



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/64/28  
9 June 2011

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixty-fourth Meeting  
Montreal, 25-29 July 2011

**PROJECT PROPOSAL: CENTRAL AFRICAN REPUBLIC**

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

Phase-out

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

UNEP/UNIDO

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

### Central African Republic

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HPMP	UNEP (lead), UNIDO

<b>(II) LATEST ARTICLE 7 DATA</b>	Year: 2009	11.9 (ODP tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>								<b>Year: 2010</b>			
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption		
				Manufacturing	Servicing						
HCFC-123											
HCFC-124											
HCFC-141b											
HCFC-142b											
HCFC-22						12.1				12.1	

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline (estimate):	11.99	Starting point for sustained aggregate reductions:	11.99
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	0.0	Remaining:	7.79

<b>(V) BUSINESS PLAN</b>		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.5	0.0	0.5			0.4		0.4		0.2	2.2
	Funding (US \$)	158,200	0	158,200	0	0	126,560	0	126,560	0	63,280	632,800

<b>(VI) PROJECT DATA</b>			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits (estimate)			n/a	n/a	12.0	12.0	11.0	11.0	11.0	11.0	11.0	8.0	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	11.99	11.99	10.79	10.79	10.79	10.79	10.79	7.79	n/a
Project Costs requested in principle(US\$)	UNEP	Project costs	75,000		55,000			74,000		50,000		56,000	310,000
		Support costs	9,750		7,150			9,620		6,500		7,280	40,300
	UNIDO	Project costs	125,000					125,000					250,000
		Support costs	9,375					9,375					18,750
Total project costs requested in principle (US \$)			200,000		55,000			199,000		50,000		56,000	560,000
Total support costs requested in principle (US \$)			19,125		7,150			18,995		6,500		7,280	59,050
Total funds requested in principle (US \$)			219,125		62,150			217,995		56,500		63,280	619,050

<b>(VII) Request for funding for the first tranche (2011)</b>		
Agency	Funds requested (US \$)	Support costs (US \$)
UNEP	75,000	9,750
UNIDO	125,000	9,375

<b>Funding request:</b>	Approval of funding for the first tranche (2011) as indicated above
<b>Secretariat's recommendation:</b>	Individual consideration

## PROJECT DESCRIPTION

1. On behalf of the Government of the Central African Republic UNEP, as the lead implementing agency, has submitted to the 64<sup>th</sup> Meeting of the Executive Committee an HCFC phase-out management plan (HPMP) at a total cost, as originally submitted, of US \$560,000 plus agency support costs of US \$40,300 for UNEP and US \$18,750 for UNIDO for the implementation of stage I of the HPMP. The HPMP proposes strategies and activities to achieve a 35 per cent reduction in HCFC consumption by 2020.
2. The first tranche for stage I being requested for the HPMP at this meeting amounts to US \$75,000 plus agency support of US \$9,750 for UNEP, and 125,000 plus agency support cost of US \$9,375 for UNIDO, as originally submitted.

### Background

#### ODS regulations

3. The Ministry of Environment and Ecology is the national body responsible for the implementation of the Montreal Protocol activities in Central African Republic. The national ozone unit (NOU) was established under the Ministry as a focal point for the coordination and implementation of activities and to fulfil the reporting requirements. The Government of Central African Republic endorsed in 2005 the sub-regional ODS regulations of the Economic and Monetary Community of Central Africa (CEMAC), which included HCFCs and HCFC-containing equipment in the list of controlled substances that are subject to import permit. The Central African Republic plans to have a quota system for HCFCs and HCFC-containing equipment in place by the end of 2011. The proposed quota system will be enforced starting from 1 January 2012 and will help achieve the freeze target on 1 January 2013.

#### HCFC consumption

4. All HCFCs used in Central African Republic are imported as the country does not have any HCFC production capacity. The HPMP survey showed that HCFC-22 is the only HCFC identified in the country and is used predominantly in servicing refrigeration and air conditioning (RAC) equipment. Table 1 shows the level of HCFC consumption.

