



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/87/21  
12 June 2021

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-seventh Meeting  
Montreal, 28 June-2 July 2021<sup>1</sup>

**PROJECT PROPOSAL: PLURINATIONAL STATE OF BOLIVIA**

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

Phase-out

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

<sup>1</sup> Online meetings and an intersessional approval process will be held in June and July 2021 due to coronavirus disease (COVID-19)

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

## PLURINATIONAL STATE OF BOLIVIA

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

<b>(II) LATEST ARTICLE 7 DATA (Annex C Group I)</b>	Year: 2019	1.96 (ODP tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>								<b>Year: 2020</b>	
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manu.	Servicing				
HCFC-22					1.83				1.83
HCFC-141b					0.15				0.15
HCFC-141b in imported pre-blended polyol		0.02							0.02

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

<b>(V) BUSINESS PLAN</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
UNIDO	ODS phase-out (ODP tonnes)	1.00	0.00	0.00	1.00
	Funding (US \$)	214,000	0	0	214,000
UNEP	ODS phase-out (ODP tonnes)	0.15	0.00	0.15	0.30
	Funding (US \$)	42,968	0	42,968	85,936

<b>(VI) PROJECT DATA</b>			<b>2021</b>	<b>2022-2023</b>	<b>2024</b>	<b>2025-2026</b>	<b>2027</b>	<b>2028-2029</b>	<b>2030</b>	<b>Total</b>
Montreal Protocol consumption limits			3.97	3.97	3.97	1.98	1.98	1.98	0	n/a
Maximum allowable consumption (ODP tonnes)			3.97	3.36	3.36	1.98	1.98	0.92	0	n/a
Projects costs requested in principle (US \$)	UNIDO	Project costs	141,009	0	172,660	0	147,530	0	45,530	506,729
		Support costs	9,871	0	12,086	0	10,327	0	3,187	35,471
	UNEP	Project costs	24,000	0	32,500	0	9,000	0	15,000	80,500
		Support costs	3,120	0	4,225	0	1,170	0	1,950	10,465
Total project costs requested in principle (US \$)			165,009	0	205,160	0	156,530	0	60,530	587,229
Total support costs requested in principle (US \$)			12,991	0	16,311	0	11,497	0	5,137	45,936
Total funds requested in principle (US \$)			178,000	0	221,471	0	168,027	0	65,667	633,165

<b>(VII) Request for approval of funding for the first tranche (2021)</b>		
<b>Agency</b>	<b>Funds requested (US \$)</b>	<b>Support costs (US \$)</b>
UNIDO	141,009	9,871
UNEP	24,000	3,120
Total	165,009	12,991

<b>Secretariat's recommendation:</b>	Individual consideration
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## PROJECT DESCRIPTION

### Background

1. On behalf of the Government of the Plurinational State of Bolivia, UNIDO 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 \$630,780, consisting of US \$504,500, plus agency support costs of US \$35,315 for UNIDO, and US \$80,500, plus agency support costs of US \$10,465 for UNEP, 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 \$174,245, consisting of US \$142,780, plus agency support costs of US \$9,995 for UNIDO, and US \$19,000, plus agency support costs of US \$2,470 for UNEP, as originally submitted.

### Status of implementation of stage I of the HPMP

3. Stage I of the HPMP for the Plurinational State of Bolivia was approved at the 64<sup>th</sup> meeting<sup>3</sup> and revised at the 72<sup>nd</sup> meeting<sup>4</sup> to meet the 35 per cent reduction from the baseline by 2020, at a total cost of US \$315,000, plus agency support costs, to phase out 2.13 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector. The fifth and final tranche of stage I was approved under the intersessional approval process for the 86<sup>th</sup> meeting (IAP-86) in December 2020; stage I will be completed by 31 December 2021.

### HCFC consumption

4. The Government of the Plurinational State of Bolivia reported under the country programme (CP) implementation report a consumption of 1.99 ODP tonnes of HCFCs in 2020, which is 67 per cent below the HCFC baseline for compliance. The 2016-2020 HCFC consumption is shown in Table 1.

**Table 1. HCFC consumption in the Plurinational State of Bolivia (2016-2020 Article 7 data)**

HCFC	2016	2017	2018	2019	2020*	Baseline
<b>Metric tonnes (mt)</b>						
HCFC-22	55.67	35.60	55.28	34.76	33.35	88.85
HCFC-123	0.00	0.00	0.00	1.45	0.00	0.20
HCFC-141b	0.00	0.94	0.62	0.14	1.39	8.85
Total (mt)	55.67	36.54	55.90	36.35	34.73	102.15
HCFC-141b in imported pre-blended polyols*	1.03	0.99	0.18	0.23	0.20	5.5**
<b>ODP tonnes</b>						
HCFC-22	3.06	1.96	3.04	1.91	1.83	4.89
HCFC-123	0.00	0.00	0.00	0.03	0.00	0.00
HCFC-141b	0	0.10	0.07	0.01	0.15	0.97
Total (ODP tonnes)	3.06	2.06	3.11	1.96	1.99	6.10
HCFC-141b in imported pre-blended polyols*	0.11	0.11	0.02	0.03	0.02	0.61**

\* CP data.

\*\* Average consumption between 2007 and 2009.

<sup>2</sup> As per the letter of 21 March 2021 from the Ministry of Environment and Water of the Plurinational State of Bolivia to UNIDO.

<sup>3</sup> UNEP/OzL.Pro/ExCom/64/53.

<sup>4</sup> Annex VII of document UNEP/OzL.Pro/ExCom/72/47.

5. Consumption of HCFC-22, which is used exclusively to service RAC equipment, has decreased as a result of the implementation of the activities under stage I of the HPMP and the introduction of non-HCFC-based RAC equipment. Bulk HCFC-141b is used exclusively to flush refrigeration circuits and is consumed intermittently, while consumption of HCFC-141b contained in imported pre-blended polyols has decreased as manufacturers are converting with their own resources to unspecified alternatives. HCFC-123 is consumed intermittently by a single user (a thermoelectric plant) to service chillers.

