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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

Addendum

PROJECT PROPOSALS: BRAZIL

This document is issued to:

- **Replace** page 9, the project evaluation sheet, **with** the attached.
- **Replace** paragraph 94 as follows:

94. Cost issues related to *inter alia* development of formulations, laboratory testing equipment, foam dispensers, HC storage and premixing stations, safety and operating costs were further discussed between the Secretariat and UNDP and adjusted based on similar costs agreed for stage I. Accordingly, the total incremental cost for the conversion of 15 individual foam enterprises and around 705 downstream users was adjusted from US \$17.7 million to US \$15 million. Given the large number of enterprises with different baseline equipment and technology selected, UNDP will have flexibility during the implementation of the sector plan to reallocate funds within eligible items in line with existing decisions and the flexibility allowed under the Agreement between the Government and the Executive Committee. In addition, with the approval of the project, the Government of Brazil commits to reduce 1,096.18 mt (120.58 ODP tonnes) of non-eligible HCFC-141b used in foams and 79.15 mt (8.71 ODP tonnes) of HCFC-141b exported in polyols. This would leave a remaining consumption eligible for funds of 19.87 ODP tonnes of HCFC-141b used in flushing and 32.13 ODP tonnes in the solvent sector, to be addressed in stage III.

- **Replace** paragraphs 97 to 100 and Table 11 as follows:

97. Cost issues related to *inter alia* the refrigerant handling packages and technical assistance for modification of the products and the plants were further discussed by the Secretariat and UNIDO with the following outcomes:

- (a) The AC manufacturing enterprise Climazon committed to phase out with its own funds an additional 308 mt (16.94 ODP tonnes) of HCFC-22 used in non-eligible lines;
- (b) The cost of the refrigerant charging machines and supply pumps for AC manufacturing was adjusted from US \$140,000 to US \$100,000 and technical assistance for the modification of the products and factory layouts in two of the AC enterprises was reduced from US \$150,000 to US \$70,000; as they were owned by Chinese enterprises that had already developed HC-290 technology;
- (c) Modification of two heat exchanger lines to operate with HC-290 are required in order to reduce the diameter of the heat exchanger tube from 9 to 5 mm to accommodate a reduced refrigerant charge. This will require, *inter alia*, replacement of tools, moulds, fixtures, bending machines, cutting machines, welding ring insertion machines and cleaning machines. Additional work would be required to properly assess the incremental cost of the conversion of the heat exchanger lines. It was therefore agreed with UNIDO to include in the total cost of the project the cost of the heat exchangers at US \$1.5 million per line (as submitted) and determine the incremental cost based on the results of the additional work. In case the cost were lower than the US \$1.5 million included per line, the difference will be returned to the Multilateral Fund at the time of the submission of the third tranche, as the conversion of the AC manufacturing sector would only start in 2018;
- (d) Two pilot conversions to promote the introduction of HC-290 in supermarkets were removed from the commercial refrigeration project and included as part of the activities in the refrigeration servicing sector as they are related to the assembly and installation sector; and
- (e) The agreed cost for the conversion of three AC manufacturing enterprises and 25 commercial refrigeration manufacturing enterprises to phase out 801.94 mt (44.11 ODP tonnes) of HCFC-22 is US \$10,048,697.

PMU

98. Based on discussions on the needs for personnel, experts and local consultants to implement the activities in the HPMP, the Secretariat, UNDP and UNIDO agreed on an adjusted cost for the PMU of US \$1,300,000 (UNDP) and a monitoring component for the refrigeration and air-conditioning manufacturing sector of US \$768,000 (UNIDO).

Revised overall cost of the HPMP stage II

99. The agreed cost of the activities proposed in stage II of the HPMP amounts to US \$35,963,970 (excluding agency support cost). Detailed activities and the cost breakdown are shown in Table 11.

