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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-eighth Meeting  
Montreal, 15-19 November 2021<sup>1</sup>

**PROJECT PROPOSAL: THE DEMOCRATIC REPUBLIC OF THE CONGO**

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

Phase-out

- HCFC phase-out management plan (stage II, first tranche) UNEP and UNDP

<sup>1</sup> Online meetings and an intersessional approval process will be held in November and December 2021 due to coronavirus disease (COVID-19).

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

## THE DEMOCRATIC REPUBLIC OF THE CONGO

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HCFC phase-out plan (stage II)	UNEP (lead), UNDP

<b>(II) LATEST ARTICLE 7 DATA (Annex C Group I)</b>	Year: 2020	2.09 (ODP tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>								<b>Year: 2020</b>	
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					2.09				2.09

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline:	66.21	Starting point for sustained aggregate reductions:	17.00
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	5.8	Remaining:	11.20

<b>(V) BUSINESS PLAN</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
UNEP	ODS phase-out (ODP tonnes)	1.0	0.0	1.0	2.0
	Funding (US \$)	21,885	0	21,606	43,491
UNDP	ODS phase-out (ODP tonnes)	0.0	2.0	2.0	4.0
	Funding (US \$)	0	117,142	117,142	234,284

<b>(VI) PROJECT DATA</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>Total</b>	
Montreal Protocol consumption limits		43.04	43.04	43.04	21.52	21.52	21.52	21.52	21.52	21.52	0	n/a	
Maximum allowable consumption (ODP tonnes)		6.00	6.00	6.00	3.00	3.00	3.00	3.00	3.00	3.00	0	n/a	
Project costs requested in principle (US \$)	UNEP	Project costs	140,000	0	160,000	0	185,000	0	115,000	0	115,000	600,000	
		Support costs	17,733	0	20,267	0	23,433	0	14,567	0	14,567	76,000	
	UNDP	Project costs	218,000	0	210,500	0	96,500	0	0	0	0	0	525,000
		Support costs	15,260	0	14,735	0	6,755	0	0	0	0	0	36,750
Total project costs requested in principle (US \$)		358,000	0	370,500	0	281,500	0	115,000	0	115,000	115,000	1,125,000	
Total support costs requested in principle (US \$)		32,993	0	35,002	0	30,188	0	14,567	0	14,567	14,567	112,750	
Total funds requested in principle (US \$)		390,993	0	405,502	0	311,688	0	129,567	0	129,567	129,567	1,237,750	

<b>(VII) Request for approval of funding for the first tranche (2021)</b>		
<b>Agency</b>	<b>Funds requested (US \$)</b>	<b>Support costs (US \$)</b>
UNEP	140,000	17,733
UNDP	218,000	15,260
Total	358,000	32,993

<b>Secretariat's recommendation:</b>	Individual consideration
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## PROJECT DESCRIPTION

### Background

1. On behalf of the Government of the Democratic Republic of the Congo, UNEP as the lead implementing agency has submitted a request for stage II of the HCFC phase-out management plan (HPMP), at a total cost of US \$1,237,750, consisting of US \$600,000, plus agency support costs of US \$76,000 for UNEP and US \$525,000, plus agency support costs of US \$36,750 for UNDP, as originally submitted.<sup>2</sup> The implementation of stage II of the HPMP will phase out the remaining consumption of HCFCs by 2030.

2. The first tranche of stage II of the HPMP being requested at this meeting amounts to US \$659,032, consisting of US \$310,000, plus agency support costs of US \$39,267 for UNEP, and US \$289,500, plus agency support costs of US \$20,265 for UNDP, as originally submitted.

