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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: GUYANA

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/UNDP

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
GUYANA**

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

(II) LATEST ARTICLE 7 DATA	Year: 2009	0.93 (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	Serviceing				
HCFC-123									
HCFC-124									
HCFC-141b									
HCFC-142b									
HCFC-22					0.93				0.93

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline (estimate):	0.97	Starting point for sustained aggregate reductions:	0.97
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.0	Remaining:	0.87

(V) BUSINESS PLAN		2011	2012	2013	2014	Total
UNDP	ODS phase-out (ODP tonnes)	0	0	0	0	0
	Funding (US \$)	16,000	16,000	16,000	5,000	53,000
UNEP	ODS phase-out (ODP tonnes)	0	0	0	0	0
	Funding (US \$)	4,000	7,000	3,000	3,000	17,000

(VI) PROJECT DATA			2011	2012	2013	2014	2015	Total
Montreal Protocol consumption limits (estimate)			n/a	n/a	0.97	0.97	0.87	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	0.97	0.97	0.87	n/a
Project costs requested in principle(US \$)	UNEP	Project costs	11,000			7,000		18,000
		Support costs	1,430			910		2,340
	UNDP	Project costs	48,000					48,000
		Support costs	4,320					4,320
Total project costs requested in principle (US \$)			59,000			7,000		66,000
Total support costs requested in principle (US \$)			5,750			910		6,660
Total funds requested in principle (US \$)			64,750			7,910		72,660

(VII) Request for funding for the first tranche (2011)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNDP	48,000	4,320
UNEP	11,000	1,430

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 Guyana UNEP, as the lead implementing agency, has submitted to the 63rd Meeting of the Executive Committee an HCFC phase-out management plan (HPMP) at a total cost, as originally submitted, of US \$169,400 plus agency support costs of US \$8,320 for UNEP and US \$9,486 for UNDP, for the implementation of stage I of the HPMP. The HPMP covers strategies and activities to achieve the 10 per cent reduction in 2015.

2. The first tranche for stage I being requested at this meeting amounts to US \$15,500 plus agency support of US \$2,015 for UNEP and US \$79,400 plus agency support cost of US \$7,146 for UNDP, as originally submitted.

Background

ODS regulations

3. The Ministry of Agriculture is the national body responsible for the implementation of the Montreal Protocol in Guyana. The Government of Guyana passed the Trade Order No. 19 of 2007 which, *inter alia*, controlled the import and export of all ozone-depleting substances (ODS). The regulation was amended in 2010 through the Trade Order No. 6 of 2010 to include HCFCs and HCFC-based equipment in the licensing system. The regulation stipulates that all importers of ODS and ODS equipment must obtain import permits. These two trade orders established a legal frame work for supporting the monitoring and control of trade of HCFCs and HCFC-based equipment in Guyana. In addition, the Government of Guyana plans to implement a quota system to control the import of HCFCs. The National Ozone Action Unit (NOAU) issues quotas based on consumption levels set under the Montreal Protocol.

HCFC consumption

4. All HCFCs used in Guyana are imported as the country does not produce these substances. In its Article 7 data, Guyana reported only HCFC-22 being consumed in the country. The survey undertaken during HPMP preparation showed that a small quantity of HCFC-141b was used as a flushing agent but this practice has been discontinued now. Guyana also imported a small quantity of HCFC-408A and HCFC-406A blends, which contain negligible quantities of HCFC-142b. HCFC-22 is the least expensive refrigerant available in Guyana and is used predominantly in servicing refrigeration and air conditioning equipment. In 2009 the total refrigerant consumption in Guyana was 45.05 metric tonnes (mt), of which HCFCs accounted for 19.27 mt (1.06 ODP tonnes), or 42 per cent. Table 1 shows the level of HCFC consumption in Guyana.

Table 1: HCFC-22 level of consumption in Guyana

Year	Article 7 data		Survey data	
	mt	ODP tonnes	mt	ODP tonnes
2005	44.60	2.45	44.60	2.45
2006	6.58	0.36	6.58	0.36
2007	8.72	0.48	8.72	0.48
2008	31.37	1.72	31.37	1.72
2009	16.82	0.93	19.27	1.06

5. The survey data showed a 2.45 mt difference in HCFC-22 consumption for 2009 as compared with what was submitted under Article 7 data. This was attributed to inaccuracies in the licensing system which did not cover imports of HCFCs in 2009. Meanwhile the HCFC survey involved a more rigorous data collection exercise which determined the HCFCs actually used in servicing. The surveyed data is

considered to be more accurate. UNEP informed the Secretariat that Guyana will submit an official request to the Ozone Secretariat to change the Article 7 data for 2009 to make it consistent with the survey figures.

