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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: GABON**

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**

**Gabon**

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

(II) LATEST ARTICLE 7 DATA	Year: 2009	29.7 (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	Serviceing				
HCFC123									
HCFC124									
HCFC141b									
HCFC142b					0.0				0.0
HCFC22					29.7				29.7

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline (estimate):	29.7	Starting point for sustained aggregate reductions:	29.7
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0	Remaining:	19.3

(V) BUSINESS PLAN		2010	2011	2012	2013	2014	Total
UNEP	ODS phase-out (ODP tonnes)	0.29		0.29			0.58
	Funding (US \$)	55,935		55,935			111,870

(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	29.7	29.7	26.8	26.8	26.8	26.8	26.8	19.3	
Maximum allowable consumption (ODP tonnes)		n/a	n/a	n/a	29.7	29.7	26.8	26.8	26.8	26.8	26.8	19.3	
Project Costs requested in principle(US\$)	UNEP	Project costs	112,000		53,000				52,000		73,000		290,000
		Support costs	14,560		6,890				6,760		9,490		37,700
	UNIDO	Project costs	150,000		100,000								250,000
		Support costs	11,250		7,500								18,750
Total project costs requested in principle (US \$)			262,000		153,000				52,000		73,000		540,000
Total support costs requested in principle (US \$)			25,810		14,390				6,760		9,490		56,450
Total funds requested in principle (US \$)			287,810		167,390				58,760		82,490		596,450

(VII) Request for funding for the first tranche (2010)			
Agency	Funds requested (US \$)	Support costs (US \$)	ODS phase-out (ODP tonnes)
UNEP	112,000	14,560	
UNIDO	150,000	11,250	

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

## PROJECT DESCRIPTION

1. On behalf of the Government of Gabon, UNEP, as the lead implementing agency, has submitted to the 62<sup>nd</sup> Meeting of the Executive Committee Stage I of the HCFC phase-out management plan (HPMP) at a total cost of US \$585,000 (excluding agencies' support costs), as originally submitted. The Government of Gabon is requesting US \$285,000 plus agency support costs of US \$37,050 for UNEP and US \$300,000 plus agency support costs of US \$22,500 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 \$105,000 plus agency support costs of US \$13,650 for UNEP and US \$200,000 plus agency support costs of US \$15,000 for UNIDO, as originally submitted.

### Background

#### ODS regulations

2. The Republic of Gabon has a legislative, regulatory and legal framework for controlling the importation and distribution of HCFCs in its territory. The country has a licensing system that covers the 2007 HCFC control measures. The quota system for HCFCs is not in place, however, there is a provision in the current regulation that allows the government to set annual quotas for all ODS including HCFCs and HCFC-based equipment. Gabon also implements the sub-regional regulation for the CEMAC (Commission de la Communauté Economique et Monétaire de l'Afrique Centrale) that harmonizes the management of controlled substances, including HCFCs in the sub-region.

3. The main stakeholders are the Ministry of Environment, the National Ozone Unit, licensed importers, refrigeration technicians, customs officers, retailers, refrigeration technicians and consumers associations and NGOs.

#### HCFC consumption

4. The survey results showed that the country uses mostly HCFC-22 in servicing refrigeration and air conditioning units. There has been a general increasing trend in consumption of the refrigerant since 2005. The consumption of HCFC-22 increased from 27.27 metric tons (mt) (1.5 ODP tonnes) in 2005 to 540.9 mt (29.7 ODP tonnes) in 2009. The HCFC consumption in Gabon is projected to increase by 26 per cent in 2010 and reach the level of 681.8 mt (37.49 ODP tonnes). Table 1 presents data on HCFC consumption extracted from the survey and reported under Article 7.

Table 1: HCFCs consumption from 2005 to 2009

Year	HCFC-22 (in mt)	HCFC-22 (in ODP tonnes)
2005	27.27	1.5
2006	60	3.3
2007	74.54	4.1
2008	94.54	5.2
2009	540.9	29.7

5. HCFC consumption in Gabon is expected to grow on a yearly basis by 24.9 per cent using an unconstrained growth scenario from 2009 to 2020.

Sectoral distribution of HCFCs

6. HCFC-22 in Gabon is used in domestic and commercial refrigeration sectors. Table 2 shows that annual need for HCFCs in servicing is 494.1 mt (27.18 ODP tonnes), of which residential and commercial sectors are 98.3 per cent and 1.7 per cent respectively.

Table 2: Consumption of Refrigerants by sector in 2009

Sectors	Number of devices	Approximate Capacities (mt)	Leakage Percentage	Annual needs for servicing (mt)
Residential	522,637	647.9	75	485.9
Commercial	248	8.2	100	8.2
Total	522,885	656.1		494.1

7. The HPMP estimated the servicing need for the equipment using leakage rates of 75 per cent for residential sector and 100 per cent for commercial sector. The difference in the leakage rates results from intensive use of equipment owned by the commercial sector and the fact that it is repaired more often. Moreover, the refrigeration equipment is old and exposed to salty atmosphere in Gabon. Also, the lack of experience of technicians with air-conditioning equipment should be taken into account.