Table 11. Agreed cost for stage II of the HPMP for Brazil

Sector	Application	Agency	Substance	Mt	ODP tonnes	CE US \$/kg	Total Value (US \$)
All	Regulatory actions	UNDP	HCFC-22	26.70	1.50	4.49	120,000
Subtotal for regulatory actions				26.70	1.50	4.49	120,000
PU foam	Enterprises conversions	UNDP/ Italy	HCFC-141b	1,560.09	171.61	9.55	15,000,000
			HCFC-22	11.09	0.61		
	Additional reductions*		HCFC-141b	1,175.36	129.29	-	-
Subtotal for foam manufacturing				2,746.55	301.51	5.46	15,000,000

Sector	Application	Agency	Substance	Mt	ODP tonnes	CE US \$/kg	Total Value (US \$)
RAC manufacturing	Commercial refrigeration	UNIDO	HCFC-22	286.14	15.74	9.42	2,695,332
	Air-conditioning**			823.80	45.31	8.93	7,353,365
	Monitoring						768,000
Subtotal for RAC manufacturing				1,109.94	61.05	9.75	10,816,697
RAC servicing		UNIDO	HCFC-22	83.33	4.58	4.80	400,000
		Germany		1,734.85	95.42	4.80	8,327,273
Subtotal for RAC servicing				1,818.18	100.00	4.80	8,727,273
All	PMU	UNDP	All	-	-	-	1,300,000
TOTAL				5,701.37	464.06	6.31	35,963,970

* It includes 120.58 ODP non-eligible ODP tonnes of HCFC-141b and 8.71 ODP tonnes of HCFC-141b exported in polyols.

**Enterprise Climazon will reduce 16.94 ODP tonnes in addition to the 10.56 ODP tonnes included in the conversion project.

100. Activities included in stage II of the HPMP for Brazil will result in the phase out of 4,218.0 mt (317.83 ODP tonnes) of HCFCs with an overall cost-effectiveness of US \$8.53/kg. In addition, 1,483.4 non-eligible mt (146.23 ODP tonnes) will be phased out, achieving a total reduction of 5,701.4 mt (464.06 ODP tonnes) at a cost US \$6.31/kg.

- **Replace** paragraphs 111 and 112 as follows:

111. A draft Agreement between the Government of Brazil and the Executive Committee for the phase-out of HCFCs in stage II of the HPMP is contained in Annex II to the present document

RECOMMENDATION

112. The Executive Committee may wish to consider:

- Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Brazil for the period from 2015 to 2020 to reduce HCFC consumption by 35 per cent of its baseline, in the amount of US \$38,839,539, consisting of US \$16,170,000 plus agency support costs of US \$1,131,900 for UNDP; US \$11,216,697 plus agency support cost of US \$785,169 for UNIDO; US \$8,327,273 plus agency support cost of US \$926,000 for the Government of Germany and US \$250,000 plus agency support cost of US \$32,500 for the Government of Italy;
- Noting the commitment of the Government of Brazil to issue a ban on imports and use of HCFC-141b for the polyurethane foam manufacturing sector and on imports and exports of HCFC-141b contained in imported pre-blended polyols by 1 January 2020;
- Deducting an additional 464.06 ODP tonnes (5,701.37 mt) of HCFCs from the remaining HCFC consumption eligible for funding in Brazil;
- Approving the draft Agreement between the Government of Brazil and the Executive Committee for the reduction in consumption of HCFCs, in accordance with stage II of the HPMP, contained in Annex II to the present document;
- Approving the first tranche of stage II of the HPMP for Brazil, and the corresponding tranche implementation plans, in the amount of US \$8,893,634, consisting of US \$3,692,311 plus agency support costs of US \$258,462 for UNDP; US \$1,950,275 plus agency support cost of US \$136,519 for UNIDO; US \$2,316,023 plus agency support

cost of US \$257,544 for the Government of Germany and US \$250,000 plus agency support cost of US \$32,500 for the Government of Italy; and

- (f) Requesting the Secretariat to report to the 76th Executive Committee on the level of incremental cost of the conversion of heat exchangers manufacturing lines in enterprises converting to HC-290 technology and adjust the cost of stage II of the HPMP as required.
- **Add** Annex II, the draft HPMP Agreement, as attached.

