

PROJECT DOCUMENT
Republic of Moldova



Project Title: HCFC Phase-Out Management Plan– Second Stage (35% HCFC phase-out by 2020)

Project Number: _____

Implementing Partner: Ministry of Agriculture, Regional Development and Environment

Start Date: 1 October 2017 **End Date:** 31 December 2020 **LPAC Meeting date:** 14 September 2017

Brief Description

The Government of the Republic of Moldova has committed to follow the Montreal Protocol phase-out schedule for Hydrochlorofluorocarbons (HCFCs). Consequently, the HCFCs Phase out Management Plan (HPMP) for the period 2011-2040 has been elaborated by the National Ozone Unit of the Ministry of Agriculture, Regional Development and Environment in order to define the Government’s commitment and plan to meet the HCFC phase-out obligations. Implementation of HPMP Stage I resulted in net sustainable reduction of 18% from the baseline in the national HCFC consumption in 2015, contributing to Moldova’s compliance with the 2013 and 2015 control targets for HCFCs.

HPMP Stage II programme aims at achieving the planned HCFC reduction targets (35% reduction in HCFCs use from the baseline) in the timeline from 2016 to 2020 and is intended to serve as a direct implementation instrument of the country’s policy and commitment to meet its obligations under the Montreal Protocol. The project has been approved by the Executive Committee of the Multilateral Fund at its 77th meeting. The total funds approved is US\$ 122,300 (Ist tranche 104,850 and IInd tranche 17,450) to be used for the identified project components for phasing-out HCFCs. The HCFC reduction step includes the following:

Technology support to Refrigeration and Air-Conditioning (RAC) sector: The ability of the RAC sector to adapt to declining supplies of HCFCs is central to enable a smooth transition to an HCFC free economy.

Strengthening of the HCFC re-use system: Additional equipment sets are required to enlarge the coverage of technicians with modern HCFC re-use tools, also capable of working with alternative refrigerants.

Demonstration of new technologies in commercial sector (natural refrigerants): This component will serve to demonstrate newer technologies, including GWP considerations, with a focus on smaller equipment in the commercial refrigeration sector.

Contributing Outcome (UNDAF/CPD, RPD or GPD):

UNDP Strategic Plan IRRF Indicator 1.1.3- Number of schemes which expand and diversify the productive base based on the use of sustainable production technologies.
UNDAF/CP Outcome 3.1. - Improved environmental management in significantly increased compliance with international and regional standards

Total resources required:	
Total resources allocated:	UNDP TRAC:
	Donor:
	Government: 122,300 USD
	In-Kind:
Unfunded:	

Agreed by (signatures)¹:

Government	UNDP	Implementing Partner
Name: 	Name: Dafina Gercheva UNDP Resident Representative 	Name:
Date:	Date: 5 October 2017	Date:

Acronyms and Abbreviations

AA	Association Agreement
AC	Air Conditioning
CFCs	Chlorofluorocarbons
CS	Customs Service
EU	European Union
GD	Governmental Decree
GWP	Global Warming Potential
HCFCs	Hydrochlorofluorocarbons
HFC	Hydrofluorocarbons
HPMP	Hydrochlorofluorocarbons Phase out Management Plan
MFS	Multilateral Fund Secretariat
MLF	Multilateral Fund
MoARDE	Ministry of Agriculture, Regional Development and Environment
MP	Montreal Protocol
MT	Metric Tons
NGOs	Non-Governmental Organizations
NOU	National Ozone Unit
ODP	Ozone Depletion Potential
ODS	Ozone Depletion Substances
RAC	Refrigeration and Air-Conditioning
SEI	State Ecological Inspectorate
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme

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I. DEVELOPMENT CHALLENGE

Since its independence, Republic of Moldova has actively taken part in international efforts to protect the environment. It signed the UN Rio Declaration on Environment and Development in 1992, and followed-up on the commitments assumed under the Johannesburg World Summit on Sustainable Development in 2002 and in the United Nations Conference on Sustainable Development in 2012. Moldova has also taken part actively in the implementation of the Millennium Development Goals which ended in 2015, and is now extensively engaged in operationalization the 2030 Agenda for Sustainable Development where environment is embedded across almost all 17 Sustainable Development Goals.

In line with the global relevant efforts, Moldova has developed an extensive environmental framework of laws, concepts, strategies, programmes and plans to cover at the policy level all major environmental areas. The most urgent current environmental challenges are: soil, air and water pollution, biodiversity conservation, climate change and disaster risk reduction, environmental education and awareness, but also waste and chemicals.

Until now, the country has joined 18 conventions, 9 protocols and 2 international environment agreements. It ratified also the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer in 1996. Moldova is classified as an Article 5 country of the Montreal Protocol (MP). Further, Moldova ratified the London, Copenhagen, Montreal and Beijing Amendments to the Montreal Protocol (Law No.111-XV dated 27.04.2001², Law No. 34-XVI dated April 14, 2005³ and Law No. 119-XVI dated 18.05.2006⁴).

On 27 June 2014, the European Union (EU) and the Republic of Moldova signed the Association Agreement (AA), which is applied since 1 September 2014. The Parliament of Moldova ratified the AA on 2 July 2016⁵. Article 95 from the AA specifically refers to the cooperation between the two Parties in the area of climate change and ozone layer protection. At present Moldova is working to fulfill its obligations under the AA and to converge further its legislation towards the *acquis communautaire* in the field of environment protection and climate change.

Chapter 17 of the National Action Plan on Moldova-EU Association Agreement for 2014-2019 includes actions to be implemented for environment protection. Measures related to ozone depleting substances include elaboration and approving of the National Phase-out plan for Hydrochlorofluorocarbons (HCFCs) for the period 2016-2040.

The Republic of Moldova is categorized as a low-volume consumer of chlorofluorocarbons (CFCs). Historically, ozone depleting substances (ODS) and, more specifically, HCFC consumption has occurred solely through their import and use in the refrigeration servicing sector. No HCFC production capacity is established in the country. HPMP preparation surveys carried out in 2009/2010 indicated that HCFC-22 was the only substance being in demand and imported into the country, and its use was recorded solely in the refrigeration and air conditioning (RAC) service sectors. No other HCFC consumption was found in the manufacturing (foam), aerosol, fire-fighting, and solvent sectors.

