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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixty-sixth Meeting  
Montreal, 16-20 April 2012

**PROJECT PROPOSAL: DJIBOUTI**

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

Phase-out

- HCFC phase-out management plan (stage I, first tranche)

UNEP

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

### Djibouti

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HCFC phase out plan (Stage I)	UNEP (lead)

<b>(II) LATEST ARTICLE 7 DATA</b>	Year: 2010	0.70 (ODP tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>								<b>Year: 2010</b>	
Chemical	Aerosol	Foam	Fire	Refrigeration		Solvent	Process	Lab	Total sector
				Manufacturing	Servicing				
HCFC-123									
HCFC-124									
HCFC-141b									
HCFC-142b									
HCFC-22					0.70				0.70

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline:	0.65	Starting point for sustained aggregate reductions:	0.65
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	0.0	Remaining:	0.42

<b>(V) BUSINESS PLAN</b>		2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.055			0.055			0.055		0.055	0.22
	Funding (US \$)	91,530	0	0	20,905		0	49,720	0	23,730	185,885

<b>(VI) PROJECT DATA</b>			2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	0.65	0.65	0.59	0.59	0.59	0.59	0.59	0.42	n/a
Maximum allowable consumption (ODP tonnes)			n/a	0.65	0.65	0.59	0.59	0.59	0.59	0.59	0.42	n/a
Project Costs requested in principle(US\$)	UNEP	Project costs	81,000	0	0	0	18,500	0	44,000		21,000	164,500
		Support costs	10,530	0	0	0	2,405	0	5,720		2,730	21,385
Total project costs requested in principle (US \$)			81,000	0	0	0	18,500	0	44,000		21,000	164,500
Total support costs requested in principle (US \$)			10,530	0	0	0	2,405	0	5,720		2,730	21,385
Total funds requested in principle (US \$)			91,530	0	0	0	20,905	0	49,720		23,730	185,885

<b>(VII) Request for funding for the first tranche (2012)</b>		
Agency	Funds requested (US \$)	Support costs (US \$)
UNEP	81,000	10,530

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

## PROJECT DESCRIPTION

1. On behalf of the Government of Djibouti UNEP, as the designated implementing agency, has submitted to the 66<sup>th</sup> Meeting of the Executive Committee stage I of an HCFC phase-out management plan (HPMP) at a total cost, as originally submitted, of US \$164,500 plus agency support costs of US \$21,385. The HPMP covers strategies and activities to achieve a 35 per cent reduction in HCFC consumption by 2020.

2. The first tranche for stage I being requested at this meeting amounts to US \$81,000 plus agency support cost of US \$10,530 for UNEP, as originally submitted.

### Background

#### ODS regulations

3. The Ministry of the Environment through the National Direction of Environment and the National Ozone Office (NOO) is responsible for the institutional supervision and implementation of the Montreal Protocol in Djibouti. The import and use of ozone depleting substances (ODS) is governed by a Presidential Decree established in April 2004. This decree regulates all known ODS including HCFCs and HCFC-based equipment. The allocation of import quotas is the joint responsibility of the NOO through the Ministry of the Environment and the Ministry of Commerce. There is as yet no national quota set for the import of HCFCs. It is expected that this will be in place beginning of 2013.

4. The Government of Djibouti has ratified all of the amendments to the Montreal Protocol, except the Beijing Amendment.

#### HCFC consumption

5. All HCFCs used in Djibouti are imported as the country does not produce these substances. The survey confirmed that Djibouti uses mainly HCFC-22 for servicing in the domestic, air-conditioning and commercial/industrial refrigeration sectors. The use in the domestic refrigeration sector represents around 97 per cent of total HCFC consumption, followed by commercial then industrial refrigeration. The survey undertaken during the HPMP preparation showed that HCFC consumption increased from 8.3 metric tonnes (mt) in 2000 to 11.5 mt in 2009. However, it seemed to have stabilised from 2005 onwards exhibiting normal growths in imports. Table 1 shows the level of HCFC consumption in Djibouti from 2005-2010.