### Status of implementation of stage I of the HPMP

3. Stage I of the HPMP for the Democratic Republic of the Congo was originally approved at the 63<sup>rd</sup> meeting to phase out 5.8 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector and meet the 10 per cent reduction from the baseline by 2015, at a total cost of US \$475,000, plus agency support costs.<sup>3</sup>

4. Based on the verification report submitted to the 80<sup>th</sup> meeting, the verified HCFC consumption levels between 2013 and 2016 were much lower than the established HCFC baseline for compliance; accordingly, the Government of the Democratic Republic of the Congo revised its starting point for sustained reductions in HCFC consumption from 58.0 ODP tonnes to 17.0 ODP tonnes. Consequently, the Executive Committee approved an updated agreement with the Government to reflect the revised starting point, noting that the total funding approved in principle for stage I, as initially calculated, had been US \$475,000, rather than US \$176,000, in line with decision 60/44(f)(xii); that the maximum funding balance for which the country was eligible for the total phase-out of HCFCs was US \$1,125,000, in line with decision 74/50(c)(xii); and that the necessary funding adjustments would be made during the approval of stage II of the HPMP for the country.<sup>4</sup>

5. Subsequently, at the 84<sup>th</sup> meeting, the Executive Committee approved a request submitted by the Government for the extension of stage I of the HPMP to 30 June 2020 to allow UNEP to complete the remaining activities in the servicing sector, noting the difficult situation in the country.<sup>5</sup>

### HCFC consumption

6. The Government of the Democratic Republic of the Congo reported a consumption of 2.09 ODP tonnes of HCFC in 2020, which is 97 per cent below the HCFC baseline for compliance and 88 per cent below the revised starting point of 17.0 ODP tonnes. The 2016-2020 HCFC consumption is shown in Table 1.

**Table 1. HCFC consumption in the Democratic Republic of the Congo (2016-2020 Article 7 data)**

HCFC-22	2016	2017	2018	2019	2020	Baseline
Metric tonnes (mt)	170.00	110.09	111.09	85.00	38.00	1,203.82
ODP tonnes	9.35	6.11	6.11	4.68	2.09	66.21

<sup>2</sup> As per the letter of 7 July 2021 from the Ministry of Environment and Sustainable Development of the Democratic Republic of the Congo to UNEP.

<sup>3</sup> Decision 63/54, document UNEP/OzL.Pro/ExCom/63/60

<sup>4</sup> Decision 80/67, document UNEP/OzL.Pro/ExCom/80/59

<sup>5</sup> Decision 84/15(c)

7. The decrease in HCFC consumption is due to the implementation of the licensing and quota system and the activities carried out under the first two tranches of the HPMP. In 2020 there was a steep reduction due to the impact of the COVID-19 pandemic on the economy, but it is expected that once activity returns to normal, HCFC consumption will increase to meet the need for servicing the inventory of HCFC-based RAC equipment in the country.

#### *Country programme (CP) implementation report*

8. The Government of the Democratic Republic of the Congo reported HCFC sector consumption data under the 2020 CP implementation report consistent with the data reported under Article 7 of the Montreal Protocol.

#### Status of progress and disbursement

9. The Government of the Democratic Republic of the Congo established and enforced the licensing and quota system for HCFC imports while strengthening the customs' capacity to control imports of HCFCs and to identify controlled substances through the training of 265 customs and other law enforcement officers and the provision of 10 refrigerant identifiers.

10. In the refrigeration servicing sector, 25 trainers and 289 refrigeration technicians received training on good servicing practices, including the safe use of flammable refrigerants, while seven training institutes and the refrigeration association (ACOPROF)<sup>6</sup> were strengthened with equipment and toolkits containing recovery units, vacuum pumps, recycling kits, cylinders, manifolds, hoses, piercing tools, scales and protective accessories. ACOPROF also received assistance to formally register and undertake meetings with technicians to raise awareness on HCFC phase-out and best practices in refrigeration.

11. Under the HPMP, the Government also implemented awareness-building activities through articles, television, radio and information brochures addressed to the general public on the protection of the ozone layer and on the role played by all refrigeration users.

12. In line with decision 84/15(c), all stage I tranches were operationally completed by 30 June 2020 and the project completion report was submitted to the Multilateral Fund on 20 September 2021.

