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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-eighth Meeting
Montreal, 3-7 December 2012

PROJECT PROPOSAL: UGANDA

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

Uganda

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

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2011	0.12 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2011	
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					0.12				0.12

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	0.2	Starting point for sustained aggregate reductions:	0.2
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.0	Remaining:	0.13

(V) BUSINESS PLAN		2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)		0.0			0.0				0.0	0.0
	Funding (US \$)		41,654			49,570				24,784	116.08
UNIDO	ODS phase-out (ODP tonnes)										
	Funding (US \$)										

(VI) PROJECT DATA			2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	0.20	0.20	0.18	0.18	0.18	0.18	0.18	0.13	n/a
Maximum allowable consumption (ODP tonnes)			n/a	0.20	0.20	0.18	0.18	0.18	0.18	0.18	0.13	n/a
Project Costs requested in principle(US\$)	UNEP	Project costs	40,500	0	0	0	23,500	0	0	0	20,500	84,500
		Support costs	5,265	0	0	0	3,055	0	0	0	2,665	10,985
	UNIDO	Project costs	40,000	0	0	0	40,000	0	0	0	0	80,000
		Support costs	3,600	0	0	0	3,600	0	0	0	0	7,200
Total project costs requested in principle (US \$)			80,500	0	0	0	63,500	0		0	20,500	164,500
Total support costs requested in principle (US \$)			8,865	0	0	0	6,655	0		0	2,665	18,185
Total funds requested in principle (US \$)			89,365	0	0	0	70,155	0		0	23,165	182,685

(VII) Request for funding for the first tranche (2012)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNEP	40,500	5,265
UNIDO	40,000	3,600

Funding request:	Approval of funding for the first tranche (2012) as indicated above
Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

1. On behalf of the Government of Uganda UNEP, as the lead implementing agency, has submitted to the 68th Meeting of the Executive Committee stage I of an HCFC phase-out management plan (HPMP) at a total cost, as originally submitted, of US \$182,685, consisting of US \$84,500 plus agency support costs of US \$10,985 for UNEP and US \$80,000 plus agency support costs of US \$7,200 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 \$89,365, consisting of US \$40,500 plus agency support costs of US \$5,265 for UNEP and US \$40,000 plus agency support costs of US \$3,600 for UNIDO, as originally submitted.

Background

ODS regulations

3. The National Environment Regulations (Management of Ozone Depleting Substances and Products) form the basis for regulating and monitoring ozone depleting substances (ODS) consumption in Uganda. These regulations cover the imports and exports of ODS and ODS-using equipment and also provide for a licensing system for all ODS controlled by the Montreal Protocol. A revision of the current legislation was made recently to ensure that it could include a licensing and quota system for HCFCs. This is expected to be in place by 1 January 2013.
4. The National Ozone Unit (NOU) of Uganda is housed within the Uganda National Environment Management Authority (NEMA). It will be responsible for implementing the HPMP in close collaboration with the relevant regulatory agencies of the Government. The NEMA is also responsible for implementation of ODS regulations in the country.
5. The Government of Uganda has ratified all of the amendments to the Montreal Protocol.

HCFC consumption

6. The survey confirmed that there was consistency in the figures reported for HCFC consumption under Article 7. It also showed that a significant amount of HCFCs, mostly HCFC-22, was being used in the country for the domestic, commercial and industrial air-conditioning sectors, mainly for servicing equipment. The consumption of HCFC-22 is summarized in table 1 below:

Table 1: Level of HCFC-22 consumption from 2002 to 2010 in Uganda

Year	Article 7 data		Survey data	
	mt	ODP tonnes	mt	ODP tonnes
2002	30.3	1.7	30.3	1.7
2003	3.66	0.2	3.66	0.2
2004	2.03	0.1	2.03	0.1
2005	4.8	0.3	4.8	0.3
2006	0.3	0.0	0.3	0.0
2007	0.0	0.0	0.0	0.0
2008	0.615	0.0	0.615	0.0
2009	0.11	0.0	0.11	0.0
2010	5.232	0.3	5.232	0.3

7. The table above shows a decline in HCFC consumption between 2006 and 2009. This was attributed to the available stock of HCFCs imported prior to 2006, particularly in 2002, the corresponding low demand among consumers for this substance during those years as well as the increased awareness among importers and technicians in the refrigeration and air-conditioning sector about availability of alternatives to HCFC-22. The HPMP also indicated (in line with reported Article 7 data) that imports had increased in 2010 due to new demands for HCFCs because of developments in construction and infrastructure in the country. HCFCs are brought into the country by four major importers.