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**Brazil**

(I) PROJECT TITLE	AGENCY
HCFC phase out plan (Stage II)	UNDP (lead), UNIDO, Germany, Italy

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2014	1,164.74 (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-123				0.01	0.05				0.06
HCFC-124				0.45	2.04				2.49
HCFC-141b		371.30							371.30
HCFC-142b				0.64	2.88				3.49
HCFC-22				118.15	669.50				787.65

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	1,327.3	Starting point for sustained aggregate reductions:	1,327.3
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	220.3	Remaining:	1,107.2

(V) BUSINESS PLAN		2015	2016	2017	2018	2019	2020	Total
UNDP	ODS phase-out (ODP tonnes)	40.39	40.4	40.4	40.4	40.4	40.4	242.39
	Funding (US \$)	1,880,362	1,880,362	1,880,362	3,398,171	3,398,171	3,398,171	15,835,599
UNIDO	ODS phase-out (ODP tonnes)	15.00	0.0	15.0	25.0	5.0	5.0	65.0
	Funding (US \$)	1,211,071	0	1,211,071	3,939,545	437,727	437,727	7,237,141
Germany	ODS phase-out (ODP tonnes)	0.00	3.0	3.0	4.0	6.1	0.0	16.1
	Funding (US \$)	0	153,478	153,478	369,818	563,973	0	1,240,747
Italy	ODS phase-out (ODP tonnes)	3.00	0.0	0.0	0.0	0.0	0.0	3.00
	Funding (US \$)	147,509	0	0	0	0	0	147,509

(VI) PROJECT DATA		2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits		1,194.60	1,194.60	1,194.60	1,194.60	1,194.60	862.74	n/a	
Maximum allowable consumption (ODP tonnes)		1,194.60	1,194.60	1,194.60	1,194.60	1,194.60	862.74	n/a	
Project costs requested in principle (US\$)	UNDP	Project costs	3,692,311	0	5,308,939	5,692,102	0	1,476,648	16,170,000
		Support costs	258,462	0	371,626	398,447	0	103,365	1,131,900
	UNIDO	Project costs	1,950,275	0	0	6,420,039	0	2,846,383	11,216,697
		Support costs	136,519	0	0	449,403	0	199,247	785,169
	Germany	Project costs	2,316,023	0	1,431,250	2,732,387	0	1,847,614	8,327,273
		Support costs	257,544	0	159,156	303,844	0	205,456	926,000
	Italy	Project costs	250,000	0	0	0	0	0	250,000
		Support costs	32,500	0	0	0	0	0	32,500
Total project costs requested in principle (US \$)		8,208,609	0	6,740,189	14,844,528	0	6,170,645	35,963,970	
Total support costs requested in principle (US \$)		685,025	0	530,782	1,151,694	0	508,068	2,875,569	
Total funds requested in principle (US \$)		8,893,634	0	7,270,971	15,996,221	0	6,678,714	38,839,539	

(VII) Request for funding for the first tranche (2015)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNDP	3,692,311	258,462
UNIDO	1,950,275	136,519
Germany	2,316,023	257,544
Italy	250,000	32,500

Funding request:	Approval of funding for the first tranche (2015) as indicated above
Secretariat's recommendation:	For individual consideration

Annex II

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF THE FEDERATIVE REPUBLIC OF BRAZIL AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS IN ACCORDANCE WITH STAGE II OF THE HCFC PHASE-OUT MANAGEMENT PLAN

