

Annex XXIV

AGREEMENT BETWEEN SAUDI ARABIA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE PHASE-OUT OF OZONE-DEPLETING SUBSTANCES

1. This Agreement represents the understanding of the Government of Saudi Arabia (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 in compliance with Protocol schedules.
2. The Country agrees to meet the annual consumption limits of the Substances as set out in rows 2, 5, 8, and 10 of Appendix 2-A (the “Targets, and Funding”) in this Agreement. 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. In addition, the Country also accepts that, by its acceptance of this Agreement, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to the substance in Annex E, Group I, namely methyl bromide.
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 of the Substances as indicated in Appendix 2 -A. It will also accept independent verification by the relevant implementing agency of achievement of these consumption limits as described in sub-paragraph 5(b) 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 Country has substantially completed all actions set out in the last annual implementation programme; and
 - (c) 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 “Format of Annual Implementation Programme”) in respect of the year for which tranche 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 sub-paragraph 5(b).

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 categorized as major changes must be documented in advance in the next annual implementation programme and endorsed by the Executive Committee as described in sub-paragraph 5(d). Reallocations not categorized as major changes may be incorporated in the approved annual implementation programme, under implementation at the time, and reported to the Executive Committee in the report on implementation of the annual implementation programme.

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

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation;
- (b) The technical assistance programme for the refrigeration-servicing sub-sector will be implemented in stages so that remaining resources can be diverted to other phase-out activities such as additional training or procurement of service tools in cases where the proposed results are not achieved, and will be closely monitored in accordance with Appendix 5-A of this Agreement; and
- (c) The Country and the implementing agencies will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the plan.

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 UNIDO has agreed to be the lead implementing agency (the “Lead IA”) and UNEP has agreed to be cooperating implementing agency (the “Cooperating IA”) 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 as per sub-paragraph 5(b). The Country also agrees to periodic evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund. The Cooperating IA 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 IA with the fees set out in rows 14 and 15 of Appendix 2-A.

10. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in Appendix 2-A of the Montreal Protocol 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. At 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 tranche 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 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 and the Cooperating IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA and the Cooperating IA with access 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.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Annex A:	Group I	CFC-11, CFC-12, CFC-113 CFC-114 and CFC-115
Annex A:	Group II	Halons
Annex B:	Group II	CTC
Annex B:	Group III	TCA

APPENDIX 2-A: THE TARGETS, AND FUNDING

		2007	2008	2009	2010	Total
1	Montreal Protocol consumption limits of CFC as per Annex A, Group I substances: CFC (ODP tonnes)	269.7	269.7	269.7	0	n/a
2	Maximum allowable CFC consumption under the agreement	n/a	n/a	250	0	n/a
3	New CFC reduction under the agreement	n/a	n/a	250	0	n/a
4	Montreal Protocol consumption limits of halon as per Annex A, Group II substances (ODP tonnes)	532	532	532	0	n/a
5	Maximum allowable halon consumption under the agreement	532	532	532	0	n/a
6	New halon reduction under the agreement	0	0	532	0	n/a
7	Montreal Protocol consumption limits of Carbon tetrachloride as per Annex B, Group II substances (ODP tonnes)	38.9	38.9	38.9	0	n/a
8	Maximum allowable Carbon tetrachloride consumption under the agreement	0	0	0	0	n/a
9	Montreal Protocol consumption limits of TCA as per Annex B, Group III substances (ODP tonnes)	20.9	20.9	20.9	8.9	n/a
10	Maximum allowable TCA consumption under the agreement	0	0	0	0	n/a
11	Lead IA (UNIDO) agreed funding (US \$)	1,287,000	0	0	143,000	1,430,000
12	Cooperating IA (UNEP) agreed funding (US \$)	364,500	0	0	40,500	405,000
13	Total agreed funding (US \$)	1,651,500	0	0	183,500	1,835,000
14	Lead IA (UNIDO) support costs @7.5% (US \$)	96,525	0	0	10,725	107,250
15	Cooperating IA (UNEP) support costs @ 13% (US \$)	47,385	0	0	5,265	52,650
16	Total agreed support costs	143,910	0	0	15,990	159,900
17	Grand total agreed funding (US \$)	1,795,410	0	0	199,490	1,994,900

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the second tranche will be considered for approval at the first meeting of 2010.

APPENDIX 4-A: FORMAT OF ANNUAL IMPLEMENTATION PROGRAMME

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 year of plan _____
 Level of funding requested _____
 Lead implementing agency _____
 Cooperating agency(ies) _____

2. Targets

Indicators		Preceding year	Year of plan	Reduction
Supply of ODS	Import			
	Total (1)			
Demand of ODS	Manufacturing			
	Servicing			
	Stockpiling			
	Total (2)			

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 (in ODP tonnes)
Manufacturing						
Total						
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. Annual Budget

ACTIVITY	Planned expenditures (US \$)
TOTAL	

7. Administrative Fees

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. All the monitoring activities will be coordinated and managed by the NOU and UNIDO in cooperation with UNEP through the project funding, which is included within this NPP.
2. UNIDO will play a key role in the monitoring arrangements because of its mandate to monitor ODS imports, whose records will be used as a crosschecking reference in all the monitoring programmes for the different projects within the NPP. UNIDO in cooperation with UNEP, NOU, national agencies and relevant Government Authorities will monitor the illegal ODS imports and exports.

Verification and reporting

3. In accordance to decision 45/54 (d), the Executive Committee reserves the right for independent verification in case the Executive Committee selects Saudi Arabia for related auditing. Based on discussion with the Lead IA, Saudi Arabia should select the independent organization (auditing) to carry out the verification of the NPP results and this independent monitoring programme.

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 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) Assisting the Country in preparation of the Annual Implementation Programme;
 - (c) 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 consistent with Appendix 5-A;
 - (d) Ensuring that the achievements in previous annual implementation programmes are reflected in the future annual implementation programme;
 - (e) Reporting on the implementation of the Biennial Implementation Programme of 2008 and 2009 and preparing for annual implementation programme for 2010 for

submission to the Executive Committee;

- (f) Ensuring that appropriate independent technical experts carry out the technical reviews undertaken by the Lead IA;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Annual Implementation Programme and accurate data reporting;
- (i) Providing verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Targets, if requested by the Executive Committee;
- (j) Coordinating the activities of the Cooperating IA;
- (k) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- (l) Providing assistance with policy, management and technical support when required.

APPENDIX 6-B: ROLE OF COOPERATING IMPLEMENTING AGENCY

1. The Cooperating IA will:

- (a) Provide policy development assistance when required;
- (b) Assist Saudi Arabia in the implementation and assessment of the activities funded for by the Cooperating IA; and
- (c) Provide reports to the Lead IA on these activities, for inclusion in the consolidated reports.

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 \$4,178 per ODP tonne of reductions in consumption not achieved in the year.
