

Annex XIII

AGREEMENT FOR THE NATIONAL CFC AND HALON PHASE-OUT PLAN FOR VIET NAM

1. This Agreement represents the understanding of the Social Republic of Viet Nam (the “Country”) and the Executive Committee with respect to the complete phase-out of controlled use of the ozone-depleting substances set out in Appendix 1-A (the Substances) prior to 1 January 2010, compliance with Protocol schedules.
2. The Country agrees to phase-out the controlled use of the Substances in the consumption sector in accordance with the annual phase-out targets set out in rows 1, 5 and 9 of Appendix 2-A (the “Targets, and Funding”) of this Agreement. The annual phase-out targets will, 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 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to the Substances.
3. 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 “Targets, and 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”).
4. The Country will meet the consumption limits for each Substance as indicated in rows 1, 5 and 9 in Appendix 2-A. It will also accept independent verification by the relevant Implementing Agency of achievement of these consumption limits as described in paragraph 8 of this Agreement.
5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least 60 days prior to the applicable Executive Committee meeting set out in the Funding Approval 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 8; and
 - (c) that the Country has substantially completed all actions set out in the 2005 annual or the following Biennium Implementation Programmes, as applicable;
 - (d) that the Country has submitted and received endorsement from the Executive Committee for a biennium implementation programme in the form of Appendix 4-A (the “Format for Annual Implementation Programmes”) in respect of the year for which funding is being requested.

6. 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 Institutions and Roles”) 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 8.

7. 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 may use the funding for other purposes that can be demonstrated to facilitate the smoothest possible phase-out, consistent with this Agreement, whether or not that use of funds was contemplated in determining the amount of funding under this Agreement. Any major changes in the use of the Funding must, however, be documented in advance in the Country’s Annual/Biennium Implementation Programme, endorsed by the Executive Committee as described in sub-paragraph 5(d) and be subject to independent verification as described in paragraph 8. Reallocations that are minor changes may be accounted for in the verification report and reviewed by the Executive Committee.

8. 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 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 but not limited to independent verification. The Country also agrees to periodic evaluations, which will be carried out under the monitoring and evaluation work programmes of the Multilateral Fund. The Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 14 of Appendix 2-A.

9. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in Appendix 1-A 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 Approval Schedule. In the discretion of the Executive Committee, Funding will be reinstated according to a revised Funding Approval 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 Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amounts set out in Appendix 7-A in respect of each ODP tonne of the amount exceeding the Maximum Allowable Total Consumption of CFCs limit (Appendix 2-A) in any one year.

10. 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.

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

12. 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. All terms used in this Agreement have the meaning ascribed to them in the Protocol unless otherwise defined herein.

APPENDIX 1-A THE SUBSTANCES

1. The ozone-depleting substances to be phased out under the Agreement are as follows:

Annex A:	Group I	CFC-11, CFC-12, CFC-113 CFC 114 and CFC-115
	Group II	Halon 1211, Halon 1301, and Halon 2402
Annex B:	Group II	CTC
	Group III	TCA

APPENDIX 2-A THE TARGETS, AND FUNDING

	2005	2006	2007	2008	2009	2010	Total
Montreal Protocol Reduction Schedule – Annex A Group I	250	250	75	75	75	0	n.a.
Montreal Protocol Reduction Schedule – Annex A Group II	18.5	18.5	18.5	18.5	18.5	0	n.a.
Montreal Protocol Reduction Schedule – Annex B Group II	0.24	0.24	0.24	0.24	0.24	0	n.a.
1. Max allowable total consumption of Annex A Group I substances (ODP tonnes)	240	200	75	40	10	0	0
2. Reduction from ongoing projects	0	0	0	0	0	0	0
3. New reduction under plan	n.a.	40(+3.2) *	125	35	30	10	240(+3.2)*
4. Total annual reduction of Annex A Group I substance (ODP tonnes)	-	40(+3.2) *	125	35	30	10	240(+3.2)*
5. Max allowable total consumption of Annex A Group II substance (ODP tonnes)	18.5	18.5	18.5	18.5	18.5	0	18.5.
6. Reduction from ongoing projects	0	0	0	0	0	0	0
7. New reduction under plan	0	0	0	0	18.5	n.a.	18.5
8. Total annual reduction Annex A Group II substances (ODP tonnes)	0	0	0	0	18.5	n.a.	18.5
9. Max allowable total consumption of Annex B Group II substance (ODP tonnes)	0.19	0.19	0.19	0.19	0.19	0	n.a.
10. Reduction from ongoing projects	0	0	0	0	0	0	0
11. New reduction under plan	0	0	0	0	0.19	n.a.	0.19.
12. Total annual reduction of Annex B Group II substance (ODP tonnes)	0	0	0	0	0.19	n.a.	0.19.
13. Total agreed funding (US \$)	495,537	586,000	0	178,463	0	0	1,260,000
14. Total agency support costs (US \$)	37,165	43,950	0	13,385	0	0	94,500
15. Total agreed funding (US \$)	532,702	629,950	0	191,848	0	0	1,354,500

