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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Ninety-third Meeting  
Montreal, 15-19 December 2023  
Item 9(d) of the provisional agenda<sup>1</sup>

**PROJECT PROPOSAL: SURINAME**

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) UNEP and UNIDO

<sup>1</sup> UNEP/OzL.Pro/ExCom/93/1

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

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

**Suriname**

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HCFC phase-out plan (stage II)	UNEP (lead), UNIDO

<b>(II) LATEST ARTICLE 7 DATA (Annex C Group I)</b>	Year: 2022	0.10 ODP tonnes
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>							<b>Year: 2022</b>		
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					0.10				0.10

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009-2010 baseline:	2.00	Starting point for sustained aggregate reductions:	1.98
<b>CONSUMPTION ELIGIBLE FOR FUNDING</b>			
Already approved:	0.69	Remaining:	1.29

<b>(V) ENDORSED BUSINESS PLAN</b>		<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
UNEP	ODS phase-out (ODP tonnes)	0.10	0.0	0.0	0.10
	Funding (US \$)	59,250	0	0	59,250
UNIDO	ODS phase-out (ODP tonnes)	0.30	0.0	0.0	0.30
	Funding (US \$)	84,583	0	0	84,583

<b>(VI) PROJECT DATA</b>			<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028-2029</b>	<b>2030</b>	<b>Total</b>
Montreal Protocol consumption limits (ODP tonnes)			1.29	1.29	0.64	0.64	0.64	0.64	0.00	n/a
Maximum allowable consumption (ODP tonnes)			1.29	1.29	0.64	0.64	0.64	0.64	0.00	n/a
Project costs requested in principle (US \$)	UNEP	Project costs	166,100	0	0	0	158,400	0	36,400	360,900
		Support costs	21,593	0	0	0	20,592	0	4,732	46,917
	UNIDO	Project costs	61,000	0	0	0	99,600	0	18,500	179,100
		Support costs	5,490	0	0	0	8,964	0	1,665	16,119
Total project costs recommended in principle (US \$)			227,100	0	0	0	258,000	0	54,900	540,000
Total support costs recommended in principle (US \$)			27,083	0	0	0	29,556	0	6,397	63,036
Total funds recommended in principle (US \$)			254,183	0	0	0	287,556	0	61,297	603,036

<b>(VII) Request for approval of funding for the first tranche (2023)</b>		
<b>Implementing agency</b>	<b>Funds recommended (US \$)</b>	<b>Support costs (US \$)</b>
UNEP	166,100	21,593
UNIDO	61,000	5,490
Total	227,100	27,083

<b>Secretariat's recommendation:</b>	Individual consideration - all technical and cost issues resolved
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## PROJECT DESCRIPTION

### Background

1. On behalf of the Government of Suriname, UNEP as the lead implementing agency has submitted a request for stage II of the HCFC phase-out management plan (HPMP), at a total cost of US \$603,036, consisting of US \$360,900, plus agency support costs of US \$46,917 for UNEP and US \$179,100, plus agency support costs of US \$16,119 for UNIDO, as originally submitted.<sup>2</sup> The implementation of stage II of the HPMP will phase out the remaining consumption of HCFCs by 2030.

2. The first tranche of stage II of the HPMP being requested at this meeting amounts to US \$202,765, consisting of US \$120,700, plus agency support costs of US \$15,691 for UNEP and US \$60,894, plus agency support costs of US \$5,480 for UNIDO, as originally submitted.

### Status of implementation of stage I of the HCFC phase-out management plan

3. Stage I of the HPMP for Suriname was approved at the 65<sup>th</sup> meeting<sup>3</sup> to phase out 0.69 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector to meet the 35 per cent reduction from the baseline by 2020, at a total cost of US \$210,000, plus agency support costs. At the 92<sup>nd</sup> meeting, in approving the fourth and final tranche, the Executive Committee approved, on an exceptional basis, the extension of the date of completion of stage I of the HPMP to 30 June 2024, given the delays in implementing phase-out activities, and noting that no further extension of project implementation would be requested.<sup>4</sup>

### Report on HCFC consumption

4. The Government of Suriname reported a consumption of 0.10 ODP tonnes of HCFC in 2022, which is 95 per cent below the HCFC baseline for compliance. The 2018-2022 HCFC consumption is shown in table 1.

