



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/87/35  
9 June 2021

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-seventh Meeting  
Montreal, 28 June-2 July 2021<sup>1</sup>

**PROJECT PROPOSAL: THE 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 III, first tranche) UNDP and UNEP

<sup>1</sup> Online meetings and an intersessional approval process will be held in June and July 2021 due to coronavirus disease (COVID-19)

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**

**Republic of Moldova (the)**

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HCFC phase-out plan (stage III)	UNDP (lead), UNEP

<b>(II) LATEST ARTICLE 7 DATA (Annex C Group I)</b>	Year: 2019	0.53 (ODP tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>							<b>Year: 2020</b>		
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					0.56				0.56

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline:	1.00	Starting point for sustained aggregate reductions:	1.00
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	0.35	Remaining:	0.65

<b>(V) BUSINESS PLAN</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
UNDP	ODS phase-out (ODP tonnes)	0.09	0.13	0.00	0.22
	Funding (US \$)	75,031	112,059	0	187,090
UNEP	ODS phase-out (ODP tonnes)	0.11	0.00	0.02	0.13
	Funding (US \$)	40,741	0	32,593	73,334

<b>(VI) PROJECT DATA</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025-2026</b>	<b>2027</b>	<b>2028-2029</b>	<b>2030</b>	<b>Total</b>	
Montreal Protocol consumption limits		0.65	0.65	0.65	0.65	0.33	0.33	0.33	0.00	n/a	
Maximum allowable consumption (ODP tonnes)		0.65	0.58	0.50	0.43	0.33	0.33	0.33	0.00	n/a	
Projects costs requested in principle (US \$)	UNDP	Project costs	71,500	0	0	169,000	0	72,500	0	28,500	341,500
		Support costs	5,005	0	0	11,830	0	5,075	0	1,995	23,905
	UNEP	Project costs	55,000	0	0	47,000	0	23,500	0	20,500	146,000
		Support costs	7,150	0	0	6,110	0	3,055	0	2,665	18,980
Total project costs requested in principle (US \$)		126,500	0	0	216,000	0	96,000	0	49,000	487,500	
Total support costs requested in principle (US \$)		12,155	0	0	17,940	0	8,130	0	4,660	42,885	
Total funds requested in principle (US \$)		138,655	0	0	233,940	0	104,130	0	53,660	530,385	

<b>(VII) Request for approval of funding for the first tranche (2021)</b>		
<b>Agency</b>	<b>Funds requested (US \$)</b>	<b>Support costs (US \$)</b>
UNDP	71,500	5,005
UNEP	55,000	7,150
Total	126,500	12,155

<b>Secretariat's recommendation:</b>	Individual consideration
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## PROJECT DESCRIPTION

### Background

1. On behalf of the Government of the Republic of Moldova, UNDP as the lead implementing agency, has submitted a request for stage III of the HCFC phase-out management plan (HPMP), at a total cost of US \$532,256, consisting of US \$341,250, plus agency support costs of US \$23,888 for UNDP, and US \$147,892, plus agency support costs of US \$19,226 for UNEP, as originally submitted.<sup>2</sup> The implementation of stage III of the HPMP will phase out the remaining consumption of HCFCs by 2030.

2. The first tranche of stage III of the HPMP being requested at this meeting amounts to US \$228,893, consisting of US \$147,500, plus agency support costs of US \$10,325 for UNDP, and US \$62,892, plus agency support costs of US \$8,176 for UNEP, as originally submitted.

### Status of implementation of stages I and II of the HPMP

3. Stage I of the HPMP was approved at the 63<sup>rd</sup> meeting<sup>3</sup> and revised at the 74<sup>th</sup> meeting<sup>4</sup> to meet the 10 per cent reduction from the baseline by 2015, at a total cost of US \$88,000, plus agency support costs, to phase out 0.10 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector. Stage I of the HPMP was completed on 31 December 2016.

4. Stage II of the HPMP was approved at the 77<sup>th</sup> meeting<sup>5</sup> to meet the 35 per cent reduction from the baseline by 2020, at a total cost of US \$174,500, plus agency support costs, to phase out 0.25 ODP tonnes of HCFCs used in the RAC servicing sector. The third and final tranche of stage II was approved under the intersessional approval process for the 86<sup>th</sup> meeting (IAP-86) in December 2020; stage II will be completed by 31 December 2021.

### HCFC consumption

5. The Government of the Republic of Moldova reported under country programme (CP) implementation report a consumption of 0.56 ODP tonnes of HCFC in 2020, which is 44 per cent below the HCFC baseline for compliance. The 2016-2020 HCFC consumption is shown in Table 1.