Sectoral distribution of HCFCs

6. The installed capacity of refrigeration and air-conditioning units in the country using HCFC-22 was estimated at 17,000 units in 2009. The average charge for different types of equipment was estimated and used to calculate the total installed capacity. The average leakage rate is approximately 44 per cent. A summary of HCFC consumption by sector is shown in Table 2.

Table 2: HCFC consumption by sector for 2009

Type	Total number of units	Total charge of refrigerant (tonnes)		Service demand (tonnes)	
		Metric	ODP	Metric	ODP
Domestic	8,515	11.92	0.66	4.33	0.24
Commercial	4,582	17.45	0.96	7.29	0.40
Industrial	3869	12.43	0.68	6.70	0.37
Total	16,966	41.80	2.30	18.33	1.01

Estimated baseline for HCFC consumption

7. The estimated baseline is calculated as 17.66 mt (0.97 ODP tonnes) using the average of the reported 2009 consumption of 16.82 mt (0.93 ODP tonnes) and the estimated 2010 consumption of 18.5 mt (1.02 ODP tonnes) based on 10 per cent growth rate from 2009. The estimated baseline will be adjusted accordingly when the actual reported A7 data for 2010 is known.

Forecast of future HCFC consumption

8. HCFC import in Guyana has been fluctuating since 2005. The average consumption from 2005 to 2009 is 21.62 mt per year. Guyana projected its future HCFC consumption in a graph based on the historical imports which shows an annual growth rate of 12 per cent. The country believes that a 10 per cent annual growth in the future is more realistic based on the actual needs of servicing installed equipment as shown in Table 2 above. Table 3 below provides a summary of the forecast of HCFC consumption in Guyana, showing the difference between constrained growth (i.e. in line with the Protocol) and unconstrained growth.

Table 3: Forecast consumption of HCFC

		2009*	2010	2011	2012	2013	2014	2015
Constrained HCFC consumption	MT	16.82	18.50	20.35	22.39	17.66	17.66	15.89
	ODP	0.93	1.02	1.12	1.23	0.97	0.97	0.87
Unconstrained HCFC consumption	MT	16.82	18.50	20.35	22.39	24.63	27.09	29.80
	ODP	0.93	1.02	1.12	1.23	1.35	1.49	1.64

*actual reported A7 data

HCFC phase-out strategy

9. The Government of Guyana is proposing to follow the Montreal Protocol schedule and adopt a staged approach to achieve the complete phase-out of HCFCs by 2030. The current submission only consists of stage I of the HPMP to achieve a 10 per cent reduction in 2015 and focuses largely on activities for the servicing sector using HCFC-22.

10. Guyana will reduce the demand for HCFC-22 for servicing of existing equipment through HCFC recovery and recycling, and by strengthening training of technicians and building their capacity for better service practices. Guyana will also ensure that imports of both bulk HCFC-22 and equipment containing HCFCs are reduced by applying the established quota to follow the reduction schedule in the Montreal Protocol. In addition, the Government will strengthen the enforcement of the licensing system in order to closely monitor imports of both HCFCs and HCFC-using equipment to ensure that these are within the limits set. The summary of activities and proposed implementation period is shown in Table 4.

Table 4: Specific activities of the HPMP and proposed period of implementation

Description of Activities	Implementation schedule
Technical support to the service sector: training of technicians on good practice, recovery and reuse, retrofitting to alternatives, provision of service tools, equipment and hydrocarbon service kits	2011 - 2015
Institutional, policy and legal framework: developing policies to establish an enabling environment for applying licensing and quota system, training of customs officers and law enforcement officers	2011 - 2013
Public education and awareness: disseminate information to the public on HCFC phase out, emerging technology options, raise awareness on safety issues related to hydrocarbon refrigerants through seminars, presentation, distribution of leaflets	2012 - 2015
Monitoring, evaluation and reporting	2011 - 2015

Cost of the HPMP

11. The total cost of stage I of the HPMP for Guyana has been estimated at US \$169,400 to achieve a 10 per cent reduction in HCFC consumption by 2015 resulting in a phase-out of 17.66 mt (0.97 ODP tonnes) of HCFCs. The detailed cost breakdown for activities is listed in Table 5.

