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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixty-fifth Meeting  
Bali, Indonesia, 13-17 November 2011

**PROJECT PROPOSAL: BURUNDI**

This document consists of the comments and recommendation 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

### Burundi

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HCFC phase-out plan (Stage I)	UNEP (lead), UNIDO

<b>(II) LATEST ARTICLE 7 DATA</b>	Year: 2010	7.40(ODP tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>								<b>Year: 2010</b>	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123									
HCFC-124									
HCFC-141b									
HCFC-142b									
HCFC-22					7.40				7.40

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline (estimate):	7.15	Starting point for sustained aggregate reductions:	7.15
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	0.0	Remaining:	4.65

<b>(V) BUSINESS PLAN</b>		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.3	0.0	0.3			0.3		0.3		0.1	1.2
	Funding (US \$)	48,191	0	48,191	0	0	38,553	0	38,553	0	19,276	192,763
UNIDO	ODS phase-out (ODP tonnes)	0.3		0.1			0.3				0.7	1.2
	Funding (US \$)	66,182	0	22,061	0	0	70,594	0	0	0	17,649	176,485

<b>(VI) PROJECT DATA</b>			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits (estimate)			n/a	n/a	7.15	7.15	6.44	6.44	6.44	6.44	6.44	4.65		
Maximum allowable consumption (ODP tonnes)			n/a	n/a	7.15	7.15	6.44	6.44	6.44	6.44	6.44	4.65		
Project Costs requested in principle(US\$)	UNEP	Project costs	45,000		30,000			35,000		28,800		33,200	172,000	
		Support costs	5,850		3,900			4,550		3,744		4,316	22,360	
	UNIDO	Project costs	80,000					80,000						160,000
		Support costs	7,200					7,200						14,400
Total project costs requested in principle (US \$)			125,000		30,000			115,000		28,800		33,200	332,000	
Total support costs requested in principle (US \$)			13,050		3,900			11,750		3,744		4,316	36,760	
Total funds requested in principle (US \$)			138,050		33,900			126,750		32,544		37,516	368,760	

<b>(VII) Request for funding for the first tranche (2011)</b>		
<b>Agency</b>	<b>Funds requested (US \$)</b>	<b>Support costs (US \$)</b>
UNEP	45,000	5,850
UNIDO	80,000	7,200

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

## PROJECT DESCRIPTION

1. On behalf of the Government of Burundi UNEP, as the lead implementing agency, has submitted to the 65<sup>th</sup> Meeting of the Executive Committee stage I of an HCFC phase-out management plan (HPMP) at a total cost, as originally submitted, of US \$332,000 plus agency support costs of US \$22,360 for UNEP and US \$14,400 for UNIDO. The HPMP covers strategies and activities to achieve a 35 per cent reduction in HCFC consumption by 2020.
2. The first tranche for stage I being requested at this meeting amounts to US \$45,000 plus agency support cost of US \$5,850 for UNEP, and US \$80,000 plus agency support cost of US \$7,200 for UNIDO, as originally submitted.

### Background

#### ODS regulations

3. The Ministry of Environment and Land Management has the overall mandate for issues related to the environment and the implementation of the laws and regulations relating to this. The policies are coordinated by the Burundi National Institute for the Environment and Protection of Nature (INECN). The National Ozone Unit (NOU) under INECN was established in 2004 and is the body responsible for the implementation of the Montreal Protocol. The unit set up a National Steering Committee to control, monitor and manage the elimination of the use of ozone depleting substances (ODS) in Burundi comprising of the key stakeholders who are instrumental in meeting the goals of the National ODS phase-out programme in the country. ODS regulations that control and manage the imports and exports of all ODS and ODS-using equipment have been in existence since 2003. These include a licensing system for the import of ODS and ODS- using equipment including a quota system. The current ODS regulations include control measures for HCFCs but effective enforcement is yet to take place. There is as yet no national quota set for the import of HCFCs. Enforcement of the ODS regulations is the responsibility of the NOU/INECN in close collaboration with the Customs Department, Burundi Bureau of Standards, Environmental Crime Unit under the National Police and other security agents.

4. The Government of Burundi has ratified all the amendments to the Montreal Protocol.

#### HCFC consumption

5. All HCFCs used in Burundi are imported as the country does not produce these substances. The survey revealed that the country uses only HCFC-22, predominantly in the refrigeration and air-conditioning servicing sector, with a total of 134.55 mt used in 2010. Table 1 shows the level of HCFC consumption in Burundi.

