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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: ESWATINI

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

Phase-out

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

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

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Eswatini

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

(II) LATEST ARTICLE 7 DATA (Annex C Group l)	Year: 2019	0.32(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					0.32				0.32

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	1.73	Starting point for sustained aggregate reductions:	7.3
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	6.19	Remaining:	1.11

(V) BUSINESS PLAN		2020	2021	2022	Total
UNEP	ODS phase-out (ODP tonnes)	0	0.14	0	0.14
	Funding (US $)	0	15,018	0	15,018
UNDP	ODS phase-out (ODP tonnes)	0	0.81	0	0.81
	Funding (US $)	0	112,573	0	112,573

(VI) PROJECT DATA			2020	2021-2023	2024	2025-2026	2027	2028-2029	2030	Total
Montreal Protocol consumption limits			1.12	1.12	1.12	0.56	0.56	0.56	0	n/a
Maximum allowable consumption (ODP tonnes)			1.11	1.11	1.11	0.56	0.56	0.56	0	n/a
Projects costs requested in principle (US $)	UNEP	Project costs	70,000	0	120,000	0	95,000	0	65,000	350,000
		Support costs	9,100	0	15,600	0	12,350	0	8,450	45,500
	UNDP	Project costs	50,000	0	140,000	0	0	0	0	190,000
		Support costs	4,500	0	12,600	0	0	0	0	17,100
Total project costs requested in principle (US $)			120,000	0	260,000	0	95,000	0	65,000	540,000
Total support costs requested in principle (US $)			13,600	0	28,200	0	12,350	0	8,450	62,600
Total funds requested in principle (US $)			133,600	0	288,200	00	107,350	0	73,450	602,600

(VII) Request for approval of funding for the first tranche (2020)		
Agency	Funds requested (US $)	Support costs (US $)
UNEP	70,000	9,100
UNDP	50,000	4,500
Total	120,000	13,600

Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

Background

1. On behalf of the Government of Eswatini, 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 $602,600, consisting of US $350,000, plus agency support costs of US $45,500 for UNEP, and US $190,000, plus agency support costs of US $17,100 for UNDP, 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 $216,750, consisting of US $105,000, plus agency support costs of US $13,650 for UNEP, and US $90,000, plus agency support costs of US $8,100 for UNDP, as originally submitted.

Status of implementation of stage I of the HPMP

3. Stage I of the HPMP was originally approved at the 63rd meeting,[3] updated at the 70th meeting[4] and revised at the 77th meeting[5] to meet the 35 per cent reduction from the baseline by 2020, at a total cost of US $877,948, plus agency support costs, to phase out 6.19 ODP tonnes of HCFCs used in the foam manufacturing and refrigeration and air-conditioning (RAC) servicing sectors. The fourth and final tranche of stage I was approved at the 83rd meeting; stage I of the HPMP will be completed by 31 December 2021.

HCFC consumption

4. The Government of Eswatini reported a consumption of 0.32 ODP tonnes of HCFC in 2019, which is 82 per cent below the HCFC baseline for compliance. The 2015-2019 HCFC consumption is shown in Table 1.

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

HCFC	2015	2016	2017	2018	2019	Baseline
Metric tonnes						
HCFC-22	18.54	21.20	13.60	8.50	5.80	31.36
HCFC-141b in imported pre-blended polyols*	0.00	0.00	0.00	0.00	0.00	50.90**
Total (mt)	18.54	21.20	13.60	8.50	5.80	n/a
ODP tonnes						
HCFC-22	1.02	1.17	0.75	0.47	0.32	1.73
HCFC-141b in imported pre-blended polyols*	0.00	0.00	0.00	0.00	0.00	5.60**
Total (ODP tonnes)	1.02	1.17	0.75	0.47	0.32	n/a

* Based on country programme (CP) data only
**Starting point established in the Agreement with the Executive Committee

5. HCFC consumption has been decreasing due to the implementation of the activities in the HPMP, particularly the enforcement of a licensing and quota system, activities in the servicing sector, and the awareness-raising activities that promoted the introduction of alternatives to HCFCs. No consumption of HCFC-141b contained in imported pre-blended polyols has been reported since the completion of conversion of one foam enterprise.

