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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixtieth Meeting  
Montreal, 12-15 April 2010

**PROJECT PROPOSAL: MALDIVES**

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

Phase-out

- HCFC phase-out management plan (first tranche)

UNEP/UNDP

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

<b>COUNTRY:</b>	Republic of Maldives
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<b>PROJECT TITLE:</b>	HCFC Phase-out Management Plan
<b>BILATERAL/IMPLEMENTING AGENCY:</b>	UNEP
<b>NATIONAL CO-ORDINATING AGENCY:</b>	UNDP

**LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**

<b>A. ARTICLE-7 DATA</b>	<b>2008</b>	<b>AS OF MARCH 2010</b>
Annex C, Group I:		3.7 ODP tonnes

<b>B: COUNTRY PROGRAMME SECTORAL DATA</b>	<b>2008</b>	<b>AS OF MARCH 2010</b>				
Substance	Consumption by sector (ODP tonnes)					Total
	Foam	Ref. manu.	Ref. serv.	Solvent	Other	
HCFC-22	0	0	3.7	0	0	3.7
HCFC-141b	0	0	0	0	0	0
HCFC-142b	0	0	0	0	0	0
Other	0	0	0	0	0	0

<b>CONSUMPTION DATA (ODP tonnes)</b>			
2009-2010 baseline:	To be determined	Starting point for sustained aggregate reductions: Baseline	
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	0	Remaining:	Baseline
<b>CURRENT YEAR BUSINESS PLAN:</b>			
Total funding (US \$):	1,275,000	Total phase-out (ODP tonnes):	3.7

**THE TARGETS AND FUNDING**

Row	Parameter/Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	3.7	3.7	3.7	3.7	3.7	3.3	3.3	3.3	3.3	3.3	2.4	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	3.7	3.7	3.7	3.3	3.3	3.0	2.4	2.4	1.3	1.3	0.0925	N/A
2.1	Lead IA (UNEP) agreed funding (US\$)	355,940	0	0	216,860		145,350	0	66,850	0	0	0	785,000
2.2	Support costs for Lead IA (US\$)	46,272	0	0	28,192	0	18,896	0	8,691	0	0	0	102,050
2.3	Cooperating IA (UNDP) agreed funding (US\$)	400,000	0	0	90,000	0	0	0	0	0	0	0	490,000
2.4	Support costs for cooperating IA (US\$)	30,000	0	0	6,750	0	0	0	0	0	0	0	36,750
3.1	Total agreed funding (US\$)	755,940	0	0	306,860	0	145,350	0	66,850	0	0	0	1,275,000
3.2	Total support costs (US\$)	76,272	0	0	34,942	0	18,896	0	8,691	0	0	0	138,800
3.3	Total agreed costs (US\$)	832,212	0	0	341,802	0	164,246	0	75,541	0	0	0	1,413,800
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)												3.7
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (ODP tonnes)												0
4.1.3	Remaining eligible consumption of HCFC-22 (ODP tonnes)												0.0925

**FUNDING REQUEST:** Approval of funding for the first tranche (2010) as indicated above.

<b>SECRETARIAT'S RECOMMENDATION:</b>	For individual consideration
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## PROJECT DESCRIPTION

1. On behalf of the Government of the Maldives UNEP, as the designated lead implementing agency, has submitted to the 60<sup>th</sup> Meeting of the Executive Committee an HCFC phase-out management plan (HPMP) at a total cost of US \$1,275,000 for an accelerated phase-out of its HCFC consumption in 2020. The first tranche of the HPMP which will cover activities until 2012 is requested at a funding level of US \$755,940, US \$355,940 for UNEP plus support costs of US \$46,272, and US \$400,000 for UNDP plus support costs of US \$30,000. The HPMP closely follows the guidelines adopted by the Executive Committee in decision 54/39. The Maldives reported a consumption of 67.4 metric tonnes (3.7 ODP tonnes) of HCFC in 2008.

2. The submitted HPMP for the Maldives intends to address the complete phase-out of HCFCs following an accelerated phase-out schedule beyond that required by decision XIX/6 of the Parties to the Montreal Protocol resulting in HCFC phase-out ten years before the target date. This undertaking by the Government of the Maldives also includes a commitment to provide initial counterpart funding and to seek significant levels of co-financing from non-Multilateral Fund sources for climate benefits associated with the HCFC phase-out.

3. The HPMP is based on a survey assessing the use of HCFCs in the country, the number of HCFC refrigeration and air-conditioning systems, and the situation of the refrigeration servicing sector. The plan is developed in a single stage approach aimed at achieving complete phase-out of HCFCs by 2020 and keeping an allowance of 2.5 per cent of the baseline consumption for meeting servicing needs till 2025. The plan will impose a ban on the import of HCFC based equipment by 2013.

4. The activities that will be undertaken in the country will be a combination of non-investment activities (policy instruments, training and awareness raising) and investment activities (refrigerant reclaim programme, retrofitting and pilot end user replacement programme) to be implemented by UNEP and UNDP respectively. The Government of the Maldives will also provide counterpart funding that will initiate activities for the promotion of ozone and climate co-benefit activities, which will include a standards and labelling programme as well as the development of a framework for efficient and low HCFC economic development. These will be implemented at the same time as the other activities funded under this HPMP.

### General information

5. The Republic of Maldives is located at the centre of the Indian peninsula and consists of approximately 1,190 coral islands naturally grouped in a double chain of 26 atolls, spread over roughly 90,000 square kilometres. For administrative purposes the islands are divided into 19 atolls, and recently as part of the ongoing decentralization process they are further divided into 7 provinces. The capital of Maldives is Male, located in the central part of the country. The Maldives is one of the lowest lying countries in the world and is recognised as one of the most vulnerable in the context of climate change and sea level rise. The Maldives economy has been growing at an annual average of 10 per cent for the past two decades. Tourism is the main industry, contributing close to 20 per cent of the Gross Domestic Product (GDP). Over 90 per cent of Government tax revenue comes from import duties and tourism-related taxes. The annual average GDP growth is 5.7 per cent and GDP per capita is US \$2,908. The Ministry of Planning and Environment prepared the first country programme (CP) for the reduction and phase-out of ODS in the Maldives in June 1993. While funding for institutional strengthening (IS) was provided since 1995, the National Ozone Unit (NOU) was fully operational only in 2000 when it was set up at the Environment Research Centre (ERC) of the Ministry of Home Affairs, Housing and Environment. The ERC later came under the Ministry of Environment, Water and Energy. Since 2009, the functions and the name of ERC have been changed to Environmental Protection Agency (EPA) and it is under the Ministry of Housing Transport and Environment (MHTE).