Table 1: HCFC level of consumption in Burundi

Year	Article 7 data		Survey data	
	mt	ODP tonnes	mt	ODP tonnes
2005	12.73	0.70	90.90	5.00
2006	14.55	0.80	98.18	5.40
2007	21.82	1.20	105.45	5.80
2008	0	0.00	114.55	6.30
2009	124.71	6.90	124.71	6.90
2010	*	*	134.55	7.40

\*Article 7 data for 2010 was not available when HPMP was submitted

6. HCFC-22 is the least expensive refrigerant available in Burundi, its price is comparatively lower than the rest of the other available refrigerants. Due to the fact that HCFC-22 is cheaper, it is used extensively in commercial refrigeration and for almost all servicing requirements. The survey showed that there is an upward trend in consumption of alternative refrigerants during recent years. Ammonia, HFCs and HFC-blends are being used in cold rooms. Hydrocarbon (HC) refrigerants are not readily available on the market though there is an increase in the importation of the HC-dependent equipment. Therefore, strategies that encourage suppliers to increase their importation have to be put in place.

#### Sectoral distribution of HCFCs

7. The installed capacity of refrigeration and air-conditioning (HC) units using HCFC-22 was estimated at over 109,882 units in 2009. Although the leakage rate in domestic (unitary) AC is very low in Burundi because of the good weather conditions that limit the need for air conditioning in the houses and offices and its good energy saving programmes, the average leakage rate for all equipment used is around 60 per cent. The average charge for different types of equipment was estimated and used to calculate the total installed capacity. A summary of HCFC consumption by sector is shown in Table 2.

Table 2: HCFC consumption by sector for 2010

<b>Type</b>	<b>Total number of units</b>	<b>Installed capacity (KW)</b>	<b>HCFC-22 service demand (Kg)</b>
Domestic AC split/windows	98,864	118,637	47,454.70
Portable	2,544	10,176	7,123.20
Central AC	78.00	1,560	1,092
Cold rooms	1,204	7,224	4,334.40
Ice block machines	1,966	68,810	61,929
Commercial display cabinets	5,226	15,678	11,758.50
Total	109,882	222,085	13,3691.80

#### Estimated baseline for HCFC consumption

8. The estimated baseline is calculated as 130 mt (7.15 ODP tonnes) by Burundi using the average of actual reported consumption in 2009 of 124.71 mt (6.90 ODP tonnes) and estimated consumption of 134.55 mt (7.40 ODP tonnes) in 2010. As of the submission of the HPMP, Burundi had not yet provided data for 2010 under Article 7 to the Ozone Secretariat.

#### Forecast of future HCFC consumption

9. Burundi estimated its future demand for HCFCs at a 7 to 8 per cent growth rate based on the current economic development and the needs for charging new equipment. Table 3 below provides a summary of the forecast of HCFC consumption in Burundi, showing the difference between constrained growth (i.e. in line with the Protocol) and unconstrained growth.

Table 3: Forecast consumption of HCFCs

Year		2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Constrained HCFC consumption	mt	124.71	133.70	133.70	133.70	129.60	129.60	116.60	116.60	116.60	116.60	116.60	84.20
	ODP t	6.90	7.40	7.40	7.40	7.13	7.13	6.41	6.41	6.41	6.41	6.41	4.60
Unconstrained HCFC consumption	mt	124.71	133.70	144.40	155.90	168.40	181.90	196.4	212.20	229.10	247.50	267.30	288.70
	ODP t	6.90	7.40	7.90	8.60	9.30	10.00	10.80	11.70	12.60	13.60	14.70	15.90

\*Article 7 data

### HCFC phase-out strategy

10. The Government of Burundi is proposing to follow the Montreal Protocol schedule and adopt a staged approach to completely phase out HCFCs by 2030. Burundi will reduce the demand for HCFC-22 for servicing of existing equipment through HCFC recovery and recycling, strengthening training of technicians and building their capacity for better service practices. The country also proposes to strengthen the already established centres of excellence for refrigeration assistance and increase its capacity to handle HCFC refrigerants and retrofits to alternatives (hydrocarbons). 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. Table 4 provides a description of the specific activities and implementation time frame of stage I of the HPMP.

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

Description of Activities	Time frame
Strengthening national capacities (customs, environment inspectors, department of commerce) for monitoring and controlling the import and distribution of HCFCs	2011-2020
Strengthening technical capacity of refrigeration expert in good practices in refrigeration	2011-2020
Strengthening of centres of excellence and major refrigeration workshops, and incentives for conversion of refrigeration equipment	2011-2016
Monitoring and evaluation of the implementation of HPMP	2011-2020

### Cost of the HPMP

11. The total cost of stage I of the HPMP for Burundi has been estimated at US \$332,000 to achieve a 35 per cent reduction in HCFC consumption by 2020. The detailed cost breakdown for activities is listed in Table 5.