**Table 1. HCFC consumption in Suriname (2018-2022 Article 7 data)**

HCFC-22	2018	2019	2020	2021	2022	Baseline*
Metric tonnes (mt)	13.60	10.50	6.20	0.00	1.77	35.30
ODP tonnes	0.75	0.58	0.34	0.00	0.10	2.00

\*Baseline consumption includes 0.04 ODP tonnes of HCFC-142b

5. The consumption of HCFCs in Suriname is experiencing a significant decrease due to the implementation of a licensing and quota system, the adoption of good servicing practices of HCFC-based RAC equipment and the fast adoption of HCFC-free alternatives in high HCFC-consuming applications like domestic air-conditioning and chillers.

### *Country programme (CP) implementation report*

6. The Government of Suriname reported HCFC sector consumption data under the 2022 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

<sup>2</sup> As per the letter of 7 August 2023 from the National Institute for Environment and Development in Suriname to the Secretariat.

<sup>3</sup> Decision 65/33

<sup>4</sup> Decision 92/32(b)

Status of progress and disbursement

7. The Government of Suriname is at an advanced stage of implementing the fourth and final tranche of stage I of the HPMP. There were challenges during the implementation of stage I due to constraints related to the COVID-19 pandemic, as well as changes in the administrative structure that resulted in the transition of the national ozone unit (NOU) operations from the National Institute for Environment and Development (NIMOS) to the National Environment Authority (NEA) from the third quarter of 2022. These issues were resolved, and the project implementation is progressing. During stage I, a total of 40 customs and enforcement offices were trained on controlling and monitoring of HCFCs and implementation of the licensing system; two national technical institutions were provided equipment support for training service technicians; four identifiers were procured for checking imports of HCFCs; and project management support was provided for monitoring the implementation of stage I of the HPMP. By the end of stage I, 49 service technicians are expected to be trained on good service practices and safe use of HCFC-free alternatives.

Level of fund disbursement

8. As of August 2023, of the total funds of US \$210,000 approved under stage I, US \$177,379 had been disbursed (US \$90,500 for UNEP and US \$86,879 for UNIDO), and the balance of US \$32,621 is expected to be disbursed by June 2024.

**Stage II of the HCFC phase-out management plan**

Remaining consumption eligible for funding

9. After deducting 0.69 ODP tonnes of HCFCs associated with stage I of the HPMP, the remaining consumption eligible for funding in stage II amounts to 1.29 ODP tonnes of HCFC-22.

Sector distribution of HCFCs

10. There are approximately 700 technicians and 55 workshops in the servicing sector, consuming HCFC-22 to service residential air conditioners, commercial refrigeration equipment, and chillers as shown in table 2. HCFC-22 represents 3.6 per cent of the refrigerants used in the servicing sector, followed by R-410A, R-404A and HFC-134a.

**Table 2. Estimation of demand for HCFC-22 in the RAC servicing sector in Suriname**

Sector/Application	(a)	(b)	(c) = (a)*(b)	(d)	(c)*(d)
	Equipment inventory	Average charge (kg/unit)	HCFC bank (mt)	Estimated bank refilled during servicing (%)	Annual need for servicing (kg)
Room AC (unitary and split)	50,822	1.5	76.23	5	3,812
Commercial refrigeration (medium condensing units)	7,900	10	79.00	5	3,950
Chillers	35	50	1.75	10	175
<b>Total</b>	<b>58,757</b>	<b>n/a</b>	<b>156.98</b>	<b>n/a</b>	<b>7,937</b>

Note: The consumption provided above is based on best estimates of servicing needs for the population of equipment.

