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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-second Meeting
Montreal, 29 November - 3 December 2010

PROJECT PROPOSAL: BURKINA FASO

This document consists of the comments and recommendations 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

Burkina Faso

(I) PROJECT TITLE	AGENCY
HCFC Phase Out Management Plan	UNEP (lead), UNIDO

(II) LATEST ARTICLE 7 DATA	Year: 2009	26.7 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2009	
Chemical	Aerosol	Foam	Fire	Refrigeration		Solvent	Process	Lab	Total sector
				Manufacturing	Servicing				
HCFC123									
HCFC124									
HCFC141b									
HCFC142b									
HCFC22					26.7				26.7

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline (estimate):	27.8	Starting point for sustained aggregate reductions:	27.8
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.0	Remaining:	18.1

(V) BUSINESS PLAN		2010	2011	2012	2013	2014	Total
UNEP	ODS phase-out (ODP tonnes)	1,569		1,569			3,138
	Funding (US \$)	109,539		109,538			219,077

(VI) PROJECT DATA				2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits (estimate)				n/a	n/a	n/a	27.8	27.8	25	25	25	25	25	18.1	
Maximum allowable consumption (ODP tonnes)				n/a	n/a	n/a	27.8	27.8	25	25	25	25	25	18.1	
Project Costs requested in principle (US\$)	UNEP	Project costs		110,000			90,000			90,000				90,000	380,000
		Support costs		14,300			11,700			11,700				11,700	49,400
	UNIDO	Project costs		150,000			100,000								250,000
		Support costs		11,250			7,500								18,750
Total project costs requested in principle (US \$)			260,000			190,000				90,000			90,000	630,000	
Total support costs requested in principle (US \$)			25,550			19,200				11,700			11,700	68,150	
Total funds requested in principle (US \$)			285,550			209,200				101,700			101,700	698,150	

(VII) Request for funding for the first tranche (2010)			
Agency	Funds requested (US \$)	Support costs (US \$)	ODS phase-out (ODP tonnes)
UNEP	110,000	14,300	
UNIDO	150,000	11,250	

Funding request:	Approval of funding for the first tranche (2010) as indicated above
Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

1. On behalf of the Government of Burkina Faso UNEP, as the lead implementing agency, has submitted to the 62nd Meeting of the Executive Committee Stage I of the HCFC phase-out management plan (HPMP) at a total cost of US \$1,080,000 (excluding agencies' support costs) as originally submitted. The Government of Burkina Faso is requesting US \$580,000 plus agency support cost of US \$75,400 for UNEP and US \$500,000 plus agency support costs of US \$37,500 for UNIDO to meet the 35 per cent reduction by 2020. The first tranche for Stage I being requested at this meeting amounts to US \$180,000 plus agency support cost of US \$23,400 for UNEP and US \$300,000 plus agency support cost of US \$22,500 for UNIDO, as originally submitted.

Background

ODS regulations

2. Burkina Faso has a legislative, regulatory and legal framework for controlling the importation and distribution of HCFCs in its territory. The sub-regional regulation for the UEMOA (Union Economique et monétaire de l'Ouest Africain) harmonizes the regulations of member countries concerning the importation, marketing, use and re-export of substances that deplete the ozone layer and elimination of equipment using ODS, including HCFCs and HCFC-based equipment, thereby controlling movement among these countries. These sub-regional regulations have been harmonised to include the accelerated HCFC phase-out control measures agreed in 2007.

3. The main body responsible for implementing, monitoring and evaluation of the HPMP at the national level is the National Ozone Unit (BNO), under the Ministry of Environment. The National Ozone Committee oversees the work of the BNO. Other national public institutions and private enterprises are also part of the national ozone committee.

HCFC consumption

4. The HPMP provided information on the HCFC consumption in the country. Burkina Faso uses mostly HCFC-22 in the refrigeration servicing sector. The consumption of HCFCs increased from 272 metric tons (mt) (15 ODP tonnes) in 2005 to 486 mt (26.7 ODP tonnes) in 2009.

5. The HCFC consumption in Burkina Faso is projected to increase by 14.6 per cent in 2010 and reach the level of 557 mt (30.63 ODP tonnes). Table 1 presents data on HCFC consumption extracted from the survey and reported under Article 7 of the Montreal Protocol.

