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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-fifth Meeting
Montreal, 16-20 November 2015

PROJECT PROPOSAL: PLURINATIONAL STATE OF BOLIVIA

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

Phase-out

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

UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

PLURINATIONAL STATE OF BOLIVIA

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase out plan (Stage I)	UNIDO (lead), UNDP	64th	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2014	1.87 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2014	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					1.81				1.81
HCFC-123					0.04				0.04
HCFC-142b					0.02				0.02

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	6.1	Starting point for sustained aggregate reductions:	6.7
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	2.13	Remaining:	4.57

(V) BUSINESS PLAN		2015	2016	2017	2018	2019	2020	Total
UNIDO	ODS phase-out (ODP tonnes)	0.4	0.0	0.0	0.2	0.0	0.2	0.9
	Funding (US \$)	70,305	0	0	32,700	0	34,735	137,740

(VI) PROJECT DATA			2011	2012	2013*	2014	2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits			n/a	n/a	6.10	6.10	5.49	5.49	5.49	5.49	5.49	3.97	n/a	
Maximum allowable consumption (ODP tonnes)			n/a	n/a	6.10	6.10	5.49	5.49	5.49	5.49	5.49	3.97	n/a	
Agreed Funding (US \$)	Germany	Project costs	94,500	0	0	0	0	0	0	0	0	0	94,500	
		Support costs	12,285	0	0	0	0	0	0	0	0	0	12,285	
	UNIDO	Project costs	0	0	94,500	0	64,500	0	0	30,000	0	31,500	220,500	
		Support costs	0	0	8,505	0	5,805	0	0	2,700	0	2,835	19,845	
	UNDP**	Project costs	0	0	0	0	0	0	0	0	0	0	0	0
		Support costs	0	0	0	0	0	0	0	0	0	0	0	0
Funds approved by ExCom (US \$)		Project costs	94,500	0	94,500	0							189,000	
		Support costs	12,285	0	8,505	0								20,790
Total funds requested for approval at this meeting (US \$)		Project costs					64,500						64,500	
		Support costs					5,805							5,805

*The project transfer from the Government of Germany to UNIDO was approved at the 74th meeting

**UNDP might implement a project for the phase-out of HCFC-141b contained in imported pre-blended polyols if submitted by the Government during the implementation of stage I of the HPMP.

Secretariat's recommendation:	For individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of the Plurinational State of Bolivia, UNIDO as the lead implementing agency, has submitted to the 75th meeting a request for funding for the third tranche of stage I of the HCFC phase-out management plan (HPMP)¹, at the amount of US \$64,500, plus agency support costs of US \$5,805 for UNIDO. The submission includes a progress report on the implementation of the second tranche, the verification report on the consumption in 2011-2014 and the tranche implementation plan for 2015 to 2018.

Report on HCFC consumption

HCFC consumption

2. The Government of the Plurinational State of Bolivia reported a consumption of 1.9 ODP tonnes of HCFC in 2014. The 2010-2014 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in the Plurinational State of Bolivia (2010-2014 Article 7 data)

HCFC	2010	2011	2012	2013	2014	Baseline
Metric tonnes						
HCFC-22	118.3	109.7	99.1	5.5	32.96	88.9
HCFC-123	0.2	0.4	0.7	0.0	1	0.2
HCFC-124	0.4	0.0	0.5	0.0	0.0	1.7
HCFC-141b	9.8	12.1	4.9	0.0	0.0	8.9
HCFC-142b	1.4	1.9	11.9	1.1	0.6	2.6
Sub-total (mt)	130.1	124.1	117.1	6.6	34.6	102.2
HCFC-141b in imported pre-blended polyols	7.9	12.1	4.9	6.1	0.0	5.5*
Total (metric tonnes)	138.0	136.2	122.0	12.7	34.6	104.8
ODP tonnes						
HCFC-22	6.5	6.0	5.4	0.3	1.8	4.9
HCFC-123	0.0	0.0	0.0	0.0	0.02	0.0
HCFC-124	0.0	0.0	0.0	0.0	0.0	0.0
HCFC-141b	1.1	1.3	0.5	0.0	0.0	1.0
HCFC-142b	0.1	0.1	0.8	0.1	0.04	0.2
Sub-total (ODP tonnes)	7.7	7.5	6.79	0.37	1.87	6.1
HCFC-141b in imported pre-blended polyols	0.9	1.3	0.5	0.7	0.0	0.6*
Total (ODP tonnes)	8.6	8.8	7.3	1.1	1.9	

