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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-sixth Meeting
Montreal, 2-6 November 2020
Postponed to 8-12 March 2021[1]

PROJECT PROPOSAL: SYRIAN ARAB REPUBLIC

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

Phase-out

- HCFC phase-out management plan (stage I, first tranche) UNEP and UNIDO

[1] Due to coronavirus disease (COVID-19)

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Syrian Arab Republic

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

(II) LATEST ARTICLE 7 DATA (Annex C Group l)	Year: 2019	71.05 (ODP tonnes)

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)									Year: 2019
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22		2.75		4.40	23.10				30.25
HCFC-141b		30.80		1.10	1.10				33.00
HCFC-142b		7.80							7.80
Total		41.35		5.50	24.20				71.05

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	135.03	Starting point for sustained aggregate reductions:	135.03
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	12.88	Remaining:	122.15

(V) BUSINESS PLAN		2020	2021	2022	Total
UNEP	ODS phase-out (ODP tonnes)	10.50	0.00	10.50	21.00
	Funding (US $)	150,000	0	150,000	300,000
UNIDO	ODS phase-out (ODP tonnes)	12.20	0.00	13.50	25.70
	Funding (US $)	196,137	0	350,000	546,137

(VI) PROJECT DATA			2010*	2020	2021	2022	2023	2024	2025	Total
Montreal Protocol consumption limits			n/a	87.77	87.77	87.77	87.77	87.77	43.88	n/a
Maximum allowable consumption (ODP tonnes)			n/a	87.77	87.77	87.77	87.77	87.77	43.88	n/a
Projects costs requested in principle (US $)	UNEP	Project costs	0	238,428	0	418,100	0	398,200	154,548	1,209,276
		Support costs	0	28,199	0	49,448	0	47,095	18,278	143,020
	UNIDO	Project costs	1,465,361	351,608	0	0	0	0	0	1,816,969
		Support costs	109,902	24,613	0	0	0	0	0	134,515
Total project costs requested in principle (US $)			1,465,361	590,036	0	418,100	0	398,200	154,548	3,026,245
Total support costs requested in principle (US $)			109,902	52,812	0	49,448	0	47,095	18,278	277,535
Total funds requested in principle (US $)			1,575,263	642,848	0	467,548	0	445,295	172,826	3,303,780

* Funding approved at the 62nd meeting

(VII) Request for approval of funding for the first tranche (2020)		
Agency	Funds requested (US $)	Support costs (US $)
UNEP	238,428	28,199
UNIDO	351,608	24,613
Total	590,036	52,812

Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

1. On behalf of the Government of the Syrian Arab Republic, UNEP as the lead implementing agency, has submitted a request for stage I of the HCFC phase-out management plan (HPMP), at a total cost of US $1,769,253, consisting of US $1,245,975, plus agency support costs of US $147,057 for UNEP, and US $351,608, plus agency support costs of US $24,613 for UNIDO, as originally submitted.[2] The implementation of stage I of the HPMP will phase out 78.27 ODP tonnes of HCFCs and assist the Syrian Arab Republic in meeting the target of 67.5 per cent reduction in HCFC baseline consumption by 2025.

2. The first tranche of stage I of the HPMP being requested at this meeting amounts to US $924,937, consisting of US $490,790, plus agency support costs of US $57,926 for UNEP, and US $351,608, plus agency support costs of US $24,613 for UNIDO, as originally submitted.

Background

3. An investment project for the phase-out of 12.88 ODP tonnes of HCFC-22 and HCFC-141b from the manufacture of unitary air-conditioning equipment and rigid polyurethane insulation panels at Al Hafez Group[3] was approved at the 62nd meeting,[4] at a total cost of US $1,465,361, plus agency support costs of US $109,902 for UNIDO. The investment project will be completed by December 2021 as reported by UNIDO.

4. Stage I of the HPMP for the Syrian Arab Republic was first submitted to the 68th meeting to implement activities that would enable the country to comply with the Montreal Protocol's 10 per cent reduction in HCFC consumption by 2015, at a total cost of US $1,235,000, plus agency support costs of US $116,450 for UNIDO. Due to the concerns regarding the security situation in the country, the Executive Committee decided to encourage the resubmission of the HPMP at a future meeting when national conditions had improved, on the understanding that the resubmitted HPMP would acknowledge and maintain the agreements reached between the Fund Secretariat and the implementing agencies on eligibility within the HPMP (decision 68/38). Since then, UNEP and UNIDO continued assisting the Government of the Syrian Arab Republic in preparing stage I of the HPMP.

ODS policy and regulatory framework

5. The national ozone unit (NOU),[5] administered by the Atmospheric Safety Directorate in the Ministry of Local Administration and Environment, is responsible for coordinating with all the agencies and stakeholders to comply with the control measures/policies as formulated by the Executive Committee.

6. The Government of the Syrian Arab Republic has ratified the Montreal Protocol and all of its Amendments except for the Kigali Amendment, for which ratification is in progress. Resolution No. 936 of 2018 supports the import/export licensing and quota system for HCFCs. The licensing and quota system is operational and the Government has confirmed that it is enforceable and capable of ensuring the country's compliance with the Montreal Protocol HCFC phase-out schedule for the duration of its Agreement with the Executive Committee, in line with decision 63/17. The country has met its obligation to meet the freeze, 10 per cent and 35 per cent reduction targets as set for 2013, 2015 and 2020, respectively. The Government has taken measures to ban the new establishment of manufacturing capacities based on ODS including HCFCs and has been promoting ozone-friendly substitutes.

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[2] As per the letter of 19 July 2020 from the Ministry of Local Administration and Environment of the Syrian Arab Republic to UNEP.
[3] SYR/REF/62/INV/103
[4] UNEP/OzL.Pro/ExCom/62/50
[5] The last funding for the institutional strengthening project (US $203,823) was approved at the 73rd meeting.

