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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-ninth Meeting  
Port Ghalib, Egypt, 10-14 November 2009

**Addendum**

**PROJECT PROPOSALS: THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA**

This addendum is being issued to provide:

- additional information on the HCFC phase-out management plan (phase I)
- comments and recommendation of the Fund Secretariat on the following project proposal:

Phase-out

- Terminal phase-out management plan for CFCs (fifth tranche)

UNIDO

HCFC phase-out management plan (phase I) (UNIDO)

- **Add** the attached project evaluation sheet as Annex I to document UNEP/OzL.Pro/ExCom/59/44
- **Replace** paragraph 21 with the following paragraph:

21. Phase I of the HPMP includes the set-up of a waste disposal centre; for phase II, the waste disposal centre is the only operational activity foreseen. It is a combination of a disposal and storage facility and at the same time provides support for the R&R programme.<sup>3</sup> The Executive Committee has in the past funded in a number of cases similar programmes under phase-out plans, for example the recovery of CFCs from cars and from ships at the end of their useful life under the service sector plan for China. However, the total cost associated with this activity in the FYR Macedonia HPMP, while justifiable, appears very significant at a level of US \$430,000. The Secretariat believes that any efforts for collection of ODS should be, in line with the interim guidelines for the funding of demonstration projects for the disposal of ODS (decision 58/19), carried out within a national or sectoral phase-out plan to ensure effective integration with the sectoral efforts in the country. However, there is presently no indication if, when and to what degree the Executive Committee will fund such an activity. UNIDO, when asked by the Secretariat, pointed out that the environmental impact of the HCFCs to be collected is considerable and would warrant, in the opinion of the country, the related costs.

- **Delete** footnote No. 4 in paragraph 23
- **Add** the following paragraphs under the Secretariat's comments:

26 bis. The Government of FYR Macedonia has submitted through UNIDO a Draft Agreement to the Multilateral Fund to be included in the documentation to the Executive Committee. The Secretariat would like to raise the following points:

- (a) This Draft Agreement is the first one for HPMPs for consideration by the Executive Committee;
- (b) The Secretariat has advised UNIDO regarding some changes to the original Draft Agreement that appeared meaningful to increase clarity, and the country with UNIDO, agreed for the Secretariat to carry them out. This procedure was used since this is the first Draft Agreement for HPMPs to be submitted to the Executive Committee; normally the Secretariat refrains from editing the Draft Agreement's submitted with MYAs. The resulting Draft Agreement is included as Annex II to this document;
- (c) In the same context, the Secretariat advised UNIDO that the country is recognised in the United Nations as "the former Yugoslav Republic of Macedonia", and that the Agreement needs to reflect this. The country, through UNIDO, replied that in documents issued by the country's Government, such as this Draft Agreement, the name used in the Constitution is being used, that is, Republic of Macedonia. The country also indicated that it would agree if in the context of the United Nations, the term "the former Yugoslav Republic of Macedonia" would be used. The Secretariat has accordingly not changed the name in the draft Agreement, but suggests to the Executive Committee to change the name when adopting the Agreement;

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<sup>3</sup> The R & R programme has in 2001 to 2008 collected in total 1.95 metric tonnes of non-recyclable ODS for future destruction; this is equivalent to 4.3 per cent of the material starting the recycling process.

- (d) The Draft Agreement contains, in its Appendix 1-A, the proposed starting point for sustained aggregate reductions in consumption. The Government of FYR Macedonia has decided to use the baseline as a starting point, which however will only be established based on the Article 7 data for the years 2009 and 2010, due in September 2011. It appears to the Secretariat that this is consistent with the HPMP guidelines approved as decision 54/39;
- (e) The country did not provide a maximum allowable consumption for the years 2010 to 2012, again based on the fact that the baseline is presently unknown; even were the maximum allowable consumption to have been provided, the country would be likely to propose a conservative level, and the Secretariat would have at this time no basis for assessment. Consequently, the first year for which a maximum allowable consumption has been allocated is 2013, and the Article 7 data for that year will not be available until September 2014. The Secretariat also sees merit in the country's decision to propose the last funding for the year 2013, since an approval in 2013 would certainly allow activities to have an effect on achieving the 2015 reduction step. But, in combination, the Executive Committee is left without the possibility to assess the performance against a maximum allowable consumption, and can only assess it against the progress reported in implementing the annual implementation plans. The Secretariat proposes a related decision under paragraph 27 (e) below, but will raise the matter in reporting on issues identified during project review under "Preliminary template for draft agreements for HPMPs". The Secretariat will continue discussions with UNIDO to try to obtain the country's agreement to be flexible towards similar changes in their Draft Agreement; and
- (f) The proposed funding schedule is foreseeing significant funding in the last tranche, and is very closely linked to the proposed activities and their schedule in the overall HPMP. The Draft Agreement is adhering close to the template provided by the Secretariat.
- **Replace** paragraph 27 under the Secretariat's recommendation with the following paragraph:
27. The Executive Committee may wish to:
- (a) Consider, in light of the policy issues raised by the Secretariat and of discussions and any relevant decision taken during the 59th Meeting of the Executive Committee, whether the following items are seen as eligible:
- (i) The conversion at Sileks, since it is a second conversion and related to the phase-out of HCFC-141b use in imported pre-blended polyol in a country without HCFC-141b consumption;
  - (ii) The conversion at Koper and Zlatna Raka, as it is related to the phase-out of HCFC-141b use in imported pre-blended polyol in a country without HCFC-141b consumption;
  - (iii) The start-up of a waste disposal centre, and whether the Executive Committee wishes to include in its decision a note that any approval of such a facility does not constitute a precedent for funding of operational costs for a facility in a possible future phase II;

