

Annex VIII

AGREEMENT BETWEEN THE PEOPLE'S REPUBLIC OF BANGLADESH AND THE EXECUTIVE COMMITTEE FOR THE NATIONAL PHASE-OUT OF ANNEX A (GROUP I) SUBSTANCES AND ANNEX B (GROUPS II AND III) SUBSTANCES

1. This Agreement represents the understanding of the Peoples Republic of Bangladesh (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 phase out the controlled use of the Substances in Annex A (Group I) and Annex B (Groups II and III) of the Montreal Protocol in accordance with the annual phase-out targets set out in rows 2 and 7 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 12 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 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 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; 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 “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 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 changes in the use of the Funding must, however, be documented in advance in the Country’s Annual Implementation Programme, endorsed by the Executive Committee as described in sub paragraph 5(d) and be subject to independent verification as described in paragraph 9.

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 subsectors 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 all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNDP (the “Lead IA”) has agreed to be the lead implementing agency and UNEP (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) and Annex B (Groups II and III) 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 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 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, and CFC-115
Annex B	Group II	CTC
	Group III	TCA

Appendix 2-A: The Targets, and Funding

	2004	2005	2006	2007	2008	2009	2010	Total
1. Max allowable total consumption of Annex A Group I substances (ODP tonnes)	580.4	290.2	290.2	87.1	87.1	87.1	0	
2. Maximum agreed total consumption of Annex A Group I substances (ODP tonnes)(*)	328.7	289.7	207.2	87.1	71.0	53.0	0	
3. Reduction from ongoing projects (RMP)	3.0	5.0	11.6	11.6	11.6	11.6	0	
4. New reduction under plan	36.0	77.5	108.5	3.3	6.4	28.8	0	
5. Total annual reduction of Annex A Group I substances (ODP tonnes)	39.0	82.5	120.1	14.9	18.0	40.4	0	
6. Max allowable total consumption of Annex B Groups II and III substances (ODP tonnes)	6.6	1.5	1.5	1.5	1.5	1.5		
7. Maximum agreed total consumption of Annex B Groups II and III substances (ODP tonnes)	6.6	1.5	1.5	1.5	1.5	1.5	0	
8. New reduction under plan		7.1					0	
9. Total annual reduction of Annex B Groups II and III substances (ODP tonnes)		7.1						
10. UNDP agreed funding (US \$)	155,000	516,000	134,000	55,000	55,000	55,000	55,000	1,025,000
11. UNEP agreed funding (US \$)	90,500	125,500	30,500	30,500	30,500	22,500		330,000
12. Total agreed funding (US \$)	245,500	641,500	164,500	85,500	85,500	77,500	55,000	1,355,000
13. UNDP support costs (US \$)	11,625	38,700	10,050	4,125	4,125	4,125	4,125	76,875
14. UNEP support cost (US \$)	11,765	16,315	3,965	3,965	3,965	2,925		42,900
15. Total agency support costs (US \$)	23,390	55,015	14,015	8,090	8,090	7,050	4,125	119,775

(*) Of the 328.7 ODP tonnes of CFCs, 194 ODP tonnes are eligible for funding by the Multilateral Fund

Appendix 3-A: Funding Disbursement Schedule

1. Funding will be submitted for approval at the first meeting of the year for activities to be completed in that year. Seven submissions for funding are being proposed. The schedule of submissions for funding will be:

Year	Milestone	Disbursement (US \$)
March 2004	Approval of the Programme	245,500
March 2005	36.0 ODP Phase Out from NPP + 3.0 ODP Phase Out from ongoing RMP, Code of Practice ready, certification of technicians started, 4,000 technicians trained, 1,000 Fridges retrofitted, TA seminar for large commercial R&AC users completed, Customs training started, Solvent workshop completed, PMU in place	641,500
March 2006	77.5 ODP Phase Out from NPP + 5.0 ODP Phase Out from ongoing RMP, 4,000 technicians trained, 1,500 fridges and 125 cars retrofitted + 7.05 ODP Tonnes phase out in the Solvent sector	164,500
March 2007	108.5 ODP Phase Out from NPP + 11.60 ODP Phase Out from ongoing RMP, another 3,000 technicians trained, 1,500 fridges and 125 cars retrofitted	85,500
March 2008	3.25 ODP Phase Out from NPP + 11.60 ODP Phase Out from ongoing RMP, another 3,000 technicians trained	85,500
March 2009	6.4 ODP Phase Out from NPP + 11.60 ODP Phase Out from ongoing RMP, another 3,000 technicians trained	77,500
March 2010	41.38 ODP Phase Out from NPP + 11.60 ODP Phase Out from ongoing RMP, another 4,000 technicians trained	55,000

Note

NPP = national phase-out plan
PMU = project management unit
TA = technical assistance

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	_____
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						
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. 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 through the project "Monitoring and Management Unit", which is included within this NPP.
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 NPP. This organization, along with the cooperating IA will also undertake the challenging task of monitoring and controlling illegal ODS imports into the country.
3. The success of the monitoring programme will be based on three axes: 1) well designed forms for data collection, evaluation and reporting, 2) regular programme of monitoring visits; and, 3) appropriate cross-checking of information from different sources.
4. Each of the different projects within the NPP will need a different monitoring sub-programme suited to the objectives of the project.

Verification and reporting

5. The outcome of the different elements of the NPP and of the monitoring activities will be verified independently by an external organization. The Government 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

6. The Government of Bangladesh wishes to designate UNDP as the independent organization to carry out the verification of the NPP results and the monitoring programme.

Frequency of verification and reporting

7. The monitoring reports will be produced and verified each year, previous to the first 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 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 in preparation of the Annual Implementation Programme;
- (d) Ensuring that achievements in previous Annual Implementation Programmes are reflected in future Annual Implementation Programmes;
- (e) Reporting on the implementation of the Annual Implementation Programme commencing with the Annual Implementation Programme for the year 2004 to be prepared and submitted in year 2005;
- (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, will:
 - (a) Provide policy development assistance when required;
 - (b) Assist the Government of Bangladesh in the implementation and verification of the activities funded for UNEP; 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 \$13,480 per ODP tonne of reductions in consumption not achieved in the year.