Calculation of consumption baseline

8. Gabon's estimated HCFC baseline for compliance is calculated using its 2009 actual reported consumption of 540.9 mt (29.74 ODP tonnes) based on the Article 7 data of the Montreal Protocol and estimated consumption for 2010 of 681.8 mt (37.49 ODP tonnes), which results in an average of 611.4 mt (33.62 ODP tonnes). UNEP indicated that the Government selected this consumption as it believes that this more accurately reflects a realistic amount required by the country to maintain its servicing sector.

HCFC phase-out strategy

9. The government of Gabon is proposing to meet its compliance targets to reduce HCFC consumption by 35 per cent in 2020 through the following activities:

- (a) Public awareness campaign on HCFCs and Sub-regional regulation;
- (b) Capacity building of custom officers and supply of refrigerant identifiers;
- (c) Capacity building of trainers and refrigeration technicians and supply of equipment;
- (d) Coordination, management, monitoring and evaluation.

10. The Government of Gabon will also impose quotas on HCFCs and HCFC-based equipment starting in 2013.

Cost of the HPMP

11. The total cost for the implementation of Stage I of the HPMP, as submitted, is US \$585,000 plus agency support costs of US \$59,550 including US \$37,050 for UNEP and US \$22,500 for UNIDO. These resources will allow the country to implement activities to phase out 213.9 mt (11.76 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\$)

Proposed Projects	Agency	2011	2013	2015	2017	2019	TOTAL
Outreach activities	UNEP	5,000	5,000	5,000	5,000	5,000	25,000
Recovery, recycling and Training	UNEP	20,000	15,000	15,000	10,000		60,000
	UNIDO	150,000	100,000				250,000
Training of customs Officers and identifiers	UNEP	62,000	13,000	12,000	13,000		100,000
Co-financing: Development of a comprehensive programme that reduces both HCFC and carbon emissions in the refrigeration and AC sector through the support of a variety of resources	UNIDO	50,000					50,000
Monitoring and evaluation of HPMP	UNEP	20,000	20,000	20,000	20,000	20,000	100,000
<b>TOTAL</b>		<b>307,000</b>	<b>153,000</b>	<b>52,000</b>	<b>48,000</b>	<b>25,000</b>	<b>585,000</b>

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

12. The Secretariat reviewed the HPMP for Gabon 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 60<sup>th</sup> Meeting (decision 60/44).

#### HCFC consumption and starting point for aggregate reduction in HCFC consumption

13. The Secretariat sought justifications for the significant increase in the HCFC consumption reported by Gabon under Article 7 of the Montreal Protocol as it appears that the HCFC consumption increased by 472.13 per cent between 2008 and 2009 (in metric tons) (see Table 1). It also estimated its 2010 consumption using an increase of 26.04 per cent from the 2009 actual consumption reported under Article 7. UNEP clarified that the data initially submitted under Article 7 was based mostly on estimated figures, and these have now been verified through the survey during the HPMP preparation using the HCFCs required for servicing based on the equipment population. In addition, Gabon is a mining country and oil producer, with 80 per cent of its total population living in urban areas. The government has also acknowledged that some imports are for stockpiling but was unable to provide specific figures to differentiate this except based on the annual servicing need indicated in Table 2.

14. 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 61<sup>st</sup> meeting, which is 8 per cent. Further to this discussion, UNEP agreed, on an interim basis, to use a zero per cent growth rate to estimate 2010 consumption because of the significant increase already recorded in 2009 (i.e. 472.13 per cent). This resulted in a 2010 estimated consumption of 29.74 ODP tonnes (540.9 mt), and an estimated baseline of 29.74 ODP tonnes.

15. The Secretariat also drew UNEP's attention to the fact that the currently estimated baseline of 540.9 mt being higher than 360 mt moves Gabon to the category of a non-low-volume-consuming (non-LVC) country, where eligible funding under decision 60/44 is available only to meet the 2015 phase-out targets. Such funding will be calculated based on US\$4.5/kg of consumption based on the identified consumption in the servicing sector. UNEP indicated that it discussed this situation with the Government of Gabon and the government requested the country to continue being treated as an LVC, 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 servicing sector only under the above decision. The government's reasons for this are: (1) 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 phasing out the total amount required for the 35 per cent reduction by 2020 based on their estimated baseline (i.e. 540.9 mt) and not on the consumption used to calculate funding (i.e. 360 mt). In the case of Gabon, this means that to comply with the 2020 control measure, the country needs to phase out 189.32 mt (i.e. 35 per cent of 540.9 mt). UNEP indicated that the country is committed to this phase-out and will on its own look for counterpart/co-financing, if needed, to augment what is being requested in this submission. The issue of the request of Gabon to maintain classification as an LVC country is for discussion under agenda item 7(a) "Overview of issues identified during project review".

