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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninetieth Meeting
Montreal, 20-23 June 2022
Items 9(a) and (d) of the provisional agenda¹

PROJECT PROPOSALS: GRENADA

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

Phase-out

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

*Re-issued for technical reasons on 9 June 2022.

¹ UNEP/OzL.Pro/ExCom/90/1

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Grenada

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage I)	UNEP (lead), UNIDO	62 nd	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2021	0.13 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2021	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					0.13				0.13

(IV) CONSUMPTION DATA (ODP tonnes)			
2009-2010 baseline:	0.83	Starting point for sustained aggregate reductions:	0.58
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.20	Remaining:	0.38

(V) BUSINESS PLAN		2022	2023	2024	Total
UNEP	ODS phase-out (ODP tonnes)	0.0	0.0	0.0	0.0
	Funding (US \$)	24,000	0	0	24,000

(VI) PROJECT DATA			2010	2011-2012	2013-2014	2015	2016	2017-2019	2020	2021	2022*	Total	
Montreal Protocol consumption limits			n/a	n/a	0.83	0.75	0.75	0.75	0.54	0.54	0.54	n/a	
Maximum allowable consumption (ODP tonnes)			n/a	n/a	0.58	0.52	0.52	0.52	0.38	0.38	0.38	n/a	
Agreed funding (US \$)	UNEP	Project costs	105,000	0	0	0	9,000	0	21,000	0		135,000	
		Support costs	13,650	0	0	0	1,170	0	2,730	0		17,550	
	UNIDO	Project costs	0	0	0	0	75,000	0	0	0	0	0	75,000
		Support costs	0	0	0	0	6,750	0	0	0	0	0	6,750
Funds approved by ExCom (US \$)	Project costs	105,000	0	0	0	84,000	0	0	0	0	0	189,000	
	Support costs	13,650	0	0	0	7,920	0	0	0	0	0	21,570	
Total funds requested for approval at this meeting (US \$)	Project costs										21,000	21,000	
	Support costs										2,730	2,730	

* Tranche initially planned for 2020.

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Grenada, UNEP as the lead implementing agency has submitted a request for funding for the third and final tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$21,000, plus agency support costs of US \$2,730 for UNEP only.² The submission includes a progress report on the implementation of the second tranche, the verification report on HCFC consumption for 2016 to 2021, and the tranche implementation plan for 2022 to 2023.

Report on HCFC consumption

2. HCFC-22 is the only HCFC used in Grenada. The Government of Grenada reported a consumption of 0.13 ODP tonnes of HCFC-22 in 2021, which is 84 per cent below the HCFC baseline for compliance and 76 per cent below the starting point for aggregate reductions in HCFC consumption of 0.58 ODP tonnes. The 2017-2021 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Grenada (2017-2021 Article 7 data)

HCFC-22	2017	2018	2019	2020	2021	Baseline
Metric tonnes (mt)	3.97	3.76	3.25	3.33	2.28	15.09
ODP tonnes	0.22	0.21	0.18	0.18	0.13	0.83

3. HCFC consumption has been gradually decreasing since 2017 due to the implementation of the HPMP and the market's transition toward alternatives to HCFCs. The consumption decrease in 2021 is attributed to reduced economic activity caused by the impact of the COVID-19 pandemic.

Country programme (CP) implementation report

4. The Government of Grenada reported HCFC sector consumption data under the 2021 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

5. The verification confirms that the Government is implementing a licensing and quota system for HCFC imports and exports. The verification report noted the issue of large data discrepancies between the customs data and the consumption reported under Article 7 of the Montreal Protocol for all the years covered by the verification (2016 to 2021); yet the verified data is consistent with the data reported under Article 7 and the CP implementation report as the Government used the pre-approved quota and importer's invoice as the basis for Article 7 data reporting rather than the customs data. The verifier considers that both the customs data and the Article 7 reported consumption are well below the control targets in the Agreement with the Executive Committee and in the Montreal Protocol. Therefore, the verification concluded that the Government of Grenada has met its consumption reduction commitments.

