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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-fourth Meeting
Prague, 29 November-3 December 2004

Addendum

PROJECT PROPOSAL: INDONESIA

This document is issued to:

Add paragraph 89(bis) as follows:

89(bis) All outstanding details concerning the draft Agreement have been addressed through discussions between the Secretariat and UNDP. The draft Agreement incorporates the phase-out of the remaining 30.1 ODP tonnes of CFCs in the MDI sector in 2009. A copy of the draft Agreement is attached.

Add the draft Agreement between the Government of Indonesia and the Executive Committee (Annex I).

Replace the title Part E: Secretariat's Recommendations with the title Part F: Secretariat's Recommendations, before paragraph 90.

Annex I**DRAFT AGREEMENT BETWEEN INDONESIA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE PHASE-OUT OF OZONE DEPLETING SUBSTANCES**

1. This Agreement represents the understanding between Indonesia (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 2008, compliance with Protocol schedules. It includes and supersedes the Agreement between the Executive Committee and Indonesia entered into at the 38th Meeting for the total phase-out of CFCs in the refrigerator sector in Indonesia.
2. The Country agrees to phase out the controlled use of the Substances in accordance with the annual phase-out targets set out in Appendix 2-A (“The Targets and Funding”) 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, other than funding for the MDI sector, which is not considered in this Agreement. The Country reserves the right to request funding for the MDI sector in the future in accordance with the prevailing eligibility and funding criteria of the Multilateral Fund.
3. Subject to compliance with the following paragraphs by the Country with its obligations set out in this Agreement, the Executive Committee agrees in principle to provide the funding set out in 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 (“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 the Target has been independently verified as described in paragraph 9; and
 - (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 (“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 (“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 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 Refrigeration Servicing Sector:

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation;
- (b) The recovery and recycling programme for the Refrigeration Servicing Sector will 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 fulfill the obligations under this Agreement. UNDP has agreed to be the lead implementing agency (“Lead IA”) and the World Bank and UNIDO (“Co-operating IAs”) have agreed to be co-operating Implementing Agencies under the lead of the Lead IA in respect 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 Co-operating 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 rows 13, 15, 17, 19, 21, 23 and 27 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 1-A 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. In 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 installment 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 the amount exceeding the Maximum Allowable Total Consumption of CFCs limit (Appendix 2-A) 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 to the Lead IA and the Co-operating 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

