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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 PROPOSALS: GAMBIA (THE)

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

Phase-out

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

Gambia (the)

(I) PROJECT TITLE	**AGENCY**	**MEETING APPROVED**	**CONTROL MEASURE**
HCFC phase out plan (stage I)	UNEP (lead), UNIDO	65th	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group l)	Year: 2019	0.17 (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				0.00	0.17				0.17

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	1.5	Starting point for sustained aggregate reductions:	1.5
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.52	Starting point for sustained aggregate reductions:	0.98

(V) BUSINESS PLAN		**2020**
UNEP	ODS phase-out (ODP tonnes)	0.1
	Funding (US $)	23,730

(VI) PROJECT DATA			**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
Montreal Protocol consumption limits			n/a	n/a	1.5	1.5	1.35	1.35	1.35	1.35	1.35	0.98	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	1.5	1.5	1.35	1.35	1.35	1.35	1.35	0.98	n/a
Agreed funding (US $)	UNEP	Project costs	25,000	0	23,000	0	0	20,000	0	21,000	0	21,000	110,000
		Support costs	3,250	0	2,990	0	0	2,600	0	2,730	0	2,730	14,300
	UNIDO	Project costs	50,000	0	0	0	0	50,000	0	0	0	0	100,000
		Support costs	4,500	0	0	0	0	4,500	0	0	0	0	9,000
Funds approved by ExCom (US $)		Project costs	75,000	0	23,000	0	0	70,000	0	21,000	0	0	189,000
		Support costs	7,750	0	2,990	0	0	7,100	0	2,730	0	0	20,570
Total funds requested for approval at this meeting (US $)		Project costs										21,000	21,000
		Support costs										2,730	2,730

Secretariat's recommendation:	Blanket approval

PROJECT DESCRIPTION

1. On behalf of the Government of the Gambia, UNEP as the lead implementing agency, has submitted a request for funding for the fifth (and final tranche) of stage I of the HCFC phase-out management plan (HPMP), at the amount of US $21,000, plus agency support costs of US $2,730 for UNEP only.[2] The submission includes a progress report on the implementation of the fourth tranche, the verification report on HCFC consumption for 2016 to 2019 and the tranche implementation plan for 2020 to 2021.

Report on HCFC consumption

2. The Government of the Gambia reported a consumption of 0.17 ODP tonnes of HCFC in 2019, which is 89 per cent below the HCFC baseline for compliance. The 2015-2019 HCFC consumption is shown in Table 1.

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

HCFC-22	2015	2016	2017	2018	2019	Baseline
Metric tonnes (mt)	13.70	9.08	8.00	4.00	3.09	27.3
ODP tonnes	0.75	0.50	0.44	0.22	0.17	1.5

3. The Government of the Gambia has maintained a steady decreasing trend in HCFC consumption since 2013 due to the implementation of the licensing and quota system; the implementation of training for refrigeration and air-conditioning (RAC) technicians, resulting in the introduction of good servicing practices; and awareness programmes organized by the Ozone office, which have resulted in fewer HCFC imports. The closure of major fish processing factories that were using HCFC-22-based equipment in 2016, and an increase in the uptake of RAC equipment using alternative refrigerants (i.e., R-410A, HFC-134a, R-600a and R-290), also contributed to the reduced consumption of HCFC-22.

Country programme (CP) implementation report

4. The Government of the Gambia 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.

Verification report

5. The verification report confirmed that the Government of Gambia is implementing a licensing and quota system for HCFC imports and exports and that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for 2016 to 2019 was correct (as shown in Table 1 above). The verification concluded that the Government has adequate policies and consistent regulations to comply with its Agreement with the Executive Committee regarding reduction and control of HCFC consumption, and that the National Ozone Unit (NOU) has established clear and specific procedures to regulate the import of HCFCs and the quota allocation process.

Progress report on the implementation of the fourth tranche of the HPMP

Legal framework

6. The regulation to control ODS, that has been in place since 1999, was revised in 2012 and 2018 to include a licensing and quota system for HCFCs. A ban on HCFC-22-based equipment has been in force since 1 January 2020. A cabinet paper on the ratification of the Kigali Amendment has also been completed.

[2] As per the letter of the 4 July 2020 from the National Environment Agency of the Gambia to the Secretariat.

