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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: UGANDA

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

<u>Phase-out</u>

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

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

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Uganda

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

(II) LATEST ARTICLE 7 DATA (Annex C Group l)	Year: 2019	0.07 (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					0.07				0.07

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	0.2	Starting point for sustained aggregate reductions:	0.2
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.07	Remaining:	0.13

(V) BUSINESS PLAN		2020	2021	2022	Total
UNEP	ODS phase-out (ODP tonnes)	0.01	0.00	0.00	0.01
	Funding (US $)	46,400	0	0	46,400
UNIDO	ODS phase-out (ODP tonnes)	0.02	0.00	0.02	0.04
	Funding (US $)	48,000	0	48,000	96,000

(VI) PROJECT DATA			2020	2021-2023	2024	2025-2026	2027	2028-2029	2030	Total
Montreal Protocol consumption limits			0.13	0.13	0.13	0.065	0.065	0.065	0.00	n/a
Maximum allowable consumption (ODP tonnes)			0.13	0.10	0.10	0.065	0.065	0.065	0.00	n/a
Projects costs requested in principle (US $)	UNEP	Project costs	60,000	0	80,000	0	75,000	0	45,000	260,000
		Support costs	7,800	0	10,400	0	9,750	0	5,850	33,800
	UNIDO	Project costs	63,000	0	58,000	0	42,000	0	0	163,000
		Support costs	5,670	0	5,220	0	3,780	0	0	14,670
Total project costs requested in principle (US $)			123,000	0	138,000	0	117,000	0	45,000	423,000
Total support costs requested in principle (US $)			13,470	0	15,620	0	13,530	0	5,850	48,470
Total funds requested in principle (US $)			136,470	0	153,620	0	130,530	0	50,850	471,470

(VII) Request for approval of funding for the first tranche (2020)		
Agency	**Funds requested (US $)**	**Support costs (US $)**
UNEP	60,000	7,800
UNIDO	63,000	5,670
Total	123,000	13,470

Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

Background

1. On behalf of the Government of Uganda, UNEP as the lead implementing agency, has submitted a request for stage II of the HCFC phase-out management plan (HPMP), at a total cost of US $471,470, consisting of US $260,000, plus agency support costs of US $33,800 for UNEP, and US $163,000, plus agency support costs of US $14,670 for UNIDO, as originally submitted.[2] The implementation of stage II of the HPMP will phase out the remaining consumption of HCFCs by 2030.

2. The first tranche of stage II of the HPMP being requested at this meeting amounts to US $238,170, consisting of US $150,000, plus agency support costs of US $19,500 for UNEP, and US $63,000, plus agency support costs of US $5,670 for UNIDO, as originally submitted.

Status of implementation of stage I of the HPMP

3. Stage I of the HPMP for Uganda was approved at the 68th meeting[3] to meet the 35 per cent reduction from the baseline by 2020, at a total cost of US $164,500, plus agency support costs, to phase out 0.07 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector. The third and final tranche of stage I of the HPMP was approved under the intersessional approval process for the 85th meeting in May 2020; stage I will be completed by 31 December 2021.

HCFC consumption

4. The Government of Uganda reported a consumption of 0.07 ODP tonnes of HCFC in 2019, which is 65 per cent below the HCFC baseline for compliance. The 2015-2019 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Uganda (2015-2019 Article 7 data)

HCFC-22	**2015**	**2016**	**2017**	**2018**	**2019**	**Baseline**
Metric tonnes (mt)	0.00	0.00	0.00	1.39	1.27	3.64
ODP tonnes	0.00	0.00	0.00	0.08	0.07	0.2

5. HCFC consumption was nil during the period 2013 to 2017 as there was a considerable stock of HCFCs accumulated from previous imports, and HCFC-22 that was recovered from the equipment serviced was also used for servicing. As the stocks depleted, in 2018 HCFC-22 was imported at an amount much lower than the level allowed under the Montreal Protocol (i.e., 3.28 mt) to service RAC equipment. This consumption is expected to continue decreasing through the implementation of HPMP activities including the continued enforcement of the licensing and quota systems, capacity building and training of customs officers and refrigeration technicians, and the continued recovery and reuse operation of refrigerants. Furthermore, consumers are switching to RAC equipment based on low global-warming potential (GWP) refrigerants (e.g., CO_2 and R-600a) for certain applications, and to HFC refrigerants (e.g., HFC-134a, R-404A, R-410A) for other applications.

