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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-fifth Meeting
Montreal, 25-29 May 2020
Postponed to 19-22 July 2020*

PROJECT PROPOSALS: AFGHANISTAN

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

Phase-out

- HCFC phase-out management plan (stage I, fourth tranche) UNEP and UNIDO
- HCFC phase-out management plan (stage II, first tranche) UNEP and UNIDO

* Due to coronavirus disease (COVID-19)

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
Afghanistan

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase out plan (stage I)	UNIDO, UNEP (lead)	63 rd	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2018	18.04 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2019	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22				0.00	17.77				17.77

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	23.60	Starting point for sustained aggregate reductions:	23.60
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	8.26	Remaining:	15.34

(V) BUSINESS PLAN		2020
UNEP	ODS phase-out (ODP tonnes)	0.50
	Funding (US \$)	46,132
UNIDO	ODS phase-out (ODP tonnes)	0.37
	Funding (US \$)	30,821

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits			n/a	n/a	23.60	23.60	21.24	21.24	21.24	21.24	21.24	15.34	n/a	
Maximum allowable consumption (ODP tonnes)			n/a	n/a	23.60	23.60	21.24	21.24	21.24	21.24	21.24	15.34	n/a	
Agreed funding (US \$)	UNEP	Project costs	120,000	0	0	118,000	0	0	120,000	0	0	40,825	398,825	
		Support costs	15,600	0	0	15,340	0	0	15,600	0	0	5,307	51,847	
	Germany	Project costs	37,062	0	0	0	0	0	0	0	0	0	0	37,062
		Support costs	4,818	0	0	0	0	0	0	0	0	0	0	4,818
	UNIDO	Project costs	0	0	0	0	0	131,938	83,000	0	0	0	28,276	243,214
		Support costs	0	0	0	0	0	11,874	7,470	0	0	0	2,545	21,889
Funds approved by ExCom (US \$)	Project costs	157,062	0	0	118,000	0	131,938	203,000	0	0	0	0	610,000	
	Support costs	20,418	0	0	15,340	0	11,874	23,070	0	0	0	0	70,702	
Total funds requested for approval at this meeting (US \$)	Project costs											69,101	69,101	
	Support costs											7,852	7,852	

Secretariat's recommendation:	For blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Afghanistan, UNEP as the lead implementing agency has submitted a request for funding for the fourth and final tranche of stage I of the HCFC phase-out management plan (HPMP), at a total cost of US \$76,953, consisting of US \$40,825, plus agency support costs of US \$5,307 for UNEP, and US \$28,276, plus agency support costs of US \$2,545 for UNIDO.¹ The submission includes a progress report on the implementation of the third tranche, the verification report on HCFC consumption for 2017 to 2019 and the tranche implementation plan for 2020-2021.

Report on HCFC consumption

2. The Government of Afghanistan reported under country programme (CP) implementation report a consumption of 17.77 ODP tonnes of HCFC in 2019, which is 25 per cent below the HCFC baseline for compliance. The 2015-2019 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Afghanistan (2015-2019 Article 7 data)

HCFC-22	2015	2016	2017	2018	2019*	Baseline
Metric tonnes	368.00	364.00	337.00	328.00	323.00	429.10
ODP tonnes	20.24	20.02	18.54	18.04	17.77	23.60

*CP data.

3. HCFC consumption in Afghanistan has been decreasing gradually due to the implementation of the activities in the HPMP, particularly, enforcement of the licensing and quota system, training of customs officers and refrigeration technicians, and awareness raising on HCFC phase-out. Importers have become aware of the HCFC phase-out since 2014, and are importing more equipment containing alternative refrigerants. Most of the HCFC alternatives in Afghanistan are HFCs and HFC blends including R-134a, R-404A, R-410A, R-407C; low-global warming potential (GWP) alternatives include R-717 and R-600a.

CP implementation report

4. The Government of Afghanistan reported HCFC sector consumption data under the 2018 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

5. The verification took into consideration information on HCFC consumption and use from Customs department, importers, and refrigeration servicing workshops from annual surveys, which appears to be a reliable way of verifying the consumption level in the country. The verification confirmed that the Government is implementing a licensing and quota system for HCFC imports and exports and that the consumption of HCFCs reported under Article 7 of the Montreal Protocol for 2017 to 2019 was correct (as shown in Table 1 above). The verification concluded that Afghanistan was in compliance with the Montreal Protocol control targets for those years.

