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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-seventh Meeting
Montreal, 28 June-2 July 2021¹

PROJECT PROPOSAL: THE UNITED REPUBLIC OF TANZANIA

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) UNEP and UNIDO

¹ 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

THE UNITED REPUBLIC OF TANZANIA

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

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2020	1.03 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2020	
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Serviceing				
HCFC-22					1.03				1.03

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	1.7	Starting point for sustained aggregate reductions:	1.70
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.59	Remaining:	1.11

(V) BUSINESS PLAN		2021	2022	2023	Total
UNEP	ODS phase-out (ODP tonnes)	0.10	0.00	0.00	0.10
	Funding (US \$)	59,250	0	0	59,250
UNIDO	ODS phase-out (ODP tonnes)	0.20	0.00	0.20	0.40
	Funding (US \$)	64,583	0	65,000	129,583

(VI) PROJECT DATA			2021	2022-2024	2025	2026	2027-2029	2030	Total
Montreal Protocol consumption limits			1.11	1.11	0.55	0.55	0.55	0	n/a
Maximum allowable consumption (ODP tonnes)			1.11	1.11	0.55	0.55	0.55	0	n/a
Projects costs requested in principle (US \$)	UNEP	Project costs	172,500	0	0	122,500	0	75,000	370,000
		Support costs	22,425	0	0	15,925	0	9,750	48,100
	UNIDO	Project costs	100,000	0	0	70,000	0	0	170,000
		Support costs	9,000	0	0	6,300	0	0	15,300
Total project costs requested in principle (US \$)			272,500	0	0	192,500	0	75,000	540,000
Total support costs requested in principle (US \$)			31,425	0	0	22,225	0	9,750	63,400
Total funds requested in principle (US \$)			303,925	0	0	214,725	0	84,750	603,400

(VII) Request for approval of funding for the first tranche (2021)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNEP	172,500	22,425
UNIDO	100,000	9,000
Total	272,500	31,425

Secretariat's recommendation:	Individual consideration
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PROJECT DESCRIPTION

Background

1. On behalf of the Government of the United Republic of Tanzania, UNEP as the lead implementing agency, has submitted a request for stage II of the HCFC phase-out management plan (HPMP), at a total cost of US \$603,400, consisting of US \$370,000, plus agency support costs of US \$48,100 for UNEP, and US \$170,000, plus agency support costs of US \$15,300 for UNIDO, as originally submitted.² The implementation of stage II of the HPMP will phase out the remaining consumption of HCFCs by 2030.

2. The first tranche of stage II of the HPMP being requested at this meeting amounts to US \$303,925, consisting of US \$172,500, plus agency support costs of US \$22,425 for UNEP, and US \$100,000, plus agency support costs of US \$9,000 for UNIDO, as originally submitted.

Status of implementation of stage I of the HPMP

3. Stage I of the HPMP for the United Republic of Tanzania was approved at the 67th meeting³ to meet the 35 per cent reduction from the baseline by 2020, at a total cost of US \$210,000, plus agency support costs, to phase out 0.59 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector. The third and final tranche of stage I was approved under the intersessional approval process for the 85th meeting (IAP-85) in May 2020; stage I will be completed by 31 December 2021.

HCFC consumption

4. The Government of the United Republic of Tanzania reported a consumption of 1.03 ODP tonnes of HCFC in 2020, which is 39 per cent below the HCFC baseline for compliance. The 2016-2020 HCFC consumption is shown in Table 1.

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

HCFC	2016	2017	2018	2019	2020	Baseline
Metric tonnes						
HCFC-22	20.99	20.89	20.8	20.73	18.67	30.78
HCFC-123	0	0	0	0	0	0.08
Total (mt)	20.99	20.89	20.8	20.73	18.67	30.86
ODP tonnes						
HCFC-22	1.15	1.15	1.14	1.14	1.03	1.70
HCFC-123	0	0	0	0	0	0.00
Total (ODP tonnes)	1.15	1.15	1.14	1.14	1.03	1.70

5. Since 2016, HCFC consumption has been gradually reduced, which has been achieved through the implementation of activities approved under the HPMP, including the enforcement of the licensing and quota system, training provided to refrigeration technicians and technical assistance provided to the refrigeration servicing sector. In addition, the introduction of RAC alternative technology has contributed to the reduction in the demand for HCFCs.