Progress report on the implementation of the second tranche of the HPMP

Legal framework

6. The Government of Grenada has established a licensing and quota system under the Supplies Control Regulation to control the import and export of controlled substances under the Montreal Protocol, including HFCs (license only). The national ozone unit (NOU) of the Ministry of Finance, Economic Development, Physical Development, Public Utilities and Energy, in collaboration with the Customs and

² As per the letter of 24 February 2022 from the Ministry of Finance, Economic Development, Physical Development, Public Utilities and Energy of Grenada to the Secretariat.

Trade departments, monitors HCFC imports and records consumption for reporting. The Government also prepared the Ozone-Depleting Substances (ODS) Act to further strengthen the regulatory framework for the phase-out/phase-down of substances controlled under the Montreal Protocol. The ODS Act includes provisions for storage, transport, processing, disposal, resale, recovery, recycling, and reuse of controlled substances, and is expected to be finalized by the end of 2022. The Government is also developing a differentiated tax scheme to promote low-global-warming-potential (GWP) alternatives to HCFCs, and energy-efficient refrigeration and air-conditioning (RAC) equipment.

7. During stage I, a total of 60 customs officers have been trained in identifying refrigerants, monitoring and controlling ODS trade, and data reporting. The Montreal Protocol issue has been integrated into the routine training of new customs officers to ensure long-term sustainability.

8. The Government of Grenada ratified the Kigali Amendment to the Montreal Protocol on 29 May 2018. The preparation of a Kigali HFC implementation plan is in progress.

Refrigeration servicing sector

9. The following activities have been implemented:

- (a) Coordinating with the Customs Department to adopt 2022 harmonized system (HS) codes for HCFCs (expected by the end of 2022) and to include HS codes for HFCs in the revised regulations; coordinating with the Ministry of Trade to establish differentiated tax rates to promote energy-efficient and low-GWP technologies alternative to HCFCs; conducting public consultations on the draft ODS Act to include mandatory reporting by importers and an e-licensing and quota system;
- (b) Developing a training module and conducting two training sessions for 24 technicians in the design of AC systems in large facilities; a total of 160 technicians have been trained under stage I of the HPMP;
- (c) Procurement of tools and equipment (refrigerant identifiers, servicing tools, projectors, computers and accessories) to support customs control over ODS and the training of technicians at tertiary institutions; and
- (d) Conducting a virtual exhibition to promote low-GWP, green cooling technologies, where three out of six presenters were women; updating the NOU website and raising awareness on HCFC phase-out and alternative technologies through radio and television broadcasting.

Project implementation and monitoring

10. The NOU under the Ministry of Infrastructural Development, Public Utilities, Transport and Implementation coordinates activities, monitors and reports on the progress of implementation of the HPMP. In the second tranche, the total expenditure of US \$3,000 for project coordination, monitoring and reporting was used for staff costs.

Level of fund disbursement

11. As of March 2022, of the US \$189,000 approved so far, US \$157,354 had been disbursed (US \$83,000 for UNEP and US \$74,354 for UNIDO), as shown in Table 2. The balance of US \$31,646 will be disbursed in 2022 to 2023.

Table 2. Financial report of stage I of the HPMP for Grenada (US \$)

Agency	First tranche*		Second tranche		Total	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNEP	105,000	74,000	9,000	9,000	114,000	83,000
UNIDO	0	0	75,000	74,354	75,000	74,354
Total	105,000	74,000	84,000	83,354	189,000	157,354
Disbursement rate (%)	70		99		83	

* An additional US \$31,000 has been disbursed to the Government of Grenada but was delayed due to a banking error. It is being re-processed.

Implementation plan for the third and final tranche of the HPMP

12. The following activities will be implemented between June 2022 and December 2023 by UNEP:
- (a) Conducting the final round of public consultations on the ODS Act before submitting it to Cabinet for approval; and reviewing and updating the Code of Practice for the Safe Use, Handling, Storage and Transportation of Refrigerants (including flammable refrigerants) (US \$5,000);
 - (b) Training 20 customs officers in the control and monitoring of ODS imports; training 15 customs brokers in the preparation of documentation, identification of ODS and data reporting; and training 15 importers in the safe handling, transportation, storage and disposal of refrigerants (US \$6,000);
 - (c) Training 20 technicians in the adoption of low-GWP alternative technologies, including the use of tools, safety considerations, installation and charging, servicing and maintenance procedures, and record-keeping (US \$4,000);
 - (d) Developing and disseminating awareness-raising materials to promote technologies alternative to HCFCs in line with the green cooling communication strategy for Grenada (US \$4,000); and
 - (e) Project coordination, monitoring and reporting, at a total cost of US \$2,000 for staff costs.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Verification report

