



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/66/27
22 March 2012

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-sixth Meeting
Montreal, 16-20 April 2012

PROJECT PROPOSAL: ANTIGUA AND BARBUDA

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

Phase-out

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

UNEP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Antigua and Barbuda

(I) PROJECT TITLE	AGENCY
HCFC phase out plan (Stage I)	UNEP (lead)

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2010	0.1 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)							Year: 2010		
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Serviceing				
HCFC-22					0.08				0.08

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline	0.30	Starting point for sustained aggregate reductions:	0.30
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.0	Remaining:	0.27

(V) BUSINESS PLAN		2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.03		0.03		0.03			0.03		0.12
	Funding (US \$)	40,434		22,463		76,375			46,911		186,183
UNIDO	ODS phase-out (ODP tonnes)					0.1			0.1		0.2
	Funding (US \$)					32,700			30,520		63,220

(VI) PROJECT DATA					2012	2013	2014	2015	Total
Montreal Protocol consumption limits					n/a	0.30	0.30	0.27	n/a
Maximum allowable consumption (ODP tonnes)					n/a	0.30	0.30	0.27	n/a
Project Costs requested in principle(US\$)			UNEP	Project costs	45,850	0	0	5,850	51,700
				Support costs	5,961	0	0	760	6,721
Total project costs requested in principle (US \$)					45,850	0	0	5,850	51,700
Total support costs requested in principle (US \$)					5,961	0	0	760	6,721
Total funds requested in principle (US \$)					51,811	0	0	6,610	58,421

(VII) Request for funding for the first tranche (2012)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNEP	45,850	5,961

Funding request:	Approval of funding for the first tranche (2012) as indicated above
Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

1. On behalf of the Government of Antigua and Barbuda, UNEP, as the lead implementing agency, has submitted to the 66th meeting of the Executive Committee stage I of an HCFC phase-out management plan (HPMP) at a total cost of US \$183,565, consisting of US \$106,500, plus agency support costs of US \$13,845 for UNEP, and US \$58,000, plus agency support costs of US \$5,220 for UNIDO, as originally submitted. Implementation of the activities proposed in stage I of the HPMP will enable the country to achieve a 35 per cent reduction in HCFC consumption by 2020.
2. The first tranche for stage I being requested at this meeting amountst to US \$36,000, plus agency support costs of US \$4,680 for UNEP, as originally submitted.

Background

3. The Government of Antigua and Barbuda has ratified all the amendments to the Montreal Protocol.

ODS regulations

4. Antigua and Barbuda has a legislative, regulatory and licensing system controlling the importation and exportation of ozone-depleting substances (ODS) mentioned in Annexes A and C of the Montreal Protocol, which are the only ODS used in the country. The External Trade Act provides for a licence to be required to import ODS and ODS-based equipment, and prohibits or limits the importation and exportation of ODS and ODS-based equipment in the country. Antigua and Barbuda will issue a Ministerial Order in 2012 to establish the quota system for import and export of HCFCs that will enter into force from 2013.
5. The National Ozone Unit (NOU) is responsible for implementing the activities under the Montreal Protocol, reporting requirements and establishing annual import quotas. The Division of Trade, Industry and Commerce is responsible for the licensing of the refrigerants and the implementation of the HCFC quota system. The Customs Department will enforce the import and export regulations and report data on all imports and exports of ODS to the NOU. Other stakeholders include the Hotels and Tourist Association, Antigua State College, ODS and ODS-based equipment importers and exporters, and the Antigua and Barbuda Refrigeration and Air Conditioning Association.

HCFC consumption

6. The survey conducted for the preparation of the HPMP showed that only HCFC-22 is used in the country for servicing refrigeration equipment. The major fluctuations in consumption result from the importers' strategy to reduce shipping costs. This explains the peaks in HCFC imports every two years to cover the needs for the following year. Antigua and Barbuda does not have any HCFC-based manufacturing activity. Table 1 presents data on HCFC consumption gathered from the survey and reported under Article 7 of the Montreal Protocol.