*: phase-down from last reported consumption to reach 2005 target

APPENDIX 3-A FUNDING APPROVAL SCHEDULE

1. The first funding tranche will be submitted for the Executive Committee's approval as part of its approval of this Plan. Disbursement of not more than US \$265,537 of the total project funds could be made to Viet Nam until the ODS import/export control system is in place and operational.
2. The second funding tranche will be submitted for the Executive Committee's consideration at the second meeting of 2006 along with the biennium implementation programme for 2006 and 2007, and a verification report confirming the achievement of the 2005 targets. The third and final tranche will be submitted at the second meeting of 2008 along with the biennium implementation programme for 2008 and 2009, and a verification report confirming the achievement of the 2006 and 2007 targets.
3. In case the Executive Committee decides in the future to held only two meetings a year, the funding request for each respective tranche will be made at the first Executive Committee meeting of the year.

APPENDIX 4- FORMAT FOR ANNUAL IMPLEMENTATION PROGRAMMES

As per Annex I of the Executive Committee's Guidelines for the Preparation, Implementation and Management of Performance-Based Sector and National ODS Phase-out Plans. (decision 38/65, para. 106 and UNEP/OzL.Pro/ExCom/38/57/Rev.1)

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 1 st year of plan	_____
Target ODS consumption of the 2 nd year of plan	_____
Level of funding requested	_____
Lead implementing agency	_____

2. Targets

Indicators		Preceding Year	1 st Year of Plan	Reduction	2 nd Year of Plan	Reduction (vs. 1 st Year)
Supply of ODS	Import					
	Production*					
	Total (1)					
Demand of ODS	Manufacturing					
	Servicing					
	Stockpiling					
	Total (2)					

* For ODS-producing countries

3. Industry Action

Sector	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 (ODP tonnes)
Manufacturing						
Aerosol						
Foam						
Refrigeration						
Solvents						
Other						
Total						
Servicing						
Refrigeration						
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: servicing, etc	
Public Awareness	
Others	

6. Biennial budget

Activity	Planned expenditures (US \$)
Total	

7. Administrative fees

APPENDIX 5-A MONITORING INSTITUTIONS AND ROLES

1. Various activities will be managed and carried out by the Project Management Unit but not limited to regulations, project implementation, public awareness, and monitoring as indicated in the following paragraphs.

Regulations

2. The Project Management Unit will assist the National Ozone Office to undertake the following:

- (a) Collaboration with the Ministry of Trade, Ministry of Industry, and the Customs Bureau, to establish and implement the import/control system for ODS;
- (b) Collaboration with the National Ozone Office to assist the Government of Viet Nam to issue measures to eliminate CFC use in the manufacturing of all new products (for example, foam, domestic and commercial refrigerators) by the end of 2006;
- (c) Providing assistance to the National Ozone Office to review annual ODS import/export license applications to ensure that the list of end-users are provided by importers/exporters, and to ensure that no CFC supply will be offered to applications where the bans have already been issued by the Government;
- (d) Assisting the National Ozone Office to develop and publish the annual import quotas for CFCs and halons for the period 2005 – 2010;
- (e) Collaboration with the Viet Nam Register to include MAC inspection as part of the existing vehicle inspection programme by starting with the two larger cities (Ho Chi Minh and Hanoi) first;
- (f) Assisting the Viet Nam Register to review experience gained from the MAC inspection programme in Hanoi and Ho Chi Minh with the objective of expanding this requirement to all 80 existing inspection stations throughout the country;
- (g) Assisting the National Ozone Office and the Viet Nam Register to review the need for including MAC inspection as part of the conditions for renewal of vehicle registrations; and
- (h) Assisting the Viet Nam Register to review and adopt standards for new non-halon fire protection systems.

