



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/62/51
4 November 2010

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-second Meeting
Montreal, 29 November - 3 December 2010

PROJECT PROPOSAL: TOGO

This document consists of the comments and recommendations of the Fund Secretariat on the following project proposal:

Phase-out

- HCFC phase-out management plan (Stage I, first tranche)

UNEP/UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Togo

(I) PROJECT TITLE	AGENCY
HCFC Phase Out Management Plan	UNEP (lead), UNIDO

(II) LATEST ARTICLE 7 DATA	Year: 2009	20.5 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2009	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC123									
HCFC124									
HCFC141b									
HCFC142b									
HCFC22					20.5				20.5

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline (estimate):		20.02	Starting point for sustained aggregate reductions:
			20.02
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:		0.0	Remaining:
			13.01

(V) BUSINESS PLAN		2010	2011	2012	2013	2014	Total
UNEP	ODS phase-out (ODP tonnes)	0.347		0.347			0.694
	Funding (US \$)	59,043		59,043			118,086

(VI) PROJECT DATA			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits (estimate)			n/a	n/a	n/a	20	20	18	18	18	18	18	13	
Maximum allowable consumption (ODP tonnes)			n/a	n/a	n/a	20	20	18	18	18	18	18	13	
Project Costs requested in principle(US\$)	UNEP	Project costs	120,000			90,000			50,000			20,000		280,000
		Support costs	15,600			11,700			6,500			2,600		36,400
	UNIDO	Project costs	150,000			150,000			50,000					350,000
		Support costs	11,250			11,250			3,750					26,250
Total project costs requested in principle (US \$)			270,000			240,000			100,000			20,000		630,000
Total support costs requested in principle (US \$)			26,850			22,950			10,250			2,600		62,650
Total funds requested in principle (US \$)			296,850			262,950			110,250			22,600		692,650

(VII) Request for funding for the first tranche (2010)			
Agency	Funds requested (US \$)	Support costs (US \$)	ODS phase-out (ODP tonnes)
UNEP	120,000	15,600	
UNIDO	150,000	11,250	

Funding request:	Approval of funding for the first tranche (2010) as indicated above
Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

1. On behalf of the Government of Togo, UNEP, as the lead implementing agency, has submitted to the 62nd Meeting of the Executive Committee Stage I of the HCFC phase-out management plan (HPMP) as originally submitted, at a total cost of US \$650,000 (excluding agencies' support costs). The Government of Togo is requesting US \$250,000 plus agency support cost of US \$32,500 for UNEP and US \$400,000 plus agency support costs of US \$30,000 for UNIDO to meet the 35 per cent reduction by 2020. The first tranche for Stage I being requested at this meeting amounts to US \$95,000 plus agency support cost of US \$12,350 for UNEP and US \$200,000 plus agency support cost of US \$15,000 for UNIDO, as originally submitted.

Background

ODS regulations

2. The Ministry of the Environment and Forest Resources (MEFR) is the national institution in charge of the implementation of the national management policy for final elimination of the all Ozone-depleting substances (ODS) including the HCFCs. The national legal framework for management of ODS and meeting compliance under the Montreal Protocol was adopted for the purpose of eliminating CFCs but also addresses HCFCs. Monitoring and control of these refrigerants is through national decrees that regulate the phase-out of ODS and ODS based equipment; and also ODS imports and re-exports. The sub regional regulation for the UEMOA (Union Economique et monétaire de l'Ouest Africain) harmonizes the regulations of member countries concerning the importation, marketing, usage and re-exportation of Substances that Deplete the Ozone Layer and elimination of equipment using ODS, including HCFCs, thereby controlling movement among these countries.

HCFC consumption

3. The HPMP provides information on HCFC consumption in the country. Togo does not produce HCFCs therefore the consumption is calculated based on imports predominantly of HCFC-22. The survey conducted in 2009 did not reveal any use of HCFC blends as refrigerants in the country. All HCFCs imported are used for the servicing of refrigeration equipment.