6. A refrigerant management plan (RMP) was approved for the Maldives at the 38<sup>th</sup> meeting in 2002 and a terminal phase-out plan (TPMP) in 2007. All funds for the TPMP have been transferred to the Maldives, and both activities are still ongoing. Efforts are also being made to ensure that equipment purchased under the TPMP can be used for HCFCs as well. The country has ratified the Vienna Convention, the Montreal Protocol and all its amendments including the Beijing Amendment. The existing import control system implemented in the Maldives became effective on 1 April 2002 and covers all the ODSs including HCFCs and blends. This was issued by the Ministry of Trade and Industries. Under this regulation, no ozone depleting chemical is allowed to enter the country without registration and without a permit for each shipment from the MHTE. While this current system allows the imports of ODS into the country to be monitored, it is not backed by a quota system that limits the volume imported by each enterprise. The current ODS legislation does not cover equipment, therefore there is no control over imports of HCFC-containing equipment. A new Environmental Act has been drafted by MHTE, which will be sent for discussion in the Parliament in the coming months. One section of this act is designated for ozone protection, and is aimed at strengthening the current system controlling ODS imports and use, and envisages a strong quota system to support the accelerated phase-out of HCFCs that the Maldives will undertake, as well as a ban on equipment imports as soon as possible.

7. The HPMP provides an overview of the consumption of HCFCs in the country. The country has no HCFC production, therefore the consumption is calculated only through imports predominantly of HCFC-22. The table below provides information on imports reported to the Ozone Secretariat.

Table 1: HCFC consumption 2001 to 2008 as reported under Article 7

	2001	2002	2003	2004	2005	2006	2007	2008
HCFC in ODP tonnes	1.7	1.2	2	2.2	2.7	3.3	4.4	3.7
HCFC in metric tonnes	31	22	36.4	40	49.1	60	80	67.2

8. The survey conducted during the HPMP preparation showed that the consumption of HCFC-22 is used primarily for servicing equipment in the industrial and domestic-air conditioning sector, tourism, fisheries and food processing. The total installed quantity of HCFC in the Maldives is estimated to be about 199.57 mt. The largest consumption is in the fisheries and shipping which is estimated at 83.9 mt with an annual servicing demand of 40.12 mt, comprising 64 per cent of the total HCFC use. The food processing and commercial refrigeration sector is the second largest servicing sector and accounts for 20 per cent of the HCFC-22 consumption. This sector has an installed stock of refrigerant of 50.26 mt with an annual leakage rate of 25 per cent, therefore the estimated annual servicing need is 12.5 mt annually. The industrial refrigeration sector with users mostly for food storage in resorts use smaller amounts of HCFC-22 since ammonia is the main refrigerant in this sector. HCFCs are mostly used in cold rooms and freezer containers (reefer containers). The air conditioning sector consists of domestic installations as well as those in the tourism industry in hotels, resorts and safari boats. The installed quantity is 65.8 mt, with a leakage rate at 15 per cent and an estimated annual servicing need of 10.35 mt. There are no central air-conditioning systems in the Maldives, therefore most units are split type, stand-alone, wall or window mounted. There are about 20 servicing workshops based in Male and 10-15 in the outer atolls. Tourist resorts have their own servicing workshops within the island. Occasionally some of the resorts have servicing contracts with workshops based in Male. Large suppliers of equipment such as State Trading Organisation (STO) have servicing and installation contracts with local workshops. Based on this information, the total annual HCFC requirement for servicing in the country is estimated at 63.3 mt.

9. The annual growth of HCFC consumption in the Maldives is estimated to be at 21 per cent calculated based on the import data gathered between 2001 to 2008. During this period, the average amount of HCFC imported into the country was 48.2 mt, however, this amount fluctuates due to stockpiling. Also, depending on the price of the substance, importers may request large quantities in a

given year and a relatively smaller amount in the consecutive year. The table below gives a forecast of HCFCs and actual need using the projected figure for 2009 imports as a base year and the estimated actual need taking into account the growth rate of HCFC imports over the 2001-2008 period.

Table 2. Forecast import (consumption) 2009-2012 and actual need

Growth Rate/mt	2009		2010		2011		2012	
			21%		21%		21%	
HCFC imports (unconstrained)	mt	ODPt	mt	ODPt	mt	ODPt	mt	ODPt
	81	4.45	98	5.39	118.6	6.52	143.5	7.89
Actual need	63	3.46	76.3	4.19	92.3	5.07	117.7	6.14

10. The HPMP also recognizes the growing trend towards an increase in the import of HCFC blends into the Maldives. There was a sharp increase of imports of HCFC blends in 2008 and a corresponding drop in HCFC-22 imports. This was attributed to an increase in the number of end users that had already switched to alternatives. Since Maldives is import dependent, mainly from the Asian region, the dominant refrigerant in the countries of origin of imports will take over the markets in the Maldives. The document points out that HCFC alternatives that are globally available are also used in the Maldives but at a higher initial cost. In 2008, over 8,000 mt of alternatives and blends were imported into the Maldives. The table below provides a summary of the price of these alternatives.