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

Legal framework

6. In 2018, the Cabinet of Afghanistan approved the ban on imports of HCFC-based equipment, which came into effect in November 2018. The ban also covered the import of HCFC-141b contained in pre-blended polyols. The Cabinet also directed the National Environmental Protection Agency (NEPA) to develop a policy on alternatives (in coordination with the private sector and other stakeholders), which was

¹ As per the letter of 26 February 2020 from the National Environmental Protection Agency of Afghanistan to UNEP.

approved in February 2019, and to enhance awareness about the adverse effects of HCFCs on the ozone layer.

7. The Government of Afghanistan has been enforcing the licensing and quota system, which has led to improved performance of that system. With the support of the national ozone unit (NOU), an importer's association was established with 15 registered importers which were requested to report their imports to the NOU for better coordination, monitoring and control. The automated system for customs data (ASYCUDA) and harmonized customs codes were used to identify and record HCFC imports. Furthermore, the NOU conducted yearly surveys on the use of HCFCs by all the servicing workshops.

8. During the third tranche, 21 workshops were conducted in different provinces and a total of 673 customs officers and enforcement personnel were trained in HCFC import control, identification of ODS and prevention of illegal trade.

Technical assistance (TA) for the assembly sector

9. UNIDO conducted a survey to identify eligible enterprises in the assembly sector and concluded that all of them had been established after the cut-off date of 21 September 2007. In view of this situation, the remaining resources for this component (US \$14,392 approved and US \$9,432 remaining) have been reallocated to the refrigerant management, containment and best practices component of the HPMP.

Refrigeration servicing sector

10. The following activities were implemented:

- (a) A concept note for the certification of technicians was developed, and a consultant was employed to develop the certification system; and a memorandum of understanding was signed with the Ministry of Labour and Social Affairs on training the refrigeration and air-conditioning (RAC) servicing technicians;
- (b) Five training workshops where 150 RAC technicians were trained in good service practices and safe handling of flammable refrigerants; and four master trainers attended the regional training workshops on handling flammable refrigerants, good servicing practices, safety and energy efficiency;
- (c) The Afghanistan-Korea Institute (AKI) was selected as the beneficiary for the refrigerant management and containment centre (RMCC); one training room was adapted to conduct practical sessions on good servicing practices for commercial and industrial refrigeration equipment, and training equipment was purchased and delivered; based on the results so far achieved, other vocational training centres will be supported under stage II; and
- (d) Awareness-raising activities (through television and newspapers) related to the ban on HCFC-based equipment; the NOU's website was further developed for larger outreach; and the first exhibition on ozone-friendly equipment was held during World Environment Day to promote GWP technologies.

Project implementation and monitoring unit (PMU)

11. The NOU is responsible for the implementation of the HPMP. One consultant was employed to strengthen coordination within NEPA and with stakeholders for issuing licenses and permits for ODS trade, monitoring imports of HCFCs and HCFC-based equipment and preventing illegal trade and amending and enforcing ODS regulations. The NOU also coordinated with relevant Ministries to implement a certification system for RAC technicians, upgraded a training institute, and prepared progress reports on implementation

and awareness-raising activities. In the third tranche, US \$6,689 was used for project implementation, monitoring and reporting.

Level of fund disbursement

12. As of February 2020, of the US \$610,000 approved so far, US \$473,340 had been disbursed (US \$340,099 for UNEP, US \$37,062 for the Government of Germany and US \$96,179 for UNIDO), as shown in Table 2. The remaining balance of US \$136,660 will be disbursed between 2020 and 2021.

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

Agency	First tranche		Second tranche		Third tranche		Total	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNEP	120,000	120,000	118,000	116,210	120,000	103,889	358,000	340,099
Germany	37,062	37,062	0	0	0	0	37,062	37,062
UNIDO	0	0	131,938	96,179	83,000	0	214,938	96,179
Total	157,062	157,062	249,938	212,389	203,000	103,889	610,000	473,340
Disbursement rate (%)	100		85		51		78	

*At the 77th meeting, the Government of Afghanistan agreed to transfer to UNIDO all the phase-out activities included in stage I of the HPMP, that had originally been intended for implementation by the Government of Germany. A balance of US \$131,938 remaining from the first and second tranches, was transferred to UNIDO (decision 77/16).

