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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-fifth Meeting
Bali, Indonesia, 13-17 November 2011

PROJECT PROPOSAL: EQUATORIAL GUINEA

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
Equatorial Guinea

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

(II) LATEST ARTICLE 7 DATA	Year: 2009	13.90 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2010	
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					6.36				6.36

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline (estimate):	6.29	Starting point for sustained aggregate reductions:	6.29
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.0	Remaining:	4.09

(V) BUSINESS PLAN		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.6		0.6			0.5		0.5		0.3	2.5
	Funding (US \$)	158,200	0	158,200	0	0	126,560	0	126,560	0	63,280	632,800

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits (estimate)			n/a	n/a	6.29	6.29	5.66	5.66	5.66	5.66	5.66	4.09	
Maximum allowable consumption (ODP tonnes)			n/a	n/a	6.29	6.29	5.66	5.66	5.66	5.66	5.66	4.09	
Project Costs requested in principle(US\$)	UNEP	Project costs	40,000		30,000			35,000		30,000		30,000	165,000
		Support costs	5,200		3,900			4,550		3,900		3,900	21,450
	UNIDO	Project costs	75,000					75,000					150,000
		Support costs	6,750					6,750					13,500
Total project costs requested in principle (US \$)			115,000		30,000			110,000		30,000		30,000	315,000
Total support costs requested in principle (US \$)			11,950		3,900			11,300		3,900		3,900	34,950
Total funds requested in principle (US \$)			126,950		33,900			121,300		33,900		33,900	349,950

(VII) Request for funding for the first tranche (2011)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNEP	40,000	5,200
UNIDO	75,000	6,750

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

PROJECT DESCRIPTION

1. On behalf of the Government of Equatorial Guinea UNEP, as the lead implementing agency, has submitted to the 65th Meeting of the Executive Committee stage I of the HCFC phase-out management plan (HPMP) at a total cost, as originally submitted, of US \$315,000 plus support costs of US \$21,450 for UNEP and US \$13,500 for UNIDO. The HPMP covers strategies and activities to achieve a 35 per cent reduction in HCFC consumption by 2020.
2. The first tranche for stage I being requested at this meeting amounts to US \$40,000 plus agency support costs of US \$5,200 for UNEP and US \$75,000 plus agency support costs of US \$6,750 for UNIDO, as originally submitted.

Background

ODS regulations

3. Equatorial Guinea has a legislative, regulatory and legal framework for controlling the importation and distribution of HCFCs in its territory. The current regulation, approved in 2005, allows the Government to set ODS and HCFC import quotas. However, the quota system for HCFCs will enter into force only by the end 2012. Equatorial Guinea also implements the sub-regional regulation for the Commission de la Communauté Economique et Monétaire de l'Afrique Centrale (CEMAC) that harmonizes the management of controlled substances, including HCFCs in the sub-region.
4. The National Ozone Unit (NOU) under the authority of the Ministry of Environment is responsible for implementing, monitoring and evaluating the activities under the Montreal Protocol, including the HPMP. The NOU coordinates with the main stakeholders, namely, custom authorities, the network of import and distribution of the ODS, meat and fish product distributors, associations of refrigeration technicians, refrigeration workshop and informal sector refrigeration technicians.
5. The Government of Equatorial Guinea has ratified all the amendments of the Montreal Protocol.

HCFC consumption

6. The Equatorial Guinea does not produce HCFCs and no consumption in the manufacturing sector was reported. The survey results showed that the country uses mostly HCFC-22 in servicing refrigeration and air conditioning units. There has been a general increasing trend in consumption of HCFC-22 as a refrigerant from 75.84 metric tonnes (mt) (4.17 ODP tonnes) in 2005 to 115.71 mt (6.36 ODP tonnes) in 2010 based on the survey results. Table 1 presents data on HCFC consumption extracted from the survey and reported under Article 7 of the Montreal Protocol. The Government of Equatorial Guinea informed UNEP that, since 2005, and except for 2008, the data originally reported under Article 7 did not reflect the country's HCFC consumption and that the survey results are more accurate. Consequently, the Government of Equatorial Guinea sent a request to the Ozone Secretariat to adjust its Article 7 data to make it consistent with the survey results for the years 2005 to 2007 and 2009.

