



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/63/44
11 March 2011

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-third Meeting
Montreal, 4-8 April 2011

PROJECT PROPOSAL: MONTENEGRO

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)

UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**Montenegro**

(I) PROJECT TITLE	AGENCY
HCFC phase-out management plan (stage I, first tranche)	UNIDO (lead)

(II) LATEST ARTICLE 7 DATA	Year: 2009	0.9 (ODP tonnes)
-----------------------------------	------------	------------------

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP)								Year: 2009			
Chemical	Aerosol	Foam	Fire	Refrigeration		Solvent	Process	Lab	Total sector		
				Manufacturing	Servicing						
HCFC123											
HCFC124											
HCFC141b											
HCFC142b											
HCFC22					0.9						0.9

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline (estimate):	1.0	Starting point for sustained aggregate reductions:	0.9
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.0	Remaining:	0.6

(V) BUSINESS PLAN		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNIDO	ODS phase-out (ODP tonnes)	0.1			0.1	0.1			0.1			0.3
	Funding (US \$)	155,000	64,500		118,250	150,000	64,500		118,250		45,000	715,500

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits (estimate)			n/a	n/a	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.6	
Maximum allowable consumption (ODP tonnes)			n/a	n/a	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.6	
Project Costs requested in principle(US \$)	UNIDO	Project costs	155,000		115,000		69,000		60,000		30,000	21,000	450,000
		Support costs	11,625		8,625		5,175		4,500		2,250	1,575	33,750
Total project costs requested in principle (US \$)			155,000	0	115,000	0	69,000	0	60,000	0	30,000	21,000	450,000
Total support costs requested in principle (US \$)			11,625	0	8,625	0	5,175	0	4,500	0	2,250	1,575	33,750
Total funds requested in principle (US \$)			166,625	0	123,625	0	74,175	0	64,500	0	32,250	22,575	483,750

(VII) Request for funding for the first tranche (2011)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNIDO	155,000	11,625

Funding request:	Approval of funding for the first tranche (2011) as indicated above
Secretariat's recommendation:	For individual consideration

PROJECT DESCRIPTION

1. On behalf of the Government of Montenegro UNIDO, as the designated implementing agency, submitted to the 63rd Meeting of the Executive Committee a HCFC phase-out management plan (HPMP) including a request for institutional strengthening at a total cost, as originally submitted, of US \$450,000 plus agency support cost of US \$33,750 for UNIDO, for the implementation of stage I of the HPMP. The HPMP covers strategies and activities to achieve the 10 per cent reduction in HCFC consumption by 2015 and the 35 per cent reduction in HCFC consumption by 2020.
2. The first tranche for Stage I being requested at this meeting amounts to US \$155,000 plus agency support costs of US \$11,625 for UNIDO, as originally submitted.

Background

3. Montenegro became an independent country in 2006, after being in a federation and, later, a union with Serbia. After a period of strong economic development in the first years of independence, the global financial crisis had a negative impact on the economy. Montenegro became a Party to the Montreal Protocol in 2006 and ratified all its amendments.

ODS regulations

4. The licensing system was introduced as early as 2004, when the former federation of Serbia and Montenegro was transformed into a union. Montenegro's licensing system covers HCFCs; however, a quota system, existing for CFCs, still needs to be established for HCFCs. In addition, the import of ODS-containing goods is banned, with the current exception for goods containing HCFCs, which will be banned from the end of 2015.

ODS consumption

5. All HCFCs used in Montenegro are imported, as the country does not have any production capacity. The survey undertaken during the HPMP preparation showed that HCFC-22 is the only Annex C, Group I substance being consumed, and it is only used in the refrigeration and air conditioning service sector. In 2009, the year in which the latest Article 7 data is available, the consumption was 17.14 metric tonnes (0.94 ODP tonnes) of HCFC-22; this consumption is almost 2.5 times higher than that in 2008, but more than 25 per cent lower than the consumption in the year 2006. The 2009 consumption is 13 per cent higher than the average of 2006-2009.

Sectoral distribution of HCFCs

6. There is no HCFC consumption in the manufacturing sector. No use has been identified in the aerosol, fire extinguisher, foam or solvent sectors. Existing companies producing polyurethane rigid foam and extruded polystyrene foam use substances other than HCFCs as foam blowing agents. Slightly more than 70 per cent of the HCFC consumption is related to the servicing of small air conditioning units. A further 24 per cent is related to commercial refrigeration servicing, about 5 per cent to the servicing of chillers and the remainder to the service of heat pumps.
7. The use of air conditioning, in particular in the fast growing tourism industry, as well as the use of refrigeration equipment, is expected to increase between five and ten per cent during the coming years. The HPMP provided a forecast on HCFC consumption until the year 2020, with constant growth rates between 2013 and 2020 of eight per cent per year, reaching, in 2020, a level of 37.8 mt of HCFC-22 (2.08 ODP tonnes). Table 1 compares the unconstrained growth scenario with the growth constrained by both the Montreal Protocol and the implementation of the HPMP; this comparison is provided until the year 2015.