4. The survey showed a general increasing trend in consumption of HCFC-22 since 2006 due to a combination of a drop in the prices of air conditioners and the improvement in socio-economic conditions in the country. The consumption of HCFC-22 therefore increased from 48 mt (2.6 ODP tonnes) in 2006 to 350 mt (19.25 ODP tonnes) in 2009 based on the survey.

5. The HCFC consumption in Togo is projected to increase by 40 per cent in 2010 and reach the level of 490 mt (26.95 ODP tonnes). Table 1 presents data on HCFC consumption extracted from the survey and reported under Article 7. It should be noted that the 2009 HCFC consumption reported under Article 7 is inaccurate, therefore the country has decided to submit a request to the Ozone Secretariat to adjust the amount reported to 350 mt (19.25 ODP tonnes), as indicated in the survey.

Table 1: HCFC consumption from 2005 to 2009

Year	Article 7		Survey results	
	HCFC-22 (in metric tons)	HCFC-22 (in ODP tonnes)	HCFC-22 (in metric tonnes)	HCFC-22 (in ODP tonnes)
2005	56.28	3.1	56.28	3.1
2006	48	2.6	48	2.6
2007	89.71	4.9	89.71	4.9
2008	112.25	6.2	112.25	6.2
2009	372.72	20.5	350	19.25

Sectoral distribution of HCFCs

6. Approximately 82.2 per cent of the total installed stock of HCFC-22 is in air-conditioning equipment (unitary/split), 5.2 per cent in commercial refrigeration and 12.6 per cent in cold rooms, ice factories and other equipment. The HPMP estimated the servicing need for this equipment according to the type of end-user. The table below summarizes the installed capacity of the equipment and their servicing requirements.

Table 2: Distribution of HCFC-22 in refrigeration systems in 2008

Refrigeration equipment	Total units	Charge (tonnes)		Servicing Consumption /year (tonnes)	
		Metric	ODP	Metric	ODP
Air conditioning (unitary/Split systems)	247,509	314	17.27	231.2	12.72
Commercial refrigeration and food processing	4,528	20	1.1	13	0.72
Industrial and other equipment	3,231	48	2.64	38.4	2.11
Total	255,268	382	21.01	282.6	15.55

Calculation of consumption baseline

7. The HPMP estimated Togo's HCFC baseline for compliance using its 2009 actual consumption of 350 mt (19.25 ODP tonnes) based on the survey and estimated consumption in 2010 of 490 mt (26.95 ODP tonnes) which results in an average of 420 mt (23.1 ODP tonnes). UNEP indicated that the Government selected this consumption as it believes that this more accurately reflects a realistic amount required by the country to maintain its servicing sector.

HCFC phase-out strategy and costs

8. The government of Togo is proposing to meet its compliance targets to reduce HCFC consumption by 35 per cent in 2020 through the following activities:

- (a) Sensitizing of the stakeholders on the progressive elimination strategy and the alternatives;

- (b) Training of the custom officers and other control agents;
- (c) Training of the refrigeration technicians on the management of HCFCs;
- (d) Providing equipment for the refrigeration centres;
- (e) Implementation of an incentive financial programme; and
- (f) Coordination, Management, Monitoring and Evaluation.

Cost of the HPMP

9. The total cost for the implementation of Stage I of the HPMP as submitted is US \$650,000 plus agency support costs of US \$62,500 including US \$32,500 for UNEP and US \$30,000 for UNIDO. These resources will allow the country to implement activities to phase out 147 mt (8.085 ODP tonnes) of HCFCs by the end of 2020. Table 3 presents the allocated funds for each activity in the HPMP.