CP implementation report

6. The Government of Uganda 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.

[2] As per the letter of 17 July 2020 from the National Environment Management Authority (NEMA) of Uganda to the Secretariat.

[3] UNEP/OzL.Pro/ExCom/68/43

Status of progress and disbursement

Legal framework

7. The National Environment Regulations cover the imports and exports of ODS and ODS-based equipment and provide for a licensing system for all ODS. The development of standards and guidelines for use of flammable refrigerants is still ongoing and is expected to be completed by December 2020 subject to COVID-19-related restrictions, which could delay the process. During the implementation of the first two tranches of stage I of the HPMP, 72 customs and enforcement officers were trained on monitoring and control of ODS and implementation of national regulations relating to HCFCs import/export; and consultative meetings were held on issues relating to development and implementation of HCFC regulations.

8. The Government is planning to implement regulations prohibiting import and sale of HCFC-based equipment by 1 January 2024 after national stakeholder consultations, and enforcing standards for RAC equipment using energy efficient low-GWP technologies from 1 January 2024.

Refrigeration servicing sector

9. One train-the-trainers was conducted and 90 service technicians were trained on good servicing practices and on the use of low-GWP alternatives; discussions were held with the Directorate of Industrial Training (DIT) on provisions of updated ODS regulations, processes relating to the mandatory certification of technicians and inclusion of RAC courses in different levels of the certification. Support was provided to Kyambogo University, to the Uganda National Association for Refrigeration and Air-conditioning (UNARA) and to four new centres of excellence of vocational training institutes through the provision of training equipment and tools (e.g., refrigerant recovery machines, vacuum pumps, hand-held electronic leak detectors).

Level of fund disbursement

10. As of July 2020, of the total funds of US $164,500 approved (US $84,500 for UNEP and US $80,000 for UNIDO), US $144,000 had been disbursed (US $64,000 for UNEP and US $80,000 for UNIDO). The balance of US $20,500, will be disbursed in 2020.

Stage II of the HPMP

Remaining consumption eligible for funding

11. After deducting 0.07 ODP tonnes of HCFCs associated with stage I of the HPMP, the remaining consumption eligible for funding amounts to 0.13 ODP tonnes of HCFC-22.

Sector distribution of HCFCs

12. There are 1,500 RAC technicians working in 320 workshops servicing residential and commercial air-conditioners, and commercial refrigeration and industrial refrigeration units, as shown in Table 2. HCFC-22 represents 3 per cent of the refrigerants used in the servicing sector, followed by HFC-134a, R-404A, R-410A and R-407C.

Table 2. Demand in 2019 for HCFC-22 in the RAC servicing sector in Uganda

Sector/Applications	Number of units	Average charge per unit (kg)	Leakage rate (%)	Consumption (mt)*	Sectoral consumption (%)
Room AC (unitary and split)	2,700	1.2	15	0.49	37.6

Sector/Applications	Number of units	Average charge per unit (kg)	Leakage rate (%)	Consumption (mt)*	Sectoral consumption (%)
Commercial AC (roof top, multi-split, chillers)	180	10	15	0.27	20.9
Commercial refrigeration (medium condensing units)	125	15	25	0.01	0.9
Industrial refrigeration (medium to large condensing units, centralized systems)	30	70	25	0.53	40.6
Total	**3,035**	**n/a**	**n/a**	**1.30**	**100.0**

(*) Best estimates of consumption based on information available from industry representatives and field surveys; it is marginally higher than the HCFC consumption under Article 7 data report (1.27 mt).