Table 3: CIF price of refrigerants imported to Maldives from 2006-2008

Refrigerant	R-22	R-404A	R-406	R-408A	R-409A	R-502	R-134A	R-23	R-407	R-410A	R-413	R-418
Price/kg (US \$)	2.22	7.23	5.37	4.76	6.19	2.31	2.26	70.39	4.41	5.63	2.37	13.62

#### Strategy and implementation of the HCFC phase-out plan

11. As mentioned in the background, the HPMP is submitted as one overall plan for the total phase-out of HCFCs in the Maldives at an accelerated schedule. The proposal of the Maldives for an accelerated phase-out of HCFCs is as follows:

- (a) Freeze at baseline level (average 2009-2010 consumption): 2011
- (b) 10 % reduction: 2013
- (c) 20% reduction: 2015
- (d) 35% reduction: 2016
- (e) 67.5 % reduction: 2018
- (f) 97.5 % reduction: 2020, 2.5% for servicing use until: 2025

12. The HPMP contains information about the activities and their implementation from 2010 to 2020, and identifies the specific requirements for the first tranche, as well as subsequent tranches. The plan contains policy instruments such as import quotas and taxes, projects that promote ozone and climate benefits, enhanced awareness, reclaim programme and a pilot recovery/replacement programme. One essential component of this plan is the inclusion of two elements that will look at the ozone and climate benefits of HCFC phase-out, as a fundamental part of the country's policy to achieve carbon neutrality by 2020. These two elements will be implemented by the Government using its own funding. The objectives of these activities are to promote the use of both energy-efficient and HCFC free equipment primarily through a standards and labelling programme, as well as through the development of a plan using market based instruments to accelerate the replacement of ODS equipment and delivering energy efficiency through Energy Service Company (ESCO) delivery mechanism.

13. The HPMP describes an overall strategy for complete HCFC phase-out, and the specific elements where funding is requested include the following:

- (a) Establishment of HCFC phase-out policies and their enforcement (HPP) (US \$233,000)
- (b) Enhanced awareness and outreach (US \$120,000)
- (c) Plan for gradual reduction of HCFC (US \$232,000)
- (d) Technical assistance for the servicing sector (US \$490,000)
  - (i) HCFC reclaim programme
  - (ii) End-user retrofit/pilot investment programme
- (e) Project Management & Monitoring (US \$200,000)

14. Under the HCFC policy component, the document describes the activities that will be undertaken by the Government. From the year 2013 onwards a ban is planned on imports of new equipment containing HCFCs into the country. While the Maldives has a licensing system, this will be also strengthened to establish an import quota for bulk HCFC-22 as well as HCFC blends from 2010 onwards, as in the schedule outlined in paragraph 11 above. This system will also introduce strict reporting requirements for importers related to the total quantities of imported or exported goods under the issued permits. The Government also envisages a tax incentive for the import and use of non-HCFC equipment. All these elements of the HCFC policy are being considered in the draft Environment Act which is now under review by the legislature of the Maldives.

15. The Maldives also foresees activities to enhance awareness raising and outreach as essential to promote both HCFC policies to stakeholders and even the general public and consumers. This will be the thrust of this component which will require the development of a strategy, a communication plan as well as an implementation programme to reach as many stakeholders as possible. It is envisaged that through a strategic communication plan, the engagement of the stakeholders could be sustained in order to assist the country to meet the accelerated phase-out of HCFCs.

16. The HPMP also foresees activities that will consist of training service technicians in adopting good practices in servicing both HCFC and non-HCFC refrigeration equipment, as well as strengthening the recovery and recycling (R&R) activities initiated in the CFC terminal phase-out plan (TPMP) to focus on HCFCs. These activities will target specifically the fisheries and tourism sector where the demand for HCFC servicing is the highest, and where the needs are more specific. The tourism industry and the fisheries industry of Maldives have adopted ISO 14001 standards in their energy consumption, emission

and other management practices, and the training programme will assist them in meeting these standards, thereby reducing HCFC use as well as promoting more energy efficient equipment and practices. The HPMP proposes to add another 10 sets of R & R equipment to the already existing fleet.

17. Technical assistance will also be provided to the servicing sector, and these will focus on reducing demand for HCFCs through a reclaim programme and a pilot equipment replacement programme that will be implemented in the country. These two activities will address the challenge of how the Maldives can maintain zero demand for HCFCs especially after 2020 when there will still be stocks from other Article 5 countries. These will target the shortcomings of similar programmes done during the CFC phase-out and explore how the implementation can be improved to meet the output. The key concept underlying these mechanisms is to acknowledge and harness market forces to ensure commercial viability and sustainability and also to ensure some ownership of the servicing establishments. The proposed reclaim programme aims to establish 10 mini-reclaim centres, provide them with equipment and organise these so that they operate on a commercial basis. They would receive recovered refrigerants collected by air conditioning and refrigeration servicing, do the reclamation for a service fee, manage the containers of reclaimed HCFCs, and promote a system where this could be purchased on a rotational/exchange basis (similar to domestic cooking gas cylinders). The containers will be appropriately labelled in accordance with existing regulations. The mini-reclaim centres would also record, track and report on incoming and outgoing refrigerants. Once implemented, this will encourage the collection of the refrigerant and reduce the demand for new HCFCs, thereby ensuring a supply for servicing.

18. The other element of this technical assistance is the end-user retrofit pilot incentive programme which aims to initiate incentives for end-users to retrofit their HCFC-based equipment to non-HCFC alternatives, on a pilot basis. For small commercial refrigeration equipment, it is proposed that drop-in hydrocarbon blends would be used to retrofit the HCFC-based equipment. For small residential and commercial air conditioning units, low-GWP blends are proposed to be used for retrofitting. The incentive funding would be provided to the servicing establishments upon submission of evidence that the retrofits were adequately and satisfactorily carried out. The end users will need to meet eligibility criteria established by the NOU. They would then enter into a binding agreement with the NOU, incorporating appropriate legal, technical and operational provisions. Each end user would be provided financial assistance covering the actual retrofitting/replacement costs (excluding taxes) of up to a maximum of US \$5,000 (depending on the size of the end-user) against satisfactory completion of conversion and satisfactory documentation justifying the costs. It is expected that upon completion of this activity, demonstration cases of successful retrofitting of HCFC-based refrigeration and air conditioning systems will build confidence among other end-users, precipitating early retrofitting decisions, and reducing demand for HCFCs.

