Annex XII

AGREEMENT FOR THE TERMINAL CFC PHASE-OUT MANAGEMENT PLAN FOR THE BAHAMAS

1. The Executive Committee approves a total of US $560,000 in funding for the phased reduction and complete phase-out in the consumption of Annex A, Group I substances used in the Bahamas. This is the total funding that would be available to the Bahamas from the Multilateral Fund for the total elimination of CFC use in the Bahamas. The agreed level of funding would be paid out in instalments for two-year periods in the exact amount of US dollars specified in paragraph 2, and on the basis of the understanding set out in this agreement.

2. By this agreement, the Bahamas commits that in exchange for the funding level specified below, it will eliminate its total CFC consumption in accordance with the annual consumption limits given in Table 1 below in the manufacturing, installation and servicing of refrigeration and air conditioning equipment.

Table 1: Annex A, Group I (CFCs) ODP tonnes

	Baseline 2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008-2009**	**Total**
Maximum allowable Annex A, Group I consumption	66	66	58	48	36	25	14	0	0	66
Agreed funding for annual programmes* US $'000		240		200		120				560
Agency support costs US $'000		31.2		26		15.6				72.8

* The funding for the annual programmes to be released are given in paragraph 3.

3. The Executive Committee also agrees in principle that the funds will be provided at the last meeting of the Executive Committee in 2001, 2003 and 2005 for two-year periods in accordance with the above table for the exact amounts listed in the table and on the basis of an annual implementation plan for the following two-year period, subject to the performance requirements contained in this agreement. On this basis, the payment indicated in year 2001 will be for activities to be undertaken in the following two years, 2002 and 2003, and so on.

4. Payments noted in Table 1, other than the 2002-2003 implementation programme, will be released based on confirmation that the agreed phase-out amounts targets noted in the Table 1 for the previous year have been achieved and it has been verified that the activities planned for the previous year were undertaken in accordance with the annual implementation plan. Payment in 2003 for the 2004 – 2005 implementation plan would be released based on confirmation that the 2002 consumption target had been met and all 2002 –2003 implementation plan activities had been completed: and so on for future years.

5. The Government of the Bahamas agrees to ensure accurate monitoring of the phase-out. The Government of the Bahamas will provide regular reports, as required by its obligations under the Montreal Protocol and this Agreement. Consumption figures provided under this

agreement will be consistent with the Bahamas reports to the Ozone Secretariat under Article 7 of the Montreal Protocol.

6. The Government of the Bahamas 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 in Table 1 and that implementation of the sector plan as scheduled and agreed in annual implementation programmes.

7. The Bahamas Terminal CFC Phase-out Management Plan, which supports this Agreement, the Bahamas Country Programme and other related documentation, may include estimates of specific funds that were thought to be needed for specific items. Notwithstanding this, the Executive Committee wishes to provide the Bahamas with maximum flexibility in using the agreed funds to meet the consumption limits agreed in the Table 1. The Executive Committee has the understanding that during implementation, as long as it is consistent with this Agreement, the funds provided to the Bahamas pursuant to this Agreement may be used in any manner that the Bahamas believes will achieve the smoothest possible CFC refrigeration sector phase-out, consistent with operational procedures as agreed between the Government of the Bahamas and the World Bank in the Terminal Phase out Management Plan and as indicated in the bi-annual implementation programmes.

8. The Government of the Bahamas agrees that the funds being agreed in principle by the Executive Committee at its 35th Meeting for the complete phase-out of Annex A, Group I substances are the total funding that will be available to the Bahamas to enable its full compliance with the reduction and phase out as agreed with the Executive Committee of the Multilateral Fund, and that no additional Multilateral Fund resources will be forthcoming for any related activities. It is also understood that aside from the agency fee referred to in paragraph 10 below, the Government of the Bahamas, the Multilateral Fund, and its Implementing Agencies, and bilateral donors will neither request nor provide further Multilateral Fund related funding for the accomplishment to the total phase-out of CFC in the refrigeration sector.

9. The Government of the Bahamas agrees that if the Executive Committee meets its obligations under this Agreement, but the Government of the Bahamas does not meet the reduction requirements outlined in paragraph 2, and other requirements outlined in this document, the Implementing Agency and the Multilateral Fund will withhold funding for subsequent tranche of funding outlined in paragraph 2 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 of its obligations by both the Government of the Bahamas and the Executive Committee. In addition, the Bahamas understands that regarding all calendar year targets beginning with 2002, in paragraph 2 of this agreement, the Multilateral Fund will reduce the subsequent tranche and therefore the total funding for CFC-11, CFC-12 and CFC-115 phase-out in the refrigeration sector on the basis of US$ 15,000 per ODP tonnes of reduction not achieved in any year.

10. The World Bank has agreed to be the Implementing Agency for the implementation of this Sector Plan, which will be completed in 2007. A fee of a total of 13% of the annual funds

has been agreed in accordance with provisions of this Agreement and distributed as shown in Table 1. As the implementing agency, the World Bank would be responsible for the following:

(a) Ensuring performance and financial verification in accordance with specific World Bank procedures and requirements as specified in the Bahamas Terminal CFC Phase-out Management Plan;

(b) Reporting annually on the implementation of the bi-annual implementation programmes;

(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 the World Bank are undertaken by appropriate independent technical experts;

(e) Assisting the Bahamas in preparation of bi-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) Verification for the Executive Committee that CFC consumption for the refrigeration sector has been completed based on the schedule listed in Table 1;

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

(j) Provide policy development assistance when required.

11. The funding components of this Decision shall not be modified on the basis of future Executive Committee decisions that may affect the funding of any other consumption sector projects or any other related activities in the country.