#### *CP implementation report*

6. The Government of the Plurinational State of Bolivia reported HCFC sector consumption data under the 2019 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

#### Status of progress and disbursement

##### *Legal framework*

7. Under stage I of the HPMP, the Government has continued to implement a licensing and quota system for HCFC imports and exports. The update to the decree to control ODS, which had been expected to be approved in March 2016 to *inter alia* incorporate the accelerated HCFC phase-out schedule, establish quotas per importer based on ODP tonne instead of substance, and limit the validity of licences to 31 December of the year the licence was issued, is expected to be approved by the end of 2021. The decree in place has allowed the authorities to enforce control measures and limit ODS imports. To date, five refrigerant identifiers were provided to customs, and a total of 245 customs officers have been trained on control of ODS and identification of counterfeit refrigerants under stage I; an additional 50 customs officers will participate in an online training planned for July 2021. The country ratified the Kigali Amendment on 9 October 2020.

##### *Refrigeration servicing sector*

8. The following activities were implemented: the curriculum for the technician training programme was updated; a total of six training centres have been established, including provision of equipment for the centres (e.g., recovery and recycling units, recovery machines, service manifolds, pinch-off tools, leak detectors, filter drier, flaring and swaging tools, tube cutters, vacuum pumps, refrigerant identifiers); approximately 960 refrigeration technicians were trained in good servicing practices, including safe handling of flammable refrigerants and identification of counterfeit refrigerants. Surveys for the development of an end-user leak reduction programme, planned under stage II, were conducted. Public awareness activities on the Montreal Protocol, low-global-warming potential (GWP) alternatives, and matters related to the HPMP were undertaken.

9. In addition, the following activities for the fifth and final tranche have been implemented: delivery of tools for one training centre along with a training programme on good servicing practices; preparation of an online training for customs officers on control of ODS and identification of counterfeit refrigerants; site visits to two end-users as preparation for the leak reduction programme; distribution of brochures on counterfeit refrigerants as part of the public awareness programme; and hiring a consultant to assist in monitoring and data collection. UNIDO has been coordinating project implementation, monitoring activities, and training the temporary national ozone officers (NOOs).

##### *Project implementation and monitoring*

10. There have been 11 changes of the ozone focal point since the 75<sup>th</sup> meeting, including a new NOO that was designated in March 2021. UNIDO and, in line with decision 75/52(b)(iv), UNEP's Compliance

Assistance Programme have provided support and training to the NOO.<sup>5</sup> A consultant was hired to assist with monitoring and data collection.

#### Level of fund disbursement

11. As of February 2021, all funds approved for the first to fourth tranches of stage I have been disbursed. At the 86<sup>th</sup> meeting, the Executive Committee approved US \$31,500 for the fifth and final tranche of stage I; of those funds, US \$6,950 or 22 per cent has been disbursed, with the remaining balance of US \$24,550 to be disbursed by 2022.

### **Stage II of the HPMP**

#### Remaining consumption eligible for funding

12. After deducting 2.13 ODP tonnes of HCFCs associated with stage I of the HPMP, the remaining consumption eligible for funding in stage II amounts to 4.57 ODP tonnes of HCFCs.

#### Sector distribution of HCFCs

13. There are approximately 3,000 technicians and 1,000 workshops consuming HCFC-22 to service unitary and split systems, water cooled condensers, commercial cold stores, and industrial food storage systems as shown in Table 2. In addition, HCFC-141b is used to flush refrigeration circuits, and an enterprise consumes HCFC-141b contained in imported pre-blended polyols to manufacture polyurethane (PU) foam. HFC-134a represents 47 per cent of the refrigerants used in the servicing sector, followed by HCFC-22 at 23 per cent.

**Table 2. Sectoral distribution of HCFC-22 in the Plurinational State of Bolivia in 2019**

Sector/Applications	Equipment inventory	Number of units	Average charge (kg)	Leakage rate (%)	Consumption (mt)
Room AC (unitary and split)	AC	9,700	0.8	2-5	7.76
Commercial AC (roof top, multi-split, chillers)	Water coolers	1,777	6	10	10.66
Commercial refrigeration (medium condensing units)	Cold rooms	956	10	10-15	9.56
Industrial refrigeration (medium to large condensing units, centralized systems)	Low temperature systems for food storage	339	15-20	20-25	6.78
Total		12,772	-	-	34.76

#### Phase-out strategy in stage II of the HPMP

14. Stage II of the HPMP aims to achieve a 67.5 per cent reduction from its HCFC baseline consumption by 2025 and 100 per cent reduction by 2030, without servicing tail, which is envisaged to be supplied through recovered, recycled, and reclaimed refrigerants. Stage II has been designed based on the experience gained during the implementation of stage I and will focus on sustainably reducing the remaining demand for HCFCs, particularly HCFC-22 used as a refrigerant in the RAC servicing sector, by developing a refrigerant recovery, recycling, and reclaiming (RRR) network, improving trade control, providing training programmes for technicians, and establishing a certification scheme.

<sup>5</sup> The agreement to implement phase XI of the institutional strengthening project is expected to be signed by June 2021.

Proposed activities in stage II of the HPMP

15. Stage II proposes activities in the following four areas: strengthening of the legal and institutional framework to control trade of HCFCs and HCFC-based equipment and products; complete phase-out of HCFC consumption in the RAC servicing sector; a public awareness programme to support the HCFC phase-out; and project monitoring, as summarized in Table 3.