13. The Secretariat noted from the verification report the data discrepancies between the customs records and the consumption reported under Article 7 of the Montreal Protocol; as well as the practice of using the importer's invoice rather than the customs data as the basis for reporting Article 7 data. UNEP explained that the data discrepancies were mainly caused by oversights in data recording and incorrect application of HS codes at customs. The Government, recognizing the need to improve data accuracy, used the pre-approved quota and importers' reports as the basis for reporting Article 7 data. The Secretariat discussed with UNEP the importance of HCFC import control through customs, which is an essential component of the licensing and quota system. As a result of the discussion, it was agreed that the Government would take actions to further strengthen customs' capacity. UNEP confirmed that the NOU has started discussions with the Customs Department on cooperation in HCFC control. Training for customs officers, brokers and importers has been planned under the third tranche of stage I and in stage II. The budget for customs training under stage II was increased to support further strengthening of the licensing

and quota system and to achieve sustainable phase-out through customs control. The Secretariat suggests monitoring, through UNEP's annual progress report, the strengthening of customs' capacity to reduce data discrepancies, and requesting UNEP to provide a report on the progress made when submitting the second tranche of stage II.

Progress report on the implementation of the second tranche of the HPMP

Legal framework

14. The Government of Grenada has set its quota and maximum allowable level of import of HCFCs for 2022 at 0.38 ODP tonnes (6.85 mt), which is lower than the Montreal Protocol control targets.

Refrigeration servicing sector

15. Most activities planned for the second tranche were completed. One demonstration activity for the replacement of existing HCFC-based equipment was not implemented; the corresponding funding of US \$9,000 was used for training in the design of AC systems in large facilities. The Secretariat considers this change to be reasonable, as the Government of Grenada had not met certain conditions, set out in decision 84/84, that were required to implement the planned demonstration activity.

16. Regarding the control of imports of HCFC-based equipment, the Government reported that there have been no such imports since 2010, largely due to the awareness-raising activities of the HPMP and promoting low-GWP, energy-efficient technologies alternative to HCFCs to create an enabling environment for HCFC phase-out. In addition, importers have taken initiatives not to import HCFC-based equipment. The Government will consider establishing the ban on imports of HCFC-based equipment in stage II.

Completion of stage I

17. The third tranche of stage I of the HPMP was scheduled for 2020 but was delayed by the outbreak of the COVID-19 pandemic and a change of Government. At the 88th meeting, the Government of Grenada submitted a request for the extension of the completion date of stage I to 31 December 2023. Subsequently, the Executive Committee *inter alia* allowed the country, on an exceptional basis, to continue implementation of the outstanding activities related to stage I and requested that a revised implementation plan, including, as applicable, requests for the remaining tranches under stage I (decision 88/29). In view of the delays in submission of the third tranche, extending the Agreement for stage I to the requested date would allow the country to complete the remaining activities as contained in the implementation plan.

Gender policy implementation³

18. In accordance with the Multilateral Fund policy, the Government of Grenada, UNEP and UNIDO will incorporate gender mainstreaming into all aspects of HPMP implementation. During the second tranche, three women made presentations at the green technology roadshow. The Government will, through the NOU, endeavour to empower women and promote equal opportunities for both men and women in the refrigeration servicing sector through training programmes, consulting, and other opportunities.

Sustainability of the HCFC phase-out

19. The Government of Grenada has been implementing a licensing and quota system to control and monitor the imports of HCFCs into the country; the system will be further strengthened through the training

³ Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

of customs personnel during the third tranche and the development of an e-licensing system in stage II. Grenada has been implementing a voluntary certification system for technicians and has included HFCs in the licensing system to control their imports and exports. Equipment and tools have been provided; and training was conducted for servicing technicians to enable good servicing practices and reduce refrigerant emissions. Awareness-raising activities were held to promote low-GWP refrigerants and energy-efficient RAC equipment. These activities will support the sustainable phase-out of HCFCs.

