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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Forty-seventh Meeting  
Montreal, 21-25 November 2005

**PROJECT PROPOSALS: DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA**

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

Refrigeration

- Terminal phase-out management plan

UNEP, UNIDO

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issue of the document.

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**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS  
DEMOCRATIC PEOPLE’S REPUBLIC OF KOREA**

**PROJECT TITLE****BILATERAL/IMPLEMENTING AGENCY**

Terminal phase-out management plan	UNEP, UNIDO
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<b>NATIONAL CO-ORDINATING AGENCY:</b>	National Coordinating Committee for Environment (NCCE)
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**LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT****A: ARTICLE-7 DATA (ODP TONNES, 2003, AS OF OCTOBER 2005)**

Annex A Group I	CFC: 265.4		
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**B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2004, AS OF SEPTEMBER)**

ODS	Foam	Ref. Manuf.	Ref. Servicing	Aerosol	ODS	Solvents	Process agent	Fumigant
CFC-11		30.68	14.40					
CFC-12		14.42	171.00					

<b>CFC consumption remaining eligible for funding (ODP tonnes)</b>	210.6
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**CURRENT YEAR BUSINESS PLAN: Total funding (UNEP) US \$250,860: total phase-out 18 ODP tonnes.**

<b>PROJECT DATA</b>		2005	2006	2007	2008	2009	2010	Total
ODS Annex A Group I (ODP tonnes)	Montreal Protocol limits	220.9	220.9	66.3	66.3	66.3	0	640.7
	Annual consumption limit	220.9	220.9	66.3	66.3	66.3	0	640.7
	Annual phase-out from ongoing projects	-	-	-	-	-	-	-
	Annual phase-out newly addressed	177.0	120.0	66.0	48.0	30.	0	441.0
	Annual unfunded phase-out	220.9	220.9	66.3	66.3	66.3	0	640.7
Total ODS consumption to be phased out		220.9	220.9	66.3	66.3	66.3	0	640.7
Project cost as originally submitted (US \$)		938,980	481,900	155,000	20,000	10,000		1,605,880
Final Project costs (US \$):								
Funding for lead agency UNEP		234,600	163,400	100,000	20,000	10,000		528,000
Funding for UNIDO		536,000	0	0	0	0		536,000
Total project funding		770,600	163,400	100,000	20,000	10,000		1,064,000
Final Support costs (US \$)								
Support cost for lead agency UNEP		30,498	21,242	13,000	2,600	1,300		68,640
Support cost for UNIDO		40,200	0	0	0	0		40,200
Total support costs		70,698	21,242	13,000	2,600	1,300		108,840
Total cost to Multilateral Fund (US \$)		841,298	184,162	113,000	22,600	11,300		1,172,840
Final project cost effectiveness (US \$/kg)								5.52

**FUNDING REQUEST: Approval in principle of total ODS phase-out, total project funding and total support costs, and approval of funding for first tranche (2005) as indicated above.**

<b>SECRETARIAT’S RECOMMENDATION</b>	
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Individual consideration
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## **PROJECT DESCRIPTION**

1. On behalf of the Government of the Democratic People's Republic of Korea (D.P.R. Korea), UNEP has submitted for consideration by the Executive Committee at its 47th Meeting, a plan for the phase-out of CFCs used in the refrigeration servicing sector. The plan will be implemented by UNEP and UNIDO.

### Background

2. At its 40th Meeting, the Executive Committee considered the following documents submitted by the Government of D.P.R. Korea:

- (a) The D.P.R. Korea country programme update (UNEP/OzL.Pro/ExCom/40/47);
- (b) A refrigerant management plan (RMP) project proposal (UNEP/OzL.Pro/ExCom/40/38 and Add.1); and
- (c) A sectoral phase-out plan in the refrigeration manufacturing sector. This project was related to the phase-out of CFCs used at 5th October Electronics and Automation Complex for manufacturing domestic and commercial refrigerators and compressors (UNEP/OzL.Pro/ExCom/40/38).

3. The RMP proposal, as submitted, consisted of five sub-projects: regulation preparation and implementation (US \$30,000); training for refrigeration servicing technicians (US \$166,250); training for customs officers (US \$115,000); establishment of a CFC recovery and recycling network (US \$937,544); and monitoring of the activities proposed in the RMP (US \$28,200).