1. This Agreement represents the understanding of the Government of the Federative Republic of Brazil (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 862.74 ODP tonnes by 1 January 2020 in compliance with Montreal Protocol schedule.
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, 4.2.3, 4.3.3, 4.4.3 and 4.5.3 (remaining consumption eligible for funding).
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 (“The Targets, and Funding”) 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 stage II of the HCFC phase-out management plan (HPMP) approved (“the Plan”). 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 has met the Targets set out in row 1.2 of Appendix 2-A for all relevant years. Relevant years are all years since the year in which this Agreement was approved. Years for which there are no due country programme implementation reports at the date of the Executive Committee meeting at which the funding request is being presented are exempted;
 - (b) That the meeting of these Targets has been independently verified, unless the Executive Committee decided that such verification would not be required;
 - (c) That the Country had submitted a Tranche Implementation Report in the form of Appendix 4-A (“Format of Tranche Implementation Reports and Plans”) covering each previous calendar year; that it had achieved a significant level of implementation of

activities initiated with previously approved tranches; and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent; and

- (d) That the Country has submitted a Tranche Implementation Plan in the form of Appendix 4-A covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen.

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 Tranche 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 part or all of the approved funds, according to the evolving circumstances to achieve the smoothest reduction of consumption and phase-out of the Substances specified in Appendix 1-A:

- (a) Reallocations categorized as major changes must be documented in advance either in a Tranche Implementation Plan as foreseen in sub-paragraph 5(d) above, or as a revision to an existing Tranche Implementation Plan to be submitted eight weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:
 - (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 Tranche Implementation Plan, or removal of an activity in the Tranche Implementation Plan, with a cost greater than 30 per cent of the total cost of the last approved tranche;
- (b) Reallocations not categorized as major changes may be incorporated in the approved Tranche Implementation Plan, under implementation at the time, and reported to the Executive Committee in the subsequent Tranche Implementation Report;
- (c) Should the Country decide during implementation of the Agreement to introduce an alternative technology other than that proposed in the Plan, this would require approval by the Executive Committee as part of a Tranche Implementation Plan or the revision of the approved plan. Any submission of such a request for change in technology would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tonnes to be phased out if applicable. The Country agrees that potential savings in incremental costs related to the change of technology would decrease the overall funding level under this Agreement accordingly;
- (d) Any enterprise to be converted to non-HCFC technology included in the Plan and that would be found to be ineligible under the guidelines of the Multilateral Fund (i.e., due to foreign ownership or establishment post the 21 September 2007 cut-off date), will not

receive assistance. This information would be reported to the Executive Committee as part of the Tranche Implementation Plan;

- (e) Any remaining funds held by the bilateral or implementing agencies or the country under the Plan will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing sub-sector included in the Plan, in particular:

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and
- (b) The Country and the relevant bilateral and/or implementing agencies will take into consideration decision 72/41 during the implementation of the Plan.

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. The United Nations Development Programme (UNDP) has agreed to be the lead implementing agency (the “Lead IA”); The United Nations Industrial Development Organization (UNIDO), the Government of Germany and the Government of Italy have agreed to be the cooperating implementing agencies (the “Cooperating IAs”) under the lead of the Lead IA, in respect of the Country’s activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of the Lead IA and/or Cooperating IAs 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 IAs to ensure appropriate timing and sequence of activities in the implementation. The Cooperating IAs 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 IAs will reach consensus on the arrangements regarding inter-agency planning including regular co-ordination meetings, reporting and responsibilities under this Agreement in order to facilitate a co-ordinated implementation of the Plan. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IAs with the fees set out in rows 2.2, 2.4, 2.6 and 2.8 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 kilogram of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the Country did not comply with this Agreement, and take related decisions. Once decisions are taken, the specific case of not compliance with this Agreement, will not be an impediment for the provision of funding for future tranches as per paragraph 5 above.

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

14. The completion of the Plan and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption level has been specified in Appendix 2-A. Should at that time there still be activities that are outstanding, and which were foreseen in the last Tranche Implementation Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion of the Plan will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per sub-paragraphs 1(a), 1(b), 1(d), and 1(e) of Appendix 4-A will continue until the time of the completion of the Plan unless otherwise specified by the Executive Committee.