Phase-out strategy in stage II of the HPMP

13. Stage II of the HPMP will build upon the experience gained during implementation of stage I; it will focus on reducing HCFC consumption through enforcement of policies and regulations to control and monitor HCFC imports and taking into account the recommendations included in the verification report[4] submitted to the 85th meeting; capacity building of the servicing sector on good servicing practices and reducing dependence on new HCFC imports; and promotion of the adoption of environment friendly alternative technologies to replace HCFCs.

Proposed activities in stage II of the HPMP

14. Stage II proposes the following activities:

(a) *Strengthening the enforcement of ODS regulations including capacity enhancement and training workshops for customs and enforcement officers, and the Uganda Bureau of Standards*: Training of 15 trainers on HCFC monitoring, control and reporting, and prevention of illegal trade; eight workshops for the dissemination of information to 200 law enforcement officers on the regulations for HCFC controls and monitoring, and viable HCFC alternative technologies (UNEP) (US $30,000); and procurement of refrigerant identifiers (UNIDO) (US $10,000);

(b) *Development and implementation of technical standards for safe use of low-GWP refrigerants and promotion of green procurement of RAC systems (including inter alia technical information developed by UNEP OzonAction)*: Conducting 20 consultative sessions with national stakeholders including Government representatives, industry associations, and service industry representatives, to finalise the technical standards in the RAC sector for the safe use of energy efficient low-GWP alternative technologies and equipment; publication and dissemination of the RAC standards; implementation of five training workshops for 300 participants for capacity building of the national ozone unit (NOU), standards officers, environmental inspectors and other key stakeholders on different aspects covered in and enforcement of technical standards; implementation of eight awareness workshops to enhance compliance with the standards for RAC technicians, importers, industry representatives and the public; conducting inspections on imported RAC equipment and refrigerants to ensure compliance with the technical standards; development of policies that support green procurement, i.e., low- or zero-GWP-based energy efficient equipment, in public institutions; implementation of four training

[4] Strengthening outreach to importers on HCFC monitoring and control requirements including data reporting and recording; strengthening information sharing among the NOU, customs and NEMA on transactions, issuance of licenses; and establishing periodic communication with importers on licensing process and controls on ODS.

workshops for 100 procurement officers on green procurement of RAC systems; and implementation of awareness campaigns to sensitize the public on benefits of adopting and using RAC systems based on low-GWP refrigerants (UNEP) (US $100,000);

(c) *Establishment of an ODS database and a certification scheme, strengthening capacity of RAC technicians and association, and upgrade of national codes of practice for servicing RAC systems*: Development of the ODS database for exchange of information with enforcement agencies to access data on authorised importers/exporters of HCFCs, quotas and actual imports, and designated ports for import-exports; engagement of an expert for the establishment of the certification scheme and updating technical information on emerging HCFC-free technologies; capacity building of stakeholders involved in the certification process; engagement of a national expert for the update of national codes of practice and the revision of the training curriculum for RAC technicians; implementation of 10 training workshops on good servicing practices and safe servicing using flammable refrigerants for 300 RAC technicians; conducting targeted awareness to end-users about the phase-out of HCFCs and the introduction of new technologies such as HFCs and low- or zero-GWP refrigerants; strengthening of the RAC association through provision of tool kits (e.g., refrigerant recovery units, recovery cylinders) and technical training and information on good servicing practices and implementation of code of good practices (UNEP) (US $100,000);

(d) *Strengthening RAC training centres including establishment of additional centres of excellence and a recovery and reuse scheme, and technical assistance*: Providing support for HPMP activities; establishment of two new centres of excellence with training equipment (e.g., refrigerant recovery equipment, refrigerant cylinders, refrigerant identifiers, safety equipment and tools); procurement of complementary tools to the five centres of excellence for training technicians on using flammable refrigerants; and establishment of a refrigerant recovery and re-use scheme with equipment (e.g., reclamation unit, recovery cylinders, leak detection equipment) (UNIDO) (US $133,000); and

(e) *Awareness raising to end-users:* Identification of beneficiaries using commercial refrigeration equipment in hotels, dairy and food processing industries and provision of technical support and training on containment of refrigerant in different end-users through good maintenance practices, leakage control methods and periodic monitoring of equipment (UNIDO) (US $20,000).