Table 3: Total cost of stage I of the HPMP (US\$)

Proposed Projects	Agency	2010	2013	2017	2019	TOTAL
Outreach activities on the HPMP Strategy and ODS regulation	UNEP	5,000	10,000	5,000		20,000
Training of enforcement Officers and members of the security forces	UNEP	20,000	40,000	20,000		80,000
Training of refrigeration technicians in the management of HCFCs and their alternatives	UNEP	60,000	30,000	10,000		100,000
Setting up of financial incentive programme	UNIDO	50,000	50,000			100,000
Strengthening of vocational training centres (CRETFP and other centres)	UNIDO	100,000	100,000	50,000		250,000
Development of a comprehensive investment program that reduces both HCFC and carbon emissions in the refrigeration and AC sector (for fund raising from other sources)	UNIDO	50,000				50,000
Coordination, Management, Monitoring and Evaluation	UNEP	10,000	20,000	10,000	10,000	50,000
Total		295,000	250,000	95,000	10,000	650,000

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

10. The Secretariat reviewed the HPMP for Togo in the context of the guidelines for the preparation of HPMPs (decision 54/39) and the criteria for funding HCFC phase-out in the consumption sector agreed at the 60th Meeting (decision 60/44).

HCFC consumption and starting point for aggregate reduction in HCFC consumption

11. The Secretariat sought justifications for the significant increase in the HCFC consumption reported by Togo under Article 7 as it appears that the HCFC consumption increased by 232 per cent between 2008 and 2009 (see Table 1). It also estimated its 2010 consumption using an increase of 31.4 per cent from the 2009 actual consumption reported under Article 7. UNEP clarified that the data initially submitted under Article 7 was based mostly on estimated figures, and these have now been

verified through the survey during the HPMP implementation using the HCFCs required for servicing based on the equipment population. In addition, the improvement of socio-economic conditions also contributed to an increase in purchase of equipment for domestic purposes. The government has also acknowledged that some imports are for stockpiling but cannot provide specific figures to differentiate this except based on the annual servicing need indicated in Table 2.

12. The Secretariat noted that these increases were very high, and asked UNEP's to consider using annual growth rate in HCFC consumption used for the preparation of the 2010-2014 business plans noted by the Executive Committee at the 61st meeting, which is 8 per cent for estimating future growth in consumption. Further to this discussion, UNEP agreed on an interim basis to use the 8 per cent growth rate to estimate 2010 consumption based on the 2009 actual consumption in order to calculate an estimated baseline. This resulted in a revised 2010 estimated consumption of 378 mt (20.79 ODP tonnes). Using the revised figure, the estimated baseline is therefore established at 364 mt. In line with decision 60/44, if the country uses an estimated baseline as its starting point, this may be adjusted to the actual baseline figures once these are known in 2011.

13. The Secretariat also drew UNEP's attention to the fact that the currently estimated baseline of 364 mt being higher than 360 mt moves Togo to the category of a non-low-volume-consuming (non-LVC) country, where eligible funding under decision 60/44 is available only to meet the 2015 phase-out targets. Such funding will be calculated based on US\$4.5/kg of consumption based on the identified consumption in the servicing sector. UNEP indicated that it discussed this situation with the Government of Togo and the government requested the country to continue being treated as an LVC despite the high estimated baseline consumption, and therefore access eligible funding for the category of countries whose HCFC consumption is in the refrigeration sector only under the above decision. The government's reasons for this are: (1) that it acknowledges that it does not use HCFCs for manufacturing; (2) its consumption is only in the servicing sector; and (3) that the increase in consumption includes HCFCs imported for stockpiling and that the current consumption levels for the LVC category better reflect the real situation in the country. In doing so, the government also commits to phase out the total amount required for the 35 percent reduction by 2020 based on their estimated baseline (i.e. 364 mt) and not on the consumption used to calculate funding (i.e. 360 mt). In the case of Togo, this means that to comply with the 2020 control measure, the country needs to phase out 147 mt (i.e. 35 per cent of 364 mt). UNEP indicated that the country is committed to this phase-out and will on its own look for counterpart/co-financing, if needed, to augment what is being requested in this submission. The issue of the request of Togo to maintain classification as an LVC country is for discussion under agenda item 7(a) "Overview of issues identified during project review".