7. The Government of the Gambia has continued to monitor the issuance of quotas to registered importers of HCFC-22 and HCFC-based equipment. Seventy-five customs officers (25 women and 50 men) were trained on the Montreal Protocol and ODS regulations under the fourth tranche, resulting in 200 customs officers trained so far over the course of stage I.

Refrigeration servicing sector

8. During implementation of the fourth tranche, 40 RAC technicians (8 women and 32 men) received training on good refrigeration servicing practices resulting in a total of 300 RAC technicians trained so far. Four training workshops were also held for 24 technicians on the installation and maintenance of air-conditioning (AC) systems operating with flammable refrigerants and additional tools (e.g., manifold gauges, precision scales, tool boxes, and leak detectors) were procured for three regional training centres. During stage I, the Government bought and installed 200 units of R-290 AC equipment through an incentive programme.[3] The Government of the Gambia has also established a registration and tracking programme for technicians who have been trained under stage I. The NOU is also working very closely with the relevant department of the Government to put in place a regulatory system for the certification of RAC technicians in Gambia, as part of stage II, which is also being submitted to the 86th meeting.

Project implementation and monitoring

9. The NOU[4] is responsible for monitoring HPMP activities, including HCFC consumption data, and inspection of the major entry points of goods in order to check compliance with the quotas allocated in cooperation with the Customs department. The allocated funding of US $4,000 was disbursed primarily for travel and accommodation for a consultant for field visits to RAC service workshops, and inspections at Customs ports of entry, to assist the NOU in monitoring the implementation of the HPMP.

<u>Level of fund disbursement</u>

10. As of July 2020, of the US $189,000 approved so far, US $184,000 had been disbursed (US $84,000 for UNEP and US $100,000 for UNIDO) as shown in Table 2. The balance of US $5,000 will be disbursed in 2020.

Table 2. Financial report of stage I of the HPMP for the Gambia (US $)

Tranche		**UNEP**	**UNIDO**	**Total**	**Disbursement rate (%)**
First	Approved	25,000	50,000	75,000	100
	Disbursed	25,000	50,000	75,000	
Second	Approved	23,000	0	23,000	100
	Disbursed	23,000	0	23,000	
Third	Approved	20,000	50,000	70,000	100
	Disbursed	20,000	50,000	70,000	
Fourth	Approved	21,000	0	21,000	76
	Disbursed	16,000	0	16,000	
Total	**Approved**	**89,000**	**100,000**	**189,000**	**97**
	Disbursed	**84,000**	**100,000**	**184,000**	

[3] Detailed results will be included in the update to the report on end-user incentive schemes funded under approved HPMPs in accordance with decision 84/84(e).

[4] The NOU is based in the Gambia National Environment Agency (NEA), which is under the Ministry of Environment, Parks and Wildlife. It is supported by the National Committee on Ozone Depleting Substances (NACODS), which advises the NOU on HCFC phase-out.

Implementation plan for the fifth and final tranche of the HPMP

11. The following activities will be implemented between December 2020 and December 2021:

(a) Two training workshops for 40 customs and police officers who have not yet received training under previous tranches on the operation of the licensing and quota system in support of the HCFC phase-out, on availability of HCFC alternative technologies in the country, and on techniques for the inspection of HCFCs and HCFC-based equipment (UNEP) (US $7,000);

(b) Two training workshops for at least 50 RAC technicians on good refrigeration servicing practices including low-global warming potential (GWP) technologies and safe handling of flammable refrigerants (UNEP) (US $10,000); and

(c) One consultant to assist the NOU in monitoring the implementation of the HPMP; and three compliance and monitoring visits to various ports of entry on enforcement of ODS regulations(UNEP) (US $4,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Progress report on the implementation of the fourth tranche of the HPMP

Legal framework

12. The Government of the Gambia has already issued HCFC import quotas for 2020 at 0.98 ODP tonnes, in accordance with the Montreal Protocol control targets.

Refrigeration servicing sector

13. The registration system for technicians is intended to track each technician who has received training and allows the NOU to follow up on their practices when servicing especially on adherence to safety standards. It also helps to identify the service workshops for the purpose of organizing training programmes for the technicians, and to detect illegal activities. The technician training is being monitored through the refrigeration association, while the NOU regularly checks the service workshops and encourages the recovery and recycling of refrigerants, where possible.

