



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/77/41
5 November 2016

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-seventh Meeting
Montreal, 28 November - 2 December 2016

PROJECT PROPOSAL: DOMINICAN REPUBLIC

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

Phase-out

- HCFC phase-out management plan (stage II, first tranche) UNDP and UNEP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Dominican Republic

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (Stage II)	UNDP (lead), UNEP	n/a	n/a

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2015	43.39 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)				Year: 2015
Chemical	Foam	Refrigeration		Total sector consumption
		Manufacturing	Servicing	
HCFC-141b	0		3.78	3.78
HCFC-141b in imported pre-blended polyol	11.00		0	11.00
HCFC-123	0		0.01	0.01
HCFC-22	0		39.6	39.60

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	51.2	Starting point for sustained aggregate reductions:	70.71
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	27.14	Remaining:	43.57

(V) BUSINESS PLAN		2016	2017	2018	2019	2020	Total
UNDP	ODS phase-out (ODP tonnes)	4.7	0	4.7	0	4.7	14.1
	Funding (US \$)	435,782	0	435,782	0	435,782	1,307,346
UNEP	ODS phase-out (ODP tonnes)	0.3	0	0.3	0	0	0.6
	Funding (US \$)	15,300	0	28,000	0	0	43,300

(VI) PROJECT DATA		2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits		46.08	46.08	46.08	46.08	33.28	n/a	
Maximum allowable consumption (ODP tonnes)		46.08	46.08	46.08	46.08	30.72	n/a	
Project costs requested in principle (US \$)	UNDP	Project costs	558,800	0	574,200	0	146,558	1,279,558
		Support costs	39,116	0	40,194	0	10,259	89,569
	UNEP	Project costs	95,000	0	100,000	0	0	195,000
		Support costs	12,350	0	13,000	0	0	25,350
Total project costs requested in principle (US\$)		653,800	0	674,200	0	146,558	1,474,558	
Total support costs requested in principle (US\$)		51,466	0	53,194	0	10,259	114,919	
Total funds requested in principle (US\$)		705,266	0	727,394	0	156,817	1,589,477	

(VII) Request for funding for the first tranche (2016)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNDP	558,800	39,116
UNEP	95,000	12,350
Total	653,800	51,466
Funding request:	Approval of funding for the first tranche (2016) as indicated above	
Secretariat's recommendation:	For individual consideration	

PROJECT DESCRIPTION

1. On behalf of the Government of Dominican Republic, UNDP, as the lead implementing agency, has submitted to the 77th meeting stage II of the HCFC phase-out management plan (HPMP)¹ at a total cost of US \$1,589,477, consisting of US \$1,279,558, plus agency support costs of US \$89,569 for UNDP, and US \$195,000, plus agency support costs of US \$25,350 for UNEP, as originally submitted. The implementation of stage II of the HPMP will phase out 15.36 ODP tonnes of HCFCs and commit the Dominican Republic to reducing HCFC consumption by 40 per cent of its baseline by 2020.

2. The first tranche for stage II of the HPMP being requested at this meeting amounts to US \$705,266 consisting of US \$558,800, plus agency support costs of US \$39,116 for the UNDP, and US \$95,000, plus agency support costs of US \$12,350 for UNEP, as originally submitted.

Status of implementation of stage I of the HPMP

3. Stage I of the HPMP for Dominican Republic was approved at the 65th meeting to meet the 10 per cent reduction from the baseline by 2015 and phase out 23.4 ODP tonnes of HCFCs (i.e., 7.03 ODP tonnes of HCFC-22 and 16.37 ODP tonnes of HCFC-141b, 15.77 ODP tonnes of which were contained in imported pre-blended polyols), at the amount of US \$1,363,450 plus agency support costs. An additional 3.74 ODP tonnes of HCFC-141b contained in imported pre-blended polyols, used in Fábrica de Refrigeradores Comerciales (FARCO) was phased out through a project approved at the amount of US \$332,775 at the 61st meeting and subsequently included in stage I of the HPMP. The total phase-out associated with stage I was 27.14 ODP tonnes. The third and final tranche of stage I was approved at the 74th meeting. Stage I was extended for completion in December 2017, in line with decision 76/10.

