

Annex XV

AGREEMENT BETWEEN INDIA AND THE EXECUTIVE COMMITTEE FOR THE PHASE OUT IN CONSUMPTION AND PRODUCTION OF CTC

1. This Agreement represents the understanding of India (the “Country”) and the Executive Committee with respect to the complete phase-out of consumption and production of the Montreal Protocol controlled substance set out in Appendix 1-A (the “Substance”) prior to 1 January 2010, in compliance with Protocol schedules.
2. The Country agrees to phase out consumption and production of the Substance, as defined by the Montreal Protocol, in accordance with the annual phase-out targets set out in rows 1 and 2 of Appendix 2-A (the “Targets”) for this Agreement, which 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 4, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to the Substance.
3. The Country considers that the use of the Substance in the production of DV acid chloride (DVAC) to be a feedstock use. If either the Country or the Parties ever reclassify that use or any other feedstock use to a controlled status, the Country agrees that it would phase out that use with no compensation from the Multilateral Fund.
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 13 of Appendix 2-A (the “Funding”) 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”).
5. The Country will meet the consumption and production limits for the Substance as indicated in rows 1 and 2 in Appendix 2-A. It will also accept independent verification by the relevant Implementing Agency of achievement of these consumption and production limits as described in paragraph 9 of this Agreement.
6. The Executive Committee will not provide the Funding in accordance with the Funding Disbursement Schedule unless the Country satisfies the following conditions at least 30 days prior to the applicable Executive Committee meeting set out in the Funding Disbursement Schedule:
 - (a) that the Country has met the Targets for the applicable year;
 - (b) that the meeting of these Targets has been independently verified as described in paragraph 9; and
 - (c) 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 “Annual Implementation Programs”) in respect of the year for which funding is being requested.

7. 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”) 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.

8. 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 will have full flexibility in the use of Multilateral Fund assistance to achieve the overall objectives of this Agreement and to meet its obligations to the Montreal Protocol. Therefore, specific funds that were thought to be needed for specific items originally proposed in the Plan for the Phase out of Consumption and Production of CTC, except the US \$2 million which must be used by the Country solely to implement, monitor and effectuate full compliance with this Agreement, can be reallocated to other activities as long as expenditures are consistent with this Agreement and eligible within the context of the Montreal Protocol. Any remaining funds provided to the Country pursuant to this Agreement may be used in any manner that the Country believes will achieve the smoothest and most efficient CTC phase out.

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 World Bank (the “Lead IA”) has agreed to be the lead implementing agency and France, Germany, Japan and UNIDO (the “Cooperating IAs”) have agreed to be cooperating implementing agencies under the lead of the Lead IA in respect of the Country’s activities under this Agreement. The Lead IA will be responsible for carrying out the activities listed in Appendix 6-A, including performance and financial verification in relation to all activities, within the purview of the World Bank, in accordance with this Agreement and with specific World Bank procedures and requirements. The Country also agrees to periodic evaluations, which will be carried out under the monitoring and evaluation work programmes of the Multilateral Fund. The Cooperating IAs will be responsible for carrying out activities listed in Appendix 6-B, including performance and financial verification in relation to activities implemented under their supervision.

10. The Lead IA will assist the Country to implement activities required for achieving the Targets specified in this Agreement and also to assist the Country to carry out activities related to policy and regulatory development to support sustainable phase-out of the Substance in both the consumption and production sectors. The Cooperating IAs will, in collaboration with the Lead IA, provide support for activities related to investment activities to support the phase-out of the Substance in the metal cleaning and process agent applications and in the textile industry as described in the sector plan (IND/PHA/40/INV/363). The funding for activities implemented by the bilateral Cooperating IAs will be counted against their bilateral contributions to the Multilateral Fund in annually specified tranches. In case the Lead IA or any of the Cooperating IAs would like to sub-contract part of their activities to other implementing agencies, concurrence of the Country must be sought and the description of such an arrangement should be reported in the annual implementation programmes.

11. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IAs with the respective fees set out in rows 4, 6, 8, 10 and 12 of Appendix 2-A.