Project implementation and monitoring

15. The monitoring mechanism established under stage I of the HPMP will continue into stage II, where the NOU will monitor activities, report progress, and work with stakeholders to phase out HCFCs. The cost of those activities amounts to US $30,000 for UNEP (i.e., US $15,000 for staff/consultants, US $5,000 for training, and US $10,000 for consultative meetings, and other operational activities).

Gender policy implementation

16. The Government, UNEP and UNIDO are fully committed to implementing the gender policy in line with decision 84/92(d).[5] During the implementation of stage II, the Government would work closely with DIT, training institutions including customs and enforcement training centres, and the RAC association to implement measures and follow-up regularly to maximise participation of women in all HPMP activities.

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

The Government would target participation of 30 per cent of women in the training programmes and work with vocational training colleges to encourage women joining these colleges.

Total cost of stage II of the HPMP

17. The total cost of stage II of the HPMP for Uganda amounts to US $423,000, as originally submitted for achieving 100 per cent reduction from its HCFC baseline consumption by 2030, which is in accordance with decision 74/50(c)(xii).

Activities planned for the first tranche of stage II

18. The first funding tranche of stage II of the HPMP at the total amount of US $213,000, will be implemented between January 2021 and December 2023 and will include the following activities:

(a) *Strengthening the enforcement of ODS regulations including capacity enhancement:* Training of 15 trainers on HCFC monitoring, control and reporting, and prevention of illegal trade; training of 30 customs and law enforcement officers (including the training of trainers) on HCFC control measures and implementation of the informal Prior Informed Consent (iPIC) mechanism; dissemination of information to law enforcement officers on the regulations and viable HCFC alternative technologies (UNEP) (US $15,000); and procurement and distribution of two refrigerant identifiers to customs border posts (UNIDO) (US $10,000);

(b) *Development of technical standards for safe use of low-GWP refrigerants*: Engagement of a consultant for the development and finalisation of technical standards following stakeholder consultations; publication and dissemination of standards; implementation of five training workshops each with 25 participants on enforcement of technical standards in the RAC sector for capacity building of NOU, standards officers, environmental inspectors and other stakeholders; and implementation of two awareness workshops to sensitize RAC technicians, importers, industries and the public on the standards to enhance compliance (UNEP) (US $45,000);

(c) *Promotion of green procurement of RAC systems*: Development of policies for green procurement of RAC equipment for public institutions; training of 20 public procurement officers on criteria to be implemented during procurement of green RAC systems; implementation of two workshops each with 25 participants to sensitize the public on benefits of adopting and using RAC systems based on low-GWP refrigerants (UNEP) (US $20,000);

(d) *Establishment of a certification scheme, strengthening capacity of RAC technicians and association, and upgrade of national codes of practice for servicing RAC systems*: Engagement of an expert for the review and establishment of the RAC certification scheme that would include updating training curriculum for certification with information on emerging technical options including flammable refrigerants and other low-GWP blends and good servicing practices related to these options with inputs from UNEP's training materials on good servicing practices and safe adoption of alternative refrigerants; implementation of two sessions for capacity building of key stakeholders involved in the certification process; implementation of two training workshops for capacity building and awareness of about 60 RAC technicians on good servicing practices and certification process and RAC servicing codes of practice; implementation of one targeted awareness meeting with end-users on benefits of adopting and using RAC systems based on low-GWP refrigerants; strengthening of and information outreach for RAC association and training colleges and updating of RAC training manual (UNEP) (US $60,000);