Sectoral distribution of HCFCs

8. In Uganda HCFCs are used in domestic, commercial and industrial sectors. The domestic air-conditioning sector has the highest share of HCFC consumption (70 per cent). There are 44,000 domestic air-conditioning units in the country which are predominantly split and window type and mostly use HCFC-22. Residential buildings are also increasingly fitted with air-conditioning systems and other refrigeration facilities.

9. The commercial refrigeration and food processing sub-sector in Uganda is composed of installations and equipment such as cold rooms, central air-conditioning plants, and ice making plants. There were approximately 15,087 commercial air-conditioning units in the country in 2010. This sector contributed to 24 per cent of total HCFC-22 consumption in 2010. The remaining 6 per cent of HCFC consumption is in industrial refrigeration in which 3,772 industrial and other equipment units operate on HCFC-22. Table 2 summarizes the consumption of HCFCs by sector in Uganda.

Table 2: HCFC consumption by sector for 2010

Refrigeration Equipment By Certificate	Total units	Charge (In Tonnes)		Servicing		
		Metric	ODP	Consumption /Year (Tonnes)		
				Metric	ODP	Leakage Rate
Domestic air-conditioning (unitary/Split systems)	44,000	26	1.43	3.66	0.20	14%
Commercial refrigeration and food processing	15,087	9	0.5	1.26	0.07	14%
Industrial and other equipment	3,772	0.65	0.04	0.31	0.02	48%
Total	62,859	35.65	1.96	5.23	0.29	

Baseline for HCFC consumption

10. The baseline for compliance was calculated as 2.67 mt (0.2 ODP) tonnes by Uganda using the average of actual consumption of 0.11 mt (0 ODP tonne) in 2009 and 5.23 mt (0.3 ODP tonnes) in 2010 reported under Article 7 data to the Ozone Secretariat.

Forecast of future HCFC consumption

11. The HPMP estimated the country's future HCFC requirements to increase by an average of 8 per cent annually. This projected growth in consumption represents a higher level of growth rate than that for 2011, which was estimated at 5.9 per cent. Table 3 below provides a summary of the forecast of HCFC consumption in Uganda, showing the difference between constrained growth and unconstrained growth.

Table 3: Forecast consumption of HCFCs

Year	units	2010*	2011*	2012	2013	2014	2015	2016	2017	2018	2019	2020
Constrained HCFC consumption	mt	5.23	2.18	5.23	2.67	2.67	2.40	2.40	2.40	2.40	2.40	1.74
	ODP t	0.28	0.12	0.28	0.15	0.15	0.13	0.13	0.13	0.13	0.13	0.1
Unconstrained HCFC consumption	mt	5.23	2.18	5.64	6.0	6.52	7.01	7.61	8.22	8.80	9.50	10.26
	ODP t	0.28	0.12	0.31	0.33	0.36	0.39	0.42	0.45	0.48	0.52	0.56

*Reported Article 7 data

HCFC phase-out strategy

12. The Government of Uganda is proposing to meet the Montreal Protocol's HCFC control targets, i.e. freeze in 2013, 10 per cent reduction by 2015 and 35 per cent reduction by 2020. The overarching strategy in stage I of the HPMP will focus on promoting good servicing practices in the use of HCFCs and handling of HCFC-based equipment; enhancing an incentive programme for retrofitting existing HCFC-based equipment with environmentally-friendly alternative refrigerants; training of refrigeration service technicians and strengthening of the refrigeration association; and coordination, monitoring and reporting of HPMP activities.

13. The total cost of stage I of the HPMP for Uganda has been estimated at US \$164,500 to achieve a 35 per cent reduction in HCFC consumption by 2020. Table 4 provides a description of the specific activities, implementation time frame for stage I of the HPMP, and a detailed cost breakdown for each activity. This is submitted in line with the country's eligible funding under decision 60/44 based on the Article 7 data submitted to the Ozone Secretariat.