#### **Stage II of the HPMP**

#### Remaining consumption eligible for funding

13. After deducting 5.80 ODP tonnes of HCFCs associated with stage I of the HPMP, the remaining consumption eligible for funding in stage II amounts to 11.20 ODP tonnes of HCFC-22.

#### Sector distribution of HCFCs

14. There are approximately 2,900 refrigeration workshops and 29,500 technicians in the country, of which about 6,000 have received formal training in refrigeration. HCFC-22 continues to be exclusively consumed in the refrigeration servicing sector for the maintenance of domestic air-conditioning (AC) units, centralized AC (roof top, multi-split, chillers), and a large variety of commercial refrigeration installations (stand-alone, condenser units, transport and some industrial installations), as shown in Table 2. Both new and used HCFC-based equipment can be imported to the country. HCFC-22 represents 29 per cent of refrigerants used in the servicing sector, followed by HFC-134a (21 per cent). Other refrigerants used include R-410A, R-404A, R-407C, R-717, R-600a, and R-290.

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<sup>6</sup> Association Congolaise des Professionnels du Froid.

**Table 2. Sector distribution of HCFC-22 consumption in the Democratic Republic of the Congo in 2020**

Sector/Applications	Equipment inventory	Estimated consumption*	
		mt	ODP tonnes
Room AC (unitary and split)	950,000	14	0.77
Centralized AC (roof top, multi-split, chillers)	15,000	8	0.44
Commercial and industrial refrigeration	30,000	15	0.83
<b>Total</b>		<b>37</b>	<b>2.04</b>

\* Due to the COVID-19 pandemic, HCFC imports and the quantity of serviced equipment were unusually low. Therefore, the estimated distribution of consumption among sub-sectors was based on the level of consumption observed in previous years.

### Phase-out strategy in stage II of the HPMP

15. Stage II of the HPMP aims to achieve a 100 per cent reduction from its HCFC baseline consumption by 2030 through the adoption of energy-efficient, zero-ODP and low-global-warming-potential (GWP) refrigerants in the RAC sector. The lessons learned and infrastructure established during the implementation of stage I of the HPMP will be utilized in stage II.

### Proposed activities in stage II of the HPMP

16. Stage II proposes the following activities:

- (a) *Strengthening of the monitoring and enforcement of control measures and capacity-building of enforcement officers* (UNEP) (US \$210,000): Review of the customs training curriculum; training of 450 customs and other law enforcement officers (increased to 1,000 upon discussion with the Secretariat) on ODS regulations, monitoring, and prevention of illegal trade in ODS; provision of six refrigerant identifiers to customs entry points; and facilitation of information exchange with neighboring countries on the influx of HCFCs across the borders;
- (b) *Capacity-building of RAC servicing technicians and the establishment of a RAC certification scheme* (UNEP) (US \$340,000): Training of 720 technicians (increased to 6,400 upon discussion with the Secretariat) in good servicing practices; establishment of a technician certification scheme (and certification of 3,500 technicians upon discussion with the Secretariat); updates to the national codes of conduct for refrigeration technicians and revision of the national refrigeration training curriculum; raising awareness among end-users about the need to phase out HCFCs and adopt low-GWP technologies; and continued support to ACOPROF and the training institutes; and
- (c) *Support to the servicing industry and technical institutes* (UNDP) (US \$525,000): Procurement and distribution of complementary tools and equipment<sup>7</sup> for seven training centres assisted under stage I; establishment of one new master training centre; and establishment of a recovery and reclaiming system, including two reclaiming centres.<sup>8</sup>

### *Project monitoring*

17. The system established under stage I of the HPMP will continue into stage II, where the national ozone unit (NOU) will assist in the implementation, monitoring and reporting of the activities, and no

<sup>7</sup> Including hydrocarbon charging equipment, leak detectors, nitrogen flushing equipment, venting hoses, refrigerant identifiers, tools for tubing, vacuum pumps and other tools to handle HCFC-22 and flammable refrigerants.