(e) *Strengthening the centres of excellence and technical assistance*: Providing support for HPMP activities; providing complementary equipment support to three existing centres of excellence; and initiating steps for the establishment of two new centres of excellence (acquisition list of equipment and tools to be determined) (UNIDO) (US $48,000);

(f) *Awareness raising to end-users*: Establishing the key and number of beneficiaries of the proposed end-user programme to adopt low-GWP HCFC alternative technologies in RAC applications (UNIDO) (US $5,000); and

(g) *Monitoring and evaluation* (UNEP) (US $10,000): Monitoring and follow-up activities (including operation cost for the meetings with stakeholders).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

19. The Secretariat reviewed stage II of the HPMP in light of stage I, the policies and guidelines of the Multilateral Fund, including the criteria for funding HCFC phase-out in the consumption sector for stage II of HPMPs (decision 74/50), and the 2020-2022 business plan of the Multilateral Fund.

Overarching strategy for stage II

20. The Government of Uganda proposed to meet the 100 per cent reduction of its HCFC baseline consumption by 2030, on the understanding that Uganda's consumption between 2030 and 2040 (i.e., the servicing tail) 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 Uganda's baseline, and provided that such consumption is restricted to the servicing of RAC equipment existing on 1 January 2030, as provided by the Montreal Protocol.[6]

Legal framework

21. The Government of Uganda has already issued HCFC import quotas for 2020 at 0.13 ODP tonnes, which is in accordance with the Montreal Protocol control targets.

Reduction targets for stage II

22. The Secretariat discussed with UNEP the target for stage II for the period 2021 to 2024 keeping in view that the 2019 consumption of 0.07 ODP tonnes was already 46 per cent lower than the Montreal Protocol target for 2020 of 0.13 ODP tonnes and there is a significant increase in the use of HCFC-free equipment in RAC sector in the country. After a review of the consumption trends, the Government of Uganda agreed to revise its targets for the period 2021 to 2024 from 0.13 ODP tonnes to 0.10 ODP tonnes keeping in view potential risks of possible increase in HCFC demand in the period 2021 to 2024; however, the country would not be in a position to achieve complete phase-out before 2030 as the existing population of RAC equipment would continue to require HCFC for servicing.

Technical and cost-related issues

23. On the recovery and reclamation project, it was clarified that refrigerant recovery would be promoted among servicing technicians and end-users as an opportunity to reduce the import of new HCFCs,

[6] Article 5, paragraph 8 ter(e)(i) of the Montreal Protocol. Other applications where HCFCs can be used include the servicing of fire suppression and fire protection equipment existing on 1 January 2030; solvent applications in rocket engine manufacturing; and topical medical aerosol applications for the specialized treatment of burns.

and the amount of refrigerants vented into the atmosphere when equipment are being serviced. The refrigerants that are recovered would be reused by the end-users and would not be sold in the open market; regulations to mandatorily adopt the recovery and re-use programme and prohibit emissions would be considered at a future step depending upon the operational needs for such programme. Based on further consultations, it was agreed that when submitting the request for the recovery and recycling programme at a future tranche, the Government of Uganda, with the assistance from UNEP and UNIDO, will also submit a comprehensive business model of the scheme demonstrating its technical feasibility (in terms of potential amounts of HCFCs to be recovered and reused) and its financial viability; in case that the scheme could not be implemented, other phase-out activities will be proposed.

24. With regard to the training activities for servicing technicians in stage II and the possible increase in number of technicians trained, UNEP clarified that the Government would work closely with the RAC association to maximise participation of technicians on training activities. Based on the review of the implementation plan, the number of technicians to be trained would be increased from 300 to 450, with budgets reallocated from information outreach activities for RAC associations and the servicing sector.