The Government of the Republic of Moldova has committed to follow the Montreal Protocol phase-out schedule for HCFCs. Consequently, the HCFCs Phase out Management Plan (HPMP) for the period 2011-2040 has been elaborated by the National Ozone Unit (NOU) of the Ministry of Agriculture, Regional Development and Environment (MoARDE) in order to define the Government's commitment and plan to meet the HCFC phase-out obligations, which it has assumed as a Party to the MP under Decision XIX/6 of the Nineteenth Meeting of the Parties, accelerating the phase-out of HCFCs in both Article 5 and non-Article 5 countries. According to the Action Plan there is the following schedule for phase-out of HCFCs in the Republic of Moldova (see the table and graph below).

² <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=312911>.

³ <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=313120>.

⁴ <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=316216>.

⁵ <http://lex.justice.md/md/353829/>.

Table 1.1: HCFC phase-out schedule for 2013-2040 for the Republic of Moldova (in MT)

Reduction Step	MP Requirement	Allowable Consumption (Mt tons)	Schedule Timeframe	Needed Reduction
Baseline	Re-evaluated	17.0	2009-2010	-
Freeze	Equal to baseline	17.0	2013	0
Step 1	10% reduction	15.3	2015	1.7
Step 2	35% reduction	11.0	2020	6.0
Step 3	67.5% reduction	5.5	2025	11.5
Step 4	97.5% reduction	0.4	2030	16.6
Step 5	Complete phase-out	0.0	2040	17.0

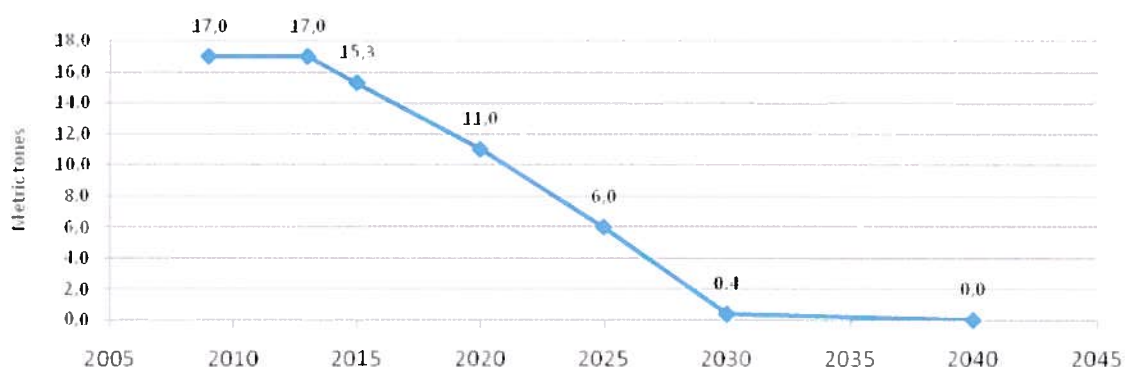


Figure 1.1: HCFC-22 phase-out plan in the Republic of Moldova

As alternatives to HCFCs in the RAC sector, four groups of refrigerants exist today, HFCs, hydrocarbons, ammonia and carbon dioxide. With increasing focus on climate change, low global warming potential (GWP) refrigerants should be the preferred choice whenever possible; however, this will require extensive education of the industry and adaptation of legislation. The low GWP alternatives are all associated with safety, toxicity and/or technical challenges that must be overcome for a wide introduction on the market.

HPMP Stage I programme (2011-2015) was formulated with approval of the preparatory assistance at the 55th Executive Committee meeting in July 2008, and then approved for the Republic of Moldova at the 63rd Executive Committee meeting held in April 2011. The HPMP aimed at the 10% HCFC reduction as an overall objective by 2015, and comprised a combination of interventions such as policies and regulations, technical assistance, training, awareness and communications and management, coordination and monitoring in the RAC sector.

Implementation of HPMP Stage I resulted in net sustainable reduction of 18% from the baseline in the national HCFC consumption in 2015, contributing to Moldova's compliance with the 2013 and 2015 control targets for HCFCs. The total quantity of Annex C Group I (HCFCs) substances imported in the last few years are given in the table below.

Table 1.2. Article 7 data reported to the Ozone Secretariat

ODS	2009	2010	2011	2012	2013	2014	2015	Baseline
HCFCs (Ozone Depleting Potential (ODP) tones)	1.20	0.70	1.31	1.88	0.99	0.76	0.82	1.00

The Government of Moldova, through the efforts of the MoARDE/NOU, has already made headway by putting in place legislative measures to control the import of ODS, including HCFCs and equipment that contain them. The Programme for phase-out of the HCFC for 2016-2040 and Action Plan for its implementation during 2016-2020 was approved (GD No. 856 dated 13.07.2016⁶) and it establishes annual quotas for HCFCs import. The Regulation on trade regime and use of halogenated hydrocarbons that are

⁶ <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=365905>

depleting the ozone layer (Law No. 852-XV dated 14.02.2002⁷) is in place and is the fundamental legislative document concerning implementation of the Montreal Protocol in Moldova. The regulation has been updated (by Law No. 228 dated 10.10.2013⁸) to control the import, export and consumption of HCFCs. The main points concerning the updated legislation on ODS are as follows:

- Only HCFCs indicated in Annex C group I, as well as alternative refrigerants are permitted for import and consumption in the Republic of Moldova according to the updated Law No. 852-XV.
- Any import of ODS, including equipment/products containing ODS, requires an authorization. Each and every import of ODSs, including HCFCs and equipment with HCFCs, in the country is permitted obligatory on a basis of an Authorization issued by the MoARDE, which is issued within the limits of approved annual quota.
- Information from importing companies on their annual imports of ODS is required.
- Customs codes have been adjusted to facilitate monitoring of ODS/equipment with ODSs.
- Customs Service is responsible for monitoring and control at the borders and carry out identification and inspection of ODS and products which contain ODS and reports this information to MoARDE/NOU on a quarterly basis.
- State Ecological Inspection provides information retrieved during ecological inspections.

II. STRATEGY

The HPMP Stage II is based on thorough survey of installed quantities and annual consumption of HCFCs in Moldova along with trends in and a forecast of this consumption until the year 2020. HCFC is mainly used in the refrigeration and air-conditioning assembly, installation and service sector. Moldova has highly developed refrigeration and air-conditioning service sector and whilst there have been some moves towards non HCFC based equipment the service demand for HCFC 22 remains high.