Conclusion

20. HCFC consumption for 2021 in Grenada was already 84 per cent below the baseline and 66 per cent below the maximum allowable consumption for that year. The country has established a licensing and quota system for the import/export of HCFCs, and further training of customs officers will strengthen the enforcement of the system. The Government of Grenada has recognized the need to further strengthen customs’ capacity, and training for customs officers has been planned in the third tranche. Technician training and certification has been implemented to ensure long-term capacity development. Tools and equipment have been provided to enable good practices and reduce the demand for HCFCs. The disbursement rate has reached 83 per cent.

RECOMMENDATION

21. The Fund Secretariat recommends that the Executive Committee:

- (a) Take note of the progress report on the implementation of the second tranche of stage I of the HCFC phase-out management plan (HPMP) for Grenada; and
- (b) Approve, on an exceptional basis, the extension of the date of completion of stage I of the HPMP for Grenada to 31 December 2023 in view of the delay in implementing phase-out activities, on the understanding that no further extension of project implementation would be requested.

22. The Fund Secretariat further recommends blanket approval of the third and final tranche of stage I of the HPMP for Grenada and the corresponding 2022-2023 tranche implementation plan at the funding level shown in the table below, on the understanding that:

- (a) The Secretariat would monitor, through UNEP’s annual progress report, the strengthening of customs’ capacity to reduce data discrepancies; and
- (b) UNEP would provide a report on the progress made on the strengthening of customs’ capacity to reduce data discrepancies when submitting the second tranche of stage II of the HPMP.

	Project title	Project funding (US \$)	Support costs (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage I, third tranche)	21,000	2,730	UNEP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Grenada

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

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2021	0.13 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2021	
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					0.13				0.13

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	0.83	Starting point for sustained aggregate reductions:	0.58
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.20	Remaining:	0.38

(V) BUSINESS PLAN		2022	2023	2024	Total
UNEP	ODS phase-out (ODP tonnes)	0.20	0.0	0.0	0.20
	Funding (US \$)	100,000	0	0	100,000

(VI) PROJECT DATA		2022	2023-2024	2025	2026	2027	2028-2029	2030	Total	
Montreal Protocol consumption limits		0.54	0.54	0.27	0.27	0.27	0.27	0.00	n/a	
Maximum allowable consumption (ODP tonnes)		0.38	0.38	0.19	0.19	0.19	0.19	0.00	n/a	
Project costs requested in principle (US \$)	UNEP	Project costs	111,000	0	39,700	0	51,400	0	24,400	226,500
		Support costs	14,430	0	5,161	0	6,682	0	3,172	29,445
	UNIDO	Project costs	61,000	0	12,300	0	60,500	0	17,200	151,000
		Support costs	5,490	0	1,107	0	5,445	0	1,548	13,590
Total project costs requested in principle (US \$)		172,000	0	52,000	0	111,900	0	41,600	377,500	
Total support costs requested in principle (US \$)		19,920	0	6,268	0	12,127	0	4,720	43,035	
Total funds requested in principle (US \$)		191,920	0	58,268	0	124,027	0	46,320	420,535	

(VII) Request for approval of funding for the first tranche (2022)		
Implementing agency	Funds requested (US \$)	Support costs (US \$)
UNEP	111,000	14,430
UNIDO	61,000	5,490
Total	172,000	19,920

Secretariat's recommendation:	Individual consideration
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PROJECT DESCRIPTION

Background

23. On behalf of the Government of Grenada, UNEP as the lead implementing agency has submitted a request for stage II of the HCFC phase-out management plan (HPMP), at a total cost of US \$419,515, consisting of US \$201,000, plus agency support costs of US \$26,130 for UNEP and US \$176,500, plus agency support costs of US \$15,885 for UNIDO, as originally submitted.⁴ The implementation of stage II of the HPMP will phase out the remaining consumption of HCFCs by 2030.

24. The first tranche of stage II of the HPMP being requested at this meeting amounts to US \$192,150, consisting of US \$89,500, plus agency support costs of US \$11,635 for UNEP and US \$83,500, plus agency support costs of US \$7,515 for UNIDO, as originally submitted.