Table 1: HCFC-22 consumption from 2005 to 2010

Year	Article 7		Survey results	
	HCFC-22 (in metric tonnes)	HCFC-22 (in ODP tonnes)	HCFC-22 (in metric tonnes)	HCFC-22 (in ODP tonnes)
2005	75.84	4.17	75.84	4.17
2006	81.99	4.51	81.99	4.51
2007	90.10	4.96	90.10	4.96

Year	Article 7		Survey results	
	HCFC-22 (in metric tonnes)	HCFC-22 (in ODP tonnes)	HCFC-22 (in metric tonnes)	HCFC-22 (in ODP tonnes)
2008	106.00	5.83	106.00	5.83
2009	253.00	13.92	113.00	6.22
2010	-	-	115.71	6.36

7. Under the Refrigerant Management Plan, 124 technicians were trained in the use of good practices in refrigeration, retrofitting and recovery techniques. In addition, 68 customs officer trainers were trained. Under the Terminal Phase-out Management Plan (TPMP) 80 technicians have been trained. It should be recalled that the TPMP did not include an investment component given the remaining low level of CFCs to be phased out. The TPMP activities, mainly the training of refrigeration technicians and enforcement officers, are still ongoing and will be completed by the end of 2011.

8. On the basis of the trends in economic growth in Equatorial Guinea, HCFC consumption is expected to grow on a yearly basis by 8 per cent using an unconstrained growth scenario from 2011 to 2020. Table 2 presents the forecast on HCFC consumption up to 2020.

Table 2: Forecast consumption of HCFCs

YEAR		2009*	2010*	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Constrained HCFC consumption	mt	113.00	115.71	115.70	115.70	114.40	114.40	102.90	102.90	102.90	102.90	102.90	74.30
	ODP	6.22	6.36	6.36	6.36	6.29	6.29	5.66	5.66	5.66	5.66	5.66	4.09
Unconstrained HCFC consumption	mt	113.00	115.70	125.00	135.00	145.80	157.40	170.00	183.60	198.30	214.20	231.30	249.80
	ODP	6.22	6.36	6.88	7.43	8.02	8.66	9.35	10.10	10.91	11.78	12.72	13.74

* Survey data

Sectoral distribution of HCFCs

9. HCFCs in Equatorial Guinea are used in the air conditioning and refrigeration sectors. Table 3 below presents the HCFC consumption in the country by refrigeration servicing sector for the year 2010.

Table 3: Consumption of refrigerants in 2010 by sub-sector

Refrigeration equipment	Total units	Charge (tonnes)		Servicing Consumption /year (tonnes)	
		Metric	ODP	Metric	ODP
Domestic air-conditioning	24,875	32.34	1.78	14.55	0.80
Portable	10,265	32.85	1.81	19.71	1.08
Central AC	75	4.50	0.25	2.93	0.16
Cold Rooms	5,215	78.23	4.30	46.94	2.58
Ice block Machines	1,346	17.50	0.96	14.87	0.82
Commercial Display Cabinets	7,960	23.88	1.31	16.72	0.92
Total	49,736	189.29	10.41	115.71	6.36

10. The HPMP estimated the servicing need for the equipment at 115.71 mt (6.36 ODP tonnes). The leakage rates are approximately 45 per cent for domestic air-conditioning (AC); 60 per cent for portable AC; 65 per cent for central AC; 60 per cent for cold rooms; 85 per cent for ice block machines; and 70 per cent for commercial display cabinets. With regard to HCFC-22 prices, the survey results showed that these are lower than the cost of refrigerants such as R-134a, R-404A, R-407C and R-410A.

Calculation of consumption baseline

11. The estimated HCFC baseline for compliance was calculated by the country as the average of the 2009 consumption of 113.00 mt (6.22 ODP tonnes) and 2010 estimated consumption of 115.71 mt (6.36 ODP tonnes) based on the survey results, resulting in an estimated baseline of 114.36 mt (6.29 ODP tonnes). The survey figure for 2009 consumption was used as it was lower than what had been reported under Article 7 and considered more accurate. The Government of Equatorial Guinea has requested the Ozone Secretariat that the 2009 figures should be revised downwards.

HCFC phase-out strategy

12. The Government of Equatorial Guinea has adopted a two-step strategy to implement its HPMP. It plans to freeze HCFC consumption at the estimated baseline level of 114.36 mt (6.29 ODP tonnes) by 1 January 2013, and to gradually reduce its consumption by 10 and 35 per cent by 2015 and 2020 respectively. Thereafter, HCFC phase-out will continue until reaching the overall consumption reduction rate of 97.5 per cent in 2030 and keeping an allowance of 2.5 per cent of the baseline consumption for meeting servicing needs till 2040.