Table 4: Proposed activities and cost of stage I of the HPMP for Uganda

PROJECT COMPONENT	Implementing Agency	Period of implementation	Cost US \$
Further training of customs and other law enforcement officers and strengthening the customs training schools. Dissemination of the amended ODS regulations and purchase of identifiers.	UNEP	2012 - 2017	32,000
Strengthening of the three regional retrofitting centres through provision of technical assistance, equipment and incentive programme for access of tool kits, spare parts, alternative refrigerants and conversions, and maintaining activities geared towards reduction of HCFC emissions emanating from the refrigeration and air-conditioning sector.	UNIDO	2012-2017	80,000
Strengthening of the technicians' association, collaborating with training colleges including vocational institutes to offer courses in refrigeration and air-conditioning and to strengthen existing training curricula, and promoting good practices in refrigeration and air-conditioning.	UNEP	2012-2015	37,500
Coordination, monitoring and reporting of HPMP activities	UNEP	2012 -2020	15,000
Total			164,500

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

14. The Secretariat reviewed the HPMP for Uganda 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 2012-2014 business plan of the Multilateral Fund. The Secretariat discussed with UNEP technical and cost related issues, which were satisfactorily addressed as summarized below.

HCFC licensing and quota system

15. In line with decision 63/17, the Secretariat requested the Government of Uganda through UNEP to confirm that there was an enforceable national system of licensing and quotas for HCFC imports in place, and that this system was capable of ensuring the country's compliance with the Montreal Protocol HCFC phase-out schedule during the implementation of the HPMP. UNEP replied that the existing ODS regulations to control imports and exports had been revised to include HCFCs (see paragraph 3 above). The quota system for HCFCs is expected to be in place by 1 January 2013.

Issues related to consumption

16. The Secretariat noted that the consumption data provided in the HPMP based on the survey was consistent with that reported under Article 7 by the Government of Uganda. It sought clarification on the fluctuating consumption between 2002 and 2010, and an explanation for the big increase in HCFC consumption in 2010. UNEP advised that the high import of HCFCs between 2002 and 2005 was due to big industrial multinational establishments that had to retrofit their entire refrigeration system from CFCs to HCFCs. UNEP further mentioned that from 2006, HCFC imports were drastically reduced because of low demand and the availability of HCFCs from stocks imported in earlier years, particularly 2002. In addition, the imports of HCFC-using equipment such as domestic air-conditioning only started during this time. UNEP further explained that if the total imports from 2002-2010 were to be calculated, the result would show that on average, the consumption of HCFCs in the country was between 4-5 mt annually representing the level required in the country for its servicing needs. This was consistent with the country's HCFC consumption reported for 2010. The Secretariat also confirmed from the data submitted by Uganda for its country programme and Article 7 reporting that 2.18 mt had been imported for 2011.

Starting point for aggregate reduction in HCFC consumption

17. The Government of Uganda agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the baseline of 0.2 ODP tonnes, calculated using actual consumption of 0 ODP tonne and 0.3 ODP tonnes reported for 2009 and 2010 respectively under Article 7 of the Montreal Protocol.

Technical and cost issues

18. The Secretariat noted that in previously approved projects for CFC-phase out, an incentive programme for retrofitting equipment from CFCs to non-CFC alternatives had already been implemented through the Government of Germany. It sought information on how the programme was implemented and how this would relate to a similar activity included in the HPMP for funding. It also queried the training programme already completed under the refrigerant management plan (RMP) and terminal phase-out management plan (TPMP) and why the same activities are needed for the HPMP. It also sought clarification on the recovery and recycling programme already implemented, as well as the role of the refrigeration association that had been established during the TPMP, and the contribution of these completed activities to HCFC phase-out.

19. UNEP replied that the retrofitting programme covered 65 pieces equipment owned by the Ministry of Health that were retrofitted from CFCs to HFC-134a. It advised that three retrofit centres had been established in the central Kampala area, and provided information on the number of technicians trained and a description of the role of the refrigeration association.

20. With regard to the strategy for stage I of the HPMP, the Secretariat sought an explanation on the incentive programme for retrofitting, taking into account the lack of low-global warming potential (GWP) alternatives for retrofitting equipment in Uganda, and on what improvements were to be carried out under the HPMP compared to previous customs/servicing training programmes (i.e. use of trained trainers, institutions, etc) implemented during the CFC phase-out; list of equipment to be provided and a justification for the need for additional equipment. It also considered discussions at the 66th and 67th meetings of the Executive Committee with regard to activities in the servicing sector and whether retrofitting is the best option for stage I or if it can be postponed to a later stage.