² As per the letter of 4 March 2021 from the Vice-President's Office of the United Republic of Tanzania to the Secretariat.

³ UNEP/OzL.Pro/ExCom/67/32, Annex XV of UNEP/OzL.Pro/ExCom/67/39.

Country programme (CP) implementation report

6. The Government of the United Republic of Tanzania reported HCFC sector consumption data under the 2020 CP implementation report which is consistent with the data reported under Article 7 of the Montreal Protocol.

Status of progress and disbursement

Legal framework and enforcement

7. The Government of the United Republic of Tanzania has in place a licensing and quota system for imports/exports of HCFCs and HCFC-containing products, and for monitoring controlled substances under the Montreal Protocol that have been phased out. The system includes a mechanism to verify annually the capacity of each importer or supplier of HCFCs, the equipment and safety measures in place to manage refrigerants, refrigerant inventory and invoice records, and availability of qualified personnel.

8. Every year the national ozone unit (NOU) through the Director of Environment publishes in the official Gazette and newspapers the ban on ODS already phased out. Environmental inspectors are mandated to carry out inspection visits to ODS importers warehouses and check the refrigerant cylinders to detect illegal trade of banned substances. Customs refresher courses also cover the banned ODS. There have been no cases of illegal import and the Government is not aware of any phased out controlled substance in the market or of any stocks.

9. Eight training sessions have so far been conducted for 390 customs and law enforcement officers on the enforcement of ODS import controls, policy, and regulations, and preventing illegal ODS imports. A total of six refrigerant identifiers were procured and distributed to customs entry points for identification of controlled substances. The capacity of the customs training school has been strengthened through provision of training materials on the phase-out of ODS and inclusion of Montreal Protocol issues in the customs training curriculum.

Refrigeration servicing sector

10. The following activities were undertaken:

- (a) Twelve trainers from RAC training institutes were updated on sound principles of refrigeration; and 420 refrigeration technicians were trained in good servicing practices and the safe use of flammable refrigerants; and
- (b) Equipment and servicing tools⁴ were procured and distributed to 10 RAC training centres. A refrigerant reclaiming unit provided during the terminal phase-out management plan was transferred to the Fisheries Education and Training Agency, primarily for training purposes but also for the use by technicians when required. Twenty instructors and environmental inspectors were trained on refrigerant reclaim and safe handling of flammable refrigerants. The refrigeration technicians were trained in the proper use and maintenance of the tools and they can borrow the tools from these centres.

⁴ Includes recovery units, vacuum pumps, refrigerant identifiers, leak detectors, service manifolds, electronic scales, and portable and stationary recovery cylinders, and service tools.

Level of fund disbursement

11. As of February 2021, of the US \$210,000 approved under stage I of the HPMP US \$, US \$188,000 had been disbursed (US \$88,000 for UNEP and US \$100,000 for UNIDO). The funding for the third and final tranche (US \$22,000) was approved during the IAP-85, and will be disbursed in 2021.

Request for the extension of stage I of the HPMP

12. Stage I of the HPMP was planned for completion as of 31 December 2021. UNEP reported that the implementation agreement for the third and final tranche of stage I has not been signed yet due to legal and administrative causes at the Government level. The changes require that all projects (grants and loans) be approved and signed by the Ministry of Finance and Planning. As the Ministry is still re-organizing to fulfill its new function, implementation of the final tranche is delayed. The country through UNEP is therefore requesting an extension of the completion date to 31 December 2022.

Stage II of the HPMPRemaining consumption eligible for funding

13. After deducting 0.59 ODP tonnes of HCFCs associated with stage I of the HPMP, the remaining consumption eligible for funding for complete phase-out in stage II amounts to 1.11 ODP tonnes of HCFC-22.

Sector distribution of HCFCs

14. There are approximately 1,900 technicians and 480 workshops consuming HCFC-22 to service unitary and split air-conditioning (AC) systems, commercial cold stores, and refrigerated transport as shown in Table 2. HCFC-22 represents less than 3 per cent of the total refrigerants used in the servicing sector. Main alternatives in the market include R-600a, R-290, HFC-134a, R-410A, R-404A, and ammonia.

