AGREEMENT dated June 30, 2000, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, acting as Trustee of grant funds provided for the Ozone Projects Trust Fund (OTF) by Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer (the Trustee) and the UNITED NATIONS ENVIRONMENT PROGRAMME (UNEP) of the other part (the Memorandum of Agreement hereinafter referred to as the MOA).

WHEREAS (A) The International Bank for Reconstruction and Development (the Bank) pursuant to Resolution No. 91-5 of March 14, 1991 of the Executive Directors of the Bank (the Resolution), established a Facility, including the Ozone Trust Fund (OTF), to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) The Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer, and to the Vienna Convention for the Protection of the Ozone Layer have established the Multilateral Fund (the
Fund) for the Implementation of the Montreal Protocol to operate under the authority of the said Parties to provide the financing of agreed incremental costs to enable the Parties operating under paragraph 1 of Article 5 of the Protocol to comply with control measures provided for in the Protocol;

(C) The Executive Committee of the Fund (the Executive Committee) and the Bank have entered into an agreement effective on July 9, 1991, pursuant to which the Executive Committee has agreed to provide funds for the OTF to be administered by the Bank (the Trustee) in accordance with the provisions of the said agreement and the Resolution;

(D) The Executive Committee and India (India) have entered into an agreement dated October 1, 1999 (the Consensus Agreement), whereby the Executive Committee has agreed to make available to India grant funding for carrying out the Project described in Schedule 2 to the OTF Grant Agreement;

(E) India and the Recipient, having satisfied themselves as to the feasibility and priority of the said Project, have requested that grant funding for the Project be provided through the resources of the OTF, and the Trustee has determined that such arrangements would be in accordance with the provisions of the Resolution;

(F) The Trustee has entered into a Project Agreement with India (Project Agreement) and an OTF Grant Agreement with the Industrial Development Bank of India (the Recipient) for the implementation of the Project (the OTF Grant Agreement);

(G) India has requested the Trustee, and the Trustee has agreed that the United Nations Environment Programme (UNEP) will assist MOEF in the implementation of the Technical Assistance, as defined in Annex I of this MOA; and

(H) UNEP has agreed to assist MOEF in the implementation of the Technical Assistance in accordance with the terms of this MOA.

NOW THEREFORE the Trustee and UNEP hereby agree as follows:

ARTICLE I

Definitions

1. Unless the context otherwise requires, the several terms defined in the preamble to this Agreement, the OTF Grant Agreement, the Project Agreement and the General Conditions (as so defined in the OTF Grant Agreement) have the respective meanings therein set forth, and the term “Service Fee” shall mean the fee payable to UNEP in accordance with paragraph 3 of Article II of this MOA.

ARTICLE II

The Grant

1. The Trustee agrees to make available to UNEP, on
the terms and conditions set forth or referred to in this MOA, an amount of up to two million, two hundred and twenty thousand United States Dollars (US$2,220,000) inclusive of the Service Fee of not more than two hundred and twenty thousand United States Dollars (US$220,000) (the Grant amount).

2. The Grant amount shall be paid in tranches over a period of ten years, as determined in the Annual Program for each Program Year. UNEP shall provide the Trustee with details of the account through which such payment will be effected.

3. UNEP shall be entitled to a Service Fee of an amount equal to 11% of the tranches of the Technical Assistance disbursed in the initial three years, to be paid out proportionately with each tranche disbursed. The fee for the subsequent years will be agreed upon by the Trustee and UNEP, in accordance with the decision of the Executive Committee, provided, however, that the aggregate amount of the Service Fee to UNEP may not exceed two hundred and twenty thousand United States Dollars (US$220,000).

4. The Trustee shall not be obligated to make any payment under this MOA except to the extent it shall have received funds from the Executive Committee of the Fund.

ARTICLE III

Withdrawal of Grant Proceeds

1. UNEP shall assist MOEF in the implementation of the Technical Assistance outlined in Annex I of this MOA in accordance with the Annual Program.

2. The assistance of UNEP in the implementation of the Technical Assistance shall be dependent on receipt by UNEP of the funds as determined in the Annual Program.

3. UNEP shall utilize the funds provided under the Grant in accordance with the disbursement schedule provided in Annex II to this MOA. UNEP shall carry out its duties with due diligence and efficiency, and exercise the same degree of care as it would with its own funds.

4. The assistance in the implementation of the Technical Assistance, procurement of goods and services, and the administration of funds for the Technical Assistance, shall be done by UNEP in accordance with UNEP’s procedures, regulations, and directives for execution of its own projects.

ARTICLE IV

Accounting Procedures

1. UNEP shall maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Trustee, adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures related to the implementation of the Technical Assistance.
2. UNEP shall:

   (i) have the records and accounts referred to in Section 1 of this Article for each fiscal year audited in accordance with appropriate auditing principles, consistently applied, by the internal and external auditors of UNEP;

   (ii) furnish to the Trustee as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Trustee shall have reasonably requested; and

   (iii) furnish to the Trustee such other information concerning said records and accounts and the audit thereof as the Trustee shall from time to time reasonably request.

