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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixty-sixth Meeting  
Montreal, 16-20 April 2012

**PROJECT PROPOSAL: GUINEA**

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**

**Guinea**

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

<b>(II) LATEST ARTICLE 7 DATA (Annex C Group I)</b>	<b>Year: 2010</b>	23.4 (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	Serviceing					
HCFC-22					23.45				23.45

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline:	22.61	Starting point for sustained aggregate reductions:	22.61
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	0.0	Remaining:	14.70

<b>(V) BUSINESS PLAN</b>		<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
UNEP	ODS phase-out (ODP tonnes)	2.23		2.23		2.23		2.23		2.23	11.15
	Funding (US \$)	96,050		67,800		73,450		56,500		75,710	369,510
UNIDO	ODS phase-out (ODP tonnes)	2.00				2.00					4.00
	Funding (US \$)	172,000				172,000					344,000

<b>(VI) PROJECT DATA</b>		<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>	
Montreal Protocol consumption limits (estimate)		n/a	22.61	22.61	20.35	20.35	20.35	20.35	20.35	14.70	n/a	
Maximum allowable consumption (ODP tonnes)		n/a	22.61	22.61	20.35	20.35	20.35	20.35	20.35	14.70	n/a	
Project Costs requested in principle(US\$)	UNEP	Project costs	85,000	0	60,000	0	65,000	0	50,000	0	67,000	327,000
		Support costs	11,050	0	7,800	0	8,450	0	6,500	0	8,710	42,510
	UNIDO	Project costs	160,000	0	0	0	160,000	0	0	0	0	320,000
		Support costs	12,000	0	0	0	12,000	0	0	0	0	24,000
Total project costs requested in principle (US \$)		245,000	0	60,000	0	225,000	0	50,000	0	67,000	647,000	
Total support costs requested in principle (US \$)		23,050	0	7,800	0	20,450	0	6,500	0	8,710	66,510	
Total funds requested in principle (US \$)		268,050	0	67,800	0	245,450	0	56,500	0	75,710	713,510	

<b>(VII) Request for funding for the first tranche (2012)</b>		
<b>Agency</b>	<b>Funds requested (US \$)</b>	<b>Support costs (US \$)</b>
UNEP	85,000	11,050
UNIDO	160,000	12,000

<b>Funding request:</b>	<b>Approval of funding for the first tranche (2012) as indicated above</b>
<b>Secretariat's recommendation:</b>	Individual consideration

## **PROJECT DESCRIPTION**

1. On behalf of the Government of Guinea UNEP, as the lead implementing agency, has submitted to the 66<sup>th</sup> meeting of the Executive Committee stage I of the HCFC phase-out management plan (HPMP) at a total cost of US \$713,510, consisting of US \$327,000, plus agency support costs of US \$42,510 for UNEP and US \$320,000, plus agency support costs of US \$24,000 for UNIDO, as originally submitted. The HPMP covers strategies and activities to meet the 35 per cent reduction of the HCFC consumption baseline by 2020.
2. The first tranche for stage I being requested at this meeting amounts to US \$85,000, plus agency support costs of US \$11,050 for UNEP and US \$160,000, plus agency support costs of US \$12,000 for UNIDO, as originally submitted.

### **Background**

3. Guinea, with a population estimated at 10.9 million inhabitants, has ratified all the amendments of the Montreal Protocol.

### ODS regulations

4. Guinea has a legislative, regulatory and legal framework for controlling the importation and exportation of ozone-depleting substances (ODS) including HCFCs. The National Code for the Protection of the Environment was promulgated on 10 March 1989 and includes the management of chemical and hazardous substances such as ODS. The Code also sets the list of chemicals prohibited or subject to prior authorization, and the duty on chemical substances manufactured or imported. Guinea will put the HCFC quota system in place in 2012, to be effective from 1 January 2013.
5. The National Ozone Unit (NOU) under the authority of the Ministry of Environment is responsible for supervision and implementation of Montreal Protocol-related projects in Guinea. The National Ozone Committee is composed of representatives from the Government and private sector, and includes the Ministries of Mines and Geology, Economy, Finance, Industry and Commerce, Agriculture, and Internal and Security Affairs, the Association of Refrigerant Technicians of Guinea, the importers, and non-governmental organisations.