[2] As per the letter of 10 July 2020 from the Eswatini Environment Authority to the Secretariat.
[3] UNEP/OzL.Pro/ExCom/63/52; Annex XXXIII of document UNEP/OzL.Pro/ExCom/63/60.
[4] Annex XXI of document UNEP/OzL.Pro/ExCom/70/59.
[5] Annex XIII of document UNEP/OzL.Pro/ExCom/77/76.

CP implementation report

6. The Government of Eswatini reported HCFC sector consumption data under the 2019 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Status of progress and disbursement

Legal framework

7. Eswatini promulgated its ODS Regulations in 2003, which *inter alia* control imports and exports of ODS and ODS-based equipment. The ODS Regulations were amended in 2013 to include HCFCs; a licensing and quota system was established and implemented to control the amount of HCFCs imported into the country. The regulations also provide for the registration of all stakeholders dealing with ODS, including refrigeration technicians, importers and end-users; and ban the venting or release of refrigerants into the atmosphere, in order to support refrigerant recovery, recycling and reuse. The issue of ozone-layer protection has been integrated into the customs training curriculum and will be further enhanced in stage II to ensure sustainability. As of July 2020, a total of 160 customs officers had been trained in the control of HCFC imports and the prevention of illegal trade; eight refrigerant identifiers are being used at different entry points and an additional two are being procured under the fourth tranche to facilitate the identification of the imported substances.

8. The Government has announced a ban on the import and use of HCFC-141b, both pure and contained in pre-blended polyols, to sustain the phase-out of HCFC-141b that occurred when the conversion project at Palfridge was completed in 2015.

9. The ratification of the Kigali Amendment is in progress.

Manufacturing sector

10. One conversion project at Palfridge enterprise was approved at the 63rd meeting for the conversion of foam manufacturing operations in the production of domestic and commercial refrigeration equipment from HCFC-141b to cyclopentane. This project was completed in November 2015, which resulted in the phase-out of 5.60 ODP tonnes of HCFC-141b contained in imported pre-blended polyols. A ban on the import and use of HCFC-141b, both pure and contained in pre-blended polyols has been announced since the completion of the project.

Refrigeration servicing sector

11. As of July 2020, 200 technicians have been trained in good practices in servicing RAC equipment including safe handing of flammable refrigerants; and tools and equipment have been provided (i.e., portable recovery units, recycling kits, recovery cylinders and vacuum pumps).

12. As of July 2020, of the total funds of US $877,948 approved (US $210,000 for UNEP and US $667,948 for UNDP), US $870,920 had been disbursed (US $203,000 for UNEP and US $667,920 for UNDP). The balance of US $7,028 will be disbursed in 2020-2021.

Stage II of the HPMP

Remaining consumption eligible for funding

13. After deducting 0.59 ODP tonnes of HCFC-22 and 5.60 ODP tonnes of HCFC-141b contained in imported pre-blended polyols associated with stage I of the HPMP, the remaining consumption eligible for funding amounts to 1.11 ODP tonnes of HCFC-22.

Sector distribution of HCFCs

14. There are approximately 280 technicians and 11 workshops in the servicing sector, consuming HCFC-22 to service domestic refrigerators and air-conditioners, commercial refrigeration and transport refrigeration equipment, as shown in Table 2.

