



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/41/51/Add.2
14 December 2003



ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-first Meeting
Montreal, 17 - 19 December 2003

Addendum

PROJECT PROPOSALS: PAKISTAN

Sector phase-out of CTC (UNIDO)

- **Replace** paragraph 77(sixties) **with** the following:

77(sixties) A first annual implementation programme is being developed by UNIDO which is consistent with the above conclusions. The draft agreement between the Government of Pakistan and the Executive Committee has been concluded and is attached to this document as Annex I.

- **Add** Annex I (attached).

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

1. This Agreement represents the understanding of Pakistan (the “Country”) and the Executive Committee with respect to the complete phase-out of controlled use of the ozone depleting substances in the sectors set out in Appendix 1-A, prior to 31 December 2008, in compliance with Protocol schedules.
2. The Country agrees to phase out the controlled use of the Substances in refrigeration, foam and solvent sectors in accordance with the annual phase-out targets set out in row 1A 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 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 row 9 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 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 8 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:
 6. That the Country has met the Target for the applicable year;
 7. That the meeting of these Targets has been independently verified as described in paragraph 8; and
 8. That the Country has substantially completed all actions set out in the last Annual Implementation Programme;
 9. 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.

10. 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 8.

11. 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 8.

12. 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 (the “Lead IA”) has agreed to be the lead implementing agency 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 Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 10 of Appendix 2-A.

13. Should the Country, for any reason, not meet the Targets for the elimination of the Substances in refrigeration, foam and solvent Sectors 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 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.

14. 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.

15. 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 to information necessary to verify compliance with this Agreement.

16. All of the agreements set out in this Agreement are undertaken solely within the context of the Montreal Protocol and do not extend obligations beyond this Protocol. All terms used in this Agreement have the meaning ascribed to them in the Protocol unless otherwise defined herein.

Appendix 1-A**THE SUBSTANCES**

1. The common names of the ozone-depleting substances to be phased out under the Agreement are:

Annex B:	Group II	CTC

Appendix 2-A**THE TARGETS, AND FUNDING**

	2003	2004	2005	2006	2007	2008	2009	2010
Montreal Protocol Reduction Schedules			CTC- 85%					
1. Max allowable consumption of CTC under Protocol (ODP tonnes)	-	-	63.5	63.5	63.5	63.5	63.5	0
1.A. Max allowable consumption of CTC under sector plan (ODP tonnes)	412	392.0	62.5	47.5	27.0	17.0	0	0
2. Reduction from ongoing projects	-	160.7	0	0	0	0	0	0
3. New reduction under plan	20.0	168.8	15.0	20.5	10.0	17.0	0	0
4. Total annual reduction of CTC (ODP tonnes)	20.0	329.5	15.0	20.5	10.0	17.0	0	0
5. Lead I.A. agreed funding	1,200,000	1,300,000	245,665	0	0	0	0	0
6. Lead I.A. support costs	90,000	97,500	25,924	0	0	0	0	0
7. Total agreed funding (US \$)	1,290,000	1,390,000	271,589	0	0	-	-	-

Appendix 3-A**FUNDING APPROVAL SCHEDULE**

Funding will be considered for approval at the last meeting of the year prior to the year of the annual plan.

Appendix 4-A

FORM OF ANNUAL IMPLEMENTATION PROGRAMME

1. This format is to be used to prepare the annual implementation programme for the implementation of performance-based ODS phase-out plans; however, it should be modified to suit the specific needs of each plan.

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**

Target:				
Indicators		Preceding Year	Year of Plan	Reduction
Supply of ODS	Import			
	Production*			
	Total (1)			
Demand of ODS	Manufacturing			
	Servicing			
	Stockpiling			
	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)	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. The overall management of the Plan will be carried out as described in Section 5.1, by National Ozone Unit, Government of Pakistan. The implementation of the Plan will be carried out by National Ozone Unit through a dedicated management unit to be established and in close cooperation with UNIDO.

2. The Ozone Unit within the purview of the Federal Ministry of Environment will be responsible for monitoring and coordination of the implementation of the Sector Phase-out Plan. The Ozone Unit will be responsible for tracking promulgation and enforcement of policy/legislations and assist UNIDO with the preparation of annual implementation plans and progress reports to the Executive Committee of MLF. National Ozone Unit in collaboration with UNIDO would supervise Plan implementation activities and conduct an annual independent audit for verifying ODS consumption levels under this Plan, including spot checks and random inspection visits.

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 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 2004 year to be prepared and submitted in 2005;

- (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) Coordinate 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 7-A

REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY

1. In accordance with paragraph 9 of the Agreement, the amount of funding provided may be reduced by US \$12,000 per ODP tonne of reductions in consumption not achieved in the year.