Implementation plan for the fourth and final tranche of the HPMP

13. The following activities will be implemented until December 2021:

- (a) Three stakeholder consultations and information dissemination to strengthen the enforcement of the licensing and quota system, and implement the ban on HCFC-based equipment; and four workshops to train 90 customs officers (UNEP) (US \$12,779, including US \$4,779 from the previous tranche);
- (b) Developing a certification system for good RAC servicing practices, including the curriculum of training and an evaluation system that will examine the skills and qualifications of technicians for a certificate of servicing (UNEP) (US \$10,854, including US \$854 from the previous tranche);
- (c) Three workshops to train 90 RAC technicians on good servicing practices, safety in handling flammable refrigerants and on how to improve energy efficiency of RAC units (UNEP) (US \$8,778 including US \$953 from the previous tranche);
- (d) Purchasing additional training equipment for training institutes (six refrigerant identifiers (three for training institutes and three for Customs department), five R-290 air-conditioners and two reclamation units); initiating upgrading of two institutes for technicians training (UNIDO) (US \$147,035, including US \$118,759 from the previous tranche);
- (e) Awareness-raising activities through television, newspaper, and social media to disseminate information on ODS policies and alternative technologies (UNEP) (US \$4,214, including US \$3,214 from the previous tranche); and
- (f) PMU for managing, coordinating and reporting on the ongoing activities of the HPMP, including training sessions and consultation workshops, certification system for technicians, and awareness-raising activities (UNEP) (US \$20,311, including US \$6,311 from the previous tranche, all for staff and consultant cost).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

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

Legal framework

14. The Government of Afghanistan has already issued HCFC import quota for 2020 at 14.5 ODP tonnes which is 5 per cent below the Montreal Protocol target, allowing for contingency.

TA for the assembly sector

15. In relation to the assembly sub-sector that was established after the cut-off date of 21 September 2007, and thus not eligible for funding,² the Secretariat noted that the established ban on import of HCFC-based equipment included items imported by the assemblers of refrigeration equipment. The Secretariat therefore considered that it might be beneficial to provide TA to the sub-sector to facilitate transition to the assembly of equipment based on low-GWP refrigerants. After further discussion, it was agreed that training curriculum will be upgraded to include a special training for the identified manufacturing assemblers in the fourth tranche to increase their awareness on HCFC phase-out and on low-GWP conversion options and to improve their business planning.

Refrigeration servicing sector

16. Stage I of the HPMP proposed to establish a national refrigerant (RRR) centre on reclamation, containment and best practices to support the servicing sector, especially the end-users of commercial and industrial units. Key activities include the provision of equipment and tools, a ban on intentional venting of refrigerant, capacity building on good servicing practices for installation, maintenance, leak detection, and servicing of commercial and industrial equipment, and a national reclamation centre for purification of collected refrigerant.

17. The Secretariat noted that the funding for establishing the RRR centre has been used to purchase equipment for a training institute. UNIDO explained that a stakeholder consultation had revealed that most of the refrigeration workshops in the country lacked trained technicians and tools for refrigerant recovery; also, transportation of refrigerants from various workshops to a central facility for purification and reuse was difficult due to security issues prevailing in the country. In view of this, the Government decided to upgrade the infrastructure within AKI and to use it as a training centre for servicing technicians so that they could receive practical training, on servicing commercial and industrial equipment and on handling of flammable refrigerants. The Secretariat noted that the HPMP Agreement provides flexibility to adapt to evolving circumstances in order to achieve the smoothest possible phase-out of HCFCs, and believes the revised plan is meaningful and would contribute to a sustained reduction on HCFC consumption.

18. Although a refrigerant reclamation centre was not established and instead the training institutes were strengthened, the refrigerant RRR practice and operation has been included in the training programme for technicians; furthermore, reclamation units will be procured for the training centres during implementation of the fourth tranche. The potential for refrigerant recovery and recycling (R&R) will be assessed and suitable business model will be developed and supported with a regulatory enabling

² The originally identified enterprise Qasr Yakh was not responding; therefore, its conversion project was cancelled at the 74th meeting. The few other assembly enterprises in the sector had been established after 2007 and were therefore not eligible for funding. It was decided that the funding would be used for TA.

mechanism. Based on the results of these activities, implementation of a refrigerant RRR scheme will then be considered under stage II of the HPMP.

Sustainability of the HCFC phase-out

19. The Government of Afghanistan has issued a ban on the import of HCFC-based equipment, which will limit the increase of equipment inventory and reduce the servicing demand for HCFC-22. The sustainability of capacity development for servicing technicians and customs officers was considered in programme implementation. A certification system for servicing technicians is being developed and will be fully implemented in stage II. The national customs academy of Afghanistan (ACD) has included a module on green customs and Montreal-Protocol-related issues in their professional development curriculum, and the NOU is regularly invited to training sessions at the ACD training facility in Kabul. All these measures would ensure sustainability of the HCFC phase-out.