Annual HCFC-22 consumption 2011-2015 in MT/ODP tones (CP data) in the Republic of Moldova and import data are presented in the table below. The quantities used for servicing, including stockpiles from previous years have increased in the period 2012-2015 if compared with 2010. This increase is determined by commissioning of equipment with HCFC-22, which replaced equipment operating of CFC-12 (CFCs in Moldova was phased-out in 2008).

Table 2.1: Annual HCFC-22 consumption 2011-2015 in MT/ODP tones (CP data)

2011		2012		2013		2014		2015	
Servicing	Import	Servicing	Import	Servicing	Import	Servicing	Import	Servicing	Import
21.9/1.20	23.8/1.31	29.5/1.62	34.2/1.88	28.9/1.59	18.08/1.0	28.4/1.56	13.8/0.76	24.8/1.36	14.9/0.82

HCFCs are sold by the importers to assembling companies or users directly or indirectly through secondary distributors or retailers. HCFCs are also supplied through service establishments and contractors. In addition to HCFCs and HCFC blends, hydrofluorocarbon blends such as R404A, R407A, R407B, R407C, R410A and R507, are all used in the refrigeration and air-conditioning sector. It must also be noted that the Republic of Moldova is at present consuming increasing quantities of R-134A and R-600.

HPMP Stage II programme aims at achieving the planned HCFC reduction targets (35% reduction in HCFCs use from the baseline) in the timeline from 2016 to 2020 and is intended to serve as a direct implementation instrument of the country's policy and commitment to meet its obligations under the MP. It will continue strengthening achievements under the HCFCs phase-out process, focusing on by preserving the infrastructure, logistics and distribution-channels with enterprises, service companies and technicians involved in the CFC technology.

Over the years and out of necessity, refrigeration technicians and companies in the field have extended the range of their activities to HCFC and HFC refrigerants. Basically, in relation to CFCs, the ways to reduce emissions of HCFCs and HFCs are the same, including sound system design, improved commissioning and maintenance practices, leak detection, monitoring and recovery, and functional recovery recycling and reclaiming (RRR) process.

⁷ <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=313251>.

⁸ <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=350262>.

According to the HCFCs Phase out Management Plan schedule for the second stage the R-22 will be phase-out and R-134a will be gradually replaced by new generation HFC-refrigerants and natural refrigerants (blends of hydrocarbons, ammonia blends - with hydrocarbons, oils, etc., and carbon dioxide). In multitemperature cycles in the production sector, blends of natural refrigerants will be used by RAC Association. In general, the strategy of substitution of R-22 to other refrigerants after 2015 may follow, in the Republic of Moldova, the trend represented below.

Table 2.2: Forecast for refrigerant use in RAC sectors (HPMP, Stage I and Stage II)

	Refrigeration & AC sub sectors	Steps	
		Step 1 (2011 – 2015)	Steps 2 (2016 – 2020)
1	Industrial	R717, R404A	R717, R744, a mixture of natural agents
2	Commercial	R404A, R407A, R407B, R507	R407C, R410A, R744
3	Air-conditioning	R407C, R410A	R410A
4	Household	R600a, R600a/ R290	R600a, R600a/ R290
5	Transport	R404A	R744

The following legislative actions will support the HCFC phase-out schedule:

- Updated licensing system (Law No. 228 dated 10.10.2013) controlled import, export and consumption of HCFCs, and will be implemented for equipment containing such substances;
- Annual quota for quantitative restrictions for HCFCs imports, introduced starting from 01.01.2013 in order to achieve 35% reduction of HCFC by 2020 will be approved and distributed to main importers every year.
- Action Plan for the period 2016-2020 of the Programme for Phase-out of the hydrochlorofluorocarbons for 2016-2040 in Moldova, establishes annual quotas for HCFCs, in accordance with the phase-out schedule. Each shipment of substances and products containing them needs an authorization for import. Such authorizations are issued by the MoARDE and are valid for 90 days;

HPMP Stage II was designed in consultations with national stakeholders and reflects national needs to implement the next HCFC reduction step and includes both non-investment and investment components which are formulated into two separate projects implemented by UNDP the lead agency and UNEP as the cooperating agency.

Non-investment component (UNEP components) includes:

- Regulatory measures consisting of:
 - Harmonization of legislation with EU legislation;
 - HCFC annual import quotas, permits and environmental taxation;
 - Technical Assistance for developing of e-system for licensing and reporting.
- Technical Capacity Development:
 - Preparation/update/printing of training/lecturing materials;
 - Training and certification of existing technicians;
 - Strengthening of Public Refrigeration Association;
 - Upgrade of the training programme of the Technological College to include natural refrigerants.
- Enforcement related activities
 - Preparation/update/printing of training/lecturing materials;
 - Training of the customs officers;
 - Training of environmental inspectors.
- Project coordination, management & monitoring

Investment component (UNDP component) includes:

- Technology support to RAC sector
 - Strengthening of the HCFC re-use system
 - Demonstration of new technologies in commercial sector (natural refrigerants)

Integration of consideration of broader global environmental issues, such as climate change, is a part of this strategy framework. Consistent with the direction provided in Decision XIX/6 and subsequent

Executive Committee guidance this particularly relates to climate change, the description of the action plan above notes where these linkages exist. Existing strategy (partially implemented during HPMP-stage I) will be implemented and during HPMP-stage II.

In order to reduce the failure rates and energy consumption as well as to gradually harmonize regulations with European Union, it is of interest to bring the RAC industry to the EU level standards. There is a need to ensure that the phase-out of HCFCs is taken as an opportunity to introduce environmentally friendly, energy-efficient solutions. The presence of natural refrigerants such as hydrocarbons, CO₂ and ammonia in the R&AC sector is at a low level, while possibilities for their implementation are significant.

Despite often somewhat higher initial and maintenance costs, the main obstacles are a limited number of qualified and competent service staff and companies and, the lack of awareness among end-users. However, implementation of newly introduced certification system (harmonized with EU Directive) is expected to facilitate timely introduction of ozone-friendly and energy efficient technologies. The following summarizes a number of specific aspects that would be incorporated into the implementation of the HPMP – Stage II and which link to climate change:

- Involvement of authorities responsible for climate change and energy efficiency policies (specifically, Climate Change Office of the Ministry of Agriculture, Regional Development and Environment and Agency for Energy Efficiency of the Ministry of Economy and Infrastructure) as key institutional stakeholders;
- Adoption of EU technical standards for RAC sector;
- Introduction of refrigerant management regulations that would in future extend to HFCs.