<sup>8</sup> Equipment includes reclaiming stations, scales, refrigerant test kits, vacuum pumps, glassware and accessories for refrigerant certification, transfer pumps, and cylinders. The exact equipment will be determined based on needs.

separate project implementation and monitoring unit will be established. The cost for UNEP amounts to US \$50,000, and includes project staff and consultants (US \$25,000), domestic travel (US \$20,000), and meetings and workshops (US \$5,000).

#### *Gender policy implementation<sup>9</sup>*

18. Gender equality will be mainstreamed into the components of stage II of the HPMP, providing opportunities for equal and meaningful participation of women and men in project activities. The gender-disaggregated data will be used to monitor project performance and to evaluate its impact. Outreach activities, including public forums and information sessions, will be carried out. The NOU will ensure that gender-specific provisions of the national development strategy, education and training policy, as well as the national gender policy are taken into account. Moreover, meetings and training sessions will aim to incorporate sessions on gender to further sensitize participants to the importance of gender mainstreaming. Communication and awareness activities will be targeted to this end, aimed at women as a specific audience group. The UNDP publication on gender and the Montreal Protocol will also be used as a resource in this process.

#### Total cost of stage II of the HPMP

19. The total cost of stage II of the HPMP for the Democratic Republic of the Congo has been estimated at US \$1,125,000 (plus agency support costs), as originally submitted, for achieving a 100 per cent reduction from its HCFC baseline consumption by 2030. The proposed activities and cost breakdown are summarized in Table 3.

**Table 3. Total cost of stage II of the HPMP for the Democratic Republic of the Congo as submitted**

Activity	Agency	Cost (US \$)
Strengthening of the monitoring and enforcement of control measures and capacity-building of enforcement officers	UNEP	210,000
Capacity-building of RAC service technicians and the establishment of a RAC certification scheme	UNEP	340,000
Support to the servicing industry and technical colleges	UNDP	525,000
Monitoring and reporting	UNEP	50,000
<b>Total</b>		<b>1,125,000</b>

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

20. The first funding tranche of stage II of the HPMP at the total amount of US \$599,500 will be implemented between January 2022 and December 2024 and will include the following activities:

- (a) *Strengthening of the monitoring and enforcement of ODS regulations and related policies:* Review of customs training curriculum; training of 210 customs officers and other law enforcement officers on HCFC control measures and control of illegal trade; procurement of six refrigerant identifiers for customs entry points and facilitation of border dialogues (UNEP) (US \$120,000);
- (b) *Capacity-building of RAC technicians and establishment of a certification scheme:* Hiring of an expert to facilitate the establishment of the technician certification scheme; stakeholder consultations on the formulation of the certification scheme; building the capacity of institutions selected to be involved in the certification process; training of 390 technicians in good servicing practices; updating the national refrigeration training curriculum and the national code of conduct for refrigeration technicians; conducting one

<sup>9</sup> Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

training workshop for end-users on the need to phase out HCFCs and adopt low-GWP technologies; and strengthening the RAC associations by supporting their meetings, awareness-building activities and training sessions (UNEP) (US \$175,000);

- (c) *Support to the industry and technical colleges through the provision of servicing equipment and toolkits and the establishment of two recovery and reclaim centres:* identification of equipment requirements by technical training institutes and procurement and distribution of complementary tools and equipment; technical assistance to determine and start building the recovery and reclaiming infrastructure and the establishment of one reclaim centre (UNDP) (US \$289,500); and
- (d) *Project monitoring* (UNEP) (US \$15,000), consisting of project staff and consultants (US \$7,500), domestic travel (US \$5,000), and meetings and workshops (US \$2,500).

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

21. The Secretariat reviewed stage II of the HPMP 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 2021-2023 business plan of the Multilateral Fund.

