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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: TURKMENISTAN

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)

UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Turkmenistan

(I) PROJECT TITLE	AGENCY
HCFC phase-out management plan (stage I)	UNEP, UNIDO (lead)

(II) LATEST ARTICLE 7 DATA	Year: 2009	6.9 (ODP Tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP)								Year: 2009	
Chemical	Aerosol	Foam	Fire Fighting	Refrigeration		Solvent	Process Agent	Lab Use	Total Sector Consumption
				Manufacturing	Servicing				
HCFC-123									
HCFC-124									
HCFC-						0.0			0.0
HCFC-									
HCFC-22					6.9				6.9

(IV) CONSUMPTION DATA (ODP Tonnes)			
2009 - 2010 baseline:	7.3	Starting point for sustained aggregate reductions:	7.3
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0	Remaining:	4.8

(V) BUSINESS PLAN		2010	2011	2012	2013	2014	Total
UNIDO	ODS phase-out (ODP tonnes)	0.74		0.74			1.49
	Funding (US\$)	95,375		95,375			190,750

(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	7.3	7.3	6.6	6.6	6.6	6.6	6.6	4.8	
Maximum Allowable Consumption (ODP Tonnes)		n/a	n/a	n/a	7.3	7.3	6.6	6.6	6.6	6.6	6.6	4.8	
Project costs (US \$)	UNIDO Project Costs	407,550			95,500			100,500			48,500		652,050
	Support Costs	30,566			7,162			7,538			3,638		48,904
Total project costs (US\$)		407,550			95,500			100,500			48,500		652,050
Total support costs (US\$)		30,566			7,162			7,538			3,638		48,904
Total Funds Requested (US\$)		438,116			102,662			108,037			52,137		700,954

(VII) Request for funding for the first tranche (2010)			
Agency	Funds requested (US \$)	Support cost (US \$)	ODS phase-out (ODP tonnes)
UNIDO	407,550	30,566	

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

PROJECT DESCRIPTION

1. On behalf of the Government of Turkmenistan, UNIDO as the lead implementing agency, has submitted to the 62nd Meeting of the Executive Committee an HCFC phase-out management plan (HPMP) at a total cost as originally submitted, of US \$659,750 plus agency support cost of US \$33,525, for the implementation of Stage I of the HPMP. The first tranche for Stage I being requested at this meeting amounts to US \$185,000 plus agency support cost of US \$13,875 for UNIDO and US \$32,500 plus agency support costs of US \$4,225 for UNEP. The cost of the institutional strengthening (IS) project for the period 2012-2020 of US \$327,250 is included in the total HPMP funding requested.

Background

ODS regulations

2. The Ministry of Nature Protection of Turkmenistan is the authority responsible for the control, phase-out and implementation of all ozone depleting substances (ODS) and related activities in the country, under the close supervision of the Cabinet of Ministers that has the main responsibility for managing the country's economic and social development and ensures the rational use and protection of its natural resources. In addition, the President of Turkmenistan created a special State Commission to ensure that the obligations of the country to multilateral environmental agreements are met. One of the working groups under the State Commission is responsible for the Vienna Convention and the Montreal Protocol.

3. The legal framework governing the protection of the ozone layer is the Law on Protection of the Ozone Layer enacted in 2009. The law requires legal entities and individuals manufacturing, operating and performing maintenance of refrigeration, air-conditioning, fire extinguishing equipment and products and other products containing ODS to regularly report on their consumption in order to track the ODS being used in these applications. All ODS-using equipment and substances imported into the country require customs clearance. The State Service "Turkmenstandartlary" is responsible for certification and compliance testing of each shipment that enters the country. While the State Customs Service of Turkmenistan inspects goods at entry, they do not carry out quality control testing and certification of goods. These regulations also cover the import of HCFCs according to the accelerated phase-out schedule agreed in 2007.

HCFC consumption

4. All HCFCs used in Turkmenistan are imported as the country does not produce these substances. Only HCFC-22 is used in the country predominantly in the air-conditioning and refrigeration servicing sectors. Imports of HCFC-22 air-conditioning equipment have been increasing since 2005, and an estimated 12 per cent increase per annum has been forecast as this equipment is available at reasonably low costs. The country also lifted a ban on foreign currency accounts therefore allowing more enterprises to import. This is also expected due to the general economic growth in the country resulting in an increased demand for such equipment.

5. The annual consumption of HCFCs in Turkmenistan was calculated to be an average of 68.2 metric tonnes (mt) (3.8 ODP tonnes) per year (from 2005 to 2009) based on the survey undertaken for the HPMP preparation and submitted under Article 7. Table 1 shows the 2005-2009 level of HCFC consumption in Turkmenistan.