**Table 3. Activities to be implemented in stage II of the HPMP**

Project component	Planned activities	Cost (US \$)
<i>Strengthening the legal and institutional framework for trade control (UNEP)</i>		
Technical assistance to strengthen capacity of customs and trade controls of HCFCs and HCFC-based equipment and products	<ul style="list-style-type: none"> <li>• Eight training courses for customs and stakeholders (30 participants each) on control of ODS and detection of counterfeit refrigerants</li> <li>• Development and implementation of an electronic licensing system</li> <li>• Continued participation in the informal Prior Informed Consent platform (iPIC)</li> </ul>	32,000
Technical assistance to strengthen the regulatory framework for HCFC phase-out	<ul style="list-style-type: none"> <li>• Formulation of measures on the management of RAC equipment, products, and controlled substances throughout their lifecycle</li> <li>• Development of a ban on the import of HCFC-based equipment by 1 January 2023</li> <li>• Five consultation meetings with government representatives, refrigeration association, importers, service workshops and end-users on ODS regulations and enforcement</li> </ul>	26,500
<i>Strengthening the RAC servicing sector to eliminate HCFC consumption (UNIDO)</i>		
Development of the refrigerant RRR network	<ul style="list-style-type: none"> <li>• Assessment of RRR network needs and development of business plan for its sustainability</li> <li>• Equipment and supplies for two reclaiming centres<sup>6</sup></li> <li>• Three training workshops on good RRR practices (50 participants each)</li> <li>• A study tour to a country in the region with established RRR centres</li> </ul>	160,380
Technical assistance to strengthen and upgrade the training programme on good refrigeration practices and alternative refrigerants with non-ODP and low-GWP	<ul style="list-style-type: none"> <li>• Two train-the-trainers courses on good refrigeration servicing practices and management of alternative refrigerants (30 participants each)</li> <li>• Twenty technical seminars (30 participants each) on good refrigeration practices and management of alternative refrigerants</li> <li>• Development of a standard training programme for educational institutes</li> <li>• Development of standards for the safe handling of flammable, toxic, and high-pressure alternative refrigerants</li> <li>• Establishment of one or two specialized training centres for the safe handling of flammable refrigerants</li> </ul>	172,000

<sup>6</sup> Including reclaim units, recovery and storage tanks of different capacities, transfer pumps, scales for storage tanks, refrigerant identifiers, lab equipment, hot water dispensers and cylinder drying systems, valve removal tools, inspection cameras, air compressors, vacuum pumps, recovery units with filters, spare parts, installation, freight transportation, and contingencies at a cost of US \$65,940 per centre.

	<ul style="list-style-type: none"> <li>• Procurement of 16 toolkits<sup>7</sup> (two of which are for female technicians) for the safe handling of alternative refrigerants to training institutes</li> </ul>	
Technical assistance to RAC end-users	<ul style="list-style-type: none"> <li>• Two “Zero Leaks” pilot projects to promote end-user leak reduction</li> <li>• Formulation of a leak control guide</li> <li>• Two pilot demonstration projects using low-GWP alternatives at end-users</li> <li>• At least two meetings to disseminate results of pilot projects to stakeholders</li> </ul>	91,000
Advancing sustainable accreditation, certification by labour competencies, and registration of RAC servicing technicians	<ul style="list-style-type: none"> <li>• Formulation and validation of standard for labour competence in good refrigeration practices by 31 December 2023 and in safe handling of flammable refrigerants by 31 December 2024</li> <li>• Design an electronic certification database</li> <li>• Design and issue at least 800 licences (carnets) for certified RAC technicians</li> <li>• Four awareness meetings on the certification process</li> <li>• A campaign to disseminate information on the certification process</li> </ul>	40,000
<i>Awareness-raising (UNEP)</i>		
Dissemination and awareness-raising for HCFC phase-out	<ul style="list-style-type: none"> <li>• A campaign designed to raise awareness and disseminate information on responsible HCFC consumption</li> <li>• Printing of at least 5,000 brochures and other materials on HCFC phase-out</li> <li>• Participation in at least seven events to raise awareness for HCFC phase-out</li> </ul>	22,000
<i>HPMP monitoring and assessment (UNIDO)</i>		
Project implementation and monitoring	<ul style="list-style-type: none"> <li>• Two local consultants assisting the NOU in HPMP monitoring and assessment (US \$28,000)</li> <li>• Implementation and monitoring visits to ensure the sustainability of the activities implemented (US \$13,120)</li> </ul>	41,120
<b>Total</b>		<b>585,000</b>

### *Project implementation and monitoring*

16. The system established under stage I of the HPMP will continue into stage II, where the national ozone unit (NOU) will monitor activities, report progress, and work with stakeholders to phase out HCFCs. The cost of those activities amounts to US \$41,120.

### *Gender policy implementation<sup>8</sup>*

17. The Government of the Plurinational State of Bolivia aims to achieve a participation rate of 50 per cent women during the implementation of stage II of the HPMP, including through the hiring of female consultants, supervisors, trainers, and designers to develop the activities of each of the programme components. Gender statistics will continue to be recorded. To enable an increased participation of women in the RAC sector, a favourable environment for gender mainstreaming will be targeted for stage II, primarily by following national instructions related to gender equality and promoting access to opportunities and working conditions for everyone. The technical capacities of female technicians will be

<sup>7</sup> Including manifold gauge; expander tool sets; recovery machine; vacuum pump; electronic leak detector for HCFCs, HFCs, and HFOs; safety-related tools; personal protection; and miscellaneous tubing tools at a cost of US \$4,000 per kit.

<sup>8</sup> Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

strengthened through training courses and the provision of toolkits. Implementation of the gender policy will be measured through the applicable indicators in the Multilateral Fund policy on gender.<sup>9</sup>

#### Total cost of stage II of the HPMP

18. The total cost of stage II of the HPMP for the Plurinational State of Bolivia has been estimated at US \$585,000 (plus agency support costs), as originally submitted for achieving 67.5 per cent reduction from its HCFC baseline consumption by 2025 and 100 per cent reduction by 2030. The proposed activities and cost breakdown are summarized in Table 3 above.

#### Activities planned for the first tranche of stage II

19. The first funding tranche of stage II of the HPMP at the total amount of US \$161,780 will be implemented between June 2021 and December 2024 and will include the activities shown in Table 4.