Table 1: Level of HCFC consumption in Djibouti

Year	Article 7 data		Survey data	
	mt	ODP tonnes	mt	ODP tonnes
2005	10.10	0.55	10.10	0.55
2006	10.50	0.58	10.50	0.58
2007	10.60	0.58	10.60	0.58
2008	11.00	0.60	11.00	0.60
2009	11.50	0.63	11.50	0.63
2010	11.96	0.66	11.96	0.66

6. The survey also showed that there are a number of HCFC blends available in the market, although in limited quantities. The cheapest refrigerant is HFC-134a, followed by HCFC-22 with a price difference of about 10 per cent.

Sectoral distribution of HCFCs

7. HCFCs in Djibouti are used predominantly for servicing in the domestic, air-conditioning and commercial/industrial refrigeration sectors. The installed capacity of refrigeration and air-conditioning units using HCFC-22 was estimated at 47,016 units in 2010. The average leakage rate for all equipment used is around 25 per cent. The average charge for different types of equipment was estimated and used to calculate the total installed capacity as well as the potential servicing need. A summary of HCFC consumption by sector is shown in Table 2.

Table 2: HCFC consumption by sector for 2010

Type	Number of units	Average charge per unit (kg)	Total installed capacity(kg)	Annual leakage rate	Annual need (kg)
Domestic air conditioning	46,324	1.3	60,221	17%	10,237
Commercial refrigeration	604	1.5	906	20%	181.2
Industrial refrigeration	88	1.7	149.6	40%	59.8
<b>TOTAL</b>	<b>47,016</b>		<b>61,276</b>		<b>10,478</b>

Estimated baseline for HCFC consumption

8. The estimated baseline for compliance was calculated as 11.73 mt (0.65 ODP) tonnes by Djibouti using the average of reported consumption of 11.5 mt (0.63 ODP tonnes) in 2009 and 11.96 mt (0.66 ODP tonnes) in 2010 under Article 7 of the Montreal Protocol.

Forecast of future HCFC consumption

9. Djibouti estimated its future demand for HCFCs at a 7 to 8 per cent growth rate based on the current economic development and the needs for charging new equipment. Table 3 provides a summary of the forecast of HCFC consumption in Djibouti, showing the difference between constrained growth (i.e. in line with the Protocol) and unconstrained growth.

Table 3: Forecast consumption of HCFCs

Year	units	2009*	2010*	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Constrained HCFC consumption	mt	11.50	11.96	12.0	12.0	11.73	11.73	10.56	10.56	10.56	10.56	10.56	7.62
	ODP t	0.63	0.66	0.70	0.70	0.65	0.65	0.59	0.59	0.59	0.59	0.59	0.42
Unconstrained HCFC consumption	mt	11.50	11.96	12.80	13.69	14.65	15.68	16.77	17.95	19.21	20.55	21.99	23.53
	ODP t	0.63	0.66	0.70	0.75	0.80	0.86	0.92	0.99	1.06	1.13	1.21	1.29

\*Article 7 data

HCFC phase-out strategy

10. The Government of Djibouti is proposing to meet the Montreal Protocol's HCFC control targets, up to and including the 35 per cent reduction in consumption by 2020. Stage I of the HCFC's overarching strategy developed by the Government relies on regulations, including issuance of import quotas, information and awareness activities, and strengthening the capacity of refrigeration technicians and customs officers. It will also continue to provide technical and financial assistance to centres of excellence to support the training and capacity building activities for the refrigeration servicing sector. Table 4 provides a description of the specific activities and implementation time frame of stage I of the HPMP.

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

Description of Activities	Time frame
Strengthening national capacities (customs, environment inspectors, department of commerce) for monitoring and controlling the import and distribution of HCFCs	2011-2020
Strengthening technical capacity of refrigeration experts in good practices in refrigeration	2011-2020
Monitoring and evaluation of the implementation of HPMP	2011-2020

Cost of the HPMP

11. The total cost of stage I of the HPMP for Djibouti has been estimated at US \$164,500 to achieve a 35 per cent reduction in HCFC consumption by 2020. The detailed cost breakdown for activities is listed in Table 5. This is submitted in line with the country's eligible funding under decision 60/44.