- (b) Consider, in light of the policy issues raised by the Secretariat and of discussions and any relevant decision taken during the 59th Meeting of the Executive Committee, whether to agree with the inclusion of funding for IS within the HPMP, and whether to cover in the decision that the FYR Macedonia would be ineligible for further funding for IS outside this Agreement until the end of the last year mentioned in the Agreement;
  - (c) Consider whether to approve the starting point proposed by the country, which is the baseline consumption and therefore a presently non-quantifiable figure. In this case the Executive Committee might also consider requesting the Secretariat to update, once the baseline data is known, Appendix 1-A of the Agreement with the information related to the starting point and Appendix 2-A of the Agreement with the figures for the maximum allowable consumption, and to notify the Executive Committee of the starting point and the resulting levels of maximum allowable consumption accordingly;
  - (d) Request the Secretariat to change the term “Republic of Macedonia” in the Draft Agreement to “the former Yugoslav Republic of Macedonia” in the final version of the Agreement to achieve consistency with country’s designations under the United Nations;
  - (e) Consider whether to decide that future draft agreements are to include a maximum allowable consumption for a year for which consumption under Article 7 of the Montreal Protocol needs to be reported before the last tranche of the agreement is to be approved;
  - (f) Note with appreciation the commitment by the Government of FYR Macedonia to reduce the consumption of HCFC by 10 per cent from the future baseline by the year 2015;
  - (g) Approve, in principle, the HPMP for FYR Macedonia, at the amount determined based on the outcome of the discussions on the issues for consideration in sub-paragraphs (a) to (e) above;
  - (h) Approve the Draft Agreement between FYR Macedonia and the Executive Committee for the reduction in consumption of hydrochlorofluorocarbons as contained in Annex II including agreed changes based on the outcome of discussions on issues for consideration in sub-paragraphs (a) to (e) above; and
  - (i) Approve the first annual implementation plan for 2010, and the first tranche of the HPMP for Macedonia, based on the final version of the Agreement incorporating, as appropriate, the changes by the Executive Committee to the HPMP and the Agreement.
- **Add** the following after page 9 of document UNEP/OzL.Pro/ExCom/59/44

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS the former Yugoslav Republic of Macedonia

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
CFC phase out plan	UNIDO

<b>(II) LATEST ARTICLE 7 DATA (ODP Tonnes)</b>					<b>Year: 2008</b>
CFC: 0	CTC: 0	Halons: 0	MB: 0	TCA: 0	

<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)</b>											<b>Year: 2008</b>		
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC													0.
CTC													0.
Halons													0.
Methyl Bromide													0.
Others													0.
TCA													0.

<b>(IV) PROJECT DATA</b>			2004	2005	2006	2007	2008	2009	2010	Total
<b>Montreal Protocol Consumption Limits</b>		CFC	519.7	259.9	259.9	78.	78.	78.	0.	
<b>Maximum Allowable Consumption (ODP Tonnes)</b>		CFC	49.3	25.	15.	10.	5.	0.	0.	
<b>Project Costs (US\$)</b>	UNIDO	Project Costs		154,210.	79,871.	15,000.	15,000.	15,000.		279,081.
		Support Costs		11,566.	5,990.	1,125.	1,125.	1,125.		20,931.
<b>Total Funds Approved in Principle (US\$)</b>		Project Costs		154,210.	79,871.	15,000.	15,000.	15,000.		279,081.
		Support Costs		11,566.	5,990.	1,125.	1,125.	1,125.		20,931.
<b>Total Funds Released by the ExCom (US\$)</b>		Project Costs		154,210.	79,871.	15,000.	15,000.	0.		264,081.
		Support Costs		11,566.	5,990.	1,125.	1,125.	0.		19,806.
<b>Total Funds Requested for Current Year (US\$)</b>		Project Costs						15,000.		15,000.
		Support Costs						1,125.		1,125.