Table 2. Overview of the HCFC-22 used in the RAC servicing sector in Eswatini in 2019

<table>
<tr><th colspan="2" rowspan="2">Sub-sector</th><th rowspan="2">Equipment inventory</th><th rowspan="2">Average charge (kg/unit)</th><th rowspan="2">HCFC-22 bank (mt)</th><th rowspan="2">Leakage (%)</th><th colspan="2">Annual needs for servicing</th></tr>
<tr><th>Mt</th><th>ODP t</th></tr>
<tr><td colspan="2">Domestic air-conditioners</td><td>18,000</td><td>1.30</td><td>23.4</td><td>10</td><td>2.34</td><td>0.06</td></tr>
<tr><td rowspan="3">Commercial refrigeration</td><td>Stand-alone</td><td>1,280</td><td>4.00</td><td>5.12</td><td>20</td><td>1.02</td><td>0.06</td></tr>
<tr><td>Condenser units</td><td>1,659</td><td>4.50</td><td>7.47</td><td>15</td><td>1.12</td><td>0.06</td></tr>
<tr><td>Centralized system</td><td>250</td><td>15.00</td><td>3.75</td><td>21</td><td>0.79</td><td>0.04</td></tr>
<tr><td colspan="2">Transport refrigeration</td><td>1,100</td><td>3</td><td>3.30</td><td>15</td><td>0.50</td><td>0.03</td></tr>
<tr><td colspan="2">Total</td><td>22,289</td><td>n/a</td><td>43.04</td><td>n/a</td><td>5.77</td><td>0.32</td></tr>
</table>

15. HCFC-22 represents 17 per cent of the refrigerants used in the servicing sector. The most used non-HCFC refrigerant in the servicing sector is R-600a (23 per cent), followed by R-290 (19 per cent), HFC-134a (18 percent), R-410A (11 per cent), R-404A (10 per cent) and a small amount of refrigerant blends R-407C and R-507C (around 2 per cent).

Phase-out strategy in stage II of the HPMP

16. Stage II of the HPMP proposes to achieve total phase-out of HCFC consumption by 1 January 2030 in accordance with the Montreal Protocol phase-out schedule and will build upon the experience gained during the implementation of stage I. Stage II will focus on promoting the transition to energy-efficient, ozone- and climate-friendly alternative technologies in the RAC sector, consistent with the provisions of the Kigali Amendment. To achieve and sustain the HCFC phase-out, strengthening monitoring and enforcing control measures at ports of entry; capacity-building of customs and enforcement officers; strengthening the training and certification of refrigeration technicians; providing tools to servicing workshops; and raising public awareness to enhance uptake of the alternative technologies, will be undertaken.

Proposed activities in stage II of the HPMP

17. Stage II proposes the following activities:

(a) Strengthening monitoring and enforcing control measures, facilitating border dialogues to prevent illegal trade, updating customs training manual and training 300 customs officers in identifying controlled substances and in the safe handling of flammable refrigerants, and providing five refrigerant identifiers (UNEP) (US $100,000);

(b) Establishing and implementing mandatory certification for RAC technicians and certifying 200 technicians; upgrading the training curriculum and conducting 15 workshops to train 150 servicing technicians in good practices; conducting targeted awareness and training for commercial end-users on the transition to low-global-warming potential (GWP) alternative technologies; strengthening the National Refrigeration Association and training institutions for their involvement in the certification of technicians (UNEP) (US $200,000); and

(c) Analyzing and developing a business model for refrigerant recovery, recycling and reuse; provision of tools and equipment to training colleges (e.g., recovery machines, portable charging stations, electrical leak detectors, vacuum gauge and manifold pressure gauge), and raising awareness on energy efficiency and the adoption of low-GWP technologies (UNDP) (US $190,000).

Project implementation and monitoring

18. The system established under stage I of the HPMP will continue into stage II, during which the national ozone unit (NOU), with the assistance of UNEP where relevant, will implement the HPMP, coordinate and work with stakeholders, monitor and report progress on HPMP activities. The cost of the activities amounts to US $50,000 for 10 years (i.e., staff and consultants (US $10,000); travel (US $15,000); meetings/workshops (US $20,000); other miscellaneous costs (US $5,000)).