Table 5: Proposed activities and cost of stage I of the HPMP for UNEP

Description of Activities	Total
Strengthening national capacities (customs, environment inspectors, department of commerce)	70,000
Strengthening technical capacity of refrigeration experts	85,000
Monitoring and evaluation	9,500
<b>Total</b>	<b>164,500</b>

**SECRETARIAT'S COMMENTS AND RECOMMENDATION****COMMENTS**

12. The Secretariat reviewed the HPMP for Djibouti in the context of the guidelines for the preparation of HPMPs (decision 54/39), the criteria for funding HCFC phase-out in the consumption sector agreed at the 60<sup>th</sup> Meeting (decision 60/44), subsequent decisions on HPMPs and the 2012-2014 business plan of the Multilateral Fund. The Secretariat discussed with UNEP technical and cost related issues, which were satisfactorily addressed as summarized below.

Issues related to consumption

13. The Secretariat requested UNEP to provide an explanation on the discrepancy between the amount of HCFCs imported in 2009 and 2010, and the actual HCFCs needed for servicing, noting that the amount of HCFC-22 imported was higher than that actually required. It queried whether some stockpiling was being done. The Secretariat also sought information on how new imports of HCFC-based equipment was accounted for in the HCFC demand for servicing such equipment. UNEP responded that the country was not stockpiling HCFCs and explained that HCFCs brought into the country per year are often used immediately for servicing. It further explained that the need for servicing is in general slightly less than the real consumption (import); therefore this small difference is normal. UNEP also mentioned that the current population of equipment was what determined the requirement for servicing, and that data on equipment imported over the last few years leading to 2010 could not be provided due to lack of

information in the customs department. Future servicing demand was therefore based on the current servicing need with a small growth rate calculated.

#### Starting point for aggregate reduction in HCFC consumption

14. The Government of Djibouti agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the baseline of 11.73 mt (0.65 ODP) tonnes using actual consumption of 11.50 mt (0.63 ODP tonnes) and 11.96 mt (0.66 ODP tonnes) reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol.

#### Technical and cost issues

15. The Secretariat raised queries on some of the activities included in the HPMP as they related to those already implemented in the terminal phase-out management plan (TPMP) for CFCs. It drew UNEP's attention to the remaining activities in the TPMP as reported in the annual progress report, noting a remaining balance of over US \$63,000 from the second tranche released at the 58<sup>th</sup> Meeting. In addition, the Secretariat sought updated information on the number and type of equipment purchased under the refrigerant management plan (RMP)/TPMP, if any; the amount of refrigerant recovered with such equipment, and the amount of refrigerant reused including the current status of such machines and to what extent they could be used for the HPMP implementation. UNEP explained that as of the submission of the HPMP, the actual balance left from the TPMP is US \$18,000 and that the remaining activities will be completed by the time of the 66<sup>th</sup> Meeting including the purchase of 3 refrigerant identifiers. The remaining customs workshop is envisaged to be completed by the end of March 2012. It also provided information on the status of the equipment advising that it was in good condition and could all be potentially used for HCFC phase-out. UNEP clarified that in order to synergize the remaining activities in the TPMP with those in the HPMP, a discussion on the HCFC phase-out and how it linked to the already completed activities was being undertaken.

16. The Secretariat sought clarification on some elements of the project proposals submitted for funding, in particular an explanation on what improvements from previous customs/servicing training programmes (i.e. use of trained trainers, institutions, etc) implemented during the CFC phase-out will be carried out under the HPMP; a breakdown of the training costs in relation to the amount of training to be conducted, equipment to be provided and a justification for the need for additional equipment. It requested further information on the approach and sustainability for retrofitting equipment taking into account the fact that HCFC-22 is still cheaper than other alternatives. Further information was also required on some budgetary items such as cost of the tools to be provided and what these would be.