Conclusion

20. The Government of Afghanistan is enforcing a licensing and quota system for imports and exports of HCFCs; the HCFC consumption is below the control targets of the Montreal Protocol and those in the Agreement with the Executive Committee. The ban on import of HCFC-based equipment has been issued and became effective in 2018. Training continue to be provided to servicing technicians; the training institute has been upgraded with training equipment; and a certification system for managing servicing technicians is being developed. Training of customs officers and environmental inspectors has been institutionalized to ensure sustainability of customs training. The disbursement rate has reached 51 per cent from the third tranche and 78 per cent from all the tranches approved. Stage I of the HPMP will be completed by December 2021 as established in the Agreement, and stage II is being submitted to the present meeting.

RECOMMENDATION

21. The Fund Secretariat recommends that the Executive Committee take note of the progress report on the implementation of the third tranche of stage I of the HCFC phase-out management plan (HPMP) for Afghanistan; and further recommends blanket approval of the fourth and final tranche of stage I of the HPMP for Afghanistan, and the corresponding 2020-2021 tranche implementation plan, at the funding levels shown in the table below:

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage I, fourth tranche)	40,825	5,307	UNEP
(b)	HCFC phase-out management plan (stage I, fourth tranche)	28,276	2,545	UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Afghanistan

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

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2018	18.04 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2019	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22				0.00	17.77				17.77

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	23.60	Starting point for sustained aggregate reductions:	23.60
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	8.26	Remaining:	15.34

(V) BUSINESS PLAN		2020	2021	2022	After 2022	Total
UNEP	ODS phase-out (ODP tonnes)	1.14	0	0	2.00	3.14
	Funding (US \$)	112,427	0	0	197,240	309,667
UNIDO	ODS phase-out (ODP tonnes)	6.00	0	6.00	8.00	20.00
	Funding (US \$)	560,291	0	560,291	747,055	1,867,637

(VI) PROJECT DATA			2020	2021	2022	2023	2024	2025	Total
Montreal Protocol consumption limits			15.34	15.34	15.34	15.34	15.34	7.67	n/a
Maximum allowable consumption (ODP tonnes)			15.34	15.34	15.34	15.34	15.34	7.67	n/a
Projects costs requested in principle (US \$)	UNEP	Project costs	229,567	0	0	190,500	0	48,500	468,567
		Support costs	29,844	0	0	24,765	0	6,305	60,914
	UNIDO	Project costs	90,000	0	0	90,000	0	20,815	200,815
		Support costs	8,100	0	0	8,100	0	1,873	18,073
Total project costs requested in principle (US \$)			319,567	0	0	280,500	0	69,315	669,382
Total support costs requested in principle (US \$)			37,944	0	0	32,865	0	8,178	78,987
Total funds requested in principle			357,511	0	0	313,365	0	77,493	748,369

(VII) Request for funding for the first tranche (2020)			
Agency	Funds requested (US \$)		Support costs (US \$)
UNEP	229,567		29,844
UNIDO	90,000		8,100
Total	319,567		37,944
Funding request:	Approval of funding for the first tranche (2020) as indicated above		

Secretariat's recommendation:	For individual consideration
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PROJECT DESCRIPTION

22. On behalf of the Government of Afghanistan, UNEP as the lead implementing agency has submitted a request for funding for stage II of the HCFC phase-out management plan (HPMP) at a total cost of US \$748,369, consisting of US \$468,567, plus agency support costs of US \$60,914 for UNEP, and US \$200,815, plus agency support costs of US \$18,073 for UNIDO, as originally submitted.³ The implementation of stage II of the HPMP will phase out 7.67 ODP tonnes of HCFC-22 and assist Afghanistan in meeting the target of 67.5 per cent reduction by 2025.

23. The first tranche of stage II of the HPMP being requested at the 85th meeting amounts to US \$399,599, consisting of US \$257,167, plus agency support costs of US \$33,432, for UNEP, and US \$100,000, plus agency support costs of US \$9,000 for UNIDO, as originally submitted.

