



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/66/42
13 March 2012

ORIGINAL: ENGLISH



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

PROJECT PROPOSAL: MOZAMBIQUE

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

Mozambique

(I) PROJECT TITLE	AGENCY
HCFC phase out plan (Stage I)	UNEP (lead), UNIDO

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2010	8.7 (ODP tonnes)
---	------------	------------------

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2010	
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					8.7				8.7

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	6.50	Starting point for sustained aggregate reductions:	6.50
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.0	Remaining:	4.23

(V) BUSINESS PLAN		2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.28	0.0	0.28	0.0	0.28	0.0	0.28	0	0.28	1.4
	Funding (US \$)	45,000	0	40,000	0	34,000	0	34,000	0	34,000	180,000
UNIDO	ODS phase-out (ODP tonnes)	0.64	0	0	0	0.64	0	0	0	0	1.3
	Funding (US \$)	82,000	0	0	0	82,000	0	0	0	0	164,000

(VI) PROJECT DATA			2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits (estimate)			n/a	6.50	6.50	5.85	5.85	5.85	5.85	5.85	4.23	n/a	
Maximum allowable consumption (ODP tonnes)			n/a	6.50	6.50	5.85	5.85	5.85	5.85	5.85	4.23	n/a	
Project Costs requested in principle(US\$)	UNEP	Project costs	40,000	0	35,000	0	30,000	0	30,000	0	30,000	165,000	
		Support costs	5,200	0	4,550	0	3,900	0	3,900	0	3,900	21,450	
	UNIDO	Project costs	75,000	0	0	0	75,000	0	0	0	0	0	150,000
		Support costs	6,750	0	0	0	6,750	0	0	0	0	0	13,500
Total project costs requested in principle (US \$)			115,000	0	35,000	0	105,000	0	30,000	0	30,000	315,000	
Total support costs requested in principle (US \$)			11,950	0	4,550	0	10,650	0	3,900	0	3,900	34,950	
Total funds requested in principle (US \$)			126,950	0	39,550	0	115,650	0	33,900	0	33,900	349,950	

(VII) Request for funding for the first tranche (2012)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNEP	40,000	5,200
UNIDO	75,000	6,750

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

PROJECT DESCRIPTION

1. On behalf of the Government of Mozambique, UNEP, as the lead implementing agency, has submitted to the 66th meeting of the Executive Committee stage I of the HCFC phase-out management plan (HPMP) at a total cost of US \$349,950, consisting of US \$165,000 plus agency support costs of US \$21,450 for UNEP, and US \$150,000, plus agency support costs of US \$13,500 for UNIDO, as originally submitted, to implement activities that will enable the country to comply with the Montreal Protocol's 35 per cent reduction step in HCFC consumption by 2020.
2. The first tranche for stage I of the HPMP being requested at this meeting amounts to US \$126,950, consisting of US \$40,000 plus agency support costs of US \$5,200 for UNEP, and US \$75,000 plus agency support costs of US \$6,750 for UNIDO, as originally submitted.

ODS regulations

3. Mozambique has ratified all the amendments to the Montreal Protocol.
4. In 2008 the Government of Mozambique introduced ozone-depleting substance (ODS) regulations as part of the Mozambique Environment Protection Agency Act. In May 2011 the ODS regulations were revised to incorporate further controls on the imports and exports of ODS and ODS-based equipment, including a licensing system that covers all ODS. The HCFC licensing system is currently operational and the related quota system will enter into force from January 2013.
5. The National Ozone Unit (NOU), located in the National Directorate for Environmental Impact Assessment, is the institution responsible for coordinating ozone protection activities. A National Steering Committee supports the NOU by providing policy guidance on ODS phase-out. This committee is made up of representatives from the Ministries of Agriculture, Education, Finance, Trade, and Health, the private sector, non-governmental organizations, the Mozambican Association for Refrigeration and Air-conditioning and other government agencies.

HCFC consumption and sector distribution

6. HCFC-22 is the only HCFC imported into the country. The current levels of consumption reported under Article 7 of the Montreal Protocol and data obtained from the survey are shown in Table 1. It is noted that the survey data was inconsistent with the Article 7 data from 2005 to 2009. The HCFC baseline for compliance has been calculated at 118.17 metric tonnes (mt), or 6.50 ODP tonnes based on Article 7 data.