**Table 4. Activities of the first tranche of stage II of the HPMP**

Project component	Planned activities	Cost (US \$)
<i>Strengthening the legal and institutional framework for trade control (UNEP) (US \$10,000)</i>		
Technical assistance to strengthen capacity of customs and trade controls of HCFCs and HCFC-based equipment and products	Conduct two updated training sessions on the identification of ODS for customs officers, importers, and other stakeholders (30 participants each)	4,000
Technical assistance to strengthen the regulatory framework for HCFC phase-out	Consultant to support the formulation to ban imports of HCFC-based equipment and its enforcement	5,000
	Consultation meetings for the development and enforcement of the ban on HCFC-based equipment	1,000
<i>Strengthening the RAC servicing sector to eliminate HCFC consumption (UNIDO) (US \$129,500)</i>		
Development of the refrigerant RRR network	National consultant to assess RRR network needs and develop a business plan	2,500
	A study tour in the region with established RRR centres	4,000
Technical assistance to strengthen and upgrade the training programme on good refrigeration practices and alternative refrigerants with non-ODS and low-GWP	One train-the-trainers course on good refrigeration practices and alternative refrigerants (30 participants)	5,000
	Consultant to support the formulation of a standard training programme for educational institutions	5,000
	Six technical seminars in good refrigeration practices and alternative refrigerants (30 participants each)	15,000
	International consultant to support the establishment of a specialized training centre for the safe handling of flammable refrigerants	2,000
	Procurement and distribution of 15 toolkits (one of which is for a female technician) for the safe handling of alternative refrigerants to training institutes	58,000
Technical assistance to RAC end-users	Implement at least one of the “Zero Leaks” pilot projects	12,000
	International consultant to support the “Zero Leaks” project	7,000

<sup>9</sup> Including number of women and men that received/accessed information; number and percentage of male and female participants; number and percentage of training initiatives that include targeted sessions on gender; number and percentage of training initiatives undertaken in collaboration with gender focal points/gender experts/gender departments; number and percentage of women presenting in trainings; data presented in training sessions that is disaggregated by sex; and training/information material that is gender-responsive.



Advancing sustainable accreditation, certification by labour competencies, and registration of RAC servicing technicians	International consultant to support the formulation and validation of standards for labour competence related to good refrigeration practices	7,000
	Awareness campaign for the certification process among RAC servicing technicians and end-users	3,000
	Develop an electronic database to manage the registration of RAC servicing technicians, operators, and end-users	7,000
	Design and issue at least 200 carnet licences to certified RAC technicians	2,000
<i>Awareness-raising (UNEP) (US \$9,000)</i>		
Dissemination and awareness-raising for HCFC phase-out	Campaign to raise awareness and disseminate information on responsible consumption among RAC service technicians, end-users, and trainers	4,000
	Print and distribute at least 1,000 brochures on the HCFC phase-out	3,000
	Participation in at least two events such as seminars, trade fairs, guilds events, conferences, and exhibitions to raise awareness for HCFC phase-out	2,000
<i>HPMP monitoring and assessment (UNIDO) (US \$13,280)</i>		
Project implementation and monitoring	Local consultants, monitoring visits, and reports (ongoing)	13,280
<b>Total</b>		<b>161,780</b>

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

20. 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 2021-2023 business plan of the Multilateral Fund.

#### Phase-out targets

21. The Secretariat noted that the country's 2019 consumption was already 67.5 per cent below its baseline for compliance. While noting its irregular consumption trends, the country proposed interim targets below the country's Montreal Protocol targets; in particular, the country proposed to reduce its consumption by 45.0 per cent in 2022, 67.5 per cent in 2025, 85.0 per cent in 2028, and 100 per cent in 2030.

#### Regulatory framework to enable the HCFC phase-out

22. While noting with appreciation the commitment of the Government of the Plurinational State of Bolivia to phase-out HCFCs by 2030, with no servicing tail in 2030-2040, the Secretariat recalled the provisions of Article 5, paragraph 8 ter(e)(i)<sup>10</sup> of the Montreal Protocol and paragraph 13 of decision XIX/6 and, in order to be equitable across Article 5 countries, recommended noting the commitment of the Government to completely phase out HCFCs by 1 January 2030, and that HCFCs would not be imported after that date, except for the allowance for a servicing tail between 2030-2040 where required, and consistent with the provisions of the Montreal Protocol.

<sup>10</sup> Other applications where HCFCs can be used include the servicing of fire suppression and fire protection equipment existing on 1 January 2030; solvent applications in rocket engine manufacturing; and topical medical aerosol applications for the specialized treatment of burns.

23. The Secretariat and UNIDO had detailed discussions on regulations to support the total phase-out of HCFCs, which resulted in the following commitments by the Government:

- (a) To ban the import of HCFC-based RAC equipment by 1 January 2023;
- (b) To implement a technician certification scheme by 1 January 2025, including designing a licence (carnet) that allows the identification of certified RAC technicians, and to design and implement an electronic database to manage the registration of RAC servicing technicians, operators, and end-users;
- (c) To complete by 1 January 2026 the:
  - (i) Implementation of an electronic licensing system for importers;
  - (ii) Implementation of a prohibition on venting of HCFCs during installation, servicing, and decommissioning of RAC equipment, and a prohibition on disposable cylinders;
  - (iii) Implementation of a regulation requiring recovery of HCFCs during the servicing of RAC equipment, and regulation requiring leak checking for larger equipment (greater than 3 kg of refrigerant);
  - (iv) Establishment of a code of practice for RAC technicians; and
- (d) To ban the import of HCFCs by 1 January 2030.

