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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-seventh Meeting
Bangkok, 16-20 July 2012

PROJECT PROPOSAL: THE UNITED REPUBLIC OF TANZANIA

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 and UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
THE UNITED REPUBLIC OF TANZANIA

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

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2010	2.0 (ODP tonnes)
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(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					0.0				0.0
HCFC-124									
HCFC-141b									
HCFC-142b									
HCFC-22					2.0				2.0

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	1.7	Starting point for sustained aggregate reductions:	1.7
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.0	Remaining:	1.7

(V) BUSINESS PLAN		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.1		0.1			0.1		0.1		0.0	0.3
	Funding (US \$)	59,325	0	59,325	0	0	47,460	0	47,460	0	23,730	237,300

(VI) PROJECT DATA		2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits		n/a	1.70	1.70	1.53	1.53	1.53	1.53	1.53	1.11	n/a	
Maximum allowable consumption (ODP tonnes)		n/a	1.70	1.70	1.53	1.53	1.53	1.53	1.53	1.11	n/a	
Project Costs requested in principle(US\$)	UNEP	Project costs	55,000	0	0	0	33,000	0	0	0	22,000	110,000
		Support costs	7,150	0	0	0	4,290	0	0	0	2,860	14,300
	UNIDO	Project costs	50,000	0	0	0	50,000	0	0	0	0	100,000
		Support costs	4,500	0	0	0	4,500	0	0	0	0	9,000
Total project costs requested in principle (US \$)		105,000	0	0	0	83,000	0	0	0	22,000	210,000	
Total support costs requested in principle (US \$)		11,650	0	0	0	8,790	0	0	0	2,860	23,300	
Total funds requested in principle (US \$)		116,650	0	0	0	91,790	0	0	0	24,860	233,300	

(VII) Request for funding for the first tranche (2012)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNEP	55,000	7,150
UNIDO	50,000	4,500

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 the United Republic of Tanzania, UNIDO, as the lead implementing agency, has submitted to the 67th meeting of the Executive Committee stage I of the HCFC phase-out management plan (HPMP) at a total cost of US \$390,500, consisting of US \$225,000, plus agency support costs of US \$29,250 for UNEP, and US \$125,000, plus US \$11,250 agency support costs for UNIDO, as originally submitted. This funding will enable the United Republic of Tanzania to achieve the 35 per cent reduction in HCFC consumption by 2020. The first tranche for stage I being requested at the present meeting amounts to US \$95,000, plus agency support costs of US \$12,350 for UNEP, and US \$75,000, plus agency support cost of US \$6,750 for UNIDO.

Background

2. The United Republic of Tanzania, with a total population of about 47.5 million, has ratified all the amendments to the Montreal Protocol.

ODS regulations

3. The Division of Environment of the Vice President's Office is the focal point for the implementation of the Montreal Protocol, under which a national ozone unit (NOU) has been established to coordinate activities at the operational level. The Government of the United Republic of Tanzania established the Environmental Management Act and issued Environmental Management Regulations, which, *inter alia*, control the imports and exports of the ozone depleting substances (ODS) and ODS-containing products, including HCFCs. The licensing system has been established and operationalized to control the import, export and consumption of HCFCs. The quota system will be operational by 2013.

HCFC consumption and sector distribution

4. All HCFCs used in the United Republic of Tanzania are imported, as the country does not have any HCFC production capacity. HCFC-22 is the only HCFC consumed in the United Republic of Tanzania and is solely used in servicing refrigeration and air-conditioning (RAC) equipment. Table 1 shows the level of HCFC consumption reported under Article 7 and in the HPMP.

Table 1: HCFC level of consumption in the United Republic of Tanzania

Year	Article 7 data		Survey data	
	Metric tonnes	ODP tonnes	Metric tonnes	ODP tonnes
2005	1.82	0.1	97.29	5.35
2006	0.00*	0.0*	105.49	5.80
2007	36.36	2.0	139.78	7.69
2008	27.27	1.5	153.61	8.45
2009	25.45	1.4	164.51	9.05
2010	36.36	2.0	176.89	9.73

*No data was available, therefore zero consumption was reported.

