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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-seventh Meeting
Montreal, 1–5 December 2025
Item 9(d) of the provisional agenda[1]

PROJECT PROPOSAL: DJIBOUTI

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	Individual consideration

[1] UNEP/OzL.Pro/ExCom/97/1

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Djibouti

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

(II) LATEST ARTICLE 7 DATA (Annex C, Group I)	Year: 2024	0.23 ODP tonnes

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)									**Year: 2024**
Chemical	Aerosol	Foam	Firefighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					0.23				0.23

(IV) CONSUMPTION DATA (ODP tonnes)			
2009–2010 baseline:	0.70	Starting point for sustained aggregate reductions:	0.70
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	0.24	Remaining:	0.46

(V) ENDORSED BUSINESS PLAN		**2025**	**2026**	**2027**	**Total**
UNEP	ODS phase-out (ODP tonnes)	0.00	0.00	0.00	0.00
	Funding (US $)	214,700*	0	0	214,700

* Including US $79,100 for UNEP for additional activities to maintain energy efficiency in line with decision 89/6.

(VI) PROJECT DATA			**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**Total**
Montreal Protocol consumption limits (ODP tonnes)			0.23	0.23	0.23	0.23	0.23	0.00	n/a
Maximum allowable consumption (ODP tonnes)			0.23	0.23	0.23	0.23	0.23	0.00	n/a
Project costs requested in principle (US $)	UNEP	Project costs	239,000	0	0	139,000	0	45,000	423,000
		Support costs	31,070	0	0	18,070	0	5,850	54,990
Total amounts recommended in principle (US $)	Project costs		239,000	0	0	139,000	0	45,000	423,000
	Support costs		31,070	0	0	18,070	0	5,850	54,990
	Total funds		270,070	0	0	157,070	0	50,850	477,990

(VII) Request for approval of funding for the first tranche (2025)		
Implementing agency	**Funds recommended (US $)**	**Support costs (US $)**
UNEP	239,000	31,070

Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

Background

1. On behalf of the Government of Djibouti, UNEP as the designated implementing agency has submitted a request for stage II of the HCFC phase-out management plan (HPMP), in the amount of US $423,000, plus agency support costs of US $54,990, as originally submitted.[2] The submission includes a verification report for 2019 to 2024. 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 $263,000, plus agency support costs of US $34,190, for UNEP, as originally submitted.

Status of implementation of stage I of the HCFC phase-out management plan

3. Stage I of the HPMP for Djibouti was approved at the 66th meeting[3] to phase out 0.24 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector to meet the 35 per cent reduction from the baseline by 2020, at a total cost of US $164,500, plus agency support costs. Completion of stage I of the HPMP was extended at the 88th meeting of the Executive Committee[4] and all activities are now completed.

<u>Report on HCFC consumption</u>

4. The Government of Djibouti reported a consumption of 0.23 ODP tonnes of HCFCs in 2024, which is 67.1 per cent below the HCFC baseline for compliance. The 2020–2024 HCFC consumption is shown in table 1.

Table 1. HCFC consumption in Djibouti (2020–2024 Article 7 data)

HCFC-22	2020	2021	2022	2023	2024	Baseline
Metric tonnes (mt)	6.90	6.10	5.60	4.50	4.10	12.7
ODP tonnes	0.38	0.34	0.31	0.25	0.23	0.7

5. HCFC consumption has shown a gradual downward trend due to activities implemented under stage I of the HPMP, particularly the implementation of the HCFC licensing and quota system, the capacity building of RAC technicians, vigilant monitoring and regulatory enforcement, and sustained awareness raising among RAC technicians and the general public. The reduction in consumption has also been attributed to an increase in imports of non-HCFC-based RAC equipment.

Country programme implementation report

6. The Government of Djibouti reported HCFC sector consumption data under the 2024 country programme (CP) implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

7. The verification report confirmed that the Government was implementing a licensing and quota system for HCFC imports and exports and that the total consumption of HCFCs reported under Article 7 of

[2] As per the letter of 13 August 2025 from the Ministry of Environment and Sustainable Development of Djibouti to the Secretariat.
[3] Decision 66/36
[4] Decision 88/40

the Montreal Protocol for 2019 to 2024 was correct (as shown in table 1 above). The verification concluded that Djibouti is in compliance with the targets defined in the Agreement between the Government of Djibouti and the Executive Committee. The verification has few recommendations which are discussed in paragraph 24 below.

