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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixty-third Meeting  
Montreal, 4-8 April 2011

**PROJECT PROPOSAL: PACIFIC ISLAND COUNTRIES**

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

Phase-out

- Regional HCFC phase-out management plan for 12 Pacific Island Countries (PIC) (stage I, first tranche)

UNEP

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS  
PACIFIC ISLAND COUNTRIES**

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HCFC phase-out management plan (first tranche)	UNEP (lead)

<b>(II) LATEST ARTICLE 7 DATA</b>	Year: 2009	43.2 (Metric tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (Metric tonnes)</b>								<b>Year: 2009</b>	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123									
HCFC-124									
HCFC-141b									
HCFC-142b									
HCFC-22					47.95				47.95

<b>(IV) CONSUMPTION DATA (Metric tonnes)</b>			
2009 - 2010 baseline:	To be determined	Starting point for sustained aggregate reductions:	59.11
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	0.0	Remaining:	38.42

<b>(V) BUSINESS PLAN</b>		<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
UNEP	ODS phase-out (Metric tonnes)	0				0				0		0
	Funding (US \$)	967,000				501,000				163,000		1,631,000

<b>(VI) PROJECT DATA</b>			<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Montreal Protocol consumption limits (estimate)					59.11	59.11	53.20	53.20	53.20	53.20	53.20	38.42	N/A
Maximum allowable consumption (Metric tonnes)				66.48	59.11	59.11	53.20	53.20	53.20	53.20	53.20	38.42	N/A
Project costs requested in principle(US \$)	UNEP	Project costs	873,375				636,525					186,100	1, 696,000
		Support costs	113,539				82,748					24,193	220,480
Total project costs requested in principle (US \$)			873,375				636,525					186,100	1, 696,000
Total support costs requested in principle (US \$)			113,539				82,748					24,193	220,480
Total funds requested in principle (US \$)			986,914				719,273					210,293	1, 916,480

<b>(VII) Request for funding for the first tranche (2011)</b>		
<b>Agency</b>	<b>Funds requested (US \$)</b>	<b>Support costs (US \$)</b>
<b>UNEP</b>	873,375	113,539

<b>Funding request:</b>	Approval of funding for the first tranche (2011) as indicated above
<b>Secretariat's recommendation:</b>	Individual consideration

## PROJECT DESCRIPTION

1. On behalf of the Governments of the Cook Islands, Kiribati, the Marshall Islands, the Federated States of Micronesia, Nauru, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu (hereinafter referred to as the PICs) UNEP, as the lead implementing agency, has submitted to the 63<sup>rd</sup> Meeting of the Executive Committee stage I of the HCFC phase-out management plan (HPMP) for these twelve countries at a total cost as originally submitted of US \$1,886,000 plus agency support costs of US \$245,180. The HPMP will be implemented solely by UNEP following a regional approach and will meet with the 35 per cent reduction target for HCFC consumption in 2020.

2. UNEP is requesting US \$1,099,375 plus agency support cost of US \$142,920 for the first tranche of stage I of the HPMP.

### Background

3. At its 60<sup>th</sup> Meeting, the Executive Committee, in decision 60/24 approved project preparation funds for 12 PICs on the understanding that:

- (a) The resulting HPMPs for the PICs would contain activities to meet the 35 per cent reduction target in HCFC consumption by 2020; and
- (b) UNEP will continue to explore how the regional approach could be used in the implementation for these 12 countries.

4. Following this approval, UNEP initiated a discussion with the PICs on their HPMP preparation through a network meeting, and explored options for how this can be implemented using a regional approach with due consideration to the national activities that will be required for each country to comply with the HCFC control measures under the Montreal Protocol. The countries then proceeded to conduct extensive national consultations as part of the HPMP development process. Each country also organized the HCFC survey, national consultations on policy review, identified needs for the phase-out, and initiated the formulation of the supporting government strategy and action plan for its HPMP.

5. The PICs share a number of common characteristics. Most of the islands are geographically remote and all depend heavily on imports and also on official development aid from the countries that have had historical ties with them (e.g. Australia, New Zealand, United States and Japan). Each country consumes very small amounts of ODS compared with countries in any other region. There are also a few notable differences among PICs that would influence their HCFC phase-out activities. HCFCs in bulk and HCFC dependant equipment come from different countries depending on PIC sub-grouping. Population size, economic structure and geographical distribution also vary among the countries, which in turn influence the design and the implementation of ODS phase-out activities. These factors are summarized in Table 1 below:

Table 1: Socio-economic characteristics of PICs

Country	Population Size <sup>1</sup>	GDP per capita (current US\$) <sup>2</sup>	Main economic centres	Major industries	Trade partners for HCFCs and associated equipment
Cook Islands	19,300	-	Rarotonga	Tourism, agriculture	New Zealand
Niue	1,438	-	Niue	Agriculture, tourism	New Zealand
Marshall Islands	63,400	2,504	Majuro in the main Atoll and on 4-5 outer islands	fishing, machinery/ scrap metal, copra	USA, the Philippine, Singapore, China (both mainland and Taiwan)
Micronesia (Federated States of)	111,100	2,319		Fishing, tourism	USA, the Philippine, Singapore, China (both mainland and Taiwan)
Palau	19,907 <sup>3</sup>	7,300 <sup>4</sup>	Koror in the main island	tourism, fishing commerce, construction	USA, the Philippine Republic of Korea, China (Taiwan),
Nauru	10,250	-	Nauru	Mining, fishing, agriculture, tourism	Fiji, Philippine, Malaysia, China, Australia
Kiribati	99,550	1,325	Tarawa	Agriculture, fishing, tourism	Australia, China, Japan, Fiji, and New Zealand
Samoa	178,900	2,776	Upolu	Agriculture, fishing, tourism	Fiji, New Zealand, Australia, China
Tonga	104,300	2,991	Tongatapu	Tourism, Agriculture, Telecommunications remittances	Australia, New Zealand, China and Fiji
Tuvalu	9,970	-	Funafuti	Fishing and Agriculture	Fiji, New Zealand, Japan, China,
Solomon Islands	535,700	1,257	Honiara	Agriculture, logging, fisheries and tourism	China, Hong Kong Singapore Australia, and New Zealand
Vanuatu	245,800	1,713	Port Vila	Agriculture, fisheries and tourism	Australia, New Zealand, China, Singapore

6. Taking all of the above into account and after extensive discussions and consultations, including a review of the earlier regional strategies taken for the implementation of the CFC phase-out, the PICs reached an agreement on how to implement the HPMP through a regional approach to the maximum extent possible, to minimise the cost and to achieve the best results in compliance with the Montreal Protocol. The HPMP is for consideration of the Executive Committee at the 63<sup>rd</sup> Meeting.

#### ODS regulations

7. All PICs have ratified the Montreal Protocol and its Amendments except Solomon Islands that has not yet ratified the Beijing Amendment.

8. Each PIC follows its own national regulation-making process, which generally involves reviewing existing Acts, vetting by Attorney General's office, circulation among stakeholders for endorsement, and passing of Acts by the Parliament. All 12 countries have also established/strengthened

<sup>1</sup> Source: UNEP (2006). The GEO Data Portal, as compiled from the "name of organization, name of database, year". United Nations Environment Programme.

<http://geodata.grid.unep.ch>. Source: UNEP/DEWA/GRID-Europe, GEO Data Portal; compiled from , United Nations Population Division, with exception for the figure for Palau that is from the Office of Planning and Statistics 2008 per the HPMP for the Republic of Palau. The estimate for the country for 2009 is 205,800.

<sup>2</sup> Source: 2009 data from the World Bank national accounts data, and OECD National Accounts data files. <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>, with exception for the figure for Palau that is from the HPMP for the Republic of Palau. The World Bank estimate for the country for 2009 is US\$9,345.