Completion of stage I

14. UNEP has confirmed that stage I for the Gambia will be completed on 31 December 2021 as established in paragraph 14 of the Agreement.

Gender policy implementation

15. In line with decision 84/92(d),[5] the NOU started to track the gender of technicians and customs officers trained. The NOU team has three female members and two female consultants were hired during stage I. During the implementation of the fifth tranche the NOU will also include gender equality and women's empowerment topics in meetings with relevant stakeholders and partners.

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

Impact of the COVID-19 pandemic on HPMP implementation

16. The global pandemic has affected the Gambia including the implementation of HPMP activities. In this regard, the Government has put in place strategies to continue with their implementation. As part of a contingency plan, meetings will be organized in smaller groups of not more than 10 people when face-to-face interactions in a large group is not allowed, or replaced by virtual events where it is needed and possible. A number of awareness raising activities will be implemented through radio and television rather than in-person workshops.

Sustainability of the HCFC phase-out

17. The Government of the Gambia has integrated the Customs training programme into the curricula of the Customs training centre where master trainers are trained to ensure continuity and sustainability of these trainings. The training of service technicians is supported by vocational centres and the refrigeration association which have been set up to generate resources for additional in-house training programmes in the future. The NOU also conducts regular visits to service workshops to ensure technicians' compliance with good service practices, which will be supported by a technician certification scheme to be put in place in stage II of the HPMP. All these aforementioned measures in addition to the ban of HCFC-22-based equipment effective 1 January 2020, would ensure the sustainability of the HCFC phase-out in the country.

Conclusion

18. The verification report submitted by the Government of the Gambia has confirmed that the country has an operational import/export licensing and quota system; the HCFC-22 consumption has been decreasing, with consumption for 2019 of 0.17 ODP tonnes, i.e., 87 per cent below its target of 1.35 ODP tonnes. The Government is promoting the introduction of low- and zero-GWP alternative technologies in the RAC sector and has, during stage I, bought and installed 200 units of R-290 AC equipment through an incentive programme which has demonstrated the use of alternative technologies and has encouraged their potential uptake. The activities in the servicing sector are progressing, and close cooperation has been established with vocational training centres and the refrigeration association to ensure sustainability of training activities. The Government has also initiated the process for the ratification of the Kigali Amendment. The fund disbursement rate is 76 per cent for the fourth tranche and 97 per cent for all tranches approved.

RECOMMENDATION

19. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the fourth tranche of stage I of the HCFC phase-out management plan of (HPMP) for the Gambia and further recommends blanket approval of the fifth and final tranche of stage I of the HPMP for the Gambia, and the corresponding 2020-2021 tranche implementation plan, at the funding level shown in the table below:

	Project title	**Project funding (US $)**	**Support cost (US $)**	**Implementing agency**
(a)	HCFC phase-out management plan (stage I, fifth tranche)	21,000	2,730	UNEP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Gambia (the)

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

(II) LATEST ARTICLE 7 DATA (Annex C Group l)	Year: 2019	0.17 (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				0.00	0.17				0.17

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	1.5	Starting point for sustained aggregate reductions:	1.5
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.52	Remaining:	0.98

(V) BUSINESS PLAN		2020	2021	2022	Total
UNEP	ODS phase-out (ODP tonnes)	0.05	0.00	0.00	0.05
	Funding (US $)	59,250	0	0	59,250
UNIDO	ODS phase-out (ODP tonnes)	0.10	0.00	0.30	0.40
	Funding (US $)	32,291	0	93,330	125,621

(VI) PROJECT DATA			2020	2021-2022	2023	2024	2025-2026	2027	2028-2029	2030	Total
Montreal Protocol consumption limits			0.98	0.98	0.98	0.98	0.49	0.49	0.49	0.00	n/a
Maximum allowable consumption (ODP tonnes)			0.98	0.98	0.98	0.98	0.49	0.49	0.49	0.00	n/a
Projects costs requested in principle (US $)	UNEP	Project costs	100,000	0	90,000	0	0	106,000	0	54,000	350,000
		Support costs	13,000	0	11,700	0	0	13,780	0	7,020	45,500
	UNIDO	Project costs	90,000	0	100,000	0	0	0	0	0	190,000
		Support costs	8,100	0	9,000	0	0	0	0	0	17,100
Total project costs requested in principle (US $)			190,000	0	190,000	0	0	106,000	0	54,000	540,000
Total support costs requested in principle (US $)			21,100	0	20,700	0	0	13,780	0	7,020	62,600
Total funds requested in principle (US $)			211,100	0	210,700	0	0	119,780	0	61,020	602,600

