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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-third Meeting
Montreal, 4-8 April 2011

PROJECT PROPOSAL: BENIN

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

Benin

(I) PROJECT TITLE	AGENCY
HCFC phase-out management plan (stage I, first tranche)	UNEP (lead), UNIDO

(II) LATEST ARTICLE 7 DATA	Year: 2009	23.6 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP)								Year: 2009	
Chemical	Aerosol	Foam	Fire	Refrigeration		Solvent	Process	Lab	Total sector
				Manufacturing	Servicing				
HCFC123									
HCFC124									
HCFC141b									
HCFC142b									
HCFC22					23.6				23.6

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline (estimate):	23.6	Starting point for sustained aggregate reductions:	23.6
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.0	Remaining:	15.35

(V) BUSINESS PLAN		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.8		0.8			0.8		0.8		0.8	4.2
	Funding (US \$)	71,190		71,190			71,190		71,190		71,190	355,950
UNIDO	ODS phase-out (ODP tonnes)	1.6		0.7			0.8		0.6		0.6	4.2
	Funding (US \$)	107,500		43,000			53,750		37,625		37,625	279,500

(VI) PROJECT DATA		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits (estimate)		n/a	n/a	23.6	23.6	21.2	21.2	21.2	21.2	21.2	15.4	
Maximum allowable consumption (ODP tonnes)		n/a	n/a	23.6	23.6	21.2	21.2	21.2	21.2	21.2	15.4	
Project Costs requested in principle(US\$)	UNEP	Project costs	85,000		85,000		75,000		65,000		60,000	370,000
		Support costs	11,050		11,050		9,750		8,450		7,800	48,100
	UNIDO	Project costs	100,000		40,000		50,000		35,000		35,000	260,000
		Support costs	7,500		3,000		3,750		2,625		2,625	19,500
Total project costs requested in principle (US \$)		185,000		125,000		125,000		100,000		95,000	630,000	
Total support costs requested in principle (US \$)		18,550		14,050		13,500		11,075		10,425	67,600	
Total funds requested in principle (US \$)		203,550		139,050		138,500		111,075		105,425	697,600	

(VII) Request for funding for the first tranche (2011)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNEP	85,000	11,050
UNIDO	100,000	7,500

Funding request:	Approval of funding for the first tranche (2011) as indicated above
Secretariat's recommendation:	For Individual consideration

PROJECT DESCRIPTION

1. On behalf of the Government of Benin, UNEP, as the lead implementing agency, has submitted to the 63rd Meeting of the Executive Committee stage I of the HCFC phase-out management plan (HPMP) at a total cost, as originally submitted, of US \$630,000 plus support cost of US \$67,600. The Government of Benin is requesting US \$370,000 plus agency support cost of US \$48,100 for UNEP and US \$260,000 plus agency support costs of US \$19,500 for UNIDO to meet the 35 per cent reduction by 2020.
2. The first tranche for stage I being requested at this meeting amounts to US \$85,000 plus agency support cost of US \$11,050 for UNEP and US \$100,000 plus agency support cost of US \$7,500 for UNIDO, as originally submitted.

Background

ODS regulations

3. The Government of Benin has a legislative, regulatory and legal framework controlling the importation and distribution of HCFCs in its territory. The current ODS regulations include the issuance of annual quotas except for HCFCs, quotas for which will be put in place by the end of 2011. In January 2003 an official government order established a list of ODS and ODS-based equipment for which a special import permit is required. The country also intends to ban the import of HCFC-based equipment from 2012.
4. The sub-regional regulation for the UEMOA (Union Economique et Monétaire de l'Ouest Africain) harmonize the regulations of member countries concerning the importation, marketing, use and re-export of substances that deplete the ozone layer and the elimination of equipment using ODS, including HCFCs and HCFC-based equipment, thereby controlling movement among these countries. These sub-regional regulations have been harmonised with national regulations to include the accelerated HCFC phase-out control measures agreed in 2007.
5. The main body responsible for implementing, monitoring and evaluating the activities under the Montreal Protocol including the HPMP is the National Ozone Unit (NOU), under the Ministry of Environment. It also coordinates consultations with the National Ozone Committee and key stakeholders involved in the implementation of the HPMP.