Table 2. Estimation of demand for HCFC-22 in the RAC servicing sector in the United Republic of Tanzania

Sub-sector	Number of units	Average charge (kg)	Leakage rate (%)	Annual amount (mt)
Domestic air-conditioners	64,300	1.3	10	8.4
Commercial refrigeration	Stand-alone	5,120	4.0	4.1
	Condenser units	4,950	4.5	3.3
	Centralized system	500	15.0	1.6
Transport refrigeration	1,650	3.0	15	0.7
Total	76,520			18.1

Phase-out strategy in stage II of the HPMP

15. Stage II of the HPMP aims to achieve a 67.5 per cent reduction from its HCFC baseline consumption by 2025 and 100 per cent reduction by 2030. It has been designed based on the experience gained during the implementation of stage I and will focus on strengthening the enforcement of the HCFC licensing and quota system, promoting the transition to low-global-warming potential (GWP) technologies in the RAC sector, developing and implementing legal instruments related to the safe use of new technologies, further strengthening the capacity of the servicing sector, and establishing a certification scheme for technicians.

Proposed activities in stage II of the HPMP

16. Stage II proposes the following activities:

- (a) Strengthening the enforcement of ODS regulations: setting up an online HCFC licensing and quota system by 1 January 2023, organizing one meeting to review the customs training curriculum, training of 150 customs officers and other enforcement officers on regulatory measures and identification, monitoring and controlling imports of HCFCs and HCFC-based equipment, conducting one border dialogue with customs officers from neighbouring countries to prevent illegal trade (UNEP) (US \$70,000), and procuring and distributing five ODS identifiers and spare parts (UNIDO) (US \$20,000);
- (b) Developing and enforcing the legal framework to encourage the adoption of low-GWP alternatives: banning the imports of HCFC-based equipment as of 1 January 2026, development of national standards for the safe use of zero and low-GWP technologies in the RAC sector to be completed by 31 December 2022, adopting sustainable public procurement policy for acquiring RAC systems in the public sector implemented as of 1 January 2026; building the capacity of 150 standard officers, environmental inspectors and key stakeholders on technical standards and 40 Government officers on the sustainable public procurement policy, and organizing four information workshops for 100 importers and end-users on the country's ODS policy and revised law (UNEP) (US \$80,000);
- (c) Strengthening the capacity of the RAC service sector: conducting consultations with 30 main stakeholders and establishment of a mandatory certification scheme, building the capacity of 60 key stakeholders involved in the certification process, updating the training manual, training and certification of 500 refrigeration technicians on good servicing practices, upgrading the national refrigeration codes of practice, providing servicing tools and ODS identifiers to the refrigeration association of technicians, and organizing four workshops for 200 end-users on the latest development of alternative technology (UNEP) (US \$190,000);
- (d) Strengthening the centres of excellence and technical assistance: development of a business model to set up a refrigerant recovery/re-use infrastructure, conducting a comparative study of performance for various equipment running with alternative refrigerants, training of 15 trainers from vocational training institutes in the safe handling of flammable refrigerants and service of hydrocarbon (HC)-based commercial refrigeration and domestic AC, equipment procurement and distribution of complementary tools and equipment⁵ to set up three reclaiming centres, and providing equipment and tools⁶ to five regional centres for managing HCs (UNIDO) (US \$120,000); and
- (e) Public awareness raising for end-users: developing and implementing a national strategy to promote the containment of refrigerants and the benefits of using alternative substances in their RAC equipment through publications, mass media articles, broadcasting radio messages, and being present in television programmes (UNIDO) (US \$30,000).

⁵ A reclaim unit for multiple refrigerants (non-flammable), 10 recovery units, a refrigerant identifier, laboratory items for quality check of reclaimed refrigerant, cylinders of different capacity, storage tank and electronic scales.

⁶ Charging station for flammable refrigerants, electronic gauge manifold, electronic leak detector for flammable refrigerants, safety related tools, brazing units, compression fitting tools, personal protection devices and miscellaneous tubing tools.

Project implementation and monitoring

17. The system established under stage I of the HPMP will continue into stage II, where the NOU will monitor activities, report progress, and work with stakeholders to phase out HCFCs. The cost of those activities amounts to US \$30,000 for stage II (UNEP).