III. RESULTS AND PARTNERSHIPS

HPMP Stage II programme aims at achieving the planned HCFC reduction targets (35% reduction in HCFCs use from the baseline) in the timeline from 2016 to 2020 and is intended to serve as a direct implementation instrument of the country's policy and commitment to meet its obligations under the Montreal Protocol.

The projects results are directly linked to the Programme for Phase-out of the Hydrochlorofluorocarbons (HCFCs) for 2016-2040 and Action Plan for its implementation during 2016-2020 (GD No. 856 dated July 13, 2016). The project activities will be implemented addressing sectors involved in the importation and servicing of RAC equipment. These are proposed to be done through several interventions that include modern tools and equipment support to allow for HCFC re-use and preventive maintenance of RAC equipment as well as training support. Partnerships would be established with private sector enterprises engaged in selling this equipment for smooth and effective technology transfer.

The project results will be periodically reported to the Executive Committee as a requirement. Concerning knowledge products, training manuals will be produced and distributed to industries during workshops. It is worth to highlight that the Project will be regularly updating the database of import/export and in country consumption of HCFCs and their alternatives which is owned by the MoARDE. The information is cross checked with data sources from the Customs authorities, National Bureau of Statistics and data directly collected from enterprises/industries. The database is also reported to the Multilateral Fund (MLF) secretariat.

Technology support to RAC sector: The ability of the RAC sector to adapt to declining supplies of HCFCs is central to enable a smooth transition to an HCFC free economy. During the CFC phase out, capacity development both in terms of training and the provision of tools and equipment helped the service industry to make the transition away from the initial group of ODSs.

Meeting the HCFC phase out targets will be more challenging for the following two reasons. Firstly, the technology choices available, mainly HFC 410A technology, meets the government's ozone protection policy, but should correspond to climate change mitigation policies. Secondly, whereas the use of natural refrigerants, mainly hydrocarbons and others, addresses both the ozone and climate policies, there are still concerns among technicians on the universality of this choice as well as health and safety concerns associated with their use. The focus during this coming HPMP stage will therefore be focusing on improving servicing skills, development of standards and codes of practice and introduction of HCFC-free new

alternatives and specifically the natural refrigerants, where practically and economically feasible, recognizing global market trends.

Strengthening of the HCFC re-use system: During the HPMP Stage II, additional equipment sets are required to enlarge the coverage of technicians with modern HCFC re-use tools, also capable of working with alternative refrigerants (HFCs, HFOs, their blends, and natural solutions - hydrocarbons, ammonia etc.).

Investments in tools, equipment and retrofit kits, will be particularly useful in the regular servicing of existing HCFC equipment bank to reduce dependence on imported HCFCs, and also in the retrofits or conversion of HCFC based equipment to non-HCFCs technology where owners require to do so, based on market preferences, financial viability and new technology availability. Such equipment will be provided to enable technicians to put the training received under the HPMP to practical use, thereby to contribute directly to HCFC consumption reductions as a part of the continuous capacity strengthening in this sector. This will necessitate the procurement and supply of additional R&R equipment sets.

The component will be monitored by a part-time consultant to make sure equipment is applied as agreed between the Government and recipients.

Demonstration of new technologies in commercial sector (natural refrigerants): Different applications lend themselves to different natural refrigerants. For example, industrial applications lean toward ammonia, while supermarkets favor CO₂, though in both industries end users are exploring alternatives.

Hydrocarbon refrigerants have a wide range of applications. This includes commercial refrigeration, chill cabinets and vending machines, cold storage and food processing, industrial refrigeration, transport refrigeration, small air conditioning systems, large air conditioning and chiller systems, heat pumps and water heaters.

As the market in Moldova gets more interest in seeing practical performance of newer non-HCFC technologies, and this also creates the opportunity for technicians and equipment service/assembly centers to acquaint with maintenance of such equipment, during stakeholder consultations when HPMP Stage II was in preparation, it was agreed that such component is to be included into the programme.

This component will serve to demonstrate such newer technologies, including GWP considerations, with a focus on smaller equipment in the commercial refrigeration sector, provided the budget limitations. Where co-financing would be required for the completion of works, participating recipients will be invited to co-fund the pilots. In order to disseminate information new technologies, appropriate awareness raising efforts will be applied and accompany these demonstration projects.

Resources Required to Achieve the Expected Results

The project has been approved by the Executive Committee of the MLF at its 77th meeting. The total funds approved is US\$ 122,300 (Ist tranche 104,850 and IInd tranche 17,450) to be used for the identified project components for phasing-out HCFCs. The successful implementation of the plan will result in the reduction of HCFC consumption levels to 11.0 MT of HCFC-22 by the year 2020. This phase-out will be addressed through improvement of HCFC management (re-tooling for service centers and technicians) and alternatives demonstration projects (1-2 sites).

The government, mainly the MoARDE through NOU will assist the implementation of the programme through regular monitoring, guiding and implementation of project components.

Partnerships and Stakeholder Engagement

The HPMP Stage II for the Republic of Moldova will be implemented by the NOU of the Republic of Moldova with support from UNDP as the lead agency and UNEP as the cooperating agency. NOU is the central national body working under mandate from the MoARDE on the Montreal Protocol aspects. Appropriate consultancy support to implement specific HPMP project components will be provided for within the HPMP-II budget.

The stakeholder engagement is the foundation for systematic and sustainable HCFC phase-out. The project involves strong coordination needs among different stakeholders to achieve national targets of Moldova. The project is expected to be implemented with minimum disruption to business continuity and livelihood of different industry stakeholders. Through funding support and proper timeframe, systematic project implementation process and technology transfer, the project is expected to achieve HCFC phase-out

targets (35% phase-out) with minimum cost to industry and consumer. The main stakeholders and their roles are as follows:

The Government of Moldova represented by the Ministry of Agriculture, Regional Development and Environment is responsible for the achievement of overall project results. The Government has a binding agreement with the Executive Committee of the MLF. The Government is also responsible, as a partner to UNDP, for project implementation, monitoring and reporting the results of phasing out of HCFCs. The NOU would work under the direct guidance of the MoARDE and UNDP to implement the project components.

UNDP is designated as the lead Implementing Agency for this project. UNDP will be responsible for providing technical support and managing the implementation of the project. UNDP will also be responsible for the project reporting and independent verification of achievement of ODS phase-out targets under the Agreement once requested by the Executive Committee.