<b>(V) SECRETARIAT'S RECOMMENDATION:</b>	<b>For blanket approval</b>
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Terminal phase-out management plan for CFCs (fifth tranche) (UNIDO)**PROJECT DESCRIPTION**

28. On behalf of the Government of the former Yugoslav Republic of Macedonia (FYR Macedonia) UNIDO has submitted to the 59th Meeting of the Executive Committee a request for funding for the fifth and last tranche (2009) of the terminal CFC phase-out management plan (TPMP) amounting to US \$15,000 plus agency support costs of US \$1,125. The request is accompanied by a progress report on the implementation of the TPMP during the years 2008 and part of 2009 and the implementation plan for 2010, a verification report for the year 2008 and multi-year agreement tables.

Background

29. The TPMP for FYR Macedonia was approved by the Executive Committee at its 45th Meeting to completely phase-out CFC consumption by 31 December 2008. Total funding of US \$279,081 plus agency support costs of US \$20,931 was approved in principle by the Executive Committee. At the same meeting, the Executive Committee approved US \$154,210 plus agency support costs of US \$11,566 for the implementation of the first tranche of the TPMP. Subsequent tranches were approved at the 50th, 53<sup>rd</sup> and 56th Meetings. The original draft agreement having been submitted before the 45th Meeting, and agreed as presented, contained a clause requiring annual verification. This clause was changed for TPMPs being submitted subsequent to the Executive Committee's decision 45/54.

Verification

30. The verification report indicates that FYR Macedonia does not produce or export ODS and its consumption is equal to import. According to the country regulations import of ODS and ODS-containing equipment requires a permit, issued by the Ministry of Environment and Physical Planning. Since 2009 importers need to apply for import/export permits through an electronic system. The customs officers allow import only if importers provide the permit and other relevant information regarding the import at the border. The import of used equipment containing CFCs was banned as of 1 January 2007, and the import of all CFCs themselves from 1 January 2009. There was no request for an import permit for CFCs in 2008, and the customs authority did not report on any such imports for that year. Therefore the 2008 consumption is equal to zero, and as is the import of goods containing CFCs. The maximum allowable consumption for 2008 was 5 ODP tonnes; thus, the former Yugoslav Republic of Macedonia has fulfilled its consumption commitments under the Agreement with the Executive Committee.

2008-2009 Progress report

31. The TPMP includes a number of activities, such as training of trainers and technicians in good practices in refrigeration, training of customs officers, a R&R project and monitoring activities. The activities were predominantly completed prior to the reporting period and the last two tranches were intended for project management and monitoring purposes.

32. The NOU organized two additional training courses for technicians in April and July 2008 totalling 21 participants; together with previous training the total target of 94 technicians has been reached. Although the original plan had foreseen the training of 200 technicians, it was revised to reflect the reduced need. Five customs officers were trained in the use of refrigerant identifiers in November 2008 and eight sets of equipment were delivered. The last sets of R&R equipment were delivered to the service shops in January 2009, bringing the total number of sets delivered under the TPMP to 48, of which ten were delivered to secondary vocational schools and 38 to service shops. As a

result of R&R activities, 9.116 metric tonnes of refrigerants were recycled; among them were 1.043 metric tonnes (1.043 ODP tonnes) of CFC-12, 0.138 metric tonnes (0.031 ODP tonnes) of R-502 and 3.652 metric tonnes (0.2 ODP tonnes) of HCFC-22, while the rest were HFCs and HFC mixtures. In addition, 9.483 metric tonnes of refrigerant were recovered in 2008. A competition for vocational schools was held in May 2009 and was dedicated to the maintenance of refrigeration equipment. In September 2008 the NOU organized training for two national experts to facilitate TPMP implementation. The unspent balance of the approved funding as of September 2009 is US \$13,683 equivalent to five per cent of the funding approved so far. UNIDO further informed that activities related to 21 service technicians and five customs officers were covered by funding provided by the NOU.

#### 2010 annual implementation plan

33. The annual implementation plan for 2010 takes into consideration that the activities in customs training and good practices in refrigeration servicing and as well as the R&R project are completed. Management, monitoring, auditing and reporting will continue to ensure the compliance with the targets identified in the Montreal Protocol and the Agreement.

