



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/80/41
17 October 2017

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eightieth Meeting
Montreal, 13-17 November 2017

PROJECT PROPOSALS: KENYA

This document consists of the comments and recommendation of the Secretariat on the following project proposals:

Phase-out

- HCFC phase-out management plan (stage I, fifth tranche) France
- HCFC phase-out management plan (stage II, first tranche) France

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Kenya

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (Stage I)	France (lead)	66 th	21.1% by 2017

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2016	15.07 (ODP tonnes)
--	------------	--------------------

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2016	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Serviceing				
HCFC-22					15.07				15.07

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	52.2	Starting point for sustained aggregate reductions:	52.2
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	11.00	Remaining:	41.20

(V) BUSINESS PLAN		2017	Total
France	ODS phase-out (ODP tonnes)	1.1	1.1
	Funding (US \$)	100,900	100,900

(VI) PROJECT DATA				2012	2013	2014	2015	2016	2017	Total
Montreal Protocol consumption limits				n/a	52.20	52.20	46.98	46.98	46.98	n/a
Maximum allowable consumption (ODP tonnes)				n/a	52.20	52.20	46.98	22.41	22.41	n/a
Agreed funding (US\$)	France	Project costs		257,500	0	200,000	176,250	176,250	90,000	900,000
		Support costs		31,186	0	24,222	21,346	21,346	10,900	109,000
Funds approved by ExCom (US\$)	France	Project costs		257,500	0	200,000	176,250	176,250	0.0	810,000
		Support costs		31,186	0	24,222	21,346	21,346	0.0	98,100
Total funds requested for approval at this meeting (US\$)	France	Project costs		0	0	0	0	0	90,000	90,000
		Support costs		0	0	0	0	0	10,900	10,900

Secretariat's recommendation:	For individual consideration
--------------------------------------	------------------------------

PROJECT DESCRIPTION

Background

1. On behalf of the Government of Kenya, the Government of France, as the designated implementing agency, has submitted a request for funding for the fifth and final tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$90,000, plus agency support costs of US \$10,900.¹ The submission includes a progress report on the implementation of the fourth tranche, the verification report on HCFC consumption for 2016 and the tranche implementation plan for 2017-2018.

Report on HCFC consumption

HCFC consumption and verification report

2. The Government of Kenya reported a HCFC consumption of 15.07 ODP tonnes in 2016 which was 71 per cent below the HCFC baseline for compliance and 68 per cent below the allowable level of consumption for that year in its Agreement with the Executive Committee. The verification report concluded that the consumption of HCFCs in 2016 was 15.07 ODP tonnes. The 2012-2016 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Kenya (2012-2016 Article 7 data)

HCFC-22	2012	2013	2014	2015	2016	Baseline
Metric tonnes	770.00	529.80	450.88	374.62	274.00	948.15
ODP tonnes	42.35	29.14	24.80	20.60	15.07	52.15

3. HCFC consumption has been decreasing since 2012 due to implementation of activities approved under the HPMP including reduction in use of HCFC-22 for flushing through training (currently only about 10 per cent of the consumption is used for flushing equipment); the reduction of HCFC stockpiled prior to 2013 that were sold during the period 2013 to 2016; and an increase in the number of non-HCFC-based refrigeration and air-conditioning (RAC) equipment imported.

4. Given the levels of HCFCs that were imported and stockpiled up to 2013, it was recognized that the HCFC baseline for compliance of 52.15 ODP tonnes (which was also the starting point for sustained aggregate reduction in HCFC consumption) was not reflective of the actual consumption of the base years. On this basis, the Government of Kenya, through the Government of France proposed a revised starting point of 607.45 mt (33.41 ODP tonnes) calculated as the average consumption of HCFCs reported under Article 7 for the period 2013 to 2016. Noting that stage I of the HPMP will address 200.00 mt (11.00 ODP tonnes), the remaining consumption of HCFCs eligible for funding would be 407.45 mt (22.41 ODP tonnes).

5. The verification report also noted that the Government has taken steps to *inter alia* strengthen the data monitoring system including training of customs and enforcement officers; exchange information among National Ozone Unit (NOU), National Environmental Management Authority (NEMA) and Kenya Revenue Authority (KRA) on import/export licenses; and undertake inspections, coordination and outreach with HCFC importers; implement the Kenya Electronic Single Window System (KESWS).

Country programme (CP) implementation report

6. The Government of Kenya reported HCFC sector consumption data under the 2016 CP implementation report which is consistent with the data reported under Article 7 of the Montreal Protocol.

¹ As per the letter dated 22 September 2017 from the Ministry of Environment and Natural Resources of Kenya.

Progress report on the implementation of the fourth tranche of stage I of the HPMP

Legal framework

7. Ozone protection activities are a part of the Environment Management and Coordination Act (EMCA) promulgated in 1999. The Environmental Management and Coordination Regulation from 2007 established mandatory licenses to import, export or handle ozone-depleting substances (ODS), including HCFCs. The NEMA, under the Ministry of Environment and Natural Resources, is the body designated by the Government of Kenya to issue licenses and enforce the ODS regulations in collaboration with the Customs Service Department and other Government agencies. The legislation also provides for the application of ODS import quotas.