5. The HCFC consumption data obtained from the survey is significantly higher than that reported under Article 7 of the Montreal Protocol. The HPMP explained that consumption data previously reported under Article 7 was based on estimated amounts, as the focus was on accurate collection of CFC data; therefore the data obtained from the survey accurately reflects the consumption of HCFCs in the United Republic of Tanzania.

6. Non-HCFC refrigerants include HFC-134a, ammonia (R-717), and HFC-based refrigerant blends R-407C and R-404. The price of refrigerants varies as follow: R-717 at US \$8.7/kg, HCFC-22 at US \$12.6/kg, R-134a at US \$20.6/kg, R-407 at US \$18.7/kg and R-404 at US \$18.7kg. The HCFC-22 consumption accounts for approximately 30.88 per cent of total refrigerant consumption.

7. The total number of installed RAC equipment units using HCFC-22 was estimated at 1,126,809 in 2010. Based on the average charge of refrigerants and leakage rates, the servicing demand was calculated as 175.40 metric tonnes (mt) (9.65 ODP tonnes) as shown in Table 2.

Table 2: HCFC-22 consumption by sector based on the survey

Sub-sector	Equipment numbers	Total amount of refrigerant installation		Servicing demand	
	Units	mt	ODP t	mt	ODP t
Air Conditioning (unitary / split systems)	804,746	724.29	39.84	108.64	5.98
Commercial refrigeration and food processing	102,544	123.05	6.77	24.61	1.35
Industrial	219,519	351.23	19.32	42.15	2.32
Total	1,126,809	1,198.57	65.92	175.40	9.65

HCFC consumption baseline

8. The HCFC consumption baseline for compliance was established by the Ozone Secretariat at 30.91 mt (1.7 ODP tonnes) using the average consumption of 25.45 mt (1.4 ODP tonnes) and 36.36 mt (2.0 ODP tonnes) reported for 2009 and 2010 respectively under Article 7 of the Montreal Protocol. However, based on the 2009 and 2010 data collected during the preparation of the HPMP, the baseline would be 170.70 mt (9.4 ODP tonnes).

HCFC consumption forecast

9. The United Republic of Tanzania forecasts an eight per cent growth in HCFC consumption based on the current trend of economic development and needs for servicing RAC equipment. Table 3 sets out the HCFC consumption forecast in the United Republic of Tanzania.

Table 3: 2011-2020 forecast of HCFC consumption

Year		2011*	2012	2013	2014	2015	2016	2017	2018	2019	2020
Constrained scenario	mt	183.10	176.89	170.70	170.70	153.63	153.63	153.63	153.63	153.63	110.96
	ODP t	10.07	9.73	9.39	9.39	8.45	8.45	8.45	8.45	8.45	6.10
Unconstrained scenario	mt	183.10	184.00	198.72	214.62	231.79	250.33	270.36	291.98	315.34	340.57
	ODP t	10.07	10.12	10.93	11.80	12.75	13.77	14.87	16.06	17.34	18.73

* Estimated according to historical imports

HCFC phase-out strategy

10. The Government of the United Republic of Tanzania is proposing to follow the Montreal Protocol's staged approach and completely phase-out HCFCs by 2030 with a service tail to 2040. Stage I of the HPMP is aimed at achieving a 35 per cent reduction by 2020, and focuses on the refrigeration and air-conditioning servicing sector. The Government will promote the adoption of ozone-friendly and energy-efficient technologies to attain both ozone and climate benefits. Implementation of the quota system and training of customs officers will prevent illegal trade and control HCFC imports. Training of

technicians will assist in improving servicing practices and reducing the leakage and emission of HCFCs into the atmosphere.

11. The detailed activities, cost breakdown and implementation schedule are shown in Table 4. Stage I of the HPMP for the United Republic of Tanzania will result in the phase-out of 59.75 mt (3.29 ODP tonnes) of HCFCs.