Table 1: HCFC level of consumption in Turkmenistan

Year	Article 7 data	
	HCFC-22 (in metric tons)	HCFC-22 (in ODP tonnes)
2005	68.2	3.8
2006	101.3	5.6
2007	48.6	2.7
2008	156.8	8.6
2009	125.7	6.9

6. The installed capacity of refrigeration and air-conditioning units in the country using HCFC-22 was estimated at 700,000 units in 2009 as shown in Table 2.

Table 2: Distribution of HCFC-22 in refrigeration systems

Type	Total units	Total charge (tonnes)		Servicing (tonnes)	
		Metric	ODP	Metric	ODP
Residential air conditioning	600,000	600	33	120	6.6
Commercial/air conditioning	100,000	275	15.12	27.5	1.5
Total	700,000	875	48.12	147.5	8.1

7. HCFC consumption in Turkmenistan is expected to grow by 12 per cent until the freeze in 2013. This forecast growth was determined using the trend of imports of equipment using HCFC-22 into the country, and the HCFC required to service this equipment. It is noted that although the tonnage required for servicing in 2009 was higher than the import level, the difference was covered from existing stocks. The table below provides a summary of the forecast consumption of HCFC in Turkmenistan.

Table 3: Forecast consumption of HCFC in Turkmenistan

Forecast consumption	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(mt)	125.7	140.8	157.7	176.7	197.9	221.65	248.25	278	311.4	348.7	390.6	437.5
ODPt	6.91	7.75	8.68	9.72	10.88	12.19	13.65	15.29	17.13	19.18	21.49	24.06

HCFC phase-out strategy

8. The Government of Turkmenistan is proposing to adopt a staged approach to achieve the complete phase-out of HCFCs by 2030 or earlier. The current submission only consists of Stage I of the HPMP, and focuses largely on activities for the servicing sector using HCFCs.

9. To achieve the target of a 35 per cent reduction in HCFC consumption by 2020, Turkmenistan will reduce the demand for HCFCs for servicing existing equipment through HCFC recovery and recycling, and by strengthening training of technicians and building their capacity for better service practices. Turkmenistan will also ensure that imports of both bulk HCFCs and HCFC-containing equipment are reduced by establishing a quota to follow the reduction schedule in the Montreal Protocol. In addition, the government will strengthen the enforcement of the licensing system in order to closely monitor imports of both HCFCs and HCFC-using equipment to ensure that these are within the limits set.

10. The specific activities to be implemented for Stage I of the HPMP are presented below:

Table 4: Specific activities of the HPMP and proposed period of implementation

Activity	Implementation stage
Improvement of legislation and capacity building for enforcement through training of customs and State laboratory officers	Stage I (2011-2020)
Training of technicians in the refrigeration and air-conditioning sector	Stage I (2011-2020)
Reduce demand for HCFC through recovery and recycling and provision of service tools	Stage I (2010-2020)
Institutional strengthening	Overall plan (2012-2020)
Project monitoring and management	Overall plan

11. The Government of Turkmenistan acknowledges that the refrigeration and air-conditioning industry in Turkmenistan has a significant energy use. In order to meet climate and ozone benefits, the country commits to reducing the leaks and failure rates in this equipment through improved practice and gradual replacement of old equipment with low-GWP alternatives whenever possible. By improving good practices, the sector will see potential energy savings and reduce emissions of refrigerants.

12. The HPMP includes some counterpart funding from the Government of US \$15,000 to contribute to the implementation of the HPMP.

Cost of the HPMP

13. The total cost of Stage I of the HPMP for Turkmenistan has been estimated at US \$659,750 to achieve a 35 per cent reduction in HCFC consumption by 2020 resulting in a phase-out of 46.6 mt (2.5 ODP tonnes) of HCFCs. This includes the cost for the IS of US \$327,250 for the period 2012-2020.

Table 5: Total cost of the HPMP for Turkmenistan (US \$)

Description	UNIDO (US \$)
Improvement of legislation and capacity building for enforcement through training of customs and State laboratory officers	70,000
Training of technicians in the refrigeration and air-conditioning sector	40,000
Reduce demand for HCFC through recovery and recycling and provision of service tools	162,500
Project monitoring and management	60,000
Institutional strengthening	327,250
Total	659,750

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

14. The Secretariat reviewed the HPMP for Turkmenistan 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

15. UNIDO provided an explanation for the fluctuating consumption of HCFCs from 2004-2009. They have indicated that the imports of HCFCs was dependent on the price of the substance as well as national regulations on foreign currency availability which affected the ability of enterprises to bring in imported substances. In previous years where imports were low, an artificial shortage was created. The country's current import figures provide a more realistic determination of the HCFCs required in the country as this data is closely compared to the amount of equipment containing and using these substances, as well as to the trend in equipment imports. UNIDO explained that recent economic development in the country and the availability of affordable HCFC containing air-conditioning systems has also contributed to the increase.

