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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-seventh Meeting
Montreal, 28 November - 2 December 2016

PROJECT PROPOSAL: REPUBLIC OF MOLDOVA

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

Phase-out

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

UNDP and UNEP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Republic of Moldova

| (I) PROJECT TITLE | AGENCY | MEETING APPROVED | CONTROL MEASURE |
|--------------------------------|-------------------|------------------|-----------------|
| HCFC phase-out plan (Stage II) | UNEP, UNDP (lead) | n/a | n/a |

| | | |
|--|------------|-------------------|
| (II) LATEST ARTICLE 7 DATA (Annex C Group I) | Year: 2015 | 0.82 (ODP tonnes) |
|--|------------|-------------------|

| (III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes) | | | | | | | | Year: 2015 | |
|---|---------|------|---------------|---------------|-----------|---------|---------------|------------|--------------------------|
| Chemical | Aerosol | Foam | Fire fighting | Refrigeration | | Solvent | Process agent | Lab use | Total sector consumption |
| | | | | Manufacturing | Servicing | | | | |
| HCFC-141b | | | | | | | | | |
| HCFC-142b | | | | | | | | | |
| HCFC-22 | | | | | 1.36 | | | | 1.36 |

| (IV) CONSUMPTION DATA (ODP tonnes) | | | |
|---|------|--|------|
| 2009 - 2010 baseline: | 1.00 | Starting point for sustained aggregate reductions: | 1.00 |
| CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes) | | | |
| Already approved: | 0.10 | Remaining: | 0.90 |

| (V) BUSINESS PLAN | | 2016 | 2017 | 2018 | 2019 | 2020 | After 2020 | Total |
|-------------------|----------------------------|--------|------|--------|------|--------|------------|---------|
| UNDP | ODP phase-out (ODP tonnes) | 0.04 | 0 | 0.04 | 0 | 0.01 | 0.00 | 0.09 |
| | Funding (US \$) | 24,881 | 0 | 24,881 | 0 | 5,529 | 0 | 55,291 |
| UNEP | ODP phase-out (ODP tonnes) | 0.08 | 0 | 0.08 | 0 | 0.08 | 0.20 | 0.44 |
| | Funding (US \$) | 13,205 | 0 | 13,205 | 0 | 13,205 | 100,000 | 139,615 |

| (VI) PROJECT DATA | | | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---|------|---------------|---------|------|--------|------|--------|---------|
| Montreal Protocol consumption limits | | | 0.90 | 0.90 | 0.90 | 0.90 | 0.65 | n/a |
| Maximum allowable consumption (ODP tonnes) | | | 0.90 | 0.90 | 0.90 | 0.90 | 0.65 | n/a |
| Project costs requested in principle (US \$) | UNDP | Project costs | 104,850 | - | - | - | 17,450 | 122,300 |
| | | Support costs | 9,437 | - | - | - | 1,570 | 11,007 |
| | UNEP | Project costs | 26,100 | - | 26,100 | - | - | 52,200 |
| | | Support costs | 3,393 | - | 3,393 | - | - | 6,786 |
| Total project costs requested in principle (US\$) | | | 130,950 | 0 | 26,100 | 0 | 17,450 | 174,500 |
| Total support costs requested in principle (US\$) | | | 12,830 | 0 | 3,393 | 0 | 1,570 | 17,793 |
| Total funds requested in principle (US\$) | | | 143,780 | 0 | 29,493 | 0 | 19,020 | 192,293 |

| (VII) Request for funding for the first tranche (2016) | | |
|--|---|-----------------------|
| Agency | Funds requested (US \$) | Support costs (US \$) |
| UNDP | 104,850 | 9,437 |
| UNEP | 26,100 | 3,393 |
| Total | 130,950 | 12,830 |
| Funding request: | Approval of funding for the first tranche (2016) as indicated above | |
| Secretariat's recommendation: | For individual consideration | |

PROJECT DESCRIPTION

1. On behalf of the Government of the Republic of Moldova, UNDP¹ as the lead implementing agency, has submitted to the 77th meeting stage II of the HCFC phase-out management plan (HPMP) at a total cost of US \$192,293, consisting of US \$122,300, plus agency support costs of US \$11,007 for UNDP, and US \$52,200, plus agency support costs of US \$6,786 for UNEP, as originally submitted. The implementation of stage II of the HPMP will phase out 0.25 ODP tonnes of HCFCs and assist the Republic of Moldova in meeting the Montreal Protocol compliance target of 35 per cent reduction from baseline consumption by 2020.