*Average consumption between 2007 and 2009

Verification report

3. The verification report confirmed that the total consumption of HCFC for 2014 was 1.87 ODP tonnes. The HCFC consumption in the verification report for the years 2011-2014, shown in Table 2, is different from the Article 7 data. The verification report does not address consumption of HCFC-141b contained in imported pre-blended polyols. The data discrepancy issue is discussed under the Secretariat's comments.

Table 2. HCFC consumption in the Plurinational State of Bolivia (2011-2014 verification report)

Substance	2011		2012		2013		2014	
	Metric tonnes	ODP tonnes	Metric tonnes	ODP tonnes	Metric tonnes	ODP tonnes	Metric tonnes	ODP tonnes
HCFC-22	101.92	5.606	153.4	8.43	110	6.05	32.95	1.81

¹ At the 74th meeting, the Executive Committee approved the transfer from the Government of Germany to UNIDO of funding, approved in principle, of US \$126,000, plus agency support costs of US \$11,340, associated with the third to the fifth funding tranches of the HPMP. (Decision 74/14(c))

HCFC-123	0.27	0.005	0.73	0.014	0	0	1.04	0.02
HCFC-124	0	0	0.48	0.009	0	0	0	
HCFC-141b	0		0	0	0	0	0	0
HCFC-142b	0.5	0.032	5.1	0.33	0	0	0.56	0.036
Total*	102.79	5.64	159.69	8.79	110	6.05	34.55	1.87

*The verification report did not address HCFC-141b in imported pre-blended polyols.

Country programme (CP) implementation report

4. The Government of the Plurinational State of Bolivia reported HCFC sector consumption data under the 2014 CP implementation report which is consistent with the data reported under Article 7.

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

Legal framework

5. A proposal to update the decree to control ODS to, *inter alia*, incorporate the accelerated HCFC phase-out schedule, establish quotas per importer based on ODP tonne instead of substance, and limit the validity of licenses to 31 December is expected to be approved in March 2016. The decree in place has already allowed the authorities to enforce control measures and limit ODS imports; therefore, pending approval of the revised decree does not compromise the country's ability to meet the HCFC phase-out targets. The country has begun enforcement of the licensing and quota system since 1 January 2013.

Refrigeration servicing sector

6. The following activities were implemented during the second tranche: a national expert was hired to establish a programme in the servicing sector and participated in the regional tour that included reclamation practices and training on hydrocarbon (HC) uses; the list of equipment for five new training centres and to upgrade the existing ones was prepared and included six recovery and recycling units, six recovery machines, and refrigerant identifiers for the customs, that are all expected to be delivered by the end of 2015. In addition 30 trainers and approximately 80 refrigeration technicians (of a total target of 300 for stage I) were trained in good practices and HC uses.

Project implementation and monitoring unit (PMU)

7. There have been frequent changes of the ozone focal point in the last years, including a new national ozone officer that was designated in June 2015. UNIDO ensures that the new ozone officer receives relevant support and has an understanding of the programme activities and requirements.

Level of fund disbursement

8. As of September 2015, of the US \$94,500 approved for the second tranche, US \$23,663 had been disbursed. The balance of US \$70,837 will be disbursed by 2018. All the funds approved for the Government of Germany for the implementation of the first tranche had been disbursed (Table 3).

Table 3. Financial report of stage I of the HPMP for the Plurinational State of Bolivia (US \$)

Agency	First tranche		Second tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNIDO			94,500	23,663	94,500	23,663
Germany	94,500	94,500			94,500	94,500
Total	94,500	94,500	94,500	23,663	189,000	118,163
Disbursement rate (%)		100		25		63

Implementation plan for the third tranche of the HPMP

9. The third funding tranche of the HPMP will be implemented between 2015 and 2018, and the following activities will be undertaken:

- (a) Training of 60 customs officers (out of total 100 planned under stage I) (US \$17,000);
- (b) Creation of new training centres and for refrigeration technicians upgrade of the existing ones (US \$12,000);
- (c) Training of approximately 120 technicians in good practices, refrigerant recovery and safety issues related to the use of HC, update of the curriculum, and establish a code of practice and certification scheme (US \$25,000);
- (d) Public awareness on the use of natural refrigerants (US \$5,000); and
- (e) Project implementation and monitoring (US \$5,500).