HCFC consumption

6. The HPMP provided information on the HCFC consumption in the country. The survey shows that Benin uses mostly HCFC-22 in the refrigeration servicing sector and that HCFC consumption increased from 334.38 metric tonnes (mt) (18.39 ODP tonnes) in 2006 to 429.42 mt (23.6 ODP tonnes) in 2009.
7. The 2010 HCFC consumption in Benin was estimated using a zero growth rate from its 2009 consumption and therefore remains at the level of 429.4 mt (23.6 ODP tonnes). Table 1 presents the data on HCFC consumption extracted from the survey as well as data reported under Article 7 of the Montreal Protocol. The Government of Benin informed UNEP that the data reported under Article 7 do not reflect Benin's HCFC consumption; therefore the survey results are more accurate. Based on these survey results, the Government of Benin will send a request to the Ozone Secretariat to rectify HCFC consumption reported from 2006 to 2008 as per survey results.

Table 1: HCFCs consumption from 2006 to 2009

Year	Article 7		Survey results	
	HCFC-22 (in ODP tons)	HCFC-22 (in metric tons)	HCFC-22 (in ODP tons)	HCFC-22 (in metric tons)
2006	0.3	5.45	18.39	334.38
2007	0.3	5.45	19.99	363.46
2008	0.8	14.6	21.73	395.06
2009	23.6	429.4	23.6	429.42

8. HCFC consumption in Benin is expected to grow on a yearly basis by 7 per cent using an unconstrained growth scenario from 2011 to 2020. Table 2 presents the forecast on HCFC consumption from 2009 to 2020.

Table 2: Forecast consumption of HCFC

Year		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Without MP constraints	MT	429.4	429.4	460	492	526	563	602	644	690	738	789	845
	ODP	23.6	23.6	25.3	27.1	28.9	31.0	33.1	35.4	38.0	40.6	43.4	46.5
With MP constraints	MT	n/a	n/a	429.4	429.4	429.4	408	386.5	365	344	322.1	301	279.1
	ODP	n/a	n/a	23.6	23.6	23.6	22.4	21.3	20.1	18.9	17.7	16.6	15.4

Sectoral distribution of HCFCs

9. HCFCs in Benin are used predominantly for servicing in the domestic, commercial and industrial refrigeration and air-conditioning sectors. Table 3 below presents the consumption of refrigerants in the country by refrigeration servicing sector.

Table 3: Distribution of HCFC-22 in refrigeration systems

Refrigeration and air-conditioning equipment	Total units	Charge (tonnes)		Servicing Consumption /year (tonnes)	
		Metric	ODP	Metric	ODP
Residential	802,348	962.73	52.95	401.34	22.1
Commercial	1,640	19.64	1.08	12.79	0.7
Industrial	780	19.45	1.07	15.28	0.84
Total	804,768	1,001.82	55.1	429.41	23.6

10. The HPMP estimated the servicing need for the equipment using leakage rates estimated at either 41 per cent or 65 per cent depending on the type of end-user. The lower leakage rate (41 per cent) was attributed to equipment owned by private holders while equipment owned by commercial/industrial sectors was believed to have a higher leakage rate (65 per cent) because it is repaired more often in Benin.

11. With regard to HCFC-22 prices, the survey results showed that they are relatively low as compared with those of alternative refrigerants such as R-134a, R-404A, R-600A and R-407C. Due to the fact that HCFC-22 is cheaper than the rest of the alternative refrigerants, it is used extensively in commercial refrigeration and for almost all servicing requirements.

Calculation of estimated baseline

12. The estimated HCFC baseline for compliance was calculated by the country as the average of the 2009 actual consumption reported under Article 7 of 429.4 mt (23.6 ODP tonnes) and 2010 estimated consumption of 429.4 mt (23.6 ODP tonnes) resulting in an estimated baseline of 429.4 mt (23.6 ODP tonnes).

HCFC phase-out strategy and costs

13. The Government of Benin has adopted a two-step strategy for implementing its HPMP. It plans to freeze its HCFC consumption by 1 January 2013 at the level of 429.4 mt (23.6 ODP tonnes) and gradually reduce it from the baseline data following the Montreal Protocol control measures to meet the 35 per cent reduction in 2020. Thereafter, HCFC phase-out will continue until reaching the overall consumption reduction rate of 97.5 per cent in 2030 and keeping an allowance of 2.5 per cent of the baseline consumption for meeting servicing needs until 2040.