Table 1: HCFCs consumption from 2005 to 2009

Year	HCFC-22 (in mt)	HCFC-22 (in ODP tonnes)
2005	272	15.0
2006	299	16.4
2007	341	18.8
2008	424	23.3
2009	486	26.7

6. HCFC consumption in Burkina Faso is expected to grow on a yearly basis by 14.6 per cent using an unconstrained growth scenario from 2009 to 2020.

Sectoral distribution of HCFCs

7. HCFCs in Burkina Faso are used predominantly for servicing in the domestic and industrial/commercial refrigeration sectors. Table 2 below presents the consumption of refrigerants in the country by refrigeration servicing sector.

Table 2: Distribution of HCFC-22 in refrigeration systems

Refrigeration equipment	Total units	Charge (tonnes)		Servicing Consumption /year (tonnes)	
		Metric	ODP	Metric	ODP
Air conditioning (unitary/Split systems)	178,846	357.7	19.67	268.27	14.75
Commercial refrigeration and food processing	89,426	447	24.59	134.14	7.38
Industrial and other equipment	279	28	1.54	83.59	4.6
Total	268,551	832.7	45.80	486.00	26.73

8. The imported refrigeration equipment between 2003 and 2008 has significantly increased from 143,174 units to 268,551 units representing an increase of 87.6 per cent. This increase in the imports of equipment has resulted in a consequent increase in HCFC imports for servicing.

9. The HPMP estimated the servicing need for the equipment using leakage rates estimated at 30 per cent or 75 per cent according to the type of end-user. The lower leakage rate (30 per cent) was attributed to equipment owned by commercial/industrial sector while equipment owned by private holders was believed to have a higher leakage rate (75 per cent) because it is repaired more often in Burkina Faso.

10. The survey results showed that the price of HCFC-22 is still the cheapest in the market. While some alternative refrigerants are available, these are at a higher cost and are not always available in the market. The scarcity of alternatives led businesses that had switched to R404A to switch back to R22.

Calculation of consumption baseline

11. Burkina Faso's estimated HCFC baseline for compliance has been calculated using its 2009 actual reported consumption of 486 mt (26.7 ODP tonnes) based on Article 7 and estimated consumption in 2010 of 557 mt (30.63 ODP tonnes) which resulted in an average of 521.5 mt (28.68 ODP tonnes).

HCFC phase-out strategy and costs

12. The Government of Burkina Faso is proposing to freeze its consumption of HCFCs by 2013 at 521.5 mt (28.68 ODP tonnes) and gradually reduce it from the baseline data following the Montreal Protocol control measures.

13. It is proposing to meet its compliance targets through the following activities:

- (a) Capacity building programme for monitoring and controlling the importation and distribution of HCFCs (Customs Department, Mobile Environment Brigade, Department of Commerce);

- (b) Capacity building programme for refrigeration technicians for best practices in refrigeration;
- (c) Strengthening of Centres of Excellence, and the introduction of incentives for the conversion of refrigeration equipment;
- (d) Development of investment projects for additional funding;
- (e) Monitoring and evaluating the implementation of the HPMP.

Cost of the HPMP

14. The total cost for the implementation of Stage I of the HPMP as submitted is US \$1,080,000 plus agency support costs of US \$112,900 including US \$75,400 for UNEP and US \$37,500 for UNIDO. These resources will allow the country to implement activities to phase out 182.5 mt (10.03 ODP tonnes) of HCFCs by the end of 2020. Table 3 presents the allocated funds for each activity in the HPMP.

Table 3: Total cost of stage I of the HPMP (US\$)

Project title	Agency	2010	2013	2016	2019	Total
Strengthening national capacities (Customs, Environment Inspectors, Department of Commerce) for monitoring and controlling the import and distribution of HCFCs	UNEP	70,000	60,000	40,000	40,000	210,000
Strengthening technical capacity of refrigeration expert in good practices in refrigeration	UNEP	70,000	60,000	40,000	40,000	210,000
Strengthening of Centres of Excellence and major refrigeration workshops, and incentives for conversion of refrigeration equipment	UNIDO	250,000	150,000	50,000	0	450,000
Development of investment projects for additional funding	UNIDO	50,000	0	0	0	50,000
Monitoring and evaluation of the implementation of HPMP	UNEP	40,000	40,000	40,000	40,000	160,000
TOTAL		480,000	310,000	170,000	120,000	1,080,000

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

15. The Secretariat reviewed the HPMP for Burkina Faso in the context of the guidelines for the preparation of HPMPs (decision 54/39) and the criteria for funding HCFC phase-out in the consumption sector agreed at the 60th Meeting (decision 60/44).

