# Annex XIII

## AGREEMENT BETWEEN INDIA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE NATIONAL PHASE-OUT OF CFC CONSUMPTION IN INDIA FOCUSSING ON THE REFRIGERATION SERVICE SECTOR

1. This Agreement represents the understanding of India (the “Country”) and the Executive Committee with respect to the complete phase-out of controlled use of the ozone depleting substances in the sectors set out in Appendix 1-A (the “Substances”) by 1 January 2010, in compliance with Protocol schedules. This Agreement includes and supersedes the Agreements between the Executive Committee and India entered into at the 37$^{th}$ Meeting for phase-out of CFCs in the foam sector and at the 38$^{th}$ Meeting for the phase-out of CFCs in the refrigeration (manufacturing) sector in India.

2. The Country agrees to phase out the controlled use of the Substances in accordance with the annual phase-out targets set out in row 3 of Appendix 2-A (the “Targets”) and 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 37 of Appendix 2-A (the “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 Disbursement Schedule”).

4. The Country will meet the consumption limits for CFCs as indicated in row 3 of Appendix 2-A. It will also accept independent verification by the relevant Implementing Agency of achievement of these consumption limits as described in paragraph 9 of this Agreement.

5. The Executive Committee will not provide the Funding in accordance with the Funding Disbursement Schedule unless the Country satisfies the following conditions at least 30 days prior to the applicable Executive Committee meeting set out in the Funding Disbursement Schedule:

(a) That the Country has met the Target for the applicable year;

(b) That the meeting of these Targets has been independently verified as described in paragraph 9;

(c) That the Country has substantially completed all actions set out in the last Annual Implementation Programme;

(d) That the Country has submitted and received endorsement from the Executive Committee for an annual implementation programme in the form of

Appendix 4-A (the "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") 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 9.

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 have the flexibility to reallocate the approved funds, or part of the funds according to the evolving circumstances to achieve the goals prescribed under this Agreement. Reallocations which are considered as major changes should be accounted for in the verification report and reviewed by the Executive Committee.

8. Specific attention will be paid to the execution of activities in the servicing sector, in particular:

(a) The Country would use the flexibility available as described under paragraph 7 to address specific needs that might arise during project implementation;

(b) The recovery and recycling programme for the refrigeration service sector would be implemented in states so that resources can be diverted to other activities, such as additional training or procurement of service tools, if the proposed results are not achieved, and will be closely monitored in accordance with Appendix 5-A of this Agreement.

9. 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 fulfil the obligations under this Agreement. The Government of Germany has agreed to be the lead implementing agency (the "Lead IA"), the Government of Switzerland, UNDP, UNEP and UNIDO (the "Cooperating IAs") have agreed to be cooperating implementing agencies under the lead of the Lead IA 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 Cooperating IAs will be responsible for carrying out the activities listed in Appendix 6-B. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IAs with the fees set out in row 38 of Appendix 2-A.

10. Should the Country, for any reason, not meet the Targets for the elimination of the Substances in the Sectors concerned 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 Disbursement Schedule. At the discretion of the Executive Committee, Funding will be reinstated according to a revised Funding Disbursement 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 instalment of Funding under the Funding Disbursement 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 reductions in consumption not achieved in any one year.

11. 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 sector projects or any other related activities in the Country.

12. 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 access by the Lead IA and the Coordinating IAs to information necessary to verify compliance with this Agreement.