SECRETARIAT'S COMMENTS AND RECOMMENDATION**COMMENTS**

10. The Secretariat noted that despite the recent transfer of the HPMP from the Government of Germany to UNIDO at the 74th meeting, UNIDO was able to start implementing the project immediately with several activities under implementation and fund disbursement of 25 per cent, thus allowing the submission of the third tranche to the 75th meeting.

Report on HCFC consumption

11. The Secretariat noted the challenges by the Government to consistently report HCFC consumption under Article 7 and under the CP implementation report. Discrepancies between the verified data and previously reported official figures through different channels are at times substantial (e.g., for 2013, over 90 per cent). Moreover, data submitted in different tranche requests was found to be inconsistent. Upon the Secretariat's query, UNIDO noted that it did not have access to the methodology used for the prior reports and that the Government confirmed the data in the audit report submitted to the 75th meeting were accepted as final.

12. The Secretariat also noted that in its submission to the 64th meeting, the Government indicated that HCFC-141b was used as a flushing agent. At the 72nd meeting it was clarified, however, that pure HCFC-141b was used as a foam blowing agent and it was agreed that its phase-out would be addressed in a foam sector plan to be submitted during the implementation of stage I. However, the submission to the 75th meeting indicates no consumption of HCFC-141b in bulk in the country. UNIDO confirmed that there were no imports of HCFC-141b in bulk to the country; that nitrogen is used for flushing; and that the importers of HCFC-141b contained in pre-blended polyols are registered in the licensing system (the project to address this use is planned to be prepared by UNDP and submitted during stage I).

13. Given the persistent challenge in ensuring accurate data reporting, the Secretariat suggested that the auditor also review the 2009 and 2010 consumption and the HCFC-141b contained in imported pre-blended polyols over the 2007-2014 period. Once this data is collected and verified, the Government could report it to the Ozone Secretariat, requesting changes for those years where discrepancies between the already reported consumption and the verified consumption were found.

14. Following the approach suggested by the Secretariat, UNIDO confirmed that the Government of Plurinational State of Bolivia would:

- (a) Submit a request to the Ozone Secretariat to revise the data under Article 7 for the years 2011, 2012 and 2013 based on the results of the verification report submitted to the 75th meeting;
- (b) Verify the HCFC consumption data for 2009 and 2010 (i.e., the baseline years) during the implementation of the third tranche. If, as a result of the auditor's review, there is a change in the baseline, the Government will report it to the Ozone Secretariat for its consideration by the Implementation Committee under the Non-compliance Procedure of the Montreal Protocol; and
- (c) Verify consumption of HCFC-141b contained in imported pre-blended polyols for the years 2007-2014 and, if needed, update the data submitted under the CP reporting.

15. To further assist the Government to strengthen its national institutions related to the implementation of the Montreal Protocol, the Secretariat discussed with UNEP the specific activities that UNEP could undertake under its Compliance Assistance Programme (CAP)² for 2016. Based on the discussions, UNEP CAP activities were modified to include targeted training for the Ozone Officer at the upcoming Joint Network Meeting of Ozone officers for the Latin America and the Caribbean region, and a focus on timely and accurate Article 7 and CP data reporting.

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

Legal framework

16. The Government of the Plurinational State of Bolivia has already issued HCFC import quotas for 2015 in accordance with the Montreal Protocol control targets.

Refrigeration-servicing sector

17. Upon a request for an update on the certification scheme for technicians, UNIDO clarified that it is expected to have the first certified technicians during the implementation of the third tranche. The Government might consider making recording of amounts and types of refrigerants sold mandatory and establishing penalties for non-compliance in further tranches.

18. The Secretariat drew attention to decision 72/17³ and 73/34⁴ and advised that the promotion of HCs should focus on the replacement with new HC-based units rather than retrofitting. UNIDO confirmed that the Government is aware of the decisions, and as per agency policy, the retrofitting of HCFC-based equipment to HCs is not an option. The project aims to promote the alternative by including training on HC uses in the curriculum of good refrigeration practices and by introducing new equipment with HC for training purposes. UNIDO noted that refrigeration equipment with HCs is already available in the country.