The Industries will be responsible for achieving their respective phase-out targets. Through the funding support and technical support of the project, and under the overall guidance of the NOU, the identified industries would convert to HCFC free technologies. In servicing sector where a large number of small enterprises are involved, the NOU will work with industry associations and other industry stakeholders in capacity building for smooth adoption of HCFC free technologies.

Industry associations will closely work with the NOU on specific project activities for HCFC phase-out. They would also play an important role in strengthening public-private partnership which is an important element for success of this project.

Other Governmental and non-governmental bodies: There are several Government and Non-Government bodies that would need to participate in project implementation under this project, which includes institutions responsible for import-export of chemicals, Customs authorities, collecting, holding and maintaining of database, National Bureau of Statistics, State Ecological Inspectorate which undertakes the state environmental control in compliance with environmental legislative and regulatory framework in place, Ministry of Agriculture, Regional Development and Environment, which is responsible for developing and promoting of state policy for sustainable development of the country's agribusiness sector, Agency for Energy Efficiency, that is a public institution under the Ministry of Economy and Infrastructure, being an administrative body for energy efficiency and renewable energy resources and is responsible for implementing state policies specifically focused on creating preconditions for improving energy efficiency, Climate Change Office of the Ministry of Agriculture, Regional Development and Environment, which is responsible for compiling the National Greenhouse Gas Inventories; including the F-gases (HFCs, PFCs and SF6) emissions.

Other stakeholders in the project will be environment monitoring bodies (NGOs) as: Public Association of the Refrigeration Technicians from the Republic of Moldova, that in collaboration with Ministry of Economy and Infrastructure (Technical Centre for Industrial Security and Certification) and Training Centre "TEHNOFRIG" of the Technical University of Moldova is responsible for implementation of the new Certification System.

Media institutions and NGOs also have an important role in public informing and awareness raising about environmental issues, which they promote through the media products, radio, TV programs, seminars, topical trainings, public debates, flash mobs and environmental campaigns. They will be engaged in specific public awareness activities.

Coordination and consultation: The above mentioned stakeholders would be engaged at various points during project initiation, implementation monitoring and other specific project activities. The project intends to maintain the coordination and consultation among stakeholders through the below indicative actions and their frequency spread over the duration of the project:

- a) Consultation meetings with customs authorities: 2/year
- b) Consultation meetings with ODS Importers: 1/year
- c) Consultation meetings with the industries using ODSs in their production (undergoing reconversion of technology to non-ODS): 3-4/Industry
- d) Regular coordination meeting with the Ministry of Agriculture, Regional Development and Environment and UNDP: 1-2/year

Risks and Assumptions

As per standard UNDP requirements, the NOU will monitor risks quarterly and report on the status of the risks to the UNDP Country Office. The UNDP Country Office will record progress in the UNDP ATLAS risk log. Risks will be reported as critical when the impact and probability are high (i.e. when impact is rated as 5, and when impact is rated as 4 and probability is rated at 3 or higher).

Project risks					
Description	Type	Impact & Probability 1 (low) to 5 (high)	Mitigation Measures	Owner	Status
The 35% target will not be achieved.	Political	I = 4 P = 1	The licensing system has been updated and HCFCs (import, export and consumption) are now controlled by the national legislation (Law No. 228 dated 10.10.2013).	Project Board	
The R&R equipment including tools and retrofit kits provided to the technicians will not be used in the regular servicing of existing HCFC equipment bank to reduce dependence on imported HCFCs, and also in the retrofits or conversion of HCFC based equipment to non-HCFCs technology.	Operational	I = 3 P = 2	The component will be monitored by a part-time consultant to make sure equipment is applied as agreed between the Government and recipients.	Project Team	
An economic agent will not be identified to demonstrate the new technology on natural refrigerants	Technology	I = 3 P = 1	A tender will be announced and there will be a grant part for applying new technology making it more attractive for economic agents.	Project Team	
The new technology on natural refrigerants will not be certified	Technology	I = 3 P = 2	The project team will analyze available technology and ensure that the selected technology can be certified prior its purchasing.	Project Team	
The new technology on natural refrigerants will be poorly or not accepted by the market due to higher investment cost and lack of knowledge.	Technology	I = 4 P = 2	The information on new technologies will be disseminated and appropriate awareness raising efforts will be applied.	Project Team	

Knowledge, Sustainability and Scaling Up

The project would strengthen national systems and capacities in monitoring import and export of ozone depleting chemicals mainly through the database and through working on amending/updating the legislation related to import/export activities. The database can be used by the Government to manage other MP chemicals and other hazardous industrial chemicals.

The timely phasing-out of the HCFCs ensures Moldova's compliance with its set targets and thus with the Ozone Protection Convention. Furthermore, the technical and financial support provided to the industries to convert their technology/production into non-HCFCs products will expand their international market with a limited impact on production costs and consumers. This would reflect a positive economic return on the industries and on the country.

Mainstreaming gender

Gender mainstreaming has been defined by the United Nations Economic and Social Council as 'a strategy for making women's as well as men's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of the policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated'. The relative status of men and women, the interaction between gender and race, class and ethnicity, and questions of rights, control, ownership, power, and voice—all have a critical impact on the success and sustainability of every development intervention.

In practice, gender mainstreaming means identifying gaps in gender equality through the use of sex-disaggregated data, developing strategies to close those gaps, putting resources and expertise into implementing strategies for gender equality, monitoring implementation, and holding individuals and institutions accountable for results.

Sound management of chemicals requires a gender-differentiated approach, which is pursued by UNDP during implementation of chemicals-related interventions. The strategy towards reaching this objective has been discussed during the Thematic Meeting on Implementation of the HCFCs Phase-out Management Plans in November 2016⁹ and it was agreed that social and gender dimensions are a critical component of chemicals management policies and frameworks.

Although the activities within HPMP Stage II consist on transferring new knowledge and servicing tools and techniques to the servicing sector (RAC equipment used in multiple economic sectors), the project team will intend to promote the participation of women in consultation and decision-making meetings, and will address gender inequalities in terms of access to green job related trainings planned for institutional and technological support from the to the equipment service center network and vocational schools. During the implementation of the project gender analysis and statistics will be applied and if necessary the gender empowerment needs will be addressed.