4. During its review of the proposals, the Secretariat noted that:

- (a) CFC consumption in the country decreased from 496.5 ODP tonnes in 1995 to 65 ODP tonnes in 2000;
- (b) Up to 2003, all CFC requirements were met through local production, which ceased in that same year; and
- (c) More than 90 per cent of refrigeration appliances in the country were CFC-based domestic refrigerators.

5. Based on these characteristics, the Secretariat proposed to UNEP and UNIDO to implement the phase-out projects in the refrigeration sector in two phases. Phase I (2003-2006) would focus on converting CFC-based domestic and commercial refrigerators and compressors to non-ODS refrigerant, and implementing technical assistance and training programmes addressing the refrigeration servicing sector. Based on the results achieved in Phase I, the Government of D.P.R. Korea could then prepare and submit a new project proposal to achieve the complete phase-out of CFCs in the refrigeration sector (Phase II).

6. On this basis, the Executive Committee decided to approve the country programme update, the RMP project proposal (phase I) and the project for the phase-out of CFCs used in the manufacturing of domestic and commercial refrigerators and compressors.

Progress report submitted by D.P.R. Korea

7. On behalf of the Government of D.P.R. Korea, UNEP and UNIDO submitted to the 46th Meeting of the Executive Committee two requests for the preparation of a CFC terminal phase-out management plan: US \$25,000 for UNEP (UNEP/OzL.Pro/ExCom/46/22), and US \$15,000 for UNIDO (UNEP/OzL.Pro/ExCom/46/24). The agencies also submitted a progress report on the implementation of Phase I of the projects for the phase-out of CFCs in D.P.R. Korea.

8. In reviewing the proposals, the Secretariat noted as follows:

- (a) The report prepared by the Government of D.P.R. Korea with the assistance of UNEP and UNIDO on activities undertaken and the results achieved in the refrigeration sector was comprehensive and well documented;
- (b) According to the report on the implementation of the country programme, submitted by the Government of D.P.R. Korea to the Fund Secretariat in 2004, a total of 185.4 ODP tonnes of CFCs were used in the refrigeration servicing sector and an additional 45.1 ODP tonnes in the refrigeration manufacturing sector (for a total CFC consumption of 230.6 ODP tonnes); and
- (c) Production of CFC-based compressors in D.P.R. Korea ceased in March 2005, and production of domestic and commercial refrigeration equipment ceased in April 2005. De-commissioning of the plant commenced at the end of May 2005.

9. Based on the results achieved in the phase-out of CFCs in the refrigeration sector, the Secretariat recommended blanket approval of the two project preparation requests submitted by UNEP and UNIDO.

*ODS policies in D.P.R. Korea*

10. During the implementation of Phase I, the Government of D.P.R. Korea designed and put in place an ODS import/export licensing system and related ODS regulations before the implementation of training programmes commenced. Based on the actual CFC consumption needs in the refrigeration sector in the country, the following import quotas have been established:

Date	(ODP tonnes)		
	CFC-11	CFC-12	Total
January - December 2005	25	152.6	177.6
January - December 2006	20	78	98
January - December 2007	15	55	70
January - December 2008	8	37	45
January - December 2009	5	15	20
January - December 2010	0	0	0

11. In addition to the licensing system, the Government of D.P.R. Korea enacted several laws and regulations on the protection of the ozone layer, including bans on:

- (a) The installation of CFC-based MAC units in all newly manufactured vehicles;
- (b) The import of ODS-based industrial refrigerating equipment;
- (c) The manufacturing of CFC-based refrigerating equipment; and,
- (d) The manufacturing of CFC-based industrial refrigerating equipments.

*Challenges encountered during Phase I and proposed solutions*

12. The main challenges encountered during implementation of Phase I of the project, and proposed solutions for Phase II, were the following:

- (a) Of the total 572 refrigeration service technicians in the country, only 96 were trained in good refrigeration servicing practices. The remaining 476 service technicians are to be trained in Phase II;
- (b) Of the 1,100 customs officers directly involved in routine customs operations, only 96 officers were trained and eight ODS identifiers were provided. Therefore, in Phase II it is expected to train more customs officers and equip each of the 35 customs stations with at least two sets of ODS identifiers;
- (c) Only nine sets of recovery and recycling machines were provided; the remaining 197 service workshops are still without proper equipment to undertake recovery and recycling of CFCs. Therefore, additional recovery and recycling equipment will be proposed for Phase II;
- (d) Legislative measures need to be further developed to include mandatory recovery and recycling of CFCs as well as economic incentives. This will be implemented when additional recovery and recycling equipment is provided during Phase II;
- (e) Data reporting on the amounts of CFCs recovered and recycled by refrigeration servicing workshops were not received. In Phase II a mandatory commitment letter from beneficiary servicing workshops receiving a recovery and recycling machine will be requested.