Table 1: HCFC level of consumption in Central African Republic

Year	Article 7 data		Survey data	
	mt	ODP t	mt	ODP t
2005	5.45	0.3	201.30	11.07
2006	5.45	0.3	204.10	11.23
2007	5.45	0.3	207.00	11.39
2008	121.82	6.7	210.40	11.57
2009	216.00	11.88	216.00	11.88

5. The alternative refrigerants identified in the country mainly include HFC-134a, HFC blended refrigerants R-404A, ammonia and hydrocarbon R-600a. HCFC-22 is the least expensive refrigerant available in the country. The units operating with the alternative refrigerants are still new and limited in number. The imports of alternative refrigerants are very small, and their quantities are unknown, since licensing is not required for non-ODS refrigerants.

Sectoral distribution of HCFCs

6. The survey undertaken covered all of the stakeholders and representative service workshops. The survey data showed the amount and types of equipment installed and the volume of HCFCs required for servicing this equipment. In 2010, the total amount of RAC equipment using HCFC-22 installed in the country was estimated at 257,267 units. The average charge for different types of equipment was estimated and used to calculate the total installed capacity. A summary of the estimated HCFC consumption by sector is shown in Table 2.

Table 2: HCFC consumption by sector based on the survey

Type	Number of units	Installation capacity		Service demand	
		mt	ODP t	mt	ODP t
Domestic and commercial ACs	249,178	341.27	18.77	163.52	8.99
Commercial refrigeration	8,058	114.10*	6.28	53.38	2.94
Central AC	31	4.59	0.25	2.98	0.16
<b>Total Equipment</b>	<b>257,267</b>	<b>459.96</b>	<b>25.30</b>	<b>219.88</b>	<b>12.09</b>

\*the estimated average charge of 15kg was used for the calculation of installed capacity.

Estimated baseline for HCFC consumption

7. The estimated baseline is calculated as 217.94 mt (11.99 ODP tonnes) using the average of actual 2009 consumption of 216.00 mt (11.88 ODP tonnes) reported under Article 7 data and the estimated 2010 consumption of 219.88 mt (12.09 ODP tonnes). In line with decision 60/44(e), the estimated baseline will be adjusted accordingly when the actual Article 7 data for 2010 is reported.

Forecast of future HCFC consumption

8. The Central African Republic forecasts its future consumption at an 8 per cent annual growth rate based on the economic growth in the country and the decreasing prices of the air-conditioning equipment. The table below provides a summary of HCFC consumption forecast in Central African Republic.

Table 3: Forecast consumption of HCFCs

		2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Constrained HCFC consumption</b>	mt	216.00	219.90	219.90	219.90	217.94	217.94	196.15	196.15	196.15	196.15	196.15	141.66
	ODP t	11.88	12.09	12.09	12.09	11.99	11.99	10.79	10.79	10.79	10.79	10.79	7.79
<b>Unconstrained HCFC consumption</b>	mt	216.00	219.90	237.50	256.50	277.00	299.10	323.10	348.90	376.80	407.00	439.50	474.70
	ODP t	11.88	12.09	13.06	14.11	15.24	16.45	17.77	19.19	20.72	22.39	24.17	26.11

\*actual reported Article 7 data

HCFC phase-out strategy

9. The Government is proposing to follow the Montreal Protocol schedule and adopt a staged approach to achieve the complete phase-out of HCFCs by 2030 with a service tail to 2040. The current submission only consists of stage I of the HPMP to achieve a 35 per cent reduction by 2020, and focuses largely on activities for the servicing sector using HCFC-22.