14. The Government of Benin is proposing to meet its compliance targets by implementing both investment and non-investment activities from 2011 to 2020. The investment component includes activities such as the purchase of recovery tank, recovery machine and service tools, and technical assistance to promote the recovery network. The equipment to be purchased will enhance the capacity of the three technical schools identified to serve as reference centre for the conversion of the equipment using HCFCs and therefore improve the sustainability of the activities planned under the HPMP. The non-investment component covers activities related to public awareness to strengthen enforcement of HCFC regulations and legislation that include HCFC control measures agreed in 2007 and the ban on import of HCFC-based equipment from 2012. It also covers the introduction of monitoring ODS imports in the curricula of all customs schools, the training of 20 trainers and 480 refrigeration technicians in retrofitting techniques and good practices in refrigeration, and the training of 300 customs officers to enhance the surveillance on importation of HCFCs and HCFC-based equipment in Benin.

15. The HPMP advised that training programmes completed under the terminal phase-out management plan (TPMP) had trained 27 trainers, 39 customs inspectors, and 316 refrigeration technicians. It also gave information on the acquisition and the distribution of 20 sets of recovery equipment, charging stations, toolkits and service equipment, refrigerants and cylinders to technical schools and associations of refrigeration technicians, the acquisition of 10 identifiers, and the introduction of a retrofitting module into the curriculum of the secondary technical schools.

Cost of the HPMP

16. The total cost for the implementation of stage I of the HPMP as submitted is US \$630,000 plus agency support costs of US \$67,600 including US \$48,100 for UNEP and US \$19,500 for UNIDO. These resources will allow the country to implement activities to phase out 150.3 mt (8.3 ODP tonnes) of HCFCs by the end of 2020. Table 4 presents the allocated funds for each activity in the HPMP.

Table 4: Total cost of stage I of the HPMP (US\$)

Project title	Agency	2011	2013	2016	2018	2020	Total
Conducting national public awareness on the Enforcement of the new legislation et regulatory on HCFC	UNEP	20,000	20,000	10,000			50,000
Training of trainers and refrigeration technicians in retrofitting techniques and/or good practices in refrigeration	UNEP	20,000	20,000	20,000	20,000	20,000	100,000
Training of customs offices to improve the surveillance of the import of HCFC and HCFC-based equipment	UNEP	25,000	25,000	25,000	25,000	20,000	120,000
Investment project to promote the recovery network (recovery tank, recovery machine, service tools...)	UNIDO	100,000	40,000	50,000	35,000	35,000	260,000
Monitoring and evaluation of HPMP	UNEP	20,000	20,000	20,000	20,000	20,000	100,000
TOTAL		185,000	125,000	125,000	100,000	95,000	630,000

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

17. The Secretariat reviewed the HPMP for Benin in the context of the guidelines for the preparation of HPMPs (decision 54/39), the criteria for funding HCFC phase-out in the consumption sector agreed at the 60th Meeting (decision 60/44), subsequent decisions on HPMPs made at the 62nd Meeting and the 2011-2014 business plan of the Multilateral Fund.

Issues related to HCFC consumption

18. The Secretariat examined the HCFC survey results and noted that they were inconsistent with data reported under Article 7. Furthermore, the review of Article 7 data shows an increase of 2,841 per cent in 2009. In this regard, UNEP advised the Secretariat that the HCFC consumption reported under Article 7 was not accurate as the government had not yet done a comprehensive survey. Although the Secretariat requested UNEP to further justify such an increase, the agency could not provide additional information except for the explanation that the HCFC consumption survey results are the most accurate and show a yearly increase in HCFC consumption of around 8.7 per cent from 2007 to 2009. Benin considers that the HCFC consumption level in 2010 was likely to have remained the same as any increase in the demand for servicing of HCFC-based equipment was taken into account. Therefore, a zero growth rate was used to estimate its 2010 HCFC consumption. UNEP also indicated that most air-conditioning equipment in the country is serviced 3 to 4 times a year due to the high leakages ranging from 41 to 65 per cent and the frequent electricity failure in the country which accounts for the high consumption. In addition, most refrigeration air-conditioning equipment is old and exposed to salty atmosphere which causes corrosion and leakage. UNEP justified that the survey results show the actual need for HCFCs to service existing installed equipment in operation in the country.