2. The first tranche for stage II of the HPMP being requested at this meeting amounts to US \$143,780, consisting of US \$104,850, plus agency support costs of US \$9,437 for UNDP, and US \$26,100, plus agency support costs of US \$3,393 for UNEP, as originally submitted.

Status of implementation of stage I of the HPMP

3. Stage I of the HPMP for Moldova was approved at the 63rd meeting to meet the 10 per cent reduction from the estimated HCFC baseline of 2.3 ODP tonnes by 2015. At the 74th meeting, this baseline was officially revised (i.e., 1.0 ODP tonne), thereby adjusting the country's starting point for aggregate reduction in HCFC consumption, and the funding eligibility from US \$88,000 to US \$66,000, noting that the deduction of US \$22,000 would be made when stage II of the HPMP was considered.² Stage I of the HPMP would phase out 0.1 ODP tonnes of HCFC-22 used in the servicing sector.

ODS policy and regulatory framework

4. The HCFC licensing system is operational since 2013; importers continue to be registered and are issued licenses to import/export HCFCs according to the quota set by the Government which is in line with Montreal Protocol control measures. A total of 26 trainers and 26 customs officers were trained in monitoring the import and export of ODS, including HCFCs and HCFC-based equipment; the handbook for customs officers was adjusted to include new customs codes; and three portable refrigerant identifiers were provided to the Customs authority.

5. The Republic of Moldova signed an Association Agreement with the European Union (EU), effective September 2014 which commits the country to converge its policies and legislation to those of the EU including ozone protection and climate change, and the country is committed to harmonize its ozone policy with the EU F-Gas Regulation.

Progress in implementation of stage I activities

6. The second (and final) tranche of stage I of the HPMP for the Republic of Moldova was approved at the 74th meeting. An overview of the results of the implementation of stage I of the HPMP is presented below.

Refrigeration servicing sector

7. The training and certification system for refrigeration service technicians are being developed to be consistent with the EU F-Gas Regulation; the code of good practices in refrigeration and air-conditioning (RAC) was updated; 215 technicians were trained and supplied with additional sets of basic recovery equipment and tools (i.e., electronic leak detectors, manifold gauges, hoses, refrigerant recovery units and vacuum pumps); a website (www//frigotehnica.md) was developed for the association of refrigeration technicians containing information on alternatives; new curriculum related to refrigerants

¹ As per the letter of 19 August 2016 from the Ministry of Environment of the Republic of Moldova to UNDP.

² Decision 74/47

and the environment, how to use low-global warming potential (GWP) and non-hydrofluorocarbon (HFC) technologies and natural refrigerants was introduced in the public university.

Project implementation and monitoring unit (PMU)

8. The NOU, within the Ministry of Environment, coordinates the implementation of the HPMP activities with the assistance of national coordinating experts.

Status of disbursements

9. As of August 2016, of the total funds of US \$88,000 so far approved, US \$81,386 has been disbursed by UNDP. The remaining US \$6,614 will be disbursed in 2017.

HCFC consumption

10. The remaining consumption eligible for funding for stage II of the HPMP would be 0.90 ODP tonnes. The total phase-out of HCFC to be achieved in stages I and II would be 0.35 ODP tonnes, reducing HCFC consumption by 35 per cent of the baseline in 2020.

11. The Government of the Republic of Moldova reported a consumption of 0.82 ODP tonnes of HCFC in 2015. The 2011-2015 HCFC consumption is shown in Table 2.

Table 2. HCFC-22 consumption in the Republic of Moldova (2011-2015 Article 7 data)

| HCFC-22 | 2011 | 2012 | 2013 | 2014 | 2015 | Baseline |
|----------------------|-------|------|-------|-------|-------|----------|
| Metric tonnes | 23.82 | 34.2 | 18.05 | 13.81 | 14.90 | 18.18 |
| ODP tonnes | 1.31 | 1.88 | 0.99 | 0.76 | 0.82 | 1.0 |

12. In 2015, the use of HCFC-22 was largely for servicing, and some assembly of refrigeration equipment (i.e., 92 per cent in industrial and commercial refrigeration; 6 per cent for air-conditioning, and 2 per cent for transport refrigeration). The increase in consumption in 2015 was attributed to economic growth as compared to 2014. The Secretariat also noted a difference in the figure provided for the servicing sector under the country programme 2015 (CP) report (24.8 mt) and that for import (14.9 mt). UNDP explained that the servicing sector figure reflects actual use (using stockpiled material) while the import figure shows what had been brought in for that year by importers.

Stage II of the HPMP and proposed activities

13. The activities to be implemented during stage II include regulatory and control measures, technical capacity for the servicing sector, awareness activities, and project monitoring and management.

