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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixty-eighth Meeting  
Montreal, 3-7 December 2012

**PROJECT PROPOSAL: HAITI**

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/UNDP

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS  
THE REPUBLIC OF HAITI**

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HCFC phase out plan (Stage I)	UNEP (lead), UNDP

<b>(II) LATEST ARTICLE 7 DATA (Annex C Group I)</b>	Year: 2011	4.24 (ODP tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>								<b>Year: 2011</b>	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123									
HCFC-124									
HCFC-141b									
HCFC-142b									
HCFC-22					4.24				4.24

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline:	1.9	Starting point for sustained aggregate reductions:	1.9
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	0.0	Remaining:	1.24

<b>(V) BUSINESS PLAN</b>		<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
UNEP	ODS phase-out (ODP tonnes)		0.00		1.85			1.85		2.78		6.48
	Funding (US \$)		90,889		90,889			90,133		90,133		362,044

<b>(VI) PROJECT DATA</b>		<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Montreal Protocol consumption limits		n/a	1.9	1.9	1.71	1.71	1.71	1.71	1.71	1.24	n/a
Maximum allowable consumption (ODP tonnes)		n/a	1.9	1.9	1.71	1.71	1.71	1.71	1.71	1.24	n/a
Project Costs requested in principle(US\$)	UNEP	Project costs	40,000		30,000			56,161		21,000	147,161
		Support costs	5,200		3,900			7,301		2,730	19,131
	UNDP	Project costs	-		62,839			-		-	62,839
		Support costs	-		5,656			-		-	5,656
Total project costs requested in principle (US \$)		40,000		92,839				56,161		21,000	210,000
Total support costs requested in principle (US \$)		5,200		9,556				7,301		2,730	24,787
Total funds requested in principle (US \$)		45,200		102,395				63,462		23,730	234,787

<b>(VII) Request for funding for the first tranche (2012)</b>		
<b>Agency</b>	<b>Funds requested (US \$)</b>	<b>Support costs (US \$)</b>
UNEP	40,000	5,200

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

## **PROJECT DESCRIPTION**

1. On behalf of the Government of Haiti UNEP, as the lead implementing agency, has submitted to the 68<sup>th</sup> meeting of the Executive Committee stage I of the HCFC phase-out management plan (HPMP) at a total cost of US \$421,150 plus agency support costs of US \$35,620 for UNEP and US \$13,244 for UNDP as originally submitted, to implement activities that will enable the country to achieve the Montreal Protocol's 35 per cent reduction target in HCFC consumption by 2020. The first tranche for stage I being requested at this meeting amounts to US \$93,800 plus agency support costs of US \$12,194 for UNEP.

### Background

2. Haiti has a total population of approximately 9.8 million inhabitants and has ratified all the amendments to the Montreal Protocol except for the Beijing Amendment. Ratification of the Beijing Amendment has been delayed by frequent changes of the Minister for Environment. The ratification document has been prepared by the Ministry of Environment and sent to the Cabinet of Ministers for consideration, and is expected to be deposited with the United Nations office in the next few weeks.

### ODS regulations

3. The Ministry of Environment is the focal point for the implementation of the Montreal Protocol, under which a National Ozone Unit (NOU) has been established to coordinate activities at the operational level. The Government of Haiti issued a national decree in 2008 which, inter alia, established a licensing and quota system to control the imports of ozone depleting substances (ODS) including HCFCs. Haiti applied this decree to successfully phase out all CFCs by the end of the 2009. The Government plans to amend the Decree to include HCFC exports and HCFC-based blends in the licensing system. The quota system will be applied starting in January 2013.

### Previously implemented programmes

4. Haiti has successfully phased out CFCs through the implementation of the Refrigerant Management Plan (RMP) and the Terminal Phase-out Management Plan (TPMP). During CFC phase-out, technicians and customs officers were trained, RAC servicing manuals were developed and incorporated into professional training curriculum, and equipment and tools were provided to servicing technicians (although much of this equipment was damaged in the 2010 earthquake).

