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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-fifth Meeting
Montreal, 4-8 April 2005

Addendum

PROJECT PROPOSAL: MACEDONIA

This document is being issued to:

- **Replace** “Pending” **with** “Individual consideration” for the Secretariat’s Recommendation on page 2
- **Add** the following paragraph:

8 bis. The discussions of the draft agreement between Macedonia and the Executive Committee have been concluded, and mutual agreement has been reached. A copy of the draft agreement is attached to this document.

- **Replace** paragraph 9 **with** the following paragraph:

9. Based on above comments of the Fund Secretariat, the Executive Committee may wish to consider:

- (a) approving, in principle, the Terminal phase-out management plan for CFCs for Macedonia, at the amount of US \$279,081 plus agency support costs of US \$20,931 for UNIDO;
- (b) approving the associated “Agreement between Macedonia and the Executive Committee of the Multilateral Fund for the Phase-out of Ozone Depleting Substances”; and

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- (c) approving the first tranche of the plan at the funding levels shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Terminal phase-out management plan for CFCs (first tranche)	154,210	11,566	UNIDO

Annex I

**DRAFT AGREEMENT BETWEEN THE FORMER YUGOSLAV REPUBLIC OF
MACEDONIA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL
FUND FOR THE PHASE-OUT OF OZONE-DEPLETING SUBSTANCES**

1. This Agreement represents the understanding of the Former Yugoslav Republic of Macedonia (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 2009, a year in advance of Protocol schedules.
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.
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 5 of 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 8 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 60 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 have been independently verified as described in paragraph 8; and
 - (c) That the Country has substantially completed all actions set out in the last Annual Implementation Programme;
 - (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 8.

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 8.

8. 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 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 programme of the Multilateral Fund. The Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 6 of Appendix 2-A.

9. 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 Approval Schedule. In 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 the amount exceeding the Maximum Allowable Total Consumption of CFCs limit (Appendix 2-A) in any one year.

10. 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.

11. 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.

12. 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, and do not extend to 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 ozone-depleting substances to be phased out under the Agreement are as follows.

Annex	Group	Chemical
A	I	CFC-11, CFC-12, CFC-115

APPENDIX 2-A THE TARGETS, AND FUNDING

Year	2004	2005	2006	2007	2008	2009	2010	Total
Montreal Protocol Reduction Schedule (ODP tonnes)	492.53	246.26	246.6	73.88	73.88	73.88	0	n.a.
1. Max allowable total CFC consumption (ODP tonnes)	49.34	25.0	15.0	10.0	5.0	0	0	n.a.
2. Reduction of CFC consumption from on going projects (ODP tonnes)	0	0	0	0	0	0	0	0
3. New reduction under the present plan (ODP tonnes)	24.34	10.0	5.0	5.0	5.0	0	0	49.34
4. Total annual reduction of CFC (ODP tonnes)	24.34	10.0	5.0	5.0	5.0	0	0	49.34
5. Lead I.A. agreed funding (US\$)	-	154,210	79,871	15,000	15,000	15,000	-	279,081
6. Lead I.A. support cost (US\$)	-	11,566	5,990	1,125	1,125	1,125	-	20,931
7. Total agreed funding (US\$)	-	165,776	85,861	16,125	16,125	16,125	-	300,012

APPENDIX 3-A FUNDING APPROVAL SCHEDULE

1. Funding will be considered for approval at the first meeting of the year of the "Annual Implementation Programme" including that for the 2005 "Annual Implementation Programme", which is requested at the 45th Meeting.

APPENDIX 4-A- FORMAT FOR ANNUAL IMPLEMENTATION PROGRAMMES

1. Data

Country	The Former Yugoslav Republic of Macedonia
Year of plan	
No. of years completed	
No. 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	UNIDO

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						
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

6. Annual Budget

Activity	Planned Expenditures (US \$)
TOTAL	

7. Administrative Fees

APPENDIX 5-A MONITORING INSTITUTIONS AND ROLES

1. The monitoring of this TPMP (Terminal phase-out management plan) will be coordinated by the National Ozone Unit in cooperation with respective governmental bodies and also national experts recruited for particular tasks which would arise in the course of the project implementation.

2. The following activities will be carried out during the implementation of the TPMP at different levels. Monitoring of the impact of all measures will be carried out throughout the implementation period, and consists of measures such as:

- (a) Evaluation of training courses;
- (b) Assessment of the level of knowledge of service technicians in good practice;
- (c) Check up of all applicants for new R&R equipment in order to verify their capability;
- (d) Monitoring of service shops in order to check whether the equipment is used in the most appropriate way and providing technical assistance if needed;
- (e) Verification of the data for recovered and recycled quantities;

- (f) Monitoring of the educational centres during the training courses at the vocational schools; and
 - (g) Monitoring of market developments.
3. An independent chartered national auditing organization will be recruited to verify consumption.

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 commencing with the Annual Implementation Programme for the first year, the report about the implementation to be prepared and submitted until March 2006;
- (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) Ensuring that disbursements are made to the Country in a timely and effective manner and that they are based on the use of the Indicators;

- (k) Providing assistance with policy, management and technical support when required;
- (l) Assisting the Country in the implementation and verification of the activities to be undertaken by UNIDO as funded in row 5 of Appendix 2-A and as specified in the project document; and
- (m) Ensuring that disbursements are made to the Country in a timely and effective manner.

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 \$11,312 per ODP tonne of reductions in consumption not achieved in the year.