(VII) Request for approval of funding for the first tranche (2020)		
Agency	**Funds requested (US $)**	**Support costs (US $)**
UNEP	100,000	13,000
UNIDO	90,000	8,100
Total	190,000	21,100

Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

Background

20. On behalf of the Government of the Gambia, 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 $602,640, consisting of US $351,000, plus agency support costs of US $45,630 for UNEP, and US $189,000, plus agency support costs of US $17,010 for UNIDO, as originally submitted.[6] The implementation of stage II of the HPMP will phase out the remaining consumption of HCFCs by 2030.

21. The first tranche of stage II of the HPMP being requested at this meeting amounts to US $367,540, consisting of US $196,000, plus agency support costs of US $25,480 for UNEP, and US $134,000, plus agency support costs of US $12,060 for UNIDO, as originally submitted.

Status of implementation of stage I of the HPMP

22. Stage I of the HPMP for the Gambia was originally approved at the 65th meeting[7] and revised at the 71st meeting[8] to meet the 35 per cent reduction from the baseline by 2020, at a total cost of US $210,000, plus agency support costs, to phase out 0.52 ODP tonnes of HCFCs used in the RAC servicing sector. An overview of the implementation of stage I, including an analysis of the HCFC consumption; the progress and financial reports on the implementation, and the request for the fifth (and final tranche) submitted to the current meeting, is presented in paragraphs 1 to 19 of the present document.

Stage II of the HPMP

<u>Remaining consumption eligible for funding</u>

23. After deducting 0.52 ODP tonnes of HCFCs associated with stage I of the HPMP, the remaining consumption eligible for funding amounts to 0.98 ODP tonnes of HCFC-22.

<u>Sector distribution of HCFCs</u>

24. There are approximately 150 registered technicians and100 technicians with informal training, and more than 100 workshops but only 80 of which are certified by the RAC association, consuming HCFC-22 to service unitary and split systems, commercial cold stores, central air-conditioning (AC) and condenser units. HCFC-22 represents 21 per cent of the refrigerants used in the servicing sector, while R-410A accounts for 24 per cent, R-404A, 18 per cent, and HFC-134a, 9 per cent.

Table 3. Estimation of demand for HCFC-22 in the RAC servicing sector in the Gambia

Sector/Application		Number of Units	HCFC consumption (mt)	HCFC consumption (ODP)	Percentage HCFC-22 consumption
Residential	Domestic air-conditioners	70,000	2	0.11	66.7
Commercial and industrial	Stand-alone	59,000	0.2	0.01	6.7
	Condenser units		0.3	0.02	10
	Centralized system		0.5	0.03	16.7
	Total	129,000	3	0.17	100

[6] As per the letter of 15 July 2020 from the National Environment Agency of the Gambia to the Secretariat.
[7] UNEP/OzL.Pro/ExCom/65/36, Annex XVI of document UNEP/OzL.Pro/ExCom/65/60.
[8] Annex XII of document UNEP/OzL.Pro/ExCom/71/64.

Phase-out strategy in stage II of the HPMP

25. Stage II of the HPMP will build upon the experience gained during implementation of stage I and will focus on capacity building of enforcement officers, and RAC technicians including on alternative technologies, strengthening the existing, and creating new centres of excellence for training, the provision of RAC tools and equipment, the establishment of a recovery and re-use scheme, and end-user awareness. The Government of the Gambia is committing not to use any HCFCs after 2030.