#### Overarching strategy

22. The Government of the Democratic Republic of the Congo proposes to meet the 100 per cent reduction of its HCFC baseline consumption by 2030, and to maintain a maximum annual consumption of HCFCs in the period from 2030 to 2040 consistent with Article 5, paragraph 8 ter(e)(i) of the Montreal Protocol.<sup>10</sup> Based on historical HCFC consumption, the Secretariat considers that it would be unlikely that consumption between 2030 and 2040 exceed zero. However, UNEP affirmed that even though consumption was low in the last few years, given the size of the country and a large base of equipment in operation, there may be very low consumption between 2030 and 2040 to service the remaining HCFC-based equipment. Early HCFC phase-out was not considered as a viable option for the same reason, i.e., to allow a large base of equipment to reach end-of-life. The Government will continue implementing the licensing and quota system until 1 January 2030, when no more quotas will be authorized, except for the allowance for the servicing tail between 2030 and 2040, consistent with the provisions of the Montreal Protocol.

23. In line with decision 86/51, to allow for consideration of the final tranche of its HPMP, the Government of the Democratic Republic of the Congo agreed to submit a detailed description of the regulatory and policy framework in place to implement measures to ensure that HCFC consumption is in compliance with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol for the 2030-2040 period, and the expected annual HCFC consumption in the Democratic Republic of the Congo for the 2030-2040 period.

#### Annual consumption targets during stage II

24. The Government of the Democratic Republic of the Congo and the implementing agencies decided to prepare stage II of the HPMP for the total HCFC phase-out in 2030 rather than to aim for an intermediate target in 2025, based on the experience gained during stage I of the HPMP, which showed that the decision making process, the process of launching a new stage, and the pace of the implementation of activities in

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<sup>10</sup> HCFC consumption may exceed zero in any year so long as the sum of its calculated levels of consumption over the ten-year period from 1 January 2030 to 1 January 2040, divided by 10, does not exceed 2.5 per cent of the HCFC baseline.

the country were slower than initially anticipated. Therefore, activities in stage II, such as the establishment of the certification scheme for refrigeration technicians and the infrastructure for reclaiming refrigerants, are planned to extend until 2030, as they will take several years to be put in place and produce results. A short stage, extending up to 2025, would split these activities into separate projects and generate an unnecessary burden of the preparation and launching of a subsequent stage, consisting in the continuation of the same activities.

25. Stage II as submitted proposed a maximum allowable consumption of 11.05 ODP tonnes for the years 2021 to 2024, and 5.53 ODP tonnes for the years 2025 to 2029. Noting that HCFC consumption for the last five years has already been below these consumption targets, the Government agreed to commit to lower consumption targets, as follows: 6.00 ODP tonnes from 2021 to 2024; 3.00 ODP tonnes from 2025 to 2027; and 2.00 ODP tonnes in 2028 and 2029. The Secretariat notes that this commitment represents a reduction from the last consumption target set in stage I (16.00 ODP tonnes in 2017), and will allow the country to continue servicing the HCFC-22-based equipment still in operation once the economy reactivates after the COVID-19 pandemic and imports increase from the 2020 level.

#### Technical and cost-related issues

##### *Strengthening of the monitoring and enforcement of control measures and capacity-building of enforcement officers*

26. Noting that the HCFC regulatory framework in the Democratic Republic of the Congo has not been updated in recent years, UNEP agreed to include assistance to update regulations. A ban on the import of HCFC-based equipment and regulatory measures to control the intended emissions of refrigerant during installation, servicing and decommissioning are to come into effect by 1 January 2024. In addition, policies will be developed based on identified gaps and on the need to support the phase-out of HCFC-22, including bans on the use of HCFC-141b for flushing refrigeration equipment during servicing (as a pre-emptive measure to avoid the introduction of this practice) and on imports of second-hand HCFC-based equipment by 1 January 2025; as well as mandatory reporting of actual imports to the NOU by HCFC importers and exporters to cross-check with customs data by 1 January 2024.