Gender policy implementation[6]

19. In line with the gender mainstreaming policies of the Multilateral Fund and UNEP, the implementation of stage II will integrate gender issues, i.e., equality and women's empowerment, at all stages including planning, implementation, monitoring and evaluation, in all policy and programme aspects. The NOU will seek stakeholders' inputs on opportunities to integrate gender-specific indicators in each activity, focusing on encouraging gender-balanced participation in training, capacity-building activities and other supporting measures. It is planned to have at least five female technicians trained in every tranche of stage II.

<u>Total cost of stage II of the HPMP</u>

20. The total cost of stage II of the HPMP for Eswatini amounts to US $540,000 (plus agency support costs), as originally submitted, to achieve the 67.5 per cent reduction from its HCFC baseline consumption by 2025 and 100 per cent reduction by 2030, which is in accordance with decision 74/50(c)(xii).

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

21. The first funding tranche of stage II of the HPMP at the total amount of US $195,000 will be implemented between November 2020 and November 2024 and will include the following activities:

(a) Training of 20 customs officers as trainers on the monitoring and control of HCFC imports and the prevention of illegal trade; and facilitating two border dialogues (UNEP) (US $30,000);

(b) Development of the technicians' certification scheme including technical standards for the certification; stakeholder consultations and training on the draft certification scheme; training of 30 technicians in good servicing practice and safe handling flammable refrigerants; conduct targeted awareness to end-users on benefits of using low-GWP technologies (retailers, wholesalers, processing industries) and strengthening RAC association and training colleges with simple tools (UNEP) (US $65,000);

(c) Identifying the needs for equipment at three training institutes, procuring and distributing equipment and tools (R-290 training stands, recovery machines, and tools) to three training colleges and RAC associations; and establishing six refrigerant recovery and recycling centres (UNDP) (US $90,000); and

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

(d) Project implementation, monitoring and reporting (UNEP) (US $10,000): staff and consultants (US $2,000), travel (US $3,000) and meetings and workshops (US $4,000); and other miscellaneous (US $1,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

22. 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

23. The Government of Eswatini proposes to meet the 100 per cent reduction of its HCFC baseline consumption by 2030, on the understanding that the consumption between 2030 and 2040 (i.e., the servicing tail) could exceed zero in any year so long as the sum of its calculated levels of consumption over the ten-year period from 1 January 2030 to 1 January 2040, divided by ten, did not exceed 2.5 per cent of the country's baseline, and provided that such consumption was restricted to the servicing of RAC equipment existing on 1 January 2030, as provided by the Montreal Protocol.[7] The Government further commits to ensuring that where consumption for the servicing tail may be required, it will do its utmost to establish strict criteria within its existing licensing system to limit and monitor the amounts used to those allowed by the Protocol.

24. Noting that HCFC consumption in the country has decreased significantly through the implementation of stage I and the 2019 consumption is already 70 per cent below the 2020 target, the Secretariat inquired if the country would consider an accelerated phase-out given the low consumption. UNEP informed that Eswatini would like to follow the Montreal Protocol schedule to phase out the remaining HCFCs. This decision was made based on the past experiences where some countries seeking accelerated phase-out are struggling to meet the compliance target. Nevertheless, the Government will do its utmost efforts to phase out HCFCs and introduce low-GWP alternative technologies.

Regulations to support HCFC phase-out

25. The Government is currently reviewing ODS regulations to incorporate HFCs and HFC blends. It will also consider introducing further regulatory measures, including a ban on the import of HCFC-based equipment to ensure the gradual reduction in inventory of these equipment, labeling of refrigerant containers, and mandatory certification of RAC technicians.

Legal framework

26. The Government of Eswatini has already issued HCFC import quotas for 2020 at 1.11 ODP tonnes for 2020, which is in accordance with the Montreal Protocol control target for that year.

Technical and cost-related issues

27. In stage I, the Government of Eswatini put significant effort into the transition to low-GWP hydrocarbon-based technologies, which currently accounts for 41 per cent of the total refrigerants consumed in manufacturing and servicing RAC equipment. The Secretariat inquired how the safety is

[7] 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.

ensured given the significant uptake of hydrocarbon refrigerants. UNEP explained that the Government will give priority to the development of safety standards; and a certification system for technicians will be established and enforced in stage II to ensure the safe adoption of flammable refrigerants.