**Table 1. HCFC consumption in the Republic of Moldova (2016-2020 Article 7 data)**

HCFC-22	2016	2017	2018	2019	2020*	Baseline
Metric tonnes (mt)	0.00	0.00	5.58	9.68	10.10	17.00
ODP tonnes	0.00	0.00	0.31	0.53	0.56	1.00

\*CP data.

6. In 2016 or 2017, HCFCs were not imported into the country; during those years, stockpiles of HCFCs were used to meet domestic demand. In 2018, the Government issued an HCFC import quota of 0.61 ODP tonnes (11.00 mt), which was only allocated to the five importers in October 2018 due to the late approval of the Government on the national regulatory framework on quota allocation.<sup>6</sup> The decrease of HCFC consumption from the baseline for compliance is due to the implementation of activities in the servicing sector, including training of RAC technicians; the ban on the import of HCFC-based equipment since October 2017; the adoption of HFC-based equipment; the import of R-422D<sup>7</sup> as a drop-in substitute

<sup>2</sup> As per the letter of 16 March 2021 from the Ministry of Agriculture, Regional Development and Environment of the Republic of Moldova to UNDP.

<sup>3</sup> UNEP/OzL.Pro/ExCom/63/49

<sup>4</sup> Annex XVIII of document UNEP/OzL.Pro/ExCom/74/56

<sup>5</sup> UNEP/OzL.Pro/ExCom/77/58 and Annex XXIII of document UNEP/OzL.Pro/ExCom/77/76

<sup>6</sup> Governmental Decision number 589 was adopted on 21 June 2018.

<sup>7</sup> An HFC blend containing HFC-125, HFC-134a and R-600a.

for HCFC-22 (4.80 mt, 2.36 mt, and 5.85 mt were imported in 2017, 2018 and 2019, respectively); and the use of recovered HCFC-22 for servicing.

#### *CP implementation report*

7. The Government of the Republic of Moldova reported HCFC sector consumption data under the 2019 CP implementation report which is consistent with the data reported under Article 7 of the Montreal Protocol.

#### *Verification report*

8. The verification process for the period 2015 to 2020 was completed in May 2021; the verifier through a letter dated 27 May 2021, confirmed that the Government of the Republic of Moldova is implementing a licensing and quota system for HCFC imports and exports that ensures the country's compliance with the control targets set in the Agreement with the Executive Committee, and that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for the period 2015 to 2019 was correct (as shown in Table 1 above) and lower than the control targets for those years. Article 7 data for 2020 will be submitted by the Government by the end of June 2021. The verifier recommended *inter alia* consultations with the customs authorities on the use of the correct Harmonized System codes for recording HCFC imports, ensuring that quotas issued for a specific calendar year expire by the end of that year, and greater coordination with exporting countries for ensuring that trade of HCFCs is monitored and controlled. These recommendations would be implemented during stages II and III.

#### Status of progress and disbursement

##### *Legal framework*

9. The national regulatory framework on quota allocation has been in place since 21 June 2018. The Governmental Decision number 589 outlines the legal aspects regarding the organization of work of the National Commission hosted by the Ministry of Agriculture, Regional Development and Environment, which reviews and controls the annual import quota allocation for HCFCs. The Government has approved the action plan of the HPMP covering the period 2016-2040, and the National Commission has approved annual import quotas below the Montreal Protocol targets as follows: 0.54 ODP tonnes for 2021, 0.48 ODP tonnes for 2022, 0.42 ODP tonnes for 2023, 0.36 ODP tonnes for 2024, and 0.30 ODP tonnes for 2025.

10. On 20 July 2020, the Government of the Republic of Moldova approved the draft law for the Accession to the Kigali Amendment, which has been submitted to Parliament for approval. Due to delays resulting from the COVID-19 pandemic, the ratification of the Kigali Amendment is expected in early 2022.

##### *Refrigeration servicing sector*

11. During the implementation of stage II, regulations to ban imports of equipment containing HCFCs were adopted on 27 October 2017; HCFC quotas were issued to importers; an e-based system for monitoring HCFC imports and exports was designed and is under advanced stages of finalisation; 60 customs and enforcement officers were trained and 92 RAC technicians were trained and certified and relevant training curriculum and guides were updated. The remaining activities under stage II under current implementation include: awareness raising activities relating to low-global-warming-potential (GWP) alternative refrigerants to replace HCFCs in commercial refrigeration, training and capacity building of servicing technicians and enforcement officers, finalisation of e-based data reporting system for HCFCs, and monitoring of HPMP implementation.

12. Two demonstration projects for using CO<sub>2</sub>-based technology in the commercial refrigeration sector were completed and operational as of July 2020, and the results and lessons learned are being disseminated.