10. Central African Republic will reduce the demand for HCFC-22 for servicing existing equipment through refrigerant recovery and reuse, strengthening the training of technicians and building their capacity in better service practices. The HPMP also included a demonstration project for retrofitting HCFC equipment to hydrocarbon R-290. The project aims to strengthen the retrofit centres and provide

technical assistance and financial incentives to the commercial and industrial refrigeration end-users to enable the country to meet the phase-out targets. By introducing low-global-warming-potential (GWP) hydrocarbon refrigerants, the country will maximize climate benefit and ensure that the GWP is reduced along with HCFC phase-out.

11. The Government will also strengthen the enforcement of the licensing and quota system to ensure that imports of bulk HCFCs are controlled according to the Montreal Protocol reduction schedule. The summary of activities with the proposed implementation period is shown in Table 4.

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

Description of Activities	Time frame
Training of customs officers and other law enforcement personnel	2011-2020
Training of technicians on good practice, recovery, reuse and retrofit, handling of natural refrigerants	2011-2020
Provision of tools and equipment for recovery, reuse and retrofit, refrigerant identifiers	2011-2013
Technical support to servicing workshops and retrofit centres, demonstration of retrofit and safe handling of hydrocarbon refrigerants	2016 - 2020
Monitoring, coordination and reporting	2011-2020

#### Cost of the HPMP

12. The total cost of stage I of the HPMP for Central African Republic has been estimated at US \$560,000 to achieve a 35 per cent reduction in HCFC consumption by 2020. This will result in a phase-out of 76.28 mt (4.20 ODP tonnes) of HCFCs. The detailed cost breakdown for activities is listed in Table 5.

Table 5: Total cost of stage I of the HPMP for Central African Republic

Description of Activities	UNEP	UNIDO	Total
Training of customs officers and other law enforcement personnel	120,000	-	120,000
Training of technicians on good practice, recovery, reuse and retrofit, handling of natural refrigerants	120,000	-	120,000
Provision of tools and equipment for recovery, reuse and retrofit, refrigerant identifiers	-	125,000	125,000
Technical support to servicing workshops and retrofit centres, demonstration of retrofit and safe handling of hydrocarbon refrigerants	-	125,000	125,000
Monitoring, coordination and reporting	70,000		70,000
Total	310,000	250,000	560,000

## SECRETARIAT COMMENTS AND RECOMMENDATION

### COMMENTS

13. The Secretariat reviewed the HPMP for Central African Republic in the context of the guidelines for the preparation of HPMPs (decision 54/39), the criteria for funding HCFC phase-out in the consumption sector agreed at the 60<sup>th</sup> Meeting (decision 60/44), subsequent decisions on HPMPs and the 2011-2014 business plan of the Multilateral Fund.

#### Issue related to consumption

14. The Secretariat queried the consumption data obtained from the survey, which are significantly higher than those reported under Article 7 for all the years from 2005 to 2008. UNEP explained that the HCFC consumption reported under Article 7 was based on the information in registries of Customs Department from declarations by the importers and considered inaccurate. This is because HCFC reporting was not compulsory and the importers did not always report all the imports due to tax reasons. The HPMP survey involved more accurate data collection and a verification process. The consumption data for 2005 to 2008 was provided through estimation by servicing technicians, while the consumption data for 2009 and 2010 was collected from service workshops and verified with records. The Government of the Central African Republic considered the survey data to be more accurate and has reported the 2009 consumption data obtained from the survey to the Ozone Secretariat as Article 7 data.

#### Starting point for aggregate reduction in HCFC consumption

15. The Government of Central African Republic agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the average of the actual reported consumption of 216 mt (11.88 ODP tonnes) in 2009 and estimated consumption of 219.88 mt (12.09 ODP tonnes) in 2010, which results in 217.94 mt (11.99 ODP tonnes). The business plan indicated a baseline of 12.35 ODP tonnes.

#### Technical and cost issues

16. The Secretariat raised concern on the cost-effectiveness and sustainability of the consumption capacity phased out through the retrofit demonstration project, since the price gap between HCFCs and alternative refrigerants is big, only a limited number of units could be retrofitted through demonstration and the supply of hydrocarbon refrigerant R-290 is not readily available in the country.