HCFC consumption

7. All of the HCFCs used in the Syrian Arab Republic are imported and no HCFC production capacity exists in the country. The HCFC baseline for compliance has been established at 135.03 ODP tonnes; in 2019, HCFC consumption amounted to 71.05 ODP tonnes, which is 47 per cent below the baseline. The 2009-2019 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in the Syrian Arab Republic (2009-2019 Article 7 data)

HCFC	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Baseline
Metric tonnes												
HCFC-22	1,280.00	920.00	1,835.00	309.00	309.00	322.00	494.00	309.00	560.00	660.00	550.00	1,100.00
HCFC-123	0.00	0.00	2.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HCFC-141b	646.00	585.00	594.00	596.00	100.00	22.00	150.00	334.00	588.00	250.00	300.00	615.55
HCFC-142b	89.00	121.00	158.00	9.00	0.00	14.00	47.00	49.00	45.00	100.00	120.00	104.92
Total	**2,015.00**	**1,626.00**	**2,589.00**	**914.00**	**410.00**	**358.00**	**691.00**	**692.00**	**1,193.00**	**1,010.00**	**970.00**	**1,820.47**
ODP tonnes												
HCFC-22	70.39	50.60	100.93	16.98	17.01	17.72	27.18	16.98	30.80	36.30	30.25	60.50
HCFC-123	0.00	0.00	0.03	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HCFC-141b	71.07	64.35	65.34	65.59	11.00	2.37	16.52	36.74	64.68	27.50	33.00	67.71
HCFC-142b	5.76	7.88	10.27	0.60	0.00	0.91	3.04	3.20	2.93	6.50	7.80	6.82
Total	**147.22**	**122.83**	**176.57**	**83.18**	**28.03**	**21.00**	**46.74**	**56.93**	**98.41**	**70.30**	**71.05**	**135.03**

8. From 2009 to 2019, HCFC consumption fluctuated with an overall decreasing trend due to the political unrest and uncertainty in the country and the introduction of alternative technologies into the market. It is expected that the HCFC consumption will further decrease in 2020 due to the impact of the COVID-19 pandemic.

Country programme (CP) implementation report

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

Sector distribution of HCFCs

10. HCFCs are used in both the manufacturing and the servicing sectors. In baseline consumption in metric tonnes, HCFC-22 accounts for 60 per cent; HCFC-141b accounts for 34 per cent; and the remaining 6 per cent is HCFC-142b. Occasionally, a negligible amount of HCFC-123 has been imported to service chillers.

11. Some manufacturing enterprises that were operating during the baseline years have been either destroyed, have temporarily suspended their operations, or are operating under constrained conditions; however, due to the security situation, detailed information at the enterprise level is currently not available (this information will be gathered and assessed when the investment project is prepared for the sector consumption phase-out). The consumption in the servicing sector has decreased by 57 per cent from the baseline. The sectoral distribution of HCFCs is presented in Table 2.

Table 2. Sectoral distribution of HCFC consumption in 2019 in the Syrian Arab Republic

Sector	HCFC	Consumption	Percentage in 2019	Baseline	Percentage in baseline years
Metric tonnes					
PU foam sector	HCFC-141b	290.02	29.9	615.55	33.8
XPS foam manufacturing sector	HCFC-22	80.00	8.2	69.94	3.8
	HCFC-142b	120.00	12.4	104.90	5.8

Sector	HCFC	Consumption	Percentage in 2019	Baseline	Percentage in baseline years
RAC manufacturing	HCFC-22	134.07	13.8	243.34	13.4
Service sector	HCFC-22	335.91	34.6	786.68	43.2
	HCFC-141b	10.00	1.00	0.00	0.00
Total (mt)		**970.00**	**100.0**	**1,820.40**	**100.0**
ODP tonnes					
PU foam sector	HCFC-141b	31.90	44.90	67.71	50.10
XPS foam manufacturing sector	HCFC-22	4.40	6.20	3.85	2.90
	HCFC-142b	7.80	11.00	6.82	5.10
RAC manufacturing	HCFC-22	7.37	10.40	13.38	9.90
Service sector	HCFC-22	18.48	26.00	43.27	32.00
	HCFC-141b	1.10	1.50	0.00	0.00
Total (ODP tonnes)		**71.05**	**100.00**	**135.03**	**100.00**

Manufacturing sector

12. There are three manufacturing sub-sectors in the Syrian Arab Republic:

(a) Polyurethane (PU) foam: consumes HCFC-141b (29.9 per cent of the 2019 consumption in mt) and manufactures insulated boxes for trucks and sandwich panels;

(b) Extruded polystyrene (XPS) board: consumes HCFC-22 and HCFC-142b (20.6 per cent of the total 2019 consumption in mt) and manufactures XPS board; and

(c) Domestic and commercial refrigeration and air-conditioning (RAC): consumes HCFC-22 (13.8 per cent of the 2019 consumption in mt) and produces air-conditioners, ice blocks, and other commercial refrigeration equipment.

13. HCFC-141b is also used to clean heat exchangers in manufacturing and as a cleaning agent in servicing equipment (not in the baseline).

Status of implementation of the conversion project at Al Hafez

14. The completion of the conversion project was originally planned for 2014. However, due to persisting unsafe conditions in the country, the project was delayed for several years. In September 2019, UNIDO was able to visit the enterprise and ascertain its operation; from 2017 to 2019, Al Hafez consumed an average of 45 mt of HCFCs per year. After a careful examination of the situation, and according to UNIDO's procurement procedures, the modality of performance-based implementation was adopted and agreed with Al Hafez. The implementation plan was agreed for completion in 14 months from November 2019.

15. Since the signature of the agreement, the following activities have been conducted: terms of reference for the procurement of equipment were finalized; the procurement contract was awarded and the equipment was manufactured; part of the machinery and equipment has been shipped. It is expected that the delivery of the remaining technological components, equipment and machines will be completed by the end of September 2020. After the equipment is delivered, the installation is expected to be complete within 45 days; subsequently, tests and trials with alternatives will start. The project is expected to be ready for final inspection by UNIDO by the end of 2020. UNIDO has requested in its Progress report as at

31 December 2019 submitted to the 86th meeting,[6] the extension of the completion date of the conversion project from 31 December 2020 to 31 December 2021.