Issues related to HCFC consumption and starting point for aggregate reduction in HCFC consumption

16. The Secretariat sought justification for the high increase in the HCFC consumption (see table 1). UNEP advised that the drop in of prices of HCFC-22 based air-conditioning equipment and the sectoral growth in the infrastructure particularly in the construction sector had significantly contributed to the HCFC consumption increase. UNEP also explained that most air-conditioning equipment in the country is

serviced at least once a year because of high leakages and breakdowns caused by frequent electricity failure.

17. In discussing the growth rate for the estimated consumption in 2010, the Secretariat drew UNEP's attention to the annual growth rate in HCFC consumption used for the preparation of the 2010-2014 business plans, noted by the Executive Committee at the 61st Meeting, of 8 per cent. Further to this discussion, UNEP agreed on an interim basis to use the same growth rate to estimate 2010 consumption based on the 2009 actual consumption in order to calculate an estimated baseline. This resulted in a revised 2010 estimated consumption of 524.88 mt (28.86 ODP tonnes), and an estimated baseline of 505.4 mt (27.79 ODP tonnes).

18. The Secretariat also drew UNEP's attention to the fact that the currently estimated baseline of 505.4 mt (27.79 ODP tonnes) confirms Burkina Faso's classification as a non-low-volume-consuming (non-LVC) in the adjusted 2010-2014 business plan. The Stage I of Burkina Faso's HPMP as a non-LVC country, under decision 60/44 will only be to enable it to meet the 10 per cent reduction by 2015. Such funding will be calculated based on US \$4.5/kg of consumption based on the identified consumption in the servicing sector and result in funding of \$227,430 to meet this reduction. UNEP indicated that it discussed this situation with the Government of Burkina Faso and the government requested that the country continue to be treated as an LVC country despite the high estimated baseline consumption, and therefore have access to eligible funding for the category of countries whose HCFC consumption is in the refrigeration sector only under the above decision in order to reach the 35 per cent reduction in 2020. The government's reasons for this are: (1) that it acknowledges that it does not use HCFCs for manufacturing; (2) its consumption is only in the servicing sector; and (3) that the increase in consumption includes HCFCs imported for stockpiling and that the current consumption levels for the LVC category better reflect the real situation in the country. In doing so, the government also commits to phase out the total amount required for the 35 per cent reduction by 2020 based on their estimated baseline of 505.4 mt and not on the consumption used to calculate funding (360 mt). In the case of Burkina Faso, this means that to comply with the 2020 control measure, the country needs to phase out 176.89 mt (i.e. 35 per cent of 505.4 mt). The issue of classification as an LVC country is for discussion under agenda item 7(a) "Overview of issues identified during project review".

19. The Secretariat also explained to UNEP that should the calculation of the actual baseline for Burkina Faso be different to that currently used to calculate eligible funding, the corresponding funds will be adjusted accordingly if the consumption places the country in a lower category. However, because of its choice to be treated as an LVC, the country would not be entitled to any funding higher than the maximum funding for an LVC country (i.e. US \$630,000) to meet the 35 per cent reduction by 2020.

Technical and cost issues

20. The Secretariat sought clarifications on the equipment provided under the terminal phase-out management plan (TPMP). UNEP confirmed that the equipment was purchased and delivered to enforcement officers and technicians. However, the number of equipment provided was insufficient and will not be adequate to meet the need in the servicing sector considering the country's high HCFC consumption. In this respect, the HPMP will provide additional tool kits to customs officers and technicians, and equipment to the retrofit centres.

21. The Secretariat also considered at to what extent the training provided to trainers under the TPMP and established training institutes could be used under the HPMP. UNEP explained that some new equipment produced by manufactures are charged with new alternatives to HCFCs. Therefore, technicians should be trained again on good practices when dealing with HCFC alternatives and on how to retrofit HCFC equipment to these new alternatives.

22. In line with decision 60/44 and paragraphs 18 and 19 above, the funding for the implementation of Stage I of the HPMP in Burkina Faso has been revised to US \$630,000 (excluding agencies' support costs) and covers activities to meet the required 35 per cent reduction by 2020. The total support costs are US \$68,150 and include US \$49,400 for UNEP and US \$18,750 for UNIDO. The revised budget breakdown is presented in table 4.