Regulatory actions

14. The following policy and regulatory measures will be implemented with the assistance of UNEP:

- (a) Adoption of regulation for implementation of a new certification system (harmonized with EU F-gas regulation); introduction of a ban on import of all equipment containing or relying on HCFCs (new and second hand) for 2017; and development of an e-licensing system (US \$12,000); and
- (b) Training of 30 customs officers and 30 environmental inspectors on enforcement and implementation of the EU F-gas regulation; preparation of updated training material (US \$10,800).

Activities in the refrigeration servicing sector

15. The following activities will be implemented:
- (a) Training programme and certification for 60 service technicians; upgrading training material on good practices in refrigeration; website development for the RAC association; strengthening the technological college through provision of training materials (UNEP) (US \$29,400);
 - (b) Strengthening the capacity of service technicians and service centres through provision of equipment (e.g., multi-gas recovery machine, vacuum pump, re-usable cylinders with scales, hoses with multi-gas manometers, leak detectors, gauges) upon certification of technicians (UNDP) (US \$56,300);
 - (c) Technical assistance for adoption of low-GWP refrigerants (i.e., CO₂ and ammonia-based technologies) for end-users in the commercial refrigeration sector through pilot demonstration of their use by installing low-GWP equipment in beneficiary end-users (i.e., in supermarkets). The component will be launched with an introductory seminar for potential recipients to explain modalities of the programme and agree on technology choice (UNDP) (US \$66,000).

Implementation and monitoring activities

16. The NOU, within the Ministry of Environment, coordinates the implementation of the HPMP activities with the assistance of national coordinating experts.

Total cost of stage II of the HPMP

17. The maximum funding eligibility for the Republic of Moldova is US \$262,500 up to 2020 in line with decision 74/50(c)(i). Taking into account the US \$66,000 funded for stage I and the US \$22,000 to be deducted in line with decision 74/47(a)(iv), the total cost of stage II of the HPMP for the Republic of Moldova would be US \$174,500 (excluding support costs).

SECRETARIAT'S COMMENTS AND RECOMMENDATION**COMMENTS**

18. The Secretariat reviewed stage II of the HPMP for the Republic of Moldova in light of stage I, the policies and guidelines of the Multilateral Fund, including the criteria for funding HCFC phase-out in the consumption sector for stage II of HPMPs (decision 74/50), and the 2016-2018 business plan of the Multilateral Fund.

Progress report on the implementation of stage I of the HPMP

19. The HPMP is progressing and activities so far implemented are beyond the targets, a total of 245 technicians were trained instead of the target 75. To ensure the sustainability of technicians' training, the Government has affiliated with vocational training centres and the RAC association which serve as training centres for technicians and manage some of the sets of equipment for loan to technicians, and with the Technical University of the Republic of Moldova.

Activities planned for the first tranche

20. The first funding tranche of stage II of the HPMP is requested at US \$130,950. The following activities will be implemented:

- (a) Updating the regulations to include EU F-gas requirements; training of 15 customs and enforcement officers, training programme for 30 service technicians, and awareness raising (UNEP) (US \$26,100);
- (b) Strengthening the capacity of service centres through provision of 14 sets of tools (e.g. hoses with multi-gas manometers, leak detectors, gauges) (UNDP) (US \$38,850); and
- (c) Technical assistance to end-users for adoption of low-GWP refrigerants through pilot demonstration (UNDP) (US \$66,000).

Impact on the climate

21. The proposed activities in stage II, which include among others the introduction of better servicing practices, the enforcement of HCFC import controls, will reduce the amount of HCFC-22 used for refrigeration servicing. Each kilogramme of HCFC-22 not emitted due to better refrigeration practices results in a savings of approximately 1.8 CO₂-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by the Republic of Moldova, including efforts to improve servicing practices and enhance refrigerant recovery and reuse, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere therefore resulting in benefits on the climate.

Co-financing

22. Stage II HPMP does not include co-financing other than contributions from participating companies that may be invited to co-fund the pilot demonstration projects under the demonstration of new technologies in the commercial sector, if needed.

2016-2018 business plan of the Multilateral Fund

23. UNDP and UNEP are requesting US \$174,500 plus support costs for implementation of stage II of the HPMP in the Republic of Moldova. The total funding requested for the period 2016-2018 of US \$173,273 including support cost is US \$97,101 above the total amount in the business plan for this period.

Draft Agreement

24. A draft Agreement between the Government of the Republic of Moldova and the Executive Committee for the phase-out of HCFCs in stage II of the HPMP is contained in Annex I to the present document.