Table 1. HCFC consumption as reported under Article 7 and as per the HPMP survey

HCFC Consumption	2005	2006	2007	2008	2009	2010	Baseline
Article 7 mt	6.00	0.00	23.05	40.60	78.60	157.75	118.17
HPMP survey mt	94.5	105.5	118.2	132.7	143.6	157.75	
Article 7 ODP tonnes	0.33	0.00	1.27	2.23	4.32	8.68	6.50
HPMP survey ODP tonnes	5.20	5.80	6.50	7.30	7.90	8.68	

7. HCFC-22 is used solely for servicing refrigeration equipment, consisting of 250,000 split/window air-conditioners, 5,000 refrigerated transport units, and 80,000 commercial/industrial refrigeration systems including cold rooms in the food processing sector, ice-making plants, and a few central air-conditioning systems used in Government buildings and private institutions. An estimated 1,200 technicians provide maintenance for this equipment, 245 of whom have received training. The distribution of HCFC-22 consumption is shown in Table 2.

Table 2. Distribution of HCFC-22 in the Servicing Sector in Mozambique (2010)

Type of equipment	No. of units	HCFC-22 charge		Servicing		% of total HCFC-22
		mt	ODP tonnes	mt	ODP tonnes	
Split/window air conditioners	250,000	348.00	19.14	47.27	2.60	30
Commercial/Industrial	80,000	780.00	42.90	107.30	5.90	68
Refrigerated transportation	5,000	6.30	0.35	3.18	0.17	2
Total		1,134.30	62.39	157.75	8.68	

8. The Government of Mozambique prepared the 2011-2020 forecast for HCFC consumption assuming an unconstrained annual growth rate of 8 per cent as presented in Table 3. The growth rate was based on the need to attend a growing number of buildings constructed with HCFC-based air-conditioning systems.

Table 3. HCFC consumption forecast for Mozambique (2011-2020)

Years	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Metric tonnes										
Unconstrained	170.37	184.00	198.72	214.62	231.79	250.33	270.36	291.98	315.34	340.57
Constrained	157.75	157.75	118.18	118.18	106.36	106.36	106.36	106.36	106.36	76.81
ODP tonnes										
Unconstrained	9.37	10.12	10.93	11.80	12.75	13.77	14.87	16.06	17.34	18.73
Constrained	8.68	8.68	6.50	6.50	5.85	5.85	5.85	5.85	5.85	4.22

9. There are 13 active importers in Mozambique, with five of them importing 50 per cent of the HCFCs. The current prices per kilogram of HCFCs and alternative refrigerants in the country are: US \$12.00 for HCFC-22, US \$13.50 for HFC-134a; US \$18.50 for R-404a; and US \$13.00 for R-600a.

HCFC phase-out strategy

10. The objective of the overarching strategy in Mozambique's HPMP is to reduce HCFC consumption in the refrigeration sector according to Montreal Protocol targets through an integrated plan that provides ozone and climate benefits and promotes the adoption of energy-efficient alternative technologies. Stage I aims to meet the HCFC control targets up to 2020 and stage II aims to phase out the remaining HCFC consumption by replacing and retrofitting HCFC-based equipment to low-global-warming-potential (GWP) refrigerants.

11. In line with the overarching strategy, the Government of Mozambique proposes to implement the following specific activities during stage I:

- (a) Promulgation of ODS policies and regulations to facilitate the phase-out of HCFCs and the adoption of high energy-efficient technologies. Planned measures include the implementation of the HCFC quota system starting January 2013, ban on imports of HCFC-based air-conditioning equipment by 2017, introduction of additional duties on imports of HCFCs and waive of duties on imports of HCFC-free refrigerants and technologies. No funding is being requested for this activity;
- (b) Training of 200 customs and other law-enforcement officers on HCFC policies, regulations and controls, and strengthening of customs training schools;

- (c) Strengthening of the refrigeration association and technical institutes, and training of 400 refrigeration technicians in good refrigeration practices;
- (d) Strengthening the three regional retrofitting centres established under the terminal phase-out management plan (TPMP) to undertake retrofit of HCFC-based systems, and an incentive programme to encourage end-users to retrofit their systems; and
- (e) Coordination, monitoring and evaluation of the HPMP to ensure timely implementation of the proposed activities.