The projects resulted in practical experience with CO<sub>2</sub>-based technology for both the retail and warehouse commercial refrigeration sub-sectors, including demonstration of the capital costs required, applicability of the technology and performance of the equipment, and potential operational savings that could be achieved. As a result of the project, the largest national retailer, Linella, with over 100 supermarkets throughout the country, has expressed interest in applying CO<sub>2</sub>-based technology.

#### Level of fund disbursement

13. As of March 2021, of the total funds of US \$174,500 approved (US \$122,300 for UNDP and US \$52,200 for UNEP), US \$151,161 had been disbursed (US \$120,650 for UNDP and US \$30,511 for UNEP), and US \$1,642 has been returned at the 86<sup>th</sup> meeting. The balance of US \$21,697 will be disbursed in 2021.

### **Stage III of the HPMP**

#### Remaining consumption eligible for funding

14. After deducting 0.1 ODP tonnes of HCFCs associated with stage I of the HPMP, and 0.25 ODP tonnes associated with stage II, the remaining consumption eligible for funding in stage III amounts to 0.65 ODP tonnes.

#### Sector distribution of HCFCs

15. There are approximately 550 technicians and 150 workshops consuming HCFC-22 to service residential air-conditioners, and commercial, industrial and transport refrigeration equipment as shown in Table 2. HCFC-22 represents 6.1 per cent of the refrigerants used in the servicing sector, and the other main refrigerants consumed included HFC-134a, R-404A, R-507A and R-507C.

**Table 2. Sectoral distribution of HCFC-22 in the Republic of Moldova in 2020**

Sector/Applications	Number of units	Average refrigerant charge (kg/unit)	Average service charge (%)	Total (mt)
Residential AC	4,465	1.0	5.0	0.23
Commercial refrigeration	4,660	5.2	14.9	3.60
Industrial refrigeration	434	89.7	15.1	5.88
Transport refrigeration	363	7.0	15.6	0.40
<b>Total</b>	<b>9,922</b>	<b>n/a</b>	<b>n/a</b>	<b>10.11</b>

#### Phase-out strategy in stage III of the HPMP

16. Stage III of the HPMP will follow the Montreal Protocol schedule. It has been designed based on the experience gained during the implementation of the previous stages and will focus on strengthening regulations and their enforcement for harmonization with European Union (EU) legislations and achieving compliance with the HPMP targets; training and capacity building of service technicians, recovery and reclamation of HCFCs and an end-user incentive programme for adoption of low-GWP refrigerants in commercial and industrial refrigeration applications; and awareness and information outreach for adoption of HCFC-free low-GWP refrigerants in different RAC applications and increasing general awareness on ozone layer protection.

#### Proposed activities in stage III of the HPMP

17. Stage III proposes the following activities:

- (a) *Legal and regulatory measures*: New legislation and regulatory measures for implementation of HCFC quota system and harmonisation of national regulations with EU legislations including European Commission regulation 1005/2009, EU regulation 517/2014 and 2015/2067 on minimum requirements and the conditions for mutual recognition for the certification of servicing technicians; feasibility study on economic instruments to discourage use of HCFC-22 in equipment and financing schemes for adopting low-GWP alternatives, including stakeholder consultation; web-based electronic reporting and licensing system for HCFCs, including organization of trainings for importers, distribution companies selling refrigerants in the market, end-users and public institutions (i.e., the Ministry of Agriculture, Regional Development and Environment (MoARDE)) (UNEP) (US \$29,892);
- (b) *Capacity building of customs and enforcement officers*: Updating training curricula and training materials for customs and enforcement officers; four training workshops for 80 customs and enforcement officers on enforcement of regulations for controlling and monitoring HCFCs; and third edition of the “Handbook for Customs and Enforcement Officers” (UNEP) (US \$20,000);
- (c) *Capacity building of refrigeration technicians and environmental inspectors*: Training of one national expert trainer on safe use of alternative low-GWP technologies; updating training curricula and printing of training materials for refrigeration technicians and environmental inspectors; eight training workshops and certification of 120 refrigeration technicians on good service practices and safe use of HCFC-free low-GWP alternatives; four training workshops for a total of 80 environmental inspectors on inspection to control leakage of large HCFC-based refrigeration equipment (UNEP) (US \$52,000);
- (d) *Equipment support for leak detection for environmental inspectors*: Supply of 40 basic sets of electronic leak detectors to the Inspectorate for Environment Protection Territorial Agencies and Inspections for inspection of leakage in large capacity RAC equipment (UNDP) (US \$10,000);
- (e) *Recovery, recycling, and reclamation (RRR) programme*: Recruitment of a consultant for design of specifications of RRR equipment, procurement support and development of guidelines for the RRR scheme, procedures and steps for equipment registration and leak checks for service technicians and equipment owners/operators for training and adoption by the technicians and equipment owners/operators; an incentive system on low-GWP technologies for replacement of existing HCFC-based equipment; procurement of RRR equipment (e.g., reclamation machine, cylinders, vacuum pumps, recovery machines); implementation of two training workshops for service technicians/equipment owners/operators/importers, to introduce the guidelines for the RRR scheme and raise awareness on the incentive system on replacement of HCFCs in old equipment with low-GWP technologies (UNDP) (US \$43,500);
- (f) *Development and implementation of equipment incentive programme for the adoption of low-GWP technologies*: Recruitment of national consultant(s) to provide technical and consultative expertise related to the incentive programme for scaling up the CO<sub>2</sub> technology in the supermarket and cold storage sector and on the new technologies demonstration programme on natural refrigerant technologies (e.g., HC-based, ammonia); assembly of at least two commercial installations based on hydrocarbon-refrigerants (i.e., HC-290 or HC-1270) and at least two industrial installation based on ammonia (R-717), including the procurement of components (e.g., remote operation control, recording of operational parameters such as cooling performance, overall equipment energy consumption); implementation of five awareness workshops on the incentive programme