ARTICLE V

Reporting Procedures

1. For each Program Year, UNEP shall provide the Trustee with the following reports prepared in accordance with reporting procedures that are satisfactory to the Trustee:

   (a) two semi-annual progress reports to be submitted not later than January 15, and July 15 respectively, following the end of each half year of the said Program Year, and describing the progress achieved in carrying out the Annual Program for the said Program Year during the immediately preceding half year; and

   (b) a final report within six months of the date of completion or termination of the Project.

ARTICLE VI

Termination

1. This MOA may be terminated by the Trustee or by UNEP. The MOA shall cease to be in force thirty days after either of the parties gives notice in writing to the other party of the decision to terminate the MOA. A copy of such notice shall be sent to MOEF.

2. Notwithstanding the termination of this MOA, UNEP shall continue to hold unutilized funds until all commitments and liabilities incurred in implementation of the specific services under the MOA have been satisfied.

3. If the Trustee determines at any time that: (i) any payments were made for expenditures that are not eligible for financing under Annex II of this MOA or (ii) were not justified by the evidence furnished to the Trustee, UNEP, shall promptly upon notice from the Trustee: (a) provide such additional evidence as the Trustee may request; or (b) refund to the Trustee an
amount equal to the amount of such payment or the portion thereof not so eligible or justified.

4. Any funds that remain unexpended after such commitments and liabilities have been satisfied shall be returned to the Trustee.

ARTICLE VII
Closing Date

1. The Project activities shall be completed by December 31, 2010. The Closing Date shall be June 30, 2011, or such later date as the Trustee may establish. The Trustee shall promptly notify UNEP of such later date.

2. UNEP shall notify the Trustee when the Technical Assistance under this MOA has been completed.

ARTICLE VIII
Arbitration

1. Any dispute arising out of or relating to this Agreement which is not settled by agreement of the parties shall be finally settled by arbitration in accordance with UNCITRAL Arbitration Rules in force on the date of this Agreement. In the event of a conflict between the UNCITRAL Arbitration Rules and the terms of this Agreement, the terms of this Agreement shall prevail.

ARTICLE IX
Effectiveness

1. This MOA shall enter into force when the OTF Grant Agreement and the Project Agreement become effective.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have caused this MOA to be signed in their respective names, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT as Trustee of the Ozone Projects Trust Fund

By /s/ Joelle Chassard-Manibog
Acting Country Director, India

UNITED NATIONS ENVIRONMENT PROGRAMME

By /s/ Jacqueline Aloisi de Larderel
Authorized Representative
ANNEX I

Technical Assistance

The Technical Assistance for Project management and supervision, and strengthening of the PMU shall consist of the following:

(a) staffing support for the PMU to be established by MOEF;

(b) development of a Management Information System (MIS) for collecting and managing CFC production data;

(c) provision of consultants’ services for technical support to the PMU in fulfilling its responsibilities under the Project, including carrying out of the Performance Audit and implementation of the quota system;

(d) design and implementation of public awareness programs on the importance of CFC reduction;

(e) support for research activities on substitute chemicals;

(f) provision of training, seminars and workshops related to the CFC Phase Out Program;

(g) support for research on CFC recovery and recycling;

(h) provision of guidance to the Beneficiaries in the preparation of EMPs for plant modification, or partial or complete dismantling, as needed; and

(i) provision of support to other government departments and agencies collaborating in the CFC Phase Out Program.

ANNEX II

Use of Grant Proceeds

1. The table below sets forth the categories of items to be financed under the Grant for supporting the implementation of the Project, the allocation of the amounts of the Grant to each category, and the percentage of expenditures to be financed in each category.

<table>
<thead>
<tr>
<th>Amount of the Grant Allocated</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants’ services</td>
<td>100%</td>
</tr>
<tr>
<td>Office supplies and</td>
<td>400,000</td>
</tr>
<tr>
<td>100%</td>
<td>operating costs</td>
</tr>
<tr>
<td>------</td>
<td>----------------</td>
</tr>
<tr>
<td>(3)</td>
<td>Training, workshops 200,000</td>
</tr>
<tr>
<td>100%</td>
<td>and supervision activities</td>
</tr>
<tr>
<td>(4)</td>
<td>Service Fee 220,000</td>
</tr>
<tr>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,220,000</td>
</tr>
</tbody>
</table>

2. For purposes of paragraph 1 above, (i) “operating costs” means the cost of operating PMU’s office, including rent, utilities, communication, and maintenance; and (ii) “supervision activities” means visits by PMU staff and staff of other collaborating agencies in connection with activities related to the CFC Phase Out Program.

3. Notwithstanding the allocation of the proceeds of the OTF Grant in the table above, if the Trustee reasonably estimates that the amount of the OTF Grant allocated to any withdrawal category set forth in the table above, with the exception of category 4, will be insufficient to finance the eligible expenditures under that category, the Trustee may, after consultation with UNEP, in the context of the Annual Program, reallocate to such category to the extent required to meet the shortfall part of the proceeds of the OTF Grant which are then allocated to another category, and which in the opinion of the Trustee and UNEP are not needed to meet any other expenditure. Any unused service fee may not be reallocated to any other categories and shall be subject to cancellation.