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

Project Component	Agency	Funding tranches (US \$)				Total (US \$)
		2012	2015	2018	2020	
Training of customs officers and other law enforcement officers, updating training curricula	UNEP	30,000	30,000	0	0	60,000
Provision of tools and equipment to strengthen the capacity of five regional recovery, recycling and retrofitting centres	UNIDO	75,000	30,000	20,000	0	125,000
Training of refrigeration service technicians on good servicing practices and strengthen the refrigeration association	UNEP	55,000	30,000	20,000	20,000	125,000
Coordination, monitoring and reporting of HPMP activities	UNEP	10,000	10,000	10,000	10,000	40,000
Total requested funding		170,000	100,000	50,000	30,000	350,000

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

12. The Secretariat reviewed the HPMP for the United Republic of Tanzania 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 with UNEP/UNIDO technical and cost related issues, which were addressed as summarized below.

Status of implementation of the TPMP

13. In responding to a question raised by the Secretariat, UNEP advised that, as of April 2012, the remaining funding balance of the terminal phase-out management plan (TPMP) for the United Republic of Tanzania of US \$28,000 had already been committed to various activities to address the phase-out of ODS including HCFCs, scheduled to be implemented by July 2012.

Issues related to the HCFC consumption

14. The Secretariat reviewed the level of consumption reported in the HPMP taking into account historical CFC consumption in the United Republic of Tanzania; the size of the population and the urbanization rate; access to electricity; as well as other social and economic factors in the country. It noted that the United Republic of Tanzania has a CFC consumption baseline of 253.9 ODP tonnes. During the CFC phase-out, some of the CFC-based RAC equipment was converted to HCFC-22. It would seem therefore that the HCFC consumption reported under Article 7 had been underestimated and the consumption data collected during the preparation of the HPMP reflects more accurately the consumption level in the United Republic of Tanzania. UNEP further informed that the Government of the United Republic of Tanzania has officially requested the Ozone Secretariat to revise the HCFC consumption data

for 2005 to 2010. The revision of the consumption data for the years of 2005 to 2008 is to be confirmed by the Ozone Secretariat. However, the revision of 2009 and 2010 consumption is pending on a decision by the Parties to the Montreal Protocol.

Starting point for aggregate reduction in HCFC consumption

15. The Government of the United Republic of Tanzania agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the established baseline of 1.7 ODP tonnes calculated using the data reported under Article 7 for 2009 and 2010. However, if the Parties of the Montreal Protocol approve the request for modification of the HCFC consumption previously reported for 2009 and 2010, the resulting baseline would be 9.4 ODP tonnes. If this occurs, the Executive Committee may wish to consider allowing adjustment of the starting point to 9.4 ODP tonnes

Technical and cost issues

16. The Secretariat informed UNIDO that the HPMP was reviewed on the basis of the data reported under Article 7, on which compliance with the Montreal Protocol is assessed, and not on the data reported in the HPMP. Accordingly, the eligible funding would be US \$210,000 for a low-volume-consuming (LVC) country with baseline consumption between 15 to 40 mt in the refrigeration servicing sector to achieve the 35 per cent reduction by 2020. The funding could be adjusted to US \$350,000 in line with decision 60/44(f)(xii) if the HCFC consumption baseline is revised. This adjustment would be made when the second tranche is requested.

Table 5: Revised cost breakdown for stage I of the HPMP

Activities	Agency	Funding tranches, US \$			Total
		2013	2016	2020	
Training of customs officers and other law enforcers, updating training curricular	UNEP	20,000	10,000	10,000	40,000
Provision of tools and equipment to strengthen the capacity of five zone recovery, recycling and retrofitting centres	UNIDO	50,000	50,000	0	100,000
Training of refrigeration service technicians on good servicing practices and strengthen the refrigeration association	UNEP	25,000	15,000	10,000	50,000
Coordination, monitoring and reporting of HPMP activities	UNEP	10,000	8,000	2,000	20,000
Total		105,000	83,000	22,000	210,000