Status of implementation of stage I of the HPMP

24. Stage I of the HPMP was approved at the 63rd meeting⁴ to meet the 35 per cent reduction from the baseline by 2020 at a total funding level of US \$679,101, plus agency support costs of US \$78,554, to phase out 8.26 ODP tonnes of HCFCs. Three out of four tranches planned in stage I have been approved; the fourth tranche has been submitted to the 85th meeting. An overview of the progress in the implementation of stage I, including an analysis of the HCFC consumption, the progress and financial reports on the implementation, and the request for the fourth and final tranche submitted to the present meeting, are included in paragraphs 1 to 21 of the present document.

Stage II of the HPMP

Remaining consumption eligible for funding

25. After deducting 8.26 ODP tonnes of HCFC-22 associated with stage I of the HPMP, the remaining consumption eligible for funding amounts to 15.34 ODP tonnes of HCFC-22, 7.67 ODP tonnes of which will be phased out in stage II. The remaining consumption of 7.67 ODP tonnes eligible for funding, will be addressed in a future stage of the HPMP.

HCFC consumption and sector distribution

26. An analysis of the reported HCFC consumption in 2015-2019 can be found in paragraphs 2 and 3 of the present document. HCFC-22, the only HCFC being imported, is mainly consumed in the air-conditioning (AC), commercial and industrial refrigeration sub-sectors, as shown in Table 3.

Table 3. Sectoral distribution of HCFC-22 in Afghanistan in 2019

Sector/Applications	Equipment inventory	Average charge (kg)	Leakage rate (%)	Consumption (mt)
Room AC (unitary and split)	451,387	1.5	15	101.56
Commercial AC (roof top, multi-split, chillers)	35,295	7	20	49.41
Commercial refrigeration (medium condensing units)	39,785	10	30	119.36
Industrial refrigeration (medium to large condensing units, centralized systems)	1,896	25	50	23.70
Total	528,363			294.03

³ As per the letter of 3 February 2020 from the National Environmental Protection Agency of Afghanistan to UNEP.

⁴ UNEP/OzL.Pro/ExCom/63/22.

27. Based on the survey conducted during preparation of stage II, there are 595 servicing workshops in five major provinces accounting for 60 per cent of the HCFC demand in the country. Approximately 3,000 technicians are involved in the servicing and installation of RAC equipment and systems. Most workshops lack equipment and service tools required for implementing good servicing practices; the majority of technicians have no formal training in good servicing practices and the use of flammable refrigerants. Currently, there is no functional technical vocational education and training (TVET) system; however, an independent authority within the Government has recently been established to revive the TVET system. AKI is the only institute that has the capacity of conducting training on good servicing practices, including practical sessions for a limited number of students. There is also a need to expand the training infrastructure in other provinces with high demand for servicing RAC equipment.

Stage II phase-out strategy

28. The Government of Afghanistan plans to achieve the reduction targets in stage II through a three-pronged approach: limiting HCFC supply through the licensing and quota system; reducing the demand for servicing equipment through capacity building and strengthening the training infrastructure; and limiting new demand for HCFCs by banning imports of HCFC-based equipment. It will also foster initiatives such as public procurement, introducing codes and standards, and raising the awareness of end-users to support a transition towards environmentally friendly alternatives and to enhance the market absorption of new technologies. Stage II will aim at creating synergies with the project on minimum energy efficiency performance standards and labelling that was recently approved by the Global Environment Facility (GEF). Gender mainstreaming will be considered in various components in stage II, particularly during capacity building and awareness-raising and outreach.

29. Stage II of the HPMP for Afghanistan proposes a reduction in HCFC consumption in accordance with the Montreal Protocol phase-out schedule, as shown in Table 4.

Table 4. Proposed HCFC-22 reduction schedule in stage II of the HPMP for Afghanistan

HCFC-22	2020	2021	2022	2023	2024	2025
ODP tonnes	15.34	15.34	15.34	15.34	15.34	7.67

Proposed activities in stage II

30. The following activities have been planned:

- (a) Strengthening the regulatory framework for ODS management: updating ODS regulations to include the ban on HCFC-based equipment in the licensing system, empower the NOU for inspections, establish reporting requirements for importers, develop incentives for introduction of RAC equipment based on low-GWP refrigerants, and ban intentional venting of refrigerant; establishing an online system for HCFC imports to strengthen enforcement and monitoring; training 15 importers on record-keeping and data reporting; and introducing safety standards and codes for handling flammable refrigerants (UNEP) (US \$46,000);
- (b) Mainstreaming the HPMP into sector policies: developing policy options and information briefing notes for HCFC phase-out in specific sectors, including the building construction⁵ and cold-chain sub-sectors to promote low-GWP technologies; developing a public procurement policy to guide technology selection; implementing an equipment labeling and minimum energy efficiency standard in synergy with the project implemented by the

⁵ Although consumption of HCFC-141b in the foam sector (both pure and contained in pre-blended polyol systems) has been banned, there is an increasing demand for insulation foam in the building sector. The sector policy is planned to enforce the existing ban and to prevent the potential introduction of HCFC-based insulation foam formulations.