13. The Government of Equatorial Guinea is proposing to meet its compliance targets by developing and implementing the following activities from 2011 to 2020:

- (a) Strengthening of national capacities through the training of 150 customs and enforcement officers for monitoring and controlling the import and distribution of HCFCs;
- (b) Training of 200 technicians in good practices in refrigeration and air conditioning (RAC) servicing to support the phase-out of HCFCs;
- (c) Providing equipment to a centre for demonstrating retrofit techniques to air conditioning service technicians, and supply retrofit equipment kits to a selected number of workshops;
- (d) Monitoring and evaluating the implementation of the HPMP to ensure effectiveness of all the activities proposed within the HPMP.

Cost of the HPMP

14. The total cost of stage I of the HPMP is estimated at US \$315,000 plus agencies' support costs that amount to US \$34,950 to phase-out 40.03 mt (2.20 ODP tonnes) by 2020. Table 4 presents the breakdown of the budget and proposed activities for stage I of the HPMP.

Table 4: Proposed activities and estimated budget

Project title	Agency	2011	2013	2016	2018	2020	Total (US\$)
Strengthening national capacities (customs, environment inspectors, Department of Commerce) for monitoring and controlling the import and distribution of HCFCs	UNEP	15,000	10,000	15,000	10,000	10,000	60,000
Strengthening technical capacity of refrigeration expert in good practices in refrigeration	UNEP	15,000	10,000	15,000	10,000	10,000	60,000

Project title	Agency	2011	2013	2016	2018	2020	Total (US\$)
Strengthening of centres of excellence and major refrigeration workshops, and incentives for conversion of refrigeration equipment	UNIDO	75,000	0	75,000	0	0	150,000
Monitoring and evaluation of the implementation of HPMP	UNEP	10,000	10,000	5,000	10,000	10,000	45,000
TOTAL		115,000	30,000	110,000	30,000	30,000	315,000

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

15. The Secretariat reviewed the HPMP for Equatorial Guinea 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 and the 2011-2014 business plan of the Multilateral Fund.

Issues related to HCFC consumption

16. The Secretariat sought justification for the significant discrepancies between data reported under Article 7 and those from the HCFC survey results, except for the year 2008 (see table 1). UNEP clarified that the data initially submitted under Article 7 was based mostly on estimated figures, and these have now been verified through the HCFC survey. As mentioned in paragraph 6, the Government of Equatorial Guinea had submitted an official request to the Ozone Secretariat to change its 2005 to 2009 data, except for 2008, based on the survey results. As a result, the Ozone Secretariat revised the consumption data for 2005-2007 as per the country's request. Based on the survey results, the 2009 consumption should also be revised downwards from 253 mt (13.92 ODP tonnes) to 113 (6.22 ODP tonnes). However, since HCFC consumption for 2009 is used to calculate the baseline for compliance for Article 5 Parties, any revision to the reported data should follow the methodology for revision of baseline data adopted by the Parties to the Montreal Protocol at their 15th Meeting (decision XV/19) (i.e., the request should be submitted for consideration by the Implementation Committee). This would therefore be considered only at the next meeting of the Implementation Committee. The 2010 consumption is estimated at 115.71 mt (6.36 ODP tonnes), which represents 2.4 per cent increase from the revised 2009 consumption indicated in the survey.

Starting point for aggregate reduction in HCFC consumption

17. The HCFC baseline consumption for compliance is currently 10.14 ODP tonnes calculated as the average of the actual consumption of 13.92 ODP tonnes reported under Article 7 for 2009 and the estimated consumption of 6.36 ODP tonnes for 2010. However, due to the results of the survey for the preparation of the HPMP, the Government of Equatorial Guinea agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption based on the average level of consumption of 6.22 ODP tonnes for 2009 and 6.36 ODP tonnes for 2010 reported under the HPMP, resulting in 6.29 ODP tonnes. The business plan indicated a baseline of 263.1 mt (14.47 ODP tonnes). The difference results from the fact that Equatorial Guinea stated that the 2009 reported consumption under Article 7 should be revised downwards from 253 mt (13.92 ODP tonnes) to 113 mt (6.22 ODP tonnes) as per the survey results.

Technical and cost issues

18. The Secretariat noted the high leakage rates from refrigeration equipment in use in the country. In this regard, UNEP indicated that the equipment is old, the technicians are not properly trained, and the temperatures are high. Moreover, each air-conditioning equipment is serviced at least once a year and some require full recharge of refrigerant at each service.

19. The Secretariat raised concerns on the sustainability of the retrofit training programme for technicians given the current price of HCFC-22 and its alternatives and, the type and number of equipment that may be retrofitted. UNEP advised that the training in retrofit will be coupled with good practices to reduce the servicing frequency and that the Government intends to promote the importation of hydrocarbon-based equipment in the long term. In addition, the Government also plans to use R-290 for equipment retrofits.