Status of implementation of stage I of the HPMP

25. Stage I of the HPMP for Grenada was originally approved at the 62nd meeting⁵ and revised at the 77th meeting⁶ to phase out 0.20 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector, and to meet the 54 per cent reduction from the baseline and 35 per cent from the starting point for aggregate reduction in consumption by 2020, at a total cost of US \$210,000, plus agency support costs. An overview of the implementation of stage I, including the analysis of HCFC consumption; progress and financial reports on the implementation; and the request for the third and final tranche submitted to the current meeting, is available in paragraphs 1 to 22 of the present document.

Stage II of the HPMP

Remaining consumption eligible for funding

26. After deducting 0.20 ODP tonnes of HCFCs associated with stage I of the HPMP, the remaining consumption eligible for funding in stage II amounts to 0.38 ODP tonnes of HCFC-22.

Sector distribution of HCFCs

27. There are approximately 200 technicians and 20 workshops in the (formal) servicing sector, consuming HCFC-22 to service commercial refrigeration equipment and domestic and commercial air conditioners, as shown in Table 3. Based on the country programme data reporting in 2020, HCFC-22 represents 18 per cent of refrigerants used in the servicing sector, and the rest are mainly HFCs and HFC blends, including HFC-134a (33 per cent), R-410A (32 per cent), R-404A (16 per cent) and other miscellaneous refrigerants (1 per cent).

Table 3. Estimated demand for HCFC-22 in the RAC servicing sector in Grenada

Sector/ Application	(a)	(b)	(c) = (a)*(b)	(d)	(c)*(d)
	Equipment inventory (units)	Average charge (kg)	HCFC bank (mt)	Estimated bank refilled during servicing (%)	Annual need for servicing (mt)
Split air-conditioning (AC) units	5,800	1.50	8.70	15	1.31
Commercial AC	80	28.00	2.24	30	0.67
Commercial refrigeration	90	14.00	1.26	20	0.25
Total	5,970		12.20		2.23

⁴ As per the letter of 24 February 2022 from the Ministry of Finance, Economic Development, Physical Development, Public Utilities and Energy of Grenada to the Secretariat.

⁵ Decision 62/43 and document UNEP/OzL.Pro/ExCom/62/33

⁶ Annex XXV of document UNEP/OzL.Pro/ExCom/77/76

Phase-out strategy in stage II of the HPMP

28. Stage II of the HPMP will focus on strengthening policies and legislation to control HCFC imports, implementing legal instruments to support phase-out sustainability and ensure a safe transition to alternative technologies, supporting the capacity development of technicians and customs officers, strengthening the certification scheme for technicians, and promoting the transition to low-global-warming-potential (GWP) technologies in the RAC sector.

Proposed activities in stage II of the HPMP

29. Stage II proposes the following activities:

Development of policy, regulations and standards

- (a) Implementation of the Ozone Depleting Substances (ODS) Act; establishing a ban on the import of HCFC-based equipment (both new and second-hand) by 1 January 2024; developing an e-licensing system; establishing a differentiated tax scheme to promote RAC equipment that runs on renewable energy, is energy-efficient, and uses refrigerants with a GWP lower than 150; reviewing, updating and adopting relevant standards in the servicing sector as required; reviewing and updating the Public Procurement Act to include a green procurement component (UNEP) (US \$18,000);
- (b) Training 10 trainers and 60 customs officers in the monitoring and control of ODS trade; training 12 customs brokers in ODS identification, data reporting and the use of harmonized system (HS) codes; and training 10 importers in the safe handling, storage, transportation, and disposal of refrigerants (UNEP) (US \$12,000);

Training and capacity development for the servicing sector

- (c) Updating the curricula for tertiary training institutions; training 150 technicians in good servicing practices and the use of low-GWP alternative refrigerants; and providing scholarships to two female students to complete the heating, ventilation, and air-conditioning (HVAC) programme at tertiary training institutions (UNEP) (US \$30,000);
- (d) Training 15 technicians, architects and engineers in the design of HVAC systems (UNIDO) (US \$29,500);
- (e) Further strengthening of the national certification system for RAC technicians, providing training programmes in collaboration with the National Training Agency and T.A. Marry Show Community College, and offering certificates to RAC technicians based on a competency-based assessment (UNEP) (US \$6,000);
- (f) Providing equipment for training institutions and servicing technicians (including leak detectors, safety goggles, hydrocarbon (HC) drain hoses, vacuum pumps, and recovery cylinders); and establishing and providing equipment for a refrigerant recovery and reclamation centre (including reclamation unit, weighing scale, recovery unit and cylinders, and simple testing equipment) (UNIDO) (US \$147,000);