17. In response to the Secretariat's comments, UNEP explained that the revised training material and training programme would build upon what has already been done in the CFC phase-out and focus on HCFC regulations and equipment. It provided additional information and justification for some budget items in these training programmes. UNEP also supplied a list of the tools to be provided to the service technicians and training centres as well as the corresponding cost breakdown. The information given satisfactorily responded to the Secretariat's comments and observations.

18. The total cost of stage I of the HPMP for Djibouti was submitted at US \$164,500 to meet a 35 per cent reduction in HCFC consumption by 2020 and is in line with decision 60/44, as shown in Table 5 above. This would result in a phase-out of 4.00 mt (0.23 ODP tonnes) by 2020.

#### Impact on the climate

19. The proposed technical assistance activities in the HPMP, which include the introduction of better servicing practices and enforcement of HCFC import controls, will reduce the amount of HCFC-22 used for refrigeration servicing. Each kilogram (kg) of HCFC-22 not emitted due to better refrigeration

practices results in the savings of approximately 1.8 CO<sub>2</sub>-equivalent tonnes saved. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Djibouti, in particular training for technicians on improved servicing practices, and refrigerant recovery and reuse, indicate that it is likely that the country will achieve the reduction of 724 CO<sub>2</sub>-equivalent tonnes in emissions into the atmosphere as estimated in the 2012-2014 business plan. However, at this time, the Secretariat is not in a position to quantitatively estimate the impact on the climate. The impact might be established through an assessment of implementation reports by, *inter alia*, comparing the levels of refrigerants used annually from the commencement of the implementation of the HPMP, the reported amounts of refrigerants being recovered and recycled, the number of technicians trained and the HCFC-22 based equipment being retrofitted.

20. A more precise forecast of the impact on the climate of the activities in the servicing sector is presently not available. The impact might be established through an assessment of implementation reports by, *inter alia*, comparing the levels of refrigerants used annually from the commencement of the implementation of the HPMP, the reported amounts of refrigerants being recovered and recycled, the number of technicians trained and the HCFC-22 based equipment being retrofitted.

#### Co-financing

21. In response to decision 54/39(h) on potential financial incentives and opportunities for additional resources to maximize the environmental benefits from HPMPs pursuant to paragraph 11(b) of decision XIX/6 of the Nineteenth Meeting of the Parties, UNEP explained that Djibouti will provide personnel and other resources as an in-kind contribution, which could be considered as the Government's share of co-financing for the HPMP. The Secretariat proposed that UNEP should encourage Djibouti to explore other co-financing opportunities especially for stage II of the HPMP.

#### 2012-2014 business plan of the Multilateral Fund

22. UNEP is requesting US \$164,500 plus support costs for implementation of stage I of the HPMP. The total value requested for the period 2012-2014 of US \$91,530 including support cost is within the total amount in the draft business plan. Based on the HCFC baseline consumption in the servicing sector of 11.73 mt, Djibouti's allocation up to the 2020 phase-out should be US \$164,500 in line with decision 60/44.

#### Draft Agreement

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

### **RECOMMENDATION**

24. The Executive Committee may wish to consider:
- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Djibouti for the period 2012 to 2020 to reduce HCFC consumption by 35 per cent of the baseline, at the amount of US \$164,500, plus agency support costs of US \$21,385 for UNEP;
  - (b) Noting that the Government of Djibouti had agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the baseline of 0.65 ODP tonnes, calculated using actual consumption of 0.63 ODP tonnes and 0.66 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol;

- (c) Deducting 0.23 ODP tonnes of HCFCs from the starting point for sustained aggregate reduction in HCFC consumption;
- (d) Approving the draft Agreement between the Government of Djibouti and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document;
- (e) Approving the first tranche of stage I of the HPMP for Djibouti, and the corresponding implementation plan, at the amount of US \$81,000, plus agency support costs of US \$10,530 for UNEP.