#### *Legal framework*

24. The Government of the Plurinational State of Bolivia has already issued HCFC import quotas for 2021 at 3.97 ODP tonnes, in accordance with the Montreal Protocol control targets

#### Technical and cost-related issues

##### *Consumption of HCFC-141b and HCFC-141b contained in imported pre-blended polyols*

25. The Secretariat noted that the HPMP did not include activities targeting consumption of HCFC-141b and HCFC-141b contained in imported pre-blended polyols. Regarding the former, consumption of HCFC-141b is intermittent and has decreased substantially from 2011. To phase out that use, it was agreed that technical assistance will be included as part of the seminars in good refrigeration practices and alternatives to be undertaken under the first tranche, including identifying best practices and low-GWP alternatives for this use, thereby allowing the Government to implement a ban on the import and use of HCFC-141b by 1 January 2024.

26. Regarding the latter, although the country did not request funding to phase out its consumption of HCFC-141b contained in imported pre-blended polyols, the Secretariat noted that it would be eligible for up to US \$2,229 to do so, based on the average consumption of the three years preceding project preparation, and when converting to low-GWP alternatives. On that basis, UNIDO and the Secretariat had detailed discussions on technical assistance activities that would be undertaken as part of the first tranche to phase out that consumption so that the Government could implement a ban on the import of HCFC-141b contained in imported pre-blended polyols by 1 January 2024: a workshop and awareness campaign on low-GWP alternatives targeting the single PU foam manufacturer consuming HCFC-141b contained in imported pre-blended polyols, and two workshops for 60 customs officers on control and detection of

controlled substances contained in imported pre-blended polyols. Those activities, combined with the implementation of the ban, would help ensure that the conversion to low-GWP alternatives was sustainable.

*Pilot demonstration projects directed to end-users*

27. Two pilot projects to phase out the HCFC consumption and improve the performance of refrigeration systems at two end-users in the commercial and industrial refrigeration sector would be undertaken under the third tranche, after the ban on the import of HCFC-based equipment had been implemented. As the project relates to conversions to low-GWP alternatives at end-users, information on the enabling conditions (including market and regulatory framework) to ensure a sustained replacement of HCFC technology by low-GWP technology would need to be described, in line with decision 84/84. In response, UNIDO explained that the main barriers for the adoption of low-GWP alternative technologies were: the higher costs involved, lack of confidence in the new technology, lack of local expertise, unavailability of equipment and servicing tools in the local market and a ban on the import of R-290. To address those barriers, stage II includes provision of training and tools to technicians to handle flammable refrigerants; establishing norms, standards and codes of good practices for safe servicing practices using alternative refrigerants, including the establishment of a specialized training centre for the safe handling of flammable refrigerants; and conducting awareness campaigns on the benefits of introducing low-GWP alternatives for refrigerant and equipment importers, end-users and contractors. A study, not financed under the HPMP, was underway to assess whether R-290 could be locally produced given that the country produces high quality propane; at present, that propane is exclusively used by the local hydrocarbon production company, Yacimientos Petrolifos Fiscales Bolivianos.

28. Funding from the HPMP would provide technical assistance and some of the components necessary for the conversion (e.g., compressors and parts of refrigeration systems) based on the low-GWP alternative selected and characteristics of each end-user; counterpart funding will be provided to cover most of the cost of the conversions (e.g., electrical design and installation, and labour). UNIDO was advised that by the time of submission of the third tranche, detailed information would need to be provided on the planned pilot projects and their compliance with the requirements of decision 84/84 in order to be considered for funding.

*Activities in the servicing sector*

29. Noting that counterfeit refrigerants were a major concern in the country but that current regulations did not specify penalties for infractions, the Secretariat inquired whether assistance could be included under the HPMP to develop and enforce penalties. UNIDO clarified that to date the agencies had focused on awareness and training importers and customs, and it was agreed that maintaining that focus under stage II was meaningful.

30. Regarding the sustainability of the planned reclamation scheme in light of the lower price of HCFC-22 relative to other refrigerants, UNIDO highlighted that the reclamation model was a service-based model where end-users and technicians will be offered the service to reclaim their own refrigerant for a price lower than that of virgin refrigerant, and emphasized the importance of the prohibition on venting of HCFCs during installation, servicing and decommissioning of RAC equipment, and the regulations requiring recovery of HCFCs during the servicing of RAC equipment, and requiring leak checking for larger equipment.

*Tranche distribution*

31. The tranche distribution, as submitted, included 20 per cent of the HPMP funding in the final tranche, in line with the proposed activities for that tranche. Given the 31 December 2031 date of completion of the HPMP and limited time available to implement those activities, and the need to ensure implementation of activities in time to ensure the total phase-out of HCFC by 2030, the Secretariat suggested advancing the implementation of the following activities, and associated funding:

- (a) Implementation of the second “Zero Leaks” pilot project and the second pilot demonstration project for an end-user from the fourth to the third tranche;
- (b) Establishment of a specialized training centre for the proper handling and operation of flammable refrigerants from the fourth to the third tranche;
- (c) Shifting the funding for a consultant to support the formulation of policy measures to prohibit imports of HCFC-based equipment from the second and third tranches to the first and second tranches, given the need to prioritize the implementation of the ban; and
- (d) Advancing three of the planned workshops for technicians on good refrigeration practices and alternative refrigerants from the fourth tranche to the second and third tranche.

32. Based on the above, and after shifting funding for local consultants under the HPMP monitoring and assessment from the first to the second tranche to ensure implementation across the tranches, the tranche distribution reflected in Table 5 was agreed.

**Table 5. Original and revised tranche distribution**

	First tranche	Second tranche	Third tranche	Fourth tranche	Total
As submitted (percentage)	161,780 (28%)	198,160 (34%)	106,530 (18%)	118,530 (20%)	585,000
Revised (percentage)	165,009 (28%)	205,160 (35%)	156,530 (27%)	60,530 (10%)	587,229

*Plan of action for the first tranche and implementation amid COVID-19*

33. The Secretariat noted the efforts made by the Government, UNIDO, UNEP, and other stakeholders to ensure the continued implementation of activities under stage I, and that a limited number of activities are proposed to be conducted in 2021 under the first tranche, with implementation gradually increasing in subsequent years, allowing for the new NOO to be settled and leaving room for uncertainties in the evolution of the COVID-19 pandemic. Under stage I, UNIDO had implemented several activities despite the constraints of the COVID-19 pandemic (e.g., e-learning training and webinars for trainers and other stakeholders), and plans to continue using such approach, where appropriate, even if restrictions associated with COVID-19 are lifted.