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	792.0
HCFC-141b	C	I	521.7
HCFC-142b	C	I	5.6
HCFC-123	C	I	0.3
HCFC-124	C	I	7.7
Sub-total			1,327.3

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2015	2016	2017	2018	2019	2020	Total	
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	1,194.60	1,194.60	1,194.60	1,194.60	1,194.60	862.74	n/a	
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	1,194.60	1,194.60	1,194.60	1,194.60	1,194.60	862.74	n/a	
2.1	Lead IA (UNDP) agreed funding (US \$)	3,692,311	0	5,308,939	5,692,102	0	1,476,648	16,170,000	
2.2	Support costs for Lead IA (US \$)	258,462	0	371,626	398,447	0	103,365	1,131,900	
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	1,950,275	0	0	6,420,039	0	2,846,383	11,216,697	
2.4	Support costs for Cooperating IA (US \$)	136,519	0	0	449,403	0	199,247	785,169	
2.5	Cooperating IA (Germany) agreed funding (US \$)	2,316,023	0	1,431,250	2,732,387	0	1,847,614	8,327,273	
2.6	Support costs for Cooperating IA (US \$)	257,544	0	159,156	303,844	0	205,456	926,000	
2.7	Cooperating IA (Italy) agreed funding (US \$)	250,000	0	0	0	0	0	250,000	
2.8	Support costs for Cooperating IA (US \$)	32,500	0	0	0	0	0	32,500	
3.1	Total agreed funding (US \$)	8,208,609	0	6,740,189	14,844,528	0	6,170,645	35,963,970	
3.2	Total support costs (US \$)	685,025	0	530,782	1,151,694	0	508,068	2,875,569	
3.3	Total agreed costs (US \$)	8,893,634	0	7,270,971	15,996,221	0	6,678,714	38,839,539	
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)								163.16
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)								51.50
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)								577.34
4.2.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)								300.90
4.2.2	Phase-out of HCFC-141b to be achieved in previously approved projects (ODP tonnes)								168.80
4.2.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)								52.00
4.3.1	Total phase-out of HCFC-142b agreed to be achieved under this Agreement (ODP tonnes)								0.00
4.3.2	Phase-out of HCFC-142b to be achieved in previously approved projects (ODP tonnes)								0.00
4.3.3	Remaining eligible consumption for HCFC-142b (ODP tonnes)								5.60
4.4.1	Total phase-out of HCFC-123 agreed to be achieved under this Agreement (ODP tonnes)								0.00
4.4.2	Phase-out of HCFC-123 to be achieved in previously approved projects (ODP tonnes)								0.00
4.4.3	Remaining eligible consumption for HCFC-123 (ODP tonnes)								0.30

Annex II

4.5.1	Total phase-out of HCFC-124 agreed to be achieved under this Agreement (ODP tonnes)	0.00
4.5.2	Phase-out of HCFC-124 to be achieved in previously approved projects (ODP tonnes)	0.00
4.5.3	Remaining eligible consumption for HCFC-124 (ODP tonnes)	7.70

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

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

APPENDIX 4-A: FORMAT OF TRANCHE IMPLEMENTATION REPORTS AND PLANS

1. The submission of the Tranche Implementation Report and Plans for each tranche request will consist of five parts:

- (a) A narrative report, with data provided by calendar year, regarding the progress since the year prior to the previous report, reflecting the situation of the Country in regard to phase out of the Substances, how the different activities contribute to it, and how they relate to each other. The report should include ODS phase-out as a direct result from the implementation of activities, by substance, and the alternative technology used and the related phase-in of alternatives, to allow the Secretariat to provide to the Executive Committee information about the resulting change in climate relevant emissions. The report should further highlight successes, experiences, and challenges related to the different activities included in the Plan, reflecting any changes in the circumstances in the Country, and providing other relevant information. The report should also include information on and justification for any changes vis-à-vis the previously submitted Tranche Implementation Plan(s), such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes. The narrative report will cover all relevant years specified in sub-paragraph 5(a) of the Agreement and can in addition also include information on activities in the current year;
- (b) An independent verification report of the Plan results and the consumption of the Substances 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 Tranche Implementation Reports and Plans, submitted through an online database. This quantitative information, to be submitted by calendar year with each tranche request, will be amending the narratives and description for the report (see sub-paragraph 1(a) above) and the plan (see sub-paragraph 1(c) above), the Tranche Implementation Plan and any changes to the overall plan, and will cover the same time periods and activities; and