13. All of the agreements set out in this Agreement are undertaken solely within the context of the Montreal Protocol and as specified in this Agreement. 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 |

**Appendix 2-A: THE TARGETS (IN TONNES), AND FUNDING**

| Year of plan | | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|
| 1. Max allowed production as per Agreement in the production sector | | 13,176 | 11,294 | 7,342 | 3,389 | 2,259 | 1,130 | 0 |
| 2. Montreal Protocol reduction schedule | | 6,681 | 3,340 | 3,340 | 1,005 | 1,005 | 1,005 | 0 |
| 3. **CFC consumption as per Article 7 of the Montreal Protocol** | | **3,489** | **2,266** | **1,560** | **964** | **417** | **273** | **0** |
| 4. Stockpiled CFC amount* | | 0 | 452 | 600 | 500 | 100 | 100 | 0 |
| 5. Total national CFC demand | | 3,489 | 1,814 | 960 | 464 | 317 | 173 | 0** |
| 6. CFC reduction in on-going projects (without phase-out plans) | | 926 | 115 | 0 | 0 | 0 | 0 | 0 |
| CFC reduction from activities proposed in the National CFC Phase-out Plan | 7. National CFC consumption phase-out plan - total | 749 | 739 | 496 | 147 | 145 | 173 | 0 |
| | 8. *Sectoral phase-out plan for elimination of CFCs in the foam sector (approved at 37th Meeting)* | *508* | *401* | *128* | *0* | *0* | *0* | *0* |
| | 9. *Plan for phase-out of CFCs in the refrigeration (manufacturing) sector (approved at 37th Meeting)* | *181* | *180* | *203* | *0* | *0* | *0* | *0* |
| | 10. Additional CFC consumption phase-out activities for National Phase-out Plan in service sector, customs and policy | 60 | 158 | 165 | 147 | 145 | 173 | 0 |

* Annual stockpiles; the cumulative stockpile in 2010 will be 1,752 tonnes.
** Residual consumption of 647 ODP tonnes (ineligible for funding) will remain in the country and will be gradually phased out in subsequent years.

| Year of plan | | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|
| *Sectoral phase-out plan for elimination of CFCs in the foam sector (approved at 37th Meeting)* | 11. *Agreed funding 2004 onwards for UNDP* | $1,500,000 | $450,000 | $224,577 | $0 | $0 | $0 | $0 |
| | 12. *Support cost 2004 onwards for UNDP* | $131,000 | $40,500 | $20,212 | $0 | $0 | $0 | $0 |
| *Plan for phase-out of CFCs in the refrigeration (manufacturing) sector (approved at 38th Meeting)* | 13. *Agreed funding 2004 onwards for UNDP* | $250,000 | $150,000 | $59,450 | $0 | $0 | $0 | $0 |
| | 14. *Support cost 2004 onwards for UNDP* | $21,621 | $12,937 | $5,142 | $0 | $0 | $0 | $0 |
| | 15. *Agreed funding 2004 onwards for UNIDO* | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | 16. *Support cost 2004 onwards UNIDO* | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Additional CFC consumption phase-out activities for National Phase-Out Plan in service sector, customs and policy | 17. Germany (overall lead agency) agreed funding | $414,370 | $100,000 | $105,090 | $436,200 | $436,200 | $923,400 | $0 |
| | 18. Germany (overall lead agency) support cost | $53,868 | $13,000 | $13,662 | $56,706 | $56,706 | $120,042 | $0 |
| | 19. Switzerland agreed funding | $353,020 | $256,650 | $256,650 | $367,140 | $367,140 | $0 | $0 |
| | 20. Switzerland support cost | $45,893 | $33,365 | $33,365 | $47,728 | $47,728 | $0 | $0 |
| | 21. UNDP agreed funding | $277,200 | $277,050 | $448,350 | $167,860 | $152,340 | $199,460 | $0 |
| | 22. UNDP support cost | $20,790 | $20,779 | $33,626 | $12,590 | $11,426 | $14,960 | $0 |
| | 23. UNEP agreed funding | $256,300 | $256,300 | $85,000 | $85,000 | $85,000 | $32,400 | $0 |
| | 24. UNEP support cost | $33,319 | $33,319 | $11,050 | $11,050 | $11,050 | $4,212 | $0 |
| | 25. **Total agreed funding** | **$1,300,890** | **$890,000** | **$895,090** | **$1,056,200** | **$1,040,680** | **$1,155,260** | **$0** |
| | 26. **Total support cost** | **$153,870** | **$100,463** | **$91,703** | **$128,074** | **$126,910** | **$139,214** | **$0** |
| *Total for National Phase-Out Plan* | 27. *Germany (overall lead agency) agreed funding* | $414,370 | $100,000 | $105,090 | $436,200 | $436,200 | $923,400 | $0 |
| | 28. *Germany (overall lead agency) support cost* | $53,868 | $13,000 | $13,662 | $56,706 | $56,706 | $120,042 | $0 |
| | 29. *Switzerland agreed funding* | $353,020 | $256,650 | $256,650 | $367,140 | $367,140 | $0 | $0 |
| | 30. *Switzerland support cost* | $45,893 | $33,365 | $33,365 | $47,728 | $47,728 | $0 | $0 |
| | 31. *UNDP agreed funding* | $2,027,200 | $877,050 | $732,377 | $167,860 | $152,340 | $199,460 | $0 |
| | 32. *UNDP support cost* | $173,411 | $74,216 | $58,980 | $12,590 | $11,426 | $14,960 | $0 |
| | 33. *UNEP agreed funding* | $256,300 | $256,300 | $85,000 | $85,000 | $85,000 | $32,400 | $0 |
| | 34. *UNEP support cost* | $33,319 | $33,319 | $11,050 | $11,050 | $11,050 | $4,212 | $0 |
| | 35. *UNIDO agreed funding* | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | 36. *UNIDO support cost* | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 37. ***Total agreed funding*** | | ***$3,050,890*** | ***$1,490,000*** | ***$1,179,117*** | ***$1,056,200*** | ***$1,040,680*** | ***$1,155,260*** | ***$0*** |
| 38. ***Total agreed support cost*** | | ***$306,490*** | $306,491 | $153,900 | $117,057 | $128,074 | $126,910 | $0 |