Phase-out strategy

11. Stage II of the HPMP will focus on continued strengthening of the licensing and quota system for HCFCs, training of service technicians on good servicing practices and safe adoption of low-global-warming-potential (GWP) alternatives in different applications, providing additional support to technical institutions for training service technicians, awareness and outreach on HPMP activities and safe adoption of alternatives, and project management, monitoring and reporting of HPMP activities.

*Proposed activities*

12. Stage II proposes the following activities:

- (a) *Legal and regulatory measures:* Update of the training curriculum and programme on the monitoring and control of HCFCs; implementation of different provisions of licensing and quota system including coordination with national institutions and data recording and reporting of HCFCs; training of 400 customs and enforcement officers on enforcement of policies and regulations for the HCFC licensing and quota system; and implementation of the recommendations in the verification report for strengthening the licensing and quota system (UNEP) (US \$98,000);
- (b) *Capacity building and certification of RAC technicians:* Update of the training curriculum of service technicians to include information on new technologies, safe use of alternative refrigerants and good servicing practices; training and certification of 480 technicians on good service practices and on recovery and reuse of refrigerants; publication in the NOU website of a guide on good service practices that can be easily accessed by technicians (UNEP) (US \$120,400);
- (c) *Procurement of tools and equipment:* Provision of additional tools and equipment to the two training facilities for providing training to service technicians on alternative technologies and good servicing practices; provision of tools and other service equipment (e.g., manifold gauges, portable recovery units, safety gloves and related servicing tools) for trained service technicians (UNIDO) (US \$179,100); and
- (d) *Public awareness and stakeholder outreach:* Launch of stage II of the HPMP; production and distribution of technical materials relating to HPMP activities and HCFC phase-out and adoption of low-GWP alternatives to HCFCs; awareness and communication programmes for service technicians, users of different types of equipment and other national stakeholders on HPMP activities and adoption of HCFC-free low-GWP alternatives (UNEP) (US \$92,000).

*Project implementation and monitoring*

13. The system established under stage I of the HPMP will continue into stage II, with the NOU and UNEP monitoring activities, reporting on progress, and working with stakeholders to phase out HCFCs. The cost of those activities for UNEP amounts to US \$50,500, and includes project staff and consultants (US \$49,000), and office management and administration expenses (US \$1,500).

*Gender policy implementation*

14. The Government of Suriname, UNEP and UNIDO are fully committed to applying the Multilateral Fund operational policy on gender mainstreaming in line with decisions 84/92(d), 90/48(c) and 92/40(b). UNEP explained that the Government recognises that there are very few women engaged in RAC servicing. The Government would work closely with training institutions and the RAC association to implement measures and follow up regularly to maximise participation of women in all HPMP activities. The Government would also continue to collect and provide gender-disaggregated data, to the extent feasible, as a part of future HPMP tranche implementation reports.

Total cost of stage II of the HCFC phase-out management plan

15. The total cost of stage II of the HPMP for Suriname has been estimated at US \$540,000 (plus agency support costs), as originally submitted, for achieving a 67.5 per cent reduction from its HCFC

baseline consumption by 2025 and a 100 per cent reduction by 2030. The proposed activities and cost breakdown are summarized in paragraphs 12 and 13 above.

Implementation plan for the first tranche of stage II of the HCFC phase-out management plan

16. The first funding tranche of stage II of the HPMP in the total amount of US \$181,594 will be implemented between January 2024 and September 2026 and will include the following activities:

- (a) *Legal and regulatory measures:* Update of the training curriculum for customs and enforcement officers; training of 80 customs and enforcement officers on the monitoring and control of HCFCs and effective implementation of the licensing and quota system; coordination with importers and other national stakeholders for accurate data recording and timely data reporting of HCFC imports (UNEP) (US \$29,000);
- (b) *Capacity building and certification of RAC technicians:* Update of the training curriculum of service technicians; training of about 120 technicians on good service practices and safe use of alternatives and recovery and reuse of refrigerants; development of a step-by-step guide on good service practices for technicians (UNEP) (US \$41,200);
- (c) *Procurement of tools and equipment:* NOU consultations with the Air-conditioning, Refrigeration and Ventilation Association of Suriname (ARVAS) and the Nature Technical Institute on equipment needs for technicians; procurement and distribution of equipment and tools to service technicians (UNIDO) (US \$60,894);
- (d) *Public awareness and stakeholder outreach:* Development of awareness and information outreach materials for different stakeholders on HPMP implementation and adoption of alternatives; launch of stage II of the HPMP and workshops and awareness programmes for different stakeholders (UNEP) (US \$36,000); and
- (e) *Project monitoring* (UNEP) (US \$14,500) with the following cost breakdown: staff and consultants (US \$14,000), and office management and administration expenses (US \$500).

**SECRETARIAT'S COMMENTS AND RECOMMENDATION**

**COMMENTS**

17. The Secretariat reviewed stage II of the HPMP 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 2023-2025 business plan of the Multilateral Fund.

Overarching strategy

18. The Government of Suriname proposes to meet the 100 per cent reduction of its HCFC baseline consumption by 2030, and to maintain a maximum annual consumption of HCFCs in the period of 2030 to 2040 at a level consistent with Article 5, paragraph 8 ter(e)(i) of the Montreal Protocol.<sup>5</sup> To achieve the above targets, the Government would continue strengthening the implementation of regulations to control supply of HCFCs and prohibit the import and sale of HCFC-based RAC equipment from 1 January 2025; undertake capacity building and training of refrigeration technicians and the refrigeration association; implement a recovery programme for HCFCs after establishing standards for the recovery of refrigerants

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<sup>5</sup> HCFC consumption may exceed zero in any year so long as the sum of its calculated levels of consumption over the ten-year period from 1 January 2030 to 1 January 2040, divided by 10, does not exceed 2.5 per cent of the HCFC baseline.

through the Bureau of Standards; and implement awareness and outreach programmes for the adoption of low-GWP alternative technologies. The Government has also indicated that it expects to maintain its consumption levels below stage II targets for the period of 2024 to 2030.

19. In line with decision 86/51, to allow for consideration of the final tranche of its HPMP, the Government of Suriname agreed to submit a detailed description of the regulatory and policy framework in place to implement measures to ensure that HCFC consumption is in compliance with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol for the period 2030–2040, and the expected annual HCFC consumption in Suriname for the period 2030–2040.

20. Noting the decreasing trend in HCFC consumption and the levels of use of HCFC-22 in the servicing sector, the Secretariat discussed with UNEP the possibility of reducing the country's 2023-2024 consumption targets included in the draft Agreement for stage II as submitted, considering that those targets were much higher than the prevailing consumption levels. UNEP informed that the Government, after consultations with the national stakeholders, would retain its consumption targets for 2023 and 2024 at the Montreal Protocol control limits to avoid any potential risk of non-compliance due to servicing needs for HCFC-based equipment.

#### Implementation of stage I of the HPMP

21. The Secretariat requested clarifications on why the number of RAC service technicians and customs and enforcement officers trained under stage I of the HPMP was less than 50 per cent of the target. UNEP explained that between 2020 and 2023, the training programme implementation was affected due to constraints related to the COVID-19 pandemic and the restructuring of the NOU; during the next nine months, the Government will take steps to maximise the training of technicians and customs and enforcement officers and would continue to maintain momentum of the training programme in stage II of the HPMP.

#### Legal framework

22. The Government of Suriname has issued HCFC import quotas for 2023 at 0.88 ODP tonnes, which is lower than the Montreal Protocol control targets.

#### *Implementation of the recommendations in the verification report to strengthen the licensing and quota system for HCFCs (decision 92/32(d))*

23. The Executive Committee approved the fourth and final tranche of stage I of the HPMP for Suriname, on the understanding that the Government, UNEP and UNIDO would submit a status report on the implementation of the recommendations from the verification report to strengthen the licensing and quota system, as identified in paragraph 15 of document UNEP/OzL.Pro/ExCom/92/38, to each meeting of the Executive Committee starting from the 93<sup>rd</sup> meeting and that stage II of the HPMP for Suriname would be considered only after satisfactory implementation of the above recommendations (decision 92/32(d)).