28. With regard to the structure of the RAC technician certification scheme, UNEP explained that to ensure its sustainability, the certification system will be supported by regulations and use classification categories that are similar to those for electrical technicians. The certified technicians will then be included in a formal registry, which will be accessible to the industry. Training institutions will be involved in the certification process and the NOU is in the process of developing a memorandum of understanding with the Gwamile Voctimo training institute on its role in the grading of refrigeration technicians.

29. With regard to the refrigerant recovery, recycling and reuse programme, UNEP explained that it will be implemented with the support of regulatory measures to ensure sustainability of the programme.

Impact of COVID-19 on the implementation

30. UNEP informed that the Government is closely monitoring the evolution of the COVID-19 pandemic. Implementation will start with the activities that do not require gathering of large groups of people (e.g., development of standards, development of certification system, updating training manuals, and procurement of equipment), and those activities which can be done virtually. Taking into account the restrictions of COVID-19 pandemic, the funding tranche distribution has been adjusted as shown in Table 3.

Table 3. Adjustment of the funding tranche for stage II of the HPMP for Eswatini (US $)

Item	Agency	2020	2023	2024	2026	2027	2030	Total
As originally requested	UNEP	105,000	120,000	0	60,000	0	65,000	350,000
	UNDP	90,000	100,000	0	0	0	0	190,000
After adjustment	UNEP	70,000	0	120,000	0	95,000	65,000	350,000
	UNDP	50,000	0	140,000	0	0	0	190,000

Activities planned for the first tranche

31. Based on the adjusted funding level for the first tranche, the activities to be implemented for the first tranche are: development of national technical standards for adopting flammable refrigerants (UNEP) (US $15,000); training of 20 customs officers as trainers on the monitoring and control of HCFC imports and the prevention of illegal trade; and two border dialogues (UNEP) (US $15,000); development of and stakeholder consultations on the technicians' certification scheme; targeted awareness to end-users on benefits of using low-GWP technologies and strengthening RAC associations and training colleges with simple tools (UNEP) (US $35,000); identifying the needs for equipment, procuring and distributing equipment and tools (R-290 training stands, recovery machines, and tools) to three training colleges and RAC associations; and establishing six refrigerant recovery and recycling centres (UNDP) (US $45,000); and project implementation, monitoring and reporting (UNEP) ((US $10,000): staff and consultants (US $2,000), travel (US $3,000) and meetings and workshops (US $4,000); and other miscellaneous (US $1,000)).

Impact on the climate

32. 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 kilogramme 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 Eswatini including its efforts in training and certification of RAC technicians, awareness-raising activities to promote low-GWP alternatives, 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

33. The Government's contribution to the HPMP will be through in-kind contributions in staffing, office space, transport and monitoring, estimated at US $20,000 per year. Eswatini is also implementing a solar chill project funded by the Global Environment Facility that is expected to have a positive impact on HCFC phase-out.

2020-2022 draft business plan of the Multilateral Fund

34. UNEP and UNDP are requesting US $540,000, plus agency support costs, for the implementation of stage II of the HPMP for Eswatini. The total requested value of US $133,600, including agency support costs for the period of 2020–2022, is US $6,009 above the amount in the business plan.