Starting point for aggregate reduction in HCFC consumption

19. The Government of Benin agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the average level of consumption in 2009 and 2010 which has been estimated at 23.6 ODP tonnes. The business plan indicated a baseline of 24.5 ODP tonnes which is higher than the selected baseline. The difference results from the fact that Benin used a zero growth rate from its 2009 consumption while the business plan estimated the growth rate for the same period at 8 per cent.

20. The Secretariat drew UNEP's attention to the fact that the currently estimated baseline of 429.4 mt (23.6 ODP tonnes) being higher than 360 mt moves Benin to the category of a non-low-volume-consuming (non-LVC) country and to decision 62/11 where the Executive Committee decided to "allow the submission of stage I of the HCFC phase-out management plans to assist former low-volume-consuming countries with HCFC consumption in the refrigeration servicing sector only, that was above 360 metric tonnes, to meet control measures up to 2020 on the understanding that the level of funding provided would be considered on a case-by-case basis until otherwise decided". UNEP indicated that the Government of Benin requested the country to continue being treated as an LVC, despite the high estimated baseline consumption, and to therefore have access to eligible funding for the category of countries whose HCFC consumption is in the refrigeration servicing sector in accordance with the above decision. The government's reasons for this are: (1) it acknowledges that it does not use HCFCs for manufacturing; (2) its consumption is only in the servicing sector and; (3) it will allow the development of a longer term strategy and the mobilisation of additional resources for energy efficiency and climate benefits. In doing so, the government also commits to phasing out the total amount required for the 35 per cent reduction by 2020 based on its estimated baseline (i.e. 429.4 mt) and not on the consumption used to calculate funding (i.e. 360 mt). In the case of Benin, this means that to comply with the 2020 control measure, the country needs to phase out 150.3 mt (i.e. 35 per cent of 429.4 mt). UNEP indicated that the country is committed to this phase-out and will look on its own for counterpart/co-financing, if needed, to augment what is being requested in this submission.

Technical and cost issues

21. The Secretariat sought clarifications on the equipment provided under the TPMP. UNEP confirmed that the equipment was purchased and delivered and is being used. However, the amount of equipment provided was insufficient and would not be adequate for addressing HCFCs and the recently developed alternatives. In this respect, the HPMP aims to provide additional tool kits to customs officers and refrigeration service technicians.

22. The Secretariat also considered to what extent the training provided to trainers under the TPMP and established training institutes could be used under the HPMP. UNEP explained that the experience acquired under the TPMP will be used during the HPMP implementation. Refresher training in good practices in refrigeration servicing and a complete course in retrofitting techniques will be provided to those technicians that will be used as trainers for 480 refrigeration technicians in the country.

23. In line with decision 60/44, the funding for the implementation of stage I of the HPMP in Benin has been agreed to US \$630,000 (excluding agencies' support costs) and covers activities to meet the required 35 per cent reduction by 2020 as shown in Table 4 above. The total support costs are US \$67,600 and include US \$48,100 for UNEP and US \$19,500 for UNIDO.

24. The Secretariat explained to UNEP that should the calculation of the actual baseline for Benin be different to 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 maximum funding for an LVC country (i.e. US \$630,000) to meet the 35 per cent reduction by 2020.

Impact on the climate

25. The proposed technical assistance activities in the HPMP, which include the introduction of better servicing practices and enforcement of HCFC import controls, will reduce the amount of HCFC-22 used for refrigeration servicing. Each kilogram (kg) of HCFC-22 not emitted due to better refrigeration practices results in the savings of approximately 1.8 CO₂-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Benin, in particular its strong reliance on the use of hydrocarbons in the service sector, indicate that it is likely that the country will achieve a reduction of 27,570.20 CO₂-equivalent tonnes in emissions into the atmosphere as estimated in the 2011-2014 business plan. However, at this time, the Secretariat is not in a position to quantitatively estimate the impact on the climate. The impact might be established through an assessment of implementation reports by, inter alia, comparing the levels of refrigerants used annually from the commencement of the implementation of the HPMP, the reported amounts of refrigerants being recovered and recycled, the number of technicians trained and the HCFC-22 based equipment being retrofitted.