Awareness and information dissemination

- (g) Implementing a green cooling communication strategy to promote low-GWP and energy-efficient RAC products through public service announcements, an annual technical

seminar, and an exhibition for HVAC technicians; organizing technology roadshows; developing and disseminating awareness-raising materials; networking with other member states and highlighting the work of women in HCFC phase-out (UNEP) (US \$85,000); and

Gender mainstreaming

- (h) Providing scholarships for two female students to attend a university-level HVAC programme; developing and implementing training on gender equality; and highlighting the work of women in HVAC (UNEP) (US \$19,000).

Project monitoring

30. The system established under stage I of the HPMP will continue in stage II, where the national ozone unit and UNEP monitor activities, report on progress, and work with stakeholders to phase out HCFCs. The cost of these activities for UNEP amounts to US \$31,000, which will be used for staff and a consultant (US \$16,000), domestic travel (US \$5,000), meetings and workshops (US \$7,000), and other miscellaneous costs (US \$3,000).

Gender policy implementation⁷

31. Stage II of the HPMP in Grenada will be implemented while promoting equal opportunities for both women and men in the refrigeration servicing sector. Scholarships and training opportunities for female technicians will be created and awareness-raising activities, such as publications, radio and television broadcasting, billboard features, and public transportation ads, are planned to highlight the work of women in HVAC. Sex-disaggregated data and qualitative information will be collected to analyze and track gender issues, and gender-balanced recruitment of project personnel is planned.

Total cost of stage II of the HPMP

32. The total cost of stage II of the HPMP for Grenada has been estimated at US \$377,500 (plus agency support costs), as originally submitted, for achieving a 67.5 per cent reduction from its HCFC baseline consumption by 2025 and a 100 per cent reduction by 2030. The proposed activities and cost breakdown are summarized in Table 4.

Table 4. Total cost of stage II of the HPMP for Grenada as submitted

Activity	Agency	Cost (US \$)
Developing policies, regulations, and standards	UNEP	18,000
Training 70 customs officer, 12 brokers, and 10 importers	UNEP	12,000
Updating training curricula; training 150 technicians in good servicing practices and in servicing RAC equipment with alternative refrigerants; providing scholarships to four trainers and eight female students at tertiary institutions	UNEP	30,000
Training 15 technicians, architects, and engineers in the design of HVAC systems at large facilities	UNIDO	29,500
Strengthening the national certification system for RAC technicians	UNEP	6,000
Providing tools and equipment to training institutions and establishing a refrigerant recovery and reclamation centre	UNIDO	147,000
Awareness-raising and information dissemination activities	UNEP	85,000
Gender mainstreaming activities	UNEP	19,000
Project monitoring and reporting	UNEP	31,000
Total		377,500

⁷ Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

Activities planned for the first tranche of stage II

33. The first funding tranche of stage II of the HPMP, in the total amount of US \$173,000 (as originally submitted) to be implemented between July 2022 and December 2024, will include the following activities:

Developing and enforcing policy and regulations

- (a) Conducting public consultations and finalizing the ODS Act, expected to come in effect by January 2023; establishing a ban on imports of HCFC-based equipment (both new and second-hand) by 1 January 2024; establishing a differentiated tax scheme to promote RAC equipment that runs on renewable energy, is energy-efficient and uses refrigerants with a GWP lower than 150; reviewing, updating and adopting relevant standards in the servicing sector as required; and reviewing and updating the Public Procurement Act to include a green procurement component (UNEP) (US \$9,000);
- (b) Training 10 trainers and 60 customs officers in the monitoring and control of ODS trade; training 12 customs brokers in ODS identification, data reporting, and the use of HS codes; and training of 10 importers in the safe handling, storage, transportation and disposal of refrigerants (UNEP) (US \$4,500);