### **SECRETARIAT'S COMMENTS AND RECOMMENDATION**

#### **COMMENTS**

34. The TPMP in FYR Macedonia has been implemented very successfully. Stringent legislation and enforcement has reduced the supply of CFCs in advance of the reduction schedule agreed with the Executive Committee; that reduction schedule was, in turn, very significantly advanced over the Montreal Protocol compliance targets. The Secretariat also noted that no funding for a project management unit was foreseen, and that the funds for administrative purposes under the TPMP were kept to a minimum, while spending on training and infrastructure was maximised. This separates this TPMP in a positive way from the majority of TPMPs proposed and implemented. This might have helped the achievement of the highest recorded recycling and recovery quota of any project under the Multilateral Fund. The project was implemented in a very timely manner, allowing the country an early phase-out of CFC consumption. Having achieved this objective, the country has in parallel with this tranche presented the first HPMP to be submitted to the Executive Committee.

#### **RECOMMENDATION**

35. The Secretariat recommends that the Executive Committee:
- (a) Takes note of the progress report on the implementation of the fourth tranche of the terminal phase-out management plan for CFCs in the former Yugoslav Republic of Macedonia for 2008;
  - (b) Takes note of the verification report for the year 2008; and
  - (c) Approves the 2010 annual implementation plan.

36. The Secretariat further recommends blanket approval of the fifth tranche of the terminal phase-out management plan for CFCs for the former Yugoslav Republic of Macedonia, with associated support costs at the funding level shown in the table below, on the understanding that UNIDO will submit a progress report on the 2010 annual implementation and a verification report of 2009 CFC consumption to the 62<sup>nd</sup> Meeting of the Executive Committee:

	<b>Project Title</b>	<b>Project Funding (US\$)</b>	<b>Support Cost (US\$)</b>	<b>Implementing Agency</b>
(a)	Terminal phase-out management plan for CFCs (fifth tranche)	15,000	1,125	UNIDO



**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS  
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA**

**PROJECT TITLE:** HCFC Phase-out Management Plan  
**BILATERAL/IMPLEMENTING AGENCY:** UNIDO  
**NATIONAL CO-ORDINATING AGENCY:** NOU, Ministry of Environment and Physical Planning

**LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**

**A. ARTICLE-7 DATA 2008 AS OF OCTOBER 2009**

Annex C, Group I:	2 ODP tonnes
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**B: COUNTRY PROGRAMME SECTORAL DATA 2008 AS OF OCTOBER 2009**

Substance	Consumption by sector (ODP tonnes)					
	Foam	Ref. manu.	Ref. serv.	Solvent	Other	Total
HCFC-22	0	0	2.03	0	0	2.03
HCFC-141b	0	0	0	0	0	0
HCFC-142b	0	0	0	0	0	0
Other	0	0	0	0	0	0

<b>CONSUMPTION DATA (ODP tonnes)</b>			
2009-2010 baseline:	To be determined	Starting point for sustained aggregate reductions:	Baseline
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	0	Remaining:	Baseline
<b>CURRENT YEAR BUSINESS PLAN:</b>			
Total funding (US \$):	64,500	Total phase-out (ODP tonnes):	n/a

**THE TARGETS, AND FUNDING**

		2009	2010	2011	2012	2013	2014	2015	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	None				Baseline		Baseline less 10%	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)					Baseline		Baseline less 10%	n/a
2.1	Lead IA (UNIDO) agreed funding( US \$)	60,000	410,000	170,000	170,000	720,000	0	0	1,530,000
2.2	Support costs for Lead IA(US \$)	4,500	30,750	12,750	12,750	54,000	0	0	114,750
3.1	Total agreed funding (US \$)	60,000	410,000	170,000	170,000	720,000	0	0	1,530,000
3.2	Total support cost	4,500	30,750	12,750	12,750	54,000	0	0	114,750
3.3	Total agreed costs (US \$)	64,500	440,750	182,750	182,750	774,000	0	0	1,644,750
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this agreement (ODP tonnes)								To 90% of Baseline
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)								0
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)								90% of baseline [– 1.41]
4.2.1	Total phase-out of HCFC-141b agreed to be achieved under this agreement (ODP tonnes)								[1.41]
4.2.2	Phase-out of HCFC-141b to be achieved in previously approved projects (ODP tonnes)								0
4.2.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)								0

**FUNDING REQUEST:** Approval of funding for the first tranche (2009) as indicated above.

<b>SECRETARIAT'S RECOMMENDATION:</b>	For individual consideration
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## Annex II