Refrigeration servicing sector

8. The following activities had been implemented:

- (a) *Policy and regulations enforcement:* NEMA continued the implementation of HCFC import/export licensing and quota system in collaboration with the Customs Service Department and other stakeholders; about 200 customs and enforcement officers had been trained on import/export regulations for HCFCs and monitoring of HCFC trade; and four refrigerant identifiers have been provided to NEMA and customs authorities for inspection, site inspections for identifying and confiscating suspicious consignments, given the importance of border controls in Mombasa and other entry points along the borders with Somalia and the Sudan. Additional six border training activities that were scheduled for August 2017 did not take place due to political uncertainty in the country; this is expected to be completed before December 2018;
- (b) *Training of refrigeration service technicians:* Twenty-five trainers and 700 technicians had been trained on good servicing practices and safe servicing of equipment using alternative technology; 14 equipment that include recovery equipment and other servicing tools had been provided for service technicians for good servicing practices; ten service training equipment had been provided including CO₂-based beverage coolers, service tool kits for CO₂-based equipment, and hydrocarbon-based commercial refrigeration demonstration unit. Consultations on for designing modalities of implementation of certification scheme for refrigeration technicians are in progress. The total number of technicians that will be trained through the project and private sector initiatives is 1,600 compared to a target of 2,600-2,700; and
- (c) *Awareness and information outreach:* Awareness activities include advertisements in local media on the activities of the HPMP (i.e., training programmes, equipment support to Vocational Training Centers (VTCs) , awards issued to customs officers for capturing illegal ODS consignments, and stakeholder workshops on matters related to the Montreal Protocol including its Kigali Amendment. Ozone Day activities were also used for creating awareness on HPMP activities.

Project implementation and monitoring unit (PMU)

9. Project management is undertaken by a project office with one permanent staff based in the Ministry of Environment and Natural Resources and is involved in day-to-day management of project activities.

Level of fund disbursement

10. As of September 2017, of the total funds of US \$810,000 approved so far, US \$693,900 had been disbursed as shown in Table 2. The balance of US \$116,100 will be disbursed before the end of 2018.

Table 2. Financial report of stage I of the HPMP for Kenya (US \$)

Components	First tranche		Second tranche		Third tranche		Fourth tranche	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
Total	257,500	257,496	200,000	200,000	176,250	176,250	176,250	60,154
Disbursement (%)		99.9		100.0		100.0		34.1

Implementation plan for the fifth tranche of the HPMP

11. The following activities will be implemented in the fifth and final tranche:

- (a) *Enforcement and amendment of ODS regulations (US \$25,500)*: Six sessions for training at least 80 customs officers and law enforcement officers on the HCFC control measures, identification of refrigerants, and the import data management system; support to NEMA and KRA for monitoring HCFC permit system; and procurement and distribution of two refrigerant identifiers;
- (b) *RAC servicing sector (US \$38,500)*: Training of at least 100 refrigeration technicians through five training programmes and 12 trainers through train the trainer course on CO₂ technology; distribution of five tool kits including manifold, vacuum pumps, recovery and recycling units, for training relating to good service practices to the technicians;
- (c) *Awareness and stakeholder participation and involvement (US \$18,000)*: Six stakeholders' workshops on HCFC regulatory controls, and activities relating to RAC training for stakeholders' participation; and
- (d) *PMU (US \$8,000)*: Support to PMU for implementation of the HPMP with focus on HCFC monitoring and controls.

SECRETARIAT'S COMMENTS AND RECOMMENDATION**COMMENTS**Revision of the starting point, and modifications to the Agreement

12. Based on the revisions to the starting point, paragraph 1, Appendices 1-A and 2-A of the Agreement between the Government of Kenya and the Executive Committee has been modified, and paragraph 16 has been updated to indicate that the revised updated Agreement supersedes the Agreement approved at the 66th meeting, as shown in Annex I to the present document. The full revised Agreement will be appended to the final report of the 80th meeting.

13. In light of the revision to the starting point, the Secretariat suggested that the Government consider submitting a request to the Ozone Secretariat to also revise the country's baseline. The Government of France noted that the Government of Kenya would discuss the issue internally and based on the discussions, they would consult with the Ozone Secretariat.

Strengthening of the ODS licensing system

14. In line with decision 77/36(a)², the Government of Kenya has taken the following measures to address the issues related to the licensing system that were identified during the review of the fourth tranche of the HPMP:

- (a) KRA has confirmed the receipt of importers' name along with the quantity of refrigerant to be imported against the permits issued to NEMA. KRA has also provided periodic reports on HCFC licensing matters; and KRA and customs entry points have received communication on need for licenses for import of ODS and ODS-based equipment;
- (b) KRA would periodically communicate with NEMA on conformity of quantities of ODS imported against licenses issued which will assist NEMA and the NOU reconcile import data. KRA has two senior officers working with NEMA on ODS import clearance matters; and
- (c) KESWS for licenses is under implementation and is integrated with the customs clearance processes (this information is available electronically for easy processing and monitoring). As a result, ODSs cannot be imported without an import license. Officers of NEMA were trained on KESWS and cargo clearance module.

15. The Government is committed to continue to strengthen HCFC licensing and import monitoring system through training and other capacity building measures. While several actions had already been taken to strengthen the licensing system, additional steps will be implemented relating to strengthening HCFC import/export monitoring through customs training and stronger coordination between NEMA and customs authorities. Activities for strengthening policy enforcement, training of customs officers and customs inspections for monitoring imports of HCFCs would also be undertaken on priority in stage II of the HPMP. These activities would strengthen data management and reporting process.

Progress report on the implementation of the fourth tranche of the HPMP

Legal framework

16. The Government of Kenya has issued import licenses for 17.52 ODP tonnes for 2017, and allocated it to 19 importers; the consumption is significantly lower than the target of 46.98 ODP tonnes.

17. The Secretariat discussed the need for additional regulations for reducing dependence on HCFC-based equipment including prohibition of import of HCFC-based residential and commercial air-conditioners in the country, installation of HCFC-based refrigeration equipment and prohibition of import of HCFCs other than HCFC-22 including blends. In response, the Government of France indicated that the Government of Kenya would work with national stakeholders to implement these regulations latest by 31 December 2020.