### HCFC consumption

6. The survey methodology assessed the consumption level based on HCFC equipment available in the country, servicing requirements, data collected from customs office and refrigeration workshops. It revealed that the country uses only HCFC-22 in servicing refrigeration and air-conditioning units. The HCFC consumption increased from 223.48 metric tonnes (mt) (12.29 ODP tonnes) in 2000 to 426.30 mt (23.45 ODP tonnes) in 2010 and moves Guinea into the category of non-low-volume-consuming (non-LVC) countries. The survey did not reveal any stockpile of HCFCs from 2008 to 2010. During the HPMP review, the Secretariat drew UNEP's attention to major discrepancies between the survey data and the data that was reported prior 2009 under Article 7 at that time. Given that the data gathered through the survey reflected the accurate consumption in the country, the Government of Guinea submitted an official request to the Ozone Secretariat to revise its data previously reported for 2000-2008. Further to the request from the Government of Guinea the Ozone Secretariat has adjusted the Article 7 data up to 2008 as reflected in Table 1.

Table 1: HCFC consumption from 2000 to 2010

Year	Article 7		Survey results	
	HCFC-22 (metric tonnes)	HCFC-22 (ODP tonnes)	HCFC-22 (metric tonnes)	HCFC-22 (ODP tonnes)
2000	223.48	12.29	223.48	12.29
2001	235.43	12.95	235.43	12.95
2002	248.18	13.65	248.18	13.65
2003	266.03	14.63	266.03	14.63
2004	285.48	15.70	285.48	15.70
2005	306.34	16.85	306.34	16.85
2006	327.34	18.00	327.34	18.00
2007	349.35	19.21	349.35	19.21
2008	370.15	20.36	370.15	20.36
2009	395.88	21.77	395.88	21.77
2010	426.30	23.45	426.30	23.45

7. HCFC consumption is expected to grow on a yearly basis by 7 per cent under an unconstrained growth scenario up to 2020, as shown in Table 2.

Table 2: Forecast consumption of HCFC

YEAR		2011*	2012	2013	2014	2015	2016	2017	2018	2019	2020
Constraint	MT	426.30	426.30	411.10	411.10	370.00	370.00	370.00	370.00	370.00	267.20
	ODP	23.45	23.45	22.61	22.61	20.35	20.35	20.35	20.35	20.35	14.70
Unconstraint	MT	456.14	488.07	522.24	558.79	597.91	639.76	684.54	732.46	783.74	838.60
	ODP	25.09	26.84	28.72	30.73	32.89	35.19	37.65	40.29	43.11	46.12

\* Estimated consumption

### Sectoral distribution of HCFCs

8. HCFCs in Guinea are used predominantly for servicing air-conditioning and commercial/industrial refrigeration equipment. The annual need for servicing in 2010 was estimated at 426.31 mt (23.45 ODP tonnes). About 74.7 per cent of the total consumption is used for servicing domestic air-conditioning systems, 15.1 per cent for servicing commercial refrigeration systems, and 10.2 per cent for servicing industrial refrigeration systems. The leakage rate is estimated at 35 per cent for domestic air-conditioning and commercial refrigeration systems, and 100 per cent for industrial refrigeration systems. The rates resulted from equipment breakdown due to electricity fluctuation, which led to at least two servicing events each year for most of the equipment, some of which required full recharge for each service. Table 3 below presents the consumption of HCFCs in the country by refrigeration servicing sector for 2010, the latest year for which such data was available in the submission.

Table 3: Distribution of HCFC-22 consumption in refrigeration systems

Equipment type	Total units	Charge (tonnes)		Servicing Consumption (tonnes/year)	
		Metric	ODP	Metric	ODP
Domestic air-conditioning	842,327	909.71	50.03	318.40	17.51
Commercial refrigeration systems	145,208	184.41	10.14	64.54	3.55
Industrial refrigeration systems	24,781	43.37	2.39	43.37	2.39
Total	1,012,316	1,137.49	62.56	426.31	23.45

9. The current prices of HCFCs and alternative refrigerants per kilogramme in the country are: US \$9.33 for HCFC-22, US \$9.48 for HFC-134a, US \$16.30 for HFC-404A, US \$15.93 for HFC-407C, US \$25.56 for HFC-410A and US \$12.22 for R-600a.

10. Under the terminal phase-out management plan (TPMP), 316 refrigeration technicians and 275 customs officers were trained, service tools and basic equipment delivered. Moreover, 4 centres for recovery, recycling and retrofit were established. The equipment provided to technicians that is still operating and the 4 centres established under the TPMP will be used for phasing-out HCFCs. This equipment includes 1 recycling machine, 11 recovery machines, 3 hydrocarbon charging stations, 35 maintenance tools kits and a set of multifunctional equipment that could be used for HCFC-22, hydrocarbon and HFC. The TPMP is operationally completed. As of July 2011, the TPMP fund balance was US \$1,000.