16. As of July 2020, of the US $1,465,361 approved for the conversion at Al Hafez, US $404,013 (28 per cent) had been disbursed, and US $1,022,347 had been obligated. The balance of US $39,001 will be disbursed in 2021.

Refrigeration and air-conditioning servicing sector

17. In the submission of the HPMP to the 68th meeting, the estimated number of technicians in the country was 7,000. The data collected during the preparation of the current submission shows approximately 616 service workshops and 2,739 service technicians in six governorates. Based on this data, the total number of servicing workshops has been estimated as 1,100 and technicians as 4,900. Over 50 per cent are small workshops with yearly consumption below 100 kg. Table 3 presents the number of units and applications used in the servicing sector.

Table 3. Demand for HCFCs in the RAC servicing sector in the Syrian Arab Republic in 2019

Sector/applications	**Number of units**	**Average charge/ unit (kg)**	**Leakage rate (%)**	**Consumption (mt)**			**Share of sector (%)**
				HCFC-22	**HCFC-123**	**Total**	
Domestic AC (1-4 refrigeration tonnes (RT))	2,479,203	1.97	3.42	166.61	0.00	166.61	49.20
Commercial, industrial ACs and chillers	27,704	48.76	9.23	124.67	2.73	127.40	37.62
Transport refrigeration	4,424	6.76	3.00	0.90	0.00	0.90	0.27
Large commercial refrigeration	3,146	147.59	4.58	21.27	0.00	21.27	6.28
Industrial refrigeration	8,244	26.85	10.15	22.47	0.00	22.47	6.64
Total	**2,522,721**	**n/a**	**n/a**	**335.92**	**2.73**	**338.65**	**100.00**

Stage I of the HPMP

Remaining consumption eligible for funding

18. The starting point for sustained aggregate reduction in HCFC consumption was established at the 62nd meeting using the estimated baseline of 156.00 ODP tonnes (decision 62/39(b)). The current proposal uses the established baseline of 135.03 ODP tonnes (based on the actual consumption reported under Article 7 of the Montreal Protocol in 2009 and 2010) as the starting point for aggregate reduction in HCFC consumption. After deducting 12.88 ODP tonnes of HCFCs associated with the project at Al Hafez, the remaining consumption eligible for funding amounts to 122.15 ODP tonnes. After implementation of stage I which will phase out 78.27 ODP tonnes, the remaining eligible consumption for funding amounts to 43.88 ODP tonnes, which will be addressed in a future stage of the HPMP.

Phase-out strategy in stage I of the HPMP

19. Stage I of the HPMP for the Syrian Arab Republic proposes to address the consumption both in the manufacturing and servicing sectors to meet the 67.5 per cent reduction by 2025. The current submission only includes a funding request for activities in the refrigeration servicing sector; and the investment project to address consumption in the manufacturing sector, estimated at 74.34 ODP tonnes (equivalent to 81 per cent of the baseline for the manufacturing sector and 55 per cent of the baseline for compliance) will be submitted during the implementation of stage I. This approach is being proposed because the data required for the preparation of the investment component could not be obtained in time due to challenges

[6] UNEP/OzL.Pro/ExCom/86/19

faced in the field. The HPMP is being submitted with the intention of laying the foundation for effective positioning of the institutional set-up for the preparation of investment projects.

20. The Syrian Arab Republic is working on the ratification of the Kigali Amendment and will take into consideration HFC phase-down when phasing out HCFCs to achieve synergy and maximize climate benefits. Stage I will promote the adoption of low-global-warming potential (GWP) climate-friendly alternatives and will develop and enforce bans on the import of HCFC-based RAC equipment where zero-ODP and low-GWP alternative refrigerants are available, starting from 2021.

Proposed activities in stage I of the HPMP

21. The following activities will be implemented during stage I of the HPMP:

(a) Reviewing and updating the national ODS legislation and developing procedures and bylaws to support HCFC phase-out, including strengthening the import/export licensing and quota system and developing and implementing an e-licensing system to facilitate more efficient recording and sharing of import data; bans on imports of ODS (including HCFCs) and ODS-based equipment in specific applications where low-GWP alternatives are available; regulatory support for mandatory certification of refrigeration technicians; policy incentives for low-GWP alternatives; and policy framework to support a refrigerant recovery and recycling network (UNEP) (US $121,032);

(b) Reviewing and updating national standards and codes related to ODS management including standards and operating procedures for handling flammable and toxic refrigerants (hydrocarbon and ammonia); and introducing requirements for the labelling of refrigerant containers, record keeping and data reporting at importers and servicing workshops (UNEP) (US $35,200);

(c) Training 100 customs officers in ODS import control; identification of ODS and prevention of illegal trade; training 80 Government enforcement officers; and conducting two regional/cross border cooperation workshops on preventing illegal imports/trade of HCFCs with neighbouring countries (UNEP) (US $47,200);

(d) Updating the training curriculum to cover latest alternatives, and safety and technical aspects of natural refrigerants; training 40 trainers and 1,000 RAC technicians in good servicing practices, the safe handling of flammable and toxic refrigerants and servicing equipment with alternatives; developing a certification system for RAC technicians and certifying 600 technicians; and strengthening RAC associations (UNEP) (US $922,544);

(e) Awareness-raising campaign for HCFC phase-out and on alternatives to HCFCs through newspapers, articles in journals and films in local language; disseminating information on low-GWP alternatives with a special focus on RAC manufacturing and servicing in collaboration with RAC associations (UNEP) (US $26,000);

(f) Procuring equipment and tools for training centres (e.g., eight refrigerant identifiers (including two units for Customs); six sets of leak detectors, vacuum pumps, manifold gauge, recovery machine, training rigs; and five units of flushers for cleaning and degreasing heat exchangers for phasing out of HCFC-141b (UNIDO) (US $271,608); and

(g) Technical assistance activities for the manufacturing sector to raise awareness about the HCFC phase-out, provide information on available low-GWP alternative technologies and assist manufacturers in selecting alternative technologies (UNIDO) (US $80,000).