Refrigeration servicing sector

18. The Government of France reported that the modalities of certification system for service technicians handling HC-based refrigerants were still under consultation. The main outstanding issues related to the need for certification assessment for formally qualified technicians and identification of

² Approved on the understanding that future tranches of stage I and/or stage II of the HPMP for Kenya would be considered only after satisfactory resolution of the issues related to the import and export licensing and quota system of HCFCs identified in the verification report, and confirmed by an independent verification report.

suitable certification authority. These issues will be addressed over the next three years in consultation with technical institutions and industry.

19. With regard to activities related to the use flammable refrigerants, the Government of France confirmed that the Government of Kenya is fully aware of the safeguards that need to be undertaken while promoting the use of flammable refrigerants³, and further confirmed that the service sector activities are taking all safeguards into consideration. The Government would continue to strengthen capacity of training institutes and strengthen process for certification of technicians; through these measures, they expect to achieve sustainable training of technicians for using flammable refrigerants. Retrofit of equipment designed for non-flammable refrigerants with flammable alternatives are not encouraged unless safety standards as per international norms are followed.

Revision of the budgets of the activities included in stage I

20. At the 77th meeting, the Government of France requested to increase the budget for awareness (from US \$60,000 to US \$93,000) and project implementation and monitoring (from US \$100,000 to US \$145,250). In the financial report submitted to the 80th meeting, the Secretariat noted that the expenditure under the PMU component was US \$172,509 as of September 2017 and thus, exceeded the total budget allocation under this component by US \$27,259. Further, US \$8,000 has been budgeted under the fifth tranche. The Government of France explained that the over expenditure was mainly on account of increase in expenditure in operations of the PMU and high costs incurred on monitoring activities that have posed a challenge during implementation of stage I; and proposed that the budgets be revised by reallocating funds from technical assistance and policy and regulatory framework components to PMU activities as shown in Table 3. These adjustments would ensure that the allocations under individual components are below the budgets, and would facilitate project completion.

Table 3. Reallocation of funding for project components of stage I of the HPMP for Kenya (US \$)

Components	Revised at 77th meeting	Proposed
Policy and regulatory framework	218,000	193,007
Technical assistance to RAC servicing sector	443,750	394,333
Awareness programme	93,000	116,050
Project implementation and monitoring unit	145,250	196,610
Total	900,000	900,000

Conclusion

21. The HCFC consumption in 2016 was 15.07 ODP tonnes, which was 71 per cent below the HCFC baseline. Given that part of the HCFCs imported prior to 2013 was stockpiled for future years' consumption, the Government of Kenya agreed to revise its starting point for sustained aggregate reduction in HCFC consumption from 52.15 ODP tonnes to 33.41 ODP tonnes. The Government has taken several steps to strengthen the licensing system, data management and controls on HCFC import and exports and is working closely with customs and other regulatory authorities; these actions have resulted in satisfactory resolution to the issues identified in the previous verification report. Training of additional refrigeration service technicians are in progress and equipment to service training institutions are being procured and distributed. The fifth tranche complete all planned activities under stage I of the HPMP by December 2018. The Government of Kenya has also submitted stage II of the HPMP to the 80th meeting, which will be a continuation of the activities approved under stage I.

³ Decisions 72/17 and 73/34.

RECOMMENDATION

22. The Executive Committee may wish to consider:

- (a) Noting:
 - (i) The progress report on the implementation of the fourth tranche of stage I of the HCFC phase-out management plan (HPMP) for Kenya;
 - (ii) That the revised starting point for sustained aggregate reduction in HCFC consumption was 33.41 ODP tonnes;
 - (iii) That the Fund Secretariat had updated paragraph 1, Appendices 1-A and 2-A of the Agreement between the Government of Kenya and the Executive Committee, based on the revised starting point for sustained aggregate reduction, and that a new paragraph 16 had been added to indicate that the updated Agreement superseded that reached at the 66th meeting, as contained in Annex I to the present document; and
- (b) Approving the fifth and final tranche of stage I of the HPMP for Kenya, and the corresponding 2017 tranche implementation plan, at the funding level US \$90,000 plus agency support costs of US \$10,900 for the Government of Kenya, on the understanding that if Kenya were to decide to proceed with retrofits and associated servicing to flammable and toxic refrigerants in refrigeration and air-conditioning equipment originally designed for non-flammable substances, it would do so assuming all associated responsibilities and risks and only in accordance with the relevant standards and protocols.

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Kenya

(I) PROJECT TITLE	AGENCY
HCFC phase out plan (Stage II)	France (lead)

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2016	15.07 (ODP tonnes)
---	------------	--------------------

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2016	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Serviceing				
HCFC-22					15.07				15.07

(IV) CONSUMPTION DATA (ODP tonnes)				
2009 - 2010 baseline:		52.2	Starting point for sustained aggregate reductions:	33.41
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)				
Already approved:		11.00	Remaining:	22.41

(V) BUSINESS PLAN		2017-2020	After 2020	Total
France	ODS phase-out (ODP tonnes)	0.0	0.0	0.0
	Funding (US \$)	0.0	0.0	0.0

(VI) PROJECT DATA		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026-2029	2030	Total	
Montreal Protocol consumption limits		46.98	46.98	46.98	33.93	33.93	33.93	33.93	33.93	16.96	16.96	1.31	n/a	
Maximum allowable consumption (ODP tonnes)		22.41	16.70	16.70	15.00	12.50	10.00	8.00	5.00	2.00	1.31	0	n/a	
Project costs requested in principle (US \$)	France	Project costs	456,500	0	0	616,500	0	601,500	0	0	0	0	89,350	1,763,850
			Support costs	52,803	0	0	71,310	0	69,575	0	0	0	0	10,335
Total project costs requested in principle (US\$)		456,500	0	0	616,500	0	601,500	0	0	0	0	89,350	1,763,850	
Total support costs requested in principle (US\$)		52,803	0	0	71,310	0	69,575	0	0	0	0	10,335	204,023	
Total funds requested in principle (US\$)		509,303	0	0	687,810	0	671,075	0	0	0	0	99,685	1,967,874	