Proposed activities in stage II of the HPMP

26. Stage II proposes the following activities:

(a) *ODS policy and regulations:* Develop national technical standards in the RAC sector for the safe use of energy efficient, low-GWP RAC systems in collaboration with the Gambia Standards Bureau; build capacity for 100 standards officers and environmental and enforcement officers through five training workshops on monitoring and enforcement of the standards; continue monitoring and inspections of imported equipment to ensure compliance with the standards; develop policies that support green procurement in public institutions; and train 80 procurement officers through four training workshops on energy efficient, low-GWP-refrigerant-based RAC systems and green procurement; four awareness workshops for the general public on benefits of adopting and using green RAC systems (UNEP) (US $100,000);

(b) *ODS customs and enforcement training:* Train 200 customs and law enforcement officers on monitoring, control and identification of HCFCs and HCFC-based equipment; train 15 trainers led by national expert; print and disseminate training manuals, booklets on ODS regulation, posters, factsheets and reference materials for customs officers, continue to support the informal Prior-Informed Consent (iPIC) process to validate the import and export of controlled substances; and establish an online ODS database to assist in tracking quota allocations to ODS importers to support the licensing and quota system (UNEP) (US $101,000); and procurement of five refrigerant identifiers (UNIDO) (US $20,000);

(c) *RAC technician certification, training and equipment*: Conduct 10 training sessions for a total of 600 RAC technicians on good refrigeration servicing practices (30 per cent of the participants will be female technicians); procurement and distribution of 30 basic tool kits to the RAC association and RAC training institutions; develop the certification scheme for RAC technicians, and build capacity of key stakeholders involved in the certification process; and update national codes of conduct for RAC servicing technicians and revision of the national RAC training curriculum; four targeted awareness workshops to end-users about the need to move away from HCFCs and the introduction of new technologies such as low-GWP HFCs and natural refrigerants (UNEP) (US $100,000); and

(d) *Strengthen existing and establishing new centres of excellence:* Provide support to three existing centres of excellence for training, develop and implement potential projects to demonstrate low-GWP alternative technologies, and establish two new centres including the provision of equipment (e.g., portable charging stations, electronic gauges, leak detectors, brazing units, safety-related tools and accessories); establish one refrigerant recovery and re-use centre with necessary tools and equipment (e.g., reclaim unit for multiple non-flammable refrigerants, refrigerant identifier; laboratory equipment for checking quality of reclaimed refrigerants, cylinders and tanks); and one-week train-the-trainers programme for 10 trainers to build their capacity on hydrocarbon (HC)-based air-conditioners and potential technology demonstrations (UNIDO) (US $169,000).

Project implementation and monitoring

27. 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 for UNEP amounts to US $50,000 for stage II.

Gender policy implementation

28. In line with decision 84/92(d), stage II implementation will encourage female participation in training and consultation activities. The NOU will engage stakeholders in the potential collection of gender specific indicators. Training and meeting sessions on ozone issues will further incorporate sessions on gender to further sensitize participants on the importance of gender mainstreaming and female empowerment. Two women have been identified to receive further trainers' training and then to provide training at the centres of excellence.

Total cost of stage II of the HPMP

29. The total cost of stage II of the HPMP for the Gambia amounts to US $540,000 (plus agency support costs), as originally submitted, for achieving 67.5 per cent reduction from its HCFC baseline consumption by 2025 and 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

30. The first funding tranche of stage II of the HPMP at the total amount of US $330,000 will be implemented between December 2020 and December 2024 and will include the following activities:

(a) *ODS policy and regulation*s: One stakeholder consultation workshop for the development of national technical standards in the RAC sector for safe use of energy efficient, low-GWP RAC systems and printing and dissemination of standards; one capacity building workshop and an awareness campaign for the NOU, standards officers, environmental inspectors and other stakeholders on monitoring and enforcement of the standards (40 participants); consultation to initiate the development of policies that support green procurement in public institutions; and training for 20 procurement officers on the green procurement of RAC systems (UNEP) (US $55,000);

(b) *ODS customs and enforcement training:* Training of 10 customs and law enforcement trainers by national expert; training workshops for 120 customs and law enforcement officers on monitoring, control and identification of HCFC and HCFC-based equipment, and the iPIC; printing and disseminating of booklets on ODS regulation and HCFC alternatives to law enforcement officers (UNEP) (US $61,000); and procurement of five refrigerant identifiers for customs border posts (UNIDO) (US $20,000);