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

Appendix 2-A: The Targets and Funding

Parameter	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total	
1. Compliance Milestone				4,166		1,250			0		
1-A. Maximum Allowable Annual Consumption of the Substances (ODP tonnes)			5,546	3,880	2,331	1,122	30	30	0	N/A	
2. Total Annual Reductions of the Substances (ODP tonnes)		779	1,666	1,549	1,209	1,092	0	30	0	6,325	
3. Annual Reduction from on-going projects (ODP tonnes)		559	976	652	300	100	0			2,587	
4. Annual CFC phase-out target in the Refrigeration Manufacturing Sector – UNDP (ODP tonnes)	0	0	300	300	300	241	0			1,141	
5. Annual CFC phase-out target in the Refrigeration Servicing Sector - UNDP (ODP tonnes)	0	0	200	300	322	250	0			1,072	
6. Annual CFC phase-out target in the MAC Sector – World Bank (ODP tonnes)	0	220	110	110	110	365	0			915	
7. Annual CFC phase-out target in the Aerosols Sector – World Bank (ODP tonnes)	0	0	80	0	0	70	0			150	
8. Annual CFC phase-out target in the Foams Sector – World Bank (ODP tonnes)	0	0	0	130	156	66	0			352	
9. Annual CFC phase-out target in the MDI Sector – World Bank (ODP tonnes)	0	0	0	0	0	0	0	30		30	
10. Annual CFC phase-out target in the Solvent Sector – UNIDO (ODP tonnes) +	0	0	0	57	21	0	0			78	
11. Annual Reduction through sector plans (ODP tonnes)	0	220	690	897	909	992	0	30		3,738	
Annual Funding Instalments (US\$)	12. UNDP (Refrigeration Manufacturing)	1,288,000	2,200,000	1,762,000	750,000	217,000	181,000	-	-	-	6,398,000
	13. Support Cost	111,920	194,000	156,900	67,500	19,530	16,290	-	-	-	566,140
	14. UNDP (Refrigeration Servicing)	2,196,758	1,805,987	500,000	250,000	159,555	-	-	-	-	4,912,300
	15. Support Cost	195,708	160,939	43,400	21,300	13,160	-	-	-	-	434,507
	16. World Bank (MAC)	1,369,800	1,347,300	1,347,300	126,800	125,800	-	-	-	-	4,317,000
	17. Support Cost	121,962	119,937	119,937	10,092	10,002	-	-	-	-	381,930
	18. World Bank (Aerosols)			371,910							371,910
	19. Support Cost			27,893							27,893
	20. UNDP (Aerosols)			224,000							224,000
	21. Support Cost			13,440							13,440
	22. World Bank (Foam)	0	0	1,725,000	1,050,000	147,564	35,000	-	-	-	2,957,564
	23. Support Cost	0	0	129,375	78,750	11,067	2,625	-	-	-	221,817
	24. (MDI)	*	*	*	*	*	*			*	*
25. Support Cost	*	*	*	*	*	*			*	*	
26. UNIDO (Solvent)			1,464,733							1,464,733	
27. Support Cost			108,974							108,974	
28. Total Annual Funding Instalments (US\$)	4,854,558	5,353,287	7,394,943	2,176,800	649,919	216,000	-	-	-	20,645,507	
29. Total Support Costs (US\$)	429,590	474,876	599,919	177,642	53,759	18,915	-	-	-	1,754,701	
30. Total Costs to MLF	5,284,148	5,828,163	7,994,862	2,354,442	703,678	234,915	-	-	-	22,400,208	

+ Phase out targets in the Solvent Sector (UNIDO) also include 5.6 ODP tonnes of 1,1,1 trichloroethane (TCA) and 16.5 ODP tonnes of carbon tetrachloride (CTC) NOT reflected in the above table. 3.0 and 2.6 ODP tonnes of TCA will be phased out in 2005 and 2006 respectively. 16.5 ODP tonnes of CTC will be phased out in 2005. There will be no further consumption of CTC and TCA after 2005 and 2006 respectively.
* Funding for the MDI Sector is not considered in this Agreement and the country reserves the right to request funding for the MDI sector in the future in accordance with the prevailing eligibility and funding criteria of the Multilateral Fund, as stipulated in paragraph 2 of the Agreement.

Appendix 3-A: Funding Approval Schedule

Funding will be considered for approval at the last meeting of the year preceding the year of the annual programme.

Appendix 4-A: Format for Annual Implementation Programmes

This format is proposed for use by the Country to prepare the annual implementation programme for the implementation of Agreement however, it may be modified to suit the specific needs of each plan.

1. Data

Country	Indonesia	
Year of plan		
Number of years completed		
Number 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 (US\$)	Refrigeration Manufacturing	(UNDP)
	Refrigeration Servicing	(UNDP)
	MAC	(World Bank)
	Aerosol	(World Bank)
	Foam	(World Bank)
	Solvent	(UNIDO)
	MDI	
Total		
Lead implementing agency	UNDP	
Co-operating agency (ies)	World Bank, UNIDO	

2. Targets

Indicators		Preceding Year (2004)	Year of Plan (2005)	Reduction
Supply of ODS in Sector (ODP tonnes)	Import			
	Production *	N/A	N/A	N/A
	Total (1)			
Demand of ODS in Sector (ODP tonnes)	Manufacturing			
	Servicing			
	Stock piling	N/A	N/A	N/A
	Total (2)			

* For ODS-producing countries

3. Industry Action

Sector	Consumption Preceding Year (1)	Consumption Year of Plan (2)	Reduction within Year of Plan (1) - (2)	No. of Projects Complete	Number of Servicing Related Activities	ODS Phase-Out (ODP tonnes)
Refrigeration Manufacturing						
Refrigeration Servicing						
MAC						
Aerosol						
Foam						
Solvent						
Total						