Table 1: HCFC-22 consumption from 2005 to 2010

Year	Article 7		Survey results	
	Metric tonnes	ODP tonnes	Metric tonnes	ODP tonnes
2005	10.61	0.58	10.59	0.58
2006	8.23	0.45	8.24	0.45
2007	15.78	0.87	15.79	0.87
2008	4.22	0.23	4.21	0.23
2009	9.51	0.52	9.51	0.52
2010	1.50	0.08	1.50	0.08

7. Table 2 presents the forecast of HCFC consumption up to 2020, with the same pattern of one year high and one year low consumption.

Table 2: Forecast consumption of HCFCs

YEAR		2011*	2012	2013	2014	2015	2016	2017	2018	2019	2020
Constraint	MT	22.10	1.50	5.50	5.50	5.00	5.00	4.50	4.50	4.00	3.60
	ODP	1.22	0.08	0.30	0.30	0.28	0.28	0.25	0.25	0.22	0.20
Unconstraint	MT	22.10	1.50	10.00	5.00	10.3	5.20	10.60	5.30	10.90	5.50
	ODP	1.22	0.08	0.55	0.28	0.57	0.29	0.58	0.29	0.60	0.30

*Estimated consumption

Sectoral distribution of HCFCs

8. HCFC-22 is used mainly in the domestic air-conditioning and commercial refrigeration servicing sectors (as shown in Table 3). There are 5 relatively large service providers that supply a full range of refrigeration/air conditioning repair services, 15 to 20 mid-sized companies, and several non-registered shops. About 47.5 per cent of the overall consumption is used for servicing domestic air-conditioning systems, and 52.5 per cent for servicing commercial refrigeration equipment. The leakage rate is estimated at 27.7 per cent for the domestic air-conditioning systems, and 24.5 per cent for commercial refrigeration systems. These rates result mainly from the lack of preventive maintenance and corrosion. Several hotels have started installing R-410A-based equipment.

Table 3: Consumption of HCFC-22 by sub-sector

Refrigeration equipment	Total units	Charge (tonnes)		Servicing (tonnes/year)	
		Metric	ODP	Metric	ODP
Domestic air conditioning (including window and splits units)	7,171	9.07	0.50	2.51	0.14
Commercial refrigeration (including splits units, ducted splits, package/central and chillers)	1,823	11.35	0.62	2.78	0.15
Total	8,994	20.43	1.12	5.29	0.29

9. The current prices of HCFCs and alternative refrigerants per kilogramme in the country are: US \$13.43 for HCFC-22, US \$26.55 for HFC-134a, US \$30.64 for HFC-404A, US \$11.56 for HFC-409A, and US \$35.08 for HFC-410A.

Calculation of consumption baseline

10. The HCFC baseline for compliance has been established at 5.51 mt (0.30 ODP tonnes), based on the average reported consumption of 9.51 mt (0.52 ODP tonnes) for 2009 and 1.50 mt (0.08 ODP tonnes) for 2010 under Article 7 of the Montreal Protocol.

HCFC phase-out strategy

11. The Government of Antigua and Barbuda plans to freeze HCFC consumption at the baseline level by 1 January 2013, and to gradually reduce its consumption by 10 and 35 per cent by 2015 and 2020 respectively. Thereafter, HCFC consumption reductions will continue following the Montreal Protocol schedule until the 97.5 per cent reduction in 2030, leaving an allowance of 2.5 per cent of the baseline consumption for meeting servicing needs until 2040.

12. The overarching strategy is based on the assumption that commercially viable refrigeration and, in particular, air-conditioning technologies that use zero ODP and low-GWP refrigerants in energy-efficient equipment will become available in the coming decade. In this context, the Government

is considering controlling refrigeration and air-conditioning equipment and banning the import of HCFC-based equipment. A duty on HCFC-22 imports may also be considered to discourage imports of this substance. The country's strategy is influenced by technologies in the United States of America, the country from which most of the equipment is imported.

