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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixty-ninth Meeting  
Montreal, 15-19 April 2013

**PROJECT PROPOSAL: BARBADOS**

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 BARBADOS**

<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	2.65 (ODP tonnes)	
<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					0.02				
HCFC-22					2.63				2.65

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline:	3.7	Starting point for sustained aggregate reductions:	3.7
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	0.0	Remaining:	2.40

<b>(V) BUSINESS PLAN</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)	0.3	0.33		0.33		0.33		0.33		1.32
	Funding (US \$)	47,511	47,511		70,674		65,237		39,142		270,074

<b>(VI) PROJECT DATA</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			3.69	3.69	3.32	3.32	3.32	3.32	3.32	2.40	n/a	
Maximum allowable consumption (ODP tonnes)			3.69	3.69	3.32	3.32	3.32	3.32	3.32	2.40	n/a	
Project Costs requested in principle(US\$)	UNEP	Project costs	74,000	-	-	48,000	-	42,000	-	28,000	192,000	
		Support costs	9,620	-	-	6,240	-	5,460	-	3,640	24,960	
	UNDP	Project costs	50,000	-	-	38,000	-	-	-	-	-	88,000
		Support costs	4,500	-	-	3,420	-	-	-	-	-	7,920
Total project costs requested in principle (US \$)			124,000	-	-	86,000	-	42,000	-	28,000	280,000	
Total support costs requested in principle (US \$)			14,120	-	-	9,660	-	5,460	-	3,640	32,880	
Total funds requested in principle (US \$)			138,120	-	-	95,660	-	47,460	-	31,640	312,880	

<b>(VII) Request for funding for the first tranche (2013)</b>		
<b>Agency</b>	<b>Funds requested (US \$)</b>	<b>Support costs (US \$)</b>
UNEP	74,000	9,620
UNDP	50,000	4,500

<b>Funding request:</b>	Approval of funding for the first tranche (2013) as indicated above
<b>Secretariat's recommendation:</b>	Individual consideration

## PROJECT DESCRIPTION

1. On behalf of the Government of Barbados UNEP, as the lead implementing agency, has submitted to the 69<sup>th</sup> meeting of the Executive Committee stage I of the HCFC phase-out management plan (HPMP) at a total cost, as originally submitted, of US \$312,880, consisting of US \$192,000 plus agency support costs of US \$24,960 for UNEP, and US \$88,00 plus agency support costs of US \$7,920 for UNDP, to implement activities that will enable the country to comply with the Montreal Protocol's 35 per cent reduction step in HCFC consumption by 2020. The first tranche for stage I being requested at this meeting amounts to US \$74,000, plus agency support costs of US \$9,620 for UNEP, and US \$50,000, plus agency support costs of US \$4,500 for UNDP.

### Background

2. Barbados with a total population of approximately 288,000 inhabitants has ratified all the amendments to the Montreal Protocol.

### ODS regulations

3. The Ministry of Environment and Drainage is the focal point for the implementation of the Montreal Protocol. A National Ozone Unit (NOU) has been established within the Ministry to coordinate activities at the operational level. Through the Customs Order of 2009 and its 2010 Amendment, the Government of Barbados has established a licensing and quota system which controls the import/export of ozone depleting substances (ODS) including HCFCs. The licensing and quota system for HCFCs became effective as of January 2013.

### HCFC consumption and sector distribution

4. According to the survey, HCFC-22 accounts for 97 per cent of the total consumption of HCFCs, and the remaining three per cent being the HCFC-142b contained in refrigerant blend R-406A. Negligible amounts of refrigerant blends R-409A and R-408A were also imported. The level of consumption reported under Article 7 of the Montreal Protocol is shown in Table 1. The HCFC consumption baseline for compliance has been established at 66.7 metric tonnes (mt) (3.7 ODP tonnes).