12. Should the Country, for any reason, not meet the Targets for the elimination of the Substance 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 Disbursement Schedule. At 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 installment of Funding under the Funding Disbursement Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amount set out in Appendix 7-A in respect of each ODP tonne of reductions in consumption and production not achieved in any one year.

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

14. The Country will comply with any reasonable request of the Executive Committee, the Lead IA, and the Cooperating IAs, to facilitate implementation of this Agreement. In particular, it will provide the Executive Committee, the Lead IA and the Cooperating IAs, with access to information necessary to verify compliance with this Agreement.

15. All of the agreements set out in this Agreement are undertaken solely within the context of the Montreal Protocol and do not extend to obligations beyond this 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.

Appendices

Appendix 1-A: The Substance

Annex B:	Group II	CTC
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Appendix 2-A: The Targets, and Funding

	Baseline ¹	2003	2004	2005	2006	2007	2008	2009	2010
Montreal Protocol Consumption Reduction Schedules (ODP tonnes) ²	11,505	N/A	N/A	1,726	1,726	1,726	1,726	1,726	0
1. Max allowable total consumption (ODP tonnes)	11,505	N/A	N/A	1,726	1,147	708	268	48	0
Montreal Protocol Production Reduction Schedules (ODP tonnes) ³	11,553	N/A	N/A	1,733	1,733	1,733	1,733	1,733	-
Production Allowance for basic domestic needs of A5 countries (ODP tonnes) ⁴		-	-	1,155	1,155	1,155	1,155	1,155	1,733
Total production allowed by the Montreal Protocol (ODP tonnes)		N/A	N/A	2,888	2,888	2,888	2,888	2,888	1,733
2. Max allowable total production (ODP tonnes) for this Agreement	11,553	N/A	N/A	1,726	1,147	708	268	48	-
3. WB agreed funding		8,520,843	9,180,112	399,045	9,556,267	4,020,938	3,211,875	3,211,874	-
4. WB support costs		639,063	688,508	29,928	716,720	301,570	240,891	240,891	-
5. France agreed funding		-	1,000,000	1,000,000	500,000	500,000	-	-	-
6. France support costs		-	85,000	85,000	85,000	85,000	-	-	-
7. Germany agreed funding		-	700,000	700,000	300,000	300,000	-	-	-
8. Germany support costs		-	57,500	57,500	57,500	57,500	-	-	-
9. Japan agreed funding		-	2,500,000	2,500,000	-	-	-	-	-
10. Japan support costs		-	280,000	280,000	-	-	-	-	-
11. UNIDO agreed funding				3,500,000	399,046				
12. UNIDO agreed support cost				262,500	29,928				
13. Total agreed funding (US \$)		8,520,843	13,380,112	8,099,045	10,755,313	4,820,938	3,211,875	3,211,874	
14. Total agency support costs (US \$)		639,063	1,111,008	714,928	889,148	444,070	240,891	240,891	
15. Total agreed costs (US \$)		9,159,906	14,491,120	8,813,973	11,644,461	5,265,008	3,452,766	3,452,765	

1/ Baseline consumption and production levels are defined as the average levels of consumption and production during the period from 1998 – 2000.

2/ Maximum allowable consumption levels stipulated in the Montreal Protocol (85% reduction in 2005 and 100% reduction by 2010).

3/ Maximum allowable production levels stipulated in the Montreal Protocol (85% reduction in 2005 and 100% reduction by 2010).

4/ Allowable production levels for meeting basic domestic needs of Article 5 countries as per the Beijing Amendment (10% of base level from 2005 and 15% of base level from 2010).

Appendix 3-A: Funding Approval Schedule

16. The annual funding allocations, except those for 2004 and 2005, as shown in Appendix 2-A will be considered for approval at the second meeting of the year of the annual plans. The funding allocations for 2004 and 2005 will be submitted for approval at the first meeting of the respective annual plans.