27. Noting the available funds and the number of customs officers in the country (estimated at 6,400), of which only 265 were trained in stage I, UNEP agreed to increase the number of customs officers to be trained under stage II to 1,000, at the same funding level.

##### *Capacity-building of RAC technicians and establishment of a RAC certification scheme:*

28. Upon a request for clarification, UNEP confirmed that the Government aims to have the certification scheme in place by the end of 2023. A number of activities will need to be accomplished before that, including the introduction of a supporting regulatory framework and the determination of a mechanism and a local institution to operate the system in a self-sustained manner. To optimize assistance to phase out HCFCs in the country, the Government and UNEP also agreed to establish a target to certify around 500 technicians per year, for an estimated total of 3,500 technicians during stage II.

29. Taking into account the number of technicians in the country, the funds requested for this activity, the duration of the HPMP and the participation of seven to 10 training institutes strengthened with training and equipment during stages I and II of the HPMP, UNEP agreed to increase the number of technicians to be trained from 720 to 6,400 to ensure a larger impact of this activity in the sector. In order to achieve this under the available budget, funds initially allocated to end-user awareness-raising were reallocated to technician training.



*Support to the servicing industry and technical colleges*

30. The proposal included the establishment of two reclaiming centres. Given the size and population of Kinshasa (above 13 million), the operation of a reclaiming centre may be possible, although there are several variables that would need to be analyzed (i.e., population density, electrification rate and use of RAC equipment, stakeholders available to run the operation, price of refrigerants, logistics, and business models) to make it economically viable.

31. UNDP explained that its proposal of establishing two reclaiming centres (one in Kinshasa and one in Lubumbashi) was based on the needs expressed at the country level and on similar experiences in other countries. The principle of the system would be to make the reclaimed refrigerant available at a price lower than that of the virgin refrigerant, but still high enough for the reclaiming operator to make a profit. During the first tranche UNDP will undertake a feasibility study to finalize the business model and logistics, required before establishing any reclaiming centre. Accordingly, no equipment for recovery and reclaiming is requested in the first tranche. UNDP also agreed to include in the progress report for the first tranche the result of the feasibility study for the establishment of the recovery and reclaiming system, including the business model, expected amounts of refrigerant to be recovered, and most suitable operators.

32. Regarding the refrigerant reclaim and recovery equipment proposed under the project, UNDP confirmed that it would also be suitable for operation with other refrigerants, including HFC-134a, R-410A, R-404A and R-407C. In order to reduce the investment and operational cost of the reclaiming centres, UNDP replaced the use of expensive lab equipment (gas chromatographer and Karl Fisher moisture test) by a simpler method that would require a small number of laboratory glassware (tubes and glasses, including a Goetz tube for testing residuals) and accessories, such as a precision scale. A proposed certification procedure involves the verification of main parameters as per AHRI 700, making it possible to achieve a reclaimed refrigerant (HCFC-22 under the HPMP) of a quality level similar to AHRI-700-certified, but with less requirements for advanced equipment.

Total project cost

33. The total cost for stage II of the HPMP amounts to US \$1,125,000, consistent with decision 80/67 and based on decision 74/50(c)(xii) on the eligible funding level for a low-volume-consuming country.

34. With the completion of stage I by 30 June 2020, the Secretariat considers that the initiation of stage II is needed as soon as possible to ensure continuity of activities in the country. The plan as submitted had allocated close to 50 per cent of the funds to the first tranche. Considering that the stage has a duration of nine years, that many activities will be systematically carried out throughout the implementation period (i.e., training of customs officers and refrigeration technicians) and that some equipment will only be procured during the second tranche, the Secretariat and the implementing agencies agreed on a more balanced tranche distribution, as presented in Table 4.