<sup>3</sup> 2005 data

<sup>4</sup> 2007 data

their licensing system for ODS import/export controls, including HCFCs under various national regulations/acts as a result of the HPMP preparation process. Some countries also put in place the legal basis for the quota system which could be applied for HCFC import/export controls. These are summarized in Table 2 below:

**Table 2: Overview of Legal Framework for ODS Control in PICs**

<b>Country</b>	<b>Legal framework for ODS control including the import/export licensing system</b>	<b>Licensing System covering HCFCs?</b>
Cook Islands	ODS control included under the Customs Regulations. Regulation on Ozone Layer Protection was approved in 2008. Licensing system has been strengthened through this regulation. Violation of the Regulations is subject to a penalty of no more than US\$50,000.	Yes. Also other ODSs
Kiribati	The licensing system is in place under the Customs Tariff Act, which was amended in 2006 to include ODS as restricted imports. The licensing system has been shifted to the Ozone Layer Protection Regulation which is now in the process of Cabinet's endorsement.	Yes. Also other ODSs
Marshall Islands	The licensing system was put in place in August 2004 through the Ozone Layer Protection Regulations 2004 under the 1984 National Environment Protection Act. The Environmental Protection Authority (EPA) is responsible for its enforcement. The license is issued for import/sale upon request and registration with EPA. The Regulations control or prohibit: importation of bulk substances; importation of certain goods/equipment; exportation; manufacture; sales, and releasing controlled substance to the atmosphere. Violation of the Regulations is subject to a civil penalty of no more than US\$10,000 per day of violation. The revised Regulations are being drafted (e.g. adding of Labeling requirement) and will be finalized once the quota for HCFC phase-out are set in 2011.	Yes. Also other ODSs
Micronesia (Federated States of)	Since November 2007, the licensing system including HCFC has been implemented by NOU within the Office of Environment and Emergency Management with the assistance of the Customs Division of the Department of Finance and Administration. The ODS Regulation has been developed and being reviewed and pending approval by the Congress, under which, the licensing system and the quota system for HCFC import and export would be strengthened.	Yes. Also other ODSs
Nauru	The Ozone Depleting Substances Import and Export Licensing Rules 2008 came into effect in August 2008 under the Customs Regulations Ordinance 1922 -1926. The Rules enable the Environment Division within the Department of Commerce, Industry and Environment, and the Customs Division to implement the licensing system. The rules also allow the national level limitation for import and export of ODS set, so it would be forming basis for the HCFC quota system to be developed once the HPMP is in place.	Yes. Also other ODSs
Niue	Under the Environment Act 2003, the Cabinet of Ministers signed the Ozone Layer Protection Regulations 2007, under which, the licensing system for import/export of ODS was put in place. Violation of the Regulations is subject to a civil penalty of 100 penalty units or imprisonment up to 6 months.	Yes. Also other ODSs
Palau	The licensing system has been in effect since 2005 under the Ozone Layer Protection Regulations 2005, and enforced by the Environmental Quality Protection Board (EQPB) in close coordination with the Division of Customs (DOC). The licenses are issued for import/sale and servicing upon request and registration with EQPB. The overall Regulations control: importation of bulk substances; importation of certain goods/equipment; exportation; manufacture; sales, and	Yes. Also other ODSs

Country	Legal framework for ODS control including the import/export licensing system	Licensing System covering HCFCs?
	releasing controlled substance to the atmosphere. Violation of the Regulations is subject to a civil penalty of no more than US\$10,000 per day of violation, or/and criminal penalty (guilty of misdemeanor). The Regulations to be amended once the quota for HCFC phase-out are defined.	
Samoa	The licensing system for the importation and handling of controlled ODS is being implemented since 2006 with the Ozone Protection Regulations 2006 under the Land Survey and Environment Act 1989. It controls the import of pure ODS, mixtures and CFC based equipments. The regulations are being reviewed and amended for the HCFC quota system. Violation of the Regulations is subject to a fine of up to 50 penalty units and in the case of continuing penalties, to a fine not exceeding 1 penalty unit per day of violation.	Yes. Also other ODSs
Solomon Islands	The ODS import/export licensing system was put in place through the Ozone Layer Protection Regulations under the Customs and Exercise Act (CAP.121), which was in the gazette on 1st January 2008.	Yes. Also other ODSs
Tonga	The import licensing of ODS has been in effect since 2004 through the mutual agreement between the Customs Department, the Ministry of Labour, Commerce and Industries (MLCI) and the Department of Environment & Natural Resources (DENR). Its enforcement is being strengthened with the newly enacted the Ozone Layer Protection Act 2010. The revised Regulations are being drafted and will be finalised once the quotas for HCFC phase-out are set in 2011.	Yes. Also other ODSs
Tuvalu	The licensing system for ODS import/export was put in place under the ODS Regulation 2010 as per the Ozone Layer Protection Act 2007. The Regulations are to be amended once the quota for HCFC phase-out are defined.	Yes. Also other ODSs
Vanuatu	The licensing system for ODS import/export control through a Ministerial Order were formed under the Customs Act (CAP 257) in Feb. 2010. The Ozone Layer Protection Act 2010 was passed in Nov. 2010 and will enter into effect in early 2011. The Act contains two main categories of ODS (a prohibited list and a restricted list).	Yes. Also other ODSs

9. The earlier regional strategy for the phase-out of CFCs provided financial support for a part time “National Compliance Centre” (NCC) in each of these 12 countries. This limited assistance was for three years. Currently, this funding is covered through the institutional strengthening projects of each country. The NCCs consist of the official national ozone units (NOU) in these countries and their main responsibilities are to carry out national activities related to compliance with the Montreal Protocol. In particular the NCC is responsible for development and implementation of national regulations to control consumption of ODS in the country. Most countries also established their own Steering Committee for the coordination of the national ODS phase-out strategies and policies. The NOUs are located in the different divisions, but are mostly within the Division of Environment.

#### HCFC consumption

10. As the first step for the preparation of the HPMP, each PIC organised its own HCFC data collection/survey. Apart from the nationwide survey, each country also used various other sources such as census data from the statistics department, import data from the customs and importers, information from the licensing system, Article 7 and country programme (CP) data reported by the country in the past to cross-check and confirm the data from the end-users, importers, and the servicing workshops, which allowed for both a top-down and bottom up approach for data collection.

11. The PICs do not produce HCFCs, and therefore HCFCs and other refrigerants used in these countries are imported. Traditionally, Australia, New Zealand and Fiji are the major suppliers, but in recent years, China (including Taiwan), United States, Philippines, Malaysia, Singapore and Republic of Korea have started supplying HCFC-22 as well as other alternatives. Such diverse import channels make the monitoring of import/export more challenging.

12. In the PICs region, HCFC-22 is almost the exclusive HCFC used for servicing of household/commercial/industry refrigeration equipment and air-conditioning units. Other HCFCs, such as HCFC-123, HCFC-142b (in blends) etc. are used in very small quantities, and therefore, would not be addressed separately in the HPMP. Their use will be phased out through technical assistance for alternative technology solutions. The table below shows the consumption of HCFCs in the past few years for these twelve countries.