### **DRAFT AGREEMENT BETWEEN THE REPUBLIC OF MACEDONIA 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 the Republic of Macedonia (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 reduction to 90 per cent of the baseline prior to 1 January 2015 in compliance with Montreal Protocol schedules.
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. 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 as the final reduction step under this agreement for all ODS specified in Appendix 1-A, and in respect to any consumption of each of the substances which exceeds the level defined in rows 4.1.3 and 4.2.3.
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 (the “Funding Approval Schedule”).
4. The Country will meet the consumption limits for each of the Substances as indicated in Appendix 2-A. It will also accept independent verification to be commissioned by the relevant implementing agency (IA) of achievement of these consumption limits as described in sub-paragraph 5(b) of this Agreement.
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 when an 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 has substantially completed all actions set out in the previous tranche implementation plan and submitted a tranche implementation report in the form of Appendix 4-A (the “Format of Tranche Implementation Report and Plan”) for each previous calendar year; and
  - (d) That the Country has submitted and received endorsement from the Executive Committee for a tranche implementation plan in the form of Appendix 4-A (the “Format of Tranche Implementation Report and Plan”) for 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.

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

7. While the Funding was determined on the basis of estimates of the needs of the Country to carry out its obligations under this Agreement, 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 goals prescribed under this Agreement. Reallocations categorized as major changes must be documented in advance in the next tranche implementation plan and endorsed by the Executive Committee as described in sub-paragraph 5(d). 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 tranche implementation report. 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 that the:

- (a) Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and
- (b) Country and the implementing agencies 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. UNIDO has agreed to be the lead implementing agency (the “Lead IA”) in respect of the Country’s activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of any of the IA taking part in this Agreement.

10. The Lead IA will be responsible for carrying out the activities of the plan as detailed in the first submission of the HPMP with the changes approved as part of the subsequent tranche submissions, including but not limited to independent verification as per sub-paragraph 5(b). The Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 2.2 of Appendix 2-A.

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 amounts set out in Appendix 7-A in respect of each ODP tonne 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.

12. The funding components 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 to facilitate implementation of this Agreement. In particular, it will provide the Lead 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), the completion will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per Appendix 4-A (a), (b), (d) and (e) continue until the time of the completion if not specified by the Executive Committee otherwise.

15. All of the agreements 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	Baseline
HCFC-141b	C	I	n/a

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

		2009	2010	2011	2012	2013	2014	2015	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	None				Baseline		Baseline less 10%	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)					Baseline		Baseline less 10%	n/a
2.1	Lead IA (UNIDO) agreed funding( US \$)	60,000	410,000	170,000	170,000	720,000	0	0	1,530,000
2.2	Support costs for Lead IA(US \$)	4,500	30,750	12,750	12,750	54,000	0	0	114,750
3.1	Total agreed funding (US \$)	60,000	410,000	170,000	170,000	720,000	0	0	1,530,000
3.2	Total support cost	4,500	30,750	12,750	12,750	54,000	0	0	114,750
3.3	Total agreed costs (US \$)	64,500	440,750	182,750	182,750	774,000	0	0	1,644,750
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this agreement (ODP tonnes)								To 90% of Baseline
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)								0
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)								90% of baseline [- 1.41]
4.2.1	Total phase-out of HCFC-141b agreed to be achieved under this agreement (ODP tonnes)								[1.41]
4.2.2	Phase-out of HCFC-141b to be achieved in previously approved projects (ODP tonnes)								0
4.2.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)								0

### 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 TRANCHE IMPLEMENTATION REPORT AND PLAN

1. The submission of the Tranche Implementation Report and Plan will consist of five parts:
  - (a) A narrative report regarding the progress in 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 in the next tranche, 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 year 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 online into a database, as per the relevant decisions of the Executive Committee in respect to the format required. This quantitative information, to be submitted by calendar year, 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 agency; 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. The NOU will submit annual progress reports of the status of implementation of the HPMP to UNIDO.
2. Monitoring of the development of HPMP and verification of the achievement of the performance targets, specified in the Plan, will be assigned to an independent local company or to independent local consultants by UNIDO.

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

1. The Lead IA will be responsible for a range of activities to be specified in the project document as follows:
  - (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 phase-out plan;
  - (b) Assisting the Country in preparation of the tranche Implementation Plan and subsequent report 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 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 tranches and the overall plan as specified in Appendix 4-A as well as project completion reports for submission to the Executive Committee;
- (f) Ensuring that appropriate independent technical experts carry out the technical reviews undertaken by the Lead IA;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;
- (i) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- (j) 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 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 \$127,538 per ODP tonne of reductions in consumption not achieved in the year.