#### Calculation of consumption baseline

11. The HCFC baseline for compliance has been established at 411.09 mt (22.61 ODP tonnes), based on the average reported consumption of 395.88 mt (21.77 ODP tonnes) for 2009 and 426.30 mt (23.45 ODP tonnes) for 2010 under Article 7 of the Montreal Protocol.

#### HCFC phase-out strategy and costs

12. The Government of Guinea plans to freeze its consumption of HCFCs by 1 January 2013 and gradually reduce it from the baseline 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 keeping an allowance of 2.5 per cent of the baseline consumption for meeting servicing needs until 2040.

13. The total cost of stage I of the HPMP is estimated at US \$647,000 plus agency support costs that amount to US \$66,510 to phase out 143.88 mt (7.91 ODP tonnes) by 2020. Table 4 presents the activities to be implemented and the breakdown of the budget for stage I of the HPMP.

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

<b>Project title</b>	<b>Agency</b>	<b>2012</b>	<b>2014</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>Total</b>
Strengthening national capacities, by training 250 customs and enforcement officers in the enforcement of the ODS import regulations and techniques for detecting ODS and non-ODS alternative refrigerants	UNEP	30,000	20,000	25,000	20,000	25,000	120,000
Strengthening technical capacity of 400 technicians in good service practices in refrigeration and air conditioning	UNEP	40,000	25,000	25,000	20,000	25,000	135,000
Strengthening one of the centres already established for demonstrating retrofit techniques; providing retrofit equipment kits to 150 refrigeration workshops; and implementing an incentive programme for conversion of refrigeration equipment	UNIDO	160,000	0	160,000	0	0	320,000
Monitoring and evaluation of the implementation of the HPMP	UNEP	15,000	15,000	15,000	10,000	17,000	72,000
<b>TOTAL</b>		<b>245,000</b>	<b>60,000</b>	<b>225,000</b>	<b>50,000</b>	<b>67,000</b>	<b>647,000</b>

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

14. The Secretariat reviewed the HPMP for Guinea 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), subsequent decisions on HPMPs and the 2012-2014 business plan of the Multilateral Fund. The Secretariat discussed with UNEP technical and cost-related issues, which were addressed as summarized below.

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

15. The Government of Guinea agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the baseline of 22.61 ODP tonnes, calculated using actual consumption of 21.77 ODP tonnes and 23.45 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol.

#### Technical issues

16. The Secretariat assessed the retrofit training programme for the technicians and requested UNEP to further elaborate on the availability of HCFC alternatives in the country and the sustainability of the training programme given the very high prices of HCFC-22 alternatives as compared to HCFC-22. UNEP indicated that HCFC alternatives are not well known in the country. However, it is of the opinion that as soon as the training programme starts and importers are made aware, HCFC alternatives importation and demand will increase. The Government strategy, which includes the ban on import of HCFC-22-based equipment and the control of HCFC-22 imports from 2013, will favour the importation of HCFC alternatives. The Government also intends to encourage importers to import hydrocarbon-based refrigerants and other HCFC alternatives. A number of countries in the sub-region have already started negotiating with a supplier in Ghana for the import of hydrocarbon-based refrigerant.

17. The Secretariat requested UNEP to provide the implementation modalities of the end-user incentive programme in order to assess the necessity and the sustainability of such programme in Guinea. UNEP explained that the incentive programme is not a cash grant. It is planned to distribute some sets of equipment, alternative refrigerants and spare parts to a limited number of end-users with the proviso that they will retrofit their equipment during regular servicing based on available alternative refrigerant. The incentive programme modalities, the specification of tools and equipment, and the refrigerants to be procured will be defined during the implementation of the HPMP.