20. The Secretariat sought clarification on the awareness activities planned by the NOU and how these would not duplicate awareness activities to be implemented by the Project Management Unit (PMU). UNEP explained that the awareness campaign to be implemented by the PMU will focus on stakeholders such as repair technicians and commercial and industrial equipment owners. However, the awareness campaign to be organized by the NOU will target a larger public and address the protection of the ozone layer in general. UNEP also indicated that the NOU will ensure that there is no overlap in the awareness activities.

21. The Secretariat noted the high turnover of the Commerce and Customs Departments' staff; therefore, a number of officers may not have undergone the previous training provided. The Secretariat requested UNEP to explain how the sustainability of the training activities could be improved given the frequent rotation of customs officers. UNEP advised that the sustainability will be ensured through the training of a large number of customs officers and that the CAP team is working with the CEMAC to ensure the training curriculum is revised to include new developments on HCFCs and alternatives. Moreover, the customs training manual is integrated in the training curricula of the school.

22. In line with decision 60/44, the funding for the implementation of the Equatorial Guinea's HPMP has been agreed at US \$315,000 plus agency support costs as shown in Table 4, and covers activities for stage I of the HPMP which requires a 35 per cent reduction by 2020. These resources will allow the country to phase-out 40.03 mt (2.20 ODP tonnes) by 2020. The total support cost is US \$34,950 and includes US \$21,450 for UNEP and US \$13,500 for UNIDO, as cooperating agency.

Co-financing

23. 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 explained that Equatorial Guinea's contribution includes salaries of Government staff involved in the implementation of the HPMP and training facilities at the schools and centers of excellence.

Impact on the climate

24. 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. A preliminary estimation of the impact on the climate as calculated by Equatorial Guinea in its HPMP indicates that 5,491.2 CO₂-equivalent tonnes would not be emitted into the atmosphere if 10 per cent of the HCFC-22 in the country is replaced by HFC-134a or 20,077.2 CO₂-equivalent tonnes if 10 per cent of the HCFC-22 is

replaced by hydrocarbon. These figures are different from the potential climate impact of the HPMP indicated in the 2011-2014 business plan of 8,333.6 CO₂-equivalent tonnes.

25. A more precise forecast of the impact on the climate of the activities in the servicing sector is presently not available. 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.

2011-2014 business plan of the Multilateral Fund

26. UNEP and UNIDO are requesting US \$315,000 plus support costs for implementation of stage I of the HPMP. The total value requested for the period 2011-2014 of US \$160,850 including support costs is below the total amount in the business plan. Based on the estimated HCFC baseline consumption in the servicing sector of 114.36 mt (6.29 ODP tonnes), the Equatorial Guinea's allocation up to the 2020 phase-out should be US \$315,000, excluding support costs, in line with decision 60/44.

Draft agreement

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

RECOMMENDATION

28. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Equatorial Guinea for the period 2011 to 2020 to meet the 35 per cent reduction in HCFC consumption, at the amount of US \$349,950, consisting of US \$165,000 plus agency support costs of US \$21,450 for UNEP, and US \$150,000 plus agency support costs of US \$13,500 for UNIDO;
- (b) Noting that the Government of Equatorial Guinea had agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption an estimated baseline of 6.29 ODP tonnes, calculated using consumption of 6.22 ODP tonnes and 6.36 ODP tonnes for 2009 and 2010, respectively, under the HPMP;
- (c) Deducting 2.20 ODP tonnes of HCFCs from the starting point for sustained aggregate reduction in HCFC consumption;
- (d) Approving the draft Agreement between the Government of Equatorial Guinea and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document;
- (e) 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

- (f) Approving the first tranche of stage I of the HPMP for Equatorial Guinea, and the corresponding implementation plan, at the amount of US \$126,950, consisting of US \$40,000 plus agency support costs of US \$5,200 for UNEP, and US \$75,000 plus agency support costs of US \$6,750 for UNIDO.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF EQUATORIAL GUINEA 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 Equatorial Guinea (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 4.09 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 that exceeds the level defined in row 1.2 of Appendix 2-A as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances that exceeds the level defined in rows 4.1.3 and 4.2.3 (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 to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (“Funding Approval Schedule”).
4. The Country agrees to implement this Agreement in accordance with the HCFC phase-out sector plans submitted. In accordance with sub-paragraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.
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 eight weeks in advance of the applicable Executive Committee meeting set out in the Funding Approval Schedule:
 - (a) That the Country had met the Targets set out in row 1.2 of Appendix 2-A for all relevant years. Relevant years are all years since the year in which this Agreement was approved. Years for which 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 are exempted;
 - (b) That the meeting of these Targets has been independently verified, unless 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 an annual implementation plan in the form of Appendix 4-A covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen; and
- (e) That, for all submissions from the 68th 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 either in an annual implementation plan submitted as foreseen in sub-paragraph 5(d) above, or as a revision to an existing annual implementation plan to be submitted eight weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:
 - (i) Issues potentially concerning the rules and policies of the Multilateral Fund;
 - (ii) Changes which would modify any clause of this Agreement;
 - (iii) Changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches; and
 - (iv) 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 last approved 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 subsequent annual implementation report; and
- (c) Any remaining funds will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.