<u>Status of progress and disbursement</u>

Legal framework

8. The Government of Djibouti ratified the Kigali Amendment on 8 March 2024. ODSs are regulated through Decree No. 2004-0066/PR/MHUAT, which is currently being amended to include a ban on the importation of new and used HCFC-based equipment.

9. As corroborated by the verification report, the country's HCFC import licensing and quota system is operational. The quota allocation for ODS is managed jointly by the Ministry of Environment, the Ministry of Commerce, and the National Ozone Committee. Requests for import authorization are submitted to the Ministry of Environment, following consultation with the Ministry of Commerce, and quotas are determined and monitored through coordination between the National Ozone Committee and the General Directorate of Customs. Annual HCFC import quotas are established based on past consumption data and in line with the HPMP. Quotas are proportionally allocated based on the previous year's allocations and market demand.

10. The implementation of the Montreal Protocol is overseen by the Ministry of Environment, through the National Directorate of Environment and the National Ozone Unit (NOU). The NOU is primarily responsible for the enforcement of ozone-related environmental policies and plays a central role in coordinating and implementing the HPMP including data collection, monitoring, reporting, interdepartmental coordination, annual quota allocations, and public awareness and information dissemination. The Association of Refrigeration Technicians (ART) is a key implementing partner under the HPMP providing support in recovery and recycling (R&R) activities, the selection and training of technicians and customs officers, and the identification and certification of workshops receiving toolkits.

11. In stage I of the HPMP, 334 customs and law enforcement officers, including 35 women, were trained in monitoring HCFC imports, identifying and controlling HCFCs and HCFC-based equipment, detecting illegal imports, and ensuring effective enforcement of ODS regulations. Two refrigerant identifiers were procured and used for practical training.

Refrigeration servicing sector

12. During stage I of the HPMP, 418 technicians were trained, including four women, in good servicing practices, including handling alternatives to HCFCs such as hydrocarbon (HC)-based refrigerants. Three trainers from technical institutions were also trained on the fundamentals of refrigeration and HCFC alternatives. Technicians supported public outreach by advising consumers on legal requirements, refrigerants, and environmentally friendly equipment. The ART played a key role in coordinating and supporting these efforts and participated in all training activities.

13. The NOU designed and implemented public education and awareness campaigns to increase national understanding of ozone layer protection and the role of the Montreal Protocol, including developing awareness materials in local languages and a media campaign (television, radio, newspaper, and brochures); holding one training workshop for 10 trainers from the Ministry of Education and Vocational Training (MENFOP), and two training workshops for 29 out-of-school youth enrolled in the vocational training programme of the MENFOP, including four women.

Project implementation and monitoring

14. Project monitoring and evaluation were carried out as planned, with the allocated budget spent on supplies, local travel, and national consultants, who supported 10 monitoring and evaluation sessions during each tranche of the project implementation, with the support of the National Ozone Committee.

Level of fund disbursement

15. As of August 2025, all the US $164,500 approved for stage I had been disbursed.

Stage II of the HCFC phase-out management plan

Remaining consumption eligible for funding

16. After deducting 0.24 ODP tonnes of HCFCs associated with stage I of the HPMP, the remaining consumption eligible for funding in stage II amounts to 0.46 ODP tonnes of HCFC-22.

Sector distribution of HCFCs

17. There are approximately 868 RAC technicians, including five women, in the servicing sector with the majority working in the informal sector, and there are 115 workshops operating, of which 35 are formally registered and 80 are informal. HCFC-22 is consumed to service residential air-conditioning (AC) equipment, commercial central AC, and commercial and industrial refrigeration, as shown in table 2. In 2024, HCFC-22 represented 3.9 per cent of the refrigerants used in the servicing sector, along with R-410A (61.8 per cent), HFC-134a (14.4 per cent), R-404A (13.3 per cent), R-407C (4.0 per cent), and HFC-32 (2.6 per cent).