(c) *RAC technician certification, training and equipment*: Two training sessions for 120 RAC technicians on good refrigeration servicing practices, certification process and servicing codes of practice; review of RAC training manual for the RAC association and RAC training institutions; consultant to develop a certification scheme for RAC servicing and two capacity building workshops for key stakeholders involved in the certification process; and update national codes of conduct for RAC servicing technicians (UNEP) (US $50,000);

(d) *Strengthen existing and establish new centres of excellence:* support to three centres of excellence including provision of equipment (e.g., portable charging station for HC and precision scale for HC cans, electronic gauge manifold for multiple refrigerants; electronic leak detector for HCs and other safety-related tools and equipment); and the establishment of two new centres with required equipment; one-week train-the-trainers programme to build capacity on HC-based air-conditioners; potential low-GWP technology demonstrations and awareness raising to end-users on available technologies, best practices in refrigerants selection, leakage and recovery methods (UNIDO) (US $114,000);

(e) *Awareness-raising*: Two awareness workshops for the general public on benefits of adopting and using energy-efficient, low-GWP-based RAC systems; one awareness workshop for end-users on benefits of using low-GWP technologies in their applications (UNEP) (US $10,000); and

(f) *Project monitoring:* (UNEP) (US $20,000) Staff for monitoring, evaluation and coordination (US $10,000); travel costs to visit project sites (US $2,000); workshops and meetings (US $7,000); and operative costs (US $1,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

31. 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

32. The Government of the Gambia commits to achieve 100 per cent reduction of its HCFC baseline consumption and meet compliance with the Montreal Protocol measures, by 2030. The Government commits not to use any HCFCs after 2030. While noting that commitment with appreciation, the Secretariat recalled the provisions of Article 5, paragraph 8 ter(e)(i)[9] of the Montreal Protocol and paragraph 13 of decision XIX/6 and, in order to be equitable across Article 5 countries, recommended noting the commitment of the Government 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.

Technical and cost related issues

33. In clarifying how the development of national technical standards in the RAC sector for safe use of energy efficient and low-GWP-based RAC systems and policies for green procurement will be implemented, UNEP explained that the purpose of the technical standards is to ensure that RAC equipment will be installed properly and serviced efficiently, and that flammable and toxic refrigerants are properly handled; the Gambia Standards Bureau has committed to be fully involved in the implementation of this activity; and technical assistance will be provided through the Centro Studi Galileo[10] facilitating the training in the country once these standards are in place. The green procurement activity is aimed to develop an

[9] 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.
[10] The centre is located in Italy and, *inter alia*, provides training in the sectors of refrigeration, air-conditioning and renewable energy.

approach for public institutions to procure environmentally friendly and energy efficient RAC equipment. Furthermore, the technician certification scheme, once established, will be supported by policies and regulations to make certification mandatory; it will be managed by the National Environment Agency with the support of the Ozone Technical working group, and by the vocational training centres and the RAC association on matters related to training.

34. The demonstration projects included in the component for strengthening centres of excellence, to be implemented by UNIDO, will provide a comparative study of the emerging refrigerants and technologies. It will involve testing products/equipment using low-GWP refrigerants to demonstrate their operation and efficiency to eventually support the uptake of these technologies in the market. Lessons learned during the demonstration of HC technology in stage I (which included the provision of 200 AC equipment using R-290) were considered in this component; similar incentives will be explored in stage II for use of low-GWP technologies. UNIDO would provide detailed information on these potential demonstration projects by the time of their submission in accordance with decision 84/84.

35. The Secretariat discussed with UNEP the proposed tranche distribution for stage II noting the importance of ensuring a balanced distribution according to the needs of the country to sustain activities and the potential challenges posed by a prolonged COVID-19 pandemic as mentioned in paragraph 16. Based on these consultations, a revised tranche distribution was agreed as shown in Table 3.