16. The Secretariat also drew UNEP's attention to the fact that should the calculation of the actual baseline for Gabon be different than 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

17. UNEP informed the Secretariat that, under the terminal phase-out management plan (TPMP), Gabon had not received equipment for recovery and recycling of refrigerants and no provision was made for this acquisition under the TPMP. However, 2 refrigerant identifiers specific to CFC have been purchased and distributed. The HPMP will allow the country to acquire additional equipment such as recovery/recycling machines, charging stations, toolkits, adaptor hose, fittings, valves, lubricant oil and refrigerant.

18. The Secretariat assessed to what extent the training provided to trainers under the TPMP and established excellence centres could be used under the HPMP. UNEP confirmed that trainers and excellence centres could be used under the HPMP. However, the excellence centres would have to be strengthened in the field of HCFC recovery and recycling equipment. Furthermore, 25 trainers already trained under the TPMP will benefit from a course which will be organized to update their technical knowledge.

19. In line with decision 60/44, the funding for the implementation of Stage I of the HPMP in Gabon is being requested at US \$540,000 (excluding agencies' support costs) and covers activities to reach a 35 per cent reduction by 2020. The total support costs are \$56,450 and include US \$37,700 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 Gabon (US \$)

<b>Proposed Projects</b>	<b>UNEP</b>	<b>UNIDO</b>	<b>TOTAL</b>
Recovery, recycling and Training	90,000	250,000	340,000
Training of customs Officers and identifiers	100,000		100,000
Monitoring and evaluation of HPMP	100,000		100,000
<b>Sub-Total</b>	<b>290,000</b>	<b>250,000</b>	<b>540,000</b>
<b>Support costs</b>	<b>37,700</b>	<b>18,750</b>	<b>56,450</b>
<b>Total</b>	<b>327,700</b>	<b>268,750</b>	<b>596,450</b>

### Impact on climate

20. 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 CO<sub>2</sub>-equivalent tonnes saved). Additional CO<sub>2</sub>-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 CO<sub>2</sub>-equivalent tonnes saved). If 10 per cent of the current service need of 494.1 mt of HCFC-22 (see table 2) is replaced with HFC-407C, the potential CO<sub>2</sub> equivalent saved could be 5,435.1 tonnes.

21. 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

22. UNEP and UNIDO are requesting US \$540,000 plus support costs for the implementation of Stage I of the HPMP. The total value requested for the period 2010-2014 of US \$455,200, including support costs, is above the total amount in the adjusted business plan. The difference in the figures is because the HCFC baseline for compliance estimated for the business plan was based on the 2008 (latest reported) consumption data (94.54 mt) while that in the HPMP was based on the submitted estimated baseline using the average of actual 2009 reported consumption and estimated 2010 consumption and to account for the phase-out up to the 2020 control measures only. As Gabon is being treated as an LVC country, despite its estimated baseline of 540.9 mt, its allocation up to the 2020 phase-out should not exceed US \$630,000, which is the maximum funding for an LVC country as per decision 60/44. However, as the country's baseline exceeds 360 mt, its allocation if calculated at US \$4.5/kg to meet the 2015 control measures would be US \$243,405.

### Draft agreement

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

## RECOMMENDATION

24. The HPMP for Gabon 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 Gabon to achieve the 35 per cent reduction in HCFC consumption by 2020 at an estimated cost of US \$540,000 (excluding agency support costs);
- (b) Noting that the Government of Gabon agreed to establish as its baseline for sustained aggregate reduction in HCFC consumption the estimated baseline of 540.9 metric tons (mt) calculated using actual consumption reported under Article 7 of the Montreal Protocol for 2009 and revised estimated 2010 consumption;
- (c) Whether or not to agree that the country be considered as a low-volume-consuming 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 to approve, in principle, the HPMP for Gabon for the period 2010-2020, at the amount US \$290,000 plus agency support costs of US \$37,700 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) Whether to approve the Agreement between the Government of Gabon 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 the 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 Gabon at the amount of US \$112,000 plus agency support costs of US \$14,560 for UNEP, and US \$150,000 plus agency support costs of US \$11,250 for UNIDO as per (c) (d) and (e) above.

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## Annex I

### **DRAFT AGREEMENT BETWEEN GABON 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 Gabon (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 19.3 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)
HCFC-22	C	I	29.7

### 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	29.7	29.7	26.8	26.8	26.8	26.8	26.8	19.3	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	n/a	29.7	29.7	26.8	26.8	26.8	26.8	26.8	19.3	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	112,000			53,000				52,000		73,000		290,000
2.2	Support costs for Lead IA (US \$)	14,560			6,890				6,760		9,490		37,700
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 \$)	262,000			153,000				52,000		73,000		540,000
3.2	Total support costs (US \$)	25,810			14,390				6,760		9,490		56,450
3.3	Total agreed costs (US \$)	287,810			167,390				58,760		82,490		596,450
4.1.1	Total phase-out of HCFC-22 under this agreement (ODP tonnes)												10.4
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tonnes)												0
4.1.3	Remaining eligible consumption for HCFC-22												19.3

### 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.

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