**Appendix 3-A: FUNDING DISBURSEMENT SCHEDULE**

1. Funding will be considered for approval at the last meeting of the calendar year prior to the starting calendar year of the Annual Implementation Programme. For the servicing sector, awareness and customs/policy activities the Annual Implementation Programme will consist of a list of activities commencing in April of the year of the Annual Implementation Programme and concluding in March of the following year. For all other activities, the annual implementation programme will be based on the calendar year. The performance will be measured against the annual consumption of the year prior to the year of consideration of the Annual Implementation Programme, as reported under Article 7 of the Montreal Protocol to the Ozone Secretariat.

**Appendix 4-A: FORM OF ANNUAL IMPLEMENTATION PROGRAMME**

**1. Data**

| | |
|---|---|
| Country: | India |
| Year of Plan: | …….. |
| Number of years completed: | …….. |
| Number of years remaining under the plan: | …….. |
| Reported ODS consumption of the year prior to this reporting: | …….. |
| Target ODS consumption for the next year: | …….. |
| Level of funding requested: | …….. |
| Lead implementing agency: | The Government of Germany, the |
| Cooperating agencies: | Government of Switzerland, UNDP, UNEP and UNIDO |

**2. Targets**

| **Indicators** | | **Previous Year (official data for supply)** | **Reduction previous to present year (calculated)** | **Present year (planned data)** | **Reductions present year to year of plan (calculated)** | **Year of Plan (planned data)** |
|---|---|---|---|---|---|---|
| **Supply of ODS** | Production | | | | | |
| | Export | | | | | |
| | **Total supply** | | | | | |
| **Demand of ODS** | Consumption refrigeration manufacturing sector | | | | | |
| | Consumption foam sector | | | | | |
| | Consumption other ongoing projects | | | | | |
| | Stockpiling as per Agreement, Annex 2-A row 4 | | | | | |
| | **Sub-total:** Demand except consumption in remaining uses under National CFC Consumption Phase-Out Plan | | | | | |
| **Resulting consumption in uses under National CFC Consumption Phase-Out Plan** | | | | | | |