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**Annex I**

**DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF DJIBOUTI AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS**

1. This Agreement represents the understanding of the Government of Djibouti (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of 0.42 ODP tonnes by 1 January 2020 in compliance with Montreal Protocol schedules.
2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances that exceeds the level defined in row 1.2 of Appendix 2-A as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances that exceeds the level defined in row 4.1.3 (remaining eligible consumption).
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees, in principle, to provide the funding set out in row 3.1 of Appendix 2-A to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (“Funding Approval Schedule”).
4. The Country agrees to implement this Agreement in accordance with the HCFC phase-out sector plans submitted. In accordance with sub-paragraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.
5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least eight weeks in advance of the applicable Executive Committee meeting set out in the Funding Approval Schedule:
  - (a) That the Country had met the Targets set out in row 1.2 of Appendix 2-A for all relevant years. Relevant years are all years since the year in which this Agreement was approved. Years for which no obligation for reporting of country programme data exists at the date of the Executive Committee meeting at which the funding request is being presented are exempted;
  - (b) That the meeting of these Targets has been independently verified, unless the Executive Committee decided that such verification would not be required;
  - (c) That the Country had submitted annual implementation reports in the form of Appendix 4-A (“Format of Implementation Reports and Plans”) covering each previous calendar year; that it had achieved a significant level of implementation of activities initiated with previously approved tranches; and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent;

- (d) That the Country has submitted an annual implementation plan in the form of Appendix 4-A covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen; and
- (e) That, for all submissions from the 68<sup>th</sup> meeting onwards, confirmation has been received from the Government that an enforceable national system of licensing and quotas for HCFC imports and, where applicable, production and exports is in place and that the system is capable of ensuring the Country's compliance with the Montreal Protocol HCFC phase-out schedule for the duration of this Agreement.

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (“Monitoring Institutions and Roles”) will monitor and report on implementation of the activities in the previous annual implementation plans in accordance with their roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in paragraph 4 above.

7. The Executive Committee agrees that the Country may have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the smoothest reduction of consumption and phase-out of the Substances specified in Appendix 1-A:

- (a) Reallocations categorized as major changes must be documented in advance either in an annual implementation plan submitted as foreseen in sub-paragraph 5(d) above, or as a revision to an existing annual implementation plan to be submitted eight weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:
  - (i) Issues potentially concerning the rules and policies of the Multilateral Fund;
  - (ii) Changes which would modify any clause of this Agreement;
  - (iii) Changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches; and
  - (iv) Provision of funding for programmes or activities not included in the current endorsed annual implementation plan, or removal of an activity in the annual implementation plan, with a cost greater than 30 per cent of the total cost of the last approved tranche;
- (b) Reallocations not categorized as major changes may be incorporated in the approved annual implementation plan, under implementation at the time, and reported to the Executive Committee in the subsequent annual implementation report; and
- (c) Any remaining funds will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.

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

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

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNEP has agreed to be the lead implementing agency (the “Lead IA”) in respect of the Country’s activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of any of the agencies taking part in this Agreement.

10. The Lead IA will be responsible for ensuring co-ordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per sub-paragraph 5(b). The Executive Committee agrees, in principle, to provide the Lead IA 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 amount set out in Appendix 7-A (“Reductions in Funding for Failure to Comply”) in respect of each ODP kg of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the Country did not comply with this Agreement, and take related decisions. Once these decisions are taken, this specific case will not be an impediment for future tranches as per paragraph 5 above.

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

13. The Country will comply with any reasonable request of the Executive Committee, and the Lead IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA with access to the information necessary to verify compliance with this Agreement.

14. The completion of stage I of the HPMP and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption level has been specified in Appendix 2-A. Should there at that time still be activities that are outstanding, and which were foreseen in the Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per sub-paragraphs 1(a), 1(b), 1(d), and 1(e) of Appendix 4-A will continue until the time of the completion unless otherwise specified by the Executive Committee.