for scaling up the CO<sub>2</sub> technology and on the demonstration programme on natural refrigerants; an awareness programme for scaling up of adoption of the technologies after implementation and one terminal workshop on dissemination of results achieved (UNDP) (US \$287,750);

- (g) *Strengthening the Public Association of Refrigeration Technicians*: Development of materials to raise awareness on HCFC-free low-GWP alternatives; and holding three technology roundtables to promote adoption of HCFC alternative technologies (UNEP) (US \$18,000); and
- (h) *Technical capacity development measures for adoption of low-GWP refrigerants and awareness and information outreach*: Feasibility study on district heating and cooling including stakeholder consultation; feasibility study on passive cooling including stakeholder consultation; cooperation with the State Hydrometeorological Service on ultraviolet (UV) radiation index (UNEP) (US \$17,000).

*Project implementation and monitoring*

18. The system established under stage II of the HPMP will continue into stage III, where the national ozone unit (NOU), UNDP and UNEP monitor activities, report progress, and work with stakeholders to phase out HCFCs. The cost of those activities amounts to US \$11,000 for UNEP for stage III.

*Gender policy implementation*

19. Stage III of the HPMP has been developed with women participation in line with decision 84/92(d),<sup>8</sup> and based on the study that was undertaken during stage II to map gender roles and look for opportunities to improve the gender balance in the RAC servicing sector and assess ways to encourage and maximize the participation of female practitioners (e.g., consultants, supervisors, experts, trainers and trainees) in different activities including RAC servicing training courses and workshops and other capacity-building activities at all levels. There are approximately 150 female customs and enforcement officers working in the country. In addition, the NOU would monitor and report gender disaggregated data on project activities, introduce gender sensitive language in communication, business operations and recruitment process, and compare women involvement in different activities against the targets.

Total cost of stage III of the HPMP

20. The total cost of stage III of the HPMP for the Republic of Moldova has been estimated at US \$489,142 (plus agency support costs), as originally submitted, for achieving 67.5 per cent reduction from its HCFC baseline consumption by 2025 and 100 per cent by 2030. The proposed activities and cost breakdown are summarized in Table 3.

**Table 3. Total cost of stage III of the HPMP for the Republic of Moldova as submitted**

Activity	Agency	Cost (US \$)
Legal and regulatory measures	UNEP	29,892
Capacity building of customs and enforcement officers	UNEP	20,000
Capacity building of refrigeration technicians and environmental inspectors	UNEP	52,000
Equipment support for leak detection for environmental inspectors	UNDP	10,000
Recovery, recycling and reclamation programme	UNDP	43,500
Development and implementation of equipment incentive programme for the adoption of low-GWP technologies	UNDP	287,750
Strengthening the Public Association of Refrigeration Technicians	UNEP	18,000

<sup>8</sup> Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

Activity	Agency	Cost (US \$)
Technical capacity development measures for adoption of low-GWP refrigerants and awareness and information outreach	UNEP	17,000
Monitoring and reporting	UNDP and UNEP	11,000
<b>Total</b>		<b>489,142</b>

### Activities planned for the first tranche of stage III

21. The first funding tranche of stage III of the HPMP, at the total amount of US \$210,392, will be implemented between July 2021 and December 2024 and will include the following activities:

- (a) *Legal and regulatory measures*: Drafting and issuing new legislation and regulatory measures for harmonising with the EU regulations mentioned above; feasibility study on economic instruments and financing schemes for adopting low-GWP alternatives, including stakeholder consultation; establishing a web-based electronic reporting and licensing system for HCFCs, including training for importers, distribution companies selling refrigerants in the market, end-users and public institutions (i.e., MoARDE) (UNEP) (US \$22,392);
- (b) *Capacity building for customs and enforcement officers*: Updating training curriculum and training materials for customs and enforcement officers; one training workshop for 20 customs and enforcement officers on controlling and monitoring HCFC imports (UNEP) (US \$4,000);
- (c) *Capacity building for refrigeration technicians and environmental inspectors*: Updating training curricula and printing of training materials for refrigeration technicians and environment inspectors; two training workshops and certification of 30 refrigeration technicians on good service practices; and one training workshop for 20 environmental inspectors on inspection of HCFC leaks in commercial and industrial refrigeration equipment (UNEP) (US \$10,500);
- (d) *Equipment support for leak detection for environmental inspectors*: Supply of 40 basic sets of electronic leak detectors to the Inspectorate for Environment Protection Territorial Agencies and Inspections (UNDP) (US \$10,000);
- (e) *Recovery, recycling, and reclamation programme*: Recruitment of a consultant to provide technical expertise on RRR activities, including guidelines for checking RAC equipment during recovery and procedures to be followed; procurement of RRR equipment (e.g., reclamation units, vacuum pumps, refrigerant cylinders, other tools for recovery, recycling and reclamation); two training workshops for service technicians/equipment owners/operators/importers, to introduce the guidelines developed for the RRR scheme and raise awareness on the incentive system on replacement of HCFCs in old equipment with low-GWP technologies (UNDP) (US \$43,500);
- (f) *Development and implementation of equipment incentive programme for the adoption of low-GWP technologies*: Recruitment of national consultant(s) to provide technical and consultative expertise related to the incentive programme for scaling up the CO<sub>2</sub> technology in the supermarket and cold storage sector and on the new technologies demonstration programme on natural refrigerants (e.g., HCs, ammonia); import of components and assembly of two commercial installations on hydrocarbons (HC-290 or HC-1270) and two industrial installation on ammonia (R-717) (required components, remote operation control, recording of operational parameters); one awareness workshop on the incentive programme for scaling up of the technologies (UNDP) (US \$94,000);



- (g) *Strengthening the Public Association of the Refrigeration Technicians*: Develop and publish awareness raising materials on HPMP implementation and low-GWP alternative technologies to HCFCs to be disseminated by the Public Association of the Refrigeration Technicians during its awareness raising events for members; one technology roundtables/exhibition booth on different HCFC-free alternatives (technology awareness and information campaigns) organized with the support of Public Association of the Refrigeration Technicians, in cooperation with service sector enterprises, technical institutions training service technicians, regulatory institutions dealing with service enterprises and end-users (UNEP) (US \$6,000);
- (h) *Technical capacity development measures for adoption of low-GWP refrigerants and awareness and information outreach*: Feasibility study on district heating and cooling including stakeholder consultation; feasibility study on passive cooling including stakeholder consultation; cooperation with the State Hydrometeorological Service on UV radiation index (UNEP) (US\$17,000); and
- (i) *Coordination, management and monitoring* (UNEP) (US \$3,000): Project management, monitoring and reporting budgets on staff/consultant component.

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

22. The Secretariat reviewed stage III of the HPMP in light of stage II, the policies and guidelines of the Multilateral Fund, including the criteria for funding HCFC phase-out in the consumption sector for stage III of HPMPs (decision 74/50), and the 2021-2023 business plan of the Multilateral Fund.

#### Overarching strategy

23. The Government of the Republic of Moldova proposes to meet the 100 per cent reduction of its HCFC baseline consumption by 2030, and to maintain a maximum annual consumption of HCFC in the period of 2030 to 2040 consistent with Article 5, paragraph 8 ter(e)(i) of the Montreal Protocol.<sup>9</sup> To achieve the above targets, the Government would continue strengthening implementation of regulations to control supply of HCFCs, strictly enforce regulations to prohibit import of HCFC-based RAC equipment, undertake capacity building and training of refrigeration technicians and the refrigeration association, implement recovery and reclamation programme for HCFCs and implement awareness and outreach programmes for the adoption of low-GWP alternatives; the Government has also indicated that it expects to maintain consumption well below the stage III targets for the period 2022 to 2030.

24. In line with the Executive Committee's decision on this matter at the IAP-86, to allow for consideration of the final tranche of its HPMP, the Government of the Republic of Moldova agreed to submit a detailed description of the regulatory and policy framework in place to implement measures to ensure that HCFC consumption was in compliance with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol for the 2030-2040 period, and the expected annual HCFC consumption in the Republic of Moldova for the 2030-2040 period.

25. The Government has issued quota for 2021 for 0.54 ODP tonnes to five importers, which is below the Montreal Protocol control targets and the maximum allowable consumption.