Table 5: Proposed activities and cost of stage I of the HPMP

Description of Activities	UNEP	UNIDO	Total
Strengthening national capacities (customs, environment inspectors, department of commerce) for monitoring and controlling the import and distribution of HCFCs	60,000	-	60,000
Strengthening technical capacity of refrigeration expert in good practices in refrigeration	65,000	-	65,000

Description of Activities	UNEP	UNIDO	Total
Strengthening of centres of excellence and major refrigeration workshops, and incentives for conversion of refrigeration equipment	-	160,000	160,000
Monitoring and evaluation of the implementation of HPMP	47,000		47,000
<b>Total</b>	172,000	160,000	332,000

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

12. The Secretariat reviewed the HPMP for Burundi 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 60<sup>th</sup> Meeting (decision 60/44), and subsequent decisions on HPMPs and the 2011-2014 business plan of the Multilateral Fund.

#### Issues related to consumption

13. The Secretariat requested UNEP to provide an explanation on the big discrepancy between the Article 7 data and the survey data for several years (i.e. 2005-2008), how these were collected, and the country's proposal to request for a change in the reported data for these years. It also asked for information on equipment imports into the country in order to understand the increase in the forecast of HCFC consumption provided in the HPMP. UNEP indicated that the data differences between the survey and Article 7 were due to data collected through the association of refrigeration technicians, which provided a better insight into actual consumption, and therefore are considered more reliable. UNEP also explained that in the past, actual reporting and recording of HCFC data was not systematic and efficient, therefore only small amounts were recorded. The survey provided an opportunity to fully understand the situation and rectify it. A request to change the reported Article 7 data for the years 2005-2008 had been made to the Ozone Secretariat. Subsequent to this request, the HCFC consumption data for 2005-2008 was adjusted by the Ozone Secretariat to be consistent with the survey figures in Table 1. Burundi had also submitted its consumption data for 2010, which was equal to the estimated consumption referred to in paragraph 8 above. UNEP also provided details on the import of equipment for the years 2005-2010 from customs records.

14. The Secretariat further advised the country that, in line with decision 60/44(e), the estimated baseline could be adjusted when the Article 7 data is formally reported and revised. If the adjustment of the baseline places the country into another funding category specified in 60/44(f)(xii), then the funding level would be adjusted in future tranches accordingly.

#### Starting point for aggregate reduction in HCFC consumption

15. The Government of Burundi agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the estimated baseline calculated based on the average level of actual consumption of 124.71 mt (6.90 ODP tonnes) for 2009 and 134.55 mt (7.40 ODP tonnes) for 2010 under Article 7, resulting in 130 mt (7.15 ODP tonnes). The business plan indicated a baseline of 129.70 mt.

#### Technical and cost issues

16. The Secretariat raised queries on some of the activities included in the HPMP as they related to those already implemented in the terminal phase-out management plan (TPMP) for CFCs. In particular, it drew UNEP's attention to the fact that its progress report up to December 2010 had indicated that the last

TPMP tranche approved at the 62<sup>nd</sup> Meeting had reported zero disbursements at the end of 2010, and asked how these funds could be integrated into the HPMP. UNEP explained that as of the submission of the HPMP, the training workshops and other remaining elements of the TPMP had already been completed; therefore, funds have been obligated. These activities included a discussion of the HCFC phase-out, therefore providing a synergy between the two programmes.

17. The Secretariat sought clarification on the breakdown of the budget provided for the training of customs officers and requested more details regarding the number of training workshops to be held, and number of technicians/customs officers to be trained to understand the funding requested. The Secretariat also sought a description on the methodology to be used for the incentive programme for retrofitting, for instance, what criteria will be used for determining beneficiaries. Further information was also required on some budgeted items such as cost of the tools to be provided and what these would be.

18. In response to the Secretariat's comments, UNEP provided additional information and justification for some budget items in the customs training programme. It also explained that the incentive programme will be implemented closely with the Burundi Chambers of Commerce and the refrigeration association and linked to the awareness activities. UNEP also provided a list of the tools to be supplied to the service technicians and training centres as well as the corresponding cost breakdown. The information provided satisfactorily responded to the Secretariat's comments and observations.

19. In line with decision 60/44, the total cost of stage I of the HPMP for Burundi was agreed at US \$332,000 to meet a 35 per cent reduction in HCFC consumption by 2020. The detailed cost breakdown is shown in Table 5 above. This would result in a phase-out of 45.40 mt (2.50 ODP tonnes) by 2020.