### HCFC consumption

5. According to the survey conducted during HPMP preparation, all HCFCs consumed in Haiti were imported, and were consumed solely in the refrigeration and air-conditioning (RAC) servicing sector. The sector is unstructured and became further disorganized with the 2010 earthquake, which also greatly hampers accurate data collection. The data collected during the survey presents the best possible estimate for 2009 onwards, as records for previous years were lost. The survey shows that the HCFC consumption levels reported under Article 7 for 2009 and 2010 were underestimated. Accordingly, Haiti submitted to the Ozone Secretariat a request to revise the consumption data for the baseline years. The request was forwarded by the Implementation Committee to the Twenty-fourth Meeting of the Parties for its consideration (recommendation 48/5). The levels of consumption reported under Article 7 of the Montreal Protocol and obtained from the HPMP survey are shown in Table 1.

**Table 1: Level of HCFC-22 consumption in Haiti**

Year		2006	2007	2008	2009	2010	2011
Article 7	Metric tonnes	80.0	7.3	25.5	35.3	33.4	77.0
	ODP tonnes	4.4	0.4	1.4	1.9	1.8	4.2
Survey	Metric tonnes	-	-	-	70.00	62.00	77.00
	ODP tonnes	-	-	-	3.85	3.41	4.24

### Sector distribution

6. HCFC-22 is the only HCFC consumed in Haiti and solely used for serving RAC equipment. Non-HCFC refrigerants used in Haiti include HFC-134a and HFC-based blends R-404A and R-410A. Hydrocarbon refrigerants are not present in Haiti. The current prices of refrigerants per kilogram in the country are: US \$9.00 for HCFC-22, US \$22.00 for HFC-134a; US \$28.00 for R-410a and US \$23.00 for R-404a. HCFC-22 refrigerant accounts for approximately 48.62 per cent of total refrigerant consumption. The sector distribution of RAC equipment is shown in Table 2.

**Table 2: HCFC equipment in the servicing sector (2010)**

Sector	Equipment number*	Total installed HCFC-22		Servicing demand		Leakage rate
	Unit	mt	ODP t	mt	ODP t	%
Residential Air Conditioning	32,126	25.70	1.41	42.84	2.36	167%
Commercial Air Conditioning	12,753	25.51	1.40	19.32	1.06	76%
Industrial and commercial refrigeration	1,774	5.00	0.27	2.52	0.14	50%
Total	46,653	56.21	3.09	64.67	3.56	115%

\*note: this includes the HCFC equipment and consumption by the United Nations office in Haiti

7. There are approximately 1,000 technicians in the servicing sector, of whom approximately 500 are from the informal sector. Through Multilateral Fund assistance to phase out CFCs, a professional training institution (APEX) was selected and equipped for technician training, and training in good practices and tools were provided to servicing technicians. A refrigeration and air-conditioning association (ADIFH) has also been formed and is presently seeking formal registration to become a legal entity. The infrastructures established by the RMP and the TPMP will be used for HCFC phase-out.

### HCFC consumption baseline

8. The HCFC consumption baseline for compliance was calculated by Haiti at 66.0 mt (3.6 ODP tonnes) using the average consumption of 70.0 mt (3.9 ODP tonnes) for 2009 and 62.0 mt (3.4 ODP tonnes) for 2010 obtained from the survey. The baseline established by the Ozone Secretariat is 1.9 ODP tonnes (34.5 mt). Haiti's request for a revision of its baseline consumption for 2009 and 2010 will be considered at the 24<sup>th</sup> Meeting of the Parties.

### HCFC consumption forecast

9. The HCFC-consuming equipment is brought into the country by importers and international organizations, and through overseas family donations. Under an unconstrained scenario, based on rebuilding efforts and economic development, Haiti forecasts a nine per cent annual growth in HCFC consumption up to 2020, as shown in Table 3.