4. Technical Assistance

Activity	Description	
	Objective	
	Target group	
	Impact	
	Target group	
	Impact	
	Objective	
	Target group	
	Impact	

5. Government Action

Policy/Activity Planned	Schedule of Implementation
Type of Policy Control on ODS Import	
Public Awareness	
Others	

6. Annual Budgets

Activity	Planned Expenditures (US \$)
TOTAL	

7. Administrative costs

Appendix 5-A: Monitoring Institutions and Roles

1. The monitoring process will be covered by the Ministry of Environment through the Ozone Office.
2. The consumption will be monitored through receiving the data from relevant government departments and crosschecking it with the data to be permanently collected from the distributors and consumers. At the same time, the Ozone Unit and the Implementation Team will also be responsible for preparing the national Monitoring Plan of the implementation of the Plan to phase-out the Substances.
3. The reporting process will be responsibility of the Ozone Unit. They have to timely collect and analyze all information and regularly submit the following reports:
 - (a) Annual reports on consumption of the Substances to be submitted to the Ozone Secretariat;
 - (b) Annual reports on progress of implementation of NPMP to be submitted to the Executive Committee of the Multilateral Fund; and
 - (c) Project-related reports to the Lead IA.
4. Concerning the evaluation process, the Ministry of Environment and the Lead IA will select and hire an independent consultant who will work in close cooperation with the Implementation team to evaluate the progress, quality and performance of the implementation of the Plan to phase out the Substances.
5. The consultant will have full access to all financial and technical data and information concerning the implementation of the Plan to phase out the Substances for reliable data collection and cross checking.
6. The consultant will prepare and submit to the Lead IA reports of activities on a quarterly basis and the reports on the status of implementation of the Plan to phase out the Substances and consumption figures annually. After consideration by the Lead IA the reports will be sent to the Ozone Office and the Implementation Team for consideration and follow up.
7. The responsibilities of the consultant will also include:
 - (a) Development of recommendations for improvements/adjustments of the Plan to phase out the Substances;
 - (b) Take into consideration comments from the Lead IA and the Ozone Office to the reports and react accordingly; and
 - (c) Assist in the organization and participate in possible evaluation visits by the Lead IA or the Multilateral Fund Secretariat.

8. On the other hand, the Lead IA should:
 - (a) Provide the independent consultant with all relevant information;
 - (b) Provide the consultant with necessary support and advice;
 - (c) Consider and comment on the submitted reports in a timely manner
 - (d) Control the performance of the consultant in the most suitable manner.

Appendix 6-A: Role of the Lead Implementing Agency

1. The Lead IA will be responsible for a range of activities 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) 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 of the preceding year and preparing an Annual Implementation Programme for the year for submission to the Executive Committee;
- (f) Ensuring that technical reviews undertaken by the Lead IA are carried out by appropriate independent technical experts;
- (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 activities with the cooperating IA;

- (k) Ensuring that disbursements made to the Country in a timely and effective manner; and
- (l) Providing assistance with policy, management and technical support when required.

Appendix 6-B: Role of the Cooperating Implementing Agencies

1. The Cooperating Implementing Agencies are the World Bank and UNIDO. As co-implementing agencies, the Cooperating IAs will be responsible for:

- (a) Assisting the Country in the implementation and verification of the activities to be undertaken by them as funded in rows 17 to 26 of Appendix 2-A and as specified in the project document;
- (b) Ensuring that disbursements are made to the Country in a timely and effective manner;
- (c) Providing assistance relating to the activities being undertaken when required.
- (d) Coordinating all activities with the Lead IA and providing any requested information and progress reports on the implementation of the activities in the sectors covered by Cooperating IAs (Aerosols, Foams, MAC and Solvents).

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 \$11,136 per ODP tonnes of reductions in consumption not achieved in the year.