21. UNEP explained that the revised training material and training programme would build upon what has already been done in the CFC phase-out and focus on HCFC regulations and equipment. It provided additional information and justification for some budget items in these training programmes. UNEP also submitted a list of the tools to be provided to the service technicians and training centres as well as the corresponding cost breakdown and a justification of the need for new equipment. With regard to the pilot retrofit programme, UNEP had indicated that this will be implemented by UNIDO as the cooperating agency and would involve the provision of funds to eligible beneficiaries for spare parts and alternative refrigerants through a revolving fund to be managed by the refrigeration association.

22. In considering the issues raised by the Secretariat regarding prioritizing retrofitting activities through an incentive programme at this time, UNEP and UNIDO had further discussions with the Government and agreed that activities related to the incentive programme would be undertaken under later tranches. The Government had agreed that the first tranche of stage I will focus on strengthening of the regional centres through provision of technical assistance and equipment. The Secretariat also noted that the funding requested for the HPMP (US \$164,500) is consistent with decision 60/44 (see Table 4).

Impact on the climate

23. 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 Uganda, in particular training for technicians on improved servicing practices, and refrigerant recovery and reuse, indicate that the implementation of the HPMP will reduce the emission of refrigerants into atmosphere therefore resulting in benefits in climate. 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

24. 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 the Government of Uganda will provide personnel and other resources as an in-kind contribution, which could be considered as the Government's share of co-financing for the HPMP. The Secretariat proposed that UNEP should encourage Uganda to explore other co-financing opportunities especially for stage II of the HPMP.

2012-2014 business plan of the Multilateral Fund

25. UNEP and UNIDO are requesting US \$164,500 plus support costs for implementation of stage I of the HPMP. The total value requested for the period 2012-2014 of US \$89,365 including support cost is above the total amount in the business plan. Based on the HCFC baseline consumption in the servicing sector of 2.67 mt, Uganda's allocation up to the 2020 phase-out should be US \$164,500 in line with decision 60/44.

Draft Agreement

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

RECOMMENDATION

27. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Uganda for the period 2012 to 2020 to reduce HCFC consumption by 35 per cent of the baseline, at the amount of US \$182,685, consisting of US \$84,500 plus agency support costs of US \$10,985 for UNEP and US \$80,000 plus agency support costs of US \$7,200 for UNIDO;
- (b) Noting that the Government of Uganda had agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the baseline of 0.20 ODP tonnes, calculated using actual consumption of 0 ODP tonne and 0.3 ODP tonnes reported for 2009 and 2010 respectively under Article 7 of the Montreal Protocol;
- (c) Deducting 0.07 ODP tonnes of HCFCs from the starting point for sustained aggregate reduction in HCFC consumption;
- (d) Approving the draft Agreement between the Government of Uganda and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document; and
- (e) Approving the first tranche of stage I of the HPMP for Uganda, and the corresponding implementation plan, at the amount of US \$89,365, consisting of US \$40,500, plus agency support costs of US \$5,265 for UNEP, and US \$40,000, plus agency support costs of US \$3,600 for UNIDO.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF UGANDA 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 Uganda (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 0.13 ODP tonnes by 1 January 2020 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 for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances that exceeds the level defined in row 1.2 of Appendix 2-A as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances that exceeds the level defined in row 4.1.3 (remaining 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; and
 - (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.

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	0.20

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	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	0.2	0.2	0.18	0.18	0.18	0.18	0.18	0.13	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	0.2	0.2	0.18	0.18	0.18	0.18	0.18	0.13	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	40,500	0	0		23,500	0	0	0	20,500	84,500
2.2	Support costs for Lead IA (US \$)	5,265	0	0		3,055	0	0	0	2,665	10,985
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	40,000	0	0		40,000	0	0	0	0	80,000
2.4	Support costs for Cooperating IA (US \$)	3,600	0	0		3,600	0	0	0	0	7,200
3.1	Total agreed funding (US \$)	80,500	0	0		63,500	0	0	0	20,500	164,500
3.2	Total support costs (US \$)	8,865	0	0		6,655	0	0	0	2,665	18,185
3.3	Total agreed costs (US \$)	89,365	0	0		70,155	0	0	0	23,165	182,685
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)										0.07
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)										0.13

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval at the first meeting of the year specified in Appendix 2-A.

APPENDIX 4-A: FORMAT OF 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. The national ozone unit (NOU) will be monitoring the implementation of the project activities and will prepare quarterly progress reports for the project. The monitoring program will therefore ensure effectiveness of all the proposed projects within the HPMP through constant monitoring and periodic review of the performance of individual projects. Independent verification will be conducted by consultant arranged by the Lead IA.

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 NOU.

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.