25. On the component relating to awareness raising on containment of refrigerant use, it was clarified that this would not include any end-user incentive to transition to zero- or low-GWP alternatives. The project activities would identify end-users in commercial refrigeration applications, provide technical inputs on good maintenance practices and training on good servicing practices, to minimise refrigerant emission. These end-users would also participate in other awareness initiatives under the HPMP, share their experiences with other national stakeholders and obtain technical inputs on low-GWP alternatives in different applications.

Impact of the COVID-19 pandemic on HPMP implementation

26. In 2020, the COVID-19 pandemic has affected the overall pace of implementation of business and economic activities, including HPMP activities. The Government proposes to initiate implementation of stage II after its approval, as part of post-COVID-19 recovery measures, in a phased manner taking into consideration constraints on implementation (e.g., overall planning for stage II, finalisation of quotas for HCFC imports, engaging consultants for preparing technical documents and equipment specifications for procurement, formal consultations with select Government authorities), noting that the situation is expected to improve by middle of 2021.

27. Further to discussions between the Secretariat and the agencies, the Government agreed to revise the tranche distribution for stage II as originally submitted, keeping in view potential delays in implementing HPMP activities, as shown in Table 3.

Table 3. Original and revised tranche distribution for stage II of the HPMP for Uganda

Funding (US $)	2020	2021-2023	2024	2025-2026	2027	2028-2029	2030
As submitted							
Lead IA (UNEP)	150,000	0	65,000	0	0	0	45,000
Cooperating IA (UNIDO)	63,000	0	58,000	0	0	0	42,000
Total as submitted	**213,000**	**0**	**123,000**	**0**	**0**	**0**	**87,000**
Revised							
Lead IA (UNEP)	60,000	0	80,000	0	75,000	0	45,000
Cooperating IA (UNIDO)	63,000	0	58,000	0	42,000	0	0
Total as revised	**123,000**	**0**	**138,000**	**0**	**117,000**	**0**	**45,000**

28. The funding for the different components associated with the first tranche was revised as follows: strengthening the enforcement of ODS regulations including capacity enhancement (US $25,000); development of technical standards for safe use of low-GWP refrigerants (US $15,000); promotion of green procurement of RAC systems (US $5,000); establishment of a certification scheme, strengthening capacity of RAC technicians and association, and upgrade of national codes of practice for servicing RAC systems

(US $20,000); strengthening the centres of excellence and technical assistance (US $48,000); awareness raising to end-users (US $5,000); and monitoring and evaluation (US $5,000).

Impact on the climate

29. The proposed activities in the servicing sector, which include better containment of refrigerants through training and provision of equipment, will reduce the amount of HCFC-22 used for RAC servicing. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in savings of approximately 1.8 CO_2-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Uganda, including its efforts to promote low-GWP alternatives 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

30. The Government of Uganda is working with the private sector to implement co-financing projects that will bring ozone and climate benefits.

2020-2022 draft business plan of the Multilateral Fund

31. UNEP and UNIDO are requesting US $423,000, plus agency support costs, for the implementation of stage II of the HPMP for Uganda. The total requested value of US $136,470, including agency support costs for the period of 2020–2022, is US $5,930 below the amount in the business plan.

Draft Agreement

32. A draft Agreement between the Government of Uganda and the Executive Committee for the phase-out of HCFCs in stage II of the HPMP is contained in Annex I to the present document.

RECOMMENDATION

33. The Executive Committee may wish to consider:

(a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Uganda for the period from 2020 to 2030 for the complete phase-out of HCFC consumption, in the amount of US $471,470, consisting of US $260,000, plus agency support costs of US $33,800 for UNEP, and US $163,000, plus agency support costs of US $14,670 for UNIDO, on the understanding that no more funding would be provided from the Multilateral Fund for the phase-out of HCFCs;

(b) Noting the commitment of the Government of Uganda to reduce HCFC consumption by 50 per cent of the country's baseline by 1 January 2021, 67.5 per cent by 1 January 2025 and completely phase out HCFCs by 1 January 2030, and that HCFCs would not be imported after that date, except for the allowance for a servicing tail between 2030–2040 where required, and consistent with the provisions of the Montreal Protocol;