19. Finally, monitoring and verification costs are foreseen for the HPMP at a total cost of US \$200,000 which is within twenty per cent of the total request of US \$1,275,000. The coordination of the national activities will be undertaken by the NOU, and the management of the implementation of the planned project activities will be allocated to the NOU in corporation with UNEP as lead agency, and UNDP as cooperating agency. The monitoring of the implementation of the HPMP and the verification of the achievements of the performance targets will be done by an independent consultant as foreseen in the agreement.

20. The budget overview of the full HPMP is provided in Table 4 below, the costs per tranche are in Table 5. A more detailed table with the specific activities for each of the components including a timetable for implementation is attached as Annex I.

Table 4: Budget overview of the HPMP

Activities /project	Agency Responsible	Cost (US\$)
Project 1: HCFC policies	UNEP	233,000
Project 2: Enhanced awareness and outreach	UNEP	120,000
Project 3: Plan for gradual reduction of HCFCs	UNEP	232,000
Project 4: Technical assistance for the servicing sector		
<i>Sub-component 1: HCFC reclaim programme</i>	UNDP	270,000
<i>Sub-component 2: End-user retrofit/pilot investment programme</i>	UNDP	220,000
Project 5: Monitoring and verification - until 2020	UNEP	200,000
Funding requested for the first tranche		
Total cost for the HPMP		1,275,000

Table 5: Planned tranches for the HPMP

Year	2010	2013	2015	2017
UNEP (US \$)	355,940	216,860	145,350	66,850
UNDP (US \$)	400,000	90,000		
<b>Total</b>	755,940	306,860	145,350	66,850

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

21. The Secretariat reviewed this HPMP in line with decision 54/39, Guidelines for the preparation of HPMP. It notes that this HPMP submitted for the Maldives is exceptional as it looks at an accelerated phase-out of ten years before the Montreal Protocol's control measures. It describes all the activities that will be implemented in the country, and provides an overall direction and strategy on how this plan to phase-out earlier may be achieved. In addition, the Secretariat also views this HPMP as an example of a well formulated programme for an LVC country in particular, that makes an attempt to include climate benefits in the activities being developed. The Secretariat also appreciates the commitment of the Government of the Maldives not only for pioneering the accelerated phase-out, but also for taking a lead role in providing counterpart funding for the elements of the HPMP that promote climate benefits.

22. As originally submitted, the HPMP proposed through UNEP as the lead agency a total funding at the level of US \$2.3 million for the complete phase-out of HCFCs in 2020. This submission included elements for a standards and labelling programme and the development of a framework for efficient and low HCFC economic development as part of the HPMP to promote ozone and climate benefits of the HCFC phase-out. In the initial discussion with UNEP, the Secretariat, while noting the importance of these two activities in the context of the country's policy to achieve carbon neutrality in 2020 indicated to UNEP that they were not eligible under the current guidelines of the Multilateral Fund for similar activities as they were not incremental costs. It emphasised that the promotion of energy savings in the country would happen in due course because of the carbon neutral policy of the country, and not necessarily through HCFC phase-out. In consideration of these views, UNEP informed the Secretariat that as the Government wished these activities to be implemented as part of the HPMP to complement



their energy policy, it was willing to provide counterpart funding to cover the related costs. This will then form part of the co-funding for the HPMP, in line with decision 54/39.

23. The Secretariat also appreciated UNEP for its efforts to ensure that the activities included in the revised HPMP are those that are eligible under current guidelines. The submitted HPMP builds upon the experience gained by the Maldives in the implementation of the TPMP, and uses these legal and organisational bases to strategically meet the advanced phase-out targets. The approach on strengthening the currently established legal instruments in a time frame that will allow the country to meet its targets is likely to succeed in controlling the consumption of HCFCs, and meeting a freeze of its baseline consumption by 2011. The ban on import of equipment which is envisaged to be in place by 2013 will ensure that no additional demand for HCFC for servicing will be required beyond this date. The Secretariat also reminded UNEP that the HPMP preparation funding already accounted for policy development. UNEP indicated that these funds were used for the review of the regulation during the preparation of the HPMP, and the additional funds being sought are for the implementation of the revised regulation currently proposed in the draft Environment Act. The first tranche of the TPMP will cover 2010-2012, and would focus on putting in place the policy and legal aspects that would support the phase-out activities. During this period, the quota system will be established and efforts to finalise the HCFC based equipment ban will be initiated. Awareness efforts will continue, alongside the reclaim programme and the pilot retrofitting scheme.

24. The HPMP foresees activities in the servicing sector such as training and enhanced awareness raising to be the main non-investment actions as well as the recovery and recycling programme that are required by the country to meet compliance with their targets. The investment components as designed provide a good opportunity for the country to maintain a stock of reclaimed refrigerant therefore reducing demand for new HCFCs. According to UNDP, these two investment components need to be completed during the first five years of implementation if it is to support the full phase-out, and foresees an implementation timeframe of 2010-2014.

25. The Secretariat and the implementing agencies also discussed the starting point for HCFC reductions in the Maldives in line with decision 54/39. While the decision does not specifically require countries with HCFC consumption in the servicing sector only to define a starting point, it does require a commitment to achieve the control measures under the Montreal Protocol and a performance-based plan to enable funding of future tranches. Based on these discussions, it was agreed that the current consumption of 3.7 ODP tonnes would form the basis for calculating HCFC reductions in the country following their accelerated schedule. This is contained in Appendix 2A of the draft agreement.

26. The Secretariat also discussed with UNEP and UNDP the issues related to the delays in the implementation of the TPMP. UNDP responded that the equipment component which experienced delays in purchasing is already finalised and that due consideration has been made to ensure that these could be used for HCFCs as well.