(VII) Request for funding for the first tranche (2017)		
Agency	Funds requested (US \$)	Support costs (US \$)
France	456,500	52,803
Total	456,500	52,803
Funding request:	Approval of funding for the first tranche (2017) as indicated above	

Secretariat's recommendation:	For individual consideration
--------------------------------------	------------------------------

PROJECT DESCRIPTION

23. On behalf of the Government of Kenya, the Government of France, as the designated implementing agency, has submitted a request for funding for stage II of the HPMP at the amount of US \$1,801,500 plus agency support costs of US \$208,165 as originally submitted.⁴ The implementation of stage II will phase out the remaining consumption of HCFCs in Kenya by 2030.

24. The first tranche for stage II being requested at this meeting amounts to US \$358,200, plus agency support costs of US \$41,398 as originally submitted.

Status of implementation of stage I of the HPMP

25. The progress report for HPMP stage I including, an analysis of the HCFC consumption; the change of the starting point for sustained aggregate reduction in HCFC consumption from 52.15 to 33.41 ODP tonnes as decided by the Government of Kenya; the progress and financial reports on the implementation of the first four tranches of stage I of the HPMP; and the request for the fifth and final tranche submitted to the 80th meeting, is presented in paragraphs 2 to 11 of the present document.

Stage II of the HPMP

Remaining consumption eligible for funding in Kenya

26. After deducting 11.00 ODP tonnes of HCFCs associated with stage I of the HPMP, the remaining consumption eligible for funding would be 22.41 ODP tonnes.

HCFC sector distribution

27. HCFCs consumed in the country are mainly HCFC-22 and, to a lesser extent, R-406A⁵ consumed in commercial refrigeration applications. HCFC-22 is used in servicing of RAC equipment, namely, commercial and industrial refrigeration, transport refrigeration, residential and commercial air-conditioning and industrial air-conditioning including chillers. Table 4 presents a summary of the estimated population of HCFC-based equipment and their HCFC consumption in the year 2016.

Table 4. Estimated population of HCFC-based equipment and consumption (2016)

Type of equipment	Equipment (units)	Service demand(*)	
		mt	ODP tonnes
Air-conditioners			
Domestic (stand alone, splits)	500,000-600,000	62	3.41
Commercial (splits, packaged)	50,000	62	3.41
Chillers	150	10	0.55
Commercial refrigeration			
Cold rooms/condensing units/ stand-alone units	230,000	165	9.08
Refrigerated transport	400-500	2	0.11
Total		301	16.56

(*) This is marginally different from the data reported under Article 7 of the Protocol, which could be due to the use from previous stockpile and differences between actual imports and estimated consumption.

28. The population of HCFC-based equipment has been decreasing over the last nine years, while equipment using HCFC-free alternatives (e.g., HFC-134a, R-404A, R-410A) has been increasing. Through

⁴ As per the letter of 1 August 2017 from the Ministry of Environment and Natural Resources of Kenya.

⁵ A mixture of HCFC-22 (55 per cent), HCFC-142b (41 per cent) and HC-600a (4 per cent). The consumption of R-406A is not reported as no license is requested for imports, and is expected to be low.

activities implemented under stage I of the HPMP and market factors, limited number of equipment operating with low-GWP alternative refrigerants is being introduced (e.g., CO₂-based equipment).

Air-conditioning equipment

29. Air-conditioners ranging in capacity from 2.0 to 700 kW are used in residential and commercial applications for cooling, and include: room air-conditioners (window-mounted, through-the-wall and mobile units) with a cooling capacity of 2 kW to 10.5 kW; ductless split systems with a cooling capacity of 2 kW to 15 kW; split ducted air-conditioning systems with a cooling capacity range of 5 kW and 14 kW; and packed systems, roof top systems and ducted commercial air-conditioning split systems, with cooling capacity ranging from 5 kW to more than 350 kW. Both HCFC-based and non-HCFC (mainly R-410A and R-407C) technologies, are contained in these systems.

30. Chillers are used in large commercial buildings including a few large hotels, most of which are water-cooled systems using HFC-134a or R-407C refrigerants, and to a lesser extent, HCFC-22.

Refrigeration equipment

31. Commercial refrigeration comprises stand-alone equipment; condensing units; and centralized systems used in supermarkets/grocery stores, horticulture and food processing. An overview of this equipment is given below.

- (a) HCFC-22-based vending machines (about 15 to 20 per cent of population) and HFC-based (e.g., HFC-134a, R-404A, CO₂) are mainly imported, and limited quantity of CO₂-based equipment are produced in domestic market;
- (b) HCFC-22 used for cold rooms, and R-404A and HFC-134a used in standalone units, in condensing units and cold rooms. The number of supermarkets in operation has been growing steadily; seven Kenyan supermarket chains own 182 outlets and constitute approximately 20 per cent of the overall minimart outlets and supermarket stores in the country;
- (c) The horticulture, flower and other food products (the third largest contributor to the local economy) represents a major user of HCFC-22 and other HFC-based refrigerants. About 200 flower-related companies have cold rooms ranging from one to 30 units or more. There are approximately 5,000 cold rooms catering to the needs of the flower industry and another 1,000 cold rooms for vegetables grown for local and export markets; and
- (d) The dairy, food processing and fisheries sector are the other users of industrial and commercial refrigeration systems, using HCFC-22 (about 30 per cent), HFC-134a, R-404A and R-507A. Dairy sector is still using commercial refrigeration equipment in the form of chillers or condensing units, while meat processing and large fisheries-based companies have been mainly using ammonia for several years.

