United Nations Environment Programme

EP

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/4/4/Rev.3
18 June 1991

ORIGINAL: ENGLISH

Executive Committee of the
Interim Multilateral Fund for the
Implementation of the Montreal Protocol

Fourth Meeting
Nairobi, 17-18 June 1991

DRAFT AGREEMENT

BETWEEN

THE EXECUTIVE COMMITTEE OF THE INTERIM MULTILATERAL FUND

FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

AND

THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (WORLD BANK)

WHEREAS the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer ("Protocol") to the Vienna Convention for the Protection of the Ozone Layer ("Parties") have established the Interim Multilateral Fund for the Implementation of the Montreal Protocol ("Fund") to operate under the authority of the Parties to provide the financing of agreed incremental costs to enable Parties operating under paragraph 1 of Article 5 of the Protocol to comply with the control measures of the Protocol ("agreed incremental costs") ;

WHEREAS the Parties established an Executive Committee of the Fund for the implementation of the Protocol ("Executive Committee") to develop and monitor the implementation of administrative arrangements for the purpose of achieving the objectives of the Fund with the cooperation and assistance of the World Bank, the United Nations Environment Programme (UNEP), the United Nations Development Programme (UNDP) or other appropriate agencies;

WHEREAS the World Bank was invited by the Executive Committee to cooperate with and assist the Parties for these purposes within its area of expertise and to develop an inter-agency agreement with UNEP and UNDP and a specific agreement with the Executive Committee acting on behalf of the Parties; and

WHEREAS the World Bank has decided to provide for the establishment of the Ozone Projects Trust Fund ("OTF") to be constituted by the funds provided to the Bank pursuant to the agreement between the World Bank and the Executive Committee ("Ozone Projects Agreement") and to make the procedural arrangements with UNEP and UNDP for cooperation and assistance in protecting the ozone layer in the context of the Protocol that are now in effect;

NOW THEREFORE the World Bank as Trustee of the OTF and the Executive Committee agree to make the following administrative arrangements:

A. Scope of Cooperation

1. The World Bank will cooperate with the Executive Committee and assist it in accordance with these arrangements in administering and managing the programme under the authority of the Parties to finance the agreed incremental costs of Parties operating under paragraph 1 of Article 5 of the Protocol. In performing its functions under these arrangements, the World Bank will act through the OTF and will apply only those considerations relevant to effective and economically efficient programmes and projects which are consistent with criteria adopted by the Parties and guidelines adopted by the Executive Committee.

B. Operational Procedures

2. The World Bank will prepare a work programme in cooperation with recipient countries, UNEP and UNDP, for its activities under these arrangements, including a budget, for approval by the Executive Committee on an annual basis. The work programme as approved by the Executive Committee will be consistent with the relevant decisions of the Parties and guidelines adopted by the Executive Committee regarding project eligibility and the implementation of activities supported by the Fund.

3. The World Bank will cooperate with the Parties, UNEP, UNDP and the Executive Committee through the Secretariat of the Fund, to provide information on funding available for relevant projects, to secure the necessary contacts, and to coordinate, when requested by the interested Party, projects financed from other sources with activities financed under the Protocol.

4. The World Bank will cooperate with the Parties operating under paragraph 1 of Article 5 of the Protocol and assist them, as requested by them and in accordance with the approved work programme referred to in paragraph 2, in developing each Party's country programme (CP) as envisaged in the Terms of Reference of the Fund, as well as projects to facilitate compliance with the Protocol.

5. The World Bank will review each CP in respect of which it will perform its functions under these arrangements, and submit its views to the Executive Committee. Upon approval of the CP by the Executive Committee, the World Bank will assist the Party to implement the projects contained in it. The World Bank will do so by following its rules and procedures and in accordance with the approved work programme referred to in paragraph 2 in cooperation with UNEP and UNDP. The World Bank may approve a request for financing by the Party of a project or projects pursuant to the approved CP if the agreed incremental costs are less than United States $ 500,000. Additional financing from the Fund for unforeseen increases in expenditure for any project will be subject to approval by the World Bank, except that if the additional financing would cause the total expenditures for the project to exceed United States $ 500,000, the financing will be subject to approval by the Executive Committee as adjustment to the current, or part of the next, work programme. For projects where the agreed incremental cost exceeds $500,000, financing by the World Bank is subject to the approval of the Executive Committee as part of a CP.

6. Any disagreement by a Party operating under paragraph 1 of Article 5 with any decisions taken with regard to a request for financing by that Party of a project or projects where the agreed incremental costs are less than $500,000 may, at the request of the Party, be referred to the Executive Committee for review.