17. UNEP explained that, the project is designed to initiate the process for retrofitting to hydrocarbon technology. The full conversion is likely to be implemented at a later stage when technology options are more economically viable. The demonstration project will showcase the retrofit process and provide training and equipment support to technicians to build their capacity in performing retrofits. It is expected that the cost invested in retrofitting could be recovered from reduced electricity consumption due to the energy efficiency gained in the newly retrofitted units. It is further considered that the owners of HCFC-consuming equipment could realize the economic benefit of retrofits through the demonstration project and start to accept the new refrigerants.

18. The Secretariat queried the projected cost of purchasing refrigerant stock. UNEP explained that this was planned for use in the demonstration project. Due to the limited number of existing equipment units using hydrocarbon refrigerants in the country, the importers are not willing to import a large amount of these refrigerants for stockpiling. Therefore, the alternative refrigerant R-290 is often not available on the market. The HPMP includes a plan to purchase a small amount of refrigerant R-290 for the demonstration project. It is expected that the demonstration project would promote the retrofit to hydrocarbon refrigerants and increase the installation capacity and service demand for R-290 refrigerants. Once the demand is established, the importers would be willing to supply hydrocarbon refrigerants to the

market. UNEP also stressed that although hydrocarbon technology is to be promoted during retrofit for securing climate benefits, it is likely that all types of alternative refrigerants will be adopted in the country during the implementation of the HPMP.

19. In line with decision 60/44, the total cost of stage I of the HPMP for Central Africa Republic was agreed at US \$560,000 as originally submitted as shown in table 5 above to achieve a 35 per cent reduction in HCFC consumption by 2020. This would result in a phase-out of 76.28 mt (4.20 ODP tonnes) by 2020.

#### Impact on the climate

20. The proposed technical assistance activities in the HPMP, which include the introduction of better servicing practices and enforcement of HCFC import controls, will reduce the amount of HCFC-22 used for refrigeration servicing. Each kilogramme of HCFC-22 not emitted due to better refrigeration practices results in the savings of approximately 1.8 CO<sub>2</sub>-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Central African Republic, in particular retrofitting and replacing existing equipment with low GWP hydrocarbon alternative technologies, indicate that it is likely that the country will surpass the level of 7,113 CO<sub>2</sub>-equivalent tonnes that would not be emitted into the atmosphere as estimated in the 2011-2014 business plan. However, at this time, the Secretariat is not in a position to quantitatively estimate the impact on the climate. The impact might be established through an assessment of implementation reports by, *inter alia*, comparing the levels of refrigerants used annually from the commencement of the implementation of the HPMP, the reported amounts of refrigerants being recovered and recycled, the number of technicians trained and the HCFC-22 based equipment being retrofitted.

#### Co-financing

21. In response to decision 54/39(h) on potential financial incentives and opportunities for additional resources to maximize the environmental benefits from HPMPs pursuant to paragraph 11(b) of decision XIX/6 of the Nineteenth Meeting of the Parties, UNEP advised that Central African Republic will provide personnel and other resources as an in-kind contribution, which could be considered as the Government's share of co-financing for the HPMP. The Secretariat proposed that UNEP should encourage the Central African Republic to explore other co-financing opportunities especially for stage II of the HPMP.

#### 2010-2014 business plan of the Multilateral Fund

22. UNEP and UNIDO are requesting US \$560,000 plus support costs for implementation of the HPMP. The total value requested for the period of 2011-2014 of US \$281,275 including support cost, is below the total amount in the business plan. Therefore, based on the estimated HCFC baseline consumption in the servicing sector of 217.94 mt, Central African Republic's allocation up to the 2020 35 per cent reduction should be US \$560,000 in line with decision 60/44.

#### Monitoring and coordination

23. Project monitoring and coordination of activities are planned to take place throughout the implementation period. The NOU will be responsible for overall coordination and management of the project. The established retrofit centre will be designated as a project monitoring unit and responsible for monitoring the progress of HPMP implementation and data collection. Reporting on the progress made during the implementation period will also be carried out by the NOU with support from UNEP.