Table 2. Estimation of demand for HCFC-22 in the RAC servicing sector in Djibouti

Sector/ Application	(a)	(b)	(c) = (a)*(b)/1,000	(d)	(e) = (a)*(d)	(f)	(g)= (b)*(e)*(f)
	Estimated inventory	**Average initial charge (kg/unit)**	**HCFC-22 bank (mt)**	**Equipment recharged (%)**	**Equipment recharged**	**Leakage rate (%)**	**Recharge need (kg)**
Residential AC	21,000	1.8	37.80	30	6,300	30	3,402
Commercial AC	370	5	1.85	40	148	50	370
Commercial refrigeration	553	8	4.42	40	221	30	531
Industrial refrigeration	130	25	3.25	40	52	10	130
Total	**22,053**	**n/a**	**47.32**	**n/a**	**6,721**	**n/a**	**4,433**

Phase-out strategy

18. Stage II of the HPMP will focus on reducing HCFC-22 through the adoption of ozone- and climate-friendly refrigerants in the RAC sector. To achieve and sustain the HCFC phase-out, this stage will include the activities described below.

Proposed activities

19. Activities proposed for implementation in the servicing sector under stage II and in the first tranche and their cost breakdown are presented in table 3.

Table 3. Servicing sector activities and their costs under stage II of the HPMP for Djibouti, as submitted

Activity	Cost (US $)	
	Stage	First tranche
Component 1: Strengthening the monitoring and enforcement of control measures and capacity building of enforcement officers		
Improve the legal framework, prepare regulatory updates to take into account new technology and the consumption of alternatives. Support the finalisation and adoption of amendments to Decree 2004-0066, including a ban on the importation of new and used HCFC-based equipment, and regulatory measures to control intended emission of refrigerants during installation, servicing, and decommissioning of RAC equipment. Promote the updated legislation through targeted workshops with stakeholders.	40,000	40,000
Conduct a training session for 15 trainers, including four women, on the identification and nomenclature of HCFCs and HCFC-based equipment, with a focus on emerging alternatives.	20,000	20,000
Conduct 20 training sessions for 300 customs and law enforcement officers and clearing agents, including 30 women, on HCFCs control measures and the phase out dates, combating illegal HCFC trade and to better identify and monitor HFCs.	60,000	30,000
Subtotal	**120,000**	**90,000**
Component 2: Capacity building of RAC technicians and establishment of a certification scheme		
Establish a certification scheme for the RAC servicing sector and conduct stakeholder consultations on its formulation (30 RAC technicians will be certified by the end of the stage).	45,000	45,000
Develop regulatory standards and protocols related to safety and security on the use of flammable and toxic substances in RAC equipment.	30,000	15,000
Conduct 30 training sessions for 450 RAC technicians, including 45 women, on good servicing practices and the safe introduction of alternative to HCFCs such as HCs.	120,000	45,000
Strengthen the ART by organizing annual meetings, support the RAC vocational training school through the provision of tools and equipment,[5] and train 15 RAC experts, including one woman per group, on the use of the provided equipment.	40,000	40,000
Conduct awareness raising activities to promote the RAC sector among young women.	30,000	15,000
Subtotal	**265,000**	**160,000**
Component 3: Project coordination, monitoring, evaluation and reporting		
Project management activities (see paragraph 20)	38,000	13,000
Subtotal	**38,000**	**13,000**
Total	423,000	263,000

Project implementation and monitoring

20. The system established under stage I of the HPMP will continue into stage II, with the NOU monitoring activities, reporting on progress, and working with stakeholders to phase out HCFCs. The cost of those activities amounts to US $38,000, including project staff and consultants (US $28,000), domestic travel (US $5,000), meetings and workshops (US $5,000).

[5] Including recovery machines and cylinders, recycling machines, electronic leak detectors, vacuum pumps, manometers.

Total cost of stage II of the HCFC phase-out management plan

21. The total cost of stage II of the HPMP for Djibouti has been estimated at US $423,000 (plus agency support costs), as originally submitted, for achieving a 100 per cent reduction by 2030. The proposed activities and cost breakdown are summarized in table 3 above.

Implementation plan for the first tranche of stage II of the HCFC phase-out management plan

22. The first funding tranche of stage II of the HPMP in the total amount of US $263,000 as submitted will be implemented between January 2026 and December 2027. Detailed information on the activities included in the first tranche, indicating adjustments made and the level of funds agreed, is presented in paragraphs 29 to 32 below.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

23. 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 (decisions 74/50 and 90/31), and the 2025–2027 business plan of the Multilateral Fund.