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<sup>9</sup> HCFC consumption may exceed zero in any year so long as the sum of its calculated levels of consumption over the ten-year period from 1 January 2030 to 1 January 2040 divided by 10, does not exceed 2.5 per cent of the HCFC baseline.

26. The Secretariat discussed with UNDP on the consumption targets for 2021 to 2025 noting that the quota issued for 2021 of 0.54 ODP tonnes is lower than Montreal Protocol target for that year (0.65 ODP tonnes). After consultation, the Government agreed to revise its target for the period from 2021 to 2024 to 0.65 ODP tonnes, 0.58 ODP tonnes, 0.50 ODP tonnes and 0.53 ODP tonnes, respectively, as it would prefer to have a “safety stock” above its quota levels for those years.

#### Technical and cost-related issues

27. The Secretariat requested additional clarifications from UNEP on the technical studies relating to passive cooling and district cooling noting that they may not result in direct impact on HCFC phase-out given the very low levels of HCFC consumption in air-conditioning equipment in the country. UNEP explained that passive cooling study would result in better practices for installation, operations and maintenance of cooling equipment in the commercial refrigeration sector that consumes 35.6 per cent of HCFC-22; the study would assist users in understanding measures that would reduce cooling demand of equipment, result in reduction in leakage and energy use and facilitate adoption of environment friendly alternative refrigerants in these applications at lower capital and operating costs. After detailed discussions, UNEP agreed to restructure this project component to include the study that would assist the HCFC users in the refrigeration sector in adopting cost-effective low-GWP technologies while replacing HCFC-based equipment in commercial refrigeration applications; and remove the component relating to district cooling. The restructuring of the project resulted in savings amounting to US \$7,000 that would be used for an additional technology roundtable for promoting adoption of low-GWP alternatives to HCFCs in the RAC sector and for the development of additional awareness and outreach materials.

28. Upon a request for clarification on the RRR programme, UNDP explained that the Republic of Moldova has enforced Law 852 that prohibits emissions of refrigerants and mandates recovery of refrigerants while servicing RAC equipment; the proposed RRR programme would help in strengthening implementation of this regulation and facilitate removal of impurities in the recovered HCFC refrigerants. With the price of HCFC-22 at over US \$17, continued decrease in supply of HCFC-22, and a supportive regulatory mechanism for promoting recovery and reclamation of refrigerant, this project is expected to result in maximising recovery and reclamation of HCFC-22. UNDP explained that the incentive system that would be designed would result in replacement of old HCFC-based equipment, mainly commercial and industrial refrigeration equipment, with low-GWP alternative technologies and during such replacement, HCFC refrigerants would be recovered and reclaimed.

29. With regard to the end-user incentive projects, UNDP explained that these projects would help the end-users to progressively adopt low-GWP alternatives; it would be supported by the trend in adopting technology practices of the EU and by the ratification of the Kigali Amendment expected by early 2022 which would result in additional controls on adoption of HFC-based technologies; furthermore, training, capacity building and certification of technicians would support safe adoption of these technologies. The Secretariat noted that the information provided in the submission did not fully conform with the requirements of decision 84/84(b) and (c) (i.e., no information on refrigeration capacity and technical specifications; specific domestic policy and regulations for scaling up adoption of the proposed technologies; and number of end-users adopting the proposed technology including the methodology for the estimates). Without this information, the Secretariat was unable to assess the eligibility of the project component. Following the discussions, UNDP agreed to undertake a detailed assessment of the end-user incentive projects to ensure all relevant information would be provided when the project component will be submitted; in the absence of that information, UNDP would submit the project with a revised set of activities.

30. During the review process, UNDP, in consultation with the Government, agreed to remove the study on district cooling and restructure the study on passive cooling to assist HCFC users in adopting cost-effective low-GWP refrigerant-based technologies; include additional information outreach programmes and one additional roundtable for adoption of low-GWP refrigerants in RAC equipment; and

rationalize the costs of some items (the RRR programme and the incentive programme for the adoption of low-GWP technologies).

31. The revised funding distribution for the different components, as agreed with UNDP, is given in Table 4.

**Table 4. Revised cost allocation by activity of stage III of the HPMP for the Republic of Moldova**

Activity	Agency	Original (US \$)	Revised (US \$)
Legal and regulatory measures	UNEP	29,892	29,000
Capacity building of customs and enforcement officers	UNEP	20,000	20,000
Capacity building of refrigeration technicians and environmental inspectors	UNEP	52,000	52,000
Equipment support for leak detection for environmental inspectors	UNDP	10,000	10,000
Recovery, recycling and reclamation programme	UNDP	43,500	45,000
Development and implementation of equipment incentive programme for the adoption of low-GWP technologies	UNDP	287,750	286,500
Strengthening the Public Association of Refrigeration Technicians	UNEP	18,000	24,000
Technical capacity development measures for adoption of low-GWP refrigerants and awareness and information outreach	UNEP	17,000	10,000
Monitoring and reporting	UNDP and UNEP	11,000	11,000
<b>Total</b>		<b>489,142</b>	<b>487,500</b>

32. Keeping in view the activity revisions and expected timelines for the implementation of the project components, the tranche distribution for stage III of the HPMP was adjusted as shown in Table 5.