RECOMMENDATION

25. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for the Republic of Moldova for the period 2016 to 2020 to reduce HCFC consumption by 35 per cent of its baseline, in the amount of US \$192,293, consisting of US \$122,300, plus agency support costs of US \$11,007 for UNDP and US \$52,200, plus agency support

costs of US \$6,786 for UNEP, noting that the amount for approval, in principle, is in line with decision 74/47(a)(iv);

- (b) Deducting 0.25 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;
- (c) Approving the draft Agreement between the Government of the Republic of Moldova and the Executive Committee for the reduction in consumption of HCFCs, in accordance with stage II of the HPMP, contained in Annex I to the present document; and
- (d) Approving the first tranche of stage II of the HPMP for the Republic of Moldova, and the corresponding tranche implementation plans, at the amount of US \$143,780, consisting of US \$104,850 plus agency support costs of US \$9,437 for UNDP and US \$26,100 plus agency support costs of US \$3,393 for UNEP.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS IN ACCORDANCE WITH STAGE II OF THE HCFC PHASE-OUT MANAGEMENT PLAN

Purpose

1. This Agreement represents the understanding of the Government of the Republic of Moldova (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 0.65 ODP tonnes by 1 January 2020 in compliance with Montreal Protocol schedule.
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 consumption eligible for funding).
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 stage II of the HCFC phase-out management plan (HPMP) approved (“the Plan”). 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.

Conditions for funding release

5. The Executive Committee will only provide the Funding in accordance with the Funding Approval Schedule when 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 has 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 there are no due country programme implementation reports 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 for all relevant years, unless the Executive Committee decided that such verification would not be required;
 - (c) That the Country had submitted a Tranche Implementation Report in the form of Appendix 4-A (“Format of Tranche 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; and

- (d) That the Country has submitted a Tranche 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.

Monitoring

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 Tranche Implementation Plans in accordance with their roles and responsibilities set out in the same appendix.

Flexibility in the reallocation of funds

7. The Executive Committee agrees that the Country may have the flexibility to reallocate part or all of the approved 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 a Tranche Implementation Plan as foreseen in sub-paragraph 5(d) above, or as a revision to an existing Tranche 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;
 - (iv) Provision of funding for programmes or activities not included in the current endorsed Tranche Implementation Plan, or removal of an activity in the Tranche Implementation Plan, with a cost greater than 30 per cent of the total cost of the last approved tranche; and
 - (v) Changes in alternative technologies, on the understanding that any submission for such a request would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tonnes to be phased out if applicable, as well as confirm that the Country agrees that potential savings related to the change of technology would decrease the overall funding level under this Agreement accordingly;
- (b) 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 subsequent Tranche Implementation Report; and

- (c) Any remaining funds held by the bilateral or implementing agencies or the Country under the Plan will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.

Considerations for the refrigeration servicing sector

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing sub-sector included in the Plan, 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 relevant bilateral and/or implementing agencies would take into consideration decision 72/41 during the implementation of the Plan.

Bilateral and implementing agencies

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. UNDP has agreed to be the lead implementing agency (the “Lead IA”) and UNEP has agreed to be the 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 the Lead IA and/or Cooperating IA 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 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 will reach consensus on the arrangements regarding inter-agency planning including regular co-ordination meetings, reporting and responsibilities under this Agreement in order to facilitate a co-ordinated implementation of the Plan. 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.

Non-compliance with the Agreement

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 decisions are taken, the specific case of non-compliance with this Agreement will not be an impediment for the provision of funding 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 decisions 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 IAs with access to the information necessary to verify compliance with this Agreement.

Date of completion

14. The completion of the Plan 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 at that time there still be activities that are outstanding, and which were foreseen in the last Tranche Implementation Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion of the Plan 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 of the Plan unless otherwise specified by the Executive Committee.

Validity

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.

16. This Agreement may be modified or terminated only by mutual written agreement of the Country and the Executive Committee of the Multilateral Fund.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

| Substance | Annex | Group | Starting point for aggregate reductions in consumption (ODP tonnes) |
|-----------|-------|-------|---|
| HCFC-22 | C | I | 1.0 |