ODS policy and regulatory framework

4. The HCFC import licensing and quota system is operational since 2013. The following regulatory and control measures were implemented: a ban on imports of HCFC-141b, in bulk and/or contained in imported pre-blended polyols, became effective as of mid of August 2015; HCFCs and HFCs will be included in the harmonized tariff system code by 2017; a mandatory certification system for technicians in the refrigeration and air-conditioning (RAC) sector was established in 2015; and 550 customs officers and importers were trained.

Progress in implementation of stage I

5. An overview of the results achieved so far is included below:

- (a) *Foam manufacturing sector:* The conversion of FARCO to cyclopentane was completed in 2013; and the remaining 13 foam enterprises included in stage I were all converted to enable the use of low-global warming potential (GWP) technologies (methyl formate, cyclopentane or water-based technology) in 2015, phasing out 178 mt (19.58 ODP tonnes) of HCFC-141b (in bulk and contained in imported pre-blended polyols). The small foam enterprises, temporarily using a high-GWP alternative (HFC-245fa) blowing agent are now fully able to operate with low-GWP alternatives; discussions with an international foam expert on regional options to obtain low-GWP-based polyurethane (PU) foam systems took place in July 2016 and one of the main suppliers will visit a system house in Mexico in October 2016 to further discuss distribution of low-GWP-based PU foam systems in Dominican Republic.

¹ As per the letter of 23 August 2016 from the Ministry of Environment and Natural Resources of Dominican Republic to UNDP.

- (b) *Refrigeration servicing sector:* 1,414 technicians were trained in good servicing practices and 695 on the safe use of hydrocarbon (HC) refrigerants; a refrigeration laboratory from a technical school was strengthened through provision of additional tools; a School of Technical Training in Refrigeration was installed at the Dominican Association of Technicians in Refrigeration and Air-Conditioning facility; three recovery and recycling (R&R) centres were established; and technical assistance was provided to convert over 220 RAC units from HCFC-22 to HC-290.
- (c) *Awareness programme:* Four awareness campaigns on HCFC phase-out were organized, and an international seminar on alternative technologies was organized.

6. The project implementation and monitoring unit (PMU) is operational from 2013 and managed by the National Ozone Programme (PRONAOZ) established under the Ministry of Environment and Natural Resources.

Status of disbursements

7. As of August 2016, of the total funds of US \$1,696,225 so far approved (including the FARCO project), US \$1,521,699 has been disbursed. The remaining US \$174,526 will be disbursed between 2016 and 2017.

HCFC consumption

8. The starting point for aggregate reductions in HCFC consumption was established at 70.71 ODP tonnes, out of which 19.51 ODP tonnes were associated with HCFC-141b contained in imported pre-blended polyols. Stage I of the HPMP phased out a total of 27.14 ODP tonnes of HCFCs. After approval of stage I, the remaining eligible consumption for funding for stage II of the HPMP for the country is 43.57 ODP tonnes (i.e., 43.38 ODP tonnes of HCFC-22 and 0.19 ODP tonnes of HCFC-123). No further funding is available to phase out HCFC-141b in bulk or contained in imported pre-blended polyols.

9. The Government of Dominican Republic reported a consumption of 43.39 ODP tonnes of HCFCs in 2015 under Article 7 of the Montreal Protocol, and 11.00 ODP tonnes of HCFC-141b contained in imported pre-blended polyols under the country programme (CP) report. The 2011-2015 HCFC consumption is shown in Table 2.

Table 2. HCFC consumption in Dominican Republic (2011-2015 Article 7 data)

HCFC	2011	2012	2013	2014	2015	Baseline
Metric tonnes (mt)						
HCFC-22	890.60	720.20	600.00	661.08	720.09	916.53
HCFC-123	0.23	0.00	1.14	0.38	0.42	9.68
HCFC-141b	10.20	11.47	16.00	4.83	34.36	5.43
Total HCFCs (mt)	901.03	731.67	617.14	666.29	754.87	931.64
HCFC-141b in imported pre-blended polyols*	250.00	280.00	401.43	199.60	100	177.36*
ODP tonnes						
HCFC-22	48.98	39.61	33.00	36.36	39.6	50.41
HCFC-123	0.00	0.00	0.02	0.01	0.01	0.19
HCFC-141b	1.12	1.26	1.76	0.53	3.78	0.60
Total HCFCs (ODP tonnes)	50.10	40.87	34.78	36.90	43.39	51.20
HCFC-141b in imported pre-blended polyols*	27.50	30.80	44.16	21.96	11.00	19.51*