- (e) An Executive Summary of about five paragraphs, summarizing the information of the above sub-paragraphs 1(a) to 1(d).
2. In the event that in a particular year more than one stage of the HPMP are being implemented in parallel, the following considerations should be taken in preparing the Tranche Implementation Reports and Plans:
- (a) The Tranche Implementation Reports and Plans referred to as part of this Agreement, will exclusively refer to activities and funds covered by this Agreement; and
 - (b) If the stages under implementation have different HCFC consumption targets in a particular year, the lower HCFC consumption target will be used as reference for compliance with the HPMP Agreements and for the independent verification.

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The Ministry of Environment (Ministério do Meio Ambiente - MMA) is responsible for the overall coordination of activities to be undertaken in the HCFC phase-out management plan and acts as the National Ozone Unit. The Brazilian Institute of Environment and Natural Renewable Resources (IBAMA) is the enforcement institution linked to MMA which is responsible for carrying out national policies and legislations regarding the control of ozone depleting substances. The National Ozone Unit (under MMA) monitors at managerial level the consumption of all ozone depleting substances (ODS). IBAMA controls through the licensing system, the ODS consumption (import and export) and end-user level. The Lead and Cooperating IAs will be responsible of implementing and monitoring the activities under their responsibility.
2. The Government has offered and intends to offer continuity of activities and endorsement for the projects over the next years as specified in the regulatory actions component and the list of activities of the institutional strengthening project. This will guarantee the success of any activity approved for the Country.
3. Close monitoring of all activities and coordination between stakeholders is an essential element of the HPMP and key to reach compliance. There will be regular coordination meetings with industry stakeholders, HCFC importers, relevant Government stakeholders (i.e. PROZON), various industrial associations, and all sectors involved, in order to enact the necessary agreements and measures to carry out the investment and non-investment activities on time and in a coordinated manner. In the manufacturing sector the implementation process and the achievement of the phase-out will be monitored through site visits at enterprise level. Yearly monitoring will be carried out through the ODS licensing and quota system. Verification site visits will be undertaken by independent international experts and verifier.

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 Tranche Implementation Reports and Plans as per Appendix 4-A;

- (c) Providing independent verification to the Executive Committee that the Targets have been met and associated tranche activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;
- (d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future Tranche Implementation Plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
- (e) Fulfilling the reporting requirements for the Tranche Implementation Reports and Plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee. The reporting requirements include the reporting about activities undertaken by the Cooperating IAs;
- (f) Ensuring that appropriate independent technical experts carry out the technical reviews;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;
- (i) Co-ordinating the activities of the Cooperating IAs, and ensuring appropriate sequence of activities;
- (j) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country and the Cooperating IAs, the allocation of the reductions to the different budget items and to the funding of the Lead IA and each Cooperating IA;
- (k) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- (l) Providing assistance with policy, management and technical support when required.

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 AGENCIES

1. The Cooperating IAs will be responsible for a range of activities. These activities are specified in the Plan, including at least the following:

- (a) Providing assistance for policy development when required;
- (b) Assisting the Country in the implementation and assessment of the activities funded by the Cooperating IAs, and refer to the Lead IA to ensure a co-ordinated sequence in the activities; and
- (c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A.

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

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US \$ 154.98; per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met. In the event that the penalty needs to be applied for a year in which there are two Agreements in force (two stages of the HPMP being implemented in parallel) with different penalty levels, the application of the penalty will be determined on a case-by-case basis taking into consideration the specific sectors related to the non-compliance. If it is not possible to determine a sector, or both stages are addressing the same sector, the penalty level to be applied would be the largest.