**Table 3: 2012-2020 forecast of HCFC consumption**

Year		2011*	2012	2013	2014	2015	2016	2017	2018	2019	2020
Constrained	mt	77.00	83.93	66.00	66.00	59.40	59.40	59.40	59.40	59.40	42.90
	ODP t	4.24	4.62	3.63	3.63	3.27	3.27	3.27	3.27	3.27	2.36
Un-constrained	mt	77.00	83.93	91.48	99.72	108.69	118.47	129.14	140.76	153.43	167.24
	ODP t	4.24	4.62	5.03	5.48	5.98	6.52	7.10	7.74	8.44	9.20

\*actual reported Article 7 data

### HCFC phase-out strategy

10. The HPMP for Haiti proposes to follow the Montreal Protocol schedule and adopt a staged approach to completely phase out HCFCs by 2030. Stage I of the HPMP aims at achieving the 35 per cent reduction in HCFC consumption by 2020. The Government will work closely with international agencies in Haiti to curb HCFC growth. It will also promote technologies with low global-warming potential (GWP) and high energy-efficiency to achieve ozone climate co-benefits.

11. In line with the overarching strategy, the Government of Haiti proposes, during stage I, to implement the following activities:

- (a) Strengthen the licensing system by including export control and control of HCFC blends, further training of 60 customs officers and by providing six refrigerant identifiers;
- (b) Provide technical assistance for the servicing sector, including training of 250 technicians and provision of equipment to facilitate good servicing practices, refrigerant recovery and reuse; strengthen the capacity of the training institute and the refrigeration and air-conditioning association;
- (c) Provide an educational and awareness programme on HCFC phase-out, providing information to stakeholders and general public on the adoption of alternative technologies with zero ozone depletion potential (ODP), high energy efficiency and low GWP; and
- (d) Monitoring and evaluation of the HPMP, ensuring timely implementation of proposed HCFC phase-out activities.

### Cost of the HPMP

12. The cost of implementing stage I of the HPMP to meet the Montreal Protocol's HCFC compliance targets up to and including the 35 per cent reduction by 2020 has been estimated at US \$421,150. The cost breakdown is shown in Table 4.

**Table 4: Cost of stage I the HPMP**

Project Component	Agency	Funding tranches (US \$)				Total (US \$)
		2013	2015	2018	2020	
Policy support for import control, strengthening licensing system, training of 60 customs officers, provision of six refrigerant identifiers	UNEP	19,950	11,400	19,950	5,700	57,000
Technical assistance to the servicing sector including training of 250 technicians and strengthening the technical capacity of ADIFH and APEX	UNEP	50,050	28,600	50,050	14,300	143,000
Provision of tools and equipment to technicians to facilitate refrigerant recovery and reuse	UNDP	-	147,150	-	-	147,150
Public awareness programme	UNEP	12,600	7,200	12,600	3,600	36,000
Coordination, monitoring and reporting of HPMP activities	UNEP	11,200	6,400	17,200	3,200	38,000
Total requested funding		93,800	200,750	99,800	26,800	421,150

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

13. The Secretariat reviewed the HPMP for Haiti 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 60<sup>th</sup> meeting (decision 60/44), subsequent decisions on HPMPs and the 2012-2014 business plan of the Multilateral Fund. The Secretariat discussed technical and cost-related issues with UNEP and UNDP, which were satisfactorily addressed as summarized below.

#### HCFC consumption and baseline

14. The Secretariat inquired about the baseline consumption for 2009 and 2010. UNEP explained that the Article 7 data for HCFCs had not been reported fully before the HPMP survey (2012). During the HPMP survey, greater effort was devoted to full data collection; which is why the survey data is considered to be a more accurate reflection of actual consumption in Haiti.

15. The Secretariat advised UNEP that the baseline for compliance as well as the starting point should be 1.9 ODP tonnes (34.5 mt) calculated using the latest reported Article 7 data in line with decision 63/14. This baseline could be adjusted along with the funding level for stage I if the Meeting of the Parties approves the revision of the baseline. Since the 24<sup>th</sup> Meeting of the Parties will be held before the 68<sup>th</sup> Executive Committee meeting, without pre-judging the decision of the Meeting of the Parties, the Secretariat is providing an alternative set of data in brackets in the recommendation for the consideration of the Executive Committee if the baseline revision takes place.