IV. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

Presently, alternative technologies to high-GWP HFCs that are ozone- and climate-friendly may face market barriers depending on application. These barriers can be technical and commercial such as potentially higher investment costs, lack of standards, lack of service capacity, as well as information asymmetry and lack of an enabling environment. The presence of such barriers prevents the large-scale commercialization of such ozone and climate friendly technologies.

Along with policy instruments (annual quota for quantitative restrictions for HCFCs imports) that are gradually limiting use of high-GWP HFCs, the NOU will play a key role in increasing awareness on benefits of new ozone- and climate-friendly technologies and unlocking procurement of such technologies. The benefits of new technologies will be demonstrated via demo project that will make obvious those technologies are ozone- and climate-friendly and more energy efficient.

Project Management

The HPMP Stage II for the Republic of Moldova will be implemented by the National Ozone Unit of the Republic of Moldova with support from UNDP as the lead agency and UNEP as the cooperating agency. NOU-Moldova will function as the national coordinator of all project activities described in the HPMP-II. Appropriate consultancy support to implement specific HPMP project components will be provided for within the HPMP-II budget, as described in relevant sections.

It should be noted that the Institutional Strengthening support is provided outside of the HPMP programme.

UNDP will apply their administrative procedures towards implementation of the HPMP Stage II. UNDP will use National Implementation Modality (NIM) based on establishment of Annual Workplans and utilization of UNDP procurement functions for the delivery of equipment and tools planned in the project. Regular monitoring of compliance with the workplans are ensured by UNDP.

⁹ <http://md.one.un.org/content/unct/moldova/en/home/presscenter/press-releases/thematic-meeting-on-implementation-of-hcfc-phase-out-management-.html>

V. RESULTS FRAMEWORK

<p>Intended Outcome as stated in the UNDAF/Country Programme Results and Resource Framework: UNDAF/CP Outcome 3.1. -Improved environmental management in significantly increased compliance with international and regional standards</p> <p>Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:</p> <p>UNDAF/CP Outcome 3.1. -Improved environmental management in significantly increased compliance with international and regional standards</p> <p>Applicable Output(s) from the UNDP Strategic Plan: UNDP Strategic Plan IRRF Indicator 1.1.3- Number of schemes which expand and diversify the productive base based on the use of sustainable production technologies.</p> <p>Project title and Atlas Project Number: HCFC Phase-Out Management Plan– Second Stage (35% HCFC phase-out by 2020)</p>				
EXPECTED OUTPUTS	OUTPUT INDICATORS ¹⁰	Baseline ¹¹	End of Project Target	Assumptions ¹²
<p>Output 1 The enabling environment and capacities are in place for Moldova to fulfil its 2020 HCFCs (35%) phase-out obligations</p>	<p>Extend to which the HCFC re-use system is upgraded</p> <p>Number of cases where benefits of non-HCFC technology demonstrated</p> <p>Extend to which servicing skills and practices for HCFC-free new alternatives (specifically natural refrigerants) improved</p>	<p>HCFC re-cycling and reclaim equipment, or network, is generally outdated and not suited for HCFCs</p> <p>Generally low awareness on new alternative technologies and benefits in energy savings (co-benefits for economic operations as well as for climate change)</p> <p>Lack of experience with, knowledge of and skills to assemble, install, operate and maintain HCFC free commercial/ industrial equipment using non-ODS/low-zero GWP technologies</p>	<p>HCFCs re-use system upgraded and in use to reduce dependence on import of HCFCs</p> <p>Non-ODS/low-zero GWP (NH3, CO2 double stage, HCs etc.) technologies in the servicing sector demonstrated in at least 1 case</p> <p>Technical staff trained on adequate use of equipment and best refrigeration practices in equipment/ products maintenance and retrofits</p>	<p>Government informs the stakeholder community on HCFC restrictions, HCFC phase-out strategy and further limits HCFC and HCFC equipment imports</p> <p>Government requires regular reporting and perform monitoring of works</p> <p>Supplied equipment is adequately maintained and used by technicians</p> <p>Costs of new equipment does not exceed project budget</p> <p>Project participants maintain their interest in the use of new equipment and co-finance local design, installation and maintenance works</p>

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)	
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of-project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	At least annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.

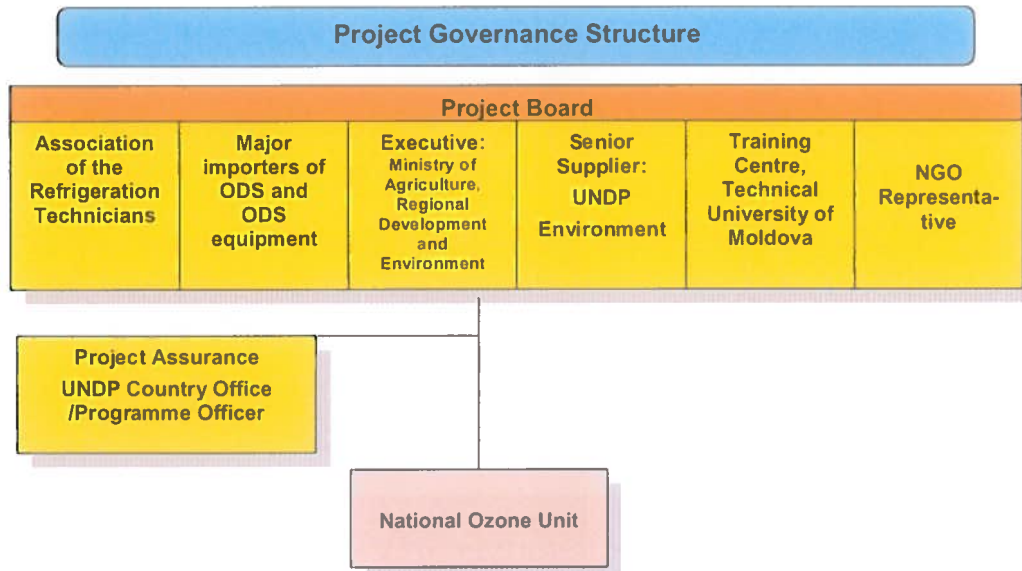
VII. MULTI-YEAR WORK PLAN

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET		
		2017	2018	2019	2020		Funding Source	Budget Description	Amount (USD)
Output 1: HPMP Stage II	National Consultant	-	7,850	-	17,450	MoARDE	71300	25,300	
	Strengthening of the HCFC re-use system	20,000	15,000	-	-	MoARDE	72200	35,000	
	Demonstration of new technologies in commercial sector (natural refrigerants)	-	60,000	-	-	MoARDE	72200	60,000	
	Workshop	-	2,000	-	-	MoARDE	75700	2,000	
TOTAL								122,300	

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The project will be implemented following UNDP's Support to National Implementation Modality (Support to NIM), according to the Standard Basic Assistance Agreement between UNDP and the Government of Moldova and the Country Programme.