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

Indicators		Preceding year	Year of plan	Reductions
Supply of CTC	Import			
	Production*			
	Total (1)			
Demand of CTC	Process Agents			
	Solvent			
	Total (2)			

*For ODS-producing countries

3. Industry Action

Sector	Actual 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						
Process Agents						
Solvents						
Other						
Total						
Servicing						
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:	
Public awareness	
Others	

6. Annual Budget

Activity	Planned Expenditures (US \$)
TOTAL	

7. Administrative Fees

Appendix 5-A: Monitoring Institutions and Roles

1. The Country will be responsible for implementing the CTC phase-out plan. To strengthen capacity of the Country to undertake a series of activities required to achieve permanent phase-out of CTC in accordance with the agreed Targets, a small management unit with a high degree of decentralization to ensure maximum coverage of all residual CTC users, will be established.

2. The management unit will be established within the Ministry of Environment and Forests. The role of the management unit entails development of detailed implementation plan and overall monitoring and supervision of the CTC phase-out plan. The responsibility of the management unit includes:

- (a) preparation and implementation of the annual implementation programme with assistance from the Lead IA and Cooperating IAs;
- (b) identification and assistance in the design of sub-projects under the plan;
- (c) monitoring and supervision of project implementation at the national level including coordination of independent verification of the ODS phase-out by the beneficiary enterprises;
- (d) information exchange support to the Ozone Cell, regional centers and beneficiary enterprises;
- (e) reporting to the Director of the Ozone Cell on CTC phase-out related activities and providing recommendations on Government's interventions to be undertaken by the Ozone Cell, if required;
- (f) periodic assessment of the alternatives supply situation;
- (g) support implementation of information exchange and training activities; and
- (h) maintenance of database and relevant records related to the CTC phase-out plan.

Appendix 6-A: Role of the Lead IA

3. The Lead IA will be responsible for a range of activities specified in the project document and in this Agreement along the lines of the following:

- (a) ensuring performance and financial verification in relation to all activities in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's CTC Phase-out Plan;
- (b) providing verification to the Executive Committee that the Targets have been met, and the achievement/progress of associated annual activities as indicated in the annual implementation programme;
- (c) assisting the Country in preparation of the annual implementation programmes;
- (d) ensuring that achievements in previous annual programmes are reflected in future annual implementation programmes;
- (e) carrying out required supervision missions;
- (f) ensuring the presence of an operating mechanism to allow effective, transparent implementation of the programme, and accurate data reporting;
- (g) ensuring that disbursements to activities undertaken under the Lead IA supervision are made to the Country based on the Targets in the annual programmes and provisions in this Agreement;
- (h) providing assistance with policy, management and technical support when required;
- (i) developing, in consultation with the Country and the Cooperating IAs, the annual phase-out targets for each IA; and
- (j) developing a standard for verifying performance in achieving the Targets.

Appendix 6-B: Role of Cooperating IAs

1. The Cooperating IAs will be responsible for a range of activities specified in the project document, in the respective Annual Implementation Plan and in this Agreement along the lines of the following:

- (a) conducting performance and financial verification in relation to activities implemented under their supervision;
- (b) providing reports to the Executive Committee, through the Lead IA, on these activities and their impact in terms of ODP phase-out, for inclusion in the consolidated reports and annual programmes to be prepared by the Country with the assistance of the Lead IA;

- (c) assisting the Country in preparation of annual implementation programmes for relevant activities under their supervision;
- (d) ensuring that achievements of their activities are reflected in future annual implementation programmes;
- (e) carrying out required supervision missions;
- (f) providing the presence of an operating mechanism to allow effective, transparent implementation of their activities, and accurate data reporting pertaining to ODP impact of their corresponding activities;
- (g) provide, in collaboration with the Lead IA, policy development assistance, management and technical support when required; and
- (h) coordinating its activities with the Lead IA and among all Cooperating IAs.

Appendix 7-A: Reductions in Funding for Failure to Comply

1. In accordance with paragraph 12 of the Agreement, the amount of funding provided may be reduced by US \$4,510 per ODP tonne of reductions in consumption and production not achieved in the year.