Activities proposed in the NPP

13. In 2004, 192.7 ODP tonnes of CFC were used for servicing the following refrigeration equipment:

<b>Refrigeration equipment</b>	<b>In operation in 2002</b>	<b>In operation in 2004</b>
Household Refrigerator	2,489,000	2,739,500
Freezer	82,670	12,673
Ice cream machine	87,400	105,500
Water cooler	24,100	34,100
Bottle cooler	10,180	13,950
Food Display Cabinet	2,425	5,780
Hotel Freezer	1,821	3,452
Cold Storage	3,840	5,480
Humidity Conditioner		13,940

14. The following activities have been included in the NPP for D.P.R. Korea to address CFC consumption in the refrigeration servicing sector:

- (a) Develop enforcement measures for ODS phase-out laws and regulations and awareness education (US \$58,000 for UNEP): intended to strengthen the enforcement measures for ODS import and export control through monthly reporting by the four licensed ODS importers/exporters;
- (b) Train-the-trainer programme for refrigeration service technicians (US \$251,000 for UNEP): intended to train 476 technicians and 100 workers in good refrigeration servicing practice, increase technicians' environmental awareness, and reduce direct emissions of CFCs during servicing practices. Equipment for five training centres is to be provided;
- (c) Training of customs officers and enforcement centre for CFC import control (US \$251,200 for UNEP): intended to enhance the implementation of ODS import/export regulations, including a licensing system and efficient control of CFC and CFC-based equipment by providing training to customs officers and supply of 35 ODS identification equipment;
- (d) Recovery and recycling equipment (US \$905,680 for UNIDO): to establish a recovery and recycling network consisting of 25 regional centres, to ensure that CFCs are recovered and recycled during servicing operations. As the country no longer produces CFC, recovery/recycling operations will play an essential role in ensuring the continuous operation of refrigeration equipment and preventing its early retirement. It is estimated that, through this programme, 192.7 ODP tonnes of CFC consumption will be prevented from being vented into the atmosphere; and

- (e) Monitoring and evaluation of the implementation of NPP activities (US \$100,000 for UNEP), to effectively manage and monitor the smooth implementation of NPP.

15. The RMP also included a request for a study and preparation of a halon management plan (US \$40,000 for UNEP): to develop a management plan to control halon use while maintaining the same degree of fire safety for the facilities under protection.

16. The total cost of the NPP, as submitted, is US \$1,605,880.

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

#### CFC consumption and production

17. In 2004, the Government of D.P.R. Korea reported zero consumption of CFCs under Article 7 of the Montreal Protocol. Similarly, in the 2004 progress report on the implementation of the country programme (submitted to the Fund Secretariat), D.P.R. Korea reported zero consumption and production of CFCs and 230.5 ODP tonnes of CFCs used in the refrigeration manufacturing and servicing sector. D.P.R. Korea indicated that all CFC used in 2004 was provided from stockpiles that were produced before the end of 2003.

18. Further reductions in CFC consumption were achieved in 2005 since the production of CFC-based compressors, domestic refrigerators and commercial refrigeration equipment had ceased in the first quarter of 2005.

19. In reviewing historical data reported by the Government of D.P.R. Korea under Article 7 (as shown in the table below), the Secretariat noted that the CFC production figure reported for 2003 (265.4 ODP tonnes) did not indicate an excess quantity as a stockpile to supply the use in the refrigeration sector in 2004.

ODP tonnes	Baselines	2000	2001	2002	2003	2004
Production	403.3	77.0	290.8	299.0	265.4	0.0
Consumption	441.7	77.0	290.8	299.0	265.4	0.0
Import		0.0	30.0	0.0	0.0	0.0

20. Subsequently, UNEP reported that in 2003, before CFC production facilities had been dismantled, the total CFC production in D.P.R. Korea increased from 299 ODP tonnes to 587.4 ODP tonnes. The Fund Secretariat noted that the Executive Committee at its 42nd Meeting, had approved the release of third tranche of the project for the phase-out of the ODS production sector in D.P.R. Korea, on the basis of a verification report submitted by UNIDO. In the report, it was indicated that “the production of CFC-11 and CFC-12 in 2003 was about double that in 2002 (2002: CFC-11=64 ODP tonnes; CFC-12=235 ODP tonnes; 2003: CFC-11=109 ODP tonnes; CFC-12=478 ODP tonnes)” (UNEP/OzL.Pro/ExCom/42/37). On this

basis, it was concluded that the level of CFCs on which the NPP for D.P.R. Korea was based was from stocks that had been produced in 2003.