Table 3: HCFC consumption in PIC countries (mt)

HCFC	Article 7				Survey				
	2006	2007	2008	2009	2006	2007	2008	2009	2010*
Cook Islands	0.81	0.31	0.30	0.57	0.81	0.31	0.30	0.57	1.82
Kiribati	0.9	1.50	3.69	0.68	0.96	0.90	3.69	0.68	2.19
Marshall Islands	2.27	3.07	4.17	3.48	2.27	3.07	4.17	3.48	4.5
F.S. Micronesia	0.56	0.78	3.92	1.64	0.56	0.78	3.92	1.64	3.0
Nauru	0.05	0.04	0.14	0.1	0.05	0.04	0.14	0.1	0.5
Niue	0	0.35	0	0	0	0.35	0	0	0.3
Palau	1.5	0.13	0.37	2.04	1.5	2.39	1.34	2.56	3.88
Samoa	3.16	3.16	2.80	3.50	0.29	2.31	2.97	3.50	4.26
Solomon Islands	18.8	16.94	22.09	28.28	18.8	16.36	21.82	29.09	41.0
Tonga	0.82	0.92	2.78	0.01	0.82	1.37	2.78	2.43	2.67
Tuvalu	0.54	0.63	0.33	1.59	0.54	0.63	0.33	1.13	1.62
Vanuatu	2.58	4.59	4.66	1.46	1.8	5.5	5.5	1.8	9.1

\* Best estimation during the preparation of the HPMP by each country.

13. HCFCs are used mostly for servicing HCFC equipment in all PICs for room air-conditioning which is common in hotels and other tourist infrastructure, government and private office buildings, hospitals, restaurants, churches and schools. Domestic air-conditioning in residential houses is not common across all the countries. Another sector using HCFCs is fishing vessels as fishing is one of the important income sources in these islands. However, as most of them are foreign owned and are serviced outside of the PICs, no consumption can be attributed to this application for these countries. Other refrigeration equipment using HCFC-22 includes display cabinets, condensing units, ice cream freezers, deep freezers, cold storages etc. The table below summarizes the use of HCFCs per equipment type in the PICs.

Table 4: HCFC use pattern in PICs in 2009 (mt)

Type	Air-conditioning		Commercial/industry refrigeration equipment		Total servicing need (mt)
	Unit	Servicing requirement	Unit	Servicing requirement	
Cook Islands	1,100	0.50	65	0.066	0.57
Kiribati	1,500	0.62	25	0.15	0.77
Marshall Islands	5,600	2.52	89	1.2	3.72
Micronesia	2,300	0.99	50	0.8	1.79
Nauru	550	0.21	18	0.05	0.26
Niue	94	0.03	6	0.05	0.08
Palau	4,880	2.196	125	0.68	2.88
Samoa	6,400	2.50	150	1.3	3.80
Solomon Islands	16,060	5.88	42,270	35.07	40.95
Tonga	2,860	1.29	95	0.35	1.64
Tuvalu	211	0.32	1	0.03	0.35
Vanuatu	15,410	2.08	11,705	3.47	5.55
<b>TOTAL</b>	<b>56,965</b>	<b>19.14</b>	<b>54,599</b>	<b>43.22</b>	<b>62.36</b>

14. Most service technicians in PICs have not received proper training, but learnt the skill/knowledge from their job. A few have graduated from formal vocational training schools in Australia, New Zealand, Fiji and Papua New Guinea and some had been trained under the good practices training as part of the earlier regional strategy. In most cases, the servicing workshop would have 2-3 technicians with poor equipment to conduct the daily servicing work. But in a few workshops, some technicians assemble their own recovery machines which are used to recover refrigerant. Some technicians are also working for the large end-users like hotel, or government departments where some training is provided. Below is a table summarizing the servicing sector situation in the PICs' region.

Table 5: Servicing workshops and technicians in PICs

HCFC	No. of Servicing Workshops	No. of Technicians
Cook Islands	4	10
Kiribati	10	20
Marshall Islands	10	26
Micronesia	9	25
Nauru	3	7
Niue	2	3
Palau	20	42
Samoa	14	120
Solomon Islands	30	150
Tonga	20	40
Tuvalu	4	14
Vanuatu	15	100
<b>TOTAL</b>	<b>141</b>	<b>557</b>



Calculation of estimated baseline

15. In the HPMP, the countries used the average of the actual reported 2009 consumption (under Article 7) plus the estimated 2010 consumption to calculate each country's estimated baseline, as shown in the table below.

Table 6: Estimated HCFC consumption baseline in PIC countries (mt)

HCFC	2009	2010	Estimated Baseline
Cook Islands	0.57	1.82	1.20
Kiribati	0.68	2.19	1.44
Marshall Islands	3.48	4.5	3.99
F.S. Micronesia	1.64	3.0	2.32
Nauru	0.1	0.5	0.3
Niue	0	0.3	0.15
Palau	2.04	3.88	2.96
Samoa	3.50	4.26	3.88
Solomon Islands	28.28	41.0	34.64
Tonga	0.01	2.67	1.34
Tuvalu	1.59	1.62	1.61
Vanuatu	1.46	9.1	5.28
<b>TOTAL</b>	<b>43.35</b>	<b>74.84</b>	<b>59.11</b>

HCFC phase-out strategy

16. Each PIC has reaffirmed its political commitment to the Montreal Protocol, and would phase out HCFCs as per the Montreal Protocol through the following overarching strategy:

- (a) Control and reduce HCFC supply by strengthening the implementation of the ODS import and export system, introducing import/export quota starting 2013, exploring other policy instruments such as duty and price adjustment to discourage the import of HCFCs and/or promote the alternatives, strengthening regional cooperation to combat illegal trade in HCFCs, and training of customs officers;
- (b) Control and reduce HCFC demand by promoting good practices in the refrigeration and air-conditioning servicing sector through training, introducing a permit system for the handling of HCFCs, establishing/strengthening of industry associations, managing the import of HCFC-based equipment through enforcement of the licensing and/or quota system in coordination with the implementation of other multilateral environmental agreements, in particular those related to climate change; and, banning new establishment of any manufacturing facilities that would use HCFCs for producing equipment and/or would depend on HCFCs for its function;
- (c) Create awareness and create an enabling environment through continued public awareness activities and outreaching the licensing system for the technicians, and encourage the end-users to access the services of the licensed technicians only;
- (d) Align the HPMP with each country's climate change policy to promote low global warming potential (GWP) alternative products, when possible, with consideration of the energy efficiency of the equipment with the aim of reducing the CO<sub>2</sub> emissions and

continuing outreach on the linkage of ozone layer protection with climate change issues; and

- (e) Active participation and engagement of each PIC in the regional approach for the implementation of all the proposed activities.

17. This overarching strategy will be implemented using a combination of regional and national activities complementing each other, with specific national activities identified per country consistent with the strategy outlined above. The main activities to be implemented in each country will be as follows:

- (a) Control HCFC supply:
  - (i) Adopt Harmonized System (HS) code for HCFCs;
  - (ii) Quota system for the import/export of HCFCs from 1 January 2013;
  - (iii) Permit system for the handling, storage and sales of HCFCs;
  - (iv) Informal prior informed consent (iPIC);
  - (v) Training customs officers through regional experts/institutions in 2011 and 2016 respectively;
  - (vi) Provide 1-3 refrigerant identifiers in 2011;
  - (vii) Refresh customs training annually.
- (b) Control HCFC demand:
  - (i) Import control/ban on the HCFC-based equipment from 1 January 2015;
  - (ii) Training servicing technicians through regional expert on good practices in 2011 and 2016 respectively;
  - (iii) Provide 1-3 sets of equipment including recovery/recycling equipment, identifiers, tools in 2011 and provide spare part in 2016;
  - (iv) Refresh training annually;
  - (v) Provide recovery cylinder(s) for the storage of unwanted ODS for regional disposal.
  - (vi) Establish/strengthen the refrigeration industry association.
- (c) Create awareness and create an enabling environment:
  - (i) Translate and adapt UNEP awareness material for local use;
  - (ii) Promote the national regulations implementation through outreach programme.
- (d) Management, coordination and monitoring of HPMP implementation:
  - (i) Hire local technical expert to help the implementation of the activities when

necessary;

- (ii) Conduct inspection/monitoring.