24. In line with the decision, UNEP provided the following report:

- (a) The NOU held three meetings in January, February and March 2023, with the Ministry of Economic Affairs and its new head of the Import, Export and Foreign Exchange Control Department to discuss the planning and delivery of the training on the provisions of the licensing and quota system. The training with the remaining staff of the Ministry was held on 29 September 2023. The Ministry sent a letter to the NOU/NIMOS on 10 January 2023, on its commitment to and understanding of the licensing and quota system, and the requirement for the “no-objection” letter that would be sent from the NIMOS;

- (b) The NOU has started sharing information on HCFC quotas with the Ministry of Economic Affairs and Customs Department;
- (c) The NOU held one training session on 7 September 2023 with eight importers of refrigerants and refrigerant-based equipment on accurate HCFC data reporting in a timely manner including the use of correct Harmonized System (HS) codes; during this meeting, clarifications on the regulatory requirement for HCFC data reporting were provided;
- (d) The NOU held one training session on 7 September 2023 with eight customs brokers on the correct use of HS codes and submission of information to the Automated System for Customs Data (ASYCUDA);
- (e) The NOU has adopted the practice of issuing “no-objection” letters for the year 2024; and
- (f) The revised 2020 CP data report was submitted on 19 April 2023 and the revised 2020 Article 7 data report was submitted on 24 August 2023.

25. UNEP also confirmed that the Government would continue to implement measures to monitor and control HCFC imports and consumption through different activities planned for customs and enforcement officers, importers and customs brokers, while implementing stage II of the HPMP. In light of this, the Secretariat considers that the conditions specified in decision 92/32(d) are fulfilled and that stage II can be considered by the Executive Committee.

#### Technical and cost-related issues

26. UNEP informed that the Government of Suriname is committed to promote the recovery and reuse of HCFCs. Training on recovery and reuse of refrigerants will be included in the training on good service practices and equipment support will be provided to trained service technicians and technical institutions; standards for recovery of refrigerants would be developed by the Bureau of Standards during the implementation of stage II of the HPMP.

27. On certification of technicians, UNEP explained that technicians would be certified after acquiring practical hands-on experience in using specialised tools and equipment that would be provided to different institutions under stage II of the HPMP; this process will help in improving technicians’ ability in proper recovery and reuse of HCFCs; training materials on the adoption of good servicing practices including servicing equipment using low-GWP refrigerant technologies would be utilised in training technicians prior to certification; and the Government would consider implementing mandatory certification of technicians during stage II, though specific dates cannot be confirmed at this stage.

28. The Secretariat had discussions with UNEP relating to the implementation of the service sector activities and adjustment of tranche distribution to ensure that the last tranche of stage II includes at least 10 per cent of the total funding for service sector activities. UNEP, after consultation with the Government, presented a revised implementation plan for the first tranche to include training of at least 180 technicians (instead of 120) and additional awareness and outreach activities for importers and customs brokers for strengthening implementation of the HCFC licensing system, and for service technicians on implementation of training and adoption of low-GWP technologies. Accordingly, the tranche distribution for stage II of the HPMP has been revised as shown in table 3.



**Table 3. Original and revised tranche distribution for stage II of the HPMP for Suriname (US \$)**

Funding by agency	2023	2026	2027	2028	2030	Total
<b>Original</b>						
UNEP	120,700	95,800	0	144,400	0	360,900
UNIDO	60,894	82,386	0	35,820	0	179,100
<b>Total</b>	<b>181,594</b>	<b>178,186</b>	<b>0</b>	<b>180,220</b>	<b>0</b>	<b>540,000</b>
<b>Revised</b>						
UNEP	166,100	0	158,400	0	36,400	360,900
UNIDO	61,000	0	99,600	0	18,500	179,100
<b>Total</b>	<b>227,100</b>	<b>0</b>	<b>258,000</b>	<b>0</b>	<b>54,900</b>	<b>540,000</b>