Training and capacity development for the servicing sector

- (c) Updating the curricula for tertiary training institutions; training and re-training 100 technicians in good servicing practices; and providing scholarships for 10 students to complete HVAC programmes at tertiary training institutions (UNEP) (US \$8,000);
- (d) Training 50 technicians in the use of low-GWP alternative refrigerants and training 15 technicians, architects and engineers in the design of HVAC systems (UNIDO) (US \$12,500);
- (e) Further strengthening of the national certification scheme for RAC technicians and implementation of a certification programme in collaboration with tertiary training institutions and other stakeholders (UNEP) (US \$6,000);
- (f) Providing equipment to servicing technicians and to the laboratories of training institutions (including leak detectors, safety goggles, HC drain hoses, vacuum pumps, and recovery cylinders) and establishing and providing equipment for a refrigerant recovery and reclamation centre (UNIDO) (US \$71,000);

Awareness-raising and information dissemination

- (g) Implementing a green cooling communication strategy to promote low-GWP and energy-efficient RAC products by developing public service announcements; organizing technical seminars, exhibitions and technology roadshows; developing and disseminating awareness-raising materials; networking with other member states; and highlighting the work of women in HCFC phase-out (UNEP) (US \$48,000);

Gender mainstreaming

- (h) Provision of university-level scholarships for one female student in a HVAC education programme; development and implementation of gender mainstreaming training in the

servicing sector; and highlighting the work of women in the HVAC sector through various media (UNEP) (US \$5,000); and

Project monitoring and reporting

- (i) Implementing activities under the HPMP, monitoring progress, evaluating training and seminars, reporting on achievements, and assisting in the verification of consumption, at a total cost of US \$9,000, including staff costs (US \$4,000), travel (US \$2,500), meetings and workshops (US \$1,500), and other miscellaneous costs (US \$1,000) (UNEP).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

34. The Secretariat reviewed stage II of the HPMP in light of the progress in 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 2022-2024 business plan of the Multilateral Fund.

Overarching strategy

35. The Government of Grenada proposes to meet the 100 per cent reduction of its HCFC baseline consumption by 2030, and to maintain a maximum annual consumption of HCFCs in the period from 2030 to 2040 at a level consistent with Article 5, paragraph 8 ter(e)(i) of the Montreal Protocol.⁸ The Government further commits to continue enforcing its licensing system to control the levels of import and the uses of HCFCs during that period to ensure that they are limited to the conditions set by the Montreal Protocol.

36. The Secretariat noted the initiative taken by importers to not import HCFC-based equipment since 2010 and the low consumption in the country, and enquired whether a servicing tail was needed after 2030. UNEP explained that although the Government intended to completely phase out HCFCs by 2030, it was expected that a small quantity of RAC equipment, most likely in the commercial RAC sector, would still be in operation after 2030 and would need HCFCs for servicing.

37. In line with decision 86/51, to allow for consideration of the final tranche of its HPMP, the Government of Grenada agreed to submit 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 2030-2040 period, and the expected annual HCFC consumption in the country for the 2030-2040 period.

Technical and cost-related issues

38. With regard to the certification system for technicians that had been implemented in stage I, UNEP explained that currently it was not compulsory. The ODS Act under preparation will support a compulsory technician certification system by stipulating that only certified technicians can service RAC equipment and that the sale of refrigerants will be restricted to certified technicians. The enforcement of technician certification will be implemented in stage II.

39. Stage II includes the establishment of a refrigerant recovery and reclamation centre. The Secretariat noted that HCFC consumption in Grenada was only 0.13 ODP tonnes in 2021 and questioned whether sufficient amounts of HCFC-22 could be recovered for reclamation. UNEP explained that Grenada had

⁸ HCFC consumption may exceed zero in any year so long as the sum of its calculated levels of consumption over the ten-year period from 1 January 2030 to 1 January 2040, divided by 10, does not exceed 2.5 per cent of the HCFC baseline.

been promoting refrigerant recovery and recycling since 2010. The cumulative amounts of unusable refrigerants recovered so far is estimated at 16.20 mt and is currently stored in cylinders. These recovered refrigerants have become a hazard, and their amount is expected to increase. The reclamation centre is expected to process these refrigerants and to reuse them as resources, resulting in an environmental benefit. A business model for the operation of the reclamation centre will be presented when the second tranche is submitted.