**Table 5. Original and revised tranche distribution for stage III of the HPMP for the Republic of Moldova (US \$)**

Funding by agency	2021	2024	2027	2030	Total
<b>As submitted</b>					
UNDP	147,500	124,500	33,500	35,750	341,250
UNEP	62,892	47,000	23,500	14,500	147,892
<b>Total as submitted</b>	<b>210,392</b>	<b>171,500</b>	<b>57,000</b>	<b>50,250</b>	<b>489,142</b>
<b>Revised</b>					
UNDP	71,500	169,000	72,500	28,500	341,500
UNEP	55,000	47,000	23,500	20,500	146,000
<b>Total as revised</b>	<b>126,500</b>	<b>216,000</b>	<b>96,000</b>	<b>49,000</b>	<b>487,500</b>

Activities planned for the first tranche

33. The funding for the first tranche was revised as per Table 5 above. After discussion with UNDP, it was agreed that the different activities would be implemented until December 2023, and their funding was revised as follows:

- (a) *Legal and regulatory measures*: same activities as submitted (US \$21,500);
- (b) *Capacity building for customs and enforcement officers*: same activities as submitted (US \$4,000);

- (c) *Capacity building for refrigeration technicians and environmental inspectors*: same activities as submitted (US \$10,500);
- (d) *Equipment support for leak detection for environmental inspectors*: same activities as submitted (US \$10,000);
- (e) *Recovery, recycling and reclamation programme*: same activities as submitted (US \$45,000);
- (f) *Development and implementation of equipment incentive programme for the adoption of low-GWP technologies*: Undertake a study that would identify the number of interested/eligible end-users willing to participate in the incentive programme for scaling up the low-GWP technologies in supermarket, cold storage and industrial sectors; based on results of the study, develop and implement an awareness programme for the incentive programme in respective sectors including organization of a workshop (US \$16,500);
- (g) *Strengthening the Public Association of the Refrigeration Technicians*: Updating, translation and reproduction and dissemination of technology information; one technology roundtable/exhibition booth on HCFC alternatives (technology awareness and information campaigns) organized with support of Public Association of the Refrigeration Technicians, in cooperation with service sector enterprises, technical institutions training service technicians, regulatory institutions dealing with service enterprises and end-users (US \$6,000);
- (h) *Technical capacity development measures for adoption of low-GWP refrigerants and awareness and information outreach*: Feasibility study on the benefits of improved cooling efficiency and sustainability, including stakeholder consultation; cooperation with the State Hydrometeorological Service on UV radiation index (US \$10,000); and
- (i) *Coordination, management and monitoring (UNEP)* (US \$3,000).

#### Total project cost

34. The total cost for stage III of the HPMP amounts to US \$487,500, based on decision 74/50(c)(xii).

#### Impact of the COVID-19 pandemic on HPMP implementation

35. In 2020, the COVID-19 pandemic has affected the implementation of several activities included in stage II of the HPMP. The Government of the Republic of Moldova proposes to complete the remaining activities related to the implementation of regulatory measures, finalisation of a web-based HCFC licensing system for implementation during stage III, training of service technicians and enforcement officers and information outreach on good servicing practices and safe adoption of HCFC-free alternatives, by the end of 2021 as planned. The Government would also initiate the overall project planning for stage III, consultations with stakeholders on updating regulations and implementation of licensing system; implementation of training for enforcement officers and service sector and studies for end-user incentive programme; development of awareness and information outreach materials. The plan for the first tranche of stage III has already taken into account the constraints for implementation of activities in a timely manner.

#### Impact on the climate

36. The proposed activities in the servicing sector, which include better containment of refrigerants through training and provision of equipment, will reduce the amount of HCFC-22 used for RAC servicing.

Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in savings of approximately 1.8 CO<sub>2</sub>-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by the Government of Moldova, including its efforts to promote low-GWP alternative technologies and the RRR programme, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits.

### **Co-financing**

37. UNDP explained that at least 25 per cent co-financing would be provided for the end-user incentive programme proposed under stage III; there is no other co-financing information available on the proposed projects at this stage; and additional information relating to co-financing would be provided during future tranche implementation.