14. The Secretariat also drew UNEP's attention to the fact that should the calculation of the actual baseline for Togo be different than that currently used to calculate eligible funding, the corresponding funds will be adjusted accordingly if the consumption places the country in a lower category. However, because of its choice to be treated as an LVC, the country would not be entitled to any funding higher than the current funding level it is in as per the submission of this HPMP (i.e. US \$630,000) to meet the 35 per cent reduction by 2020.

Technical and cost issues

15. The Secretariat reviewed issues related to the licensing, regulations and quota system. It noted that while Togo has a licensing system that includes HCFCs it still has not been adjusted to include the quotas required for accelerated phase-out of HCFCs agreed in 2007. UNEP informed the Secretariat that the licensing and the quota systems will be updated by 2011 and these will include controls on HCFC-based equipment as well.

16. The HPMP covers activities such as training of enforcement officers and members of the security forces; training of refrigeration technicians in the management of HCFCs and their alternatives; coordination, management, monitoring and evaluation; setting up of financial incentive programme; strengthening of vocational training centres (CRETFP and other centres).

17. UNEP indicated that 10 detection kits and their accessories were provided to refrigeration technicians under the TPMP. In addition, hydrocarbon based equipment was purchased. The country will use the current equipment available as much as possible, however some of it will not be adequate as some of the alternatives to HCFCs were not well known at the time the specifications were set to procure detection kits and the CFC servicing tools.

18. In line with decision 60/44, the funding for the implementation of Stage I of the HPMP in Togo is being requested at US \$630,000 (excluding agencies' support costs) and covers activities to reach a 35 per cent reduction by 2020. The total support costs are \$62,650 and include US \$36,400 for UNEP and US \$26,250 for UNIDO. The revised budget breakdown is presented in table 4.

Table 4: Agreed level of funding of Stage I of the HPMP for Togo (US \$)

Proposed Projects	UNEP	UNIDO	TOTAL
Training of enforcement Officers and members of the security forces	80,000		80,000
Training of refrigeration technicians in the management of HCFCs and their alternatives	100,000		100,000
Setting up of financial incentive programme		100,000	100,000
Strengthening of vocational training centres (CRETFP and other centres)		250,000	250,000
Coordination, management, monitoring and evaluation	100,000		100,000
Sub-Total	280,000	350,000	630,000
Support costs	36,400	26,250	62,650
Total	316,400	376,250	692,650

Impact on climate

19. The technical assistance activities in the HPMP addressing the servicing sector, supported by the introduction of better service practices (through training of refrigeration technicians) will reduce the current amount of HCFC-22 used in the servicing sector (each kg of HCFC-22 not emitted due to better refrigeration practices, results in about 1.8 CO₂-equivalent tonnes saved). Additional CO₂-equivalent tonnes could be avoided through retrofitting HCFC-22 based equipment to HFC-407C refrigerant which represents the most technically viable option currently available (i.e., each kg of HCFC-22 retrofitted to HFC-407C results in about 0.11 CO₂-equivalent tonnes saved). If 10 per cent of the current service need of 282.6 mt of HCFC-22 (see table 2) is replaced with HFC-407C, the potential CO₂ equivalent saved could be 3,108.6 tonnes.

20. It is important to note that these reductions are associated with the activities being proposed in the HPMP (which are known). However, it does not take into consideration the new non-HCFC-based equipment that could be imported into the country (which is not known). In general, it can be assumed that the new refrigeration systems have been designed using more up-to-date technology (i.e., lower refrigerant charge, more robust construction, and stricter brazing procedures) than those being replaced, substantially reducing leakage rates and servicing needs.