Verification report

24. The Secretariat noted that the verification concluded that Djibouti has implemented a reliable license and quota system for controlling ODSs including HCFCs and UNEP confirmed that the recommendations, including to establish an online monitoring system for the annual quota, will be implemented during stage II of the HPMP.

Overarching strategy

25. The Government of Djibouti proposes to meet the 100 per cent reduction of its HCFC baseline consumption by 2030, and to maintain a maximum annual consumption of HCFCs in the period of 2030 to 2040 at a level consistent with Article 5, paragraph 8 ter(e)(i), of the Montreal Protocol.[6] The Government 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 established by the Montreal Protocol.

26. In line with decision 86/51, to allow for consideration of the final tranche of its HPMP, the Government of Djibouti agreed to submit a detailed description of the regulatory and policy framework in place to implement measures to ensure that HCFC consumption is in compliance with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol for the period 2030–2040, and the expected annual HCFC consumption in Djibouti for the period 2030–2040.

Legal framework

27. The Secretariat requested a description of the regulatory framework of the country, as only one decree had been mentioned in the submission. UNEP confirmed that Decree 2004-0066 of 2004 is being revised to include a ban on the import of new and used HCFC-based equipment, to be adopted by 30 June 2026. The Government of Djibouti has also committed to the establishment of regulatory measures to

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

control the intended emission of refrigerants during installation, servicing, and decommissioning of RAC equipment.

<u>Technical and cost-related issues</u>

Technician certification scheme

28. Regarding the establishment of a certification scheme for RAC technicians, UNEP explained that during the first tranche, an assessment of the situation and needs would be conducted, including the institutional requirements to ensure that the scheme is sustainable beyond the end of stage II. In addition, the certification procedures will be developed, including stakeholder consultation on the arrangements and procedures to enable the vocational training centre to perform the function of certifier. The certification scheme is envisaged to be implemented after the capacity of key stakeholders involved in the certification process has been built. UNEP will assist the country in this respect. It is expected that, once operational, around 30 technicians will be certified by the end of stage II. The certification will not be mandatory, but it would be a requirement for technicians to handle certain types of servicing work.

Awareness activities

29. The Secretariat requested details on the activity proposed for awareness raising to promote the RAC sector among young women, and, considering that the submission is for a new stage, proposed to conduct the mandatory assessment[7] on women in the RAC sector and prepare an action plan to attract women to the sector and increase their presence in the RAC sector as students and in the labour force, along with scholarships for women to pursue studies at the vocational training centre. A budget of US $15,000 was agreed for the assessment and action plan, to be undertaken during the first tranche; and US $15,000 for granting scholarships to four women in each tranche to pursue studies at the vocational training centre with US $5,000 allocated to each tranche.

<u>Total project cost</u>

30. The total cost for stage II of the HPMP amounts to US $423,000, based on decision 74/50(c)(xii) on the eligible funding level for a low-volume-consuming country, and taking into account decision 96/23.

Tranche distribution

31. Stage II of the HPMP will be implemented in three tranches. Further to discussions with UNEP, the tranche distribution was revised. It was agreed to reduce the allocation for the first tranche of the activity on improvements to the legal and regulatory framework and the adoption of regulatory measures to control intended emission of refrigerants during installation, servicing, and decommissioning of RAC equipment, from US $40,000 to US $30,000, to allow for dissemination and promotion of the changes during the second tranche; and from US $45,000 to US $25,000 for the activity on the establishment of a certification scheme in line with the approach proposed in paragraph 28 above.