GEF; and conducting stakeholder sensitization workshops using the information briefing notes (UNEP) (US \$25,400);

- (c) Capacity building of customs and enforcement officials: training 375 customs and enforcement officials in HCFC identification, import monitoring and reporting, and prevention of illegal trade; undertaking two border dialogues with neighbouring countries on prevention of illegal imports of controlled substances; developing video training materials on ODS import control to reach customs and enforcement officials at the border posts; and providing six multi refrigerant identifiers (UNEP) (US \$85,000);
- (d) Capacity building for the RAC servicing sector: training 20 trainers and 300 RAC technicians in good servicing practice, establishment and operation of the refrigerant RRR scheme, and safe handling of flammable refrigerants; establishing a database of RAC technicians; and developing and implementing a technician certification system (UNEP) (US \$150,167);
- (e) Strengthening training capacity for the servicing sector: upgrading two training facilities for servicing technicians in two provinces, including civil works and the provision of training equipment; providing tools for major servicing workshops; and supporting the participation of female students to encourage women's involvement in the training sessions (UNIDO) (US \$200,815);
- (f) Enhanced awareness-raising programme: designing and implementing an awareness-raising programme targeting industry, end-users, government officials, and consumers to accelerate the adoption of non-ODS and low-GWP technologies (UNEP) (US \$60,000); and
- (g) Project coordination, monitoring and reporting: a full time project coordinator will be employed to manage and implement HPMP activities including outreach and engagement with stakeholders; support to the licensing and quota process; providing guidance to the NOU on RAC market related issues; organizing training activities; supporting the purchase of equipment and the upgrading the training institutes; supporting the verification processes; monitoring and reporting progress (UNEP) (US \$102,000, all planned for the cost of staff, technical experts and consultants as needed).

Total cost of stage II of the HPMP

31. The total cost of stage II of the HPMP for Afghanistan has been estimated at US \$669,382, plus agency support costs, to phase-out of 7.67 ODP tonnes of HCFC-22, as summarized in Table 5.

Table 5. Total cost of stage II of the HPMP for Afghanistan (US \$)

Activity	Agency	2020	2023	2025	Total
ODS policy and regulations	UNEP	36,000	7,500	2,500	46,000
Capacity building for customs and enforcement	UNEP	45,000	30,000	10,000	85,000
Capacity building for the refrigeration servicing sector	UNEP	80,167	58,000	12,000	150,167
Limiting demand for HCFCs in the building construction and cold chain sub-sector	UNEP	16,200	9,200	0	25,400
Enhanced awareness-raising activities	UNEP	22,000	26,500	11,500	60,000
Strengthening training infrastructure for the servicing sector	UNIDO	100,000	80,000	20,815	200,815
Project coordination, monitoring and reporting	UNEP	57,800	34,000	10,200	102,000
Sub-total	UNEP	257,167	165,200	46,200	468,567
Sub-total	UNIDO	100,000	80,000	20,815	200,815
Total		357,167	245,200	67,015	669,382

Activities planned for the first tranche of stage II of the HPMP

32. The first funding tranche of stage II, at the total amount of US \$357,167, will be implemented from June 2020 to June 2023 and will include the following activities:

- (a) Updating the national ODS regulations, including adjustments to the procedures for licensing and quota system to cover registration of importers, mandatory reporting by importers, and continuous monitoring and data collection; developing an online licensing and quota system to strengthen enforcement and monitoring; enforcing the ban on the import of HCFC-based equipment through the licensing system; and conducting capacity building for importers to improve record-keeping and data reporting (UNEP) (US \$36,000);
- (b) Mainstreaming the HPMP into sector policies to inhibit new HCFC demand in the foam sector in building construction and cold chain food processing sub-sectors; developing seven policy briefs/information notes; and conducting high impact sensitization events for stakeholders in these sub-sectors to influence the decision-making process, promoting ODS alternatives and energy-efficient equipment through the public procurement policy (UNEP) (US \$16,200);
- (c) Conducting training for 180 customs and enforcement officers; launching regional trade control collaboration through border dialogues with neighbouring countries, participating in regional training activities and informal prior-informed consent systems; legalizing market monitoring through inspections (UNEP) (US \$45,000);
- (d) Training 150 technicians in good servicing practices focusing on refrigerant leakage control and containment in industrial applications; piloting the technician certification system including the development and rolling out of the mechanism for recognition of prior learning, the accreditation process and the training of assessors; and developing the database of trained technicians; (UNEP) (US \$80,167);
- (e) Providing basic equipment and tools to upgrade training facilities in two provinces, including basic tools for servicing, tools for handling flammable refrigerants and equipment for refrigerant recovery and recharge; providing support for the participation of female students in the training programmes (at least four students in the first tranche), and providing additional servicing tools for servicing workshops as needed (UNIDO) (US \$100,000);
- (f) Developing and disseminating awareness raising materials, and updating the communication strategy to better engage stakeholders (UNEP) (US \$22,000); and
- (g) Coordinating overall implementation and stakeholder engagement, coordinating the technical support for training activities, organizing awareness-raising activities, coordinating consumption verification, monitoring HCFC imports and use in servicing workshops; and preparing progress reports (UNEP) (US \$57,800).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

33. The Secretariat reviewed stage II of the HPMP for Afghanistan in light of stage I, the policies and the 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 2020-2022 business plan of the Multilateral Fund.

Overarching strategy for stage II

34. The Secretariat sought clarification on the component of mainstreaming HPMP into sector policies. UNEP clarified that this activity was intended to influence the technology selection to support sectoral HCFC phase-out. The output of this component includes police briefing notes (one to two pages each) mostly for awareness-raising activities for key stakeholders and advocacy of policy changes that would promote and help implement the HPMP's objectives.

Technical issues

35. The Secretariat noted that 65 per cent of the remaining HCFC-22 consumption in Afghanistan is in commercial and industrial applications, and inquired about the specific activities in stage II to assist large end-users. UNIDO informed that various activities in stage II will have an impact on the consumption of these large users: The ban on the import of HCFC-22-based equipment will curtail new demand for HCFCs; the training of technicians will specifically target those involved in the installation and servicing of commercial equipment; and the training planned for technicians will include good servicing practices, leak detection, R&R, use of low-GWP ODS alternatives and handling of flammable refrigerants, which will assist end-users in reducing the demand for HCFC-22 and embarking on the transition to low-GWP alternatives. Mainstreaming the HPMP into sector policies will propose sectoral policy options for HCFC phase-out and raise awareness among the sectors. In addition, servicing tools will be provided to selected servicing workshops that service large equipment.

Total project cost

36. The activities and total project cost of US \$669,382 are agreed as submitted and the tranche distribution is adjusted to ease front loading as shown in Table 6.

Table 6. Total cost of stage II of the HPMP for Afghanistan (US \$)

Activity	Agency	2020	2023	2025	Total cost
ODS policy and regulations	UNEP	36,000	7,500	2,500	46,000
Capacity building for customs and enforcement	UNEP	30,000	45,000	10,000	85,000
Capacity building for the refrigeration servicing sector	UNEP	72,167	66,000	12,000	150,167
Limiting demand for HCFCs in the building construction and cold chain sub-sector	UNEP	11,600	11,500	2,300	25,400
Enhanced awareness-raising activities	UNEP	22,000	26,500	11,500	60,000
Strengthening training infrastructure for the servicing sector	UNIDO	90,000	90,000	20,815	200,815
Project coordination, monitoring and reporting	UNEP	57,800	34,000	10,200	102,000
Sub-total	UNEP	229,567	190,500	48,500	468,567
Sub-total	UNIDO	90,000	90,000	20,815	200,815
Total		319,567	280,500	69,315	669,382

Impact on the climate

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

Gender policy implementation⁶

38. In line with the gender mainstreaming policies of the Multilateral Fund and that of UNEP and UNIDO, stage II implementation will provide equal opportunities for women and men in various phases of the project. It will also ensure that project implementation and monitoring are gender-responsive, and that gender balance is addressed in their own structures and decision-making processes. The NOU will aim at seeking stakeholders' input on how to integrate gender specific indicators in planning, implementation, and reporting process.

Co-financing

39. UNIDO informed that the Government of Afghanistan has not identified any resources for co-financing. However, GEF is implementing a project in the cold chain and AC sub-sectors to improve energy efficiency. The NOU will seek synergy in implementation with the GEF project in establishing energy efficiency standards and labelling of refrigerators and AC equipment, and in training small- and medium-sized enterprises in the cold-chain sub-sector on energy efficiency and the safe handling of flammable refrigerants.