### 3. Activities and Costs under National CFC Consumption Phase-Out Plan

| General type of activity | Description of activity | Objective | Target group | Impact (general) | Impact (in terms of ODP tonnes phase-out, if applicable) | Planned expenditures (US $) | Agency associated |
|---|---|---|---|---|---|---|---|
| Customs and policy training | | | | | | | |
| | | | | | | | |
| Awareness | | | | | | | |
| | | | | | | | |
| Establishing / upgrading training institutions (including equipment) | | | | | | | |
| | | | | | | | |
| Training | | | | | | | |
| | | | | | | | |
| Equipment supply | | | | | | | |
| | | | | | | | |
| Retrofit | | | | | | | |
| | | | | | | | |
| **Total** | | | | | | | |
| **Cost by agency** | | | | | | | |
| **Agency** | **Type of cost** | | | | | | |
| Germany – GTZ Proklima | Expenditure | | | | | | |
| | Support cost | | | | | | |
| Switzerland | Expenditure | | | | | | |
| | Support cost | | | | | | |
| UNDP | Expenditure | | | | | | |
| | Support cost | | | | | | |
| UNEP | Expenditure | | | | | | |
| | Support cost | | | | | | |
| UNIDO | Expenditure | | | | | | |
| | Support cost | | | | | | |

**Appendix 5-A: MONITORING INSTITUTIONS AND ROLES**

1. The Government of India agrees to ensure accurate monitoring of the phase-out. 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. 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 Phase-out Plan proceeds as scheduled and agreed in annual implementation programs.

2. The National CFC Consumption Phase-out Plan is implemented on a company and technician level, while being assessed on a national level. Consequently, the monitoring is focusing on these two levels: The monitoring of implementation, and the auditing of the data used to determine national consumption.

3. Since the implementation of this National CFC-Consumption Phase-out Plan consists of the implementation of several originally independent CFC consumption phase-out plans and projects, a consolidated reporting of all those plans and projects is required. Under this National CFC-Consumption Phase-out Plan, the Government of Germany as lead agency will facilitate a Consolidated Report of all presently active CFC consumption phase-out plans and projects in India.

4. In addition to monitoring of the implementation through the responsible agencies as well as the lead agency, the Project Management Unit (PMU) associated to the India Ozone Cell as well as the state governments will monitor implementation, being supervised by the Ozone Cell. Within the states, the local environmental administrations will perform that task. They are being activated and sufficiently informed for that task through visits of the Ozone Cell and/or PMU to higher state officials as well as the policy training which is being part of this National Phase-out Plan. The PMU will bundle the reports and perform further field checks where required.

5. The implementation part of a Consolidated Report to be submitted to the Executive Committee will be based on a preliminary report to be prepared and submitted by the lead agency on the basis of reporting from cooperating implementing agencies as well as from the Project Management Unit. It will be finalized on the basis of mutual agreement between India and agencies involved concerning the data to be reported. The release of funding under the existing CFC Phase-out Plans will be subject to consideration of progress reports on implementation of annual work programmes to be submitted as part of a consolidated report.

6. India as a CFC producing country has no CFC imports. Consequently, the consumption is being determined through production and exports. The production of CFC is already being audited as part of India's production sector phase-out, being agreed at the 29th meeting of the Executive Committee. Under direct contract from the Lead Agency, a national expert institution such as the national Environment Engineering Research Institute in Nagpur or an equivalent Indian independent institution will audit the export figures, which in combination with the

production data will allow them to determine the level of consumption in India (Article 7 data), which will constitute a part of the consolidated report.

7. Under direct contract from the Lead Agency, a national expert institution such as the National Environment Engineering Research Institute in Nagpur or an equivalent Indian independent institution will audit the export figures, which in combination with the production data allows determination of the consumption figures. The related data will form the consumption part of the Consolidated Report.