#### Operational licensing system

16. In line with decision 63/17, confirmation has been received from the Government of Haiti that an enforceable national system of licensing and quotas for HCFC imports is in place and that the Government is confident to meet the Montreal Protocol control targets for HCFC phase-out. Once the

Meeting of the Parties' decision regarding the revision of Haiti's baseline is made, the Government will issue quotas for HCFC imports according to the maximum allowable consumption approved for Haiti.

#### Starting point for aggregate reduction in HCFC consumption

17. The Government of Haiti has agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the estimated baseline of 1.9 ODP tonnes, calculated using the consumption of 1.9 ODP tonnes and 1.8 ODP tonnes for 2009 and 2010, respectively, as reported under the Article 7 of the Montreal Protocol. If the 24<sup>th</sup> Meeting of the Parties decides to revise the baseline consumption data for Haiti, the starting point would be 3.6 ODP tonnes which was established using the average consumption of 2009 and 2010 determined by the HPMP survey.

#### Technical and cost-related issues

18. The Secretariat raised concerns regarding the cost of US \$421,150 for stage I of the HPMP. This exceeds the eligible funding of US \$210,000 set out in decision 60/44 for a low-volume-consuming country (LVC) with a consumption baseline of 34.5 mt to achieve the 35 per cent reduction in HCFC consumption. Based on the Secretariat's advice, UNEP adjusted the funding level to US \$210,000. UNEP further advised that the funding balance from the TPMP approved at the 58<sup>th</sup> meeting amounts to US \$180,684. Of this amount, US \$150,000 was committed to purchase equipment and the procurement is at an advanced stage. As the country still has some CFC-based equipment in use, the remaining funding from the TPMP will be used for activities related to CFC phase-out, including recovery, reuse and retrofitting of CFC-based equipment. These activities will be integrated into HPMP implementation. The adjusted activities and costs are shown in Table 5.

**Table 5: Revised activities and cost of stage I of the HPMP**

Project Component	Agency	Funding tranches (US\$)				Total
		2012	2014	2018	2020	US\$
Technical assistance to the servicing sector including training of 250 technicians and strengthening the technical capacity of ADIFH and APEX	UNEP	21,111	15,833	27,437	11,083	75,463
Provision of tools and equipment to technicians to facilitate refrigerant recovery and reuse	UNDP	-	62,839	-	-	62,839
Policy support for import control, strengthening licensing system, training of 60 customs officers, provision of six refrigerant identifiers	UNEP	8,028	6,021	10,433	4,215	28,697
Public awareness programme	UNEP	5,464	4,099	7,102	2,869	19,534
Coordination, monitoring and reporting of HPMP activities	UNEP	5,397	4,048	11,189	2,833	23,467
<b>Total requested funding</b>		<b>40,000</b>	<b>92,839</b>	<b>56,161</b>	<b>21,000</b>	<b>210,000*</b>

\*note: if the revised baseline is approved by the Meeting of the Parties, the total funding will be US \$280,000. The funding distribution in the table will be adjusted proportionally.

19. The Secretariat queried the reported high leakage rate and frequent servicing of equipment, which lead to increased HCFC consumption. UNEP explained that much of the residential equipment imported or donated to support rebuilding efforts is second-hand, and often has corroded pipes that leak when subjected to pressure and vibration. Furthermore, the quality of pipes sold in Haiti for use in the RAC sector is poor. There are many cases of blocked pipes and failures in the coil condenser due to frequent electrical outages in Haiti. All of these factors contribute to failures in equipment which calls for frequent servicing. The Secretariat further inquired about the possibility of formulating a policy to ban second hand HCFC and HFC equipment for climate benefit, but the Government of Haiti feels that such decision could have a negative impact on the 'donor community'. The Government is also concerned about the uncertainty surrounding alternative technologies, and technicians' capacity to service the alternative

equipment. It was agreed that this matter could be further discussed, and that the possibility of a ban on second-hand equipment would be explored during implementation of stage I of the HPMP. It was also pointed out that the 25 workshops planned for technician training during stage I of the HPMP were to build their capacity in better servicing practices. This is expected to improve the servicing skills of technicians and lower the leakage rate.