Table 1. Unconstrained versus constrained HCFC consumption

Year		2009	2010	2011	2012	2013	2014	2015
Unconstrained HCFC consumption	MT	17.14	18	19.08	20.42	22.05	23.81	25.72
	ODP	0.94	0.99	1.05	1.12	1.21	1.31	1.41
Constrained HCFC consumption	MT	17.14	18	19.08	20.42	17.57	17.57	15.81
	ODP	0.94	0.99	1.05	1.12	0.97	0.97	0.87

HCFC consumption baseline

8. The estimated baseline for HCFC consumption is calculated at 17.57 mt (0.97 ODP tonnes), using the average of the 2009 actual reported consumption of 17.14 mt (0.94 ODP tonnes) and the estimated 2010 consumption of 18 mt (0.99 ODP tonnes). The country selected as starting point its latest reported consumption, i.e. the consumption in the year 2009. However, since Montenegro is an LVC with no consumption other than in the service sector, this selection will have no impact on its eligibility.

HCFC phase-out strategy

9. The Government of Montenegro is proposing to follow the Montreal Protocol schedule and adopt a staged approach to achieving the phase-out of HCFCs in accordance with the Montreal Protocol schedule. The activities included in the current submission are meant to support the country in meeting a 35 per cent reduction in HCFC consumption by 2020, and focus on the servicing sector. In addition, the country has also integrated the institutional strengthening programme from 2012 until 2020 with the submission of the HPMP.

10. In stage I of the HPMP, Montenegro will establish the import quota system to meet the needs of the servicing sector starting in 2011. The Government of Montenegro is currently working to enact an annual quota for the current year and for 2012 at a level of 18 metric tonnes of HCFC-22. For 2013, it is planned to limit the use of HCFCs to the baseline level, and to reduce the quota by five per cent of the baseline value for the years 2014 to 2020, meeting exactly the Montreal Protocol provisions for the 2015 and 2020 reduction steps. Complete phase-out is presently intended for 2030, but an intended harmonisation with the EU phase-out schedule might accelerate the phase-out further. The summary of activities and the proposed implementation period is shown in Table 2.

Table 2. Specific activities of the HPMP and proposed period of implementation

Activities	Time frame
Support to initiate an industry association and further develop and implement a Code of Good Practice	2011 -2012
Upgrade of two training centres for new technicians/apprentices to use ammonia, hydrocarbons, CO ₂ , including train the trainers, development and printing of training material, purchase of demonstration equipment for low GWP technologies	2012-2014
Four refrigeration training courses for 60 existing refrigeration technicians, incl. simple tool upgrades for participating technicians	2014-2016
Re-use scheme - increase simple analysing capability (moisture meter)	2018-2020
Customs training and equipment	2011
Monitoring and technical assistance	2011-2020

Institutional strengthening

11. Funding for institutional strengthening is requested in the HPMP for from July 2012, when the current phase of institutional strengthening will be completed, until June 2020, i.e. for a duration of eight years. The activities will include the finalization of the implementation of the terminal CFC phase-out plan, the follow-up of the ODS monitoring and licensing system, further work on the HCFC licensing system, monitoring of the recovery/reuse scheme for the refrigeration sector including the recovery and re-use of HCFC-22, the implementation of the HPMP project to reduce HCFC consumption to reach the 2013 baseline level and the 10 per cent reduction in 2015, activities to implement the CFC regulations as well as the necessary drafting of national regulations to further control HCFCs, and the necessary public awareness activities.

Cost of the HPMP

12. The total cost of stage I of the HPMP for Montenegro has been established at US \$210,000 plus institutional strengthening for eight years from 2012 to 2020 of, in total, US \$240,000, leading to a funding of stage I until 2020 of US \$450,000. These activities will support the country to achieve a 10 per cent reduction in HCFC consumption by 2015 and the 35 per cent reduction by 2020, resulting in a phase-out of 6.15 mt (0.34 ODP tonnes) of HCFC-22. The detailed cost breakdown for stage I activities is listed in Table 3:

Table 3. Total cost of the HPMP

Activities	Time frame	Costs per year (US \$)	Total cost (US \$)
Support to industry association and Code of Good Practice	2011 -2012	12,000	24,000
Upgrade of two training centres	2012-2014	37,250	74,500
Refrigeration training courses	2014-2016	20,000	40,000
Re-use scheme	2018-2020	16,000	16,000
Customs training and equipment	2011	24,000	24,000
Monitoring and technical assistance	2011-2020	3,500	31,500
Sub-total			210,000
Institutional strengthening (including regulations, awareness, etc.)	2012-2020	30,000	240,000
Total for stage I			450,000

SECRETARIAT'S COMMENTS AND RECOMMENDATION**COMMENTS**

13. The Secretariat reviewed the HPMP for Montenegro 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 60th Meeting (decision 60/44), subsequent decisions on HPMPs made at the 62nd Meeting and the 2011-2014 business plan of the Multilateral Fund.