Draft Agreement

35. A draft Agreement between the Government of Eswatini 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

36. The Executive Committee may wish to consider:

(a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Eswatini for the period from 2020 to 2030 for the complete phase-out of HCFC consumption, in the amount of US $602,600, consisting of US $350,000, plus agency support costs of US $45,500 for UNEP, and US $190,000, plus agency support costs of US $17,100 for UNDP, 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 Eswatini to 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) Deducting 1.11 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;

(d) Approving the draft Agreement between the Government of Eswatini 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

(e) Approving the first tranche of stage II of the HPMP for Eswatini, and the corresponding tranche implementation plans, in the amount of US $133,600, consisting of US $70,000, plus agency support costs of US $9,100 for UNEP, and US $50,000, plus agency support costs of US $4,500 for UNDP.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF ESWATINI 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 Eswatini (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 prior to 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 rows 4.1.3 and 4.2.3 (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. UNEP has agreed to be the lead implementing agency (the "Lead IA") and UNDP has agreed to be the cooperating implementing agency (the "Cooperating IA") under the lead of the Lead IA in respect of the Country's activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of the Lead IA and/or Cooperating IA taking part in this Agreement.

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

Non-compliance with the Agreement

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

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

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

Date of completion

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

Validity

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

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

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	1.70
HCFC-141b contained in imported pre-blended polyols	C	I	5.60
Total	C	I	7.30

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)	1.12	1.12	1.12	0.56	0.56	0.56	0	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	1.11	1.11	1.11	0.56	0.56	0.56	0	n/a
2.1	Lead IA (UNEP) agreed funding (US $)	70,000	0	120,000	0	95,000	0	65,000	350,000
2.2	Support costs for Lead IA (US $)	9,100	0	15,600	0	12,350	0	8,450	45,500
2.3	Cooperating IA (UNDP) agreed funding (US $)	50,000	0	140,000	0	0	0	0	190,000
2.4	Support costs for Cooperating IA (US $)	4,500	0	12,600	0	0	0	0	17,100
3.1	Total agreed funding (US $)	120,000	0	260,000	0	95,000	0	65,000	540,000
3.2	Total support costs (US $)	13,600	0	28,200	0	12,350	0	8,450	62,600
3.3	Total agreed costs (US $)	133,600	0	288,200	0	107,350	0	73,450	602,600
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)								1.11
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)								0.59
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)								0.00
4.2.1	Total phase-out of HCFC-141b contained in imported pre-blended polyols agreed to be achieved under this Agreement (ODP tonnes)								0.00
4.2.2	Phase-out of HCFC-141b contained in imported pre-blended polyols to be achieved in the previous stage (ODP tonnes)								5.60
4.2.3	Remaining eligible consumption for HCFC-141b contained in imported pre-blended polyols (ODP tonnes)								0.00

* 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 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 Eswatini Environment Authority (EEA) of the Ministry of Tourism and Environmental Affairs will be responsible for the overall monitoring of all activities implemented under the Plan. The national ozone unit (NOU) will be responsible for the planning, coordinating and daily operation of the project; it will also assist the Government and non-governmental stakeholders to streamline their activities for smooth implementation of the projects. The NOU will submit annual progress reports on the status of the implementation to the Lead IA and the Cooperating IA to monitor implementation progress of the Plan.

2. The Ministry of Trade is responsible for issuing licenses for imports and exports of HCFCs; the Customs Department will control and monitor the imports and exports of HCFCs and other ODS at the point of entry. Annual consumption of HCFCs and other ODS will be monitored through the NOU in collaboration with the Customs Department and the Ministry of Trade. The NOU will liaise with importers of HCFCs and other ODS to obtain necessary data for reconciliation of statistics on the periodical basis.

3. The NOU will undertake regular inspection to refrigeration and air-conditioning (RAC) training centres and RAC servicing workshops to monitor conditions of RAC servicing tools distributed under the Plan. It will also undertake regular inspection to monitor the implementation of labelling requirements for HCFC cylinders.

4. The NOU will also undertake market survey to gauge the penetration of non-HCFC substitutes and alternative technologies in the RAC sector. The NOU will monitor the implementation of capacity building activities with relevant agencies e.g. RAC technician training and customs and enforcement officers training.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

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

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

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

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

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

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

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

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

(h) Carrying out required supervision missions;

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

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

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

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

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

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

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

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

APPENDIX 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCIES

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

(a) Providing assistance for policy development when required;

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

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

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

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

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

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