Total project cost

34. The total cost for stage II of the HPMP amounts to US \$587,229, US \$585,000 based on decision 74/50(c)(xii), and US \$2,229 for technical assistance activities for the phase-out of HCFC-141b contained in imported pre-blended polyols. The funding for the first tranche was adjusted in line with the changes described in paragraphs 26, 31, and 32 above.

Impact on the climate

35. The proposed activities in the servicing sector, which include better containment of refrigerants through training and the provision of equipment, will reduce the amount of HCFCs used for RAC servicing. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in 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 the Plurinational State of Bolivia, including its efforts to promote low-GWP alternatives, as well as refrigerant recovery, reuse, and reclamation, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits. The conversion of the remaining PU foam manufacturing enterprise would avoid the emission into the atmosphere of some 145 CO<sub>2</sub>-equivalent tonnes per year.

## Co-financing

36. The Government will provide in-kind contributions estimated at US \$250,000 in the form of office space, support facilities, and support to the NOU. Additional co-financing, while not quantified, is expected from the vocational training institutes, that will support the training of technicians by providing training facilities, and may also provide their instructors and tools; the certifying entity, the Bolivian Accreditation Agency, that will cover the salaries of the evaluators for the certification scheme; and the RRR centres, that will cover their operation and administrative costs.

## 2021-2023 draft business plan of the Multilateral Fund

37. UNIDO and UNEP are requesting US \$590,116, plus agency support costs, for the implementation of stage II of the HPMP for the Plurinational State of Bolivia. The total requested value of US \$181,089, including agency support costs for the period of 2021-2023, is US \$118,847 below the amount in the business plan.

## Draft Agreement

38. A draft Agreement between the Government of the Plurinational State of Bolivia and the Executive Committee for the phase-out of HCFCs in stage II of the HPMP is contained in Annex I to the present document.

## RECOMMENDATION

39. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for the Plurinational State of Bolivia for the period from 2021 to 2030 for the complete phase-out of HCFC consumption, in the amount of US \$633,165, consisting of US \$506,729, plus agency support costs of US \$35,471 for UNIDO, and US \$80,500, plus agency support costs of US \$10,465 for UNEP, on the understanding that no more funding would be provided from the Multilateral Fund for the phase-out of HCFCs;
- (b) Noting the commitment of the Government of the Plurinational State of Bolivia:
  - (i) To ban the import of HCFC-based refrigeration and air-conditioning (RAC) equipment by 1 January 2023;
  - (ii) To ban the import of HCFC-141b and HCFC-141b contained in imported pre-blended polyols by 1 January 2024;
  - (iii) To implement the RAC technician certification scheme by 1 January 2025;
  - (iv) To, by 1 January 2026:
    - a. Implement an electronic licensing system;
    - b. Implement a prohibition on venting of HCFCs during installation, servicing and decommissioning of RAC equipment, and a prohibition on disposable cylinders;

- c. Finalize and implement a regulation requiring recovery of HCFCs during the servicing of RAC equipment, and regulation requiring leak checking for larger equipment (greater than 3 kg of refrigerant);
  - d. Establish a code of practice for RAC technicians;
- (v) To reduce HCFC consumption by 45 per cent of the country's baseline by 1 January 2022, 67.5 per cent by 1 January 2025, 85 per cent by 1 January 2028, and phase out HCFCs completely by 1 January 2030, and to ban the import of 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;
- (c) Deducting 4.57 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;
  - (d) Approving the draft Agreement between the Government of the Plurinational State of Bolivia 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 the Plurinational State of Bolivia 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 the Plurinational State of Bolivia for the period 2030-2040; and
  - (f) Approving the first tranche of stage II of the HPMP for the Plurinational State of Bolivia, and the corresponding tranche implementation plans, in the amount of US \$178,000, consisting of US \$141,009, plus agency support costs of US \$9,871 for UNIDO, and US \$24,000, plus agency support costs of US \$3,120 for UNEP.

## Annex I

### **DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF THE PLURINATIONAL STATE OF BOLIVIA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS IN ACCORDANCE WITH STAGE II OF THE HCFC PHASE-OUT MANAGEMENT PLAN**

#### **Purpose**

1. This Agreement represents the understanding of the Government of the Plurinational State of Bolivia (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, 4.2.3, 4.3.3, 4.4.3 and 4.5.3 (remaining consumption eligible for funding).
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees, in principle, to provide the funding set out in row 3.1 of Appendix 2-A to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (“Funding Approval Schedule”).
4. The Country agrees to implement this Agreement in accordance with the stage II of the HCFC phase-out management plan (HPMP) approved (“the Plan”). In accordance with sub-paragraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.

#### **Conditions for funding release**

5. The Executive Committee will only provide the Funding in accordance with the Funding Approval Schedule when the Country satisfies the following conditions at least eight weeks in advance of the applicable Executive Committee meeting set out in the Funding Approval Schedule:
  - (a) That the Country has met the Targets set out in row 1.2 of Appendix 2-A for all relevant years. Relevant years are all years since the year in which this Agreement was approved. Years for which there are no due country programme implementation reports at the date of the Executive Committee meeting at which the funding request is being presented are exempted;
  - (b) That the meeting of these Targets has been independently verified for all relevant years, unless the Executive Committee decided that such verification would not be required;
  - (c) That the Country had submitted a Tranche Implementation Report in the form of Appendix 4-A (“Format of Tranche Implementation Reports and Plans”) covering each previous calendar year; that it had achieved a significant level of implementation of

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

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

### **Monitoring**

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (“Monitoring Institutions and Roles”) will monitor and report on implementation of the activities in the previous Tranche Implementation Plans in accordance with their roles and responsibilities set out in the same appendix.