#### Cost issues

18. Guinea with a CFC baseline of 42.4 ODP tones was categorized as a low volume consuming (LVC) country.

19. Based on Guinea's HCFC baseline of 411.09 mt (22.61 ODP tonnes), the country is categorized a non-low-volume-consuming (non-LVC) countries, where eligible funding under decision 60/44 is available only to meet the 2015 phase-out targets and is calculated based on US \$4.50/kg. However, decision 62/11 also allows former LVC countries with HCFC consumption in the refrigeration servicing sector only to submit an HPMP to meet control measures up to 2020 on the understanding that the level of funding provided be considered on a case-by-case basis. The funding for the implementation of Guinea's HPMP has been agreed at US \$647,000 as shown in Table 4 above (excluding agency support costs) to meet the 35 per cent reduction of the HCFC baseline in 2020, resulting in the phase out of 143.88 mt (7.91 ODP tonnes) of HCFCs.

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 savings of approximately 1.8 CO<sub>2</sub>-equivalent tonnes. A preliminary estimate of the impact on the climate as calculated by Guinea in its HPMP indicates that 255,423 CO<sub>2</sub>-equivalent tonnes would not be emitted into the atmosphere if 35 per cent of the HCFC-22 in the country is replaced by hydrocarbon, or 71,950 CO<sub>2</sub>-equivalent tonnes by HFC-134a. This figure is higher than the potential climate impact of the HPMP indicated in the 2012-2014 business plan of 49,885 CO<sub>2</sub>-equivalent tonnes. This is because the methodology used in the business plan is different from the methodology used by the country. For countries with consumption solely in the servicing sector, the business plan considered that each ODP tonne of HCFC replaced by HCFC alternatives would result in approximately 3,290 CO<sub>2</sub>-equivalent tonnes saved. Guinea, however, used the GWP data for each substance to estimate the potential climate impact.

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 beginning of HPMP implementation, 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 the Government's contribution will include staff time, office space, tax exemptions and other government services. The Government is further committed to seeking for additional internal resources and funding from development partners and other funding mechanisms.

2012-2014 business plan of the Multilateral Fund

23. UNEP and UNIDO are requesting US \$713,510 including support costs for the implementation of stage I of the HPMP. The total value requested for the 2012-2014 period of US \$335,850 including support cost is within that in the draft business plan.

24. Based on the estimated HCFC baseline consumption in the servicing sector of 411.09 mt, Guinea's allocation up to the 2020 phase-out should be US \$647,467 in line with decision 60/44.

Draft Agreement

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

**RECOMMENDATION**

26. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Guinea for the period 2012 to 2020 to reduce HCFC consumption by 35 per cent of the baseline, at the amount of US \$713,510, consisting of US \$327,000, plus agency support

costs of US \$42,510 for UNEP, and US \$320,000, plus agency support costs of US \$24,000 for UNIDO;

- (b) Noting that the Government of Guinea had agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the baseline of 22.61 ODP tonnes, calculated using actual consumption of 21.77 ODP tonnes and 23.45 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol;
- (c) Deducting 7.91 ODP tonnes of HCFCs from the starting point for sustained aggregate reduction in HCFC consumption;
- (d) Approving the draft Agreement between the Government of Guinea and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document;
- (e) Approving the first tranche of stage I of the HPMP for Guinea, and the corresponding implementation plan, at the amount of US \$268,050, consisting of US \$85,000, plus agency support costs of US \$11,050 for UNEP, and US \$160,000, plus agency support costs of US \$12,000 for UNIDO.

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## Annex I

### **DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF GUINEA 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 Guinea (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 14.70 ODP tonnes by 1 January 2020 in compliance with Montreal Protocol schedules.
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

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	22.61

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

Row	Particulars	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	22.61	22.61	20.35	20.35	20.35	20.35	20.35	14.70	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	22.61	22.61	20.35	20.35	20.35	20.35	20.35	14.70	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	85,000	0	60,000	0	65,000	0	50,000	0	67,000	327,000
2.2	Support costs for Lead IA (US \$)	11,050	0	7,800	0	8,450	0	6,500	0	8,710	42,510
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	160,000	0	0	0	160,000	0	0	0	0	320,000
2.4	Support costs for Cooperating IA (US \$)	12,000	0	0	0	12,000	0	0	0	0	24,000
3.1	Total agreed funding (US \$)	245,000	0	60,000	0	225,000	0	50,000	0	67,000	647,000
3.2	Total support costs (US \$)	23,050	0	7,800	0	20,450	0	6,500	0	8,710	66,510
3.3	Total agreed costs (US \$)	268,050	0	67,800	0	245,450	0	56,500	0	75,710	713,510
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this agreement (ODP tonnes)										7.91
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tonnes)										0
4.1.3	Remaining eligible consumption for HCFC-22										14.70

### APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval at the first 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 advise 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 \$ 163 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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