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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-second Meeting
Montreal, 3-7 December 2018

**NOTIFICATION ON THE RISK OF NON-COMPLIANCE WITH THE AGREEMENT
BETWEEN THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA AND THE EXECUTIVE
COMMITTEE FOR THE REDUCTION IN HCFC CONSUMPTION**

1. The Fund Secretariat received a letter dated 5 September 2018 from the Government of the Democratic People's Republic of Korea which is also addressed to the Executive Committee of the Multilateral Fund. The letter is attached to the present information note.
2. Specifically, the Government of the Democratic People's Republic of Korea notified the risk of non-compliance with its Agreement with the Executive Committee for the reduction in HCFC consumption for 2018, due to restraints on fund transfer and equipment delivery to the country, caused by the United Nations Security Council Resolutions on sanctions, and requested for not applying the penalty clause of the Agreement.
3. The Government of the Democratic People's Republic of Korea further requested for approving funding requests for preparation of stage II of the HPMP, renewal of institutional strengthening and enabling activities for HFC phase-down when they are submitted, and exploring ways of transferring financial and technical assistance to the country, noting that sanctions are not intended to restrict implementation of the Montreal Protocol.
4. On 25 September 2018, the Fund Secretariat informed the Government of the Democratic People's Republic of Korea that it will submit the Government's letter to the 82nd meeting for the attention of the Executive Committee.



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DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA PEOPLE'S REPUBLIC OF KOREA
National Coordinating Committee for Environment Coordinating Committee

P.O.Box 44 Pyongyang, Tel. 850-2-18111(382 7222), Fax 850-2-381 4660 Pyongyang, Tel. 850-2-381 4660

5 September Juche 107 (2018)

Dear madams/sirs,

Subject: Notification of the risk of non-compliance with the HPMP reduction targets of 2018

This is to inform the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol that the Government of the Democratic People's Republic of Korea (DPR Korea) is not expected to meet the reduction target of 2018 set out in row 1.2 of Appendix 2-A in the Agreement between the Government and Executive Committee for the reduction in consumption of hydrochlorofluorocarbons (HCFCs).

The HCFC Phase-out Management Plan (Stage I) of the DPR Korea has been submitted to and approved by 73rd Meeting of the Executive Committee of the Multilateral Fund in November 2014. With the funding from the Multilateral Fund and also with the assistance from the UNIDO as the Lead Agency of the HPMP and from the UN Environment, the country could meet 10% reduction target in consumption of HCFCs from 2015 and in production from 2016. The main cause of the above achievement should also go to the sincere efforts of the DPR Korea to implement the Montreal Protocol. The country has continued to operate the National Ozone Unit despite the lack of any direct financial support, enforced the licensing and quota system and conducted every possible awareness activities.

To: Executive Committee of the Multilateral Fund for the
Implementation of the Montreal Protocol

Mr. Eduardo Ganem, Secretariat of the Multilateral Fund
for the Implementation of the Montreal Protocol

Cc: Ms. Tina Birmbili, Executive Secretary, Secretariat for the
Vienna Convention and its Montreal Protocol

Dr. Shamila Nair-Bedouelle, Head of OzoneAction, UN Environment

Mr. Ralf Bredel, Representative and Head of Regional Office, UNIDO

Mr. Ole Nielsen, UNIDO

Mr. Yuri Sorokin, UNIDO

Mr. Hu Shaofeng, UNEP Regional Office

However, with the fund transfer and equipment delivery restraint to the DPR Korea caused by the UN Security Council Resolutions on sanctions, most parts of the investment and non-investment activities under the HPMP, including the delivery of alternative PU Foam Equipment and the organization of national workshops and training for the stakeholders and technicians, have not been completed or carried out until now, which makes the country find it difficult to comply with the HPMP 15% reduction target of this year.

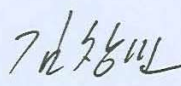
In addition to the abovementioned notification of the risk of non-compliance with the HPMP reduction target, the National Coordinating Committee for Environment (NCCE) of the DPR Korea would like to request the Executive Committee of the Multilateral Fund not to apply the penalty clause indicated in the Paragraph 11 of the abovementioned Agreement when the non-compliance happens, in view of the fact that the reason of the potential non-compliance is the considerable delay of financial and technical assistance under the HPMP as mentioned above and such a delay has been caused in accordance with the HPMP implementation method set out in the Paragraph 2 of Appendix 5-A of the Agreement.

Furthermore the NCCE of the DPR Korea would like to recommend the Executive Committee of the Multilateral Fund, with an understanding that sanctions are not intended to restrict its implementation of multilateral environmental agreements,

- to continue to support the country including by approving the Preparation Fund Request for HPMP Stage II, the Enabling Activity Project for the implementation of Kigali Amendment and the renewal of the Institutional Strengthening Project, when submitted by the relevant UN organizations,
- to explore the way of transferring financial and technical assistance to the country.

The NCCE of the DPR of Korea avails itself of this opportunity to renew to the Executive Committee of the Multilateral Fund the assurances of its highest consideration.

With best regards,


Kim Chang Min,
Secretary-General,
The National Coordinating Committee for
Environment, DPR Korea