**Table 1: HCFC consumption reported under Article 7 of the Montreal Protocol in Barbados**

Year	2007	2008	2009	2010	2011	Baseline
Metric tonnes						
HCFC-22 in pure	51.9	45.3	82.7	41.1	47.23	61.9
HCFC-22 in blends	0.0	0.0	5.0	0.5	0.50	2.8
HCFC-142b in blends	0.0	0.0	3.7	0.4	0.37	2.1
Total in metric tonnes	51.9	45.3	91.4	42.0	48.1	66.7
ODP tonnes						
HCFC-22 in pure	2.9	2.5	4.5	2.3	2.65	3.4
HCFC-22 in blends	0.0	0.0	0.3	0.0	0.0	0.2
HCFC-142b in blends	0.0	0.0	0.2	0.0	0.0	0.1
Total in ODP tonnes	2.9	2.5	5.1	2.3	2.65	3.7

5. The consumption data collected from the Customs Department is consistent with the data reported under Article 7 of the Montreal Protocol. The consumption in 2009 was significantly higher than other years, since importers took advantage of the low market price of HCFCs in that particular year.

6. HCFCs in Barbados are mostly consumed for servicing commercial refrigeration and air-conditioning (RAC) equipment as shown in Table 2. The HCFC-22 and HCFC blends account for approximately 70 per cent of total refrigerants used in Barbados; while the remaining 30 per cent are

mainly HFC-134a and HFC blends. Refrigerants available on the market and their prices are: HCFC-22 US \$8/kg, HFC-134a US \$15/kg, R-404A US \$14/kg, R-407C US \$17/kg, R-507 US \$14/kg, R-406 US \$8/kg, R-410A US \$13/kg, and R-409A US \$15/kg.

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

Sector	No. of units	Total installation		Servicing demand		Leakage rate (%)
		mt	ODP t	mt	ODP t	
Residential AC	5,265	4.27	0.23	0.21	0.01	5
Commercial AC	122,741	110.78	6.09	30.39	1.67	27
Commercial refrigeration	504	27.22	1.50	13.61	0.75	50
Industrial refrigeration	18	8.19	0.45	0.42	0.02	5
Total	128,528	150.46	8.27	44.63	2.45	30

7. There are approximately 200 refrigeration technicians in Barbados. During implementation of the Refrigerant Management Plan (RMP), 87 of the technicians were trained in good practices, retrofitting and servicing equipment with alternatives including hydrocarbon-based refrigerants. Basic training equipment was provided to the Samule Jackman Prescod Polytechnic (SJPP), and recovery equipment and basic service tools were distributed among technicians to assist them in implementing better service practices. The infrastructure and equipment established during the implementation of the RMP will continue to be used for HCFC phase-out.

#### HCFC consumption forecast

8. Based on current economic developments, Barbados forecasts a 12.4 per cent annual growth in HCFC consumption under an unconstrained scenario. However, through implementation of stage I of the HPMP, it is expected that a 35 per cent reduction will be achieved by 2020 in accordance with the Montreal Protocol schedule, 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	48.10	54.11	66.73	66.73	60.06	60.06	60.06	60.06	60.06	43.37
	ODP t	2.65	2.98	3.70	3.70	3.33	3.33	3.33	3.33	3.33	2.40
Unconstrained	mt	48.10	54.11	60.88	68.49	77.05	86.68	97.51	109.70	123.41	138.84
	ODP t	2.65	2.98	3.35	3.77	4.24	4.78	5.37	6.04	6.80	7.65

\*Actual reported Article 7 data.

#### HCFC phase-out strategy

9. The HPMP for Barbados proposes to follow the Montreal Protocol phase-out schedule 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 promote technologies with low global-warming potential (GWP) and high energy-efficiency to achieve ozone climate co-benefits. In line with the overarching strategy, the Government proposes, during stage I, to implement the following activities:

- (a) Establishing policy, legislative and regulatory mechanisms to promote non-HCFC, low GWP and high energy efficiency alternative technologies. These include a ban on the import of HCFC-based equipment, developing standards for labelling and safety requirements for use of flammable refrigerants, and certification of technicians;
- (b) Capacity building for service technicians and law enforcement personnel, including: training of 100 technicians and providing additional service tools and basic equipment; training of 100 customs officers, standard officers and importers in implementing licensing system; and training on identification of HCFCs at the ports of entry and monitoring HCFC trade;

- (c) Implementation of an educational and awareness programme on HCFC phase-out, providing information to stakeholders and the general public on the introduction of non-ODS, high energy efficiency and low GWP alternative technologies;
- (d) Conducting research that would provide empirical evidence of the energy efficiency and climate benefits of non-ODS technologies; and
- (e) Monitoring and evaluation of the HPMP, ensuring the timely implementation of proposed HCFC phase-out activities.