21. It appears that the production data reported for 2003 may not be fully representative of the actual situation in the country. The Secretariat therefore suggested that UNEP and UNIDO assist the Government to re-examine and if necessary to re-submit to the Ozone Secretariat production data for 2003 to include amounts produce for stockpiles.

#### ODS regulations

22. The Secretariat also noted that a major concern had been raised by the Government of D.P.R. Korea regarding the inflow of CFC-based refrigeration equipment from neighbouring countries. However, the development of specific regulations banning the import of CFC-based equipment has not been proposed under the activity for developing enforcement measures for laws and regulations to control CFCs. Subsequently, UNEP reported that enforcement measures for import control of CFC-based equipment have been added under the proposed activity for development of regulations; and that one specific regulation to ban the import of second-hand CFC-based refrigeration equipment will be developed and enacted during the implementation of the NPP. In addition, the training manual for customs officers will include guidelines to identify and control the import of CFC-based refrigeration equipment.

#### Halon consumption

23. Based on the data reported by the Government of D.P.R. Korea under Article 7, halon production and consumption was only reported in 1986 and 1989. Since then, zero halon consumption and zero halon production have been reported by the Government. On this basis, the Secretariat pointed out that the installed capacity for halon in the country is nil, and therefore the request for a study and preparation of a halon management bank is not eligible. Subsequently, UNEP agreed not to request funding for halon phase-out activities in the country.

#### Cost related issues

24. The total CFC consumption eligible for funding in D.P.R. Korea (on the basis of Decision 35/57) is 210.6 ODP tonnes. However, actual consumption in the country that has not yet been addressed is 192.7 ODP tonnes. The total cost of the NPP (excluding the halon banking), as submitted, is US \$1,465,880 plus US \$100,000 for the monitoring and evaluation unit. On this basis, the cost-effectiveness of the proposal is US \$7.60/kg. Over the last several meetings, however, the Executive Committee has approved a number of national/sectoral phase-out plans in a number of non-LVC countries with little or no remaining consumption in the refrigeration or other manufacturing sectors. The cost-effectiveness value associated with the refrigeration servicing component of those plans has been approved at US \$5.00/kg. Therefore, the Secretariat concluded that it would be able to recommend the D.P.R. Korea NPP at a level of US \$5.00/kg, similar to other NPPs for non-LVC countries, plus additional funding for the monitoring unit. Subsequently, UNEP and UNIDO revised the project costs accordingly, i.e., US \$1,064,000 for the total cost of the NPP (US \$528,000 for UNEP and US \$536,000 for UNIDO).



Draft agreement

25. UNEP and UNIDO assisted the Government of D.P.R. Korea in drafting an agreement between the Government of D.P.R. Korea and the Executive Committee for the complete phase-out of Annex A (Group I) substances. The agreement is contained in Annex I to the present document.

**RECOMMENDATION**

26. The Executive Committee may wish to consider:

- (a) Approving in principle the CFC phase-out plan for D.P.R. Korea at a total level of funding of US \$1,064,000 plus agency support costs of US \$68,640 for UNEP and US \$40,200 for UNIDO;
- (b) Approving the Draft Agreement between the Government of D.P.R. Korea and the Executive Committee contained in Annex I to the present document; and
- (c) Approving the funding for the first tranche of the phase-out plan at the amount of US \$234,600 plus support costs of US \$30,498 for UNEP and US \$536,000, plus support costs of US \$40,200 for UNIDO, totalling US \$841,298.