18. The regional activities will be led by UNEP as the implementing agency for the HPMP and will look at the same parameters of the overarching strategy as outlined in paragraphs 16 and 17, but will focus on developing approaches that can facilitate more efficient implementation of each of the country's national activities. These will include close cooperation and coordination with the South Pacific Regional Environment Programme (SPREP) and the Oceania Customs Organisation (OCO) to prioritise the harmonisation and implementation of the World Customs Organisation (WCO) 2012 HS code for HCFCs in the region. It will also build high level political awareness of the importance of HCFC phase-out at a ministerial level through SPREP meetings to encourage the adoption and implementation of a quota system, and encourage the development of standard systems for permitting and setting up quotas using the experience of more successful countries in the region like Fiji. The HPMP envisages technical assistance to be provided to SPREP and OCO for these roles.

19. Through the regional approach, the iPIC system will be implemented in the region and facilitate the organisation of a joint customs and ozone officers network which would operate alongside the current network for the PIC countries funded under the CAP. UNEP will also lead the adoption of existing training materials for both good servicing practices and customs training for each country to make use of during their national training activities.

20. In addition, the HPMP also envisaged a regional approach for the management of waste ODS in these countries, with the initial activity of providing storage cylinders for any waste ODS that may be collected. In each country, the NOU and the industry association will take responsibility for storing cylinders following an appropriate code of housekeeping practices, maintains the inventory of the stored gases until they are destroyed. No funds for ODS destruction/disposal are being sought in the HPMP.

21. UNEP, as the implementing agency for the HPMP, will take the responsibility for the management of the implementation of the regional approach in close consultation with the countries, including Australia, Fiji, Japan, New Zealand and Papua New Guinea, as well as the regional organisations such as SPREP and OCO.

#### Cost of the HPMP

22. In determining the total cost of the HPMP, UNEP listed each individual activity agreed to be undertaken by each country, as well as the costs associated with the regional activities. For the national activities, funding was determined according to standard costs associated with each activity and how many of these was required by every country based on consumption and number of technicians and customs officers (i.e. each national training workshop was estimated between US \$4,000 to US \$5,000, a set of basic equipment for technicians at US \$500, a set of training equipment at US \$12,000, among others). The regional costs were calculated using an estimate for technical assistance as well as other activities that UNEP would organise at a regional level which may include hiring regional consultants for training. These costs were then summarised for each of the main four activities as listed in paragraph 17 above.

23. The total overall cost of the Regional HPMP for the PICs, has been estimated at US \$1,886,000, as submitted, to achieve the phase-out of 35 per cent of the aggregate total average consumption for 2009 and 2010 for the region of 59.1 mt (3.2 ODP tonnes) of HCFCs in these 12 countries by 2020 as shown below.

Table 7: Proposed Budget for the Implementation of the Regional HPMP for PICs

Country/ regional	Control HCFC supply	Control HCFC Demand	Communication	Coordination monitoring	Total in US\$
Cook Islands	42,000	37,000	20,000	15,000	114,000
Kiribati	51,500	56,500	25,000	15,000	148,000
Marshall Islands	51,500	56,500	25,000	15,000	148,000
Micronesia	51,500	48,500	25,000	15,000	140,000
Nauru	42,000	37,000	20,000	0	99,000
Niue	42,000	37,000	20,000	0	99,000
Palau	44,000	37,000	20,000	15,000	116,000
Samoa	51,500	56,500	25,000	15,000	148,000
Solomon Islands	73,000	85,000	25,000	25,000	208,000
Tonga	51,500	56,500	25,000	15,000	148,000
Tuvalu	42,000	37,000	20,000	15,000	114,000
Vanuatu	51,500	56,500	25,000	15,000	148,000
<b>Sub-total</b>	<b>594,000</b>	<b>601,000</b>	<b>275,000</b>	<b>160,000</b>	<b>1,630,000</b>
Regional	206,000			50,000	256,000
<b>Total</b>					<b>1,886,000</b>

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

24. The Secretariat reviewed the HPMP for the PICs in the context of the guidelines for the preparation of HPMPs (decision 54/39), the criteria for funding HCFC phase-out in the consumption sector agreed at the 60<sup>th</sup> Meeting (decision 60/44), subsequent decisions on HPMPs made at the 62<sup>nd</sup> Meeting and the 2011-2014 business plan of the Multilateral Fund, and other relevant decisions related to a regional approach for the phase-out of HCFC in the PICs.

#### Issues related to ODS regulation

25. In reviewing the ODS policy and regulation of the PICs, the Secretariat noted that in Table 2, the overview table showing current existing legal framework for ODS control in these twelve countries, each country has indicated that there is a working licensing system that covers HCFCs. It sought clarification from UNEP on specific control measures particularly for HCFCs, what is controlled and what is not (i.e. licenses for bulk HCFCs only or whether it includes HCFC-containing equipment). It also requested UNEP to describe activities that have been done related to the review of ODS regulations to include the 2007 accelerated HCFC phase-out measures during the HPMP preparation process for which funds had already been provided. In response to the first issue raised, UNEP revised the table summarizing the ODS regulations for each country, and provided additional information on how it covers HCFCs. UNEP also described the activities which had been undertaken during the HPMP preparation on this subject, and these including a review of the existing national legal framework for the national Montreal Protocol implementation; a review of other national laws and regulations that are relevant to the HPMP; a review of the implementation status of the existing licensing system for ODS import and export control and ODS handling/servicing; sharing of information on legal frameworks and licensing systems concerning ODS control; and drafting of the amendment to the existing laws/regulations to cover HCFCs, and strengthening of the existing licensing tools.

### Issues related to HCFC consumption

26. The Secretariat noted that there was a discrepancy between the data gathered for the survey and that submitted under Article 7 of the Montreal Protocol for at least five countries in the region especially for 2009. UNEP indicated that the survey allowed the countries to review the HCFC consumption and some countries did encounter differences in the data. Four (Palau, Solomon Islands, Tonga, Vanuatu) showed higher consumption in 2009, while one (Tuvalu) showed survey data that was less than their 2009 reported consumption. UNEP also mentioned that the countries concerned wanted to ensure that the survey data and the information reported in 2009 would be consistent, and have submitted official requests to the Ozone Secretariat to revise their 2009 Article 7 data.

27. In further consultations on this issue, the Ozone Secretariat informed the Fund Secretariat that since HCFC consumption for 2009 is used to calculate the baseline for compliance for Article 5 parties, any revision to the reported data should follow the methodology for revision of baseline data adopted by the Parties to the Montreal Protocol at their 15<sup>th</sup> Meeting (decision XV/19) (i.e., the request should be submitted for consideration by the Implementation Committee). In view of this, UNEP revised the calculation for the baseline data of all countries to take into account the actual reported consumption in 2009 based on Article 7 and the estimated 2010 consumption based on the survey.