Gender policy implementation⁷

18. In line with decision 84/92(d), the Government of the United Republic of Tanzania will promote gender equality and women's empowerment during the implementation of stage II. The NOU will support the collection of gender-disaggregated data, engage stakeholders in considering gender issues, and seek their input to identify barriers, define specific indicators, and design effective responses; target indicators will be established.

Total cost of stage II of the HPMP

19. The total cost of stage II of the HPMP for the United Republic of Tanzania has been estimated at US \$540,000 (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 reduction by 2030, which is in accordance with decision 74/50(c)(xii).

Activities planned for the first tranche of stage II

20. The first funding tranche of stage II of the HPMP at the total amount of US \$272,500 will be implemented between September 2021 and December 2025 and will include the following activities:

- (a) Strengthening the enforcement of ODS regulations: setting up an online HCFC licensing and quota system by 1 January 2023, organizing one meeting to review of customs training curriculum, capacity enhancement through training of 50 customs officers and other enforcement officers on regulatory measures and identification, monitoring and control imports of HCFCs and HCFC-based equipment, conducting one border dialogue with customs officers from neighbouring countries to prevent illegal trade (UNEP) (US \$40,000), and procuring and distributing five ODS identifiers and spare parts (UNIDO) (US \$20,000);
- (b) Developing and enforcing the legal framework to encourage the adoption of low-GWP alternatives: banning the imports of HCFC-based equipment as of 1 January 2026, developing national standards for the safe use of zero and low-GWP technologies in the RAC sector completed by 1 January 2023, adopting a sustainable public procurement policy of RAC equipment as of 1 January 2026, building the capacity of 50 standard officers, environmental inspectors and key stakeholders on technical standards and 20 Government officers on the sustainable public procurement policy, and organize two information workshops for 50 importers and end-users on the country's ODS policy and revised law (UNEP) (US \$47,500);
- (c) Strengthening the capacity of the RAC service sector: conducting consultations with 30 main stakeholders and establishing a mandatory certification scheme for service technicians, build capacity of 20 key stakeholders involved in the certification process, updating the manual for training the technicians, training and certification of 150 technicians in good servicing practices, upgrading the national refrigeration code of

⁷ Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

practices, providing small tools and ODS identifiers to the refrigeration association of technicians, and organizing two workshops for 50 end-users on the latest development of alternative technology (UNEP) (US \$75,000);

- (d) Strengthening the centres of excellence and technical assistance: developing a business model to set up a refrigerant recovery/re-use infrastructure, conducting a comparative study of performance for various equipment running with alternative refrigerants, training 15 trainers from vocational training institutes on the safe handling of flammable refrigerants and service of HC-based equipment, procuring and distributing complementary tools and equipment to set-up one reclaiming centre, and providing tools to five regional centres for managing HC (UNIDO) (US \$70,000);
- (e) Public awareness raising to end-users: developing and implementing a national strategy to promote the containment of refrigerants and the benefits of using alternative substances in their RAC equipment through printing and disseminating 100 publications, as well as airing four announcements in mass media, four television and 10 radio programmes (UNIDO) (US \$10,000); and
- (f) Project monitoring and support (UNEP) (US \$10,000) (US \$7,000 for hiring consultants, US \$2,000 for coordination meetings and US \$1,000 for monitoring travels).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

21. The Secretariat reviewed stage II of the HPMP 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 2021-2023 business plan of the Multilateral Fund.

Overarching strategy

22. The Government of the United Republic of Tanzania 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.⁸ The Government further commits to continue establishing strict import and control methods to monitor the levels of import and the uses of HCFCs during that period to ensure that they are limited to the conditions set by the Montreal Protocol.

23. In line with decision 86/51, to allow for consideration of the final tranche of its HPMP, the Government of the United Republic of Tanzania 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 country for the 2030-2040 period.

⁸ 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 ten, does not exceed 2.5 per cent of the HCFC baseline.

Regulations to support HCFC phase-out

24. In approving the third and final tranche of stage I, UNEP was requested to include, as part of the submission for stage II, an update on progress towards implementing the recommendations⁹ in the verification report submitted to the 85th meeting. UNEP informed that the Government could not complete the establishment of an online licensing system to enable a fast-tracking of the licenses in 2020 because of delays in the coordination attributable to the COVID-19 pandemic. However, the institutional coordination and capacity building as recommended in the verification report is now ongoing, and the online HCFC licensing and quota system is expected to be launched on 1 January 2023.