Table 4: Revised level of funding of Stage I of the HPMP for Burkina Faso

Proposed projects	UNEP	UNIDO	Total (US\$)
Strengthening national capacities (Customs, Environment Inspectors, Department of Commerce) for monitoring and controlling the import and distribution of HCFCs	130,000		130,000
Strengthening technical capacity of refrigeration expert in good practices in refrigeration	130,000		130,000
Strengthening of Centres of Excellence and major refrigeration workshops, and incentives for conversion of refrigeration equipment		250,000	250,000
Monitoring and evaluation of the implementation of HPMP	120,000		120,000
TOTAL	380,000	250,000	630,000

Impact on climate

23. The technical assistance activities in the HPMP addressing the servicing sector, supported by the introduction of better service practices (through training of refrigeration technicians) will reduce the current amount of HCFC-22 used in the servicing sector (each kg of HCFC-22 not emitted due to better refrigeration practices, results in about 1.8 CO₂-equivalent tonnes saved). Additional CO₂-equivalent tonnes could be avoided through retrofitting HCFC-22 based equipment to HFC-407C refrigerant which represents the most technically viable option currently available (i.e., each kg of HCFC-22 retrofitted to HFC-407C results in about 0.11 CO₂-equivalent tonnes saved). If 10 per cent of the current service need of 486 mt of HCFC-22 (see table 2) is replaced with HFC-407C, the potential CO₂ equivalent saved could be 5,346 tonnes.

24. It is important to note that these reductions are associated with the activities being proposed in the HPMP (which are known). However, it does not take into consideration the new non-HCFC-based equipment that could be imported into the country (which is not known). In general, it can be assumed that the new refrigeration systems have been designed using more up-to-date technology (i.e., lower refrigerant charge, more robust construction, and stricter brazing procedures) than those being replaced, substantially reducing leakage rates and servicing needs.

Adjusted 2010-2014 business plans and funding eligibility per Decision 60/44

25. UNEP and UNIDO are requesting US \$630,000 plus support costs for the implementation of Stage I of the HPMP. The total value requested for the period 2010-2014 of US \$494,750, including support costs, is above the total amount in the adjusted business plan. The difference in the figures is because Burkina Faso was classified as a non-LVC in the business plan, therefore its allocation for the HPMP was lower (i.e. calculated at \$4.5/kg based on the estimated baseline of 505.4 mt). The current submission requests funding up to the 2020 control measures as Burkina Faso is requesting to be treated as an LVC country. In line with paragraph 18, Burkina Faso should be entitled as a non-LVC country to funding to meet only the 2015 control measure, at a maximum of US \$227,430.

Draft agreement

26. A draft agreement between the Government of Burkina Faso and the Executive Committee for the HCFCs phase-out is contained in Annex I of the present document.

RECOMMENDATION

27. The HPMP for Burkina Faso is submitted for individual consideration. The Executive Committee may wish to consider:

- (a) Noting with appreciation the submission of Stage I of the HCFC phase-out management plan (HPMP) for Burkina Faso to achieve the 35 per cent reduction in HCFC consumption by 2020 at an estimated cost of US \$630,000 (excluding agency support costs);
- (b) Noting that the Government of Burkina Faso agreed to establish as its baseline for sustained aggregate reduction in HCFC consumption the estimated baseline of 505.4 metric tons (mt) calculated using actual consumption reported under Article 7 to the Montreal Protocol in 2009 and the revised estimated 2010 consumption;
- (c) Whether or not to agree that the country be considered as a low-volume-consuming (LVC) country under decision 60/44 despite its estimated baseline being higher than 360 mt, based on the discussion in agenda item 7(a) "Overview of issues identified during project review";
- (d) Whether or not to approve, in principle, the HPMP for Burkina Faso for the period 2010-2020, at the amount of US \$380,000 plus agency support costs of US \$49,400 for UNEP and of US \$250,000 plus agency support costs of US \$18,750 for UNIDO, based on the discussion in agenda item 7(a) "Overview of issues identified during project review";
- (e) Approving the Agreement between the Government of Burkina Faso and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document as per (c) and (d) above;
- (f) Requesting the Secretariat, once the baseline data is known, to update Appendix 2-A to the Agreement to include the figures for maximum allowable consumption, to notify the Executive Committee of the resulting levels of maximum allowable consumption and of a potential related impact on the eligible funding level with any adjustments needed being made at the submission of the next tranche; and
- (g) Whether or not to approve the first implementation plan for 2011-2013, and the first tranche of Stage I of the HPMP for Burkina Faso at the amount of US \$110,000 plus agency support costs of US \$14,300 for UNEP, and US \$150,000 plus agency support costs of US \$11,250 for UNIDO as per (c) (d) and (e) above.