16. The Secretariat also sought information on the use of substances other than HCFC-22 in the country. UNIDO explained that the amounts used were insignificant and that the high price of equipment using these alternatives (i.e. R-410a, hydrocarbons) does not make these options viable for the country and therefore were not considered in the HPMP.

Starting point for aggregate reduction in HCFC consumption

17. The starting point for sustained aggregate reductions in HCFC consumption selected by the Government in the HPMP proposal was 133.2 mt (7.3 ODP tonnes) calculated using the estimated baseline, which was an average of its 2009 actual consumption 125.7 mt (6.91 ODP tonnes) and estimated 2010 consumption 140.8 mt (7.74 ODP tonnes). UNIDO indicated that the Government chose this figure as it is confident that this reflects a more realistic amount required by the country to maintain its servicing sector than using an estimated average consumption for both 2009 and 2010. In line with decision 60/44, if the country uses an estimated baseline as its starting point, this may be adjusted to the actual baseline figures once these are known in 2011. The Secretariat drew UNIDO's attention to the fact that should the calculation of the actual baseline for Turkmenistan be different to that currently used in the HPMP, the corresponding funds will be adjusted accordingly if this consumption place the country in a different funding category. These adjustments will be made for future tranches of the HPMP.

Technical and cost issues

18. The Secretariat raised some issues regarding the changes in the legal framework for the management of HCFCs vis-à-vis funding already provided for policy development during HPMP preparation. UNIDO clarified that while the country has an existing licensing system, the current regulation governing HCFCs need to be improved. During Stage I of the HPMP implementation, the country will impose a ban on import of HCFC-containing equipment and introduce import quotas. They will also improve the capacity not only of the enforcement authorities to facilitate the efficient implementation of these ODS policies, but also of the state laboratory as it plays an important role in testing inspected substances and products containing HCFCs.

19. The HPMP foresees that the activities predominantly in the servicing sector such as training of technicians as well as a recovery and recycling programme will assist the country to comply with its

targets. The investment component is designed primarily for the provision of recovery and recycling equipment and identifiers. UNIDO indicated that as most of these activities are managed through a central government body, there is a strong commitment to ensure that this recovery and recycling programme should reduce dependence on new HCFCs coming into the country. It was also noted that the recovery and recycling equipment was needed for HCFCs since Turkmenistan had not previously received any funding for suitable equipment for CFC phase-out under a TPMP.

20. The Secretariat also noted that following decision 59/47, the country is opting to integrate the funds for IS (US \$319,550 from 2012-2020) into the HPMP. The Secretariat reminded UNIDO that if this option is exercised by the country, the IS will be subject to the targets of the HPMP as part of a performance-based evaluation for multi-year agreements and that in the event that a country does not meet the targets for a specific tranche, there is a possibility that IS funding may be also delayed. UNIDO confirmed that the country is aware of this fact and would still like to include the IS in the HPMP.

21. Initially the HPMP was submitted for the joint implementation of UNIDO and UNEP. However during project review and discussion, UNIDO informed the Secretariat that the country had decided to use only one agency for the HPMP implementation, and this was UNIDO. It also wished to include its IS for UNIDO's implementation in 2012 after the existing phase is completed. Currently, the approved IS phase is being implemented by UNEP. The Secretariat notes that this decision is consistent with the approval of the project preparation funds for Turkmenistan which was for UNIDO's implementation only.

22. In line with decision 60/44, a country with a baseline consumption of 133.2 mt (7.3 ODP tonnes) of HCFC-22 in the servicing sector only is entitled to funding up to US \$332,500 to meet the 35 per cent HCFC reduction by 2020. The total funding for Stage I of the HPMP was agreed at US \$652,050 to phase out 46.6 mt (2.5 ODP tonnes) of HCFCs by 2020. This agreed amount is in line with decision 60/44 on the basis that it includes US \$319,550 for IS funding for the period 2012-2020 calculated at the level of IS funding currently received by the country as indicated in paragraph 20 above.