Draft Agreement

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

**RECOMMENDATION**

25. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for the Central African Republic for the period 2011 to 2020, at the amount of US \$619,050, consisting of US \$310,000, plus agency support costs of US \$40,300 for UNEP, and US \$250,000, plus agency support costs of US \$18,750 for UNIDO;
- (b) Noting that the Government of the Central African Republic had agreed to establish an estimated baseline of 11.99 ODP tonnes as its starting point for sustained aggregate reduction in HCFC consumption, calculated using actual consumption of 11.88 ODP tonnes reported for 2009 and consumption of 12.09 ODP tonnes estimated for 2010;
- (c) Approving the draft Agreement between the Government of the Central African Republic and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document;
- (d) Requesting the Fund Secretariat, once the baseline data were known, to update Appendix 2-A to the Agreement to include the figures for maximum allowable consumption, and to notify the Executive Committee of the resulting change in the levels of maximum allowable consumption and of any potential related impact on the eligible funding level, with any adjustments needed being made when the next tranche was submitted; and
- (e) Approving the first tranche of stage I of the HPMP for the Central African Republic, and the corresponding implementation plan, at the amount of US \$219,125, consisting of US \$75,000, plus agency support costs of US \$9,750 for UNEP, and US \$125,000, plus agency support costs of US \$9,375 for UNIDO.



## Annex I

### **DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF CENTRAL AFRICAN REPUBLIC AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS**

1. This Agreement represents the understanding of the Government of Central African Republic (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 7.79 ODP tonnes by 1 January 2020 in compliance with Montreal Protocol schedules, with the understanding that this figure is to be revised one single time, once the baseline consumption for compliance has been established based on Article 7 data , with the funding to be adjusted accordingly, as per decision 60/44.
2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances which exceeds the level defined in row 1.2 of Appendix 2-A (“Maximum allowable total consumption of Annex C, Group I Substances”) 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 which exceeds the level defined in row 4.1.3 (remaining eligible consumption).
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees in principle to provide the funding set out in row 3.1 of Appendix 2-A (“The Targets, and Funding”) 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. 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 (“The Targets, and Funding”) of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.
5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least 60 days prior to the applicable Executive Committee meeting set out in the Funding Approval Schedule:
  - (a) That the Country has met the Targets for all relevant years. Relevant years are all years since the year in which the hydrochlorofluorocarbons phase-out management plan (HPMP) was approved. Exempt are years for which no obligation for reporting of country programme data exists at the date of the Executive Committee Meeting at which the funding request is being presented;
  - (b) That the meeting of these Targets has been independently verified, except if the Executive Committee decided that such verification would not be required;

- (c) That the Country had submitted annual implementation reports in the form of Appendix 4-A (“Format of Implementation Reports and Plans”) covering each previous calendar year, that it had achieved a significant level of implementation of activities initiated with previously approved tranches, and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent;
- (d) That the Country has submitted and received approval from the Executive Committee for an annual implementation plan in the form of Appendix 4-A (“Format of Implementation Reports and Plans”) covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen; and
- (e) That, for all submissions from the 68<sup>th</sup> Meeting onwards, confirmation has been received from the Government that an enforceable national system of licensing and quotas for HCFC imports and, where applicable, production and exports is in place and that the system is capable of ensuring the Country's compliance with the Montreal Protocol HCFC phase-out schedule for the duration of this Agreement.

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (“Monitoring Institutions and Roles”) will monitor and report on implementation of the activities in the previous annual implementation plans in accordance with their roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in paragraph 4 above.

7. The Executive Committee agrees that the Country may have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the smoothest reduction of consumption and phase-out of the Substances specified in Appendix 1-A.