13. In the framework of the HPMP, the Government will develop the following activities to meet its compliance targets:

- (a) Capacity-building programme including the training of 150 customs officers on illegal trade and identification of ODS and ODS-based equipment, and training of 150 technicians in handling, installing and servicing the equipment as well as retrofitting the existing HCFC-22 based systems to R-407C and R-290;
- (b) Distributing refrigerant identifiers to customs officers, and basic equipment, tools and spare parts to refrigeration technicians;
- (c) Awareness programme for phasing out the use of HCFCs and high-GWP refrigerants as commercially viable technologies become available; and
- (d) Coordinating, implementing, monitoring and evaluating the HPMP activities to ensure effectiveness of all the activities proposed within the HPMP.

Cost of the HPMP

14. The total cost of stage I of the HPMP is estimated at US \$164,500 to phase out 1.93 mt (0.11 ODP tonnes) by 2020, as shown in Table 4.

Table 4: Proposed activities and estimated budget (US \$)

Description	Agency	2012	2014	2016	2019	Total
Capacity-building programme	UNEP	16,000	5,000	17,000	5,000	43,000
Technical assistance	UNEP	8,000				8,000
	UNIDO			30,000	28,000	58,000
Awareness programme	UNEP	3,000	3,000	4,500	1,500	12,000
Coordination, management and verification	UNEP	9,000	11,500	16,000	7,000	43,500
Total		36,000	19,500	67,500	41,500	164,500

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

15. The Secretariat reviewed the HPMP for Antigua and Barbuda in the context of the guidelines for the preparation of HPMPs (decision 54/39), the criteria for funding HCFC phase-out in the consumption sector agreed at the 60th Meeting (decision 60/44), subsequent decisions on HPMPs and the 2012-2014 business plan of the Multilateral Fund. The Secretariat discussed with UNEP technical and cost-related issues, which were addressed as summarized below.

HCFC consumption

16. In analyzing the levels of HCFC consumption in the country, a decrease in the demand since 2008 was noted. UNEP explained that the downward trend results mainly from the introduction of R-410A-based systems into the country and from an increase in HCFC-22 prices. However, approximately 22.00 mt (1.21 ODP tonnes) were imported in 2011, and that additional amounts will be imported in 2012 to increase the stockpile because of the freeze in 2013.

Starting point for aggregate reduction in HCFC consumption

17. The Government of Antigua and Barbuda agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the baseline of 0.30 ODP tonnes, calculated using actual consumption of 0.52 ODP tonnes and 0.08 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol.

Technical issues

18. The Secretariat raised concerns about the overarching strategy proposed given the current decreasing trend in HCFC-22 consumption due to the introduction of 410A-based equipment, the sharp increase of HCFC imports in 2011 for stockpiling, and the lack of low-GWP technologies in the country. Based on the above, the Secretariat suggested that stage I of the HPMP be revised to achieve only the 10 per cent reduction in HCFC consumption baseline by 2015. During implementation of stage I, the Government would be asked to revise its strategy based on the trend in HCFC-22 consumption and the new alternatives that may be available. Further to a discussion, UNEP agreed to revise the country's strategy to meet the 10 per cent reduction in the baseline by 2015.

19. The Secretariat sought information on whether Antigua and Barbuda could, by encouraging good servicing practices, reduce leakage and help extend the life of HCFC-22-based equipment instead of starting with retrofits that may not be sustainable today due to the high price of alternative refrigerants. UNEP explained that the only commercial available alternative in the country is R-410A. In this context, the country has no alternative to promoting the use of R-410A systems until low-GWP technologies become available. However, good practices in the refrigeration and air-conditioning sector will be promoted to help extend the life of the equipment. The technicians will also be trained in retrofitting refrigeration equipment in the event of a shortage in HCFC-22 for the equipment with a reasonable life expectancy left.