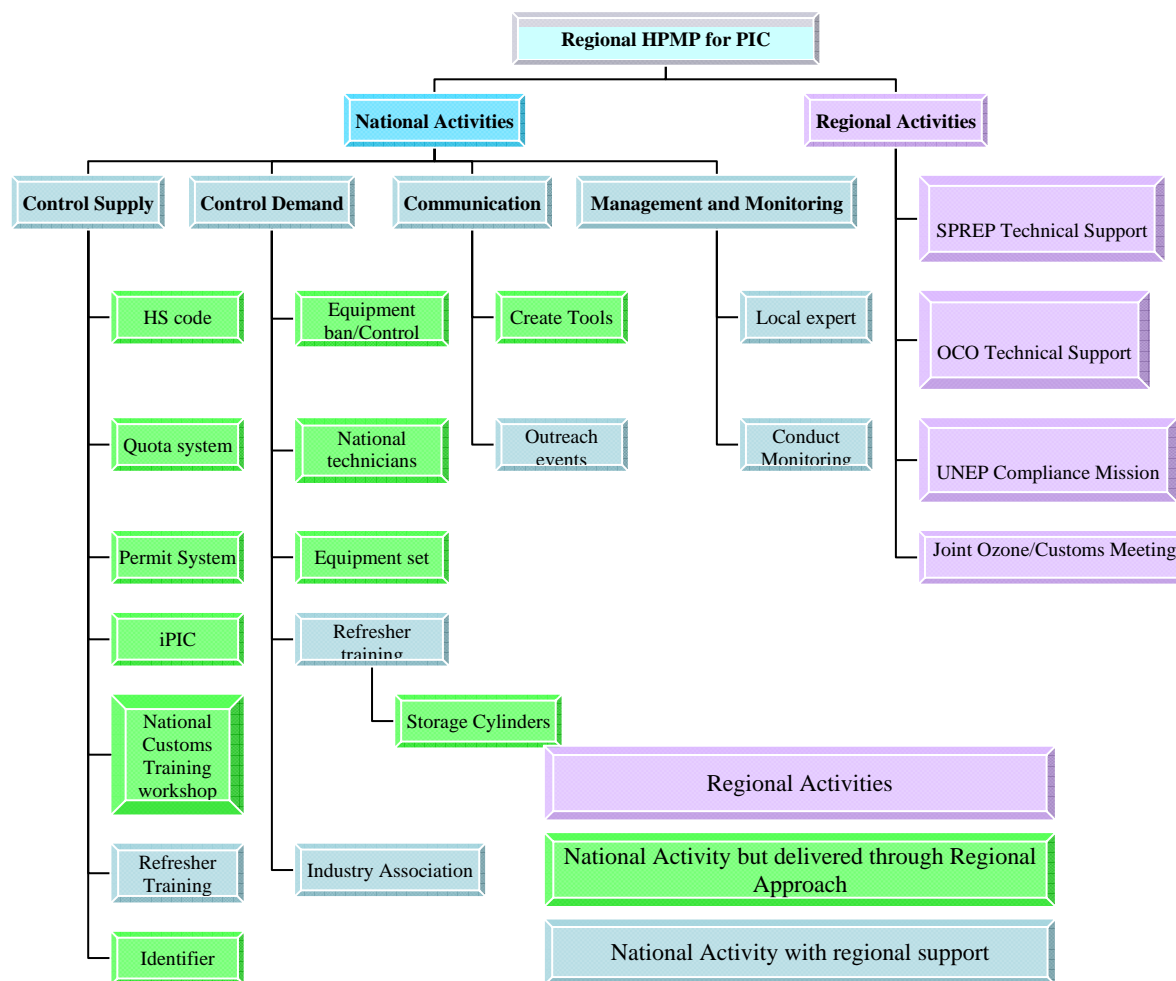
### Starting point for aggregate reduction in HCFC consumption

28. The Governments of the PICs agreed to establish as their starting points for sustained aggregate reduction in HCFC consumption the average level of actual reported consumption in 2009 and estimated consumption in 2010, as summarized in Table 6 for each country. The total aggregate baseline level for the region has been estimated at 3.25 ODP tonnes using figures from Table 6. The business plan indicated an aggregate baseline of 2.5 ODP tonnes.

### Technical and cost issues

29. The Secretariat raised a number of issues regarding the HPMP, related in particular to the regional approach proposed. It noted that while there are activities specifically identified for national implementation, and while the HPMP proposes to use a “regional approach”, this approach was not clearly articulated in the overarching concept of the document. It also noted that it was not clear how the regional approach, in particular the participation of SPREP and OCO, complement the implementation of national activities. The Secretariat suggested that it might be useful to have a diagram that shows the flow of activities and how this approach would clearly benefit the twelve countries in the region in ensuring that they meet their compliance targets.

30. UNEP amended the HPMP to take into account the above concerns, and provided a flow diagram for the activities in the HPMP to show complementarity between the national and the regional activities to be undertaken, taking into account the roles of the other institutions that contribute to the efficient implementation of the HPMP. This diagram is shown below:



31. As submitted, the HPMP foresees activities in the servicing sector such as training of customs and servicing technicians as well as an awareness raising component as part of the national activities. While it included a component for equipment, the Secretariat noted that the number that was originally proposed was not sufficient for the region. Considering that there was a total of around 500 technicians only for the whole region, the Secretariat suggested that UNEP explore the option of providing all technicians with basic tool kits to support the knowledge that they will receive during the training. The Secretariat also suggested streamlining activities that had common objectives (i.e. consultations for permit, quota system) in order to further reformulate the costs to allow for the provision of the equipment. UNEP made these changes in the HPMP.

32. The Secretariat also sought clarification on the roles of SPREP and OCO and whether UNEP already had existing agreements with these two institutions in writing, and what their specific terms of reference might be. UNEP pointed out that discussions with these two organisations are ongoing, that SPREP was already a partner of UNEP and the PICs during the CFC phase-out. While no official agreement has been signed, UNEP mentioned that this will be done once the funding for the regional HPMP is approved.

33. The Secretariat also requested information on the participation of Fiji and Papua New Guinea, two countries in the region where HPMPs are being developed individually through other agencies, and the actions that have been taken to bring these countries under the purview of this regional approach. UNEP responded that these countries were regularly updated in the development process of the HPMP, and that they will provide assistance for the policy setting and enforcement. Both countries will be invited

to participate in the joint ozone and customs meeting as proposed. Discussions with these two countries and the concerned implementing agencies are ongoing to ensure activities are complementary.

34. After further discussion with UNEP of the activities and how they would allow for a more efficient implementation of the regional HPMP in order to ensure that the 12 countries comply with the phase-out measures of the Montreal Protocol, and the corresponding total cost of the initial HPMP submission, the total level of funding for the implementation of the HPMP has been agreed at US \$1,696,000 excluding agency support costs summarised in Table 8 below. The funding level for the HPMP implementation is based on implementing a regional approach to meet the 35 per cent reduction in HCFC consumption for the PICs, and on a total aggregate baseline consumption for the 12 countries of 59.1 mt (3.25 ODP tonnes), based on the individual country baselines set out in Table 6. The agreed distribution of funds for the activities are shown in the table below:

Table 8: Revised level of funding for the HPMP of PICs (US \$)

Country/ regional	Control HCFC supply	Control HCFC Demand (including equipment)	Communication	Coordination monitoring	Total in US \$
Cook Islands	25,000	49,000	10,000	15,000	99,000
Kiribati	31,000	48,000	15,000	15,000	109,000
Marshall Islands	31,000	52,000	15,000	15,000	113,000
Micronesia	31,000	51,000	15,000	15,000	112,000
Nauru	24,000	35,000	10,000	5,000	74,000
Niue	23,000	35,000	10,000	5,000	73,000
Palau	29,000	66,000	10,000	15,000	120,000
Samoa	34,500	84,000	15,000	15,000	148,500
Solomon Islands	41,000	114,000	15,000	25,000	195,000
Tonga	31,000	66,000	15,000	15,000	127,000
Tuvalu	25,000	42,000	10,000	15,000	92,000
Vanuatu	34,500	84,000	15,000	15,000	148,500
<b>Sub-total</b>	360,000	726,000	155,000	170,000	<b>1,411,000</b>
Regional (UNEP)	235,000			50,000	<b>285,000</b>
<b>Total</b>					<b>1,696,000</b>

#### Impact on the climate

35. The proposed technical assistance activities in the HPMP, which include the introduction of better servicing practices and enforcement of HCFC import controls, will reduce the amount of HCFC-22 used for refrigeration servicing. Each kilogram (kg) of HCFC-22 not emitted due to better refrigeration practices results in the savings of approximately 1.8 CO<sub>2</sub>-equivalent tonnes saved. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by the PICs, in particular its above-average efforts to improve servicing practices and reduce associated refrigerant emissions indicate that it is likely that the 12 countries will maintain carbon neutrality during this period. However, at this time, the Secretariat is not in a position to quantitatively estimate the impact on the climate. The impact might be established through an assessment of implementation reports by, *inter alia*, comparing the levels of refrigerants used annually from the commencement of the implementation of the HPMP, the reported amounts of refrigerants being recovered and recycled, the number of technicians trained and the HCFC-22 based equipment being retrofitted.