### **Flexibility in the reallocation of funds**

7. The Executive Committee agrees that the Country may have the flexibility to reallocate part or all of the approved funds, according to the evolving circumstances to achieve the smoothest reduction of consumption and phase-out of the Substances specified in Appendix 1-A:

- (a) Reallocations categorized as major changes must be documented in advance either in a Tranche Implementation Plan as foreseen in sub-paragraph 5(d) above, or as a revision to an existing Tranche Implementation Plan to be submitted eight weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:
  - (i) Issues potentially concerning the rules and policies of the Multilateral Fund;
  - (ii) Changes which would modify any clause of this Agreement;
  - (iii) Changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches;
  - (iv) Provision of funding for activities not included in the current endorsed Tranche Implementation Plan, or removal of an activity in the Tranche Implementation Plan, with a cost greater than 30 per cent of the total cost of the last approved tranche; and
  - (v) Changes in alternative technologies, on the understanding that any submission for such a request would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tonnes to be phased out if applicable, as well as confirm that the Country agrees that potential savings related to the change of technology would decrease the overall funding level under this Agreement accordingly;
- (b) Reallocations not categorized as major changes may be incorporated in the approved Tranche Implementation Plan, under implementation at the time, and reported to the Executive Committee in the subsequent Tranche Implementation Report; and
- (c) Any remaining funds held by the bilateral or implementing agencies or the Country under the Plan will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.



### **Considerations for the refrigeration servicing sector**

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing 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. UNIDO has agreed to be the lead implementing agency (the “Lead IA”) and UNEP 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 Cooperating IA taking part in this Agreement.

10. The Lead IA will be responsible for ensuring co-ordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per sub-paragraph 5(b). The Cooperating IA will support the Lead IA by implementing the Plan under the overall co-ordination of the Lead IA. The roles of the Lead IA and Cooperating IA are contained in Appendix 6-A and Appendix 6-B, respectively. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IA with the fees set out in rows 2.2 and 2.4 of Appendix 2-A.

### **Non-compliance with the Agreement**

11. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in row 1.2 of Appendix 2-A or otherwise does not comply with this Agreement, then the Country agrees that it will not be entitled to the Funding in accordance with the Funding Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next tranche of funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amount set out in Appendix 7-A (“Reductions in Funding for Failure to Comply”) in respect of each ODP kg of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the Country did not comply with this Agreement, and take related decisions. Once decisions are taken, the specific case of non-compliance with this Agreement will not be an impediment for the provision of funding for future tranches as per paragraph 5 above.

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

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

### **Date of completion**

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

### **Validity**

15. All of the conditions set out in this Agreement are undertaken solely within the context of the Montreal Protocol and as specified in this Agreement. All terms used in this Agreement have the meaning ascribed to them in the Montreal Protocol unless otherwise defined herein.

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

## **APPENDICES**

### **APPENDIX 1-A: THE SUBSTANCES**

<b>Substance</b>	<b>Annex</b>	<b>Group</b>	<b>Starting point for aggregate reductions in consumption (ODP tonnes)</b>
HCFC-22	C	I	4.89
HCFC-124*	C	I	0.07
HCFC-141b	C	I	0.97
HCFC-142b	C	I	0.17
Sub-total			6.10
HCFC-141b contained in imported pre-blended polyols	C	I	0.60
Total			6.70

\* Including negligible amounts of HCFC-123 (0.004 ODP tonnes).

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

Row	Particulars	2021	2022-2023	2024	2025-2026	2027	2028-2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	3.97	3.97	3.97	1.98	1.98	1.98	0	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	3.97	3.36	3.36	1.98	1.98	0.92	0	n/a
2.1	Lead IA (UNIDO) agreed funding (US \$)	141,009	0	172,660	0	147,530	0	45,530	506,729
2.2	Support costs for Lead IA (US \$)	9,871	0	12,086	0	10,327	0	3,187	35,471
2.3	Cooperating IA (UNEP) agreed funding (US \$)	24,000	0	32,500	0	9,000	0	15,000	80,500
2.4	Support costs for Cooperating IA (US \$)	3,120	0	4,225	0	1,170	0	1,950	10,465
3.1	Total agreed funding (US \$)	165,009	0	205,160	0	156,530	0	60,530	587,229
3.2	Total support costs (US \$)	12,991	0	16,311	0	11,497	0	5,137	45,936
3.3	Total agreed costs (US \$)	178,000	0	221,471	0	168,027	0	65,667	633,165
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)								3.00
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)								1.89
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)								0.00
4.2.1	Total phase-out of HFC-124 agreed to be achieved under this Agreement (ODP tonnes)								0.00
4.2.2	Phase-out of HFC-124 to be achieved in the previous stage (ODP tonnes)								0.07
4.2.3	Remaining eligible consumption for HFC-124 (ODP tonnes)								0.00
4.3.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)								0.97
4.3.2	Phase-out of HCFC-141b to be achieved in the previous stage (ODP tonnes)								0.00
4.3.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)								0.00
4.4.1	Total phase-out of HCFC-142b agreed to be achieved under this Agreement (ODP tonnes)								0.00
4.4.2	Phase-out of HCFC-142b to be achieved in the previous stage (ODP tonnes)								0.17
4.4.3	Remaining eligible consumption for HCFC-142b (ODP tonnes)								0.00
4.5.1	Total phase-out of HCFC-141b contained in imported pre-blended polyols agreed to be achieved under this Agreement (ODP tonnes)								0.60
4.5.2	Phase-out of HCFC-141b contained in imported pre-blended polyols to be achieved in the previous stage (ODP tonnes)								0.00
4.5.3	Remaining eligible consumption for HCFC-141b contained in imported pre-blended polyols (ODP tonnes)								0.00

\* Date of completion of stage I as per stage I Agreement: 31 December 2021.