**Table 4. Agreed tranche distribution for stage II of the HPMP for the Democratic Republic of the Congo**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>As submitted</b>										
UNEP	310,000	0	0	0	180,000	0	0	70,000	0	40,000
UNDP	289,500	0	0	0	154,000	0	0	76,500	0	5,000
<b>Total</b>	<b>599,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>334,000</b>	<b>0</b>	<b>0</b>	<b>146,500</b>	<b>0</b>	<b>45,000</b>
<b>As agreed</b>										
UNEP	140,000	0	0	160,000	0	0	185,000	0	0	115,000
UNDP	218,000	0	0	210,500	0	0	96,500	0	0	0
<b>Total</b>	<b>358,000</b>	<b>0</b>	<b>0</b>	<b>370,500</b>	<b>0</b>	<b>0</b>	<b>281,500</b>	<b>0</b>	<b>0</b>	<b>115,000</b>

35. Following the revision of tranche distribution, the first tranche was adjusted as follows: strengthening of the monitoring and enforcement of ODS regulations and related policies (US \$50,000); capacity-building of RAC technicians and the establishment of a certification scheme (US \$125,000); support to the industry and technical colleges through the provision of servicing equipment and toolkits and the establishment of two recovery and reclaim centres (US \$218,000); and project monitoring (US \$10,000).

36. With the revised funding allocation for the first tranche, UNEP and UNDP will aim to achieve the following specific targets in each of the main components of stage II: train 125 customs officers and other law enforcement officers; undertake a revision of the existing regulations; establish the technician certification scheme by the end of 2023 and certify the first 125 technicians; train 525 technicians; procure and distribute tools and equipment to the training centres; and complete the feasibility study for the establishment of the reclaiming centres.

#### Conditions for implementation of stage II

37. The Secretariat and the implementing agencies discussed the conditions for prompt initiation and implementation of stage II in light of previous delays in the implementation of stage I and the current situation caused by the COVID-19 pandemic. UNEP explained that issues that had affected implementation in the past were related to changes in the Government and a change of NOU. While these issues are out of the project's control, UNEP informed the Secretariat that it works with the Government to ensure continuity in the NOU to avoid future delays.

38. In providing feedback on the measures the agencies have taken to facilitate safe project implementation during the COVID-19 pandemic, UNEP informed the Secretariat that missions have been minimized and stakeholders were encouraged to follow Government policies and recommendations. Activities such as verification reports were done remotely, and UNDP has been streamlining the equipment procurement processes through Long-Term Agreements with the suppliers of refrigeration equipment. The NOU and the UNDP Country Office use this fast-track process to support implementation. The Government and implementing agencies consider that the activities proposed and their respective timelines can be implemented despite the constraints in implementation due to the pandemic. The only changes foreseen in the implementation are some delays and fewer participants in workshops during the initiation of stage II.

#### Impact on the climate

39. The activities proposed in the servicing sector, which include better containment of refrigerants through training and the provision of equipment, will reduce the amount of HCFC-22 used for RAC servicing. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in the savings of approximately 1.8 CO<sub>2</sub>-equivalent tonnes. A calculation of the impact on the climate was provided in the HPMP. The activities planned by the Democratic Republic of the Congo, including its efforts to promote low-GWP alternatives as well as refrigerant recovery and reuse, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits.

#### **Co-financing**

40. The Government of the Democratic Republic of the Congo will provide in-kind contribution with logistics and personnel support as required during the implementation of the project.

#### **2021-2023 draft business plan of the Multilateral Fund**

41. UNEP and UNDP are requesting US \$1,125,000, plus agency support costs, for the implementation of stage II of the HPMP for the Democratic Republic of the Congo. The total requested value of US \$390,993, including agency support costs for the period of 2021–2023, is US \$113,118 above the

amount in the business plan.