27. In discussing the total cost of the HPMP with UNEP and UNDP, the Secretariat emphasised that the current basis for funding levels for LVC countries like the Maldives would be the proposal contained in paragraph 4 Annex II of document UNEP/OzL.Pro/ExCom/60/46, without pre-empting a decision by the Executive Committee at this meeting on funding levels. Following this table and considering the current consumption of the Maldives, it would fall under Group 4 that provides for a total funding level of US \$800,000 for complete HCFC phase-out. UNEP however indicated that the consumption of the country should be in the group higher than that therefore giving the country a possible total funding of US \$900,000. The Secretariat in considering that the country's 2007 HCFC consumption was higher (80 mt) as compared to 2008, agreed to consider this proposal. UNEP also requested that some consideration be given to the fact that the country is accelerating its phase-out by ten years, and is submitting a total phase-out plan on a one time basis, albeit funding will be disbursed in tranches. According to UNEP, this would entail some savings in the preparation of a second stage of the HPMP.

Following further discussions, the Secretariat agreed to consider a recommendation to the Executive Committee for an additional 40 per cent adjustment to the cost to which the country would be entitled as an incentive for early phase-out.

28. The total cost of the HPMP therefore comes to US \$1,275,000 plus support costs. This translates to US \$127,500 per year for ten years from 2010-2019. Given the current limited experience with HPMPs for LVCs, the review that the Secretariat carried out was limited to experience with similar activities under the TPMP and, as a result, the Secretariat believes that the costs requested are justifiable and appropriate. Out of this funding level, UNEP and UNDP are requesting US \$755,940 plus support costs, for the first tranche.

29. The Draft Agreement, starting point and proposed reduction steps have been prepared using the draft template contained in document UNEP/OzL.Pro/ExCom/60/48. The Secretariat finds that the activities and targets, the phase-out schedule, and the annual implementation plan contained in the draft agreement to be reasonable and consistent with the actions outlined in the HPMP. The Secretariat also notes that this current draft has been adjusted to the extent that it applies to the national situation of the Maldives and their proposed accelerated phase-out. Any further adjustments to this agreement will be made after the Executive Committee decides on a final template in its discussion of agenda item 9(d).

30. While the proposal of the Maldives for an accelerated phase-out plan is commendable and would be a good example of phase-out of HCFCs under the Montreal Protocol, there is presently no indication if and to what degree the Executive Committee is willing to consider such a plan and how this will be funded. UNEP pointed out that this move is a big commitment on the part of the Maldives Government and hopes that it will be fully supported by the Executive Committee considering that this will be the first total phase-out plan for HCFCs that considers climate benefits at the same time, without additional cost to the Fund.

## **RECOMMENDATION**

31. The Executive Committee may wish to:

- (a) Consider whether to approve, in principle, the HCFC phase-out management plan (HPMP) for the Maldives, at the amount of US \$1,275,000 plus support costs, noting that this level of funding includes an additional 40 per cent on top of the funding the country is eligible for HPMP implementation as an incentive for an accelerated HCFC phase-out up to 2020;
- (b) Consider whether to approve the starting point of 3.7 ODP tonnes, proposed by the country based on its latest (2008) HCFC consumption as indicated in Appendix 1-A and Appendix 2-A of the Agreement;
- (c) Note with appreciation the commitment by the Government of the Maldives to accelerate its phase-out of HCFCs by ten years in advance of the Montreal Protocol schedule, and to freeze its HCFC consumption in 2011;
- (d) Approve the Draft Agreement between the Maldives and the Executive Committee for the reduction in consumption of HCFCs as contained in Annex I of the present document, based on the final template of the Agreement to be agreed by the Executive Committee; and

- (e) Approve the first implementation plan for 2010-2012, and the first tranche of the HPMP for the Maldives at the funding levels indicated in the table below:

	<b>Project Title</b>	<b>Project Funding (US\$)</b>	<b>Support Cost (US\$)</b>	<b>Implementing Agency</b>
(a)	HCFC phase-out management plan (first tranche)	355,940	46,272	UNEP
(b)	HCFC phase-out management plan (first tranche)	400,000	30,000	UNDP

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**Annex 1: Total HPMP cost estimation and implementation**

The cost of planned activities and projects are estimated on the basis of previously implemented projects and information from producers of equipment. Name of project/activities, implementation time frame and estimated cost and anticipated financing sources are given in the Table below:

Activity/Cost Components	Estimated total Cost	Anticipated Financing			Time frame	Comments*
		MLF	Gov't*	Other		
<b>Non Investment Component</b>						
<b>Project 1: HCFC Phase-out Policies (HPP) and Enforcement</b>						
1.2 Hire local consultant to draft regulation (for three months)	10,000	8,000	2,000		2010-2011	In-kind contribution working space staff assistance
1.3 Development of standards for non-HCFC based equipment- Legal consultant for six months	15,000	15,000			2010-2011	
1.4 International Consultant for policy setting	CAP PEO				2010-2020	
1.5 One-day high level (Ministers and IA) roundtable meeting in May 2010 to finalise the implementation to get high level commitment for the implementation of the approved project	20,000	15,000	5,000		2010	In -kind contribution for the workshop venue and covering local hospitality etc

Activity/Cost Components	Estimated total Cost	Anticipated Financing			Time frame	Comments*
		MLF	Gov't*	Other		
1.6 One day Regulations initiation workshop for stakeholder consultation (30-40 participants) x 2	15,000	10,000	5,000		2010-2015	In kind contribution for the preparation and arrangement
1.7 One days Stakeholder consultation workshop to discuss the draft regulations (after formulation of the draft (30-40 participants) x 2	25,000	15,000	10,000		2010-2015	In-kind contribution working arrangement and support staff
1.8 Law enforcement officers training workshop on new regulations, 10 workshops	55,000	45,000	10,000		2010-2020	in-kind contribution working arrangement
1.9 Multiple ODS Identifiers (10 sets)	25,000	25,000			2010-2013	
1.10 Fifteen Training workshop for R&AC servicing sector on new regulations ( one in Male another in atolls) (50-60 participants in each)	85,000	75,000	10,000		2010-2020	in-kind contribution working arrangement and support staff
1.11 Technical Assistance	25,000	25,000			2010-2015	
<b>Total HCFC Phase-out Policies (HPP) and Enforcement</b>	<b>275,000</b>	<b>233,000</b>	<b>42,000</b>		<b>2010-2020</b>	