22. The proposal also includes a cost of US $24,000 for conducting an independent verification of progress achieved in implementation and the consumption level.

Project implementation and monitoring

23. A project management unit (PMU) will be established to coordinate stakeholders, implement activities, monitor and report progress to ensure efficient implementation of the activities in the field. The cost of those activities amounts to US $70,000 for UNEP with the following breakdown: US $56,700 for staff and consultants; US $4,800 for travel; and US $8,500 for meetings and workshops.

Gender policy implementation[7]

24. The country recognizes the importance of gender equality, women's empowerment and women's involvement in the implementation of activities. In line with the gender mainstreaming policies of the Multilateral Fund and UNEP, the implementation of stage I will take into account gender mainstreaming and equity to encourage the full engagement of women in various steps including planning, policy and decision-making, consultation and advisory activities, capacity-building and outreach, and monitoring and evaluation. The NOU will ensure the participation of a number of women in the customs training, enforcement officer training, technical training, certification programme and capacity-building programmes, where possible under this HPMP. Gender-disaggregated data will be collected for reporting.

<u>Total cost of stage I of the HPMP as submitted</u>

25. The total cost of stage I of the HPMP for the Syrian Arab Republic amounts to US $1,597,584 (plus agency support costs), as originally submitted for achieving a 67.5 per cent reduction from its HCFC baseline consumption by 2025. The proposed activities and cost breakdown as well as the associated phase-out are summarized in Table 4.

Table 4. Activities, cost breakdown and reduction for stage I of the HPMP for the Syrian Arab Republic as submitted (US $)

Activity	Agency	Cost (US $)	Phase-out (mt)	CE (US $/kg)
Servicing sector				
Strengthening policies and regulations, e-license for HCFC imports and exports, incentives for low-GWP technologies and regulatory support for recovery and reuse and mandatory certification of technicians	UNEP	121,032	296.58	4.80
Reviewing and updating national standards and codes for ODS management, developing operating procedures for flammable and toxic refrigerants	UNEP	35,200		
Training 100 customs officers, 80 enforcement officers and conducting two border dialogues with neighbouring countries	UNEP	47,200		
Training 40 trainers and 1,000 technicians in good servicing practices and certifying 600 technicians	UNEP	922,544		
Awareness raising on HCFC phase-out in the servicing sector in collaboration with RAC associations; and promoting low-GWP alternatives in manufacturing sectors	UNEP	26,000		
Procurement of refrigerant identifiers, equipment and tools for training institutions, certification centres and supporting refrigerant recovery and recycling	UNIDO	271,608		
Technical assistance for manufacturing sectors to adopt low-GWP alternatives	UNIDO	80,000		

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

Activity	Agency	Cost (US $)	Phase-out (mt)	CE (US $/kg)
Audit verification	UNEP	24,000		
PMU	UNEP	70,000		
Total		**1,597,584**	**296.58**	**5.39**

26. The total funding of stage I of the HPMP is requested in three tranches, distributed as shown in Table 5.

Table 5. Funding tranche distribution for stage I of the HPMP for the Syrian Arab Republic as submitted (US $)

Description	2020	2022	2024	Total
Activities in the servicing sector	732,398	460,790	230,395	1,423,584
Audit verification	0	24,000	0	24,000
PMU	30,000	20,000	20,000	70,000
Technical assistance for the manufacturing sector	80,000	0	0	80,000
Total cost	**842,398**	**504,790**	**250,395**	**1,597,584**

<u>Activities planned for the first tranche of stage I</u>

27. The first tranche of stage I of the HPMP, at the total amount of US $842,398, will be implemented between November 2020 and November 2022, and will include the following activities:

(a) Review and update of the national ODS legislation and development of procedures and bylaws for supporting HCFC phase-out and adopting low-GWP technologies; and training of 100 customs officers (UNEP);

(b) Training and certification of technicians; and development and adoption of safety standards and operating procedures for flammable and toxic refrigerants (UNEP) (US $460,790 to cover training of both customs and RAC technicians);

(c) Procurement of equipment and tools for training centres: eight refrigerant identifiers (including two units for Customs); six sets of equipment and tools for training and certification centres (e.g., leak detectors, vacuum pumps, manifold gauge, recovery machine, training rigs); and five units of flushers for cleaning and degreasing heat exchangers for phasing out of HCFC-141b (UNIDO) (US $271,608);

(d) Technical assistance for the manufacturing sector to raise awareness on HCFC phase-out, providing information on available low-GWP alternative technologies and assisting manufacturers in selecting alternative technologies (UNIDO) (US $80,000); and

(e) Project implementation, coordination, monitoring and reporting (UNEP) (US $30,000): Staff and consultant (US $23,625); travel (US $2,500); and meetings and workshops (US $3,875).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

28. The Secretariat reviewed stage I of the HPMP taking into account the policies and guidelines of the Multilateral Fund, including the criteria for funding HCFC phase-out in the consumption sector, and the 2020-2022 business plan of the Multilateral Fund.

29. With regard to the criteria for funding HCFC phase-out in the consumption sector for stage I of HPMPs, the Secretariat applied the criteria in decision 74/50, where the cost-effectiveness for the refrigeration servicing sector for non-LVC countries is US $4.80/kg, instead of the criteria in decision 60/54, where the cost-effectiveness is US $4.50/kg. In doing so, the Secretariat noted that at its 62nd meeting, the Executive Committee approved a stand-alone project for the phase-out of 12.88 ODP tonnes of HCFCs (i.e., 9.5 per cent of the established HCFC baseline); the Government has achieved the freeze (2013), and the 10 per cent reduction (2015), and will achieve the 35 per cent reduction (2020, as the consumption in 2019 was already 47 per cent below the baseline) without assistance from the Fund; and that no funding has been approved for the phase-out of HCFCs in the servicing sector.