### **Draft Agreement**

42. A draft Agreement between the Government of the Democratic Republic of the Congo 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**

43. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for the Democratic Republic of the Congo for the period from 2021 to 2030 for the complete phase-out of HCFC consumption, in the amount of US \$1,237,750, consisting of US \$600,000, plus agency support costs of US \$76,000 for UNEP and US \$525,000, plus agency support costs of US \$36,750 for UNDP, on the understanding that no more funding from the Multilateral Fund would be provided for the phase-out of HCFCs;
- (b) Noting the commitment of the Government of the Democratic Republic of the Congo:
  - (i) To phase out HCFCs completely by 1 January 2030 and to ban the import of HCFCs by 1 January 2030, except for those allowed for a servicing tail between 2030 and 2040, where required, consistent with the provisions of the Montreal Protocol;
  - (ii) To issue a ban on the import of HCFC-based equipment by 1 January 2024;
  - (iii) To establish regulatory measures to control the intended emissions of refrigerant during installation, servicing and decommissioning by 1 January 2024;
- (c) Deducting 11.20 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;
- (d) Approving the draft Agreement between the Government of the Democratic Republic of the Congo 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;
- (e) That, to allow for consideration of the final tranche of its HPMP, the Government of the Democratic Republic of the Congo should submit:
  - (i) A detailed description of the regulatory and policy framework in place to implement measures to ensure that HCFC consumption was in compliance with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol for the 2030-2040 period;
  - (ii) The expected annual HCFC consumption in the Democratic Republic of the Congo for the 2030-2040 period; and
- (f) Approving the first tranche of stage II of the HPMP for the Democratic Republic of the Congo, and the corresponding tranche implementation plans, in the amount of US \$390,993, consisting of US \$140,000, plus agency support costs of US \$17,733 for UNEP, and US \$218,000, plus agency support costs of US \$15,260 for UNDP, on the understanding that UNDP will include in the progress report associated with the

implementation of the first tranche of stage II of the HPMP, the result of the feasibility study for the establishment of the recovery and reclaiming system in the Democratic Republic of the Congo, including the business model, the expected amounts of refrigerant to be recovered, and an indication of the most suitable institution to operate the reclaiming centres.

## Annex I

### **DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF THE CONGO 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 Democratic Republic of the Congo (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. United Nations Environment Programme (UNEP) has agreed to be the lead implementing agency (the “Lead IA”) and United Nations Development Programme (UNDP) has agreed to be the cooperating implementing agency (the “Cooperating IA”) under the lead of the Lead IA in respect of the Country’s activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of the Lead IA and/or 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	17

### **APPENDIX 2-A: THE TARGETS, AND FUNDING**

Row	Particulars	2021	2022 2023	2024	2025 2026	2027	2028 2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	43.04	43.04	43.04	21.52	21.52	21.52	0	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	6.00	6.00	6.00	3.00	3.00	2.00	0	n/a



Row	Particulars	2021	2022 2023	2024	2025 2026	2027	2028 2029	2030	Total
2.1	Lead IA (UNEP) agreed funding (US \$)	140,000	0	160,000	0	185,000	0	115,000	600,000
2.2	Support costs for Lead IA (US \$)	17,733	0	20,267	0	23,433	0	14,567	76,000
2.3	Cooperating IA (UNDP) agreed funding (US \$)	218,000	0	210,500	0	96,500	0	0	525,000
2.4	Support costs for Cooperating IA (US \$)	15,260	0	14,735	0	6,755	0	0	36,750
3.1	Total agreed funding (US \$)	358,000	0	370,500	0	281,500	0	115,000	1,125,000
3.2	Total support costs (US \$)	32,993	0	35,002	0	30,188	0	14,567	112,750
3.3	Total agreed costs (US \$)	390,993	0	405,502	0	311,688	0	129,567	1,237,750
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)								11.2
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)								5.8
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)								0

\*Date of completion of stage I as per stage I Agreement: 30 June 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 National Ozone Unit will submit annual progress reports on the status of implementation of the Plan to the Lead IA. Monitoring the development of the Plan and verification of the achievement of performance targets specified in the Plan will be assigned by the Lead IA to an independent local company or to independent local consultants.

#### **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 \$180 per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met, 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.