Activity/Cost Components	Estimated total Cost	Anticipated Financing			Time frame	Comments*
		MLF	Gov't*	Other		
<b>Project 2: Promotion of Ozone Climate co-benefits (SLP)</b>						
2.1 SLP- Policy preparation and institutional framework	25,000		5000	20,000	2010-2012	co- financing options will be explored
2.2 Situation Analysis, Survey, dynamic standard setting with ODS timelines, setting up of Technical Committees	35,000		5000	30,000	2010-2015	co- financing options will be explored
2.3 Capacity building workshops of policy makers	70,000		10000	60,000	2010-2020	co- financing options will be explored
2.4 Capacity building of retailers, distributors, promotional material for sales staff	60,000		5000	55,000	2010-2020	co- financing options will be explored
2.5 Impact Analysis	10,000			10,000	2011-2014	
<b>Total Promotion of Ozone Climate co-benefits (SLP)</b>	<b>200,000</b>		<b>25,000</b>	<b>175,000</b>	2010-2020	

Activity/Cost Components	Estimated total Cost	Anticipated Financing			Time frame	Comments*
		MLF	Gov't*	Other		
<b>Project 3: Promotion of Ozone Climate co-benefits (FELHED)</b>						
3.1 FELHED- Policy preparation and institutional framework	15,000		5,000	10,000	2010-2012	co- financing options will be explored
3.2 ESCO market design and development, including performance contracts	50,000			50,000	2010-2020	co- financing options will be explored
3.4 Guidelines for Energy Efficient Public Procurement	7,500			7,500	2010-2012	co- financing options will be explored
3.5 Capacity building workshops of policy makers	35,000		5,000	30,000	2010-2020	co- financing options will be explored
3.6 Capacity building of financial institutions, facility owners	45,000		5,000	40,000	2010-2020	co- financing options will be explored
3.7 Stakeholder Consultation and Environmental Impact Assessment	30,000		5,000	25,000	2012-2013	co- financing options will be explored
3.8 Capacity building of the managing entity	25,000			25,000	2010-2015	co- financing options will be explored
<b>Total Promotion of Ozone Climate co-benefits (FELHED)</b>	<b>207,500</b>	<b>0</b>	<b>20,000</b>	<b>187,500</b>	2010-2020	



Activity/Cost Components	Estimated total Cost	Anticipated Financing			Time frame	Comments*
		MLF	Gov't*	Other		
<b>Project 4: Enhanced awareness and outreach</b>						
4.1 Strategy Design	5,000	5,000			2010	
4.2 Research and Analyses	5,000	5,000			2010	
4.3 Stakeholder 5 Engagement/Workshops	30,000	20,000	10,000		2011-2020	in kind assistance
4.4 Media Campaign	95,000	70,000	25,000		2011-2020	in-kind assistance
4.5 Print material (leaflets, pamphlets booklets etc)	30,000	20,000	10,000		2010-2020	In-kind assistance
<b>Total Enhanced awareness and outreach</b>	<b>165,000</b>	<b>120,000</b>	<b>45,000</b>		<b>2010-2020</b>	

Activity/Cost Components	Estimated total Cost	Anticipated Financing			Time frame	Comments*
		MLF	Gov't*	Other		
<b>Project 5: Plan for Gradual reduction of HCFCs</b>						
5.1 International consultant	CAP HPMPO				2010-2020	
5.2 Train-the-trainers workshop (15 participants 3 days) 15 trainings at different locations	75,000	65,000	10,000		2010-2020	
5.3 12 in-house training conducted in fishing vessels and tourist resort @5000/ training,	60,000	50,000	10,000		2010-2020	
5.4 Engage in-situ training through international consultant to demonstrate leakage monitoring and reduction in fishing vessels	25,000	25,000			2010-2020	
Annual verification for compliance	47,000	47,000				
5.5 Provide R&R equipment basic tools for fishing industry training establishments 10 sets	45,000	45,000			2010-2015	
<b>Total for Plan for Gradual reduction of HCFC</b>	<b>252,000</b>	<b>232,000</b>	<b>20,000</b>			
<b>Project 6: Project coordination monitoring and management</b>						
6.1 Project coordination and monitoring	220,000	200,000	20,000		2010-2020	In-kind assistance
<b>Total for Project coordination monitoring and management</b>	<b>220,000</b>	<b>200,000</b>	<b>20,000</b>	<b>0</b>		
<b>Total for the non-investment component</b>	<b>1,319,500</b>	<b>785,000</b>	<b>172,000</b>	<b>362,500</b>		

Activity/Cost Components	Estimated total Cost	Anticipated Financing			Time frame	Comments*
		MLF	Gov't*	Other		
<b>Investment Component</b>						
<b>Project 7 Sub-component-1: Reclaim Programme</b>						
7.1 Recovery units, tools and accessories for service shops and technicians (50)	75,000	75,000			2011-2015	
7.2 Mini-reclaim units and accessories (10)	150,000	150,000			2011-2015	
7.3 Technical assistance for programme implementation through UNDP technical experts	25,000	25,000			2011-2015	
7.4 Stakeholder workshops (3)	20,000	15,000	5000		2011-2015	In-kind assistance
7.5 Programme promotion, literature and documentation	5,000	5,000			2011-2015	
<b>TotalSub-component-1: Reclaim Programme</b>	<b>275,000</b>	<b>270,000</b>	<b>5000</b>			
<b>Sub-component-2: End-user Retrofit/Replacement Pilot Incentive Programme</b>						
7.6 HC retrofit kits for small commercial refrigeration equipment (250 sets)	25,000	25,000			2011-2015	
7.7 Low-GWP retrofit kits for small air conditioning units (500 sets)	75,000	75,000			2011-2015	
7.8 Incentive programme for large commercial and industrial refrigeration end-users (15)	75,000	75,000			2011-2015	
7.9 Programme promotion, literature and documentation	5,000	5,000			2011-2015	
7.10 Technical assistance workshops for end-users (3)	20,000	15,000	5000		2011-2015	In-kind assistance