Adjusted 2010-2014 business plans and funding eligibility per Decision 60/44

21. UNEP and UNIDO are requesting US \$630,000 plus support costs for the implementation of Stage I of the HPMP. The total value requested for the period 2010-2014 of US \$559,800, including support costs, is above the total amount in the adjusted business plan. The difference in the figures is because the HCFC baseline for compliance estimated for the business plan was based on the 2008 (latest reported) consumption data (112.25 metric tonne) while that in the HPMP was based on the submitted estimated baseline using the average of actual 2009 reported consumption and estimated 2010 consumption and to account for the phase-out up to the 2020 control measures only. UNIDO did not provide any allocation in the adjusted business plan for Togo for the period 2010-2014. As Togo wishes to be treated as an LVC country despite its estimated baseline of 364 mt, its allocation up to the 2020 phase-out should not exceed US \$630,000, which is the maximum funding for an LVC country as per decision 60/44. However, as the country's baseline exceeds 360 mt, its allocation if calculated at US \$4.5/kg to meet the 2015 control measures would be US \$163,800.

Draft agreement

22. A draft agreement between the Government of Togo and the Executive Committee for HCFCs phase-out is contained in Annex I of the present document.

RECOMMENDATION

23. The HPMP for Togo is submitted for individual consideration. The Executive Committee may wish to consider:

- (a) Noting with appreciation the submission of Stage I of the HCFC phase-out management plan (HPMP) for Togo to achieve the 35 per cent reduction in HCFC consumption by 2020 at an estimated cost of US \$630,000 (excluding agency support costs);
- (b) Noting that the Government of Togo agreed to establish as its baseline for sustained aggregate reduction in HCFC consumption the estimated baseline of 364 mt calculated using actual consumption reported in the survey in 2009 and revised estimated 2010 consumption;
- (c) Whether or not to agree that the country be considered as a low-volume-consuming (LVC) country under decision 60/44 despite its estimated baseline being higher than 360 mt based on the discussion in agenda item 7(a) "Overview of issues identified during project review";
- (d) Whether or not to approve, in principle, the HPMP for Togo for the period 2010-2020, at the amount US \$280,000 plus agency support costs of US \$36,400 for UNEP and of US \$350,000 plus agency support costs of US \$26,250 for UNIDO based on the discussion in agenda item 7(a) "Overview of issues identified during project review";
- (e) Approving the Agreement between the Government of Togo and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document as per (c) and (d) above;
- (f) Requesting the Secretariat, once the baseline data is known, to update Appendix 2-A to the Agreement to include the figures for the maximum allowable consumption, to notify the Executive Committee of the resulting levels of maximum allowable consumption, and of a potential related impact on the eligible funding level with any adjustments needed being made at the submission of the next tranche; and

- (g) Whether or not to approve the first implementation plan for 2011-2013, and the first tranche of Stage I of the HPMP for Togo at the amount of US \$120,000 plus agency support costs of US \$15,600 for UNEP, and US \$ 150,000 plus agency support costs of US \$11,250 for UNIDO as per (c), (d) and (e) above.

Annex I

**DRAFT AGREEMENT BETWEEN TOGO AND THE EXECUTIVE COMMITTEE OF THE
MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF
HYDROCHLOROFLUROCARBONS**

1. This Agreement represents the understanding of the Government of Togo (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of 13 ODP tonnes prior to 1 January 2020 in compliance with Montreal Protocol schedules with the understanding that this figure is to be revised one single time in 2011, when the baseline consumption for compliance would be established based on Article 7 data, with the funding to be adjusted accordingly, as per decision 60/44.

2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets and Funding”) in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A . 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 any consumption of the Substances which exceeds the level defined in row 1.2 of Appendix 2-A (maximum allowable total consumption of Annex C, Group I substances) as the final reduction step under this agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances which exceeds the level defined in row 4.1.3.

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 3.1 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 (the “Funding Approval Schedule”).

4. The Country will meet the consumption limits for each of the Substances as indicated in Appendix 2-A. It will also accept independent verification, to be commissioned by the relevant bilateral or implementing agency, of achievement of these consumption limits as described in sub-paragraph 5(b) 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 Targets for all relevant years. Relevant years are all years since the year in which the hydrochlorofluorocarbons phase-out management plan (HPMP) was approved. Exempt are years for which no obligation for reporting of country programme data exists at the date of the Executive Committee Meeting at which the funding request is being presented;
- (b) That the meeting of these Targets has been independently verified, except if the Executive Committee decided that such verification would not be required;
- (c) That the Country had submitted tranche implementation reports in the form of Appendix 4-A (the “Format of Tranche Implementation Report and Plan”) covering each previous calendar year, that it had achieved a significant level of implementation of activities initiated with previously approved tranches, and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent; and
- (d) That the Country has submitted and received approval from the Executive Committee for a tranche implementation plan in the form of Appendix 4-A (the “Format of Tranche Implementation Reports and Plans”) covering each calendar year until and including the

year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen.