* Average consumption 2007-2009

10. In 2015, the use of HCFC-22 for the refrigeration servicing sector accounted for 90 per cent of the total HCFC consumption. The increase in consumption of HCFC-22 in 2015 as compared to the previous years was due to increased demand for new HCFC-22-based AC equipment which require initial

charge. The increase in consumption of HCFC-141b used for flushing applications, was due to higher inventories from importers anticipating the ban on HCFC-141b import introduced in mid-2015. The consumption of HCFC-141b in imported pre-blended polyols has steadily decreased and is attributed to the conversion activities in the PU foam sector.

Stage II of the HPMP

11. The main activities to be implemented during stage II include regulatory and control measures; assistance to the RAC servicing sector; awareness campaign to promote HCFC phase-out; and implementation and monitoring.

Regulatory and control measures

12. The following activities to sustain and strengthen the regulatory and control measures that support HCFC phase-out will be implemented with the assistance of UNEP:

- (a) Strengthening capacity of Customs General Directorate (DGA) and the import and quota system through training of 100 customs officers and 20 refrigerant importers; development of online course for customs officers on the control of HCFCs and HCFC-based equipment/products validation; and provision of tools such as refrigerant identifiers for identifying new blends and natural refrigerants (US \$72,600);
- (b) Implementation of the recently approved certification system for technicians in the RAC sector, including procedures and criteria for issuance of licenses, and certification of 1,000 technicians (US \$92,400); and
- (c) Development, adoption, and implementation of safety standards and guidelines for the use of flammable refrigerants (US \$30,000).

Activities in the refrigeration servicing sector

13. The following activities to reduce HCFC consumption in the RAC servicing sector, and will be implemented with the assistance of UNDP:

- (a) Training programme for good practices in refrigeration for 1,500 RAC technicians; four awareness-raising campaigns on the adoption of good refrigeration practices; and one international workshop on good refrigeration practices and alternatives to HCFC refrigerants (US \$192,500);
- (b) Strengthening the capacity of 10 technical institutes to promote technicians' training by providing 10 sets of RAC equipment for teaching and material on good practices (US \$203,500);
- (c) Promotion of the safety procedures in the use of HC, through training of 960 technicians, and provision of 120 tool kits and charging stations to technicians and service workshops (US \$352,000);
- (d) Strengthening the existing R&R network, including provision of equipment (e.g., refrigerant recovery cylinders, charging units, vacuum pumps, manifold gauge sets, weighing tanks) (US \$132,000);
- (e) Technical assistance to end-users for adoption of low-GWP alternatives through two pilot projects, namely, use of ammonia for the dairy industry and CO₂ for hotel buildings; support in converting 150 small AC units to HC refrigerant to promote the use of safety procedures; a national incentives programme to promote adoption of alternative

technologies (i.e. ammonia, CO₂, hydrocarbons, etc.); and awareness campaign on energy efficiency and greenhouse gas emissions reductions while eliminating HCFCs (US \$215,050); and

- (f) Awareness programme to promote the phase-out of HCFCs through the development and distribution of outreach material (US \$50,457)

Implementation and monitoring activities

14. The PMU established during the implementation of stage I of the HPMP will continue to: supervise project implementation; conduct periodic audits on entry points and warehouses inventories; monitor the operation of the certification system; evaluate the learning materials and recruit trainers; prepare reports and update action plans; facilitate and support the verification process; and conduct meetings with stakeholders. The total cost of this component is US \$134,051 for UNDP.

Total cost of stage II of the HPMP

15. The total cost of stage II of the HPMP for Dominican Republic has been estimated at US \$1,474,558, as originally submitted (excluding support costs). The proposed activities will result in the phase-out of 15.36 ODP tonnes of HCFCs with cost effectiveness of US \$4.8/kg, as shown in Table 3.