Co-financing

26. In response to decision 54/39(h) on potential financial incentives and opportunities for additional resources to maximize the environmental benefits from HPMPs pursuant to paragraph 11(b) of decision XIX/6 of the Nineteenth Meeting of the Parties, UNEP explained that Benin is planning to work closely with UNIDO and UNEP for the development of a co-financing programme based on climate benefits.

2011-2014 business plan of the Multilateral Fund

27. UNEP and UNIDO are requesting US \$630,000 plus support costs for implementation of the HPMP. The total value requested for the period 2011-2020 of US \$697,600 including support costs is within the total amount in the business plan.

28. Based on the estimated HCFC baseline consumption in the servicing sector of 23.6 ODP tonnes and the decision of the Government to be treated as an LVC, Benin's allocation up to the 2020 phase-out should be US \$630,000, excluding support costs, in line with decision 60/44.

Draft agreement

29. A draft Agreement between the Government of Benin and the Executive Committee for HCFCs phase-out is contained in Annex I to the present document.

RECOMMENDATION

30. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Benin for the period 2011 to 2020, at the amount of US \$697,600, comprising of US \$370,000 and agency support costs of US \$48,100 for UNEP, and US \$260,000 and agency support costs of US \$19,500 for UNIDO;
- (b) Noting that the Government of Benin had agreed at the 63rd Meeting to establish as its starting point for sustained aggregate reduction in HCFC consumption the estimated baseline of 23.6 ODP tonnes, calculated using actual consumption for 2009 and estimated consumption for 2010;
- (c) Approving the draft Agreement between the Government of Benin and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the

present document;

- (d) Requesting the Fund Secretariat, once the baseline data were known, to update Appendix 2-A to the draft Agreement to include the figures for maximum allowable consumption, and to notify the Executive Committee of the resulting levels of maximum allowable consumption, and of any potential related impact on the eligible funding level, with any adjustments needed being made when the next tranche was submitted; and
- (e) Approving the first tranche of the HPMP for Benin, and the corresponding implementation plan, at the amount of US \$203,550, comprising of US \$85,000 and agency support costs of US \$11,050 for UNEP, and US \$100,000 and agency support costs of US \$7,500 for UNIDO.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF BENIN AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS

1. This Agreement represents the understanding of the Government of Benin (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 15.35 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”; the Target) 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 rows 4.1.3 and 4.2.3 (remaining eligible consumption).
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 (“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 accept independent verification, to be commissioned by the relevant bilateral or implementing agency, of achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) of this Agreement as described in subparagraph 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 (“Format of Tranche Implementation Reports and Plans”) 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 (“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 (“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 have agreed to be cooperating implementing agency/agencies (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 agencies 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	23.6

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	23.6	23.6	21.24	21.24	21.24	21.24	21.24	15.35	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	n/a	23.6	23.6	21.24	21.24	21.24	21.24	21.24	15.35	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)		85,000		85,000			75,000		65,000		60,000	370,000
2.2	Support costs for Lead IA (US \$)		11,050		11,050			9,750		8,450		7,800	48,100
2.3	Cooperating IA (UNIDO) agreed funding (US \$)		100,000		40,000			50,000		35,000		35,000	260,000
2.4	Support costs for Cooperating IA (US \$)		7,500		3,000			3,750		2,625		2,625	19,500
3.1	Total agreed funding (US \$)		185,000		125,000			125,000		100,000		95,000	630,000
3.2	Total support costs (US \$)		18,550		14,050			13,500		11,075		10,425	67,600
3.3	Total agreed costs (US \$)		203,550		139,050			138,500		111,075		105,425	697,600
4.1.1	Total phase-out of HCFC-22 under this agreement (ODP tonnes)												8.25
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tonnes)												0
4.1.3	Remaining eligible consumption for HCFC-22												15.35

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 the Lead IA; 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 Cooperating IAs, 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 \$180 per ODP kg 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.