Delays in the stage I of the HPMP

25. Noting the request for extension of stage I, the Secretariat enquired if activities in the final tranche of stage I will overlap with those planned for the first tranche of stage II. UNEP ensured that the implementation of the final tranche of stage I will start as soon as the agreement is signed with the Government, and will complete by 31 December 2022. Furthermore, approval of the first tranche of stage II would be on the understanding that the funds associated with UNEP would be transferred upon confirmation by UNEP to the Secretariat that the agreement for the third and final tranche of stage I had been signed by the Government.

Technical and cost-related issues

26. At present, R-600a is used in domestic refrigeration and stand-alone commercial units in the country (64 per cent of total refrigerants) and R-290 in domestic AC equipment (12 per cent). However, there is a lack of safety standards. The number of trained technicians and specific tools is still insufficient to face the challenges of servicing equipment with flammable refrigerants. Among other activities, stage II proposes developing safety standards in consultation with primary stakeholders, upgrading the regional centres of excellence for providing training on managing flammable refrigerants, and establishing a mandatory certification scheme for technicians, including one for unskilled low-trained technicians.

27. The certification scheme of technicians will be mandatory through the ODS Regulations. The country will certify technicians who acquire the competencies to ensure safety practices and preventing leakage of all types of refrigerants. Furthermore, the vocational schools will update their training curricula to include the safe handling of flammable and toxic refrigerants; and the RAC association will discuss and adopt the national codes of practice according to safety standards, and in collaboration with the NOU and main stakeholders, will continue monitoring the implementation of the certification scheme. Both are pre-conditions to strengthen the current certification scheme, which is expected in force by January 2025. The project funds will support the initiation of the technicians' certification whose sustainability would require additional resources from the national budget.

28. Stage II includes also a comparative study to be undertaken in the centres of excellence to assess the performance of different technologies and outreach the results to promote low-GWP technologies in the country. UNIDO confirmed that the proposal does not include an incentive scheme to promote the change or adaptation of RAC equipment. Nevertheless, the Secretariat recalled decisions 72/17 and 73/34 for any

⁹ To improve the implementation of the HCFC licensing and quota system, including: that the National Environment Management Council (NEMC) provides a sample of its Director's signature to customs to strengthen verification of authenticity of import and export licenses documentation; ensuring that all import and export licenses are valid and issued within one calendar year; raising awareness of importers to ODS control measures; strengthening cooperation among agencies dealing with ODS importers; informing customs and the NOU of all import licenses authorized; that the customs counter check licenses/permits issued before clearing any consignment; that national ODS regulations should be reviewed to ensure they address all the requirements of Montreal Protocol control measures; and that the NOU should be fully involved in the issuance of import licenses and quotas.

eventual retrofitting of RAC equipment, and both implementing agencies confirmed that the decisions would be followed.

29. Concerning the recovery and reclamation project to be implemented in the first tranche, UNIDO will assist the Government in developing a comprehensive business model demonstrating its technical feasibility in terms of the amounts of HCFCs to be recovered and reused, and its financial viability when submitting the request for the recovery and recycling programme under a future tranche. The programme would help reduce the amount of refrigerants vented into the atmosphere when equipment is being serviced, and the refrigerants that will be recovered will be promoted among servicing technicians and end-users to reduce the import of new HCFCs. However, other phase-out activities would be proposed in the event that the recovery and recycling scheme could not be implemented.

Total project cost

30. The total project costs for stage II of the HPMP and the funding for the first tranche was agreed as submitted.

Impact on the climate

31. 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 kilogramme of HCFC-22 not emitted due to better refrigeration practices results in 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 United Republic of Tanzania, including its efforts to promote low-GWP alternatives, as well as refrigerant recovery and reclaim, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits.

Co-financing

32. The Government of the United Republic of Tanzania will continue providing in-kind support such as the provision of staff, venues, and logistical support. The Government will also provide funding to specific activities related to the certification of service technicians when necessary.