<u>Agreed implementation plan for the first tranche of stage II of the HCFC phase-out management plan</u>

32. The first funding tranche of stage II of the HPMP in the agreed total amount of US $239,000 will be implemented between January 2026 and December 2027. The agreed plan of action will include the following activities:

(a) Component 1 (US $80,000): Improvements to the legal and regulatory framework, finalization and adoption of the amendments to Decree 2004-0066, including a ban on the

[7] According to decision 92/40.

importation of new and used HCFC-based equipment, and regulatory measures to control intended emission of refrigerants during installation, servicing, and decommissioning of RAC equipment (US $30,000); a training session for 15 trainers, including four women, on the identification and nomenclature of HCFC and HCFC-based equipment with a focus on emerging alternatives (US $20,000); and training for 150 customs and other law enforcement officers, including 15 women (US $30,000);

(b) Component 2 (US $145,000): Needs-assessment and development of the institutional arrangements and procedures for the implementation of the certification scheme, consultation with key stakeholders involved in the certification process (US $25,000); initial work on the development of the regulatory standards and protocols on the safe use of flammable and toxic substances in RAC equipment (US $15,000); 15 training sessions for 225 RAC technicians, including 22 women, on good servicing practices and the safe introduction of alternatives to HCFCs such as HCs (US $45,000); support to the ART through the organization of annual meetings, and to the RAC vocational training school through the provision of tools and equipment, and training of 15 RAC experts, including one woman per group, on the use of the provided equipment (US $40,000); an assessment on women in the RAC sector (US $15,000); scholarships for four women to follow studies at the vocational training centre to promote careers in the RAC sector (US $5,000); and

(c) Project monitoring: (US $14,000) to cover two locally recruited consultants (US $10,000); travel (US $2,000); meetings and workshops (US $2,000).

Co-financing

33. Government's in-kind contribution to the project activities in stage I will be sustained during stage II, with the provision of logistics and the required personnel support during the implementation of the project.

2025–2027 draft business plan of the Multilateral Fund

34. UNEP is requesting US $423,000, plus agency support costs, for the implementation of stage II of the HPMP for Djibouti. The total requested value of US $270,070, including agency support costs for the period of 2025–2027, is US $55,370 above the amount in the business plan.

Gender policy implementation

35. In line with decisions 84/92(d), 90/48(c), and 92/40(b), the Government of Djibouti has incorporated the Multilateral Fund gender policy into the project preparation and formulation for stage II of the HPMP. During stage II, the NOU will adopt strategies which include the active involvement of women in all aspects of the project from project coordination and implementation to technical training and public consultations. The NOU will collect and report on related disaggregated data, ensure that training and outreach materials reflect inclusive language and visual representation of women, conduct an assessment on women in the RAC sector and prepare the corresponding plan of action to address findings and recommendations, and grant scholarships for 12 women to follow studies at the vocational training centre, thereby encouraging women to enter careers in the RAC sector.

Sustainability of the HCFC phase-out and assessment of risks

36. The customs training workshops have been integrated into the regular training programmes for customs officers. Training for customs and enforcement officers, as well as refrigeration technicians was implemented continuously under stage I. The activities to be implemented as part of stage II will further

strengthen the refrigeration servicing sector and ensure the long-term sustainability of the achievements of stage I of the HPMP.

37. Djibouti intends to introduce an Ozone module on identification and control of HCFCs, HFCs, and HCFC and HFC-based equipment into the curricula of the main national customs training school and to update it on a regular basis. The NOU is collaborating with the MENFOP to make sure the training curriculum for RAC technicians cover topics such as good practices in refrigeration and safe handling of HCs.

38. The activities envisaged under stage II would contribute to the country's ability to use HCFC-free and, possibly, low-GWP alternatives. UNEP confirmed the commitment of the Government, and that no challenges in the enforcement of the licensing and quota system were anticipated, on the contrary, it will be enhanced through the updates of the regulatory system to ensure that HCFCs imports are kept under control. UNEP mentioned that there were no perceived or identified risks for the adoption of non-HCFC alternatives during stage II implementation, given the country's dependence on imports. UNEP confirmed that the monitoring systems will be further strengthened during the implementation of stage II to ensure sustainability of the results of the project post 2030, and that the recommendation included in the 2025 verification report, to establish an online monitoring system for the annual quota, will be implemented.

Impact on the climate

39. The activities proposed in the servicing sector, which include better refrigerant containment through training and the provision of equipment, will reduce the use of HCFC-22 in servicing. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in the savings of approximately 1.8 CO_2-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Djibouti, including its efforts to strengthen the monitoring and enforcement of control measures, build the capacity of customs officers and of RAC technicians, establish a certification scheme, and to promote low-GWP alternatives, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits.

Draft Agreement

40. A draft Agreement between the Government of Djibouti and the Executive Committee for stage II of the HPMP is contained in annex I to the present document.

