Annex IX

AGREEMENT BETWEEN THE MULTILATERAL FUND EXECUTIVE COMMITTEE AND CHILE

1. The Executive Committee:

   (a) At its 32nd Meeting, approved US $805,000 as the total funds that will be available to Chile to achieve the complete phase-out of methyl bromide (MB) used in the fruit replanting and nurseries sectors (76.2 ODP tonnes), to be implemented by UNDP;

   (b) At its 45th Meeting, approved in principle an additional US $2,547,156 as the total funds available to Chile to achieve the complete phase-out of MB used in the remaining soil fumigation sectors, excluding quarantine and pre-shipment applications (additional 136.3 ODP tonnes), to be implemented by the World Bank.

2. As reported to the Ozone Secretariat, and consistent with information in the project document presented to the Executive Committee, the MB baseline for compliance for Chile is 212.5 ODP tonnes, and the MB consumption in 2003 was 274.3 ODP tonnes, excluding about 68.6 ODP tonnes which Chile states that it uses for quarantine and pre-shipment applications. Accordingly, Chile must reduce its consumption of MB to 212.5 ODP tonnes to achieve compliance with the Montreal Protocol's 2002 freeze obligation, and to 170 ODP tonnes to achieve compliance with the Protocol's 20 per cent reduction in 2005.

3. Reductions resulting from the implementation of this project, together with reductions agreed in the approved project in the tree replant and tree nursery sectors (32nd Meeting of the Executive Committee), will ensure that Chile will meet the reduction schedule listed below. In this regard, Chile commits, through the implementation of these projects, to reduce total national consumption of controlled uses of MB to no more than the following levels of consumption in the years listed below:

Year	Amount of MB to be phased out (ODP tonnes)				Maximum MB consumption excluding QPS (ODP tons)
	Fruit replanting and nurseries	Tomato, strawberry, peppers, nurseries, seedbed	Total phased out	Phased out without MLF funding	
Freeze level					212.5
2003					274.3
MB already phased out	20.2		20.2		
2005	21.0	1.3	22.3	82.0	170.0
2006	35.0	10.0	45.0		125.0
2007		41.0	41.0		84.0
2008		19.0	19.0		65.0

Year	Amount of MB to be phased out (ODP tonnes)				Maximum MB consumption excluding QPS (ODP tons)
	Fruit replanting and nurseries	Tomato, strawberry, peppers, nurseries, seedbed	Total phased out	Phased out without MLF funding	
2009		15.0	15.0		50.0
2010		7.0	7.0		43.0
2011		7.0	7.0		36.0
2012		5.0	5.0		31.0
2013		31.0	31.0		-
Total	**76.2**	**136.3**	**212.5**	**82.0**	

4. The projects will phase out all soil uses of MB in strawberries, tomato, peppers, nurseries and seedbeds in Chile, excluding quarantine and pre-shipment applications. Chile commits to permanently sustain the consumption levels indicated above through the use of import restrictions and other policies it may deem necessary. The World Bank and UNDP shall report back annually to the Executive Committee on the progress achieved in meeting the MB reductions required in the fruit replant, tree nursery, strawberries, tomato, peppers, nurseries and seedbeds sectors.

5. Funding for the project for the phase-out of MB in tomato, strawberry and pepper crops , Nurseries and Seedbed implemented by the World Bank will be disbursed with the following yearly budget breakdown:

Year	% of MB phase-out under this project	% of funding	Disbursement (US$)
2005	1%	27%	691,703
2006	7%	21%	534,533
2007	30%	26%	660,920
2008	14%	4%	110,000
2009	11%	4%	110,000
2010	5%	4%	110,000
2011	5%	4%	110,000
2012	4%	4%	110,000
2013	23%	4%	110,000
Total	**100%**	**100%**	**2,547,156**

6. The Government of Chile has reviewed the consumption data identified in this project and is confident that it is correct. Accordingly, the Government is entering into this agreement with the Executive Committee on the understanding that, should additional MB consumption (in any current controlled uses of methyl bromide) be identified at a later date, the responsibility to ensure its phase-out will lie solely with the Government.

7. The Government of Chile, in agreement with the World Bank and UNDP, will have flexibility in organizing and implementing the components of the project which it deems more important to meet the MB phase-out commitments noted above. The World Bank and UNDP

agree to manage the funding for the project in a manner designed to ensure the achievement of the specific MB reductions agreed upon. The World Bank and UNDP shall also report back to the Executive Committee annually on the progress made in meeting the reductions required by these projects.

8. These agreed conditions between the Government of Chile and the Executive Committee have taken into account the already approved methyl bromide phase-out project in fruit replant and tree nursery sectors. Consequently, they supersede the conditions agreed at the 32nd Meeting of the Executive Committee.