Table 3. Total cost of stage II of the HPMP for Dominican Republic

Sector/component	Substance	Total phase-out		Funds requested (US \$)
		mt	ODP tonnes	
Regulatory and control measures	HCFC-22	40.6	2.23	195,000
Refrigeration servicing		238.6	13.13	1,145,507
Implementation and monitoring activities		0	0	134,051
Total stage II		279.2	15.36	1,474,558

Activities planned for the first tranche

16. The first funding tranche of stage II of the HPMP requested at US \$653,800 (excluding agency support costs) will be implemented until July 2018 and include: projects for the implementation of refrigerant recovery and recycling centres, and procedures and GRP in the use of HC refrigerants, technical assistance for end-users for the adoption of non-ODP, low-GWP technologies including conversion of RAC equipment, and training programme for RAC technicians (US \$1,095,050); strengthening of legal and institutional sectors responsible for Montreal Protocol-related regulations and its implementation (US \$195,000); awareness raising to promote the phase-out of HCFCs (US \$50,457); and PMU (US \$134,051).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

17. The Secretariat reviewed stage II of the HPMP for Dominican Republic in light of stage I, the policies and guidelines of the Multilateral Fund, including the criteria for funding HCFC phase-out in the consumption sector for stage II of HPMPs (decision 74/50), and the 2016-2018 business plan of the Multilateral Fund.

Verification

18. The verification report confirmed that the Government is implementing a licensing and quota

system for imports and exports, and that consumption of HCFC in 2015 (43.39 ODP tonnes) was in compliance with the Montreal Protocol and with the targets established in the Agreement between the Government of the Dominican Republic and the Executive Committee.

Progress report on the implementation of stage I of the HPMP

19. Upon a request for additional information on the conversion of RAC units to HC-290, UNDP explained that use of HC refrigerants is already widely adopted by technicians and supported by the end-users, due to energy efficiency gains. The project will focus on promoting the safety procedures and technical considerations of conversion to HC; it will provide data to support the development of standards and guides for the safe use of flammable refrigerants that will be developed as part of stage II. A study to examine the criteria needed for the safe use of flammable substances as ODS alternatives had been commissioned by the Ministry of Environment and Natural Resources, and a final report was due soon.

20. The implementation of the two pilot projects resulted in the conversion of AC units to HC-290 refrigerant; recovery of 400 kg of HCFC-22; reduction of energy consumption by 10 to 15 per cent monthly; and demonstrated the viability of HC when safety and technical considerations were taken into account, and when technicians were properly trained. UNDP also confirmed that both Government and industry are aware of the decisions of the Executive Committee regarding retrofits² and are fully committed to ensuring that all safety considerations are taken into account in such conversions.

Overarching strategy for stage II

21. The Secretariat noted the comprehensive strategy proposed by the Government of Dominican Republic for stage II of the HPMP, to achieve 40 per cent reduction from the HCFC baseline by 2020.

Issues related to the refrigeration servicing sector in stage II

22. In explaining the need for two additional pilot projects, UNDP explained that end-users were encouraged by results of the pilot projects implemented in stage I; the additional projects will promote different technologies (e.g., ammonia and CO₂), and will support the incentive programme to promote conversion and adoption of such technologies.

23. On the sustainability of training activities in the servicing sector, it is expected that these training modules would be included in the current curricula of vocational institutes, technical colleges and universities.

24. With regard to customs officers' training, developing an online course will provide sustainability of the training considering the rotation of customs frontline officers.

Agreed cost for stage II of the HPMP

25. The agreed cost of the activities proposed in stage II of the HPMP amounts to US \$1,474,558, (excluding agency support costs) as shown in Table 3, and the agreed cost for the first tranche is US \$653,800 as shown in paragraph 16.

26. The first funding tranche of stage II of the HPMP requested at US \$653,800 (excluding agency support costs) will be implemented between December 2016 and July 2018.

Impact on the climate

27. The proposed activities in the servicing sector, which include better containment of refrigerants through training and provision of equipment, will reduce the amount of HCFC-22 used for refrigeration

² Decisions 72/17 and 73/34

servicing. Each kilogramme of HCFC-22 not emitted due to better refrigeration practices results in a savings of approximately 1.8 CO₂-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Dominican Republic, in particular its efforts to promote low-GWP alternatives, refrigerant recovery and reuse, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere therefore resulting in benefits on the climate.

