

Annex XVII

**AGREEMENT BETWEEN INDIA AND THE EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE ACCELERATED CFC PRODUCTION
PHASE-OUT**

1. This Agreement supplements the Consensus Agreement for the Indian production sector for which the Executive Committee and India entered into at the 29th Meeting (“the Existing Agreement”). This Agreement represents the understanding of India (“the Country”) and the Executive Committee with respect to the Accelerated Phase-out of the CFC Production by 1 August 2008.
2. The Country agrees to revise its CFC production phase-out schedule with the understanding that:
 - (a) India would produce no more than 690 MT of CFCs, primarily for the manufacturing of metered-dose inhalers (MDIs) up until 1 August 2008;
 - (b) India’s CFC producers would sell no more than 825 MT of CFCs for MDI production in the years 2008 and 2009, comprising 690 MT of new production and 135 MT reprocessed from existing stock;
 - (c) India would export 1,228 MT of CFCs no later than 31st December, 2009;
 - (d) India would not import any new virgin CFCs;
 - (e) Any by-product non-pharmaceutical grade CFCs generated from the production under (a) are counted against the limit in row 2 of Table 1 in Appendix 1 and could be released to the market;
 - (f) This Agreement does not cover any CFC production that may be agreed by the Parties to meet essential uses for India; and
 - (g) Other conditions in the Existing Agreement, in addition to the above, are applied to this Agreement.
3. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in Table 2 of Appendix 1, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to the phase-out of the production of CFCs.
4. Subject to compliance 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 3 of Table 2 in Appendix 1 (the “Funding”) to the Country. The Executive Committee will provide the funding tranches associated to the new accelerated phase-out at the 57th and 60th Executive Committee Meetings. For the subsequent tranche in 2009 under the Existing Agreement, the release of this tranche will follow the terms and conditions stipulated in the Existing Agreement.
5. The Country will meet the production limits as indicated in row 2 of Table 1 in Appendix 1. The Country also agrees to allow for independent technical audits administered by the Implementing Agency (World Bank) in order to confirm the production, reprocessing limit, sales (both export and domestic) and stock of CFCs in accordance with the agreement.

6. 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 Country also agrees to establish policies or enforcement mechanisms to ensure coordination of CFC phase-out efforts in both the production and consumption sectors by implementing policy and regulatory measures set out in Appendix 2.

7. 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 the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Disbursement 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 Disbursement Schedule. In addition, India understands that the Executive Committee may reduce the funding of the subsequent tranches on the basis of US \$1,000 per ODP tonnes of reductions not achieved for the commitments mentioned in paragraphs 2 and 5 of this Agreement.

8. 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 production sector projects or any other related activities in the Country.

9. The Country, the Executive Committee and the World Bank may mutually agree to take steps to facilitate implementation of this Agreement. In particular, it will provide access by the World Bank to information necessary to verify compliance with this Agreement.

10. 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 Targets and Funding

Table 1. Production targets

Description	Year		
	2008	2009	2010
1. Targets under the Existing Agreement (ODP tons)	2,259	1,130	0
2. Production under this Agreement (ODP tons)	690	0	0

Table 2. Funding

Description	Year		
	2008	2009	2010
1. Funding under the Existing Agreement (US \$' 000s)	6,000	6,000	0
2. Support cost under the Existing Agreement (US \$' 000s)	450	450	0
3. Total adjusted funding for this Agreement (US \$' 000s)	-	2,113	1,057
4. Support cost for the adjusted funding for this Agreement (US \$ 000s)	-	0	238
5. Total funding to be released to the Country and IA	6,450	8,563	1,295

Appendix 2 Policy and Regulatory Measures

11. As per the Plan of Action submitted by the Country at the 54th Meeting of the Executive Committee, the Country agrees to undertake the following measures:

- (a) Ban the production of CFCs, excluding any production for essential uses that may be agreed by the Parties for India, by 1 August 2008;
- (b) Ensure consistency of the consumption schedule of the Ozone Rules and the consumption limits in row 3 of Appendix 2 – A of the Agreement between India and the Executive Committee for the national phase-out of CFC consumption in India focusing on the refrigeration service sector;
- (c) India will not import any more new/virgin CFCs; and
- (d) Strengthening of the system for monitoring movement of CFC stocks and imports, if any.