32. Transport refrigeration includes transport of chilled or frozen meat and fish products by road vehicles, and insulated containers and boxes. The equipment use HCFC-22 and HFCs.

Refrigeration servicing workshops

33. There are about 10,000 to 15,000 service technicians servicing HCFC- and non-HCFC-based refrigeration equipment. In urban areas, there are dedicated RAC servicing companies as well as one-man companies servicing and repairing RAC equipment. In smaller towns, the RAC servicing and repair shops have many semi-skilled to non-skilled persons undertaking repairs especially on domestic refrigeration

equipment and small commercial equipment. Commercial refrigeration/condensing units are serviced by skilled staff only as the costs for servicing/maintenance is high.

Proposed activities in stage II of the HPMP

34. The activities to be implemented during stage II of the HPMP include policy and enforcement; assistance to the servicing sector; technical assistance (TA) for commercial refrigeration and residential air-conditioning for adoption of HCFC-free low-GWP alternatives; awareness and information outreach; and project implementation and monitoring. These activities would be implemented to achieve the complete phase-out of HCFC by 2030, and are described below:

- (a) *Policy and regulations enforcement:* Continue implementation of HCFC import/export licensing and quota system with NEMA as the authority for issuing licenses and enforcing ODS regulations in collaboration with the Customs Service Department and other stakeholders; training of at least 120 customs and enforcement officers on import/export regulations for HCFCs and monitoring of HCFC trade; providing four refrigerant identifiers to NEMA and Customs authorities for site inspections for identifying and confiscating suspicious consignments; continue conducting awareness and training activities for strengthening monitoring mechanisms and implementation of KESWS; and information exchange between customs authorities and NEMA;
- (b) *Training of refrigeration service technicians:* Training of 15 trainers and 700 to 1,000 technicians on good servicing practices and safe servicing of equipment using alternative technology; provision of about 40 equipment including recovery and reclamation tools, vacuum pumps, charging manifolds and other service tools, for service technicians for good servicing practices and recovery of equipment. Provision of training tool-kit, special equipment for use in CO₂ based refrigeration equipment, a demonstration unit for hydrocarbon-based condensing equipment, to 10 technical institutions for training technicians and students; strengthening the Refrigeration Association of Kenya through information exchange, coordination and consultation on issues relating to HCFC-22 phase-out. Approximately 1,500 to 2,000 technicians will be trained through stage II of the HPMP and private sector initiatives supported from other sources;
- (c) *Incentive for commercial refrigeration:* Training to at least 100 service technicians on safe installation and maintenance practices, technical assistance for project design, plan and technical support for operations and monitoring, and procurement of equipment for adoption of CO₂-based equipment in one or two supermarkets covering equipment with a capacity of 40 to 50 tonne of refrigeration (TR⁶) each, and for adoption of hydrocarbon-based refrigeration technology in two cold rooms with a capacity of about 15 TR each;
- (d) *Incentive for adoption of low-GWP alternatives in residential air-conditioning:* Training to at least 50 service technicians on safe operations and maintenance practices, technical assistance for project design, plan and technical support for operations and monitoring, and incentive for equipment purchase for 500 units of hydrocarbon-based air-conditioners; and
- (e) *Awareness and information outreach:* At least seven stakeholder consultations on HPMP activities and issues relating to HCFC phase-out for Government, and development of awareness and publicity materials for HCFC phase-out.

⁶ TR is a tonne of refrigeration approximately equal to 12,000 btu/hr.

Project implementation and monitoring

35. Project management would continue to be undertaken by a project office with one permanent staff based in the Ministry of Environment and Natural Resources.

Total cost of stage II of the HPMP

36. The total cost of stage II of the HPMP for Kenya amounts to US \$1,801,500, as originally submitted (excluding support costs) for achieving a complete phase-out of HCFCs by 2030. Detailed activities and cost are shown in Table 5.

Table 5. Proposed budget for stage II of the HPMP

Activity	Funding (US \$)
Policy enforcement and capacity building	243,500
RAC service sector training and equipment support	500,000
Commercial refrigeration technical assistance and incentives for adopting low-GWP alternatives	615,000
Air-conditioning technical assistance and incentives for adoption of low-GWP alternatives	115,000
Awareness and information outreach	150,000
Sub-total	1,623,500
Project implementation management and monitoring	178,000
Total	1,801,500

37. The submission includes co-financing from the beneficiaries for the commercial refrigeration component amounting to US \$150,000.

Activities planned for the first tranche of stage II

38. The first funding tranche of stage II of the HPMP at the total amount of US \$456,500 will be implemented until September 2020, and will include: initiation of regulations enforcement activities including development of new regulatory measures for HCFC-based equipment and HCFCs import controls, as well as training activities (US \$83,050), initiation of refrigeration servicing sector training activities (US \$100,000), development of design and implementation plan for commercial refrigeration and residential air-conditioner incentive schemes for adoption of low-GWP alternatives (US \$180,000), awareness and outreach activities (US \$40,000) and project management and monitoring activities (US \$53,450).

SECRETARIAT'S COMMENTS AND RECOMMENDATION**COMMENTS**

39. The Secretariat reviewed stage II of the HPMP for Kenya in light of stage I, the policies and guidelines of the Multilateral Fund, including the criteria for funding HCFC phase out in the consumption sector for stage II of HPMPs (decision 74/50), and the 2017 2019 business plan of the Multilateral Fund.