14. The Government of Montenegro agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the level of consumption in 2009, which has been reported under Article 7 of the Montreal Protocol as 0.94 ODP tonnes. The business plan indicated a baseline of 0.9 ODP tonnes.

15. 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 kilogram (kg) of HCFC-22 not emitted due to better refrigeration practices results in the savings of approximately 1.8 CO₂-equivalent tonnes saved. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Montenegro, indicate that it is likely that the country will achieve the reduction of 987 CO₂-equivalent tonnes in emissions 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

16. 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, UNIDO explained that the Government of Montenegro would provide counterpart funding of approximately US \$20,000 per year (US \$180,000 in total) for the salaries of the NOU, as well as its operation and maintenance. In addition the HPMP advised that since the 15 June 2008 any person importing ODS into Montenegro is obliged to pay a 0.90 Euro/kg import tax; the Government of Montenegro is currently planning to ring-fence this income to provide additional co-financing to spread awareness of and promote the benefits of low global warming potential (GWP) alternatives. Such funding might be used for additional training and awareness activities aimed specifically at demonstrating the potential greenhouse gas (GHG) emissions reduction (direct and through improved energy efficiency) of more efficient, and better designed and maintained refrigeration systems.

2011-2014 business plan of the Multilateral Fund

17. UNIDO is requesting US \$450,000 plus support costs for implementation of stage I of the HPMP and the institutional strengthening for the years 2012 until 2020. The total value requested for the period 2011-2014 of US \$290,250 including support cost is below the total amount in the business plan.

18. Based on the estimated HCFC baseline consumption in the servicing sector of 17.57 mt, Montenegro's allocation up to the 2020 phase-out is US \$210,000, in line with decision 60/44.

Draft Agreement

19. A draft Agreement between the Government of Montenegro and the Executive Committee for HCFCs phase-out is contained in Annex I to the present document.

RECOMMENDATION

20. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Montenegro for the period 2011 to 2020, at the amount of US \$450,000 (including US \$240,000 for institutional strengthening) and agency support costs of US \$33,750 for UNIDO;
- (b) Approving the draft Agreement between the Government of Montenegro and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document;

- (c) Noting that the Government of Montenegro had agreed at the 63rd Meeting to establish as its starting point for sustained aggregate reduction in HCFC consumption the level of consumption in 2009 which has been reported at 0.9 ODP tonnes under Article 7 of the Montreal Protocol;
- (d) Requesting the Fund Secretariat, once the baseline data were known, to update draft 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 to being made when the next tranche was submitted; and
- (e) Approving the first tranche of stage I of the HPMP for Montenegro, and the corresponding implementation plan, at the amount of US \$155,000 and agency support costs of US \$11,625 for UNIDO.

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF MONTENEGRO 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 Montenegro (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 0.63 ODP tonnes prior to 1 January 2020 in compliance with Montreal Protocol schedules, with the understanding that this figure is to be revised one single time in 2011, when the baseline consumption for compliance would be established based on Article 7 data.
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”; the Target) 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 (“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. The Country will accept independent verification, to be commissioned by the relevant implementing agency (IA), of 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 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. 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 tranche implementation reports 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 and received approval from the Executive Committee for a tranche implementation plan in the form of Appendix 4-A (“Format of Tranche 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.

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 plan 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 sub-paragraph 5(b).

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 phase-down and phase-out of the Substances specified in Appendix 1-A. Reallocations categorized as major changes must be documented in advance in a Tranche Implementation Plan and approved by the Executive Committee as described in sub-paragraph 5(d). Major changes would relate to reallocations affecting in total 30 per cent or more of the funding of the last approved tranche, issues potentially concerning the rules and policies of the Multilateral Fund, or changes which would modify any clause of this Agreement. 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:

- (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. 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 agencies 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 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) 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 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	0.94

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	0.97	0.97	0.87	0.87	0.87	0.87	0.87	0.63	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	0.97	0.97	0.87	0.87	0.87	0.87	0.87	0.63	n/a
2.1	Lead IA UNIDO agreed funding(US \$)	155,000		115,000		69,000		60,000		30,000	21,000	450,000
2.2	Support costs for Lead IA(US \$)	11,625		8,625		5,175		4,500		2,250	1,575	33,750
3.1	Total agreed funding (US \$)	155,000		115,000		69,000		60,000		30,000	21,000	450,000
3.2	Total support cost (US \$)	11,625		8,625		5,175		4,500		2,250	1,575	33,750
3.3	Total agreed costs (US \$)	166,625		123,625		74,175		64,500		32,250	22,575	483,750
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this agreement (ODP tonnes)											0.34
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)											0.63

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval not earlier than 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 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 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. The implementation and monitoring of this HPMP will be coordinated by the National Ozone Unit in cooperation with respective governmental bodies and also national experts recruited for particular tasks which would arise in the course of the project implementation.

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 phase-out plan;
- (b) Assisting the Country in preparation of the Tranche 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 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;
- (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) 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, the allocation of the reductions to the different budget items and to the funding of each implementing or bilateral agency involved;
- (j) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- (k) 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 \$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.