#### 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 CO<sub>2</sub>-equivalent tonnes saved. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Burundi, in particular training for technicians on improved service practice, and refrigerant recovery and reuse, indicate that it is likely that the country will achieve the reduction of 8,175.7 CO<sub>2</sub>-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

21. 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 advised that Burundi will provide personnel and other resources as an in-kind contribution, which could be considered as the Government's share of co-financing for the HPMP. The Secretariat proposed that UNEP should encourage Burundi to explore other co-financing opportunities especially for stage II of the HPMP.

2011-2014 business plan of the Multilateral Fund

22. UNEP and UNIDO are requesting US \$332,000 plus support costs for implementation of the HPMP. The total value requested for the period of 2011-2014 of US \$171,950 including support cost is below the total amount in the business plan. Based on the estimated HCFC baseline consumption of 130 mt Burundi's allocation up to the 2020 35 per cent reduction should be US \$332,000 in line with decision 60/44.

Draft Agreement

23. A draft Agreement between the Government of Burundi and the Executive Committee for HCFC phase-out is contained in Annex I to the present document.

**RECOMMENDATION**

24. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Burundi for the period 2011 to 2020 to meet the 35 per cent reduction in HCFC consumption, at the amount of US \$368,760, consisting of US \$172,000, plus agency support costs of US \$22,360 for UNEP, and US \$160,000, plus agency support costs of US \$14,400 for UNIDO;
- (b) Noting that the Government of Burundi had agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption an estimated baseline of 7.15 ODP tonnes, calculated using actual consumption of 6.90 ODP tonnes and 7.40 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol;
- (c) Deducting 2.50 ODP tonnes of HCFCs from the starting point for sustained aggregate reduction in HCFC consumption;
- (d) Approving the draft Agreement between the Government of Burundi and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document;
- (e) Requesting the Fund Secretariat, once the baseline data were known, to update Appendix 2-A to the Agreement to include the figures for maximum allowable consumption, and to notify the Executive Committee of the resulting change in the 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
- (f) Approving the first tranche of stage I of the HPMP for Burundi, and the corresponding implementation plan, at the amount of US \$138,050, consisting of US \$45,000 plus agency support costs of US \$5,850 for UNEP, and US \$80,000 plus agency support costs of US \$7,200 for UNIDO.

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## Annex I

### **DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF BURUNDI 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 Burundi (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 4.65 ODP tonnes by 1 January 2020 in compliance with Montreal Protocol schedules, with the understanding that this figure is to be revised one single time, once the baseline consumption for compliance has been 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 that exceeds the level defined in row 1.2 of Appendix 2-A 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 that 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 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 agrees to implement this Agreement in accordance with the HCFC phase-out sector plans submitted. In accordance with sub-paragraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.
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 eight weeks in advance of the applicable Executive Committee meeting set out in the Funding Approval Schedule:
  - (a) That the Country had met the Targets set out in row 1.2 of Appendix 2-A for all relevant years. Relevant years are all years since the year in which this Agreement was approved. 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 are exempted;
  - (b) That the meeting of these Targets has been independently verified, unless the Executive Committee decided that such verification would not be required;
  - (c) That the Country had submitted annual implementation reports in the form of Appendix 4-A (“Format of 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;

- (d) That the Country has submitted an annual implementation plan in the form of Appendix 4-A 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; and
- (e) That, for all submissions from the 68<sup>th</sup> meeting onwards, confirmation has been received from the Government that an enforceable national system of licensing and quotas for HCFC imports and, where applicable, production and exports is in place and that the system is capable of ensuring the Country's compliance with the Montreal Protocol HCFC phase-out schedule for the duration of this Agreement.

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 annual implementation plans 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 paragraph 4 above.

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 reduction of consumption and phase-out of the Substances specified in Appendix 1-A:

- (a) Reallocations categorized as major changes must be documented in advance either in an annual implementation plan submitted as foreseen in sub-paragraph 5(d) above, or as a revision to an existing annual implementation plan to be submitted eight weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:
  - (i) Issues potentially concerning the rules and policies of the Multilateral Fund;
  - (ii) Changes which would modify any clause of this Agreement;
  - (iii) Changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches; and
  - (iv) Provision of funding for programmes or activities not included in the current endorsed annual implementation plan, or removal of an activity in the annual implementation plan, with a cost greater than 30 per cent of the total cost of the last approved tranche;
- (b) Reallocations not categorized as major changes may be incorporated in the approved annual implementation plan, under implementation at the time, and reported to the Executive Committee in the subsequent annual implementation report; and
- (c) Any remaining funds will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.