Co-financing

36. In response to decision 54/39(h) on potential financial incentives and opportunities for additional resources to maximize the environmental benefits from HPMPs pursuant to paragraph 11(b) of decision XIX/6 of the Nineteenth Meeting of the Parties, UNEP explained that the PICs are still in the process of exploring opportunities for co-financing, and have not included any specific information in the HPMP.

2011-2014 business plan of the Multilateral Fund

37. UNEP is requesting US \$1,696,000 plus support costs for implementation of stage I of the HPMP. The total aggregate value for the 12 countries requested for the period 2011-2014 of US \$986,914 including support costs is within the total amount in the business plan. Based on the individual estimated HCFC baseline consumption of the 12 countries and the total estimated HCFC baseline consumption in the servicing sector of 59.11 mt, the PICs' aggregated allocation up to the 2020 phase-out should be US \$2,020,000 in line with decision 60/44.

Draft Agreement

38. A draft Agreement between the Governments of the PICs and the Executive Committee for HCFC phase-out is contained in Annex I to the present document.

**RECOMMENDATION**

39. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for the Pacific Island Countries (PICs) for the period 2011 to 2020, at the amount of US \$1,916,480, comprising of US \$1,696,000 and agency support costs of US \$220,480 for UNEP with individual country approvals attached as Annex I;
- (b) Noting that each of the Governments in the PICs had agreed at the 63<sup>rd</sup> Meeting to establish as its starting point for sustained reduction in HCFC consumption the individual estimated baseline as shown in Annex I, calculated using actual consumption for 2009 and estimated consumption for 2010, with a total aggregate baseline of 3.25 ODP tonnes (59.11 metric tonnes);
- (c) Approving the draft Agreement between the Governments of the PICs and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex II to the present document;
- (d) Requesting the Fund Secretariat, once the baseline data were known, to update draft Appendix 2-A to the Agreement to include the figures for maximum allowable consumption, and to notify the Executive Committee of the resulting change in the levels of maximum allowable consumption and of any potential related impact on the eligible funding level, with any adjustments needed to being made when the next tranche was submitted; and
- (e) Approving the first tranche of stage I of the HPMP for the PICs, and the corresponding implementation plan, at the amount of US \$986,914, comprising of US \$873,375 and agency support costs of US \$113,539 for UNEP.



**Annex I**

**Distribution of recommended funding for PICs HPMP**

<b>Country</b>	<b>Funds recommended (US \$)</b>	<b>Estimated Baseline</b>
Cook Islands	99,000	1.20
Kiribati	109,000	1.44
Marshall Islands	113,000	3.99
Federated States of Micronesia	112,000	2.32
Nauru	74,000	0.3
Niue	73,000	0.15
Palau	120,000	2.96
Samoa	148,500	3.88
Solomon Islands	195,000	34.64
Tonga	127,000	1.34
Tuvalu	92,000	1.61
Vanuatu	148,500	5.28
Regional funds	<b>1,411,000</b>	
UNEP	285,000	
<b>Total</b>	<b>1,696,000</b>	

## Annex II

### **DRAFT AGREEMENT BETWEEN THE GOVERNMENTS OF THE PACIFIC ISLAND COUNTRIES (COOK ISLANDS, KIRIBATI, MARSHALL ISLANDS, FEDERATED STATES OF MICRONESIA, NAURU, NIUE, PALAU, SAMOA, SOLOMON ISLANDS, TONGA, TUVALU, VANUATU) AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS**

1. This Agreement represents the understanding of the Government of Cook Islands, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu (each of them will be referred as “the Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of 2.11 ODP tonnes prior to 1 January 2020 in compliance with Montreal Protocol schedules, with the understanding that this figure is to be revised one single time in 2011, when the baseline consumption for compliance would be established based on Article 7 data, with the funding to be adjusted accordingly, as per decision 60/44.
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 which exceeds the level defined in row 1.2 of Appendix 2-A (“maximum allowable total consumption of Annex C, Group I Substances”; the Target) 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 which exceeds the level defined in row 4.1.3 (remaining eligible consumption).
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees in principle to provide the funding set out in row 3.1 of Appendix 2-A (“Targets and Funding”) to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (“Funding Approval Schedule”).
4. The Country will accept independent verification, to be commissioned by the relevant bilateral or implementing agency, of achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) of this Agreement as described in subparagraph 5(b) of this Agreement.
5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least 60 days prior to the applicable Executive Committee meeting set out in the Funding Approval Schedule:
  - (a) That the Country has met the Targets for all relevant years. Relevant years are all years since the year in which the hydrochlorofluorocarbons phase-out management plan (HPMP) was approved. Exempt are years for which no obligation for reporting of country programme data exists at the date of the Executive Committee Meeting at which the funding request is being presented;
  - (b) That the meeting of these Targets has been independently verified, except if the Executive Committee decided that such verification would not be required;

- (c) That the Country had submitted tranche implementation reports 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 and received approval from the Executive Committee for a tranche implementation plan in the form of Appendix 4-A (“Format of Tranche Implementation Reports and Plans”) covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen.

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (“Monitoring Institutions and Roles”) will monitor and report on implementation of the activities in the previous tranche implementation plan in accordance with their roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in sub-paragraph 5(b).

7. The Executive Committee agrees that the Country may have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the smoothest phase-down and phase-out of the Substances specified in Appendix 1-A. Reallocations categorized as major changes must be documented in advance in a Tranche Implementation Plan and approved by the Executive Committee as described in sub-paragraph 5(d). Major changes would relate to reallocations affecting in total 30 per cent or more of the funding of the last approved tranche, issues potentially concerning the rules and policies of the Multilateral Fund, or changes which would modify any clause of this Agreement. 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 Tranche Implementation Report. Any remaining funds will be returned to the Multilateral Fund upon closure of the last tranche of the plan.

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

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and
- (b) The Country and the bilateral and implementing agencies involved will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the plan.

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNEP has agreed to be the lead implementing agency (the “Lead IA”) in respect of the Country’s activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of any of the agencies taking part in this Agreement.

10. The Lead IA will be responsible for carrying out the activities of the plan as detailed in the first submission of the HPMP with the changes approved as part of the subsequent tranche submissions, including but not limited to independent verification as per sub-paragraph 5(b). The Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 2.2 of Appendix 2-A.

11. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in row 1.2 of Appendix 2-A or otherwise does not comply with this Agreement, then the Country

agrees that it will not be entitled to the Funding in accordance with the Funding Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next tranche of funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amounts set out in Appendix 7-A in respect of each ODP tonne of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the Country did not comply with this Agreement, and take related decisions. Once these decisions are taken, this specific case will not be an impediment for future tranches as per paragraph 5.

12. The Funding of this Agreement will not be modified on the basis of any future Executive Committee decision that may affect the funding of any other consumption sector projects or any other related activities in the Country.

13. The Country will comply with any reasonable request of the Executive Committee, and the Lead IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA with access to information necessary to verify compliance with this Agreement.

14. The completion of the HPMP and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption has been specified in Appendix 2-A. Should at that time activities be still outstanding which were foreseen in the Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per Appendix 4-A (a), (b), (d) and (e) continue until the time of the completion if not specified by the Executive Committee otherwise.