² As reported in the UNEP CAP 2016-2018 three-year rolling strategy submitted to the 75th meeting (UNEP/OzL.Pro/ExCom/75/33).

³ If the country engages in retrofitting HCFC-based refrigeration and air-conditioning equipment to flammable or toxic refrigerants and associated servicing, it does so on the understanding that they assume all associated responsibilities and risks.

⁴ If a country were to decide, after taking into account decision 72/17, to proceed with retrofits that used flammable substances in equipment originally designed for non-flammable substances, it should be done only in accordance with the relevant standards and protocols.

Project implementation and monitoring unit (PMU)

19. The Secretariat discussed with UNIDO the challenges the country faces given the high turn-over of the ozone officers that jeopardizes the continuity and smooth implementation of the programme. UNIDO notified that UNEP is planning to train the new ozone officer as well as other NOU staff under the institutional strengthening project. UNIDO expects that with the measures taken by both agencies, the Government of Plurinational State of Bolivia will comply with its obligations under the Montreal Protocol and under the Agreement with the Executive Committee.

Revision to the HPMP Agreement

20. To reflect the transfer of funds from the Government of Germany to UNIDO as per decision 74/14(d), the relevant paragraphs and appendices of the updated Agreement between the Government of Plurinational State of Bolivia and the Executive Committee reached at the 72nd meeting have been further updated, as shown in Annex I to the present document. The full revised Agreement will be appended to the final report of the 75th meeting.

Conclusion

21. The Secretariat noted that sufficient level of implementation of the second tranche of the HPMP has been achieved. The import licensing and quota system is operational and will enable the country achieving compliance with the Montreal Protocol's phase-out schedule for HCFCs. The verification report confirms that the country is in compliance with the Montreal Protocol control targets as well as with the targets specified in its HPMP Agreement. Trainers and technicians have been trained, and the certification of technicians is expected during the implementation of third tranche. The level of disbursement of the second tranche is 25 per cent. The specific steps identified to strengthen the reliability of reported data and of the country's national institutions related to the implementation of the Montreal Protocol, including UNEP's CAP assistance, will improve the ability of the country to accurately report its consumption and strengthen the implementation of its HPMP.

RECOMMENDATION

22. The Executive Committee may wish to consider:

- (a) Noting:
 - (i) The progress report on the implementation of the second tranche of stage I of the HCFC phase-out management plan (HPMP) in the Plurinational State of Bolivia;
 - (ii) That the Fund Secretariat had updated paragraphs 9 and 10, and Appendices 2-A and 5-A of the Agreement between the Government of the Plurinational State of Bolivia and the Executive Committee, based on transfer of lead agency from the Government of Germany to UNIDO agreed to at the 74th meeting, and that paragraph 16 was updated to indicate that the Agreement superseded that reached at the 72nd meeting, as contained in Annex I to the present document;

- (b) Further noting the challenges faced by the Plurinational State of Bolivia in reporting its consumption under Article 7 and under progress reports in the implementation of the country programme and that:
 - (i) The Government would submit for the years 2011, 2012 and 2013 revised data under Article 7 of the Montreal Protocol to the Ozone Secretariat and under the country programme to the Fund Secretariat based on the results of the verification report provided to the 75th meeting;
 - (ii) The Government would verify the HCFC consumption reported under Article 7 for 2009 and 2010 and that, if as a result of this assessment, there was a change in the data reported, the Government would submit it for consideration by the Implementation Committee under the Non-compliance Procedure of the Montreal Protocol and would report such to the Executive Committee when the fourth tranche of the HPMP would be submitted;
 - (iii) The Government would also verify the 2007-2014 consumption of HCFC-141b contained in imported pre-blended polyols and, if needed, the data submitted under the country programme reporting be updated accordingly; and
 - (iv) The UNEP Compliance Assistance would assist the Government to strengthen its national institutions related to the implementation of the Montreal Protocol;
- (c) Requesting UNIDO to submit in the annual progress report the status of the implementation of the work toward improving data reporting by the Government; and
- (d) Approving the third tranche of stage I of the HPMP for the Plurinational State of Bolivia, and the corresponding 2015-2018 tranche implementation plan, at the amount of US \$70,305, consisting of US \$64,500, plus agency support costs of US \$5,805, on the understanding that if the Plurinational State of Bolivia were to decide to proceed with retrofits and associated servicing to flammable and toxic refrigerants in refrigeration and air-conditioning equipment originally designed for non-flammable substances, it would do so assuming all associated responsibilities and risks and only in accordance with the relevant standards and protocols.

