Annex X

AGREEMENT FOR THE PLAN FOR PHASE-OUT OF CFCs IN THE REFRIGERATION (MANUFACTURING) SECTOR IN INDIA

1. The Government of India acknowledges that prior to this Agreement the remaining national aggregate CFC consumption including project approvals determined on the basis of Decisions 35/57 and 37/66 was 1,530.4 ODP tonnes. The Executive Committee approves in principle a total of US $3,609,186 as the total eligible incremental costs for the phased reduction of the remaining national aggregate CFC consumption through the implementation of the Plan for phase-out of CFCs in the Refrigeration (Manufacturing) Sector in India by 1 January 2007. Under this Agreement, the total remaining eligible CFC consumption in India will be reduced from the current level of 1,530.4 ODP tonnes by 535 ODP tonnes, leaving 995.4 ODP tonnes as the maximum remaining CFC consumption eligible for funding. The annual reduction in consumption in the refrigeration (manufacturing) sector of 535 ODP tonnes will be achieved according to the reduction schedule outlined in Table 1 below. The Government of India commits through this Agreement to permanently sustain these reductions.

2. The agreed level of funding would be disbursed in instalments as indicated in Table 1 and on the basis of the understanding set out in this Agreement.

Table 1: Disbursement Schedule and Reduction Targets for CFC Consumption and Phase-out in the Refrigeration (Manufacturing) Sector in India

Parameter		2002	2003	2004	2005	2006	2007	Total
Annual CFC Consumption limit in the Refrigeration (Mfg) Sector (ODP MT)		1,373	1,173	923	555	203	0	N/A
a. Phase-out from approved ongoing projects in the Refrig Mfg Sector (ODP MT)		200	250	187	172	0	0	809
b. Phase-out from the current Plan, excluding ineligible enterprises (UNDP)		0	0	140	108	180	0	428
c. Phase-out from the current Plan, excluding ineligible enterprises (UNIDO)		0	0	40	67	0	0	107
d. Phase-out from ineligible enterprises (through legislative measures)		0	0	1	5	23	0	29
TOTAL ODP PHASE-OUT		**200**	**250**	**368**	**352**	**203**	**0**	**1,373**
Annual funding installment (US$)	UNIDO	500,000	173,200	-	-	-	-	673,200
	UNDP	2,000,000	476,536	250,000	150,000	59,450	-	2,935,986
	Total	2,500,000	649,736	250,000	150,000	59,450	-	3,609,186
Agency support costs (US$)	UNIDO	65,000	19,052	-	-	-	-	84,052
	UNDP	172,971	43,243	21,621	12,973	5,142	-	255,950
	Total	237,971	62,295	21,621	12,973	5,142	-	340,002
Total cost to MLF (US$)		2,737,971	712,031	271,621	162,973	64,592	-	3,949,188

3. The phase-out of CFCs achieved through the implementation of the Refrigeration (Manufacturing) Sector Plan in excess of the specified target for a given year will contribute to achievement of the phase-out targets in subsequent years. Any deficit will be added to the target for the next year in accordance with the provisions of this Agreement.

4. The Executive Committee also agrees in principle to endeavour to provide the funds for the implementation of the annual programme for any given year at the last meeting of the Executive Committee in the preceding year, in accordance with the disbursement schedule in Table 1, for the exact amount listed for that year and on the basis of the implementation programme for the year, subject to the performance requirements contained in this Agreement. The funding instalments requested in the preceding year for 2004, 2005 and 2006 will be released subject to:

(a) The confirmation that all agreed phase-out targets and consumption limits for the previous year have been achieved;

(b) The verification that the activities planned for the previous year, were undertaken in accordance with the annual implementation programme.

5. The Government of India agrees to ensure accurate monitoring of the phase-out. The Government of India will provide regular reports, as required by its obligations under the Montreal Protocol and this Agreement. The consumption figures provided under this Agreement will be consistent with India's reports to the Ozone Secretariat under Article 7 of the Montreal Protocol which must be provided no later than 30 September of each year. The Government of India 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 and that the implementation of the Refrigeration (Manufacturing) Sector Plan proceeds as scheduled and agreed in annual implementation programmes.

6. The Executive Committee agrees to provide India with flexibility in using the agreed funds to meet the consumption limits indicated in Table 1. The Executive Committee has the understanding that during implementation, as long as it is consistent with this Agreement, the funds provided to India pursuant to this Agreement may be used in the manner that India considers will achieve the smoothest possible CFC phase-out, consistent with operational procedures as agreed between India and UNDP/UNIDO in the Refrigeration (Manufacturing) Sector Plan as revised and as indicated in the annual implementation programmes. In the Executive Committee's acknowledgement of the flexibility available to India in achieving a complete CFC phase-out in the Refrigeration (Manufacturing) Sector, it is understood that India is committing to provide the necessary level of resources as may be required for the implementation of the plan and for achieving the consumption limits indicated in Table 1 above.

7. The Government of India agrees that the funds being agreed in principle by the Executive Committee at its 38th Meeting for the complete phase-out of CFCs in the Refrigeration (Manufacturing) Sector are the total funding that will be available to India to enable its full compliance with the reduction and phase-out as agreed with the Executive Committee, and that no additional Multilateral Fund resources will be forthcoming for any related activities in the

Refrigeration (Manufacturing) Sector. It is also understood that aside from the agency fees referred to in paragraph 9 below, the Government of India, the Multilateral Fund, and 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 CFCs in the Refrigeration (Manufacturing) Sector in India.

8. The Government of India agrees that if the Executive Committee meets its obligations under this Agreement, but India does not meet the reduction requirements outlined in Table 1 and other requirements outlined in this Agreement, the Implementing Agencies and the Multilateral Fund will withhold subsequent tranches of funding outlined in Table 1, 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 by both the Government of India and the Executive Committee of their obligations. In addition, India understands that with respect to all calendar year targets beginning with 2004, the Multilateral Fund will reduce the subsequent funding tranches, and therefore the total funding for Annex A Group I substances in the amount of US $13,480 per ODP tonne (double the cost-effectiveness value of the programme) of reductions in consumption not achieved in any year, unless the Executive Committee decides otherwise.

9. UNDP is the lead Implementing Agency for the implementation of this Sector Plan, which will be completed by the end of 2006, while UNIDO will be responsible for the refrigeration transportation sector. For UNDP, a fee of 5 per cent of the annual funding for project implementation and monitoring and 9 per cent of the annual funding for all other activities has been agreed in accordance with the provisions of this Agreement, and distributed as shown in Table 1. Since UNIDO's implementation modalities will be different, the support costs are calculated separately, using 13% for the first US $500,000 and 11% thereafter for UNIDO share of the total funding level.

10. As the lead implementing agency, UNDP would be responsible for the following:

(a) Ensuring performance and financial verification in accordance with specific UNDP procedures and requirements as specified in the Refrigeration (Manufacturing) Sector Plan;

(b) Reporting on the implementation of the annual implementation programmes to be included as part of each annual programme starting with the submission for the 2003 annual implementation programme prepared in 2002;

(c) Providing verification to the Executive Committee that the control targets listed in Table 1 and the associated activities have been met.

(d) Ensuring that technical reviews undertaken by UNDP are undertaken by appropriate independent technical experts;

(e) Assisting India in 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) Verifying to the Executive Committee that CFC consumption phase-out in the Refrigeration (Manufacturing) Sector has been completed based on the schedules listed in Table 1;

(i) Ensuring that disbursements are made to India based on agreed performance targets in the project and provisions of this Agreement;

(j) Providing assistance for policy, management and technical support for implementation of the Sector Plan, as and when required.