Table 3. Original and revised tranche distribution for stage II of the HPMP for the Gambia (US $)

Funding	2020	2021-22	2023	2024	2025	2026	2027	2028-29	2030	Total
As submitted										
Lead IA (UNEP)	196,000	0	0	0	95,000	0	0	0	60,000	351,000
Cooperating IA (UNIDO)	134,000	0	0	0	55,000	0	0	0	0	189,000
Total	**330,000**	**0**	**0**	**0**	**150,000**	**0**	**0**	**0**	**60,000**	**540,000**
Revised										
Lead IA (UNEP)	100,000	0	90,000	0	0	0	106,000	0	54,000	350,000
Cooperating IA (UNIDO)	90,000	0	100,000	0	0	0	0	0	0	190,000
Total	**190,000**	**0**	**190,000**	**0**	**0**	**0**	**106,000**	**0**	**54,000**	**540,000**

Activities planned for the first tranche

36. Following the revision of the tranche distribution, the funding for the first tranche of stage II was adjusted to US $190,000, and some activities remain unchanged but at a reduced cost while others were removed or reduced. The revised costs per initiative are as follows: ODS policy and regulations (UNEP) (US $25,000); ODS customs and enforcement training (UNEP) (US $25,000) and (UNIDO) (US $5,000); RAC technician certification, training and equipment (UNEP) (US $40,000); strengthening of existing and establishing new centres of excellence (UNIDO) (US $85,000); awareness-raising (UNEP) (US $0); and project monitoring (UNEP) (US $10,000).

Impact on the climate

37. 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 full impact on the climate was not included in the HPMP, the activities planned by the Gambia, including its efforts to promote good servicing practices, low-GWP alternatives, and 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

38. The Government of the Gambia has committed in-kind contribution for the implementation of stage II of the HPMP, through logistical and personnel support whenever required. In addition, discussions are ongoing to finalize a bilateral and technical assistance project with the Government of Japan outside the Multilateral Fund to support livelihood activities in ice and fish processing factories in the Gambia. When approved, activities in this external project will include converting these factories to ozone- and climate-friendly technologies, and will be linked to the RAC servicing component of stage II of the HPMP.

2020-2022 draft business plan of the Multilateral Fund

39. UNEP and UNIDO are requesting US $540,000, plus agency support costs, for the implementation of stage II of the HPMP for the Gambia. The total requested value of US $211,100, including agency support costs for the period of 2020–2022, is US $26,229 above the amount in the business plan.

Draft Agreement

40. A draft Agreement between the Government of the Gambia 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

41. The Executive Committee may wish to consider:

(a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for the Gambia 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 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 the Gambia 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 0.98 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;

(d) Approving the draft Agreement between the Government of the Gambia 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 the Gambia, and the corresponding tranche implementation plans, in the amount of US $211,100, consisting of US $100,000, plus agency support costs of US $13,000 for UNEP, and US $90,000, plus agency support costs of US $8,100 for UNIDO.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF THE GAMBIA 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 the Gambia (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;

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

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

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

(c) 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 UNIDO has agreed to be the cooperating implementing agency (the "Cooperating IA") under the lead of the Lead IA in respect of the Country's activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of the Lead IA and/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	1.50

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2020	2021-2022	2023	2024	2025-2026	2027	2028-2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	0.98	0.98	0.98	0.98	0.49	0.49	0.49	0	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	0.98	0.98	0.98	0.98	0.49	0.49	0.49	0	n/a
2.1	Lead IA (UNEP) agreed funding (US $)	100,000	0	90,000	0	0	106,000	0	54,000	350,000
2.2	Support costs for Lead IA (US $)	13,000	0	11,700	0	0	13,780	0	7,020	45,500
2.3	Cooperating IA (UNIDO) agreed funding (US $)	90,000	0	100,000	0	0	0	0	0	190,000
2.4	Support costs for Cooperating IA (US$)	8,100	0	9,000	0	0	0	0	0	17,100
3.1	Total agreed funding (US $)	190,000	0	190,000	0	0	106,000	0	54,000	540,000
3.2	Total support costs (US $)	21,100	0	20,700	0	0	13,780	0	7,020	62,600
3.3	Total agreed costs (US $)	211,100	0	210,700	0	0	119,780	0	61,020	602,600
4.1.1	Total phase-out of HCFC 22 agreed to be achieved under this Agreement (ODP tonnes)									0.98
4.1.2	Phase-out of HCFC 22 to be achieved in the previous stage (ODP tonnes)									0.52
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)									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 at 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 sub-paragraphs 1(a) to 1(d).

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

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

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

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The national ozone unit (NOU) will submit annual progress reports of status of implementation of the HPMP to the Lead IA.

2. Monitoring of development of the Plan and verification of the achievement of the performance targets, specified in the HPMP, will be assigned to an independent local company or independent local consultants 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 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.