Legal framework

30. The HCFC import quota for 2020 has been issued at 81.54 ODP tonnes. For subsequent years, the annual quota will be based on the levels allowed under the Montreal Protocol.

31. With regard to developing and enforcing bans on the import of HCFC-based RAC equipment, UNEP explained that currently zero-ODP and zero- or low-GWP alternative refrigerants are not available in the Syrian Arab Republic. Banning the import of HCFC-based equipment would increase the uptake of RAC equipment based on medium- to high-GWP refrigerants. The activities implemented in stage I will raise awareness and promote the introduction of low-GWP alternatives; based on an assessment on the availability of the alternatives, a ban on certain HCFC-based applications will be developed. The first target application will be domestic air-conditioners when zero-ODP and low-GWP alternatives (R-290 or R-32) are available.

Starting point for aggregate reduction in HCFC consumption

32. The Secretariat noted that the adjustment in the starting point for aggregate reduction in HCFC consumption (from 156.00 ODP tonnes to 135.03 ODP tonnes), is consistent with the existing practice of the Executive Committee.

33. It further noted that HCFC consumption in the country has been constantly decreasing; considering that the technologies evolvement over the last 10 years have impacted on the HCFC consumption in the servicing sector, and that the civil unrest also damaged the manufacturing capacity in the country resulting in lower consumption in the manufacturing sector, the Secretariat discussed with UNEP the extent to which the HCFC reduction that occurred is permanent. UNEP explained that although the country's manufacturing capacity has been badly affected, the enterprises that remain will be operational after the security situation further improves, and will need to phase out the use of HCFCs. It has not been possible to obtain sufficient verifiable data and information about manufacturing capacities to prepare a project proposal with enough certainty to meet existing guidelines and with the preferred technology choices. Therefore, all concerned stakeholders agreed to postpone the investment component to allow the NOU and the implementing agencies to better understand the current situation and needs of the manufacturing sector, including the eligibility and financial viability of the enterprises.

34. The Secretariat considers that the implementation of the activities in the servicing sector will enable the country to strengthen the regulatory and institutional framework to sustain the HCFC reduction achieved, and will facilitate the collection of accurate data for the preparation of a more robust investment project for consideration by the Executive Committee, and therefore agrees with this approach. It was further agreed that the investment project would be submitted no later than 2022.

Technical and cost-related issues

35. With regard to the 10.00 mt of HCFC-141b consumption reported in 2019 and used as cleaning agent in the servicing sector, UNEP explained that this demand was mainly met by stockpiled CFC-11

during baseline years. Upon depletion of the stocks, the servicing sector started to use more HCFC-141b. The Government agreed to give priority to the phase-out of this use in stage I.

36. The costs of the activities included in stage I were discussed and optimized. The cost for the verification audit (US $24,000) was removed as this is considered to be part of agency support costs. With regard to the cost for the PMU, UNEP explained that a PMU is needed to assist the NOU to implement the project given the uncertain post-war conditions and to ensure sound and timely delivery. Detailed cost breakdown for the PMU was discussed and optimized based on the intensity of the activities to be implemented by the PMU; considering that the current approval covers activities mainly in the servicing sector with limited intervention in the manufacturing sector, the cost for the PMU was subsequently reduced to US $57,300 (US $51,600 for staff and consultants; US $2,900 for travel; and US $2,800 for meetings and workshops). The cost for the activities in the servicing sector is maintained as it was calculated at US $4.80 per kg in line with decision 74/50.

37. With regard to the technical assistance for the manufacturing sector (US $80,000), UNIDO explained that the technical assistance is necessary to assist the manufacturing sector (eligible and non-eligible enterprises) to take early action. The activities will include providing consultancy and training to enterprises in the transition to low-GWP technologies; demonstration of low-GWP technologies; and monitoring, data collection and reporting on the change of the manufacturing sector. Noting that the enterprises will receive technical assistance to facilitate the phase-out of HCFCs (at a cost of US $80,000), it was agreed to deduct 8.06 mt from the starting point, calculated using the weighted average of cost thresholds of all manufacturing sub-sectors (US $9.93/kg).

Total project cost

38. The total cost for stage I of the HPMP for the Syrian Arab Republic was agreed at US $1,560,884 (plus agency support costs) for achieving the 67.5 per cent reduction from its HCFC baseline consumption, as shown in Table 6.

Table 6. Revised cost and reduction targets for stage I of the HPMP for the Syrian Arab Republic

Item	As submitted		As revised		
	Cost (US $)	**Phase-out (mt)**	**Cost (US $)**	**Phase-out (mt)**	**Phase-out (ODP t)**
Activities in the servicing sector	1,423,584	296.58	1,423,584	296.58	16.31
Technical assistance for manufacturing sector	80,000	0.00	80,000	8.06	0.67
PMU	70,000	0.00	57,300	0.00	0.00
Audit verification	24,000	0.00	0.00	0.00	0.00
Total	**1,597,584**	**296.58**	**1,560,884**	**304.64**	**16.98**

Funding tranche distribution

39. In the original submission, the funding tranche proposed was front-loaded and no tranche was planned for the last year of the Agreement as required by decisions 62/17, 74/18(b) and 76/16(b). After discussion, the funding tranche distribution was adjusted and the first tranche for UNEP was reduced while UNIDO's funding was maintained as it is associated with the procurement of equipment and technical assistance for the manufacturing sector. The cost and activities for the first tranche after adjustment are presented in Table 7.