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

## APPENDICES

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	0.65

### APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	0.65	0.65	0.59	0.59	0.59	0.59	0.59	0.42	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	0.65	0.65	0.59	0.59	0.59	0.59	0.59	0.42	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	81,000	0	0	0	18,500	0	44,000	0	21,000	164,500
2.2	Support costs for Lead IA (US \$)	10,530	0	0	0	2,405	0	5,720	0	2,730	21,385
3.1	Total agreed funding (US \$)	81,000	0	0	0	18,500	0	44,000	0	21,000	164,500
3.2	Total support costs (US \$)	10,530	0	0	0	2,405	0	5,720	0	2,730	21,385
3.3	Total agreed costs (US \$)	91,530	0	0	0	20,905	0	49,720	0	23,730	185,885
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this agreement (ODP tonnes)										0.23
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)										0
4.1.3	Remaining eligible consumption for HCFC-22										0.42

### APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

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

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

1. The submission of the Implementation Report and Plan for each tranche request will consist of five parts:

- (a) A narrative report, with data provided by calendar year, regarding the progress since the year prior to the previous report, reflecting the situation of the Country in regard to phase out of the Substances, how the different activities contribute to it, and how they relate to each other. The report should include ODS phase-out as a direct result from the

implementation of activities, by substance, and the alternative technology used and the related phase-in of alternatives, to allow the Secretariat to provide to the Executive Committee information about the resulting change in climate relevant emissions. The report should further highlight successes, experiences, and challenges related to the different activities included in the Plan, reflecting any changes in the circumstances in the Country, and providing other relevant information. The report should also include information on and justification for any changes vis-à-vis the previously submitted Annual Implementation Plan(s), such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes. The narrative report will cover all relevant years specified in sub-paragraph 5(a) of the Agreement and can in addition also include information on activities in the current year;

- (b) A verification report of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;
- (c) A written description of the activities to be undertaken until and including the year of the planned submission of the next tranche request, highlighting the interdependence of the activities, and taking into account experiences made and progress achieved in the implementation of earlier tranches; the data in the plan will be provided by calendar year. The description should also include a reference to the overall plan and progress achieved, as well as any possible changes to the overall plan that are foreseen. The description should cover the years specified in sub-paragraph 5(d) of the Agreement. The description should also specify and explain in detail such changes to the overall plan. This description of future activities can be submitted as a part of the same document as the narrative report under sub-paragraph (b) above;
- (d) A set of quantitative information for all annual implementation reports and annual implementation plans, submitted through an online database. This quantitative information, to be submitted by calendar year with each tranche request, will be amending the narratives and description for the report (see sub-paragraph 1(a) above) and the plan (see sub-paragraph 1(c) above), the annual implementation plan and any changes to the overall plan, and will cover the same time periods and activities; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of the above sub-paragraphs 1(a) to 1(d).

## **APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES**

1. The National Ozone Unit (NOU) will submit annual progress reports of status of implementation of the HPMP to the Lead IA.
2. Monitoring of development of HPMP and verification of the achievement of the performance targets, specified in the Plan, will be assigned to an independent local company or to independent local consultants by the Lead IA.

## **APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY**

1. The Lead IA will be responsible for a range of activities, including at least the following:
  - (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's HPMP;
  - (b) Assisting the Country in preparation of the Implementation Plans and subsequent reports as per Appendix 4-A;
  - (c) Providing independent verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the Implementation Plan consistent with Appendix 4-A;
  - (d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future annual implementation plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
  - (e) Fulfilling the reporting requirements for the annual implementation reports, annual implementation plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee.;
  - (f) Ensuring that appropriate independent technical experts carry out the technical reviews;
  - (g) Carrying out required supervision missions;
  - (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Implementation Plan and accurate data reporting;
  - (i) 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, 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 entity to carry out the verification of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement and sub-paragraph 1(b) of Appendix 4-A.

## **APPENDIX 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY**

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US \$180 per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met.

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