### **2021-2023 draft business plan of the Multilateral Fund**

38. UNDP and UNEP are requesting US \$487,500, plus agency support costs, for the implementation of stage III of the HPMP for the Republic of Moldova. The total requested value of US \$138,655, including agency support costs for the period of 2021–2023, is US \$121,769 below the amount in the business plan.

### **Draft Agreement**

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

## **RECOMMENDATION**

40. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage III of the HCFC phase-out management plan (HPMP) for the Republic of Moldova for the period from 2021 to 2030 for the complete phase-out of HCFC consumption, in the amount of US \$530,385, consisting of US \$341,500, plus agency support costs of US \$23,905 for UNDP, and US \$146,000, plus agency support costs of US \$18,980 for UNEP, on the understanding that no more funding from the Multilateral Fund would be provided for the phase-out of HCFCs;
- (b) Noting the commitment of the Government of the Republic of Moldova to reduce HCFC consumption by 35 per cent by 2021, 42 per cent by 2022, 50 per cent by 2023, 57 per cent by 2024, and 67.5 per cent by 2025 and phase out HCFCs completely by 1 January 2030, and that HCFCs would not be imported after that date, except for those allowed for a servicing tail between 2030 and 2040 where required, consistent with the provisions of the Montreal Protocol;
- (c) Deducting 0.65 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;
- (d) 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 III of the HPMP, contained in Annex I to the present document;
- (e) That, to allow for consideration of the final tranche of its HPMP, the Government of the Republic of Moldova should submit:
  - (i) A detailed description of the regulatory and policy framework in place to

implement measures to ensure that HCFC consumption was in compliance with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol for the period 2030-2040;

- (ii) The expected annual HCFC consumption in the Republic of Moldova for the period 2030-2040; and
- (f) Approving the first tranche of stage III of the HPMP for the Republic of Moldova, and the corresponding tranche implementation plans, in the amount of US \$138,655, consisting of US \$71,500, plus agency support costs of US \$5,005 for UNDP, and US \$55,000, plus agency support costs of US \$7,150 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 III 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 zero ODP tonnes by 1 January 2030 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 III 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 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 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 relevant bilateral and/or implementing agencies would take into consideration relevant decisions on the refrigeration servicing sector 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 Plan under the overall co-ordination of the Lead IA. The roles of the Lead IA and Cooperating IA are contained in Appendix 6-A and Appendix 6-B, respectively. 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, the Lead IA and the Cooperating IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA and the Cooperating IA with access to 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	1.00

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

Row	Particulars	2021	2022	2023	2024	2025-2026	2027	2028-2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	0.65	0.65	0.65	0.65	0.33	0.33	0.33	0.00	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	0.65	0.58	0.50	0.43	0.33	0.33	0.33	0.00	n/a
2.1	Lead IA (UNDP) agreed funding (US \$)	71,500	0	0	169,000	0	72,500	0	28,500	341,500
2.2	Support costs for Lead IA (US \$)	5,005	0	0	11,830	0	5,075	0	1,995	23,905
2.3	Cooperating IA (UNEP) agreed funding (US \$)	55,000	0	0	47,000	0	23,500	0	20,500	146,000
2.4	Support costs for Cooperating IA (US \$)	7,150	0	0	6,110	0	3,055	0	2,665	18,980

Row	Particulars	2021	2022	2023	2024	2025-2026	2027	2028-2029	2030	Total
3.1	Total agreed funding (US \$)	126,500	0	0	216,000	0	96,000	0	49,000	487,500
3.2	Total support costs (US \$)	12,155	0	0	17,940	0	8,130	0	4,660	42,885
3.3	Total agreed costs (US \$)	138,655	0	0	233,940	0	104,130	0	53,660	530,385
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)									0.65
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stages (ODP tonnes)									0.35
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)									0.00

\*Date of completion of stage II as per stage II Agreement: 31 December 2021.

### 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 Montreal Protocol Unit (MPU) of the Public Institution “Environmental Projects Implementation Unit” (P.I. “EPIU”) subordinated to the Ministry of Agriculture, Regional Development and Environment (MoARDE) of the Republic of Moldova, with support from the Lead IA and the Cooperating IA. The national MPU of P.I. “EPIU” will function as coordinator of all project activities described in the Plan.
2. The IAs will apply their administrative procedures towards implementation of the Plan. The Lead IA will use national implementation modality based on establishment of annual work plans and utilization of the Lead IA’s procurement functions for the delivery of equipment and tools planned in the Plan. The Cooperating IA will utilize its standard operating procedure on small-scale funding agreements with the national MPU of the P.I. “EPIU”. Regular monitoring of compliance with the work plans are 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 each 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 IA 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;
- (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.

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