20. Given the challenging political and economic situation in Haiti, the Secretariat inquired about HPMP implementation mechanisms to ensure efficient use of funds, effective delivery of activities and monitoring and verification of achievements. UNEP explained that, during TPMP implementation, funds were disbursed to the NOU through the UNDP office in Haiti. This successful approach will be replicated under HPMP implementation. UNDP, in coordination with UNEP, will continue to provide technical assistance to the NOU to ensure that activities are implemented and monitored. In relation to the HCFCs used by the United Nations Stabilization Mission in Haiti (MINUSTAR), UNEP clarified that MINUSTAR has adopted an internal policy to cease importing ODS as of 30 June 2011. Since the international aid programmes and family donations contributed greatly to the HCFC consumption growth after the earthquake and are expected continuously to be the major factors for HCFC consumption increase, during the implementation of stage I, the NOU will work closely with international organizations in Haiti to strengthen coordination and cooperation and promote information-sharing to support HCFC phase-out.

21. The Secretariat noticed that the institutional strengthening (IS) project was only planned up to December 2011, and that no extension request had been submitted. UNEP advised that funding was still available for the current phase of the IS project. The NOU is operational and the Article 7 data has been reported. UNEP plans to submit a request for IS renewal to the 69<sup>th</sup> meeting. UNEP further advised that the special funding approved at the 61<sup>st</sup> meeting to support the rebuilding of the NOU has contributed, to a great extent, to the recovery of the NOU's operations after the earthquake in 2010. Recovery is still in progress.

#### Impact on the climate

22. The proposed technical assistance activities in the HPMP, which include the introduction of better servicing practices and the potential retrofit of HCFC-22-based equipment to hydrocarbon refrigerant, would result in the reduction of CO<sub>2</sub>-equivalent-tonne emissions into the atmosphere. The Government of Haiti is also proposing to introduce high-energy-efficiency equipment, which will contribute to further reductions in CO<sub>2</sub> emissions. However, given the limited information available at this time, the Secretariat is not in a position to quantitatively estimate the impact of the HPMP 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.

#### Co-financing

23. In response 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, UNEP advised that co-financing has not been identified at this stage. However, during implementation of stage I of the HPMP the Government of Haiti, with the assistance of UNEP and UNDP, will continue to explore potential sources of funding that will both benefit ozone protection and mitigate the impact on the climate.



2012-2014 business plan of the Multilateral Fund

24. UNEP and UNDP are requesting US \$234,787 (US \$210,000 plus agency support costs) for implementation of stage I of the HPMP. The total value of US \$147,595 requested for the period 2012-2014 including support costs is below that in the business plan. It was noticed that UNDP requested US \$62,839 plus agency support costs for the implementation of stage I of the HPMP, yet it did not plan any funding for Haiti for that period in the business plan. Based on the HCFC baseline consumption in the servicing sector of 34.5 mt (1.9 ODP tonnes), Haiti's allocation up to 2020 should be US \$210,000 in line with decision 60/44.

Draft agreement

25. A draft Agreement between the Government of Haiti and the Executive Committee for HCFC phase-out is contained in Annex I of the present document.

**RECOMMENDATION**

26. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Haiti for the period 2012 to 2020 to reduce HCFC consumption by 35 per cent of the baseline, at the amount of US \$234,787 [US \$312,516], consisting of US \$147,161 [US \$182,881] plus agency support costs of US \$19,131 [US \$23,775] for UNEP, and US \$62,839 [US \$97,119] plus agency support costs of US \$5,656 [US \$8,741] for UNDP;
- (b) Noting that the Government of Haiti had agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption an estimated baseline of 1.9 ODP tonnes [3.6 ODP tonnes], calculated using actual consumption of 1.9 ODP tonnes [3.9 ODP tonnes] and 1.8 ODP tonnes [3.4 ODP tonnes] reported for 2009 and 2010, respectively, under the Article 7 of the Montreal Protocol;
- (c) Deducting 0.66 ODP tonnes [1.26 ODP tonnes] of HCFCs from the starting point for sustained aggregate reduction in HCFC consumption;
- (d) Approving the draft Agreement between the Government of Haiti and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document;
- (e) Approving the first tranche of stage I of the HPMP for Haiti, and the corresponding implementation plan, at the amount of US \$40,000 plus agency support costs of US \$5,200 for UNEP; and
- (f) To urge the Government of Haiti to ratify the Beijing Amendment as soon as possible.