Impact on the climate

17. 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 kilogramme of HCFC-22 not emitted due to better refrigeration practices results in savings of approximately 1.8 CO₂-equivalent tonnes. A preliminary estimation of the impact on the climate based on the difference of the global warming potential (GWP) values as calculated by the United Republic of Tanzania in its HPMP indicates that 24,765 CO₂-equivalent tonnes would not be emitted into the atmosphere per year in the future if all HCFC-22 consumption is substituted with HFC-134a. The net CO₂ reduction will increase to 103,702 CO₂-equivalent tonnes if all HCFC-22 is substituted with hydrocarbon. However, at this time, a more accurate quantitatively assessment on the impact on climate cannot be conducted. 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

18. 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, the co-funding from the Government of the United Republic of Tanzania would be in the form of local human resources and office facilities as an in-kind contribution for the implementation of stage I of the HPMP.

2012-2014 business plan of the Multilateral Fund

19. UNEP and UNIDO are requesting US \$210,000 plus support costs for implementation of stage I of the HPMP. The total value requested for the period 2012-2014 of US \$116,650 including support costs is lower than that in the adjusted business plan of US \$118,650.

20. Based on the established HCFC baseline consumption of 30.91 mt (1.7 ODP tonnes) in the servicing sector, the United Republic of Tanzania's allocation up to 2020 for the 35 per cent reduction should be US \$210,000 in line with decision 60/44.

Draft Agreement

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

RECOMMENDATION

22. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for the United Republic of Tanzania for the period 2012 to 2020 to reduce HCFC consumption by 35 per cent of the baseline, at the amount of US \$233,300, consisting of US \$110,000 plus agency support costs of US \$14,300 for UNEP, and US \$100,000 plus agency support costs of US \$9,000 for UNIDO;
- (b) Noting that the Government of the United Republic of Tanzania had agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the established baseline of 1.7 ODP tonnes, calculated using consumption of 1.4 ODP tonnes and 2.0 ODP tonnes reported for 2009 and 2010 respectively, under the Article 7 of the Montreal Protocol;
- (c) Deducting 0.59 ODP tonnes of HCFCs from the starting point for sustained aggregate reduction in HCFC consumption;
- (d) Approving the draft Agreement between the Government of the United Republic of Tanzania 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 the United Republic of Tanzania was 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 the United Republic of Tanzania, and the corresponding implementation plan, at the amount US \$116,650, consisting of US \$55,000 plus agency support costs of US \$7,150 for UNEP, and US \$50,000, plus agency support costs of US \$4,500 UNIDO.

Annex I

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

1. This Agreement represents the understanding of the Government of the United Republic of Tanzania (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 1.11 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 the 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	1.7

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	1.70	1.70	1.53	1.53	1.53	1.53	1.53	1.11	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	1.70	1.70	1.53	1.53	1.53	1.53	1.53	1.11	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)*	55,000	0	0	0	33,000	0	0	0	22,000	110,000
2.2	Support costs for Lead IA (US \$)	7,150	0	0	0	4,290	0	0	0	2,860	14,300
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	50,000	0	0	0	50,000	0	0	0	0	100,000
2.4	Support costs for Cooperating IA (US \$)	4,500	0	0	0	4,500	0	0	0	0	9,000
3.1	Total agreed funding (US \$)	105,000	0	0	0	83,000	0	0	0	22,000	210,000
3.2	Total support costs (US \$)	11,650	0	0	0	8,790	0	0	0	2,860	23,300
3.3	Total agreed costs (US \$)	116,650	0	0	0	91,790	0	0	0	24,860	233,300
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)										0.59
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)										1.11

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. The national ozone unit (NOU) will be monitoring the implementation of the project activities and will prepare a quarterly progress report for the project. The monitoring programme will therefore ensure effectiveness of all the proposed projects within the HPMP through constant monitoring and periodic review of the performance of individual project. Independent verification will be conducted by a consultant arranged by the Lead IA.

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.