- (a) Reallocations categorized as major changes must be documented in advance in an annual implementation plan and approved by the Executive Committee as described in sub-paragraph 5(d) above. Major changes would relate to issues potentially concerning the rules and policies of the Multilateral Fund; changes which would modify any clause of this Agreement; changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches; and provision of funding for programmes or activities not included in the current endorsed annual implementation plan, or removal of an activity in the annual implementation plan, with a cost greater than 30 per cent of the total cost of the tranche;
- (b) Reallocations not categorized as major changes may be incorporated in the approved annual implementation plan, under implementation at the time, and reported to the Executive Committee in the annual implementation report; and
- (c) Any remaining funds will be returned to the Multilateral Fund upon closure of the last tranche of the plan.

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing sub-sector, in particular:

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and

- (b) The Country and the bilateral and implementing agencies involved will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the plan.

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNEP has agreed to be the lead implementing agency (the “Lead IA”) and UNIDO has agreed to be the cooperating implementing agency (the “Cooperating IA”) under the lead of the Lead IA in respect of the Country’s activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of any of the agencies taking part in this Agreement.

10. The Lead IA will be responsible for carrying out the activities of the overall plan with the changes approved as part of the subsequent submissions, including but not limited to independent verification as per sub-paragraph 5(b). This responsibility includes the necessity to co-ordinate with the Cooperating IA to ensure appropriate timing and sequence of activities in the implementation. The Cooperating IA will support the Lead IA by implementing the activities listed in Appendix 6-B under the overall co-ordination of the Lead IA. The Lead IA and Cooperating IA have reached consensus on the arrangements regarding inter-agency planning, reporting and responsibilities under this Agreement to facilitate a co-ordinated implementation of the Plan, including regular co-ordination meetings. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IA with the fees set out in rows 2.2 and 2.4 of Appendix 2-A.

11. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in row 1.2 of Appendix 2-A or otherwise does not comply with this Agreement, then the Country agrees that it will not be entitled to the Funding in accordance with the Funding Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next tranche of funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amount set out in Appendix 7-A in respect of each ODP kg of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the Country did not comply with this Agreement, and take related decisions. Once these decisions are taken, this specific case will not be an impediment for future tranches as per paragraph 5 above.

12. The Funding of this Agreement will not be modified on the basis of any future Executive Committee decision that may affect the funding of any other consumption sector projects or any other related activities in the Country.

13. The Country will comply with any reasonable request of the Executive Committee, and 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 information necessary to verify compliance with this Agreement.

14. The completion of the HPMP and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption has been specified in Appendix 2-A. Should at that time activities be still outstanding which were foreseen in the Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per sub-paragraphs 1(a), 1(b), 1(d), and 1(e) of Appendix 4-A continue until the time of the completion if not specified by the Executive Committee otherwise.

15. All of the conditions set out in this Agreement are undertaken solely within the context of the Montreal Protocol and as specified in this Agreement. All terms used in this Agreement have the meaning ascribed to them in the Montreal Protocol unless otherwise defined herein.

## APPENDICES

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	11.99
<b>TOTAL</b>			<b>11.99</b>

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

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	n/a	12.0	12.0	11.0	11.0	11.0	11.0	11.0	8.0	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	11.99	11.99	10.79	10.79	10.79	10.79	10.79	7.79	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	75,000	0	55,000	0	0	74,000	0	50,000	0	56,000	310,000
2.2	Support costs for Lead IA (US \$)	9,750	0	7,150	0	0	9,620	0	6,500	0	7,280	40,300
2.3	Cooperating IA(UNIDO) agreed funding (US \$)	125,000	0	0	0	0	125,000	0	0	0	0	250,000
2.4	Support costs for Cooperating IA (US \$)	9,375	0	0	0	0	9,375	0	0	0	0	18,750
3.1	Total agreed funding (US \$)	200,000	0	55,000	0	0	199,000	0	50,000	0	56,000	560,000
3.2	Total support costs (US \$)	19,125	0	7,150	0	0	18,995	0	6,500	0	7,280	59,050
3.3	Total agreed costs (US \$)	219,125	0	62,150	0	0	217,995	0	56,500	0	63,280	619,050
4.1.1	Total phase-out of HCFC-22 and under this agreement (ODP tonnes)											4.20
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tonnes)											0
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)											7.79

### APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval not earlier than the second meeting of the year specified in Appendix 2-A.