2020-2022 draft business plan of the Multilateral Fund

40. UNEP and UNIDO are requesting US \$669,382 plus agency support costs for the implementation of stage II of the HPMP for Afghanistan. The total value requested of US \$357,511 including support costs for the period 2020–2022, is US \$875,498 below the amount in the business plan.

Draft Agreement

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

RECOMMENDATION

42. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Afghanistan for the period from 2020 to 2025 to reduce HCFC consumption by 67.5 per cent of the country's baseline, in the amount of US \$748,369, consisting of US \$468,567 plus agency support costs of US \$60,914 for UNEP, and US \$200,815 plus agency support costs of US \$18,073 for UNIDO;

⁶ In line with decision 84/92(d) which requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

- (b) Deducting 7.67 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;
- (c) Approving the draft Agreement between the Government of Afghanistan and the Executive Committee for the reduction in consumption of HCFCs, in accordance with stage II of the HPMP, contained in Annex I to the present document; and
- (d) Approving the first tranche of stage II of the HPMP for Afghanistan, and the corresponding tranche implementation plan, in the amount of US \$357,511, consisting of US \$229,567 plus agency support costs of US \$29,844 for UNEP, and US \$90,000 plus agency support costs of US \$8,100 for UNIDO.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF AFGHANISTAN 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 the Islamic Republic of Afghanistan (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 7.67 ODP tonnes by 1 January 2025 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; and

- (c) 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. UNEP has agreed to be the lead implementing agency (the “Lead IA”) and UNIDO have agreed to be the cooperating implementing agency/agencies (the “Cooperating IAs”) 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 the Lead IA and Cooperating 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 Cooperating IA will support the Lead IA by implementing the Plan under the overall co-ordination of the Lead IA. The roles of the Lead IA and Cooperating IA are contained in Appendix 6-A and Appendix 6-B, respectively. 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.

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, 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.

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	23.60

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2020	2021	2022	2023	2024	2025	Total	
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	15.34	15.34	15.34	15.34	15.34	7.67	n/a	
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	15.34	15.34	15.34	15.34	15.34	7.67	n/a	
2.1	Lead IA (UNEP) agreed funding (US \$)	229,567	0	0	190,500	0	48,500	468,567	
2.2	Support costs for Lead IA (US \$)	29,844	0	0	24,765	0	6,305	60,914	
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	90,000	0	0	90,000	0	20,815	200,815	
2.4	Support costs for Cooperating IA (US \$)	8,100	0	0	8,100	0	1,873	18,073	
3.1	Total agreed funding (US \$)	319,567	0	0	280,500	0	69,315	669,382	
3.2	Total support costs (US \$)	37,944	0	0	32,865	0	8,178	78,987	
3.3	Total agreed costs (US \$)	357,511	0	0	313,365	0	77,493	748,369	
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)							7.67	
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)								8.26
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)								7.67

*Date of completion of stage I as per stage I Agreement: 31 December 2020

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 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. The monitoring process will be managed by the national ozone unit (NOU) under the guidance of the National Environmental Protection Agency of Afghanistan (NEPA) with the assistance of the Lead IA.

2. The consumption will be monitored through the import and export control by the customs and recorded by the NOU.

- (a) The NOU shall compile and report the following data and information on an annual basis:
- (b) Annual reports on consumption of the controlled substances to be submitted to the Ozone Secretariat; and
- (c) Annual reports on progress of implementation of the HPMP to be submitted to the Executive Committee of the Multilateral Fund.

3. Monitoring of activities of the HPMP and verification of the achievement of the performance targets, specified in the HPMP, will be assigned to an independent consultant(s) by the Lead IA.

4. The Lead IA and Cooperating IA will also monitor the implementation of project activities in terms of their administrative, budgetary and financial aspects.

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, and should include the activities implemented by the Cooperating IA;
- (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) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;
- (k) 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 the Lead IA and each Cooperating IA;
- (l) Ensuring that disbursements made to the Country are based on the use of the indicators;
- (m) Providing assistance with policy, management and technical support when required;
- (n) Reaching consensus with the Cooperating IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan; and
- (o) 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 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCIES

1. The Cooperating IA will be responsible for a range of activities. These activities are specified in the 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;
- (c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A; and

- (d) Reaching consensus with the Lead IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan.

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 \$175 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.