## **Annex I**

### **DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA AND THE EXECUTIVE COMMITTEE FOR THE NATIONAL PHASE-OUT PLAN**

1. This Agreement represents the understanding of the Government of the Democratic People's Republic of Korea (the "Country") and the Executive Committee with respect to the complete phase-out of controlled use of the ozone-depleting substances set out in Appendix 1-A (the "Substances") prior to 1 January 2010 in compliance with Protocol schedules.
2. The Country agrees to phase out the controlled use of the Substances in Annex A (Group I) and Annex B (Groups II and III) of the Montreal Protocol in accordance with the annual phase-out targets set out in rows 2 and 7 of Appendix 2-A (the "Targets") and this Agreement. The annual phase-out targets will, at a minimum, correspond to the reduction schedules mandated by the Montreal Protocol. 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 the Substances as described in the NPP document.
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 12 of Appendix 2-A (the "Funding") to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (the "Funding Approval Schedule").
4. The Country will meet the consumption limits for each Substance as indicated in Appendix 2-A. It will also accept independent verification by the relevant Bilateral Agency/Implementing Agency of achievement of these consumption limits as described in paragraph 9 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 30 days prior to the applicable Executive Committee meeting set out in the Funding Approval Schedule:
  - (a) That the Country has met the Target for the applicable year;
  - (b) That the meeting of these Targets has been independently verified as described in paragraph 9;
  - (c) That the Country has substantially completed all actions set out in the last Annual Implementation Programme; and
  - (d) That the Country has submitted and received endorsement from the Executive Committee for an annual implementation programme in the form of Appendix 4-A (the "Annual Implementation Programmes") in respect of the year for which funding is being requested.

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (the “Monitoring”) will monitor and report on that monitoring in accordance with the roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in paragraph 9.

7. While the Funding was determined on the basis of estimates of the needs of the Country to carry out its obligations under this Agreement, the Executive Committee agrees that the Country may use the Funding for other purposes that can be demonstrated to facilitate the smoothest possible phase-out, consistent with this Agreement, whether or not that use of funds was contemplated in determining the amount of funding under this Agreement. Any changes in the use of the Funding must, however, be documented in advance in the Country’s Annual Implementation Programme, endorsed by the Executive Committee as described in sub paragraph 5(d) and be subject to independent verification as described in paragraph 9.

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

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation;
- (b) The technical assistance programme for the refrigeration servicing sub-sectors would be implemented in stages so that resources can be diverted to other activities such as, additional training or procurement of service tools, in cases where the proposed results are not achieved, and will be closely monitored in accordance with Appendix 5-A of this Agreement.

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 (the “Lead IA”) has agreed to be the lead implementing agency and UNIDO (the “Cooperating IA”) has agreed to be cooperating implementing agency under the lead of the Lead IA in respect of the Country’s activities under this Agreement. The Lead IA will be responsible for carrying out the activities listed in Appendix 6-A, including but not limited to independent verification. The Country also agrees to periodic evaluations, which will be carried out under the monitoring and evaluation work programmes of the Multilateral Fund. The Cooperating IA will be responsible for carrying out the activities listed in Appendix 6-B. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IA with the fees set out in rows 9 and 10 of Appendix 2-A.

10. Should the Country, for any reason, not meet the Targets for the elimination of the Substances in Annex A (Group I) and Annex B (Groups II and III) of the Montreal Protocol 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 instalment 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.

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

12. 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.

13. 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 Protocol unless otherwise defined herein.

### Appendix 1-A: The Substances

Annex A:	Group I	CFC-11, CFC-12, CFC-115
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### Appendix 2-A: The Targets, and Funding

	2005	2006	2007	2008	2009	Total
1. Max allowable total consumption of Annex A Group I substances (ODP tonnes)	220.9	220.9	66.3	66.3	66.3	640.7
2. Maximum agreed total consumption of Annex A Group I substances (ODP tonnes)(*)	220.9	220.9	66.3	66.3	66.3	640.7
3. Reduction from ongoing projects (RMP)						
4. New reduction under plan	177.0	120.0	66.0	48.0	30.0	441
5. Total annual reduction of Annex A Group I substances (ODP tonnes)	220.9	220.9	66.3	66.3	66.3	640.7
6. UNEP agreed funding (US \$)	234,600	163,400	100,000	20,000	10,000	528,000
7. UNIDO agreed funding (US \$)	536,000	0	0	0	0	536,000
8. Total agreed funding (US \$)	770,600	163,400	100,000	20,000	10,000	1,064,000
9. UNEP support costs (US \$)	30,498	21,242	13,000	2,600	1,300	68,640
10. UNIDO support cost (US \$)	40,200	0	0	0	0	40,200
11. Total agency support costs (US \$)	70,698	21,242	13,000	2,600	1,300	108,840

### Appendix 3-A: Funding Approval Schedule1

1. Funding other than payments in 2006, will be considered for approval at the first meeting of the year of the annual implementation programme.

