

Annex VII

AGREEMENT BETWEEN THE GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF THE CONGO AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE NATIONAL CFC PHASEOUT PLAN (NCPP)

1. This Agreement represents the understanding of the Government of the Democratic Republic of the Congo (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”) in the refrigeration sector, prior to 1 January 2010 in compliance with Protocol schedules.
2. The Country agrees to phase out the use of the Substances in Annex A (Group I) of the Montreal Protocol in accordance with the annual phase-out targets set out in row 8 of Appendix 2-A (the “Targets, and Funding”) and 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 for the refrigeration sector as described in the NCPP document.
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 12 of Appendix 2-A (the “Funding”) to the Country, commencing with the entry into force of an import/export licensing system to monitor and control trade in ozone depleting substances. 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 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 Approval Schedule unless the Country satisfies the following conditions at least 30 days prior to the applicable Executive Committee meeting set out in the Funding Approval 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; and
 - (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 “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 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 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 programme.

8. Specific attention will be paid to the execution of the activities in the servicing 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 sectors would be implemented in stages so that resources can be diverted to other 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.

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of Activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. The United Nations Environment Programme (the “Lead IA”) has agreed to be the lead implementing agency and the United Nations Development Programme (the “Cooperating IA”) has agreed to be cooperating implementing agency 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 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 13 and 14 of Appendix 2-A.

10. Should the Country, for any reason, not meet the Targets for the elimination of the Substances in Annex A (Group I) 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 instalment 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 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.

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
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Appendix 2-A: The Targets, and Funding

PROJECT DATA		2006	2007	2008	2009	2010	Total
CFC (ODP tonnes)	1. Montreal Protocol limits	332.8	99.8	99.8	99.8	0.0	
	2. Annual phase-out from ongoing solvents projects	4.0	0.0	0.0	0.0	0.0	4.0
	3. Annual phase-out from ongoing foam projects	45.0	0.0	0.0	0.0	0.0	45.0
	4. Annual phase-out from ongoing RMP projects	33.0	30.0	15.2	0.0	0.0	78.2
	5. Annual phase-out newly addressed (NCP)	0.0	5.0	21.5	25.0	0.0	51.5
	6. Annual unfunded phase-out (aerosols)	7.0	0.0	0.0	0.0	0.0	7.0
7. Total ODS consumption to be phased out		89.0	35.0	36.7	25.0	0.0	185.7
8. Resulting CFC targets to be achieved		185.7	96.7	61.7	25.0	0.0	
9. Total ODS consumption to be phased-in (HCFCs)							n/a
Project costs (US \$):							
10. Funding for lead agency UNEP		143,750	71,875	71,875			287,500
11. Funding for UNDP		193,750	71,875	71,875			337,500
12. Total project funding		337,500	143,750	143,750			625,000
Support costs (US \$)							
13. Support cost for lead agency UNEP (13%)		18,688	9,344	9,344			37,375
14. Support cost for UNDP (7.5%)		14,531	5,391	5,391			25,313
15. Total support costs		33,219	14,734	14,734			62,688
16. Total cost to Multilateral Fund (US \$)		370,719	158,484	158,484			687,688
17. Project cost effectiveness (US \$/kg)		4.81 (on the basis of CFC consumption in the refrigeration servicing sector)					

Appendix 3-A: Funding Approval Schedule

1. Funding will be considered for approval at the second meeting of the year of the annual implementation programme. In case the Executive Committee requires verification of the achievements of the targets in the NCP, it is understood that the approval or disbursement of the tranche might be delayed until the verification is completed and has been reviewed.

Appendix 4-A: Format for 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 _____
 Co-operating 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						
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. Annual Budget

Activity	Planned Expenditures (US \$)
Total	

Appendix 5-A: Monitoring Institutions and Roles

1. All the monitoring activities will be coordinated and managed through the Monitoring Project, which is included within this NCPP. The national Ozone Unit will hire a team on a part time basis for the monitoring of the NCPP activities. The role of the monitoring will be to assess the implementation of the NCPP every year by making surveys, fields visits (etc.) and then propose the required modifications if needed. The role of the monitoring team will also include compilation necessary data for the preparation of an annual report and assistance to NOU in the organization of the annual NCPP meeting.

2. The Lead IA will have a particularly prominent 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 NCPP. This organization, along with the cooperating IA will also undertake the challenging task of monitoring illegal ODS imports and exports with advisements made to the appropriate national agencies through the National Ozone Office.

Verification and reporting

3. Under this component there are two independent types of verification as follows:

- (a) In accordance to decision 45/54 of the Executive Committee. The Executive Committee reserves the right for independent verification in case the Executive Committee selects D.R. Congo for related auditing as per decision 45/54.
- (b) Verification for monitoring and in accordance to the NCPP and the NCPP Annual Implementation Programme objectives. The outcome of the different elements of the NCPP and of the monitoring activities will be verified independently by an external organization. The Government, Lead Agency and the independent organization will jointly design the verification procedures as part of the design phase of the monitoring programme.

Institution for conducting the verification

4. Based on the discussion with the United Nations Environment Programme, the Government of D.R. Congo should select the independent organization (auditing) to carry out the verification of the NCPP results and the monitoring programme.

Frequency of verification and reporting

5. The monitoring reports will be produced and verified each year, previous to the second meeting of the Executive Committee. These reports will produce the input for the yearly implementation reports required by the Executive Committee.

Appendix 6-A: Role of the Lead IA

1. The Lead IA UNEP 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. For this undertaking, separate funding will be provided by the Executive committee to the Lead Agency.
- (c) Assisting the country in Preparation of the Annual Implementation Programme
- (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 Annual Implementation Programme of the preceding year and preparing for Annual Implementation Programme for the year of submission for submission to the Executive Committee, commencing with the 2007 Annual Implementation Programme combined with the Report on the 2006 Annual Implementation Programme
- (f) Ensuring that appropriate independent technical experts carry out the technical reviews undertaken by the lead Implementing Agency;
- (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) Verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Targets;
- (j) Coordinating the activities of the Coordinating IAs, if any;

- (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 IA

1. The cooperating implementing agency UNDP will:
 - (a) Provide policy development assistance when required;
 - (b) Assist the Government of D.R. Congo in the implementation and verification of the activities funded for by the United Nations Development Programme; 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 \$10,000 per ODP tonne of reductions in consumption not achieved in the year.