Table 7. Revised costs and activities for the first tranche of stage I of the HPMP for the Syrian Arab Republic (US $)

Activity	UNEP	UNIDO	Total
Reviewing and strengthening policies and regulations; developing and implementing a national strategy and trade policy for banning HCFC-based products and refillable refrigerant cylinders; reviewing and updating	16,808	0	16,808

Activity	UNEP	UNIDO	Total
regulations for flammable refrigerants; regulatory support for a mandatory certification scheme for technicians; strengthening the licensing and quota system; updating policy to promote low-GWP alternatives; developing policy for refrigerant recovery, recycling and reuse; enhancing ODS control on goods entering the Syrian Arab Republic for transit under the Free Trade Agreement			
Training 20 customs officers in matters related to the compliance obligations of the Montreal Protocol and the control of HCFC imports through training programmes at the training institutes of the General Custom Administration	7,440	0	7,440
Reviewing and updating national standards and codes for ODS management, developing operating procedures for flammable and toxic refrigerants	7,040	0	7,040
Updating training curriculum to introduce low-GWP alternatives to HCFCs and the technical and safety aspects of handling natural refrigerants; training 160 technicians in good servicing practices and the safe handling of alternative refrigerants	106,960	0	106,960
Developing a certification scheme for RAC technicians; implementing a pilot phase of the certification programme in combination with a training programme for evaluators, and certifying 120 technicians	63,680	0	63,680
Awareness raising on HCFC phase-out in the servicing sector in collaboration with refrigeration associations; and promoting low-GWP alternatives in the manufacturing sector	6,500	0	6,500
Procurement of eight refrigerant identifiers, six sets of training equipment and education aids to enhance the capacity of training institutes, and five flushers units for cleaning and degreasing heat exchangers for the phasing out of HCFC-141b	0	271,608	271,608
Sub-total servicing sector	**208,428**	**271,608**	**480,036**
Technical assistance for the manufacturing sector to adopt low-GWP alternatives	0	80,000	80,000
PMU (US $23,625 for staff and consultant; US $2,500 for travel; and US $3,875 for meeting and workshops)	30,000	0	30,000
Total	**238,428**	**351,608**	**590,036**

Security situation in the country and impact of the COVID-19 pandemic on HPMP implementation

40. Upon enquiry, UNEP advised that the security situation in the country has improved to a great extent, as experienced and proven by the NOU and the beneficiary company (Al Hafez), making it feasible to implement the project. With regard to the impact of the COVID-19 pandemic, it is expected that the restrictions will be lifted by the time the project is initiated in 2021. If the situation persists, the necessary arrangements will be taken to ensure business continuity under pandemic conditions, including holding virtual meetings and workshops.

Impact on the climate

41. The proposed activities in the servicing sector, which include better containment of refrigerants through training and the provision of equipment, will reduce the amount of HCFC-22 used for RAC servicing. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in savings of approximately 1.8 CO_2-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by the Syrian Arab Republic, including its efforts to train technicians in good servicing practices, promote low-GWP alternative technologies, as well as refrigerant recovery and reuse, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits.

Co-financing

42. The Government contribution to the HPMP will be in kind, including office space and staff to oversee the implementation of activities under the HPMP. The development of regulations and policies will be led by the NOU and assisted by other governmental personnel as an in-kind contribution to HCFC phase-out.

2020-2022 draft business plan of the Multilateral Fund

43. UNEP and UNIDO are requesting US $1,560,884, plus agency support costs, for the implementation of stage I of the HPMP for the Syrian Arab Republic. The total requested value of US $1,110,396, including agency support costs for the period from 2020 to 2022, is US $264,259 above the amount in the business plan.

Draft Agreement

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

RECOMMENDATION

45. The Executive Committee may wish to consider:

(a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for the Syrian Arab Republic for the period from 2020 to 2025 to reduce HCFC consumption by 67.5 per cent of the country's baseline, in the amount of US $1,728,517, consisting of US $1,209,276, plus agency support costs of US $143,020 for UNEP, and US $351,608, plus agency support costs of US $24,613 for UNIDO, noting that stage I of the HPMP also included US $1,465,361, plus agency support costs of US $109,902 for UNIDO, for an investment project for the phase-out of 12.88 ODP tonnes of HCFCs from the manufacture of unitary air-conditioning equipment and rigid polyurethane insulation panels, approved at the 62nd meeting;

(b) Noting:

(i) That, with the amounts referred to in sub-paragraph (a) above, the total funding for stage I of the HPMP for the Syrian Arab Republic amounted to US $3,026,245, plus agency support costs of US $277,535;

(ii) That the revised starting point for sustained aggregate reduction in HCFC consumption was 135.03 ODP tonnes, calculated using actual consumption of 147.22 ODP tonnes and 122.83 ODP tonnes reported under Article 7 of the Montreal Protocol for 2009 and 2010, respectively;

(c) Noting the deduction of 12.88 ODP tonnes of HCFCs from the starting point for sustained aggregate reduction in HCFC consumption for the investment project referred to in sub-paragraph (a) above, and deducting a further 16.98 ODP tonnes of HCFCs for the implementation of stage I of the HPMP;

(d) Approving the draft Agreement between the Government of the Syrian Arab Republic and the Executive Committee for the reduction in consumption of HCFCs, in accordance with stage I of the HPMP, contained in Annex I to the present document;

(e) Allowing the submission of investment projects during the implementation of stage I of the HPMP to phase out consumption in the manufacturing sector prior to 31 December 2023; and

(f) Approving the first tranche of stage I of the HPMP for the Syrian Arab Republic, and the corresponding tranche implementation plans, in the amount of US $642,848, consisting of US $238,428, plus agency support costs of US $28,199 for UNEP, and US $351,608, plus agency support costs of US $24,613 for UNIDO.

Annex I

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

Purpose

1. This Agreement represents the understanding of the Government of the Syrian Arab Republic (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 43.88 ODP tonnes by 1 January 2025 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 rows 4.1.3, 4.2.3, 4.3.3 (remaining consumption eligible for funding).