15. All of the agreements 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.

## PICs OVERALL FUNDING

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption ( Metric tonnes)
HCFC-22	C	I	59.11

### APPENDIX 2-A: TARGETS AND FUNDING

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (Metric tonnes)			59.11	59.11	53.20	53.20	53.20	53.20	53.20	38.42	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (Metric tonnes)		66.48	59.11	59.11	53.20	53.20	53.20	53.20	53.20	38.42	N/A
2.1	Lead IA (UNEP) agreed funding (US\$)	873,375				636,525					186,100	1,696,000
2.2	Support costs for Lead IA (US\$)	113,539				82,748					24,193	220,480
3.1	Total agreed funding (US\$)	873,375				636,525					186,100	1,696,000
3.2	Total support costs (US\$)	113,539				82,748					24,193	220,480
3.3	Total agreed costs (US\$)	986,914				719,273					210,293	1,916,480
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (Metric tonnes)											20.69
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (Metric tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (Metric tonnes)											38.42

**COOK ISLANDS**

**APPENDIX 1-A: THE SUBSTANCES**

Substance	Annex	Group	Starting point for aggregate reductions in consumption (Metric tonnes)
HCFC-22	C	I	1.20

**APPENDIX 2-A: TARGETS AND FUNDING**

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (Metric tonnes)			1.20	1.20	1.08	1.08	1.08	1.08	1.08	0.78	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (Metric tonnes)	1.60	1.40	1.20	1.20	1.08	1.08	1.08	1.08	1.08	0.78	N/A
2.1	Lead IA (UNEP) agreed funding (US\$)	49,250				39,850					9,900	99,000
2.2	Support costs for Lead IA (US\$)	6,403				5,181					1,287	12,870
3.1	Total agreed funding (US\$)	49,250				39,850					9,900	99,000
3.2	Total support costs (US\$)	6,403				5,181					1,287	12,870
3.3	Total agreed costs (US\$)	55,653				45,031					11,187	111,870
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (Metric tonnes)											0.42
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (Metric tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (Metric tonnes)											0.78

## KIRIBATI

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (Metric tonnes)
HCFC-22	C	I	1.44

### APPENDIX 2-A: TARGETS AND FUNDING

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (Metric tonnes)			1.44	1.44	1.30	1.30	1.30	1.30	1.30	0.94	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (Metric tonnes)	1.93	1.68	1.44	1.44	1.30	1.30	1.30	1.30	1.30	0.94	N/A
2.1	Lead IA (UNEP) agreed funding (US\$)	53,250				44,850					10,900	109,000
2.2	Support costs for Lead IA (US\$)	6,923				5,831					1,417	14,170
3.1	Total agreed funding (US\$)	53,250				44,850					10,900	109,000
3.2	Total support costs (US\$)	6,923				5,831					1,417	14,170
3.3	Total agreed costs (US\$)	60,173				50,681					12,317	123,170
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (Metric tonnes)											0.5
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (Metric tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (Metric tonnes)											0.94

## MARSHALL ISLANDS

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (Metric tonnes)
HCFC-22	C	I	3.99

### APPENDIX 2-A: TARGETS AND FUNDING

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (Metric tonnes)			3.99	3.99	3.59	3.59	3.59	3.59	3.59	2.59	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (Metric tonnes)	4.30	3.80	3.99	3.99	3.59	3.59	3.59	3.59	3.59	2.59	N/A
2.1	Lead IA (UNEP agreed funding (US\$))	54,000				47,700					11,300	113,000
2.2	Support costs for Lead IA (US\$)	7,020				6,201					1,469	14,690
3.1	Total agreed funding (US\$)	54,000				47,700					11,300	113,000
3.2	Total support costs (US\$)	7,020				6,201					1,469	14,690
3.3	Total agreed costs (US\$)	61,020				53,901					12,769	127,690
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (Metric tonnes)											1.4
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (Metric tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (Metric tonnes)											2.59



## FEDERATED STATES OF MICRONESIA

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (Metric tonnes)
HCFC-22	C	I	2.32

### APPENDIX 2-A: TARGETS AND FUNDING

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (Metric tonnes)			2.32	2.32	2.09	2.09	2.09	2.09	2.09	1.51	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (Metric tonnes)	2.50	2.40	2.32	2.32	2.09	2.09	2.09	2.09	2.09	1.51	N/A
2.1	Lead IA (UNEP) agreed funding (US\$)	53,875				46,925					11,200	112,000
2.2	Support costs for Lead IA (US\$)	7,004				6,100					1,456	14,560
3.1	Total agreed funding (US\$)	53,875				46,925					11,200	112,000
3.2	Total support costs (US\$)	7,004				6,100					1,456	14,560
3.3	Total agreed costs (US\$)	60,879				53,025					12,656	126,560
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (Metric tonnes)											0.81
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (Metric tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (Metric tonnes)											1.51

**NAURU**

**APPENDIX 1-A: THE SUBSTANCES**

Substance	Annex	Group	Starting point for aggregate reductions in consumption (Metric tonnes)
HCFC-22	C	I	0.30

**APPENDIX 2-A: TARGETS AND FUNDING**

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (Metric tonnes)			0.30	0.30	0.27	0.27	0.27	0.27	0.27	0.20	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (Metric tonnes)	0.50	0.40	0.30	0.30	0.27	0.27	0.27	0.27	0.27	0.20	N/A
2.1	Lead IA (UNEP) agreed funding (US\$)	45,625				20,975					7,400	74,000
2.2	Support costs for Lead IA (US\$)	5,931				2,727					962	9,620
3.1	Total agreed funding (US\$)	45,625				20,975					7,400	74,000
3.2	Total support costs (US\$)	5,931				2,727					962	9,620
3.3	Total agreed costs (US\$)	51,556				23,702					8,362	83,620
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (Metric tonnes)											0.1
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (Metric tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (Metric tonnes)											0.20

## NIUE

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (Metric tonnes)
HCFC-22	C	I	0.15

### APPENDIX 2-A: TARGETS AND FUNDING

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (Metric tonnes)			0.15	0.15	0.14	0.14	0.14	0.14	0.14	0.10	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (Metric tonnes)	0.30	0.20	0.15	0.15	0.14	0.14	0.14	0.14	0.14	0.10	N/A
2.1	Lead IA (UNEP) agreed funding (US\$)	45,625				20,075					7,300	73,000
2.2	Support costs for Lead IA (US\$)	5,931				2,610					949	9,490
3.1	Total agreed funding (US\$)	45,625				20,075					7,300	73,000
3.2	Total support costs (US\$)	5,931				2,610					949	9,490
3.3	Total agreed costs (US\$)	51,556				22,685					8,249	82,490
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (Metric tonnes)											0.05
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (Metric tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (Metric tonnes)											0.10

**PALAU**

**APPENDIX 1-A: THE SUBSTANCES**

Substance	Annex	Group	Starting point for aggregate reductions in consumption (Metric tonnes)
HCFC-22	C	I	2.96

**APPENDIX 2-A: TARGETS AND FUNDING**

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (Metric tonnes)			2.96	2.96	2.66	2.66	2.66	2.66	2.66	1.92	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (Metric tonnes)		3.2	2.96	2.96	2.66	2.66	2.66	2.66	2.66	1.92	N/A
2.1	Lead IA (UNEP) agreed funding (US\$)	62,375				45,625					12,000	120,000
2.2	Support costs for Lead IA (US\$)	8,109				5,931					1,560	15,600
3.1	Total agreed funding (US\$)	62,375				45,625					12,000	120,000
3.2	Total support costs (US\$)	8,109				5,931					1,560	15,600
3.3	Total agreed costs (US\$)	70,484				51,556					13,560	135,600
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (Metric tonnes)											1.04
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (Metric tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (Metric tonnes)											1.92

**SAMOA**

**APPENDIX 1-A: THE SUBSTANCES**

Substance	Annex	Group	Starting point for aggregate reductions in consumption (Metric tonnes)
HCFC-22	C	I	3.88