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 ensuring co-ordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per sub-paragraph 5(b). 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 (“Reductions in Funding for Failure to Comply”) in respect of each ODP kg of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the Country did not comply with this Agreement, and take related decisions. Once 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, the Lead IA and the Cooperating IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA and the Cooperating IA with access to the information necessary to verify compliance with this Agreement.

14. The completion of stage I 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 level has been specified in Appendix 2-A. Should there at that time still be activities that are outstanding, and 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 will continue until the time of the completion unless otherwise specified by the Executive Committee.

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	6.29

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	6.29	6.29	5.66	5.66	5.66	5.66	5.66	4.09	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	6.29	6.29	5.66	5.66	5.66	5.66	5.66	4.09	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	40,000	0	30,000	0	0	35,000	0	30,000	0	30,000	165,000
2.2	Support costs for Lead IA (US \$)	5,200	0	3,900	0	0	4,550	0	3,900	0	3,900	21,450
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	75,000	0	0	0	0	75,000	0	0	0	0	150,000
2.4	Support costs for Cooperating IA (US \$)	6,750	0	0	0	0	6,750	0	0	0	0	13,500
3.1	Total agreed funding (US \$)	115,000	0	30,000	0	0	110,000	0	30,000	0	30,000	315,000
3.2	Total support costs (US \$)	11,950	0	3,900	0	0	11,300	0	3,900	0	3,900	34,950
3.3	Total agreed costs (US \$)	126,950	0	33,900	0	0	121,300	0	33,900	0	33,900	349,950
4.1.1	Total phase-out of HCFC-22 and under this agreement (ODP tonnes)											2.20
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)											4.09

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval at the last 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, with data provided by calendar year, regarding the progress since the year prior to the previous report, reflecting the situation of the Country in regard to phase out of the Substances, how the different activities contribute to it, and how they relate to each other. The report should include ODS phase-out as a direct result from the implementation of activities, by substance, and the alternative technology used and the related phase-in of alternatives, to allow the Secretariat to provide to the Executive Committee information about the resulting change in climate relevant emissions. The report should further highlight successes, experiences, and challenges related to the different activities included in the Plan, reflecting any changes in the circumstances in the Country, and providing other relevant information. The report should also include information on and justification for any changes vis-à-vis the previously submitted Annual Implementation Plan(s), such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes. The narrative report will cover all relevant years specified in sub-paragraph 5(a) of the Agreement and can in addition also include information on 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 and including the year of the planned submission of the next tranche request, highlighting the interdependence of the activities, and taking into account experiences made and progress achieved in the implementation of earlier tranches; the data in the plan will be provided by calendar year. The description should also include a reference to the overall plan and progress achieved, as well as any possible changes to the overall plan that are foreseen. The description should cover the years specified in sub-paragraph 5(d) of the Agreement. The description should also specify and explain in detail such changes to the overall plan. This description of future activities can be submitted as a part of the same document as the narrative report under sub-paragraph (b) above;
- (d) A set of quantitative information for all annual implementation reports and annual implementation plans, submitted through an online database. 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), the annual implementation plan and any changes to the overall plan, and will cover the same time periods and activities; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of the 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. The Lead IA, along with the cooperating IA will also undertake the challenging task of monitoring illegal ODS imports and exports and advising the appropriate national agencies through the National Ozone Office.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities, including at least the following:
 - (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's HPMP;
 - (b) Assisting the Country in preparation of the Implementation Plans and subsequent reports as per Appendix 4-A;
 - (c) Providing independent 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 entity to carry out the verification of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement and sub-paragraph 1(b) of Appendix 4-A.

APPENDIX 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCY

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

- (a) Providing assistance for policy development when required;
- (b) Assisting the Country in the implementation and assessment of the activities funded by the Cooperating IA, and refer to the Lead IA to ensure a co-ordinated sequence in the activities; 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.