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 Institutions and Roles”) will monitor and report on Implementation of the activities in the previous tranche implementation plan in accordance with their roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in sub-paragraph 5(b).

7. The Executive Committee agrees that the Country may have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the smoothest phase-down and phase-out of the Substances specified in Appendix 1-A. Reallocations categorized as major changes must be documented in advance in a Tranche Implementation Plan and approved by the Executive Committee as described in sub-paragraph 5(d). Major changes would relate to reallocations affecting in total 30 per cent or more of the funding of the last approved tranche, issues potentially concerning the rules and policies of the Multilateral Fund, or changes which would modify any clause of this Agreement. Reallocations not categorized as major changes may be incorporated in the approved Tranche Implementation Plan, under implementation at the time, and reported to the Executive Committee in the Tranche Implementation Report. Any remaining funds will be returned to the Multilateral Fund upon closure of the last tranche of the plan.

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing sub-sector, in particular:

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and
- (b) The Country and the bilateral and implementing agencies involved will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the plan.

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. UNEP has agreed to be the lead implementing agency (the “Lead IA”) and UNIDO has agreed to be cooperating implementing agency (the “Cooperating IA”) under the lead of the Lead IA in respect of the Country’s activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of any of the IA taking part in this Agreement.

10. The Lead IA will be responsible for carrying out the activities of the plan as detailed in the first submission of the HPMP with the changes approved as part of the subsequent tranche submissions, including but not limited to independent verification as per sub-paragraph 5(b). This responsibility includes the necessity to co-ordinate with the Cooperating IA to ensure appropriate timing and sequence of activities in the implementation. The Cooperating IA will support the Lead IA by implementing the activities listed in Appendix 6-B under the overall co-ordination of the Lead IA. The Lead IA and Cooperating IA have entered into a formal agreement regarding planning, reporting and responsibilities under this Agreement to facilitate a co-ordinated implementation of the Plan, including regular co-ordination meetings. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IA with the fees set out in rows 2.2 and 2.4 of Appendix 2-A.

11. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in row 1.2 of Appendix 2-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. At 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 tranche 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 reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the country did not comply with this Agreement, and take related decisions. Once these decisions are taken, this specific case will not be an impediment for future tranches as per paragraph 5.

12. The Funding 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.

13. The Country will comply with any reasonable request of the Executive Committee and the Lead IA and the Cooperating IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA and the Cooperating IA with access to information necessary to verify compliance with this Agreement.

14. The completion of the HPMP and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption has been specified in Appendix 2-A. Should at that time activities be still outstanding which were foreseen in the Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per Appendix 4-A (a), (b), (d) and (e) continue until the time of the completion if not specified by the Executive Committee otherwise.

15. 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 Montreal Protocol unless otherwise defined herein.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	20.02

APPENDIX 2-A: THE TARGETS, AND FUNDING

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	n/a	n/a	20	20	18	18	18	18	18	13	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	n/a	20	20	18	18	18	18	18	13	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	120,000			90,000			50,000			20,000		280,000
2.2	Support costs for Lead IA (US \$)	15,600			11,700			6,500			2,600		36,400
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	150,000			150,000			50,000					350,000
2.4	Support costs for Cooperating IA (US \$)	11,250			11,250			3,750					26,250
3.1	Total agreed funding (US \$)	270,000			240,000			100,000			20,000		630,000
3.2	Total support costs (US \$)	26,850			22,950			10,250			2,600		62,650
3.3	Total agreed costs (US \$)	296,850			262,950			110,250			22,600		692,650
4.1.1	Total phase-out of HCFC-22 under this agreement (ODP tonnes)												7
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tonnes)												0.0
4.1.3	Remaining eligible consumption for HCFCs												13

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval not earlier than the second meeting of the year specified in Appendix 2-A.