Activities planned for the first tranche

29. The first tranche will be implemented between January 2024 and September 2026 and the funding has been revised to US \$227,100 as per table 3 above, with the following cost breakdown:

- (a) Legal and regulatory measures (UNEP) (US \$30,000);
- (b) Capacity building and certification of RAC technicians (UNEP) (US \$66,100);
- (c) Procurement of tools and equipment<sup>6</sup> (UNIDO) (US \$61,000);
- (d) Public awareness and stakeholder outreach (UNEP)(US \$45,000); and
- (e) Project monitoring (UNEP) (US \$25,000).

Total project cost

30. The total cost for stage II of the HPMP amounts to US \$540,000, based on decision 74/50(c)(xii) on the eligible funding level for a low-volume consuming country.

Impact on the climate

31. The activities proposed 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 RAC servicing. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in the savings of approximately 1.8 CO<sub>2</sub>-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Suriname, including its efforts to promote low-GWP alternatives, as well as refrigerant recovery and reuse indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits.

Sustainability of the HCFC phase-out and assessment of risks

32. The Secretariat requested additional information on the sustainability of HCFC phase-out including implementation risk assessment and mitigation, and the implementation of regulations for the prohibition of import and sales of HCFC-based equipment and the recovery and reuse of HCFCs, all of which are important elements for a sustainable transition to HCFC-free environment friendly alternative technologies.

33. UNEP explained that Suriname is a technology receiver of products that are alternatives to HCFCs. Stage II activities are designed to facilitate the adoption of low-GWP alternative technologies to HCFCs through awareness and information outreach to different stakeholders; regulations to prohibit import and sale of HCFC-based equipment from 1 January 2025; continued strengthening of licensing and quota

<sup>6</sup> Tools and equipment include manifold gauges, portable recovery units, safety gloves and related servicing tools.

system of HCFCs and engagement of customs and enforcement officers and importers in the strengthening process; infrastructure support to technical institutions for sustained technician training including on the adoption of low-GWP alternatives; consultations with the national stakeholders to implement regulations on the sale of refrigerants to service agencies with certified technicians and implementation of good practices in the training curriculum of service technicians. Through these interventions, risks to the successful implementation of stage II of the HPMP for Suriname are mitigated.

#### Co-financing

34. UNEP explained that the Government would provide in-kind contribution in the form of provision of office space, utilities, transportation, general administration and oversight of the NOU by relevant Government authorities.

#### 2023-2025 draft business plan of the Multilateral Fund

35. UNEP and UNIDO are requesting US \$540,000, plus agency support costs, for the implementation of stage II of the HPMP for Suriname. The total requested value of US \$254,183, including agency support costs for the period of 2023–2025, is US \$110,350 above the amount in the business plan.

#### Draft Agreement

36. A draft Agreement between the Government of Suriname and the Executive Committee for stage II of the HPMP is contained in Annex I to the present document.

### **RECOMMENDATION**

37. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Suriname for the period from 2023 to 2030 for the complete phase-out of HCFC consumption, in the amount of US \$603,036, consisting of US \$360,900, plus agency support costs of US \$46,917 for UNEP and US \$179,100, plus agency support costs of US \$16,119 for UNIDO, on the understanding that no more funding from the Multilateral Fund will be provided for the phase-out of HCFCs;
- (b) Noting the commitment of the Government of Suriname:
  - (i) To completely phase out HCFCs by 1 January 2030, and that HCFCs would not be imported after that date, except for those allowed for a servicing tail between 2030 and 2040, where required, consistent with the provisions of the Montreal Protocol; and
  - (ii) To prohibit the import and sale of HCFC-based refrigeration and air-conditioning equipment from 1 January 2025;
- (c) Deducting 1.29 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;
- (d) Approving the draft Agreement between the Government of Suriname 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;
- (e) That, to allow for consideration of the final tranche of its HPMP, the Government of Suriname should submit:

- (i) A detailed description of the regulatory and policy framework in place to implement measures to ensure that HCFC consumption was in compliance with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol for the period 2030-2040;
  - (ii) The expected annual HCFC consumption in Suriname for the period 2030-2040, in line with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol, proposed modifications to its Agreement with the Executive Committee covering the period beyond 2030; and
- (f) Approving the first tranche of stage II of the HPMP for Suriname, and the corresponding tranche implementation plan, in the amount of US \$254,183, consisting of US \$166,100, plus agency support costs of US \$21,593 for UNEP, and US \$61,000, plus agency support costs of US \$5,490 for UNIDO.



## Annex I

### **DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF SURINAME 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 Suriname (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 zero ODP tonnes by 1 January 2030 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 and 4.2.3 (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 approved (“the Plan”). In accordance with subparagraph 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 subparagraph 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;
  - (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 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. UNEP has agreed to be the lead implementing agency (the “Lead IA”) and UNIDO 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 coordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per subparagraph 5(b). The Cooperating IA will support the Lead IA by implementing the Plan under the overall coordination 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 subparagraph 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 subparagraphs 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 between the Government 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	1.94
HCFC-142b	C	I	0.04
Total			1.98



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

Row	Particulars	2023	2024	2025	2026	2027	2028-2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	1.29	1.29	0.64	0.64	0.64	0.64	0.00	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	1.29	1.29	0.64	0.64	0.64	0.64	0.00	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	166,100	0	0	0	158,400	0	36,400	360,900
2.2	Support costs for Lead IA (US \$)	21,593	0	0	0	20,592	0	4,732	46,917
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	61,000	0	0	0	99,600	0	18,500	179,100
2.4	Support costs for Cooperating IA (US \$)	5,490	0	0	0	8,964	0	1,665	16,119
3.1	Total agreed funding (US \$)	227,100	0	0	0	258,000	0	54,900	540,000
3.2	Total support costs (US \$)	27,083	0	0	0	29,556	0	6,397	63,036
3.3	Total agreed costs (US \$)	254,183	0	0	0	287,556	0	61,297	603,036
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)								1.29
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)								0.69
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)								0.00
4.2.1	Total phase-out of HCFC-142b agreed to be achieved under this Agreement (ODP tonnes)								0.00
4.2.2	Phase-out of HCFC-142b to be achieved in the previous stage (ODP tonnes)								0.04
4.2.3	Remaining eligible consumption for HCFC-142b (ODP tonnes)								0.00

\*Date of completion of stage I as per decision 92/32(b): 30 June 2024

## APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

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

## APPENDIX 4-A: FORMAT OF 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 subparagraph 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 subparagraph 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 subparagraph (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 subparagraphs 1(a) to 1(d).
2. In the event that in a particular year two stages of the Plan 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. UNEP, as the Lead IA, will be responsible for ensuring coordinated planning, implementation and reporting of all activities under the Plan, including, but not limited to, independent verification of the results achieved. The role will include funds management, the production of tranche implementation reports, requests for funding and supervision of project activities.
2. UNIDO, as the Cooperating IA, will support the Lead IA by implementing the Plan under the overall coordination of the Lead IA.
3. The national ozone unit will have overall responsibility for project execution and will establish a monitoring, evaluation and reporting mechanism to support its efforts. Thus, the mechanism will monitor project execution, identify delays and recommend remedial actions and generate progress and final tranche reports for submission to the lead IA.

## **APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY**

1. The Lead IA will be responsible for a range of activities, including at least the following:
  - (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's Plan;
  - (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 subparagraphs 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) Coordinating 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 the 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; and
  - (n) Reaching consensus with the Cooperating IA on any planning, coordination 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 Plan's results and the consumption of the Substances mentioned in Appendix 1-A, as per subparagraph 5(b) of the Agreement and subparagraph 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 coordinated 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, coordination 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 \$180 per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met, 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 Plan 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.