Annex I

TEXT TO BE INCLUDED IN THE UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF PLURINATIONAL STATE OF BOLIVIA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS

(Relevant changes are in bold font for ease of reference)

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. **UNIDO** 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 carrying out the activities of the overall plan with the changes approved as part of the subsequent submissions, 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, **2.4** and **2.6** of Appendix 2-A.

16. This updated Agreement supersedes the Agreement reached between the Government of the Plurinational State of Bolivia and the Executive Committee at the **72nd** meeting of the Executive Committee.

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2011	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	n/a	6.10	6.10	5.49	5.49	5.49	5.49	5.49	3.97	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	6.10	6.10	5.49	5.49	5.49	5.49	5.49	3.97	n/a
2.1	Lead IA (Germany)* agreed funding (US \$)	94,500	0	0	0	0	0	0	0	0	0	94,500
2.2	Support costs for lead agency (US \$)	12,285	0	0	0	0	0	0	0	0	0	12,285
2.3	Lead IA (UNIDO) agreed funding (US \$)	0	0	94,500	0	64,500	0	0	30,000	0	31,500	220,500
2.4	Support costs for lead agency (US \$)	0	0	8,505	0	5,805	0	0	2,700	0	2,835	19,845
2.5	Cooperating IA (UNDP) agreed funding (US \$)**	0	0	0	0	0	0	0	0	0	0	0
2.6	Support costs for cooperating agency (US \$)	0	0	0	0	0	0	0	0	0	0	0

Row	Particulars	2011	2012	2013*	2014	2015	2016	2017	2018	2019	2020	Total	
3.1	Total agreed funding (US \$)	94,500	0	94,500	0	64,500	0	0	30,000	0	31,500	315,000	
3.2	Total support costs (US \$)	12,285	0	8,505	0	5,805	0	0	2,700	0	2,835	32,130	
3.3	Total agreed costs (US \$)	106,785	0	103,005	0	70,305	0	0	32,700	0	34,735	347,130	
4.1.1	Total phase-out of HCFC-22 under this Agreement (ODP tonnes)												1.89
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tonnes)												n/a
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)												3.00
4.2.1	Total phase-out of HCFC-141b under this Agreement (ODP tonnes)												0.00
4.2.2	Phase-out of HCFC-141b in previously approved projects (ODP tonnes)												n/a
4.2.3	Remaining eligible consumption for HCFC141b (ODP tonnes)												0.97
4.3.1	Total phase-out of HCFC-142b and HCFC-124 under this Agreement (ODP tonnes)												0.24
4.3.2	Phase-out of HCFC-142b and HCFC-124 in previously approved projects (ODP tonnes)												n/a
4.3.3	Remaining eligible consumption for HCFC-142b and HCFC-124 (ODP tonnes)												0.00
4.4.1	Total phase-out of HCFC-141b in the imported pre-blended polyols agreed to be achieved under this Agreement (ODP tonnes)												0.00
4.4.2	Phase-out of HCFC-141b in the imported pre-blended polyols to be achieved in previously approved projects (ODP tonnes)												n/a
4.4.3	Remaining eligible consumption for HCFC-141b in the imported pre-blended polyols (ODP tonnes)												0.60

*The transfer of the second and the remaining tranches from the Government of Germany to UNIDO was approved at the 74th meeting.

**UNDP might implement a project for the phase-out of HCFC-141b contained in imported pre-blended polyols if submitted by the Government of the Plurinational State of Bolivia during the implementation of stage I of the HPMP.

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The national ozone unit (NOU) will be responsible for overall monitoring and coordination of the implementation of the HPMP with the assistance from **the Lead IA**. The NOU will submit annual progress reports of status of implementation of the HPMP to **the Lead IA**. Monitoring of progress made and verification of performance indicators and outcomes, as specified in the Plan, will be assigned to independent consultants by **the Lead IA**.