(c) Further noting that the Government of Uganda would implement regulations to prohibit import and sale of HCFC-based equipment by 1 January 2024 and enforce national standards for refrigeration and air-conditioning equipment using energy efficient low-global-warming potential technologies from 1 January 2024, after necessary national consultations;

(d) Deducting 0.13 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;

(e) Approving the draft Agreement between the Government of Uganda 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; and

(f) Approving the first tranche of stage II of the HPMP for Uganda, and the corresponding tranche implementation plans, in the amount of US $136,470, consisting of US $60,000, plus agency support costs of US $7,800 for UNEP, and US $63,000, plus agency support costs of US $5,670 for UNIDO.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF UGANDA 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 Uganda (the "Country") and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A ("The Substances") to a sustained level of zero ODP tonnes by 1 January 2030 in compliance with Montreal Protocol schedule.

2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A ("The Targets, and Funding") in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances that exceeds the level defined in row 1.2 of Appendix 2-A as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances that exceeds the level defined in row 4.1.3 (remaining consumption eligible for funding).

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

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

Conditions for funding release

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

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

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

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

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

Monitoring

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

Flexibility in the reallocation of funds

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

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

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

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

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

(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;

(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) 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

(d) 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. United Nations Environment Programme (UNEP) has agreed to be the lead implementing agency (the “Lead IA”) and United Nations Industrial Development Organization (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 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	0.2

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2020	2021-2023	2024	2025-2026	2027	2028-2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	0.13	0.13	0.13	0.065	0.065	0.065	0.00	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	0.13	0.10	0.10	0.065	0.065	0.065	0.00	n/a
2.1	Lead IA (UNEP) agreed funding (US $)	60,000	0	80,000	0	75,000	0	45,000	260,000
2.2	Support costs for Lead IA (US $)	7,800	0	10,400	0	9,750	0	5,850	33,800
2.3	Cooperating IA (UNIDO) agreed funding (US $)	63,000	0	58,000	0	42,000	0	0	163,000
2.4	Support costs for Cooperating IA (US $)	5,670	0	5,220	0	3,780	0	0	14,670
3.1	Total agreed funding (US $)	123,000	0	138,000	0	117,000	0	45,000	423,000
3.2	Total support costs (US $)	13,470	0	15,620	0	13,530	0	5,850	48,470
3.3	Total agreed costs (US $)	136,470	0	153,620	0	130,530	0	50,850	471,470
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)								0.13
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)								0.07
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)								0.0

*Date of completion of stage I as per stage I Agreement: 31 December 2021

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval no later than the second 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 subparagraphs 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 monitoring the implementation of the project activities, which is included within the HPMP.

2. The NOU, with support from technical consultants for project management and monitoring component of HPMP and in coordination with the Lead and Cooperating IA, will monitor ODS licensing and quota system, manage and monitor HPMP activities including coordination with different projects and report on project implementation on a quarterly basis to the Lead IA. The NOU will also undertake tasks for coordinating with appropriate national agencies on project implementation and regulations enforcement for achieving HPMP targets. Independent verification, if needed, will be conducted by a consultant and will be arranged by the Lead IA.

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

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

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

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

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

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

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

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

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

(h) Carrying out required supervision missions;

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

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

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

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

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

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

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

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

APPENDIX 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCIES

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

(a) Providing assistance for policy development when required;

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

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

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

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

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US $180 per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met, on the understanding that the maximum funding reduction would not exceed the funding level of the tranche being requested. Additional measures might be considered in cases where non-compliance extends for two consecutive years.

2. In the event that the penalty needs to be applied for a year in which there are two Agreements in force (two stages of the HPMP being implemented in parallel) with different penalty levels, the application of the penalty will be determined on a case-by-case basis taking into consideration the specific sectors that lead to the non-compliance. If it is not possible to determine a sector, or both stages are addressing the same sector, the penalty level to be applied would be the largest.