Phase-out schedule

40. The Secretariat discussed the need for complete phase-out of HCFCs by 2030 as submitted in the proposal, given that Kenya is a non-low-volume consuming country and that new non-ODS and low-GWP technologies in the RAC sector that are likely to be adopted in future years may need additional actions for adoption (e.g., equipment support for new refrigerant technologies, safety aspects in adoption of new technologies). The Government of France clarified that the Government of Kenya considers it appropriate

to fully phase out HCFCs through policy and regulatory and capacity building interventions for adoption of HCFC-free low-GWP technologies at this stage and is fully committed to achieving full phase-out. Further to discussions, it was agreed that Kenya would achieve the complete phase-out of HCFCs by 2026 with a remaining consumption of 1.31 ODP tonnes (service-tail) for the period 2026 to 2029.

Promotion of low-GWP technologies

41. Upon a request for clarifications on how safe adoption of hydrocarbon-based refrigerants would be ensured, the Government of France explained that training of technicians for the safe use of hydrocarbon have been provided during stage I and will continue to be provided during stage II of the HPMP. Further, retrofit of air-conditioning equipment designed for non-flammable refrigerants with hydrocarbon is discouraged, and the Government of Kenya is fully aware of decisions 72/17 and 73/34 on safe use of hydrocarbons and is in the process of developing certification standards for using flammable refrigerants.

42. Moreover, the curriculum of technical colleges which include components on safe handling of hydrocarbons has been standardised. The processes for standard certification programmes for trained technicians is under development, particularly on the need for certification assessment for formally qualified technicians and identification of suitable certification authority. Because of this, the current approach of training using a standardised curriculum for technician training by the NOU followed by a formal assessment is used for technician certification.

Service sector training and equipment support

43. Upon request for clarification on the need of additional equipment for technician training, the Government of France mentioned that this equipment is needed for training of technicians through the training institutions on CO₂-based technologies and flammable refrigerant technologies; it would facilitate the adoption of these technologies by removing knowledge barriers. While the current costs of some of the technology options are high, in future, they are expected to come down and thus, would result in greater adoption of such technologies. A local supplier of CO₂-based equipment, for example, has confirmed increase in adoption of CO₂-based beverage coolers in Kenya.

44. The Government of France also clarified that the industry may be requested to provide counterpart contribution; based on a competitive bidding process for procurement and counterpart support, equipment support to technicians would be maximised. The exact amount of counterpart support would be known only during the initiation of stage II when consultations would be held with service agencies.

Incentive scheme for commercial refrigeration and residential air-conditioning

45. The Secretariat also requested clarifications on the expected impact of incentive schemes for commercial refrigeration and the sustainability of adoption of these technologies. The Government of France clarified that the project is proposing to support adoption of CO₂-based refrigeration systems in two supermarkets (at maximum) and adoption of hydrocarbon-based refrigeration systems in two cold rooms (at maximum); detailed assessment of capacity and technical specifications would be made during the period 2018-2019. The cold rooms would be chosen to ensure that safety aspects are well addressed and training support would be provided to the service technicians. The beneficiaries of the incentive scheme would provide a minimum of US \$150,000 as counterpart contribution; the incentive scheme for low-GWP technology adoption in residential air-conditioning is also expected to support up to 20 per cent of the total cost to the consumer for such equipment.

46. With regard to the technical assistance support relating to the commercial refrigeration and introduction of low-GWP alternatives in domestic air-conditioning, the Government of France explained that technical assistance is needed for equipment design, project implementation, monitoring and energy audit activities.

Project implementation and monitoring unit (PMU)

47. Based on discussions on the need for personnel, experts and local consultants to implement the activities in stage II, the cost of the PMU was agreed at US \$160,350.

Agreed cost of stage II of the HPMP

48. The Secretariat adjusted the overall costs to exclude energy audit activities as they were ineligible and revised the overall project costs of commercial refrigeration from US \$615,000 to US \$600,000, and introduction of low-GWP alternatives to residential air-conditioning from US \$115,000 to US \$110,000. These adjustments relate to costs associated with energy audit activities in the incentive scheme components; the costs of equipment were based on best estimates of landed cost and would be supported by co-financing from beneficiaries, if required.

49. The agreed cost of activities proposed in stage II of HPMP amounts to US \$1,763,850 as summarised in Table 6 below. The activities will result in the complete phase-out of the consumption eligible for funding of 407.45 mt (22.41 ODP tonnes) of HCFCs, with a cost-effectiveness of US \$4.33/kg. The tranche distribution reflects allocation of ten per cent on training, policy and awareness components as the funds for investment activities relating to incentive schemes would be needed prior to 2026 to achieve full phase-out, except for the service-tail.

50. The Government of Kenya will also issue a ban on HCFC-based equipment and HCFCs other than HCFC-22 by 31 December 2020 to reduce dependence on HCFC-based equipment and minimise HCFC requirement in service tail.

Table 6. Agreed cost of stage II of the HPMP for Kenya

Activity	Agreed cost (US \$)
Policy enforcement and capacity building	243,500
RAC service sector training and equipment support	500,000
Commercial refrigeration technical assistance and incentives for adopting low-GWP alternatives	600,000
Air-conditioning technical assistance and incentives for adoption of low-GWP alternatives	110,000
Awareness and information outreach	150,000
Sub-total	1,603,500
Project implementation management and monitoring	160,350
Total	1,763,850

Impact on the climate

51. The proposed activities in the servicing sector, which include better containment of refrigerants through technicians training and provision of equipment, will further reduce the amount of HCFC-22 used for refrigeration servicing. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Kenya, in particular its efforts to promote low-GWP alternatives, and refrigerant recovery and reuse, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, therefore resulting in benefits on the climate. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in savings of approximately 1.8 CO₂-equivalent tonnes.

