO has agreed to be the lead implementing agency for the implementation of this Terminal Phase-out Management Plan, with the Government of Sweden as co-implementing agency for the implementation of Component I of the TPMP. A fee of a total of 7.5 per cent of the annual funds has been agreed in accordance with the provisions of this Agreement and distributed between the two agencies as shown in Tables 1 and 3. As the lead implementing agency, UNIDO will be responsible for the following:

(a) Ensuring performance and financial verification in accordance with this Agreement and requirements as specified in the Croatia Terminal CFC Phase-out Management Plan;

(b) Reporting annually on the implementation of the annual implementation programmes;

(c) Providing verification to the Executive Committee that the control targets listed in Table 2 and the associated activities have been met;

(d) Ensuring that technical reviews undertaken by UNIDO are carried out by appropriate independent technical experts;

(e) Assisting Croatia in the 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) Ensuring that disbursements are made to Croatia based on agreed performance targets in the project and provisions in this Agreement; and

(i) Providing policy development assistance when required.

12. The Government of Sweden, as co-implementing agency, will be responsible for the following:

(a) Assisting the Government of Croatia in the implementation and verification of the activities funded by the Swedish bilateral quota as per Component I of Table 1, including providing policy development assistance;

(b) Providing reports to UNIDO on these activities, for inclusion in consolidated reports; and

(c) Ensuring that disbursements are made to Croatia based on agreed performance targets in the project and provisions in this Agreement.

13. The funding components of this Agreement 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.

Table 3: Cash flow of the TPMP for Croatia

Description	**Total (US$)**	**2003**		**2004**		**2005**		**2006**	**2007**	**2008**
		UNIDO	Sweden	UNIDO	Sweden	UNIDO	Sweden	UNIDO	UNIDO	UNIDO
Training of existing workforce										
3-day training course	11,000	11,000								
1+1-day training course	45,000	15,000		10,000		20,000				
Technical assistance	6,000		6,000							
Contingency	6,200			6,200						
Sub-Total	68,200	26,000	6,000	16,200		20,000				
Strengthening of vocational schools										
Update/produce training materials	10,000	10,000								
Procurement of equipment	36,000	36,000								
Training of trainers	5,000	5,000								
Technical assistance	3,000		3,000							
Contingency	5,400			5,400						
Sub-Total	59,400	51,000	3,000	5,400						
Code of practice	22,000		8,000		8,700		5,300			
Contingency	2,200						2,200			
Sub-Total	24,200		8,000		8,700		7,500			
Reclamation capability										
Initiate infrastructure	20,000		20,000							
Contingency	2,000				2,000					
Equipment	102,000	102,000								
Contingency	10,200			10,200						
Sub-Total	134,200	102,000	20,000	10,200						
Monitoring and implementation										
Targeted information	15,000	5,000		5,000		5,000				
Contingency	1,500			1,500						
Monitoring/implementation/evaluation	52,000		9,000		14,000		14,000	5,000	5,000	5,000
Contingency	5,200							5,200		
Subsidies for demo. projects	20,000			10,000		10,000				
Sub-Total	93,700	5,000	9,000	16,500	14,000	15,000	14,000	10,200	5,000	5,000
Total	379,700	184,000	46,000	48,300	24,700	35,000	21,500	10,200	5,000	5,000
Support Cost (7.5%)	28,478	13,800	3,450	3,623	1,853	2,625	1,613	765	375	375
Grand Total	408,178	197,800	49,450	51,923	26,553	37,625	23,113	10,965	5,375	5,375