Co-financing

28. The Government of Dominican Republic has committed in-kind-contribution for the implementation of stage II of the HPMP, through provision of office space, supplies and support to some activities for the policy and regulatory component.

2016-2018 business plan of the Multilateral Fund

29. UNDP and UNEP are requesting US \$1,474,558 plus agency support costs for the implementation of stage II of the HPMP. The total value requested for the period 2016 to 2018 of US \$1,432,660 including support cost is US \$517,796 above the amount in the business plan for the period.

Draft Agreement

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

RECOMMENDATION

31. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Dominican Republic for the period 2016 to 2020 to reduce HCFC consumption by 40 per cent of its baseline, in the amount of US \$1,589,477, consisting of US \$1,279,558, plus agency support costs of US \$89,569 for UNDP, and US \$195,000, plus agency support costs of US \$25,350 for UNEP;
- (b) Noting the commitment of the Government of Dominican Republic to reduce HCFC consumption by 40 per cent of its baseline by 2020;
- (c) Deducting 15.36 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;
- (d) Approving the draft Agreement between the Government of Dominican Republic and the Executive Committee for the reduction in consumption of HCFCs, in accordance with stage II of the HPMP, contained in Annex I to the present document; and
- (e) Approving the first tranche of stage II of the HPMP for Dominican Republic, and the corresponding tranche implementation plan, in the amount of US \$705,266, consisting of US \$558,800, plus agency support costs of US \$39,116 for UNDP, and US \$95,000, plus agency support costs of US \$12,350 for UNEP.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF THE DOMINICAN REPUBLIC 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

Purpose

1. This Agreement represents the understanding of the Government of the Dominican Republic (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 30.72 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 and 4.4.3 (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 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.

Conditions for funding release

5. The Executive Committee will only provide the Funding in accordance with the Funding Approval Schedule when 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 for all relevant years, 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.

Monitoring

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 the same appendix.

Flexibility in the reallocation of funds

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;
 - (iv) Provision of funding for 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; and
 - (v) Changes in alternative technologies, on the understanding that any submission for such a request would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tonnes to be phased out if applicable, as well as confirm that the Country agrees that potential savings related to the change of technology would decrease the overall funding level under this Agreement accordingly;
- (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; and

- (c) 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.

Considerations for the refrigeration servicing sector

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 relevant bilateral and/or implementing agencies would take into consideration relevant decisions on the refrigeration servicing sector during the implementation of the Plan.

Bilateral and implementing agencies

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 has agreed to be the lead implementing agency (the “Lead IA”) and the United Nations Environment Programme 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 the Lead IA and/or Cooperating IA taking part in this Agreement.

10. The Lead IA will be responsible for ensuring co-ordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per sub-paragraph 5(b). The Cooperating IA will support the Lead IA by implementing the Plan under the overall co-ordination of the Lead IA. The roles of the Lead IA and Cooperating IA are contained in Appendix 6-A and Appendix 6-B, respectively. 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.

Non-compliance with the Agreement

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 decisions are taken, the specific case of non-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 decisions 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.

Date of completion

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.

Validity

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.

16. This Agreement may be modified or terminated only by mutual written agreement of the Country and the Executive Committee of the Multilateral Fund.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	50.41
HCFC-123	C	I	0.19
HCFC-141b	C	I	0.60
Sub-total			51.2
HCFC-141b contained in imported pre-blended polyols	C	I	19.51
Total	C	I	70.71