Table 6: Revised level of funding of Stage I of the HPMP for Turkmenistan

Description	UNIDO (US \$)
Improvement of legislation and capacity building for enforcement through training of customs and State laboratory officers	70,000
Training of technicians in the refrigeration and air-conditioning sector	40,000
Reduce demand for HCFC through recovery and recycling and provision of service tools	162,500
Project monitoring and management	60,000
Institutional strengthening	319,550
Total	652,050

Impact on the 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 147.5 mt of HCFC-22 (see table 2) is replaced with HFC-407C, the potential CO₂ equivalent saved could be 1,622.5 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

25. UNIDO is requesting US \$652,050 plus support costs for the full implementation of the HPMP to phase-out all consumption in 2020 including IS funds. The total value requested for the period 2010-2014 of US \$540,779 including support cost is US \$59,200 lower 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 (156.8 metric tonnes) 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. Based on the estimated baseline for Turkmenistan of 133.2 mt, the country's allocation up to the 2020 phase-out should be US \$652,050 in line with decision 60/44.

Draft agreement

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

RECOMMENDATION

27. The HPMP for Turkmenistan 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 Turkmenistan to achieve the 35 per cent reduction in HCFC consumption by 2020 at an estimated cost of US \$652,050 (excluding agency support costs);
- (b) Noting that the Government of Turkmenistan agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the estimated baseline of 133.2 metric tonnes calculated using actual consumption reported in 2009 and estimated 2010 consumption;
- (c) Approving, in principle, the HPMP for Turkmenistan for the period 2010-2020, at the amount of US \$652,050 plus agency support costs of US \$48,904 for UNIDO; and to note that this includes funds for institutional strengthening at the level of US \$319,550 from 2012-2020;
- (d) Approving the Agreement between the Government of Turkmenistan and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document;
- (e) 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

- (f) Approving the first implementation plan for 2011-2013, and the first tranche of the HPMP for Turkmenistan at the amount of US \$407,550 plus agency support costs of US \$30,566 for UNIDO.

Annex I

AGREEMENT BETWEEN GOVERNMENT OF TURKMENISTAN AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUROCARBONS

1. This Agreement represents the understanding of Government of Turkmenistan (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (the “Substances”) to a sustained level of 4.8 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 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 as the final reduction step under this agreement for all ODS 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 implementing agency (IA) 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 when an 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 has substantially completed all actions set out in the previous tranche implementation plan and submitted a tranche implementation report in the form of Appendix 4-A (the “Format of Tranche Implementation Report and Plan”) for each previous calendar year; and
 - (d) That the Country has submitted and received endorsement from the Executive Committee for a tranche implementation plan in the form of Appendix 4-A (the “Format of Tranche Implementation Report and Plan”) for 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 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 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 goals prescribed under this Agreement in Appendix 1-A. Reallocations categorized as major changes must be documented in advance in the next tranche implementation plan and endorsed and approved by the Executive Committee as described in sub-paragraph 5(d). 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 that the:

- (a) Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and
- (b) Country and the implementing agencies 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. UNIDO has agreed to be the lead implementing agency (the “Lead IA”). 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). The Executive Committee agrees, in principle, to provide the Lead with the fees set out in row 2.2 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 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.

13. The Country will comply with any reasonable request of the Executive Committee, 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.

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), 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	7.3

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Parameter/Year	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	7.3	7.3	6.6	6.6	6.6	6.6	6.6	4.8	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	n/a	7.3	7.3	6.6	6.6	6.6	6.6	6.6	4.8	N/A
2.1	Lead IA (UNIDO) agreed funding (US\$)	407,550			95,500			100,500			48,500		
2.2	Support costs for Lead IA (US\$)	30,566			7,162			7,538			3,638		
3.1	Total agreed funding (US\$)	407,550			95,500			100,500			48,500		652,050
3.2	Total support costs (US\$)	30,566			7,162			7,538			3,638		48,904
3.3	Total agreed costs (US\$)	438,116			102,662			108,038			52,138		700,954
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)												2.55
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (ODP tonnes)												0
4.1.3	Remaining eligible consumption of HCFC-22 (ODP tonnes)												4.75

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 REPORT AND PLAN

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 year 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 online into a database, as per the relevant decisions of the Executive Committee in respect to the format required. This quantitative information, to be submitted by calendar year, 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 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 implementation and monitoring of this HPMP will be coordinated by the National Ozone Unit in cooperation with respective governmental bodies and also national experts recruited for particular tasks which would arise in the course of the project implementation.

An independent chartered national auditing organization will be recruited to verify consumption.

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 as follows:

- (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 Plan and subsequent report 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;
- (f) Ensuring that appropriate independent technical experts carry out the technical reviews undertaken by the Lead IA;
- (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) 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;
- (j) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- (k) 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 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY

3. 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.