## 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 sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;
- (c) A written description of the activities to be undertaken during the period covered by the requested tranche, highlighting implementation milestones, the time of completion and the interdependence of the activities, and taking into account experiences made and progress achieved in the implementation of earlier tranches; the data in the plan will be provided by calendar year. The description should also include a reference to the overall Plan and progress achieved, as well as any possible changes to the overall Plan that are foreseen. The description should also specify and explain in detail such changes to the overall plan. This description of future activities can be submitted as a part of the same document as the narrative report under sub-paragraph (b) above;
- (d) A set of quantitative information for all Tranche Implementation Reports and Plans, submitted through an online database; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of the above sub-paragraphs 1(a) to 1(d).

2. In the event that in a particular year two stages of the HPMP are being implemented in parallel, the following considerations should be taken in preparing the Tranche Implementation Reports and Plans:

- (a) The Tranche Implementation Reports and Plans referred to as part of this Agreement, will exclusively refer to activities and funds covered by this Agreement; and
- (b) If the stages under implementation have different HCFC consumption targets under Appendix 2-A of each Agreement in a particular year, the lower HCFC consumption target will be used as reference for compliance with these Agreements and will be the basis for the independent verification.

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

1. The Ministry of Environment and Water (MMAyA) is the focal point of the Montreal Protocol in the Country.

2. The activities corresponding to the implementation of the Montreal Protocol are within the Vice Ministry of Environment, Biodiversity, Climate Change, and Forest Management and Development under the responsibility of the Governmental Ozone Commission (CGO).

3. The implementation of all the activities of the components within the Plan is included in the annual plan of the MMAyA and regular monitoring is done by the boards of this institution and its IAs, including:

- (a) Management and co-ordination of the implementation of the Plan;
- (b) Establishment of a policy development and application programme to allow the Government to exercise the required mandates and ensure the industry fulfills the obligations of the ODS consumption reduction;
- (c) Regular monitoring of the local private sector related to HCFC use and its possible substitutes;
- (d) Development and implementation of training, awareness, and capacity building activities to ensure a high-level commitment to the Plan objectives and obligations;
- (e) Preparation of annual implementation plans including the determination of the sequence of participation of the companies in the activities;
- (f) Establishment and operation of a report system on ODS use/substitutes by the users;
- (g) Design and implementation of corrective measures;
- (h) Regular implementation of activities of technical assistance to the project beneficiaries;
- (i) Preparation of annual progress reports, biannual reports on the Plan implementation, and biannual implementation plan for the Executive Committee of the Multilateral Fund, according to the defined format, as well as the preparation of any other report necessary for the adequate operation of the Plan; and
- (j) Establishment and operation of the decentralized mechanism to monitor and evaluate the Plan results, in association with local environmental regulatory entities to ensure sustainability.

4. 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 IAs taking part in this Agreement.

5. The Government will create strategic alliances with other government bodies, industry associations, and academic institutions, which will allow it to strengthen its strategy and expand its range of action. This may provide access to, for example, training institutions that host the refrigerant phase-out training programmes and provide alternatives for the servicing sector, and the Plurinational State of Bolivia's National Custom Office (Aduana Nacional de Bolivia, or ANB) which organizes, guides, and implements regulations including those related to the substances controlled by the Montreal Protocol. ANB also carries out procedures and inspections to supervise the export and import of ODS and executes the necessary operational measures to prevent smuggling and illegal trade of controlled substances. Together with the CGO, it inspects and verifies substances and equipment controlled by the Montreal Protocol. When required by the CGO, ANB prepares reports that serve as input to the reports that the Country must submit as a requirement of the Montreal Protocol.

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

1. The Lead IA will be responsible for a range of activities, including at least the following:
  - (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's HPMP;
  - (b) Assisting the Country in preparation of the Tranche Implementation Reports and Plans as per Appendix 4-A;
  - (c) Providing independent verification to the Executive Committee that the Targets have been met and associated tranche activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;
  - (d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future Tranche Implementation Plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
  - (e) Fulfilling the reporting requirements for the Tranche Implementation Reports and Plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee, and should include the activities implemented by the Cooperating IA;
  - (f) In the event that the last funding tranche is requested one or more years prior to the last year for which a consumption target had been established, annual tranche implementation reports and, where applicable, verification reports on the current stage of the Plan should be submitted until all activities foreseen had been completed and HCFC consumption targets had been met;
  - (g) Ensuring that appropriate independent technical experts carry out the technical reviews;
  - (h) Carrying out required supervision missions;
  - (i) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;
  - (j) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;
  - (k) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country and the Cooperating IA, the allocation of the reductions to the different budget items and to the funding of the Lead IA and Cooperating IA;
  - (l) Ensuring that disbursements made to the Country are based on the use of the indicators;
  - (m) Providing assistance with policy, management, and technical support when required;
  - (n) Reaching consensus with the Cooperating IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan; and
  - (o) Timely releasing funds to the Country/participating enterprises for completing the activities related to the project.

2. After consultation with the Country and taking into account any views expressed, the Lead IA will select and mandate an independent entity to carry out the verification of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement and sub-paragraph 1(b) of Appendix 4-A.

#### **APPENDIX 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCIES**

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

- (a) Providing assistance for policy development when required;
- (b) Assisting the Country in the implementation and assessment of the activities funded by the Cooperating IA, and refer to the Lead IA to ensure a co-ordinated sequence in the activities;
- (c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A; and
- (d) Reaching consensus with the Lead IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan.

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

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US \$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 HPMP being implemented in parallel) with different penalty levels, the application of the penalty will be determined on a case-by-case basis taking into consideration the specific sectors that lead to the non-compliance. If it is not possible to determine a sector, or both stages are addressing the same sector, the penalty level to be applied would be the largest.