APPENDIX 2-A: THE TARGETS, AND FUNDING

| Row | Particulars | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|-------|--|---------|------|--------|------|--------|---------|
| 1.1 | Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes) | 0.9 | 0.9 | 0.9 | 0.9 | 0.65 | |
| 1.2 | Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes) | 0.9 | 0.9 | 0.9 | 0.9 | 0.65 | |
| 2.1 | Lead IA (UNDP) agreed funding (US \$) | 104,850 | - | - | - | 17,450 | 122,300 |
| 2.2 | Support costs for Lead IA (US \$) | 9,437 | - | - | - | 1,570 | 11,007 |
| 2.3 | Cooperating IA (UNEP) agreed funding (US \$) | 26,100 | - | 26,100 | - | | 52,200 |
| 2.4 | Support costs for Cooperating IA (US \$) | 3,393 | - | 3,393 | - | | 6,786 |
| 3.1 | Total agreed funding (US \$) | 130,950 | 0 | 26,100 | 0 | 17,450 | 174,500 |
| 3.2 | Total support costs (US \$) | 12,830 | 0 | 3,393 | 0 | 1,570 | 17,793 |
| 3.3 | Total agreed costs (US \$) | 143,780 | 0 | 29,493 | 0 | 19,020 | 192,293 |
| 4.1.1 | Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes) | | | | | | 0.25 |
| 4.1.2 | Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes) | | | | | | 0.1 |
| 4.1.3 | Remaining eligible consumption for HCFC-22 (ODP tonnes) | | | | | | 0.65 |

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 TRANCHE IMPLEMENTATION REPORTS AND PLANS

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

- (a) A narrative report, with data provided by tranche, describing the progress achieved since 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 the amount of ODS phased 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 Tranche 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;
- (b) An independent verification report of the Plan results and the consumption of the Substances, 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 during the period covered by the requested tranche, highlighting implementation milestones, the time of completion and 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 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 Tranche Implementation Reports and Plans, submitted through an online database; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of the above sub paragraphs 1(a) to 1(d).

2. In the event that in a particular year two stages of the HPMP are being implemented in parallel, the following considerations should be taken in preparing the Tranche Implementation Reports and Plans:

- (a) The Tranche Implementation Reports and Plans referred to as part of this Agreement, will exclusively refer to activities and funds covered by this Agreement; and
- (b) If the stages under implementation have different HCFC consumption targets under Appendix 2-A of each Agreement in a particular year, the lower HCFC consumption target will be used as reference for compliance with these Agreements and will be the basis for the independent verification.

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The Plan will be implemented by the National Ozone Unit (NOU) of the Country with support from the Lead IA and the Cooperating IA. The NOU will function as the national coordinator of all project activities described in the Plan.

2. The Lead IA and the Cooperating IA will apply their administrative procedures towards implementation of the Plan. The Lead IA will use National Implementation Modality (NIM) based on establishment of annual workplans and utilization of the Lead IA's procurement functions for the delivery of equipment and tools planned for the project. The Cooperating IA will utilize its standard operating procedure on SSFA agreements with the NOU. Regular monitoring of compliance with the workplans is ensured by both IAs.

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 Tranche Implementation Reports and Plans as per Appendix 4 A;
 - (c) Providing independent verification to the Executive Committee that the Targets have been met and associated tranche 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 Tranche Implementation Reports and Plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee, and should include the activities implemented by the Cooperating IA;
 - (f) In the event that the last funding tranche is requested one or more years prior to the last year for which a consumption target had been established, annual tranche implementation reports and, where applicable, verification reports on the current stage of the Plan should be submitted until all activities foreseen had been completed and HCFC consumption targets had been met;

- (g) Ensuring that appropriate independent technical experts carry out the technical reviews;
- (h) Carrying out required supervision missions;
- (i) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;
- (j) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;
- (k) 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 Cooperating IA, the allocation of the reductions to the different budget items and to the funding of the Lead IA and the Cooperating IA;
- (l) Ensuring that disbursements made to the Country are based on the use of the indicators;
- (m) Providing assistance with policy, management and technical support when required;
- (n) Reaching consensus with the Cooperating IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan]; and
- (o) Timely releasing funds to the Country/participating enterprises for completing the activities related to the project.

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 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCIES

1. The Cooperating IAs will be responsible for a range of activities. These activities are specified in the Plan, including at least the following:

- (a) Providing assistance for policy development 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; and
- (d) Reaching consensus with the Lead IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan.

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, on the

understanding that the maximum funding reduction would not exceed the funding level of the tranche being requested. Additional measures might be considered in cases where non-compliance extends for two consecutive years.

2. In the event that the penalty needs to be applied for a year in which there are two Agreements in force (two stages of the HPMP being implemented in parallel) with different penalty levels, the application of the penalty will be determined on a case-by-case basis taking into consideration the specific sectors that lead to the non-compliance. If it is not possible to determine a sector, or both stages are addressing the same sector, the penalty level to be applied would be the largest.