The overall project governance and organizational structure is presented below.



1. **Project Board (also called Project Steering Committee)** will be responsible for making consensus-based decisions, in particular when guidance is required by the NOU. The Board will play a critical role in project monitoring and evaluations by assuring the quality of these processes and associated products, and by using evaluations for improving performance, accountability and learning. The Project Board will ensure that required resources are committed. It will also arbitrate on any conflicts within the project and negotiate solutions to any problems with external bodies. Specific responsibilities of the PB should include:

- (i) For the processes of justifying, defining and initiating a project:
 - Appraise and approve work plans submitted by the PIU;
 - Delegate Project Assurance roles as appropriate;
 - Commit project resources required by the work plan.
- (ii) For the process of running a project:
 - Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;
 - Review annual plans and approve any essential deviations from the original plans; provided any deviations from the original plans require approval from UNDP;
 - Review and approve progress and annual, as well as mid-term and final evaluation's project reports, make recommendations for follow-up actions;
 - Provide ad-hoc direction and advice for exception situations when PIU's tolerances are exceeded;
 - Assess and decide on conceptual project changes if necessary;
 - Assure that all planned deliverables are delivered satisfactorily;
- (iii) For the process of closing a project:
 - Assure that all products/outputs are delivered satisfactorily;
 - Review and approve the end of project report;
 - Make recommendations for follow-up actions if necessary;
 - Notify project closure to the stakeholders.

Project Board decisions shall be made in accordance with international standards that shall ensure management for development results, best value for money, fairness, integrity, transparency, and effective international competition. Members of the Project Board will consist of members from:

- Ministry of Agriculture, Regional Development and Environment (Focal Point)
- Association of the Refrigeration Technicians
- Training Center, Technical University of Moldova
- Major importers of ODS and ODS equipment
- NGO Representative
- UNDP Moldova

Implementing Party: The Ministry of Agriculture, Regional Development and Environment of the Republic of Moldova/National Ozone Unit will serve as the project implementing partner. The Implementing Partner is responsible and accountable for managing this project, including the monitoring and evaluation of project interventions, achieving project results, and for the effective use of UNDP resources, specifically:

- Monitor day-to-day physical implementation of activities associated with the project, interacting with major stakeholders and interested parties.
- Revise the project logframe matrix, particularly in the areas of the objective hierarchy, indicators and monitoring mechanisms.
- Guide the process for identifying and designing the key indicators for each component, to record and report physical progress against the Annual Work Plan and Budget.
- Guide the process for identifying the key performance questions and parameters for monitoring project performance and comparing it to targets.
- Guide staff/national consultants and implementing partners in preparing their progress reports. Together, analyze these reports in terms of problems and actions needed.
- Collaborate with staff and implementing partners on qualitative monitoring to provide relevant information for ongoing evaluation of project activities, effects and impacts.
- Check that monitoring data are discussed in the appropriate forum and in a timely fashion in terms of implications for future action.
- Submit required analytical reports on progress – including indications of planned actions and financial statements – on time and to the relevant bodies.
- Control the budget and safeguard against project funds and assets misuse.
- Prepare progress report for the HCFC Phase-out Management Plan Project (HPMP, Stage II).

Project Assurance: The UNDP CO will ensure project accountability, transparency, effectiveness and efficiency in implementation. UNDP will provide the Implementing Partner with the following major support services for the activities of the project in accordance with UNDP corporate regulations, such as: (i) procurement of goods and services; (ii) financial services. The UNDP 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. The reporting requirements include the reporting about activities undertaken by the Cooperating IA;
- f) Ensuring that appropriate independent technical experts carry out the technical reviews;
- g) Carrying out required supervision missions;
- h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;
- i) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;

- j) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country and the Cooperating IAs, the allocation of the reductions to the different budget items and to the funding of the Lead IA and each Cooperating IA;
- k) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- l) Providing assistance with policy, management and technical support when required.

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.

IX. LEGAL CONTEXT

This document together with the CPAP signed by the Government and UNDP which is incorporated herein by reference, constitute together a Project Document as referred to in the Basic Assistance Agreement (BAA. All references in the BAA to “Executing Agency” shall be deemed to refer to “Implementing Partner”, as such term is defined and used in this document.

Consistent with the Article III of the Basic Assistance Agreement (BAA), the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP’s property in the Implementing Partner’s custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the implementing partner’s security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner’s obligations under this Project Document [and the Project Cooperation Agreement between UNDP and the Implementing Partner].

The Implementing Partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under/further to this Project Document”.

Any designations on maps or other references employed in this project document do not imply the expression of any opinion whatsoever on the part of UNDP concerning the legal status of any country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries.

X. ANNEXES

Annex I. Social and environmental screening template

[English][French][Spanish], including additional Social and Environmental Assessments or Management Plans as relevant. (NOTE: The SES Screening is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences, preparation of communication materials, strengthening capacities of partners to participate in international negotiations and conferences, partnership coordination and management of networks, or global/regional projects with no country level activities).

Annex II. Designation of Authority (DOA)

Annex III. Draft agreement between the Government of the Republic of Moldova and the Executive Committee of the Multilateral Fund for the reduction in consumption of HCFC in accordance with Stage II of the HCFC phase-out management plan

- i. This Agreement represents the understanding of the Government of the Republic of Moldova (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 0.65 ODP tones by 1 January 2020 in compliance with Montreal Protocol schedule.
- ii. 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).
- iii. 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").
- iv. 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 subparagraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.
- v. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless 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, 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.
- vi. 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.
- vii. 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:
 - Issues potentially concerning the rules and policies of the Multilateral Fund;
 - Changes which would modify any clause of this Agreement;
 - Changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches; and
 - Provision of funding for programmes or 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) Should the Country decide during implementation of the Agreement to introduce an alternative technology other than that proposed in the Plan, this would require approval by the Executive Committee as part of a Tranche Implementation Plan or the revision of the approved plan. Any submission of such a request for change in technology would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tones to be phased out if applicable. The Country agrees that potential savings in incremental costs related to the change of technology would decrease the overall funding level under this Agreement accordingly;
 - d) Any enterprise to be converted to non-HCFC technology included in the Plan and that would be found to be ineligible under the guidelines of the Multilateral Fund (i.e., due to foreign ownership or establishment post the 21 September 2007 cut-off date), will not receive assistance. This information would be reported to the Executive Committee as part of the Tranche Implementation Plan;
 - e) The Country commits to examining the possibility of using pre-blended hydrocarbon systems instead of blending them in-house, for those foam enterprises covered under the

