

Annex VII

**AGREEMENT FOR THE TERMINAL ODS PHASE-OUT MANAGEMENT PLAN
(TPMP) FOR PAPUA NEW GUINEA**

1. The Executive Committee approves in principle a total of US \$700,000 in funding for the phased reduction and complete phase-out in the consumption of Annex A, Group I substances used in Papua New Guinea. This is the total funding that would be available to Papua New Guinea from the Multilateral Fund for the total elimination of CFC use in Papua New Guinea. 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, Papua New Guinea commits that, in exchange for the funding level specified below in Table 1, it will eliminate its total CFC consumption in accordance with the annual consumption limits given in Table 2.

Table 1: Funding levels under the TPMP for Papua New Guinea

Funding level (US\$)	2003	2004	2005	2006	2007	Total
Project costs	480,000			220,000		700,000
Agency support costs	59,700			27,300		87,000
Total costs	539,700			247,300		787,000

Table 2: Maximum allowable consumption for Annex A, Group I substances

Year	Consumption (ODP tonnes)
April 2003 – March 2004	35.0
April 2004 – March 2005	26.0
April 2005 – March 2006	17.0
April 2006 – March 2007	8.0
April 2007 – December 2007	4.5
2008 - 2010	0

3. The Executive Committee also agrees in principle that the funds will be provided at the first meetings of the Executive Committee in 2003 and 2006 in accordance with Table 1 for the exact amounts listed in the table 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 from 2003 to 2005; while payment in the year 2006 will be for activities in 2006 and 2007.

4. Payments noted in Table 1, other than the 2003 implementation programme, 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 2006 would be released based on confirmation that the April 2004-March 2005 consumption target had been met and all 2003–2005 implementation plan activities had been completed.

5. The Government of Papua New Guinea also agrees to ensure accurate monitoring of the phase-out. The Government of Papua New Guinea will provide regular reports, as required by its obligations under the Montreal Protocol and this Agreement. Consumption figures provided under this Agreement will be consistent with Papua New Guinea's reports to the Ozone Secretariat under Article 7 of the Montreal Protocol.

6. The Government of Papua New Guinea 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 CFC consumption levels correspond to those agreed in Table 2.

7. The Papua New Guinea Terminal CFC Phase-out Management Plan, which supports this Agreement, the Papua New Guinea Country Programme, and other related documentation, may include estimates of specific funds that are thought to be needed for specific items. Notwithstanding this, the Executive Committee wishes to provide Papua New Guinea 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 Papua New Guinea pursuant to this Agreement may be used in any manner that Papua New Guinea believes will achieve the smoothest possible CFC sector phase-out, consistent with operational procedures as agreed between the Government of Papua New Guinea and the Government of Germany in the Terminal Phase-out Management Plan and as indicated in the implementation programmes.

8. The Government of Papua New Guinea 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 Papua New Guinea 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 forthcoming for any related activities. It is also understood that, apart from the agency fee referred to in paragraph 10 below, the Government of Papua New Guinea, 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 CFC in the country.

9. The Government of Papua New Guinea agrees that, if the Executive Committee meets its obligations under this Agreement, but the Government of Papua New Guinea does not meet the reduction requirements outlined in paragraph 2 and other requirements outlined in this document, the implementing agency and the Multilateral Fund will withhold funding for the subsequent tranche 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 obligations by both the Government of Papua New Guinea and the Executive Committee. In addition, Papua New Guinea understands that, regarding all calendar year targets in paragraph 2 of this Agreement beginning with the 2003-2004 annual period, the Multilateral

Fund will reduce the subsequent tranche and therefore the total funding for CFC phase out on the basis of US \$15,000 per ODP tonne of reduction not achieved in any year.

10. The Government of Germany has agreed to be the implementing agency for the implementation of this Terminal Phase-out Management Plan, which will be completed in 2007. A total agency fee of US \$87,000 has been agreed in accordance with the provisions of this Agreement and distributed as shown in Table 1. The Government of Germany would be responsible for the following:

- (a) Ensuring performance and financial verification in accordance with specific Government of Germany procedures and requirements, as specified in the Papua New Guinea 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 the Government of Germany are undertaken by appropriate independent technical experts;
- (e) Assisting Papua New Guinea 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 enable effective, transparent implementation of the programme and accurate data reporting;
- (h) Ensuring that disbursements are made to Papua New Guinea based on agreed performance targets in the project and provisions in this Agreement; and
- (i) Providing policy development assistance when required.

11. 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.