7.11 Technical assistance from UNDP technical experts	25,000	25,000			2011-2015	
<b>Total End-user Retrofit/Replacement Pilot Incentive Programme</b>	<b>225,000</b>	<b>220,000</b>				
<b>Total Investment Component</b>	<b>500,000</b>	<b>490,000</b>	<b>10000</b>			
<b>Grand Totals</b>	<b>1,819,500</b>	<b>1,275,000</b>	<b>182,000</b>	<b>362,500</b>		

- Same approach should be used for project 2, 3 4

Total fund requested from MLF including implementing agency fee

<b>Implementing Agency</b>	<b>Project Cost US\$</b>	<b>Agency Fee US\$</b>	<b>Total US\$</b>
<b>UNEP</b>	<b>785,000</b>	<b>102,050</b>	<b>887,050</b>
<b>UNDP</b>	<b>480,000</b>	<b>36,750</b>	<b>526,750</b>
<b>Grand total</b>	<b>1,275,000</b>	<b>138,800</b>	<b>1,413,800</b>

## Annex II

### **DRAFT AGREEMENT BETWEEN REPUBLIC OF MALDIVES AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR PHASE-OUT OF CONSUMPTION OF HYDROCHLOROFLUROCARBONS**

1. This Agreement represents the understanding of the Government of Maldives and the Executive Committee with respect to reductions of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (the Substances) to a sustained level of 0.0925 ODP tonnes from 01 January 2020.
2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (Targets and Funding) in this Agreement. The country also agrees to meet the consumption limits specified in the Montreal Protocol reduction schedule for all Substances as well as for those ODS where the Montreal Protocol reduction schedule has already led to complete phase-out, except to the degree that the Parties have agreed on essential or critical use exemptions for the Country. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances which exceeds the level defined in row 1.2 of Appendix 2-A as the final reduction step under this agreement for all ODS specified in Appendix 1-A, and in respect to any consumption of each of the substances which exceeds the level defined in row 4.1.3.
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees in principle to provide the funding set out in row 3.1 of Appendix 2-A (Targets and Funding) to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (Funding Approval Schedule).
4. The Country will meet the consumption limits for each of the Substances as indicated in Appendix 2-A. It will also accept independent verification, to be commissioned by the relevant implementing agency (IA), of achievement of these consumption limits as described in subparagraph 5(b) of this Agreement.
5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least 60 days prior to the applicable Executive Committee meeting set out in the Funding Approval Schedule:
  - (a) That the Country has met the Targets for all relevant years. Relevant years are all years since the year in which the Hydrochlorofluorocarbons phase-out management plan (HPMP) was approved. Exempt are years for which no obligation for reporting of country programme data exists at the date of the Executive Committee Meeting at which the funding request is being presented;
  - (b) That the meeting of these Targets has been independently verified, except if the Executive Committee decided that such verification would not be required;
  - (c) That the Country has substantially completed all actions set out in the previous tranche implementation plan and submitted a tranche implementation report in the form of Appendix 4-A (the "Format of Tranche Implementation Report and Plan") for each previous calendar year; and

Annex II

- (d) That the Country has submitted and received endorsement from the Executive Committee for tranche implementation plan in the form of Appendix 4-A (the “Format of Tranche Implementation Report and Plan”) for each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen.
6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (the “Monitoring Institutions and Roles”) will monitor and report on that monitoring in accordance with the roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in sub-paragraph 5(b).
7. While the Funding was determined on the basis of estimates of the needs of the Country to carry out its obligations under this Agreement, the Executive Committee agrees that the Country may have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the goals prescribed under this agreement. Reallocations categorized as major changes must be documented in advance in a tranche implementation plan and endorsed by the Executive Committee as described in sub-paragraph 5(d). Major changes would relate to reallocations affecting in total 30% or more of the funding of the last approved tranche, issues potentially concerning the rules and policies of the Multilateral Fund, or changes which would modify any clause of this agreement. Reallocations not categorized as major changes may be incorporated in the approved tranche implementation plan, under implementation at the time, and reported to the Executive Committee in the tranche implementation report. Any remaining funds will be returned to the Multilateral Fund upon closure of the last tranche of the plan.
8. Specific attention will be paid to the execution of the activities in the refrigeration servicing sub-sector, in particular that the:
  - (a) Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and
  - (b) Country and the implementing agencies will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the plan.
9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfill the obligations under this Agreement. UNEP has agreed to be the lead implementing agency (the “Lead IA”) and UNDP has agreed to be 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 any of the IAs taking part in this Agreement.
10. The Lead IA will be responsible for carrying out the activities of the plan as detailed in the first submission of the HPMP with the changes approved as part of the subsequent tranche submissions, including but not limited to independent verification as per sub-paragraph 5(b). This responsibility includes the necessity to coordinate with the Cooperating IA to ensure appropriate timing and sequence of activities in the implementation. The Cooperating IA will support the Lead IA by being responsible for carrying out the activities listed in Appendix 6-B under the overall coordination of the Lead IA. The Lead IA and Cooperating IA have entered into a formal agreement regarding planning, reporting and responsibilities under this Agreement to facilitate a coordinated implementation of the Plan, including regular coordination meetings. 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.

11. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in row 1.2 of Appendix 2-A or otherwise does not comply with this Agreement, then the Country agrees that it will not be entitled to the Funding in accordance with the Funding Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next tranche of funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amounts set out in Appendix 7-A in respect of each ODP tonne of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the country did not comply with this agreement, and take related decisions. Once these decisions are taken, this specific case will not be an impediment for future tranches as per paragraph 5.

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

13. The Country will comply with any reasonable request of the Executive Committee, the Lead IA 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 information necessary to verify compliance with this Agreement.