**APPENDIX 2-A: TARGETS AND FUNDING**

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (Metric tonnes)			3.88	3.88	3.49	3.49	3.49	3.49	3.49	2.52	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (Metric tonnes)	4.00	3.80	3.88	3.88	3.49	3.49	3.49	3.49	3.49	2.52	N/A
2.1	Lead IA (UNEP) agreed funding (US\$)	76,250				57,400					14,850	148,500
2.2	Support costs for Lead IA (US\$)	9,913				7,462					1,931	19,305
3.1	Total agreed funding (US\$)	76,250				57,400					14,850	148,500
3.2	Total support costs (US\$)	9,913				7,462					1,931	19,305
3.3	Total agreed costs (US\$)	86,163				64,862					16,781	167,805
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (Metric tonnes)											1.36
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (Metric tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (Metric tonnes)											2.52

**SOLOMON ISLANDS**

**APPENDIX 1-A: THE SUBSTANCES**

Substance	Annex	Group	Starting point for aggregate reductions in consumption (Metric tonnes)
HCFC-22	C	I	34.64

**APPENDIX 2-A: TARGETS AND FUNDING**

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (Metric tonnes)			34.64	34.64	31.18	31.18	31.18	31.18	31.18	22.52	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (Metric tonnes)		40.00	34.64	34.64	31.18	31.18	31.18	31.18	31.18	22.52	N/A
2.1	Lead IA (UNEP) agreed funding (US\$)	110,250				65,250					19,500	195,000
2.2	Support costs for Lead IA (US\$)	14,333				8,483					2,535	25,350
3.1	Total agreed funding (US\$)	110,250				65,250					19,500	195,000
3.2	Total support costs (US\$)	14,333				8,483					2,535	25,350
3.3	Total agreed costs (US\$)	124,583				73,733					22,035	220,350
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (Metric tonnes)											12.12
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (Metric tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (Metric tonnes)											22.52

**TONGA**

**APPENDIX 1-A: THE SUBSTANCES**

Substance	Annex	Group	Starting point for aggregate reductions in consumption (Metric tonnes)
HCFC-22	C	I	1.34

**APPENDIX 2-A: TARGETS AND FUNDING**

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (Metric tonnes)			1.34	1.34	1.21	1.21	1.21	1.21	1.21	0.87	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (Metric tonnes)		2.00	1.34	1.34	1.21	1.21	1.21	1.21	1.21	0.87	N/A
2.1	Lead IA (UNEP) agreed funding (US\$)	64,750				49,550					12,700	127,000
2.2	Support costs for Lead IA (US\$)	8,418				6,442					1,651	16,510
3.1	Total agreed funding (US\$)	64,750				49,550					12,700	127,000
3.2	Total support costs (US\$)	8,418				6,442					1,651	16,510
3.3	Total agreed costs (US\$)	73,168				55,992					14,351	143,510
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (Metric tonnes)											0.47
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (Metric tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (Metric tonnes)											0.87

**TUVALU**

**APPENDIX 1-A: THE SUBSTANCES**

Substance	Annex	Group	Starting point for aggregate reductions in consumption (Metric tonnes)
HCFC-22	C	I	1.61

**APPENDIX 2-A: TARGETS AND FUNDING**

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (Metric tonnes)			1.61	1.61	1.5	1.5	1.5	1.5	1.5	1.5	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (Metric tonnes)		1.60	1.61	1.61	1.5	1.5	1.5	1.5	1.5	1.5	N/A
2.1	Lead IA (UNEP) agreed funding (US\$)	47,875				34,925					9,200	92,000
2.2	Support costs for Lead IA (US\$)	6,224				4,540					1,196	11,960
3.1	Total agreed funding (US\$)	47,875				34,925					9,200	92,000
3.2	Total support costs (US\$)	6,224				4,540					1,196	11,960
3.3	Total agreed costs (US\$)	54,099				39,465					10,396	103,960
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (Metric tonnes)											0.56
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (Metric tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (Metric tonnes)											1.05



## VANUATU

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (Metric tonnes)
HCFC-22	C	I	5.28

### APPENDIX 2-A: TARGETS AND FUNDING

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (Metric tonnes)			5.28	5.28	5.28	4.75	4.75	4.75	4.75	3.43	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (Metric tonnes)		6.00	5.28	5.28	5.28	4.75	4.75	4.75	4.75	3.43	N/A
2.1	Lead IA (UNEP) agreed funding (US\$)	76,250				57,400					14,850	148,500
2.2	Support costs for Lead IA (US\$)	9,913				7,462					1,931	19,305
3.1	Total agreed funding (US\$)	76,250				57,400					14,850	148,500
3.2	Total support costs (US\$)	9,913				7,462					1,931	19,305
3.3	Total agreed costs (US\$)	86,163				64,862					16,781	167,805
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (Metric tonnes)											2.37
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (Metric tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (Metric tonnes)											3.43

### APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval not earlier than 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 Plan will consist of five parts:
  - (a) A narrative report regarding the progress in the previous tranche, reflecting on 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 further highlight successes, experiences and challenges related to the different activities included in the Plan, reflecting on changes in the circumstances in the Country, and providing other relevant information. The report should also include information about and justification for any changes vis-à-vis the previously submitted tranche plan, such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes. The narrative report will cover all relevant years specified in sub-paragraph 5(a) of the Agreement and can in addition also include information about activities in the current year;

- (b) A verification report of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;
- (c) A written description of the activities to be undertaken in the next tranche, highlighting their interdependence, and taking into account experiences made and progress achieved in the implementation of earlier tranches. The description should also include a reference to the overall Plan and progress achieved, as well as any possible changes to the overall plan foreseen. The description should cover the years specified in sub-paragraph 5(d) of the Agreement. The description should also specify and explain any revisions to the overall plan which were found to be necessary;
- (d) A set of quantitative information for the report and plan, submitted into a database. As per the relevant decisions of the Executive Committee in respect to the format required, the data should be submitted online. This quantitative information, to be submitted by calendar year with each tranche request, will be amending the narratives and description for the report (see sub-paragraph 1(a) above) and the plan (see sub-paragraph 1(c) above), and will cover the same time periods and activities; it will also capture the quantitative information regarding any necessary revisions of the overall plan as per sub-paragraph 1(c) above. While the quantitative information is required only for previous and future years, the format will include the option to submit in addition information regarding the current year if desired by the Country and the Lead IA; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of above sub-paragraphs 1(a) to 1(d).

#### **APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES**

1. The overall monitoring will be the responsibility of NOU of each country.
2. The consumption will be monitored based on data collected from relevant government departments and crosschecking it with data collected from the distributors and consumers.
3. The NOU will be responsible for reporting and shall submit the following reports in a timely manner:
  - (a) Annual reports on consumption of Substances to be submitted to the Ozone Secretariat;
  - (b) Annual reports on progress of implementation of this Agreement to be submitted to the Executive Committee of the Multilateral Fund; and
  - (c) Project-related reports 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. These can be specified in the project document further, but include 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 phase-out plan;
- (b) Assisting the Country in preparation of the Tranche Implementation Plans and subsequent reports as per Appendix 4-A;
- (c) Providing verification to the Executive Committee that the Targets have been met and associated annual 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 tranches and the overall Plan as specified in Appendix 4-A as well as project completion reports for submission to the Executive Committee;
- (f) Ensuring that appropriate independent technical experts carry out the technical reviews;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;
- (i) 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, the allocation of the reductions to the different budget items and to the funding of each implementing or bilateral agency involved;
- (j) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- (k) Providing assistance with policy, management and technical support when required.

2. After consultation with the Country and taking into account any views expressed, the Lead IA will select and mandate an independent organization 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 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.