#### Cost of the HPMP

10. The cost of implementing stage I of the HPMP has been estimated at US \$280,000, as shown in Table 4.

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

Activities	Funding tranches (US \$)				Agency
	2013	2016	2019	Total	
Policy, legislative and regulatory framework	22,000	5,000	3,000	30,000	UNEP
Capacity building	79,000	50,000	21,000	150,000	UNDP/UNEP
Public education and awareness	20,000	10,000	10,000	40,000	UNEP
Research development, technology transfer	20,000	10,000	10,000	40,000	UNEP/UNDP
Monitoring and evaluation	7,000	7,000	6,000	20,000	UNEP
Total	148,000	82,000	50,000	280,000	

### **SECRETARIAT'S COMMENTS AND RECOMMENDATION**

#### **COMMENTS**

11. The Secretariat reviewed the HPMP for Barbados 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, which were satisfactorily addressed and summarized below.

#### Operational licensing system

12. In line with decision 63/17, confirmation has been received from the Government of Barbados that an enforceable national system of licensing and quotas for HCFC imports is in place and that the Government is confident that the Montreal Protocol control targets for HCFC phase-out will be met. Import quotas for 2013 have been established at 3.7 ODP tonnes, equal to the HCFC baseline for compliance. The Government plans to reduce the quota allocation to importers proportionally in accordance with the Montreal Protocol schedule.

13. The licensing and quota system is administered by three government agencies. Importers/exporters are required to apply for a license from the Department of Commerce and Consumer Affairs for each batch of imported/exported HCFCs and/or HCFC-based equipment. The license is issued with a quota and is presented to the Customs Excise Department upon import or export of HCFCs. The quantities of imports/exports are then verified and the data is submitted to the NOU for compilation.

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

14. The Government of Barbados has agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the baseline of 3.7 ODP tonnes, calculated using the consumption of 5.1

ODP tonnes and 2.3 ODP tonnes for 2009 and 2010, respectively, as reported under the Article 7 of the Montreal Protocol.

#### Technical and cost-related issues

15. The Secretariat raised concerns on the reported high leakage rates of refrigerants in commercial refrigeration (50 per cent) and air-conditioning (27 per cent) equipment and inquired about specific measures to be taken to address this in the stage I HPMP. UNEP explained that this is due to the outdated equipment in use, the lack of preventive maintenance and the coastal nature of the island which leads to a high corrosion rate. The activities planned in stage I of the HPMP, *inter alia*, training of technicians in good refrigeration practices, and public education and awareness raising programmes, will urge technicians and end users to implement preventive servicing of equipment and timely replacement of outdated equipment.

16. The Secretariat also raised a concern regarding the research, development and technology transfer component at a cost of US \$40,000 that would provide empirical evidence of the energy efficiency and climate benefits of alternative technologies. However, as reported in the HPMP, the selection of alternative technologies in Barbados would be constrained by the availability of technologies on the market. Hence the Secretariat suggested removing this component from the HPMP and integrating potential activities proposed into, *inter alia*, development of policies and regulations, promoting climate friendly alternatives through a public awareness programme and monitoring the consumption of HCFC-22 and all other refrigerants being imported. Based on the Secretariat's suggestion, UNEP removed this component from the HPMP. The adjusted activities and costs are shown in Table 5.

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

Activities	Funding tranches (US \$)					Agency
	2013	2016	2018	2020	Total	
Policy, Legislative, Regulatory Framework	20,000	10,000	5,000	5,000	40,000	UNEP
Capacity Building	79,000	56,000	20,000	10,000	165,000	UNDP/UNEP
Public Education and Awareness	20,000	15,000	12,000	8,000	55,000	UNEP
Monitoring and Evaluation	5,000	5,000	5,000	5,000	20,000	UNEP
Total	124,000	86,000	42,000	28,000	280,000	

#### Impact on the climate

17. The proposed technical assistance activities in the HPMP, which include the introduction of better servicing practices, enforcement of HCFC import controls, more frequent preventive servicing of equipment and timely replacement of old equipment, will reduce the amount of HCFC-22 used for refrigeration servicing. The Government of Barbados is also proposing to introduce low GWP and high-energy-efficiency equipment, which will contribute to further reductions in CO<sub>2</sub> emissions. Each kilogramme of HCFC-22 and HCFC-142b not emitted due to better refrigeration practices results in the savings of approximately 1.8 CO<sub>2</sub>-equivalent tonnes and 2.3 CO<sub>2</sub>-equivalent tonnes respectively. A preliminary estimation of the impact on the climate as calculated by Barbados in its HPMP indicates that 42,716 CO<sub>2</sub>-equivalent tonnes would not be emitted into the atmosphere annually based on the amount of HCFC-22 reduced by 2020. 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-based equipment being retrofitted.