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

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

- (a) A narrative report regarding the progress since the approval of the previous tranche, reflecting on 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 further highlight successes, experiences and challenges related to the different activities included in the Plan, reflecting on changes in the circumstances in the Country, and providing other relevant information. The report should also include information about and justification for any changes vis-à-vis the previously submitted tranche plan, such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes. The narrative report will cover all relevant years specified in sub-paragraph 5(a) of the Agreement and can in addition also include information about activities in the current year;

- (b) A verification report of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;
- (c) A written description of the activities to be undertaken until the planned submission of the next tranche request, highlighting their interdependence, and taking into account experiences made and progress achieved in the implementation of earlier tranches. The description should also include a reference to the overall plan and progress achieved, as well as any possible changes to the overall plan foreseen. The description should cover the years specified in sub-paragraph 5(d) of the Agreement. The description should also specify and explain any revisions to the overall plan which were found to be necessary;
- (d) A set of quantitative information for the report and plan, submitted into a database. As per the relevant decisions of the Executive Committee in respect to the format required, the data should be submitted online. This quantitative information, to be submitted by calendar year with each tranche request, will be amending the narratives and description for the report (see sub-paragraph 1(a) above) and the plan (see sub-paragraph 1(c) above), and will cover the same time periods and activities; it will also capture the quantitative information regarding any necessary revisions of the overall plan as per sub-paragraph 1(c) above. While the quantitative information is required only for previous and future years, the format will include the option to submit in addition information regarding the current year if desired by the Country and the Lead IA; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of above sub-paragraphs 1(a) to 1(d).

## **APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES**

1. All the monitoring activities will be coordinated and managed through the National Ozone Unit, which is included within this HPMP.

2. The Lead IA will have a particularly prominent role in the monitoring arrangements because of its mandate to monitor ODS imports, whose records will be used as a crosschecking reference in all the monitoring programmes for the different projects within the HPMP. This organization, along with the cooperating IA will also undertake the challenging task of monitoring illegal ODS imports and exports with advising the appropriate national agencies through the National Ozone Office as relevant.

## **APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY**

1. The Lead IA will be responsible for a range of activities. These can be specified in the project document further, but include at least the following:

- (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's HPMP;
- (b) Assisting the Country in preparation of the Implementation Plans and subsequent reports as per Appendix 4-A;
- (c) Providing verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the Implementation Plan consistent with Appendix 4-A;
- (d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future annual implementation plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
- (e) Fulfilling the reporting requirements for the annual implementation reports, annual implementation plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee. The reporting requirements include the reporting about activities undertaken by the Cooperating IA;
- (f) Ensuring that appropriate independent technical experts carry out the technical reviews;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Implementation Plan and accurate data reporting;
- (i) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;
- (j) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country and the Cooperating IA, the allocation of the reductions to the different budget items and to the funding of each implementing or bilateral agency involved;
- (k) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- (l) Providing assistance with policy, management and technical support when required.

2. After consultation with the Country and taking into account any views expressed, the Lead IA will select and mandate an independent organization to carry out the verification of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement and sub-paragraph 1(b) of Appendix 4-A.

## **APPENDIX 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCY**

1. The Cooperating IA will be responsible for a range of activities. These activities are specified in the overall plan further, but include at least the following:

- (a) Providing policy development assistance when required;
- (b) Assisting the Country in the implementation and assessment of the activities funded by the Cooperating IA, and refer to the Lead IA to ensure a co-ordinated sequence in the activities; and
- (c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A.

## **APPENDIX 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY**

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US 180 per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met.