Co-financing

52. The Government of France informed that the project component for equipment incentives for introduction of low-GWP alternatives in commercial refrigeration and domestic air-conditioning will

include co-financing. A preliminary estimate of the amount of co-financing relating to these two components would be US \$430,000. Co-financing possibility would also be discussed with service technicians on equipment support component.

2017-2019 draft business plan of the Multilateral Fund

53. The Government of France is requesting US \$1,801,500, plus agency support costs for the implementation of stage II of the HPMP. The total value requested of US \$2,009,665 including support costs for the period 2017-2019 was inadvertently not included in the business plan of the Government of France.

Draft Agreement

54. A draft Agreement between the Government of Kenya and the Executive Committee for the phase-out of HCFCs in stage II of the HPMP is contained in Annex II to the present document.

RECOMMENDATION

55. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Kenya for the period 2017 to 2030 to completely phase out HCFC consumption, in the amount of US \$1,763,850, plus agency support costs of US \$204,023 for the Government of France, on the understanding that not additional funding would be provided to the Government of Kenya for the phase-out of HCFCs;
- (b) Noting the commitment of the Government of Kenya:
 - (i) To reduce remaining HCFC consumption by 2030; and
 - (ii) To issue a ban on the import of HCFC-based equipment and HCFCs other than HCFC-22 by December 2020;
- (c) Deducting 22.41 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;
- (d) Approving the draft Agreement between the Government of Kenya and the Executive Committee for the reduction in consumption of HCFCs, in accordance with stage II of the HPMP, contained in Annex II to the present document;
- (e) Approving the first tranche of stage II of the HPMP for Kenya, and the corresponding tranche implementation plans, in the amount of US \$456,500, plus agency support costs of US \$52,803 for the Government of France, on the understanding that if Kenya were to decide to proceed with retrofits and associated servicing to flammable and toxic refrigerants in refrigeration and air-conditioning equipment originally designed for non-flammable substances, it would do so assuming all associated responsibilities and risks and only in accordance with the relevant standards and protocols; and
- (f) Requesting the Government of France to report on the status of implementation of the ban mentioned in sub-paragraph (b)(ii) above in the second tranche submission.

Annex I

TEXT TO BE INCLUDED IN THE UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF KENYA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS
(Relevant changes are in bold font for ease of reference)

1. This Agreement represents the understanding of the Government of Kenya (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 **22.41** ODP tonnes by 1 January 2017 in compliance with Montreal Protocol schedules.

16. This updated Agreement supersedes the Agreement reached between the Government of Kenya and the Executive Committee at the 66th meeting of the Executive Committee.

APPENDIX 1-A: SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	33.41

APPENDIX 2-A: THE TARGETS, AND FUNDING*

Row	Particulars	2012	2013	2014	2015	2016	2017	Total	
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	52.20	52.20	46.98	46.98	46.98	n/a	
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	52.20	52.20	46.98	22.41	22.41	n/a	
2.1	Lead IA (Government of France) agreed funding (US \$)	257,500	0	200,000	176,250	176,250	90,000	900,000	
2.2	Support costs for Lead IA (US \$)	31,18	0	24,222	21,346	21,346	10,900	109,000	
3.1	Total agreed funding (US \$)	257,50	0	200,000	176,250	176,250	90,000	900,000	
3.2	Total support costs (US \$)	31,18	0	24,222	21,346	21,346	10,900	109,000	
3.3	Total agreed costs (US \$)	288,68	0	224,222	197,596	197,596	100,900	1,009,000	
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)								11.00
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)								0.00
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)								22.41

Annex II

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF KENYA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS IN ACCORDANCE WITH STAGE II OF THE HCFC PHASE-OUT MANAGEMENT PLAN

Purpose

1. This Agreement represents the understanding of the Government of Kenya (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 zero ODP tonnes by 1 January 2030 in compliance with Montreal Protocol schedule.
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 consumption eligible for funding).
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 stage II of the HCFC phase-out management plan (HPMP) approved (“the Plan”). 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.

Conditions for funding release

5. The Executive Committee will only provide the Funding in accordance with the Funding Approval Schedule when 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 has 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 there are no due country programme implementation reports 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 for all relevant years, unless the Executive Committee decided that such verification would not be required;
 - (c) That the Country had submitted a Tranche Implementation Report in the form of Appendix 4-A (“Format of Tranche Implementation Reports and Plans”) covering each previous calendar year; that it had achieved a significant level of implementation of

activities initiated with previously approved tranches; and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent; and

- (d) That the Country has submitted a Tranche 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.

Monitoring

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (“Monitoring Institutions and Roles”) will monitor and report on implementation of the activities in the previous Tranche Implementation Plans in accordance with their roles and responsibilities set out in the same appendix.

Flexibility in the reallocation of funds

7. The Executive Committee agrees that the Country may have the flexibility to reallocate part or all of the approved 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 a Tranche Implementation Plan as foreseen in sub-paragraph 5(d) above, or as a revision to an existing Tranche 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;
 - (iv) Provision of funding for activities not included in the current endorsed Tranche Implementation Plan, or removal of an activity in the Tranche Implementation Plan, with a cost greater than 30 per cent of the total cost of the last approved tranche; and
 - (v) Changes in alternative technologies, on the understanding that any submission for such a request would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tonnes to be phased out if applicable, as well as confirm that the Country agrees that potential savings related to the change of technology would decrease the overall funding level under this Agreement accordingly;
- (b) Reallocations not categorized as major changes may be incorporated in the approved Tranche Implementation Plan, under implementation at the time, and reported to the Executive Committee in the subsequent Tranche Implementation Report;
- (c) The Country agrees, in cases where HFC technologies have been chosen as an alternative to HCFCs, and taking into account national circumstances related to health and safety: to monitor the availability of substitutes and alternatives that further minimize impacts on the climate; to consider, in the review of regulations standards and incentives adequate

provisions that encourage introduction of such alternatives; and to consider the potential for adoption of cost-effective alternatives that minimize the climate impact in the implementation of the HPMP, as appropriate, and inform the Executive Committee on the progress accordingly in tranche implementation reports; and

- (d) Any remaining funds held by the bilateral or implementing agencies or the Country under the Plan will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.