20. The Secretariat requested clarification on the activities implemented under the TPMP, experience acquired during the implementation of the TPMP which have been operationally completed could be used in the context of HPMP implementation. UNEP indicated that the equipment provided under the TPMP could be used for the HPMP since it can handle a wide range of refrigerants including HCFC-22, HFC-134A and R-410A. Consequently, the HPMP does not include any procurement of basic equipment, tools and spare parts for refrigeration technicians under stage I. It is expected that in stage II of the HPMP zero ODP and low-GWP technologies will be available and that the specifications of the equipment to be purchased will be developed based on the new technologies.

Cost issues

21. As a result of the discussions, UNEP revised the action plan and the funding to meet a 10 per cent reduction on the HCFC baseline by 2015 as shown in Table 5. The proposed action will phase out 0.55 mt (0.03 ODP tonnes) by 2015.

Table 5: Revised cost of stage I of the HPMP (US\$)

Description	Agency	2012	2015	Total
Capacity-building programme: (a) Training of nearly 80 Customs Officers in HCFC identification, HCFC-based equipment, data collection, and monitoring of imports; (b) Training of trainers and 80 technicians for servicing RAC equipment installation as well as in retrofitting existing equipment and/or drop in substitutes	UNEP	18,000	1,000	19,000
Technical assistance (2 refrigerant identifiers)	UNEP	8,000		8,000
Awareness and information dissemination targeting different stakeholders, and production of awareness materials	UNEP	5,300		5,300
Coordination, management and verification	UNEP	14,550	4,850	19,400
Total		45,850	5,850	51,700

Co-financing

22. Pursuant to decision 54/39(h) on potential financial incentives and opportunities for additional resources to maximize the environmental benefits from HPMPs pursuant to paragraph 11(b) of decision XIX/6 of the Nineteenth Meeting of the Parties, the Government of Antigua and Barbuda will provide the necessary office space, conference room and meeting facilities, and transportation to and from meeting venue, as indicated in the HPMP.

Impact on the climate

23. The proposed technical assistance activities in the HPMP, which include the introduction of better servicing practices and enforcement of HCFC import controls, will reduce the amount of HCFC-22 used for refrigeration servicing. Each kilogram (kg) of HCFC-22 not emitted due to better refrigeration practices results in approximately 1.8 CO₂-equivalent tonnes saved. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Antigua and Barbuda, in particular the promotion of new R-410A based systems and the retrofit to R-290/R-407C where possible, indicate that it is likely that the country will not achieve the reduction of 1,003 CO₂-equivalent tonnes in emissions into the atmosphere as estimated in the 2012-2014 business plan due to the high GWP of the alternatives. However, at this time, the Secretariat is not in a position to quantitatively estimate the impact on the climate. The impact might be established through an assessment of implementation reports by, *inter alia*, comparing the levels of refrigerants used annually from the beginning of HPMP implementation, the reported amounts of refrigerants being recovered and recycled, the number of technicians trained and the HCFC-22 based equipment being retrofitted.

2011-2014 business plan of the Multilateral Fund

24. UNEP is requesting US \$58,421 including support costs for implementation of stage I of the HPMP. The total value requested for the period 2012-2014 of US \$51,811 including support cost is within the total amount in the draft business plan.

25. Based on the HCFC baseline consumption in the servicing sector of 0.30 ODP tonnes, Antigua and Barbuda's allocation up to the 2015 phase-out should be US \$51,700 in line with decision 60/44.

Draft Agreement

26. A draft Agreement between the Government of Antigua and Barbuda and the Executive Committee for HCFC phase-out is contained in Annex I to the present document. It should be noted that the following clause has been added to the Agreement : "The Country agrees, in cases where HFC technologies have been chosen as an alternative HCFC, 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."