Annex I

**DRAFT AGREEMENT BETWEEN BURKINA FASO AND THE EXECUTIVE COMMITTEE
OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF
HYDROCHLOROFLUROCARBONS**

1. This Agreement represents the understanding of the Government of Burkina Faso (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 18.06 ODP tonnes prior to 1 January 2020 in compliance with Montreal Protocol schedules with the understanding that this figure is to be revised one single time in 2011, when the baseline consumption for compliance would be established based on Article 7 data, 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 which exceeds the level defined in row 1.2 of Appendix 2-A (maximum allowable total consumption of Annex C, Group I substances) as the final reduction step under this agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances which exceeds the level defined in row 4.1.3.
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees in principle to provide the funding set out in row 3.1 of Appendix 2-A (the “Targets and Funding”) to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (the “Funding Approval Schedule”).
4. The Country will meet the consumption limits for each of the Substances as indicated in Appendix 2-A. It will also accept independent verification, to be commissioned by the relevant bilateral or implementing agency, of achievement of these consumption limits as described in sub-paragraph 5(b) of this Agreement.
5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least 60 days prior to the applicable Executive Committee meeting set out in the Funding Approval Schedule:
 - (a) That the Country has met the Targets for all relevant years. Relevant years are all years since the year in which the hydrochlorofluorocarbons phase-out management plan (HPMP) was approved. Exempt are years for which no obligation for reporting of country programme data exists at the date of the Executive Committee Meeting at which the funding request is being presented;
 - (b) That the meeting of these Targets has been independently verified, except if the Executive Committee decided that such verification would not be required;
 - (c) That the Country had submitted tranche implementation reports in the form of Appendix 4-A (the “Format of Tranche Implementation Report and Plan”) covering each previous calendar year, that it had achieved a significant level of implementation of activities initiated with previously approved tranches, and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent; and
 - (d) That the Country has submitted and received approval from the Executive Committee for a tranche implementation plan in the form of Appendix 4-A (the “Format of Tranche Implementation Reports and Plans”) covering each calendar year until and including the

year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen.

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

7. The Executive Committee agrees that the Country may have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the smoothest phase-down and phase-out of the Substances specified in Appendix 1-A. Reallocations categorized as major changes must be documented in advance in a Tranche Implementation Plan and approved by the Executive Committee as described in sub-paragraph 5(d). Major changes would relate to reallocations affecting in total 30 per cent or more of the funding of the last approved tranche, issues potentially concerning the rules and policies of the Multilateral Fund, or changes which would modify any clause of this Agreement. Reallocations not categorized as major changes may be incorporated in the approved Tranche Implementation Plan, under implementation at the time, and reported to the Executive Committee in the Tranche Implementation Report. Any remaining funds will be returned to the Multilateral Fund upon closure of the last tranche of the plan.

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

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and
- (b) The Country and the bilateral and implementing agencies involved will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the plan.

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNEP has agreed to be the lead implementing agency (the “Lead IA”) and UNIDO has agreed to be 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 IA taking part in this Agreement.

10. The Lead IA will be responsible for carrying out the activities of the plan as detailed in the first submission of the HPMP with the changes approved as part of the subsequent tranche submissions, including but not limited to independent verification as per sub-paragraph 5(b). 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 entered into a formal agreement regarding 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 amounts set out in Appendix 7-A in respect of each ODP tonne of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the country did not comply with this Agreement, and take related decisions. Once these decisions are taken, this specific case will not be an impediment for future tranches as per paragraph 5.

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

13. The Country will comply with any reasonable request of the Executive Committee and the Lead IA 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 information necessary to verify compliance with this Agreement.

14. The completion of the HPMP and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption has been specified in Appendix 2-A. Should at that time activities be still outstanding which were foreseen in the Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per Appendix 4-A (a), (b), (d) and (e) continue until the time of the completion if not specified by the Executive Committee otherwise.