APPENDIX 4-A: FORMAT OF TRANCHE IMPLEMENTATION REPORTS AND PLANS

1. The submission of the Tranche Implementation Report and Plan will consist of five parts:
 - (a) A narrative report regarding the progress in the previous tranche, reflecting on the situation of the Country in regard to phase out of the Substances, how the different activities contribute to it and how they relate to each other. The report should further highlight successes, experiences and challenges related to the different activities included in the Plan, reflecting on changes in the circumstances in the country, and providing other relevant information. The report should also include information about and justification for any changes vis-à-vis the previously submitted tranche plan, such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes. The narrative report will cover all relevant years specified in sub-paragraph 5(a) of the Agreement and can in addition also include information about activities in the current year;
 - (b) A verification report of the HPMP results and the consumption of the substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a

verification report has not yet been acknowledged by the Committee;

- (c) A written description of the activities to be undertaken in the next tranche, highlighting their interdependence, and taking into account experiences made and progress achieved in the implementation of earlier tranches. The description should also include a reference to the overall Plan and progress achieved, as well as any possible changes to the overall plan foreseen. The description should cover the years specified in sub-paragraph 5(d) of the Agreement. The description should also specify and explain any revisions to the overall plan which were found to be necessary;
- (d) A set of quantitative information for the report and plan, submitted into a database. As per the relevant decisions of the Executive Committee in respect to the format required, the data should be submitted online. This quantitative information, to be submitted by calendar year with each tranche request, will be amending the narratives and description for the report (see sub-paragraph 1(a) above) and the plan (see sub-paragraph 1(c) above), and will cover the same time periods and activities; it will also capture the quantitative information regarding any necessary revisions of the overall plan as per sub-paragraph 1(c) above. While the quantitative information is required only for previous and future years, the format will include the option to submit in addition information regarding the current year if desired by the country and lead implementing agency; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of above sub-paragraphs 1(a) to 1(d).

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The NOU will submit annual progress reports of status of implementation of the HPMP to UNEP.
2. Monitoring of development of HPMP and verification of the achievement of the performance targets, specified in the Plan, will be assigned to independent local company or to independent local consultants by UNEP.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities. These can be specified in the project document further, but include at least 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) Assisting the Country in preparation of the Tranche Implementation Plans and subsequent reports as per Appendix 4-A;
 - (c) Providing verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;
 - (d) Ensuring that the experiences and progress is reflected in updates of the overall Plan and in future Tranche Implementation Plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
 - (e) Fulfilling the reporting requirements for the tranches and the overall Plan as specified in Appendix 4-A as well as project completion reports for submission to the Executive

Committee. The reporting requirements include the reporting about activities undertaken by the Cooperating IA;

- (f) Ensuring that appropriate independent technical experts carry out the technical reviews;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;
- (i) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;
- (j) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country and the co-ordinating implementing agencies, the allocation of the reductions to the different budget items and to the funding of each implementing or bilateral agency involved;
- (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.

2. After consultation with the Country and taking into account any views expressed, the Lead IA will select and mandate an independent organization to carry out the verification of the HPMP results and the consumption of the substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement and sub-paragraph 1(b) of Appendix 4-A.

APPENDIX 6-B: ROLE OF COOPERATING IMPLEMENTING AGENCY

1. The Cooperating IA will be responsible for a range of activities. These activities can be specified in the respective project document further, but include at least the following:

- (a) Providing policy development assistance when required;
- (b) Assisting the Country in the implementation and assessment of the activities funded by the Cooperating IA, and refer to the Lead IA to ensure a co-ordinated sequence in the activities; and
- (c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A.

APPENDIX 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US \$2,500 per metric tonne of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met.