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## Annex I

### **DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF HAITI 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 Haiti (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 1.24 [2.34] ODP tonnes by 1 January 2020 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; and
  - (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

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) 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”) and UNDP has agreed to be the cooperating implementing agency (the “Cooperating IA”) under the lead of the Lead IA in respect of the Country’s activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of 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). 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 have reached consensus on the arrangements regarding inter-agency planning, reporting and responsibilities under this Agreement to facilitate a co-ordinated implementation of the Plan, including regular co-ordination meetings. 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.

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, the Lead IA and the Cooperating IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA and the Cooperating IA with access to the information necessary to verify compliance with this Agreement.

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	1.24 [3.60]

**APPENDIX 2-A: THE TARGETS, AND FUNDING**

		2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	1.9	1.9	1.71	1.71	1.71	1.71	1.71	1.24	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	1.9	1.9	1.71	1.71	1.71	1.71	1.71	1.24	n/a
2.1	Lead IA [ UNEP] agreed funding (US \$)	40,000	0	30,000	0	0	0	56,161	0	21,000	147,161
2.2	Support costs for lead agency (US \$)	5,200	0	3,900	0	0	0	7,301	0	2,730	19,131
2.3	Cooperating IA [UNDP] agreed funding (US \$)	0	0	62,839	0	0	0	0	0	0	62,839
2.4	Support costs for cooperating agency (US \$)	0	0	5,656	0	0	0	0	0	0	5,656
3.1	Total agreed funding (US \$)	40,000	0	92,839	0	0	0	56,161	0	21,000	210,000
3.2	Total support costs (US \$)	5,200	0	9,556	0	0	0	7,301	0	2,730	24,786
3.3	Total agreed costs (US \$)	45,200	0	102,395	0	0	0	63,462	0	23,730	234,786
4.1.1	Total phase-out of HCFC-22 under this agreement (ODP tons)										0.66
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tons)										n/a
4.1.3	Remaining eligible consumption for HCFC-22										1.24

**APPENDIX 2-A: THE TARGETS, AND FUNDING\***

		2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	3.6	3.6	3.24	3.24	3.24	3.24	3.24	2.34	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	3.6	3.6	3.24	3.24	3.24	3.24	3.24	2.34	n/a
2.1	Lead IA [ UNEP] agreed funding (US \$)	40,000	0	30,000	0	0	0	84,881	0	28,000	182,881
2.2	Support costs for lead agency (US \$)	5,200	0	3,900	0	0	0	11,035	0	3,640	23,775
2.3	Cooperating IA [UNDP] agreed funding (US \$)	0	0	97,119	0	0	0	0	0	0	97,119
2.4	Support costs for cooperating agency (US \$)	0	0	8,741	0	0	0	0	0	0	8,741
3.1	Total agreed funding (US \$)	40,000	0	127,119	0	0	0	84,881	0	28,000	280,000
3.2	Total support costs (US \$)	5,200	0	12,641	0	0	0	11,035	0	3,640	32,516
3.3	Total agreed costs (US \$)	45,200	0	139,760	0	0	0	95,916	0	31,640	312,516
4.1.1	Total phase-out of HCFC-22 under this agreement (ODP tons)										1.26
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tons)										n/a
4.1.3	Remaining eligible consumption for HCFC-22										2.34

\*Note: If the baseline is revised by the Meeting of the Parties, the funding distribution in this table will be used.

### **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 (NOU) 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; 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 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 IA, the allocation of the reductions to the different budget items and to the funding of each implementing or bilateral agency involved;
  - (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.

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

#### **APPENDIX 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCY**

1. The Cooperating IA will be responsible for a range of activities. These activities are specified in the overall plan, including at least the following:
  - (a) Providing assistance for policy development when required;
  - (b) Assisting the Country in the implementation and assessment of the activities funded by the Cooperating IA, and refer to the Lead IA to ensure a co-ordinated sequence in the activities; 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**

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.

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