7. Pending the preparation of CPs, the procedures in paragraph 5 and 6 will apply also as appropriate to projects consistent with the ozone layer protection policies of parties operating under paragraph 1 of Article 5 of the Protocol, which the Executive Committee finds in compliance with the control measures of the Protocol.

C. Financial Provisions

8. The Bank will hold and administer funds provided to the Bank pursuant to this agreement in trust, together with any other assets and receipts of the OTF, for the benefit of the Parties in accordance with the decision by the World Bank to provide for the establishment of the OTF and these arrangements.

9. The Executive Committee will arrange for the transfer of funds contributed by the Parties and allocated by the Executive Committee to the OTF for expenses incurred or to be incurred by the World Bank for the activities it undertakes pursuant to these arrangements and for the implementation of approved CPs and projects, as soon as the funds become available. The transfer will be made in cash in United States dollars or at the request of the Executive Committee by the deposit of notes or similar obligations denominated in United States dollars and issued by the government of a Party or the depository designated by such Party, which shall be non-negotiable, non-interest bearing and payable in United States dollars at their par value on demand to the OTF or in accordance with a schedule of encashment agreed by the World Bank, provided that in exceptional cases and as administratively feasible on the basis of appropriate arrangements, as determined by the World Bank, contributions may be made also in other currencies.

10. Funds held in the OTF will be invested pending disbursement in accordance with the regular practice of the Bank, and the income of investment will be added to the resources of the OTF.

11. The World Bank will be reimbursed annually in full for the expenses incurred by it for the activities it undertakes pursuant to these arrangements. The reimbursement will be made on the basis of estimated costs, subject to adjustment as of the end of the Bank's financial year, and will be charged against the resources of the OTF.

12. The World Bank will present to the Executive Committee detailed annual financial statements expressed in United States dollars, externally audited, as part of its annual report pursuant to paragraph 19.

13. The World Bank will make no commitments for financing under these arrangements in advance of the receipt of financing in the OTF under paragraph 9 to finance the commitments.

14. The Executive Committee will notify the World Bank through the Secretariat if a shortfall in resources for the approved work programme referred to in paragraph 2 is anticipated or if the work programme needs to be adjusted for this reason.

15. The World Bank may agree to co-financing arrangements with Parties and others for the purpose of these arrangements.

16. The World Bank will provide financing from the OTF in the form of grants denominated in United States dollars.

17. The World Bank will continue to hold all unutilized resources in the OTF until all commitments and liabilities under these arrangements have been satisfied, project activities have been brought to an orderly conclusion and reimbursement under paragraph 11 has been made, after which any remaining resources will be transferred as the Executive Committee may determine. If the unutilized resources prove insufficient to meet such commitments, liabilities and reimbursement, the World Bank will consult with the Executive Committee on the manner in which such commitments, liablities and reimbursement may be satisfied.

D. Participation in Meetings

18. The President of the World Bank, or his representative, will participate in meetings of the Executive Committee in order to report and consult on the World Bank's activities under these arrangements.

E. Reporting by the World Bank

19. The World Bank will provide to the Executive Committee through the Secretariat semi-annual progress reports and an annual report on implementation by the World Bank of previously approved work programmes and activities related to CPs and projects, including coordination with UNEP and UNDP under these arrangements. The financial statements referred to in paragraph 12 will be attached to the annual report.

20. The reports will include proposals if necessary to revise the current year's budget; provide for the work programme, including a budget, for the following year; and describe any disagreement by a Party operating under paragraph 1 of Article 5 of the Protocol with any decision taken by the World Bank with regard to a request for financing by that Party of a project or projects where the agreed incremental costs are less than United States $ 500,000. After the OTF shall have been fully used, the World Bank will present a final report on the operations financed under these arrangements.

F. Amendment

21. These arrangements may be amended by agreement of the Executive Committee and the World Bank in writing at any time.

G. Termination

22. These arrangements will terminate thirty days after either the Executive Committee or the World Bank may have given notice in writing to the other party of its decision to terminate them, in which event the World Bank will take all necessary action for the expeditious and orderly winding up of its activities under these arrangements pursuant to paragraph 17.

H. Effective Date

These arrangements will enter into effect on the date of the later signature below.

Dated ____________________	International Bank for Reconstruction and Development, as Trustee of the Ozone Projects Trust Fund
	By ______________________________
Dated ____________________	Executive Committee of the Interim Multilateral Fund for the Implementation of the Montreal Protocol on Substances That Deplete the Ozone Layer
	By ______________________________