3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees, in principle, to provide the funding set out in row 3.1 of Appendix 2-A to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A ("Funding Approval Schedule").

4. The Country agrees to implement this Agreement in accordance with the stage I of the HCFC phase-out management plan (HPMP) approved ("the Plan"). In accordance with sub-paragraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.

Conditions for funding release

5. The Executive Committee will only provide the Funding in accordance with the Funding Approval Schedule when the Country satisfies the following conditions at least eight weeks in advance of the applicable Executive Committee meeting set out in the Funding Approval Schedule:

(a) That the Country has met the Targets set out in row 1.2 of Appendix 2-A for all relevant years. Relevant years are all years since the year in which this Agreement was approved. Years for which there are no due country programme implementation reports at the date of the Executive Committee meeting at which the funding request is being presented are exempted;

(b) That the meeting of these Targets has been independently verified for all relevant years, unless the Executive Committee decided that such verification would not be required;

(c) That the Country had submitted a Tranche Implementation Report in the form of Appendix 4-A ("Format of Tranche Implementation Reports and Plans") covering each previous calendar year; that it had achieved a significant level of implementation of activities initiated with previously approved tranches; and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent; and

(d) That the Country has submitted a Tranche Implementation Plan in the form of Appendix 4-A covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen.

Monitoring

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A ("Monitoring Institutions and Roles") will monitor and report on implementation of the activities in the previous Tranche Implementation Plans in accordance with their roles and responsibilities set out in the same appendix.

Flexibility in the reallocation of funds

7. The Executive Committee agrees that the Country may have the flexibility to reallocate part or all of the approved funds, according to the evolving circumstances to achieve the smoothest reduction of consumption and phase-out of the Substances specified in Appendix 1-A:

(a) Reallocations categorized as major changes must be documented in advance either in a Tranche Implementation Plan as foreseen in sub-paragraph 5(d) above, or as a revision to an existing Tranche Implementation Plan to be submitted eight weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:

(i) Issues potentially concerning the rules and policies of the Multilateral Fund;

(ii) Changes which would modify any clause of this Agreement;

(iii) Changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches;

(iv) Provision of funding for activities not included in the current endorsed Tranche Implementation Plan, or removal of an activity in the Tranche Implementation Plan, with a cost greater than 30 per cent of the total cost of the last approved tranche; and

(v) Changes in alternative technologies, on the understanding that any submission for such a request would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tonnes to be phased out if applicable, as well as confirm that the Country agrees that potential savings related to the change of technology would decrease the overall funding level under this Agreement accordingly;

(b) Reallocations not categorized as major changes may be incorporated in the approved Tranche Implementation Plan, under implementation at the time, and reported to the Executive Committee in the subsequent Tranche Implementation Report;

(c) Any enterprise to be converted to non-HCFC technology included in the Plan and that would be found to be ineligible under the policies of the Multilateral Fund (i.e., due to foreign ownership or establishment post the 21 September 2007 cut-off date), would not receive financial assistance. This information would be reported as part of the Tranche

Implementation Plan;

(d) The Country commits to examining the possibility of using pre-blended systems with low-global-warming potential blowing agents instead of blending them in-house, for those foam enterprises covered under the Plan, should this be technically viable, economically feasible and acceptable to the enterprises;

(e) The Country agrees, in cases where HFC technologies have been chosen as an alternative to HCFCs, and taking into account national circumstances related to health and safety: to monitor the availability of substitutes and alternatives that further minimize impacts on the climate; to consider, in the review of regulations standards and incentives adequate provisions that encourage introduction of such alternatives; and to consider the potential for adoption of cost-effective alternatives that minimize the climate impact in the implementation of the HPMP, as appropriate, and inform the Executive Committee on the progress accordingly in tranche implementation reports; and

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

Considerations for the refrigeration servicing sector

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing sector included in the Plan, in particular:

(a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and

(b) The Country and relevant bilateral and/or implementing agencies would take into consideration relevant decisions on the refrigeration servicing sector during the implementation of the Plan.

Bilateral and implementing agencies

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNEP has agreed to be the lead implementing agency (the “Lead IA”) and UNIDO has agreed to be the cooperating implementing agency (the “Cooperating IA”) under the lead of the Lead IA in respect of the Country’s activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of the Lead IA and Cooperating IA taking part in this Agreement.

10. The Lead IA will be responsible for ensuring co-ordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per sub-paragraph 5(b). The Cooperating IA will support the Lead IA by implementing the Plan under the overall co-ordination of the Lead IA. The roles of the Lead IA and Cooperating IA are contained in Appendix 6-A and Appendix 6-B, respectively. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IA with the fees set out in rows 2.2 and 2.4 of Appendix 2-A.

Non-compliance with the Agreement

11. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in row 1.2 of Appendix 2-A or otherwise does not comply with this Agreement, then the Country agrees

that it will not be entitled to the Funding in accordance with the Funding Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next tranche of funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amount set out in Appendix 7-A ("Reductions in Funding for Failure to Comply") in respect of each ODP kg of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the Country did not comply with this Agreement, and take related decisions. Once decisions are taken, the specific case of non-compliance with this Agreement will not be an impediment for the provision of funding for future tranches as per paragraph 5 above.

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

13. The Country will comply with any reasonable request of the Executive Committee, the Lead IA and the Cooperating IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA and the Cooperating IA with access to the information necessary to verify compliance with this Agreement.

Date of completion

14. The completion of the Plan and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption level has been specified in Appendix 2-A. Should at that time there still be activities that are outstanding, and which were foreseen in the last Tranche Implementation Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion of the Plan will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per sub-paragraphs 1(a), 1(b), 1(d), and 1(e) of Appendix 4-A will continue until the time of the completion of the Plan unless otherwise specified by the Executive Committee.