RECOMMENDATION

27. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Antigua and Barbuda for the period 2012 to 2015 to reduce HCFC consumption by 10 per cent of the baseline, at the amount of US \$51,700, plus agency support costs of US \$6,721 for UNEP;
- (b) Noting that the Government of Antigua and Barbuda had agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the baseline of 0.30 ODP tonnes, calculated using actual consumption of 0.52 ODP tonnes and 0.08 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol;
- (c) Deducting 0.03 ODP tonnes of HCFCs from the starting point for sustained aggregate reduction in HCFC consumption;
- (d) Approving the draft Agreement between the Government of Antigua and Barbuda and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document; and
- (e) Approving the first tranche of stage I of the HPMP for Antigua and Barbuda, and the corresponding implementation plan, at the amount of US \$45,850, plus agency support costs of US \$5,961 for UNEP.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF ANTIGUA AND BARBUDA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS

1. This Agreement represents the understanding of the Government of Antigua and Barbuda (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 0.27 ODP tonnes by 1 January 2015 in compliance with Montreal Protocol schedules.
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 eligible consumption).
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 HCFC phase-out sector plans submitted. 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.
5. 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 had 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 no obligation for reporting of country programme data exists 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 annual implementation reports in the form of Appendix 4-A (“Format of 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;
 - (d) That the Country has submitted an annual 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; and

- (e) That, for all submissions from the 68th meeting onwards, confirmation has been received from the Government that an enforceable national system of licensing and quotas for HCFC imports and, where applicable, production and exports is in place and that the system is capable of ensuring the Country's compliance with the Montreal Protocol HCFC phase-out schedule for the duration of this Agreement.

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 annual implementation plans in accordance with their roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in paragraph 4 above.

7. The Executive Committee agrees that the Country may have the flexibility to reallocate the approved funds, or part of the 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 an annual implementation plan submitted as foreseen in sub-paragraph 5(d) above, or as a revision to an existing annual implementation plan to be submitted eight weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:
 - (i) Issues potentially concerning the rules and policies of the Multilateral Fund;
 - (ii) Changes which would modify any clause of this Agreement;
 - (iii) Changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches; and
 - (iv) Provision of funding for programmes or activities not included in the current endorsed annual implementation plan, or removal of an activity in the annual 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 annual implementation plan, under implementation at the time, and reported to the Executive Committee in the subsequent annual implementation report;
- (c) The Country agrees, in cases where HFC technologies have been chosen as an alternative HCFC, 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; and
- (d) Any remaining funds will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing sub-sector, 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 bilateral and implementing agencies involved will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the plan.

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") 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 any of the agencies 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 Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 2.2 of Appendix 2-A.

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 these decisions are taken, this specific case will not be an impediment 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 decision 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 and the Lead IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA with access to the information necessary to verify compliance with this Agreement.

14. The completion of stage I of the HPMP 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 there at that time still be activities that are outstanding, and which were foreseen in the Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion 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 unless otherwise specified by the Executive Committee.

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.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	0.30

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2012	2013	2014	2015	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	0.30	0.30	0.27	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	0.30	0.30	0.27	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	45,850	0	0	5,850	51,700
2.2	Support costs for Lead IA (US \$)	5,961	0	0	760	6,721
3.1	Total agreed funding (US \$)	45,850	0	0	5,850	51,700
3.2	Total support cost (US \$)	5,961	0	0	760	6,721
3.3	Total agreed costs (US \$)	51,811	0	0	6,610	58,421
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this agreement (ODP tonnes)					0.03
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)					0
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)					0.27

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

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

APPENDIX 4-A: FORMAT OF IMPLEMENTATION REPORTS AND PLANS

1. The submission of the Implementation Report and Plan 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

Annual 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) A verification report of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, 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 annual implementation reports and annual implementation 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 annual 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).

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The National Ozone Unit will submit annual progress reports of status of implementation of the HPMP to the Lead IA.
2. Monitoring of development of HPMP and verification of the achievement of the performance targets, specified in the Plan, will be assigned to an independent local company or to independent international/regional/local consultant(s) 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 Implementation Plans and subsequent reports as per Appendix 4-A;
- (c) Providing independent verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the 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 annual implementation plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
- (e) Fulfilling the reporting requirements for the annual implementation reports, annual implementation plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee;
- (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 Implementation Plan and accurate data reporting;
- (i) 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, the allocation of the reductions to the different budget items and to the funding of each implementing or bilateral agency involved;
- (j) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- (k) Providing assistance with policy, management and technical support when required.

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 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.