15. All of the agreements set out in this Agreement are undertaken solely within the context of the Montreal Protocol and as specified in this Agreement. All terms used in this Agreement have the meaning ascribed to them in the Montreal Protocol unless otherwise defined herein.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes) (2010 data)
HCFC-22	C	I	27.79

APPENDIX 2-A: THE TARGETS, AND FUNDING

		2010	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	n/a	27.8	27.8	25	25	25	25	25	18.1	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	n/a	27.8	27.8	25	25	25	25	25	18.1	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	110,000			90,000			90,000			90,000		380,000
2.2	Support costs for Lead IA (US \$)	14,300			11,700			11,700			11,700		49,400
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	150,000			100,000								250,000
2.4	Support costs for Cooperating IA (US \$)	11,250			7,500								18,750
3.1	Total agreed funding (US \$)	260,000			190,000			90,000			90,000		630,000
3.2	Total support costs (US \$)	25,550			19,200			11,700			11,700		68,150
3.3	Total agreed costs (US \$)	285,550			209,200			101,700			101,700		698,150
4.1.1	Total phase-out of HCFC-22 under this agreement (ODP tonnes)												9.7
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tonnes)												0.0
4.1.3	Remaining eligible consumption for HCFC-22												18.1

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval not earlier than the second meeting of the year specified in Appendix 2-A.

APPENDIX 4-A: FORMAT OF TRANCHE IMPLEMENTATION REPORTS AND PLANS

1. The submission of the Tranche Implementation Report and Plan will consist of five parts:
 - (a) A narrative report regarding the progress in the previous tranche, reflecting on the situation of the Country in regard to phase out of the Substances, how the different activities contribute to it and how they relate to each other. The report should further highlight successes, experiences and challenges related to the different activities included in the Plan, reflecting on changes in the circumstances in the country, and providing other relevant information. The report should also include information about and justification for any changes vis-à-vis the previously submitted tranche plan, such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes. The narrative report will cover all relevant years specified in sub-paragraph 5(a) of the Agreement and can in addition also include information about activities in the current year;
 - (b) A verification report of the HPMP results and the consumption of the substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a

verification report has not yet been acknowledged by the Committee;

- (c) A written description of the activities to be undertaken in the next tranche, highlighting their interdependence, and taking into account experiences made and progress achieved in the implementation of earlier tranches. The description should also include a reference to the overall Plan and progress achieved, as well as any possible changes to the overall plan foreseen. The description should cover the years specified in sub-paragraph 5(d) of the Agreement. The description should also specify and explain any revisions to the overall plan which were found to be necessary;
- (d) A set of quantitative information for the report and plan, submitted into a database. As per the relevant decisions of the Executive Committee in respect to the format required, the data should be submitted online. This quantitative information, to be submitted by calendar year with each tranche request, will be amending the narratives and description for the report (see sub-paragraph 1(a) above) and the plan (see sub-paragraph 1(c) above), and will cover the same time periods and activities; it will also capture the quantitative information regarding any necessary revisions of the overall plan as per sub-paragraph 1(c) above. While the quantitative information is required only for previous and future years, the format will include the option to submit in addition information regarding the current year if desired by the country and lead implementing agency; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of above sub-paragraphs 1(a) to 1(d).

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The NOU will submit annual progress reports of status of implementation of the HPMP to UNEP.
2. Monitoring of development of HPMP and verification of the achievement of the performance targets, specified in the Plan, will be assigned to independent local company or to independent local consultants by UNEP.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities. These can be specified in the project document further, but include at least the following:
 - (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's phase-out plan;
 - (b) Assisting the Country in preparation of the Tranche Implementation Plans and subsequent reports as per Appendix 4-A;
 - (c) Providing verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;
 - (d) Ensuring that the experiences and progress is reflected in updates of the overall Plan and in future Tranche Implementation Plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
 - (e) Fulfilling the reporting requirements for the tranches and the overall Plan as specified in Appendix 4-A as well as project completion reports for submission to the Executive

Committee. 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 Tranche 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 co-ordinating implementing agencies, 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 organization to carry out the verification of the HPMP results and the consumption of the substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement and sub-paragraph 1(b) of Appendix 4-A.

APPENDIX 6-B: ROLE OF COOPERATING IMPLEMENTING AGENCY

1. The Cooperating IA will be responsible for a range of activities. These activities can be specified in the respective project document further, but include at least the following:

- (a) Providing policy development assistance 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 \$2,500 per metric tonne 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.