**Appendix 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY**

1. The Lead IA will be responsible for a range of activities to be specified in the project document along the lines of the following:

(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 annual activities have been completed as indicated in the Annual Implementation Programme;

(c) Assisting the Country by drafting the Annual Implementation Programme in coordination with the Country's Project Management Unit;

(d) Supporting the Country by facilitating the work of the Core Group, the Core Group being a body consisting of the Ozone Cell with its director as Chairperson, the representative of the lead agency as Secretary, the Project Management Unit and the cooperating agencies. The Core Group decides with mutual agreement on the Annual Implementation Programme and a more detailed annual work plan.

(e) Ensuring that achievements in previous Annual Implementation Programmes are reflected in future Annual Implementation Programmes;

(f) Reporting on the implementation of the Annual Implementation Programme commencing with the Annual Implementation Programme for the 2004 year to be prepared and submitted in 2005;

(g) Ensuring that technical reviews undertaken by the Lead IA are carried out by appropriate independent technical experts;

(h) Carrying out required supervision missions;

(i) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Annual Implementation Programme and accurate data reporting;

(j) Verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Targets;

(k) Coordinate the activities of the Coordinating IAs;

(l) Ensuring that disbursements made to the Country are based on the use of the Indicators;

(m) Providing assistance with policy, management and technical support when required.

**Appendix 6-B: ROLE OF COOPERATING IMPLEMENTING AGENCIES**

1. The cooperating bilateral and implementing agencies have the following responsibilities in terms of management and overall coordination of work:

**1) The Government of Switzerland** is within the *service sector* phase-out activities responsible for all *training activities* and the identification of equipment needs. Within this responsibility, Switzerland is specifically responsible for the following activities:

(a) Switzerland is responsible for the development of training materials for commercial and household refrigeration technician training;

(b) Under the responsibility of the Government of Switzerland (TORs, supervision), new training cells will be identified and established;

(c) In addition to the above, the Government of Switzerland is throughout the implementation of the plan responsible for the training in all states. The responsibilities include conducting training, identifying and reporting of equipment needs in beneficiary enterprises and supporting equipment delivery to them, performing the necessary capacity building as well as other outreach functions.

**2) UNDP**

(a) UNDP is within the *service sector* phase-out activities responsible for *investment activities* on the basis of pre-defined technical requirements and beneficiaries; the pre-definition will be carried out by Germany - GTZ Proklima if not otherwise specified in the respective Annual Implementation Programme;

(b) UNDP is responsible for all *refrigeration manufacturing phase-out* activities. Within this joint responsibility, UNDP is specifically and solely responsible for the refrigeration manufacturing phase-out activities in all other sub-sectors of this activity except the sub-sector of transport refrigeration;

(c) UNDP is solely responsible for all phase-out activities in the foam sector.

**3) UNEP** has the following responsibilities:

(a) UNEP, within the service sector phase-out activities, will provide support through its Compliance Assistance Programme (CAP) within its existing mandate and resources available in the region and through its global information clearinghouse;

(b) UNEP will be solely responsible for the implementation of the customs and policy training activities as defined in the project proposal, based on activities shown in the Annual Implementation Programme;

(c) UNEP will be within the service sector phase-out activities responsible for the implementation of the necessary awareness activities as defined in the Annual Implementation Programme.

**4) UNIDO** has the following responsibilities:

(a) UNIDO is jointly with UNDP responsible for all phase-out activities in the transport refrigeration sub-sector.

2. The agency (lead or cooperating) responsible in terms of management and coordination of work for specific tasks as specified above ("Responsible Agency") will typically fund the associated activities. Should the budget of the Responsible Agency in a given year - as approved under this Agreement - be insufficient for the associated tasks, the Annual Implementation Programme will specify which activities will be funded by another agency. The development of TORs, management and coordination of the work as well as approving fulfilment of contracts continues to be the responsibility of the respective Responsible Agency.

## Appendix 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY

1. In accordance with paragraph 10 of the Agreement, the amount of funding provided may be reduced by US $14,960 per ODP tonne of reductions in consumption not achieved in the year.