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	46.08	46.08	46.08	46.08	33.28	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	46.08	46.08	46.08	46.08	30.72	n/a
2.1	Lead IA (UNDP) agreed funding (US \$)	558,800		574,200		146,558	1,279,558
2.2	Support costs for Lead IA (US \$)	39,116	-	40,194	-	10,259	89,569
2.3	Cooperating IA (UNEP) agreed funding (US \$)	95,000	-	100,000	-	-	195,000
2.4	Support costs for Cooperating IA (US \$)	12,350	-	13,000	-	-	25,350
3.1	Total agreed funding (US \$)	653,800	-	674,200	-	146,558	1,474,558
3.2	Total support costs (US \$)	51,466	-	53,194	-	10,259	114,919
3.3	Total agreed costs (US \$)	705,266	-	727,394	-	156,817	1,589,477
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)						15.36
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)						7.03
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)						28.02
4.2.1	Total phase-out of HCFC-123 agreed to be achieved under this Agreement (ODP tonnes)						-
4.2.2	Phase-out of HCFC-123 to be achieved in previously approved projects (ODP tonnes)						-
4.2.3	Remaining eligible consumption for HCFC-123 (ODP tonnes)						0.19
4.3.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)						-
4.3.2	Phase-out of HCFC-141b to be achieved in previously approved projects (ODP tonnes)						0.60
4.3.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)						-
4.4.1	Total phase-out of HCFC-141b contained in imported pre-blended polyols agreed to be achieved under this Agreement (ODP tonnes)						-
4.4.2	Phase-out of HCFC-141b contained in imported pre-blended polyols to be achieved in previously approved projects (ODP tonnes)						19.51
4.4.3	Remaining eligible consumption for HCFC-141b contained in imported pre-blended polyols (ODP tonnes)						-

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 tranche, describing the progress achieved since 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 the amount of ODS phased 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;
- (b) An independent verification report of the Plan results and the consumption of the Substances, 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 during the period covered by the requested tranche, highlighting implementation milestones, the time of completion and 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 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; 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 two stages 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 under Appendix 2-A of each Agreement in a particular year, the lower HCFC consumption target will be used as reference for compliance with these Agreements and will be the basis for the independent verification.

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The National Ozone Programme (PRONAOZ) of the Ministry of Environment and Natural Resources (MARN) shall be responsible for coordinating the actions associated with each programme and projects through collaborating with various areas of the Ministry; as well as with other government agencies such as the General Customs Directorate of the Ministry of Treasury, between others.
2. To support the implementation of projects in different sectors, national and/or international consultants will be hired, if necessary, to implement the various activities and offer support to the PRONAOZ in coordination with key actors, including other Ministries, Agencies and the private sector.
3. PRONAOZ have the full support of the Government. The MARN has ensured the adoption of the laws and the implementation of necessary national regulations to guarantee the country's compliance with the Montreal Protocol agreements.
4. For the adequate implementation of these projects, it is essential to continue to have the active participation of relevant public sector counterparts, such as the General Customs Directorate, which actively participates in the definition and implementation of import and export control processes of HCFC.
5. The Lead IA shall have the overall responsibility of reporting to the Executive Committee, and of supporting the Country in the implementation of the non-investment components that are not implemented by the Cooperating IA.
6. Before each Executive Committee meeting is held to discuss a tranche to receive funding, PRONAOZ will prepare a report on the status of activities and progress together with the Lead IA and with the help of the Cooperating IA, including the milestones and other key performance indicators as well as any other information of interest for the implementation of the Plan. This report will be reviewed and verified by the Lead IA and will then be sent to the Executive Committee through the Secretariat of the Multilateral Fund.

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, and should include the activities implemented by the Cooperating IA;
- (f) In the event that the last funding tranche is requested one or more years prior to the last year for which a consumption target had been established, annual tranche implementation reports and, where applicable, verification reports on the current stage of the Plan should be submitted until all activities foreseen had been completed and HCFC consumption targets had been met;
- (g) Ensuring that appropriate independent technical experts carry out the technical reviews;
- (h) Carrying out required supervision missions;
- (i) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;
- (j) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;
- (k) 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 the Lead IA and each Cooperating IA;
- (l) Ensuring that disbursements made to the Country are based on the use of the indicators;
- (m) Providing assistance with policy, management and technical support when required;
- (n) Reaching consensus with the Cooperating IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan; and
- (o) Timely releasing funds to the Country/participating enterprises for completing the activities related to the project.

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 IA 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 IA, and refer to the Lead IA to ensure a co-ordinated sequence in the activities;

- (c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A; and
- (d) Reaching consensus with the Lead IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan.

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 \$192 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, on the understanding that the maximum funding reduction would not exceed the funding level of the tranche being requested. Additional measures might be considered in cases where non-compliance extends for two consecutive years.

2. 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 that lead 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.