Project implementation

3. The Project Management Unit will undertake the following activities in close cooperation or under supervision of the National Ozone Office:

- (a) Preparation of a standard implementation procedure for eligible enterprises that would like to seek funding from the resources provided by the Multilateral Fund;
- (b) Assisting eligible CFC and halon consuming enterprises to prepare proposals to obtain financial support from the funds provided by the Multilateral Fund to phase out their use of these chemicals;

- (c) Arranging technical support, on a need basis, for enterprises to identify appropriate non-ODS technology;
- (d) Review and approve proposals submitted by eligible enterprises;
- (e) Coordination of the establishment of the networks of training centers of the General Department of Vocational Training for the refrigeration and MAC servicing sectors;
- (f) Facilitation of the selection of qualified suppliers to supply tools and equipment for MAC and refrigeration service shops;
- (g) Develop and maintain, in collaboration with the General Department of Vocational Training, a database of refrigeration and MAC certified technicians including names and addresses of service shops that already have their technicians trained;
- (h) Assisting the Viet Nam Register to train their inspection stations to identify various refrigerant types in the MAC systems;
- (i) Organizing training for the six regional offices of the Ministry of Trade that are responsible for issuing ODS import quotas on the issues related to the ozone layer depletion, the obligations of the Montreal Protocol, and experience of other countries in the region pertaining to implementation of their import control systems;
- (j) Maintain and update, in close cooperation with Vietsopetro, the halon databank and communicate with the local users and other international halon banks on the issues related to availability of recycled halons;
- (k) Provide advice and recommendation on the allocation of annual import quotas of all Annex A chemicals to the National Ozone Office of the Ministry of Natural Resources and Environment (MONRE) and the Ministry of Trade; and
- (l) Preparation of Biennium Implementation Programmes of the overall implementation of the National CFC and Halon Phase-out Plan and other reports as required by the Executive Committee.

Public awareness

4. The Project Management Unit will undertake the following tasks under supervision of the National Ozone Office:

- (a) Disseminate information related to the Government's policy to phase out CFCs in the manufacturing sector by the end of 2006;
- (b) Inform the industry of the availability of funds provided by the Multilateral Fund to support CFC and halon phase-out in Viet Nam;

- (c) Organize a promotional programme to encourage the public to have their refrigeration and MAC systems repaired by technicians certified by the General Department of Vocational Training; and
- (d) Undertake the public outreach programmes for the refrigeration and MAC servicing sectors to ensure that all service shops are equipped with proper tools for servicing CFC-12 and HFC-134a refrigeration and MAC systems.

Monitoring

5. The Project Management Unit will assist the National Ozone Office to carry out the following tasks:

- (a) Functioning of the industry advisory group for the refrigeration sector in order to ensure maximum outreach to existing CFC refrigeration and MAC service shops;
- (b) Development of a web site with a list of importers, their annual quotas, and the actual amount already imported within the current calendar year;
- (c) Update the information on the actual amount of imported CFCs and halons with the Customs Bureau on a quarterly basis;
- (d) Report of any incidents of illegal import of CFCs and halons; and
- (e) Carry out safety and technical audits of all relevant activities undertaken under this plan.

APPENDIX 6-A ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities specified in the project document as follows:

- (a) ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's phase-out plan;
- (b) providing verification to the Executive Committee that the Targets have been met and associated activities have been completed as indicated in the Biennium Implementation Programme;
- (c) assisting the Country in preparation of the Biennium Implementation Programme;
- (d) ensuring that achievements in previous Biennium Implementation Programmes are reflected in future Biennium Implementation Programmes;

- (e) reporting on the implementation of the Implementation Programme commencing with the Implementation Programme for 2005 to be prepared and submitted in 2006;
- (f) ensuring that technical reviews undertaken by the Lead IA are carried out by appropriate independent technical experts;
- (g) carrying out required supervision missions;
- (h) ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Biennium Implementation Programme and accurate data reporting;
- (i) verification¹ for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Targets;
- (j) ensuring that disbursements made to the Country are based on the use of the Indicators; and
- (k) providing assistance with policy, management and technical support when required.

APPENDIX 7-A REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY

1. In accordance with paragraph 9 of the Agreement, the amount of funding provided may be reduced by US \$9,780 per ODP tonne of reductions in consumption not achieved in the year.

¹ Given the ODS import/export licensing system will only be in place towards the second half of 2005, verification of consumption for 2005 will be carried out based solely on the customs data. For future verification, the verification procedures will cover the whole process of the ODS import/export licensing system.