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 the 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 agencies taking part in this Agreement.

10. The Lead IA will be responsible for ensuring co-ordinated planning, implementation and reporting of all activities under this Agreement, 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 reached consensus on the arrangements regarding inter-agency 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 amount set out in Appendix 7-A (“Reductions in Funding for Failure to Comply”) in respect of each ODP kg 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 above.

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, 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 the information necessary to verify compliance with this Agreement.

14. The completion of stage I 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 level has been specified in Appendix 2-A. Should there at that time still be activities that are outstanding, and 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 sub-paragraphs 1(a), 1(b), 1(d), and 1(e) of Appendix 4-A will continue until the time of the completion unless otherwise specified by the Executive Committee.

15. All of the conditions 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

### APPENDICES

#### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	7.15

#### APPENDIX 2-A: THE TARGETS, AND FUNDING

		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	7.15	7.15	6.44	6.44	6.44	6.44	6.44	4.65	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	7.15	7.15	6.44	6.44	6.44	6.44	6.44	4.65	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	45,000		30,000			35,000		28,800		33,200	172,000
2.2	Support costs for Lead IA (US \$)	5,850		3,900			4,550		3,744		4,316	22,360
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	80,000					80,000					160,000
2.4	Support costs for Cooperating IA (US \$)	7,200					7,200					14,400
3.1	Total agreed funding (US \$)	125,000		30,000			115,000		28,800		33,200	332,000
3.2	Total support costs (US \$)	13,050		3,900			11,750		3,744		4,316	36,760
3.3	Total agreed costs (US \$)	138,050		33,900			126,750		32,544		37,516	368,760
4.1.1	Total phase-out of HCFC-22 and under this agreement (ODP tonnes)											2.50
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tonnes)											0
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)											4.65

#### APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval at the last meeting of the year specified in Appendix 2-A.

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

1. The submission of the Implementation Report and Plan for each tranche request will consist of five parts:

- (a) A narrative report, with data provided by calendar year, regarding the progress since the year prior to the previous report, reflecting 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 include ODS phase-out as a direct result from the implementation of activities, by substance, and the alternative technology used and the related phase-in of alternatives, to allow the Secretariat to provide to the Executive Committee information about the resulting change in climate relevant emissions. The report should further highlight successes, experiences, and challenges related to the different activities included in the Plan, reflecting any changes in the circumstances in the Country, and providing other relevant information. The report should also include information on and justification for any changes vis-à-vis the previously submitted Annual Implementation Plan(s), 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 on 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 until and including the year of the planned submission of the next tranche request, highlighting the interdependence of the activities, and taking into account experiences made and progress achieved in the implementation of earlier tranches; the data in the plan will be provided by calendar year. The description should also include a reference to the overall plan and progress achieved, as well as any possible changes to the overall plan that are foreseen. The description should cover the years specified in sub-paragraph 5(d) of the Agreement. The description should also specify and explain in detail such changes to the overall plan. This description of future activities can be submitted as a part of the same document as the narrative report under sub-paragraph (b) above;
- (d) A set of quantitative information for all annual implementation reports and annual implementation plans, submitted through an online database. 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), the annual implementation plan and any changes to the overall plan, and will cover the same time periods and activities; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of the above sub-paragraphs 1(a) to 1(d).

## **APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES**

1. All the monitoring activities will be coordinated and managed through the National Ozone Unit, which is included within this HPMP.
2. The Lead IA will have a particularly prominent role in the monitoring arrangements because of its mandate to monitor ODS imports, whose records will be used as a crosschecking reference in all the monitoring programmes for the different projects within the HPMP. The Lead IA, along with the Cooperating IA will also undertake the challenging task of monitoring illegal ODS imports and exports and advising the appropriate national agencies through the National Ozone Office.

## **APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY**

1. The Lead IA will be responsible for a range of activities, including 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 HPMP;
  - (b) Assisting the Country in preparation of the Implementation Plans and subsequent reports as per Appendix 4-A;
  - (c) Providing independent verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the 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 annual implementation plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
  - (e) Fulfilling the reporting requirements for the annual implementation reports, annual implementation plans and the overall plan as specified in Appendix 4-A 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 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 IA, 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 entity 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 THE COOPERATING IMPLEMENTING AGENCY**

1. The Cooperating IA will be responsible for a range of activities. These activities are specified in the overall plan, including at least the following:

- (a) Providing assistance for policy development 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.

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