**Appendix 4-A: Format of Annual Implementation Programme**

**1. Data**

Country	_____
Year of plan	_____
# of years completed	_____
# of years remaining under the plan	_____
Target ODS consumption of the preceding year	_____
Target ODS consumption of the year of plan	_____
Level of funding requested	_____
Lead implementing agency	_____
Co-operating agency(ies)	_____

**2. Targets**

Indicators		Preceding year	Year of plan	Reduction
Supply of ODS	Import			
	<b>Total (1)</b>			
Demand of ODS	Manufacturing			
	Servicing			
	Stockpiling			
	<b>Total (2)</b>			

**3. Industry Action**

Sector	Consumption preceding year (1)	Consumption year of plan (2)	Reduction within year of plan (1)-(2)	Number of projects completed	Number of servicing related activities	ODS phase-out (in ODP tonnes)
<b>Manufacturing</b>						
Aerosol						
Foam						
Refrigeration						
Solvents						
Other						
<b>Total</b>						
<b>Servicing</b>						
Refrigeration						
<b>Total</b>						
<b>Grand total</b>						

**4. Technical Assistance**

Proposed Activity: \_\_\_\_\_

Objective: \_\_\_\_\_

Target Group: \_\_\_\_\_

Impact: \_\_\_\_\_

**5. Government Action**

Policy/Activity Planned	Schedule of Implementation
Type of policy control on ODS import: servicing, etc	
Public awareness	
Others	

**6. Annual Budget**

Activity	Planned Expenditures (US \$)
Total	

**7. Administrative Fees**

**Appendix 5-A: Monitoring Institutions and Roles**

1. All the monitoring activities will be coordinated and managed through the project "Monitoring and Management Unit", which is included within this NPP.

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 NPP. This organization, along with the cooperating IA will also undertake the challenging task of monitoring and controlling illegal ODS imports into the country.

3. The success of the monitoring programme will be based on three axes: 1) well designed forms for data collection, evaluation and reporting, 2) regular programme of monitoring visits; and, 3) appropriate cross-checking of information from different sources.

4. Each of the different projects within the NPP will need a different monitoring sub-programme suited to the objectives of the project.

Verification and reporting

5. The outcome of the different elements of the NPP and of the monitoring activities will be verified independently by an external organization. The Government and the independent

organization will jointly design the verification procedures as part of the design phase of the monitoring programme.

#### Institution for conducting the verification

6. Based on the discussion with UNEP, the Government of D.P.R. Korea should select the independent organization (auditing) to carry out the verification of the NPP results and the monitoring programme.

#### Frequency of verification and reporting

7. The monitoring reports will be produced and verified each year, previous to the first meeting of the Executive Committee. These reports will produce the input for the yearly implementation reports required by the Executive Committee.

### **Appendix 6-A: Role of the Lead Implementing Agency**

1. The Lead IA will be responsible for a range of activities to be specified in the project document along the lines of 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) Providing verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the Annual Implementation Programme;
- (c) Assisting the Country in preparation of the Annual Implementation Programme;
- (d) Ensuring that achievements in previous Annual Implementation Programmes are reflected in future Annual Implementation Programmes;
- (e) Reporting on the implementation of the Annual Implementation Programme commencing with the Annual Implementation Programme for the year 2005 to be prepared and submitted in year 2006;
- (f) Ensuring that appropriate independent technical experts carry out the technical reviews undertaken by the lead Implementing Agency;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Annual Implementation Programme and accurate data reporting;
- (i) Verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Targets;
- (j) Coordinating the activities of the Coordinating IAs, if any;



- (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.

#### **Appendix 6-B: Role of Cooperating Implementing Agency**

1. The cooperating implementing agency, will:
  - (a) Provide policy development assistance when required;
  - (b) Assist the Government of D.P.R. Korea in the implementation and verification of the activities funded for UNIDO; and
  - (c) Provide reports to the lead IA on these activities, for inclusion in the consolidated reports.

#### **Appendix 7-A: Reductions in Funding for Failure to Comply**

1. In accordance with paragraph 10 of the Agreement, the amount of funding provided may be reduced by US \$13,480 per ODP tonne of reductions in consumption not achieved in the year.

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