Table 5: Total cost of the HPMP for Guyana (US \$)

Description of Activities	UNEP	UNDP	Budget
Technical Capacity Development	-	105,400	105,400
Policy and Enforcement	24,000	-	24,000
Education and Public Awareness	10,000	-	10,000
Monitoring and Reporting	30,000	-	30,000
Project Total	64,000	105,400	169,400

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

12. The Secretariat reviewed the HPMP for Guyana 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.

Overarching strategy

13. Guyana will follow the Montreal Protocol schedule to phase out HCFCs and chooses to submit only stage I to meet the 10 per cent reduction target by 2015 due to the uncertainty of new technologies and their commercial availability. Guyana will revisit its decision to follow only the Montreal Protocol schedule in 2015 when technology choices are better defined. Further adjustments in the strategy will be made during the implementation of stage I to ensure a smooth transition to phase out the remaining HCFCs from 2015 to 2030.

Issues related to HCFC consumption

14. UNEP provided an explanation for the 2.45 mt difference in HCFC-22 consumption between the survey data and the Article 7 data. It indicated that the Article 7 data provided by importers might be subject to inaccuracies as the licensing system did not cover imports of HCFCs in 2009. Meanwhile the HCFC survey involved a more rigorous data collection exercise which improved the accuracy of data collection. Steps will be taken to correct the 2009 Article 7 data submission to the Ozone Secretariat.

Starting point for aggregate reduction in HCFC consumption

15. The Government of Guyana agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the average level of actual reported consumption in 2009 and estimated consumption in 2010, which has been estimated at 0.97 ODP tonnes. The business plan indicated a baseline of 0.94 ODP tonnes.

Technical and cost issues

16. The Secretariat noted that Guyana has a small consumption of HCFC-141b (0.54 mt) as a flushing agent and HCFC-142b (0.34 mt) in the refrigerant blend R-406-A, and raised the issue of when these will be phased out as they have higher ODP values than HCFC-22. UNEP advised that the practice of using HCFC-141b as flushing agent has already been discontinued as of 2009. The HCFC-141b consumption identified during the survey is from historical stock, therefore no consumption was reported in Article 7 data. There is no demand for HCFC-141b anymore. The total amount of HCFC-142b contained in the blend R-406A is approximately 0.340 mt (0.007 ODP tonnes), which is negligible. Guyana will apply strict quotas to phase out these two chemicals as a priority.

17. The HPMP foresees that the activities predominantly in the servicing sector, such as training of technicians as well as a recovery and recycling programme, will assist the country to comply with its targets. Service tools and equipment will be provided to technicians to facilitate refrigerant recovery and good practice in the air conditioning and refrigeration service sector. The training activities will also include servicing equipment based on hydrocarbon refrigerants. It is most likely that all available alternative technologies will be applied during the HCFC phase-out.

18. The Secretariat raised concerns on the total cost of US \$169,400, as originally submitted, which had exceeded the eligible funding of US \$66,000 for a low-volume-consuming (LVC) country with a baseline of 17.66 mt (0.97 ODP tonnes) of HCFC consumption in the servicing sector only set in

decision 60/44. The Secretariat discussed the cost issues with UNEP and reiterated that the Executive Committee at its 61st Meeting has reminded that funding for LVCs should not exceed the amounts indicated in decision 60/44. Based on the discussion, UNEP adjusted the total funding level to US \$66,000 for the implementation of the HPMP. The reduced funding resulted in an adjustment of the activities and cost for each component.

19. In line with decision 60/44, the total funding for stage I of the HPMP for Guyana was agreed at US \$66,000 to phase out 1.77 mt (0.097 ODP tonnes) of HCFCs by 2015 as shown in Table 6. In considering decision 62/17 where the Executive Committee decided, *inter alia*, to ensure that the last tranche comprised 10 per cent of the total funding for the refrigeration servicing sector in the agreement and was scheduled for the last year of the plan the Secretariat agreed, on an exceptional basis with UNEP, to recommend only two tranches for this HPMP, and schedule the last tranche in 2014 rather than 2015. This is because the HPMP only covers the 10 per cent reduction by 2015 and the limited remaining funds are required to ensure that the country completes its activities.