Co-financing

18. In response to decision 54/39(h) on the 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 for specific activities has not been identified at this stage as the Government of Barbados believes the funding provided by the Multilateral Fund should be sufficient to complete all the activities proposed in stage I of the HPMP. However, the Government will provide resources to further support the operation of the NOU and the RAC Association, and cover costs of unforeseen activities that will support HCFC phase-out.

2012-2014 business plan of the Multilateral Fund

19. UNEP and UNDP are requesting US \$280,000 plus agency support costs for the implementation of stage I of the HPMP. The total amount requested for the period 2013-2014 of US \$138,120 including support costs is above that in the business plan. Based on the HCFC baseline consumption in the servicing sector of 66.73 mt (3.7 ODP tonnes), Barbados's allocation up to 2020 should be US \$280,000 in line with decision 60/44.

Draft agreement

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

**RECOMMENDATION**

21. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Barbados for the period 2013 to 2020 to reduce HCFC consumption by 35 per cent of the baseline, at the amount of US \$312,880, consisting of US \$192,000, plus agency support costs of US \$24,960 for UNEP, and US \$88,000, plus agency support costs of US \$7,920 for UNDP;
- (b) Noting that the Government of Barbados had agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the baseline of 3.7 ODP tonnes, calculated using actual consumption of 5.1 ODP tonnes and 2.3 ODP tonnes reported for 2009 and 2010, respectively, under the Article 7 of the Montreal Protocol;
- (c) Deducting 1.29 ODP tonnes of HCFCs from the starting point for sustained aggregate reduction in HCFC consumption;
- (d) Approving the draft Agreement between the Government of Barbados 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 Barbados, and the corresponding implementation plans, at the amount of US \$138,120, consisting of US \$74,000, plus agency support costs of US \$9,620 for UNEP, and US \$50,000, plus agency support costs of US \$4,500 for UNDP.

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**DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF BARBADOS 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 Barbados (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 2.40 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 rows 4.1.3 and 4.2.3 (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.

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; and
- (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	3.56
HCFC-142b	C	I	0.13
Total	C	I	3.69

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

		2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	3.69	3.69	3.32	3.32	3.32	3.32	3.32	2.40	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	3.69	3.69	3.32	3.32	3.32	3.32	3.32	2.40	n/a
2.1	Lead IA [ UNEP] agreed funding (US \$)	74,000	-	-	48,000	-	42,000	-	28,000	192,000
2.2	Support costs for lead agency (US \$)	9,620	-	-	6,240	-	5,460	-	3,640	24,960
2.3	Cooperating IA [UNDP] agreed funding (US \$)	50,000	-	-	38,000	-	-	-	-	88,000
2.4	Support costs for cooperating agency (US \$)	4,500	-	-	3,420	-	-	-	-	7,920
3.1	Total agreed funding (US\$)	124,000	-	-	86,000	-	42,000	-	28,000	280,000
3.2	Total support costs (US\$)	14,120	-	-	9,660	-	5,460	-	3,640	32,880
3.3	Total agreed costs (US\$)	138,120	-	-	95,660	-	47,460	-	31,640	312,880
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this agreement (ODP tonnes)									1.29
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)									n/a
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)									2.27
4.2.1	Total phase-out of HCFC-142b agreed to be achieved under this agreement (ODP tonnes)									0.13
4.2.2	Phase-out of HCFC-142b to be achieved in previously approved projects (ODP tonnes)									n/a
4.2.3	Remaining eligible consumption for HCFC-142b (ODP tonnes)									0.13

### 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 be responsible for implementing activities planned in the HPMP and submit annual progress and expenditure reports on the status of implementation to the Lead IA.
2. The Lead IA will be responsible for monitoring the progress of the activities outlined in the HPMP and carry out the verification on the targets specified therein.

## **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.