14. The completion of the HPMP and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption has been specified in Appendix 2-A. Should at that time activities be still outstanding which were foreseen in the plan and its subsequent revisions as per sub-paragraph 5(d), the completion will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per Appendix 4 A (a), (b), (d) and (e) continue until the time of the completion if not specified by the Executive Committee otherwise.

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

## APPENDICES

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	3.7

**APPENDIX 2-A: TARGETS AND FUNDING**

Row	Parameter/Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	3.7	3.7	3.7	3.7	3.7	3.3	3.3	3.3	3.3	3.3	2.4	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	3.7	3.7	3.7	3.3	3.3	3.0	2.4	2.4	1.3	1.3	0.0925	N/A
2.1	Lead IA (UNEP) agreed funding (US\$)	355,940	0	0	216,860		145,350	0	66,850	0	0	0	<b>785,000</b>
2.2	Support costs for Lead IA (US\$)	46,272	0	0	28,192	0	18,896	0	8,691	0	0	0	<b>102,050</b>
2.3	Cooperating IA (UNDP) agreed funding (US\$)	400,000	0	0	90,000	0	0	0	0	0	0	0	<b>490,000</b>
2.4	Support costs for cooperating IA (US\$)	30,000	0	0	6,750	0	0	0	0	0	0	0	<b>36,750</b>
3.1	Total agreed funding (US\$)	<b>755,940</b>	<b>0</b>	<b>0</b>	<b>306,860</b>	<b>0</b>	<b>145,350</b>	<b>0</b>	<b>66,850</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,275,000</b>
3.2	Total support costs (US\$)	76,272	0	0	34,942	0	18,896	0	8,691	0	0	0	<b>138,800</b>
3.3	Total agreed costs (US\$)	<b>832,212</b>	<b>0</b>	<b>0</b>	<b>341,802</b>	<b>0</b>	<b>164,246</b>	<b>0</b>	<b>75,541</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,413,800</b>
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)												<b>3.7</b>
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (ODP tonnes)												<b>0</b>
4.1.3	Remaining eligible consumption of HCFC-22 (ODP tonnes)												<b>0.0925</b>



**APPENDIX 3-A: FUNDING APPROVAL SCHEDULE**

1. Funding for the future tranches will be considered for approval not earlier than 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 Plan will consist of five parts:
  - (a) A narrative report regarding the progress in the previous tranche, reflecting on the situation of the Country in regard to phase out of the Substances, how the different activities contribute to it and how they relate to each other. The report should further highlight successes, experiences and challenges related to the different activities included in the plan, reflecting on changes in the circumstances in the Country, and providing other relevant information. The report should also include information about and justification for any changes vis-à-vis the previously submitted tranche plan, such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes. The narrative report will cover all relevant years specified in sub-paragraph 5(a) of the Agreement and can in addition also include information about activities in the current year;
  - (b) A verification report of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;
  - (c) A written description of the activities to be undertaken in the next tranche, highlighting their interdependence and taking into account experiences made and progress achieved in the implementation of earlier tranches. The description should also include a reference to the overall plan and progress achieved, as well as any possible changes to the overall plan foreseen. The description should cover the years specified in sub-paragraph 5(d) of the Agreement. The description should also specify and explain any revisions to the overall plan which were found to be necessary;
  - (d) A set of quantitative information for the report and plan, submitted online into a database, as per the relevant decisions of the Executive Committee in respect to the format required. This quantitative information, to be submitted by calendar year, will be amending the narratives and description for the report (see sub-paragraph 1(a) above) and the plan (see sub-paragraph 1(c) above), and will cover the same time periods and activities; it will also capture the quantitative information regarding any necessary revisions of the overall plan as per sub-paragraph 1(c) above. While the quantitative information is required only for previous and future years, the format will include the option to submit in addition information regarding the current year if desired by the country and agency; and
  - (e) An Executive Summary of about five paragraphs, summarizing the information of above sub-paragraphs 1(a) to 1(d).

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

1. The overall monitoring will be the responsibility of the National Ozone Unit (NOU), Ministry of Housing, Transport and Environment.
2. The consumption will be monitored based on data collected from relevant government departments and crosschecking it with data collected from the distributors and consumers.
3. The NOU will be responsible for reporting and shall submit the following reports in a timely manner:
  - (a) Annual reports on consumption of Substances to be submitted to the Ozone Secretariat;
  - (b) Annual reports on progress of implementation of this Agreement to be submitted to the Executive Committee of the Multilateral Fund; and
  - (c) Project-related reports to be submitted to the Lead IA.

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

1. The Lead IA will be responsible for 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 phase-out plan;
  - (b) Assisting the Country in preparation of the Tranche Implementation Plans and subsequent reports as per Appendix 4-A;
  - (c) Providing verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;
  - (d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future Tranche Implementation Plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
  - (e) Fulfilling the reporting requirements for the tranches and the overall plan as specified in Appendix 4-A as well as project completion reports for submission to the Executive Committee; this responsibility includes the reporting about activities undertaken by the Cooperating IA.
  - (f) Ensuring that appropriate independent technical experts carry out the technical reviews undertaken by the Lead IA;
  - (g) Carrying out required supervision missions;
  - (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;

- (i) Coordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;
- (j) Ensuring that disbursements made to the Country are based on the use of the indicators; and;
- (k) Providing assistance with policy, management and technical support when required.

2. After consultation with the country and taking into account any views expressed, the Lead IA will select and mandate an independent organization to carry out the verification of the HPMP results and the consumption of the substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement and sub-paragraph 1(b) of Appendix 4-A.

#### **APPENDIX 6-B: ROLE OF COOPERATING IMPLEMENTING AGENCY**

1. The Cooperating IA will be responsible for the following:
- (a) Providing policy development assistance when required;
  - (b) Assisting the Country in the implementation and assessment of the activities funded by the Cooperating IA, and refer to the Lead IA to ensure a co-ordinated sequence in the activities; and
  - (c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A.

#### **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\$ --- per ODP tonne of reductions in consumption not achieved in the year.