RECOMMENDATION

41. The Executive Committee may wish to consider:

(a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Djibouti for the period from 2025 to 2030 for the complete phase-out of HCFC consumption, in the amount of US $423,000, plus agency support costs of US $54,990, for UNEP, on the understanding that no more funding from the Multilateral Fund will be provided for the phase-out of HCFCs;

(b) Noting the commitment of the Government of Djibouti:

(i) To completely phase out HCFCs by 1 January 2030 and that HCFCs will not be imported after that date, except for those allowed for a servicing tail between 2030 and 2040, where required, consistent with the provisions of the Montreal Protocol;

(ii) To ban the import of new and used HCFC-based equipment by 30 June 2026;

(iii) To establish regulatory measures to control intended emission of refrigerant during installation, servicing, and decommissioning of refrigeration and air-conditioning equipment, within stage II of the HPMP;

(c) Deducting 0.46 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;

(d) Approving the draft Agreement between the Government of Djibouti 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;

(e) That, to allow for consideration of the final tranche of its HPMP, the Government of Djibouti 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 Djibouti for the period 2030–2040; and

(f) Approving the first tranche of stage II of the HPMP for Djibouti, and the corresponding tranche implementation plan, in the amount of US $239,000, plus agency support costs of US $31,070, for UNEP.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF DJIBOUTI 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 Djibouti (the "Country") and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A ("The Substances") to a sustained level of 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 stage II of the HCFC phase-out management plan approved ("the Plan"). In accordance with subparagraph 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 subparagraph 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;

(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") 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 taking part in this Agreement.

10. The Lead IA will be responsible for ensuring coordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per subparagraph 5(b). The role of the Lead IA is contained in Appendix 6-A. The Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 2.2 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 to facilitate implementation of this Agreement. In particular, it will provide the Lead IA with access to the information necessary to verify compliance with this Agreement.

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 subparagraph 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 subparagraphs 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 between the Government 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	0.7

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2025	2026	2027	2028	2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	0.23	0.23	0.23	0.23	0.23	0	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	0.23	0.23	0.23	0.23	0.23	0	n/a
2.1	Lead IA (UNEP) agreed funding (US $)	239,000	0	0	139,000	0	45,000	423,000
2.2	Support costs for Lead IA (US $)	31,070	0	0	18,070	0	5,850	54,990
3.1	Total agreed funding (US $)	239,000	0	0	139,000	0	45,000	423,000
3.2	Total support costs (US $)	31,070	0	0	18,070	0	5,850	54,990
3.3	Total agreed costs (US $)	270,070	0	0	157,070	0	50,850	477,990
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)							0.46
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)							0.24
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)							0

* Date of completion of stage I as per extension at 88th meeting: 31/12/2022

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 subparagraph 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 subparagraph 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 subparagraph (a) 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 subparagraphs 1(a) to 1(d).

2. In the event that in a particular year two stages of the Plan 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. Overall monitoring will be provided by the Government, through the national ozone unit ("NOU"), with assistance from the Lead IA. The NOU will submit annual progress reports of status of implementation of the Plan to the Lead IA.

2. Consumption will be monitored and determined from official data of import and export of substances as registered by the relevant Government departments. The NOU will compile and report the following data and information each year on or before the relevant deadlines:

(a) Reports on the consumption of the substances to be submitted to the Ozone Secretariat in line with Article 7 of the Montreal Protocol; and

(b) Reports on country programme data to be submitted to the Secretariat of the Multilateral Fund.

3. Monitoring of development of the Plan and verification of the achievement of the performance targets will be assigned to an independent local company or to independent local consultant(s) by the Lead IA. The company or consultant(s) responsible for verification will have full access to relevant technical and financial information related to the implementation of the Plan.

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 Plan;

(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 subparagraphs 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;

(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) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country, the allocation of the reductions to the different budget items and to the funding of the Lead IA;

(k) Ensuring that disbursements made to the Country are based on the use of the indicators;

(l) Providing assistance with policy, management and technical support when required; and

(m) 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 Plan's results and the consumption of the Substances mentioned in Appendix 1-A, as per subparagraph 5(b) of the Agreement and subparagraph 1(b) of Appendix 4-A.

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

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