Considerations for the refrigeration servicing sector

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing sector included in the Plan, 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 relevant bilateral and/or implementing agencies would take into consideration relevant decisions on the refrigeration servicing sector during the implementation of the Plan.

Bilateral and implementing agencies

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. The Government of France has agreed to be the lead implementing agency (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 the Lead IA 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). The Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 2.2 of Appendix 2-A.

Non-compliance with the Agreement

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 decisions are taken, the specific case of non-compliance with this Agreement will not be an impediment for the provision of funding 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 decisions that may affect the funding of any other consumption sector projects or any other related activities in the Country.

13. The Country will comply with any reasonable request of the Executive Committee, and the Lead IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA with access to the information necessary to verify compliance with this Agreement.

Date of completion

14. The completion of the Plan 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 at that time there still be activities that are outstanding, and which were foreseen in the last Tranche Implementation Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion of the Plan 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 of the Plan unless otherwise specified by the Executive Committee.

Validity

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.

16. This Agreement may be modified or terminated only by mutual written agreement of the Country and the Executive Committee of the Multilateral Fund.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	33.41
Total	C	I	33.41

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2017	2018-2019	2020	2021	2022	2023	2024	2025	2026-2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	46.98	46.98	33.93	33.93	33.93	33.93	33.93	16.96	16.96	1.31	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	22.41	16.70	15.00	12.50	10.00	8.00	5.00	2.00	1.31	0	n/a
2.1	Lead IA (Government of France) agreed funding (US \$)	456,500	0	616,500	0	601,500	0	0	0	0	89,350	1,763,850
2.2	Support costs for Lead IA (US \$)	52,803	0	71,310	0	69,575	0	0	0	0	10,335	204,023
3.1	Total agreed funding (US \$)	456,500	0	616,500	0	601,500	0	0	0	0	89,350	1,763,850
3.2	Total support costs (US \$)	52,803	0	71,310	0	69,575	0	0	0	0	10,335	204,023
3.3	Total agreed costs (US \$)	509,303	0	687,810	0	671,075	0	0	0	0	99,685	1,967,873
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)											22.41
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)											11.00
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)											0.00

*Date of completion of stage I as per stage I Agreement: 31 December 2018

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

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

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

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

- (a) A narrative report, with data provided by tranche, describing the progress achieved since 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 the amount of ODS phased 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 Tranche 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;
- (b) An independent verification report of the Plan results and the consumption of the Substances, 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 during the period covered by the requested tranche, highlighting implementation milestones, the time of completion and 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 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 Tranche Implementation Reports and Plans, submitted through an online database; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of the above sub-paragraphs 1(a) to 1(d).

2. In the event that in a particular year two stages of the HPMP are being implemented in parallel, the following considerations should be taken in preparing the Tranche Implementation Reports and Plans:

- (a) The Tranche Implementation Reports and Plans referred to as part of this Agreement, will exclusively refer to activities and funds covered by this Agreement; and
- (b) If the stages under implementation have different HCFC consumption targets under Appendix 2-A of each Agreement in a particular year, the lower HCFC consumption target will be used as reference for compliance with these Agreements and will be the basis for the independent verification.

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. Monitoring of the HPMP activities will be carried out through the existing Project Monitoring Office that is operating under stage I of HPMP. Additional experts will be hired on a regular basis to assist with more specific and technical requirements of the project. The Project Monitoring Office will work together with the National Ozone Unit to draft the necessary progress reports and meet all reporting requirements of the project.

2. The Natural Environment Management Authority, which is the ODS licensing authority in Kenya will ensure that licensing and monitoring system for ODS is implemented effectively.

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 Tranche Implementation Reports and Plans as per Appendix 4-A;
- (c) Providing independent verification to the Executive Committee that the Targets have been met and associated tranche activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;
- (d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future Tranche Implementation Plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
- (e) Fulfilling the reporting requirements for the Tranche Implementation Reports and Plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee;
- (f) In the event that the last funding tranche is requested one or more years prior to the last year for which a consumption target had been established, annual tranche implementation reports and, where applicable, verification reports on the current stage of the Plan should be submitted until all activities foreseen had been completed and HCFC consumption targets had been met;
- (g) Ensuring that appropriate independent technical experts carry out the technical reviews;
- (h) Carrying out required supervision missions;
- (i) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;
- (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, the allocation of the reductions to the different budget items and to the funding of the Lead IA;
- (k) Ensuring that disbursements made to the Country are based on the use of the indicators;
- (l) Providing assistance with policy, management and technical support when required;
- (m) Timely releasing funds to the Country/participating enterprises for completing the activities related to the project.

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 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 \$157.42 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, on the understanding that the maximum funding reduction would not exceed the funding level of the tranche being requested. Additional measures might be considered in cases where non-compliance extends for two consecutive years.

2. In the event that the penalty needs to be applied for a year in which there are two Agreements in force (two stages of the HPMP being implemented in parallel) with different penalty levels, the application of the penalty will be determined on a case-by-case basis taking into consideration the specific sectors that lead to the non-compliance. If it is not possible to determine a sector, or both stages are addressing the same sector, the penalty level to be applied would be the largest.