2021-2023 draft business plan of the Multilateral Fund

33. UNEP and UNIDO are requesting US \$540,000, plus agency support costs, for the implementation of stage II of the HPMP for the United Republic of Tanzania. The total requested value of US \$303,925, including agency support costs for the period of 2021–2023, is US \$115,092 above the amount in the business plan.

Draft Agreement

34. A draft Agreement between the Government of United Republic of Tanzania 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

35. The Executive Committee may wish to consider:

- (a) Approving, on an exceptional basis, the extension of the completion date of stage I of the HPMP for the United Republic of Tanzania to 31 December 2022, on the understanding that no further extension would be requested;

- (b) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for the United Republic of Tanzania for the period from 2021 to 2030 for the complete phase-out of HCFC consumption, in the amount of US \$603,400, consisting of US \$370,000, plus agency support costs of US \$48,100 for UNEP, and US \$170,000, plus agency support costs of US \$15,300 for UNIDO, on the understanding that no more funding from the Multilateral Fund would be provided for the phase-out of HCFCs;
- (c) Noting the commitment of the Government of the United Republic of Tanzania:
 - (i) To phase out HCFCs completely by 1 January 2030, and to ban the import of HCFCs by 1 January 2030, except for those allowed for a servicing tail between 2030 and 2040, where required, consistent with the provisions of the Montreal Protocol;
 - (ii) To set up an online HCFC licensing and quota system by 1 January 2023;
 - (iii) To issue a ban on the import of HCFC-based RAC equipment as of 1 January 2026;
- (d) Deducting 1.11 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;
- (e) Approving the draft Agreement between the Government of the United Republic of Tanzania 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;
- (f) That, to allow for consideration of the second tranche of stage II of the HPMP, UNEP and UNIDO should submit the project completion report for stage I of the HPMP and return any unused balances to the Fund, and UNEP should confirm that the country fulfills the recommendations of the verification report submitted to the 85th meeting;
- (g) That, to allow for consideration of the final tranche of stage II of its HPMP, the Government of the United Republic of Tanzania 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 United Republic of Tanzania for the period 2030-2040; and
- (h) Approving the first tranche of stage II of the HPMP for the United Republic of Tanzania, and the corresponding tranche implementation plans, in the amount of US \$303,925, consisting of US \$172,500, plus agency support costs of US \$22,425 for UNEP, and US \$100,000, plus agency support costs of US \$9,000 for UNIDO, on the understanding that funds associated with UNEP would be transferred to UNEP by the Treasurer upon confirmation by UNEP to the Secretariat that the agreement for the implementation of the third tranche of stage I had been signed.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA 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 United Republic of Tanzania (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 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 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. UNEP has agreed to be the lead implementing agency (the “Lead IA”) and UNIDO 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	1.70

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2021	2022-2024	2025	2026	2027-2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	1.11	1.11	0.55	0.55	0.55	0	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	1.11	1.11	0.55	0.55	0.55	0	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	172,500	0	0	122,500	0	75,000	370,000
2.2	Support costs for Lead IA (US \$)	22,425	0	0	15,925	0	9,570	48,100
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	100,000	0	0	70,000	0	0	170,000

Row	Particulars	2021	2022-2024	2025	2026	2027-2029	2030	Total
2.4	Support costs for Cooperating IA (US \$)	9,000	0	0	6,300	0	0	15,300
3.1	Total agreed funding (US \$)	272,500	0	0	192,500	0	75,000	540,000
3.2	Total support costs (US \$)	31,425	0	0	22,225	0	9,750	63,400
3.3	Total agreed costs (US \$)	303,925	0	0	214,725	0	84,750	603,400
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)							1.11
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)							0.59
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)							0.00

* Date of completion of stage I as per stage I Agreement: 31 December 2022.

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 Division of Environment – Vice President’s Office will guide implementation of the project. The national ozone unit will be monitoring the implementation of the project activities and will prepare a quarterly progress report for the project. The monitoring programme will therefore ensure effectiveness of all the proposed projects within the Plan through constant monitoring and periodic review of the performance of individual project. Independent verification will be conducted by an independent consultant arranged by the Lead IA.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities, including at least the following:
- (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country’s HPMP;
 - (b) Assisting the Country in preparation of the 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.