Cost of stage I of the HPMP

12. The total cost of implementing stage I of the HPMP has been estimated at US \$315,000 as presented in Table 4.

Table 4: Overall cost of the HPMP for Mozambique

Description of Activities	Agency	Funds requested (US \$)
Promulgation of policies and regulations	UNEP	0
Training of customs officers and other law enforcement officers	UNEP	60,000
Training in good practices and strengthening the refrigeration association and training institutes	UNEP	80,000
Strengthening of 3 retrofitting centres and incentive programme for end-users	UNIDO	150,000
Coordination, monitoring and evaluation	UNEP	25,000
Total (US \$)		315,000

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

13. The Secretariat reviewed the HPMP for Mozambique 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 and the 2012-2014 business plan of the Multilateral Fund. The Secretariat discussed technical and cost-related issues with UNEP, which were addressed as summarized below.

HCFC consumption

14. The Secretariat asked UNEP to provide the reasons for the sharp growth in HCFC consumption reported during the last four years and the inconsistency of this data with that collected in the HPMP survey as reflected in Table 1. UNEP explained that through the HPMP survey the Government discovered that the reported HCFC consumption levels for previous years were estimated based on incomplete information provided by importers. The 2010 data is considered the most accurate as a result of undertaking a thorough survey and implementing awareness-raising activities with importers during the preparation of the HPMP. Based on these activities, the Government of Mozambique will request the Ozone Secretariat to correct the consumption data for the years from 2005 to 2009.

15. The Secretariat analysed the revised HCFC consumption of Mozambique and concluded that the figures are reasonable in light of previous CFC consumption, population, gross domestic product (GDP),

electrification rate and installed equipment. Based on this, it is acknowledged that the HCFC consumption reported to the Ozone Secretariat before 2010 was in fact low for Mozambique.

16. The Secretariat advised UNEP that in line with decision 63/14 the consumption currently reported for 2009 and 2010 under Article 7 would need to be considered as the basis for calculating the starting point. In line with decision 60/44(e) the starting point could be adjusted when the Article 7 data for 2009 and the baseline have been formally revised by the Implementation Committee and approved by the Parties. With the revised 2009 consumption of 143.6 mt (7.90 ODP tonnes) the baseline would be 150.68 mt (or 8.29 ODP tonnes), placing Mozambique in the next funding category specified in decision 60/44(f)(xii). The funding level for stage I of the HPMP could be adjusted from the current US \$315,000 to up to US \$332,500 at a future tranche accordingly.

Starting point for aggregate reduction in HCFC consumption

17. The Government of Mozambique agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the baseline of 118.17 mt (6.50 ODP tonnes), calculated using actual consumption of 78.60 mt (4.32 ODP tonnes) and 157.75 mt (8.68 ODP tonnes) reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol.

Technical and cost-related issues

18. Upon a request for clarification, UNEP advised that all activities under the terminal phase-out management plan (TPMP) approved for Mozambique at the 56th meeting had been completed, and reassured the Secretariat that during the last year of implementation the TPMP was also focused on activities to reduce HCFC consumption.

19. The Secretariat noted that several of the HPMP activities proposed were a continuation of those implemented under the refrigerant management plan (RMP) and the TPMP, and raised concerns regarding the sustainability of these activities after 2020. For instance, 395 customs officers received training under previous projects and an additional 200 officers would receive training under stage I of the HPMP, but it is not clear how the remaining 1,100 officers in the country would be trained in the future. In addressing this concern UNEP explained that customs schools would receive assistance in reviewing their curricula to include Montreal Protocol modules, and teaching materials including demonstration equipment, as reflected in the project budget. UNEP reassured that with the assistance proposed customs schools will continue providing training to the remaining customs officers upon completion of this activity.

20. In answering a question on the links between technicians' training, certification and regulation on handling refrigerants, UNEP informed that the Government of Mozambique has already put in place a measure to make certification a requirement for all technicians; however it is not being enforced at present. It was agreed that the Government would introduce, in the future, enforcement measures for restricting handling of refrigerants to only certified technicians when a significant number of technicians will have been certified, and when low-GWP flammable alternatives used in retrofits will start to circulate in the local market.