Validity

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

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

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	60.50
HCFC-141b	C	I	67.71
HCFC-142b	C	I	6.82
Total			135.03

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2010	2013-2014	2015-2019	2020	2021	2022	2023	2024	2025	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	135.03	121.52	87.77	87.77	87.77	87.77	87.77	43.88	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	135.03	121.52	87.77	87.77	87.77	87.77	87.77	43.88	n/a
2.1	Lead IA (UNEP) agreed funding (US $)	0	0	0	238,428	0	418,100	0	398,200	154,548	1,209,276
2.2	Support costs for Lead IA (US $)	0	0	0	28,199	0	49,448	0	47,095	18,278	143,020
2.3	Cooperating IA (UNIDO) agreed funding (US $)	1,465,361	0	0	351,608	0	0	0	0	0	1,816,969
2.4	Support costs for Cooperating IA (US $)	109,902	0	0	24,613	0	0	0	0	0	134,515
3.1	Total agreed funding (US $)	1,465,361	0	0	590,036	0	418,100	0	398,200	154,548	3,026,245
3.2	Total support costs (US $)	109,902	0	0	52,812	0	49,448	0	47,095	18,278	277,535
3.3	Total agreed costs (US $)	1,575,263*	0	0	642,848	0	467,548	0	445,295	172,826	3,303,780
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)										16.45
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)										4.98
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)										39.07
4.2.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)										0.43
4.2.2	Phase-out of HCFC-141b to be achieved in previously approved projects (ODP tonnes)										7.90
4.2.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)										59.38
4.3.1	Total phase-out of HCFC-142b agreed to be achieved under this Agreement (ODP tonnes)										0.10
4.3.2	Phase-out of HCFC-142b to be achieved in previously approved projects (ODP tonnes)										0.00
4.3.3	Remaining eligible consumption for HCFC-142b (ODP tonnes)										6.72

*Approved at the 62nd meeting.

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval at the first meeting of the year specified in Appendix 2-A.

APPENDIX 4-A: FORMAT OF TRANCHE IMPLEMENTATION REPORTS AND PLANS

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

(a) A narrative report, with data provided by tranche, describing the progress achieved since the previous report, reflecting the situation of the Country in regard to phase-out of the Substances, how the different activities contribute to it, and how they relate to each other. The report should include the amount of ODS phased out as a direct result from the implementation of activities, by substance, and the alternative technology used and the related phase-in of alternatives, to allow the Secretariat to provide to the Executive Committee information about the resulting change in climate relevant emissions. The report should further highlight successes, experiences, and challenges related to the different activities included in the Plan, reflecting any changes in the circumstances in the Country, and providing other relevant information. The report should also include information on and justification for any changes vis-à-vis the previously submitted Tranche Implementation Plan(s), such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes;

(b) An independent verification report of the Plan results and the consumption of the Substances, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;

(c) A written description of the activities to be undertaken during the period covered by the requested tranche, highlighting implementation milestones, the time of completion and the interdependence of the activities, and taking into account experiences made and progress achieved in the implementation of earlier tranches; the data in the plan will be provided by calendar year. The description should also include a reference to the overall Plan and progress achieved, as well as any possible changes to the overall Plan that are foreseen. The description should also specify and explain in detail such changes to the overall plan. This description of future activities can be submitted as a part of the same document as the narrative report under sub-paragraph (b) above;

(d) A set of quantitative information for all Tranche Implementation Reports and Plans, submitted through an online database; and

(e) An Executive Summary of about five paragraphs, summarizing the information of the above sub-paragraphs 1(a) to 1(d).

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

(a) The Tranche Implementation Reports and Plans referred to as part of this Agreement, will exclusively refer to activities and funds covered by this Agreement; and

(b) If the stages under implementation have different HCFC consumption targets under Appendix 2-A of each Agreement in a particular year, the lower HCFC consumption target will be used as reference for compliance with these Agreements and will be the basis for the independent verification.

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The national ozone unit (NOU) will be responsible for implementing, coordinating, monitoring and reporting progress on the activities under the HPMP including developing policy measures, conducting training programmes, providing technical assistance, and carrying out awareness-raising activities.

2. The project management unit (PMU) provides support to the NOU and acts as an independent verifier in the verification process (e.g., meetings with relevant stakeholders, data collection coordination, and inputs on review findings).

3. The PMU, under the supervision of the NOU, takes the role of coordinating non-governmental stakeholders or some Government department(s), industrial associations, research institutes, standards bureaus, training institutes, and statistics bureaus for the implementation of HPMP activities.

4. While the main responsibility for data gathering, analysis and reporting remains within the NOU, in some cases the PMU participates in collecting and analyzing consumption data pertaining to the controlled substances associated with HPMP implementation.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities, including at least the following:

(a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country’s HPMP;

(b) Assisting the Country in preparation of the Tranche Implementation Reports and Plans as per Appendix 4-A;

(c) Providing independent verification to the Executive Committee that the Targets have been met and associated tranche activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;

(d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future Tranche Implementation Plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;

(e) Fulfilling the reporting requirements for the Tranche Implementation Reports and Plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee, and should include the activities implemented by the Cooperating IA;

(f) In the event that the last funding tranche is requested one or more years prior to the last year for which a consumption target had been established, annual tranche implementation reports and, where applicable, verification reports on the current stage of the Plan should be submitted until all activities foreseen had been completed and HCFC consumption targets had been met;

(g) Ensuring that appropriate independent technical experts carry out the technical reviews;

(h) Carrying out required supervision missions;

(i) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;

(j) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;

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

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

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

(n) Reaching consensus with the Cooperating IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan; and

(o) Timely releasing funds to the Country/participating enterprises for completing the activities related to the project.

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

APPENDIX 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCIES

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

(a) Providing assistance for policy development when required;

(b) Assisting the Country in the implementation and assessment of the activities funded by the Cooperating IA, and refer to the Lead IA to ensure a co-ordinated sequence in the activities;

(c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A; and

(d) Reaching consensus with the Lead IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan.

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

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US $184 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.