Table 6: Agreed level of funding of stage I of the HPMP for Guyana

Description of Activities	UNEP	UNDP	Budget
Technical Capacity Development	-	48,000	48,000
Policy and Enforcement	5,000	-	5,000
Education and Public Awareness	-	-	-
Monitoring and Reporting	13,000	-	13,000
Project Total	18,000	48,000	66,000

Impact on the climate

20. 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 saved. A preliminary estimation of the impact on the climate, as calculated by Guyana in its HPMP, indicates that 54,532 CO₂-equivalent tonnes would not be emitted into the atmosphere. Guyana's calculation used the difference of the potential climate impact of HCFC-22 emissions under the constrained growth scenario for HCFC consumption (92,190 CO₂-equivalent tonnes) and the unconstrained scenario (146,723 CO₂-equivalent tonnes) as shown in Table 3. This figure is higher than the potential climate impact of the HPMP indicated in the 2011-2014 business plan of 329 CO₂-equivalent tonnes. This is because the value calculated in the business plan is based on the 10 per cent reduction of the estimated baseline of HCFCs to be potentially phased-out.

21. A more precise forecast of the impact on the climate of the activities in the servicing sector is presently not available. 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

22. 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 in case of Guyana HPMP, no co-funding was proposed.

2011-2014 business plan for the Multilateral Fund

23. UNEP and UNDP are requesting US \$66,000 plus support costs for implementation of stage I of the HPMP. The total value requested for the period 2011-2015 of US \$72,660 including support cost is within the total amount in the business plan.

24. Based on the estimated HCFC baseline consumption in the servicing sector of 17.66 mt, Guyana's allocation up to the 2015 phase-out should be US \$66,000 in line with decision 60/44.

Monitoring and evaluation

25. Monitoring and evaluation activities are planned to take place throughout the implementation period. A national consultant will be employed for project coordination, implementation and monitoring of progress. Independent verification of achievement is also planned.

Draft agreement

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

RECOMMENDATION

27. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Guyana for the period 2011 to 2015, at the amount of US \$72,660, comprising of US \$18,000 and agency support costs of US \$2,340 for UNEP, and US \$48,000 and agency support costs of US \$4,320 for UNDP;
- (b) Noting that the Government of Guyana had agreed at the 63rd Meeting to establish as its starting point for sustained aggregate reduction in HCFC consumption the estimated baseline of 0.97 ODP tonnes, calculated using actual consumption for 2009 and estimated consumption for 2010;
- (c) Approving the draft Agreement between the Government of Guyana 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 stage I of the HPMP for Guyana, and the corresponding implementation plan, at the amount of US \$64,750, comprising of US \$11,000 and agency support costs of US \$1,430 for UNEP, and US \$48,000 and agency support costs of US \$4,320 for UNDP.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GUYANA 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 the Republic of Guyana (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 0.87 ODP tonnes prior to 1 January 2015 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 row 4.1.3 (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 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 (“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 UNDP has agreed to be cooperating implementing 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	0.97

APPENDIX 2-A: THE TARGETS, AND FUNDING

		2011	2012	2013	2014	2015	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	n/a	0.97	0.97	0.87	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	0.97	0.97	0.87	n/a
2.1	Lead IA UNEP agreed funding(US \$)	11,000			7,000		18,000
2.2	Support costs for Lead IA(US \$)	1,430			910		2,340
2.3	Cooperating IA UNDP agreed funding (US \$)	48,000					48,000
2.4	Support costs for Cooperating IA (US \$)	4,320					4,320
3.1	Total agreed funding (US \$)	59,000			7,000		66,000
3.2	Total support cost (US \$)	5,750			910		6,660
3.3	Total agreed costs (US \$)	64,750			7,910		72,660
4.1.1	Total phase-out of HCFC 22 agreed to be achieved under this agreement (ODP tonnes)						0.1
4.1.2	Phase-out of HCFC 22 to be achieved in previously approved projects (ODP tonnes)						0
4.1.3	Remaining eligible consumption for HCFC 22 (ODP tonnes)						0.87

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. Project execution will commence with the establishment of the Project Monitoring and Reporting Unit within the Ministry of Agriculture to ensure timely project execution and verification of results achieved. The Hydrometeorological Service of the Ministry will have supervisory control of the unit.

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.