- umbrella project, should this be technically viable, economically feasible and acceptable to the enterprises; and
- f) Any remaining funds held by the bilateral or implementing agencies or the country under the Plan will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.
- viii. Specific attention will be paid to the execution of the activities in the refrigeration servicing sub-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 the relevant bilateral and/or implementing agencies will take into consideration decision 72/41 during the implementation of the Plan.
- ix. 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. UNDP has agreed to be the lead implementing agency (the "Lead IA") and UNEP has agreed to be the cooperating implementing agency (the "Cooperating IAs") 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.
- x. 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). This responsibility includes the necessity to co-ordinate with the Cooperating IA to ensure appropriate timing and sequence of activities in the implementation. The Cooperating IA will support the Lead IA by implementing the activities listed in Appendix 6-B under the overall co-ordination of the Lead IA. The Lead IA and Cooperating IA will reach consensus on the arrangements regarding inter-agency planning including regular co-ordination meetings, reporting and responsibilities under this Agreement in order to facilitate a co-ordinated implementation of the Plan. 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.
- xi. 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 kilogram 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 not compliance with this Agreement, will not be an impediment for the provision of funding for future tranches as per paragraph 5 above.
- xii. The Funding of this Agreement will not be modified on the basis of any future Executive Committee decision that may affect the funding of any other consumption sector projects or any other related activities in the Country.
- xiii. The Country will comply with any reasonable request of the Executive Committee, and the Lead IA and the Cooperating IA to facilitate implementation of this Agreement. In particular, it will

provide the Lead IA and the Cooperating IAs with access to the information necessary to verify compliance with this Agreement.

- xiv. 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.
- xv. 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.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tones)
HCFC-22	C	I	1.0
Sub-total			1.0
HCFC-141b contained in imported pre-blended polyols	C	I	N/A
Total	C	I	1.0

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tones)	0.9	0.9	0.9	0.9	0.9	0.65	
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tones)	0.9	0.9	0.9	0.9	0.9	0.65	
2.1	Lead IA (UNDP) agreed funding (US \$)	-	104,850	-	-	-	17,450	122,300
2.2	Support costs for Lead IA (US \$)	-	9,436.5	-	-	-	1,570.5	11,007
2.3	Cooperating IA (UNEP) agreed funding (US \$)	-	26,100	-	26,100	-	-	52,200
2.4	Support costs for Cooperating IA (US \$)	-	3,393	-	3,393	-	-	6,786
3.1	Total agreed funding (US \$)		130,950	0	26,100	0	17,450	174,500
3.2	Total support costs (US \$)		12,829.5	0	3,393	0	1,570.5	17,793
3.3	Total agreed costs (US \$)		143,779.5	0	29,493	0	19,020.5	192,293
4.1.1	Total phase-out of R-22 agreed to be achieved under this Agreement (ODP tones)							0.25
4.1.2	Phase-out of R-22 to be achieved in previously approved projects (ODP tones)							0.1
4.1.3	Remaining eligible consumption for R-22 (ODP tones)							0.65

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

- i. 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

- i. 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 calendar year, regarding the progress since the year prior to 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 ODS phase-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. The narrative report will cover all relevant years specified in sub-paragraph 5(a) of the Agreement and can in addition also include information on activities in the current year;
 - 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 until and including the year of the planned submission of the next tranche request, highlighting 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 cover the years specified in sub-paragraph 5(d) of the Agreement. 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. This quantitative information, to be submitted by calendar year with each tranche request, will be amending the narratives and description for the report (see sub-paragraph 1(a) above) and the plan (see sub-paragraph 1(c) above), the Tranche Implementation Plan and any changes to the overall plan, and will cover the same time periods and activities; and
 - e) An Executive Summary of about five paragraphs, summarizing the information of the above sub-paragraphs 1(a) to 1(d).
- ii. In the event that in a particular year more than one stage of the HPMP are being implemented in parallel, the following considerations should be taken in preparing the Tranche Implementation Reports and Plans:
 - f) 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
 - g) If the stages under implementation have different HCFC consumption targets in a particular year, the lower HCFC consumption target will be used as reference for compliance with the HPMP Agreements and for the independent verification.

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

- i. The HPMP Stage II for the Republic of Moldova will be implemented by the National Ozone Unit of the Republic of Moldova with support from UNDP as the lead agency and UNEP as the cooperating agency. NOU-Moldova will function as the national coordinator of all project activities described in the HPMP-II.
- ii. Implementing Agencies (IAs) will apply their administrative procedures towards implementation of the HPMP Stage 2. UNDP will use National Implementation Modality (NIM) based on establishment of Annual Workplans and utilization of UNDP procurement functions for the delivery of equipment and tools planned in the project. UNEP will utilize its standard operating procedure on SSFA agreements with the OU-Moldova. Regular monitoring of compliance with the workplans are ensured by both IAs.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

- i. The Lead IA will be responsible for a range of activities, including at least the following:
 - m) 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;
 - n) Assisting the Country in preparation of the Tranche Implementation Reports and Plans as per Appendix 4-A;
 - o) 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;
 - p) 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;
 - q) 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. The reporting requirements include the reporting about activities undertaken by the Cooperating IA;
 - r) Ensuring that appropriate independent technical experts carry out the technical reviews;
 - s) Carrying out required supervision missions;
 - t) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;
 - u) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;
 - v) 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 IAs, the allocation of the reductions to the different budget items and to the funding of the Lead IA and each Cooperating IA;
 - w) Ensuring that disbursements made to the Country are based on the use of the indicators; and
 - x) Providing assistance with policy, management and technical support when required.
- ii. 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

- i. The Cooperating IAs 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 IAs, and refer to the Lead IA to ensure a co-ordinated sequence in the activities; and
 - c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A.

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

- i. 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. 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 related 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.