21. The Secretariat questioned the sustainability of the suggested start of retrofits in 2012 when no low-GWP alternatives are available in the local market. UNEP clarified that actual retrofits would only start in 2015 when the availability and price of proposed alternatives could ensure the sustainability of those retrofits. In the meantime the regulatory and training activities will help with the introduction of alternatives such as R-290, which is easily available from South Africa but not imported at present. UNEP also advised that the retrofits will be offered by the servicing workshops to the domestic air-conditioning unit owners at the time of maintenance. UNIDO will procure the spare parts and alternative refrigerants needed for the retrofit and grant them to the beneficiaries at a subsidized price (for example at the price of HCFC-22). With the funds received from the beneficiary, more alternative

refrigerants would be purchased to assist additional users. This system is expected to result in up to 2,000 domestic air-conditioning units being retrofitted during stage I. The retrofit centres will store the refrigerant and equipment to be used in the project and will assist the technicians in undertaking the retrofits.

22. In line with decision 60/44, the total cost of stage I of the HPMP for Mozambique was agreed at US \$315,000 to meet a 35 per cent reduction in HCFC consumption by 2020 as shown in Table 4 above. This would result in a reduction of 41.36 mt (2.27 ODP tonnes) by 2020.

Impact on the climate

23. 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 approximately 1.8 CO₂-equivalent tonnes saved. A preliminary estimation of the impact on the climate as calculated by Mozambique in its HPMP indicates that between 23,836 and 92,487 CO₂-equivalent tonnes would not be emitted into the atmosphere depending on the proportion of equipment retrofitted to HFC-134a and to hydrocarbons during stage I. This figure is higher than the potential climate impact of the HPMP indicated in the 2012-2014 business plan of 8,836 CO₂-equivalent tonnes, which is a more conservative estimate that assumes only 10 per cent emission reductions being achieved by better practices, recovery and reuse and leakage control.

24. 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

25. 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, during implementation of stage I of the HPMP the Government of Mozambique, with the assistance of UNEP and UNIDO, will identify potential sources of funding that will both benefit ozone protection and mitigate the impact on the climate. A national steering committee is being established to mobilize national or international co-financing.

2012-2014 business plan of the Multilateral Fund

26. UNEP and UNIDO are requesting US \$349,950 (including agency support costs) for implementation of stage I of the HPMP. The total value requested for the period 2012-2014 of US \$166,500 including support costs corresponds to the total amount in the draft business plan.

27. Based on the HCFC baseline consumption in the servicing sector of 118.17 mt, Mozambique's allocation up to the 2020 phase-out should be US \$315,000 in line with decision 60/44.

Draft Agreement

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

RECOMMENDATION

29. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Mozambique for the period 2012 to 2020 to reduce HCFC consumption by 35 per cent of the baseline, at the amount of US \$349,950, consisting of US \$165,000, plus agency support costs of US \$21,450 for UNEP, and US \$150,000, plus agency support costs of US \$13,500 for UNIDO;
- (b) Noting that the Government of Mozambique has agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the baseline of 6.50 ODP tonnes, calculated using the consumption of 4.32 ODP tonnes and 8.68 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol;
- (c) Deducting 2.27 ODP tonnes of HCFCs from the starting point for sustained aggregate reduction in HCFC consumption;
- (d) Approving the draft Agreement between the Government of Mozambique 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, in the event that the baseline consumption for compliance for Mozambique is amended based on revised Article 7 data, 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 Mozambique, and the corresponding implementation plan, at the amount of US \$126,950, consisting of US \$40,000 plus agency support costs of US \$5,200 for UNEP, and US \$75,000, plus agency support costs of US \$6,750 for UNIDO.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF MOZAMBIQUE 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 Mozambique (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 4.23 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, in the event that the baseline consumption for compliance is amended based on revised 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 68th 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	6.50

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	6.50	6.50	5.85	5.85	5.85	5.85	5.85	4.23	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	6.50	6.50	5.85	5.85	5.85	5.85	5.85	4.23	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	40,000	0	35,000	0	30,000	0	30,000	0	30,000	165,000
2.2	Support costs for Lead IA (US \$)	5,200	0	4,550	0	3,900	0	3,900	0	3,900	21,450
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	75,000	0	0	0	75,000	0	0	0	0	150,000
2.4	Support costs for Cooperating IA (US \$)	6,750	0	0	0	6,750	0	0	0	0	13,500
3.1	Total agreed funding (US \$)	115,000	0	35,000	0	105,000	0	30,000	0	30,000	315,000
3.2	Total support costs (US \$)	11,950	0	4,550	0	10,650	0	3,900	0	3,900	34,950
3.3	Total agreed costs (US \$)	126,950	0	39,550	0	115,650	0	33,900	0	33,900	349,950
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)										2.27
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)										4.23

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 (NOU) 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 NOU.

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.