40. Further strengthening of customs' capacity to address the recommendations in the verification report was discussed. The budget for customs training was increased to support further strengthening of the licensing and quota system and to achieve sustainable phase-out through customs control. Gender mainstreaming activities were integrated into the training and awareness-raising components. The funding and tranche distribution between agencies were adjusted and the last tranche was moved from 2029 to 2030 in line with decision 62/17. The adjusted costs and activities for stage II of the HPMP are shown in Table 5.

Table 5. Total cost of stage II of the HPMP for Grenada as adjusted

Activity	Agency	Cost (US \$)
Developing policies, regulations, and standards	UNEP	18,000
Training 100 customs officers and 12 brokers, and annual training of 10 importers	UNEP	41,800
Review of the HVAC curriculum at tertiary institutions	UNEP	10,000
Training and re-training 200 technicians in good servicing practices and in servicing RAC equipment with alternative refrigerants; providing scholarships to two female students at tertiary institutions	UNEP	28,900
Training 15 technicians, architects, and engineers in the design of HVAC systems at large facilities	UNEP	12,000
Strengthening the national certification system for RAC technicians	UNEP	10,000
Providing tools and equipment to training institutions and establishing a refrigerant recovery and reclamation centre	UNIDO	151,000
Awareness-raising and information dissemination activities	UNEP	74,000
Project monitoring and reporting	UNEP	31,800
Total		377,500

41. The activities and costs of the first tranche were adjusted accordingly, as shown in Table 6.

Table 6. Summary of activities and cost of the first tranche as adjusted

Activity	Agency	Cost (US \$)
Developing policies, regulations, and standards	UNEP	9,000
Training 54 customs officers and 12 brokers and annual training of 10 importers	UNEP	23,200
Review of the HVAC curriculum at tertiary institutions	UNEP	3,000
Training 100 technicians in good servicing practices and in servicing RAC equipment with alternative refrigerants; providing one scholarship for one female student at tertiary institutions	UNEP	13,800
Training 15 technicians, architects, and engineers in the design of HVAC systems at large facilities	UNEP	12,000
Strengthening the national certification system for RAC technicians	UNEP	10,000
Providing tools and equipment to training institutions and establishing a refrigerant recovery and reclamation centre	UNIDO	61,000
Awareness-raising and information dissemination activities	UNEP	31,000
Project monitoring and reporting	UNEP	9,000
Total		172,000

Sustainability of the activities proposed under stage II

42. The Government has taken into consideration the sustainability of activities planned under stage II of the HPMP. The ozone issues have been integrated into the routine customs training for new officers to ensure long-term sustainability. Tools and equipment were provided to training institutes to facilitate the training and certification of technicians. Establishment of two reclamation centres will support refrigerant recovery and reclamation to sustain refrigerant reuse and continuous emission reduction. Further strengthening of the customs capacity in stage II will enhance the control of HCFC import to ensure sustainable phase-out of HCFCs.

Total project cost

43. The total project cost requested for stage II of the HPMP for Grenada was adjusted in line with decision 77/51(a)(v).⁹ Total eligible funding for stage II of the HPMP for Grenada to achieve a complete phase-out of HCFCs as a low-volume consuming country would be US \$587,500, based on decision 74/50(c)(xii). After deducting US \$45,500 in line with decision 77/51(a)(v), the total eligible funding for stage II for Grenada amounts to US \$377,500.

Impact on the climate

44. Activities proposed in the servicing sector, including better containment of refrigerants through training and provision of equipment, will reduce the amount of HCFC-22 used for RAC servicing. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in the savings of approximately 1.8 CO₂-equivalent tonnes. A calculation of the impact on the climate was provided in the HPMP. The activities planned by Grenada, 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.

Co-financing

45. The Government of Grenada will continue exploring co-funding opportunities in policy dissemination, awareness raising, gender mainstreaming and training activities during the implementation of stage II of the HPMP.

2022-2024 draft business plan of the Multilateral Fund

46. UNEP and UNIDO are requesting US \$377,500, plus agency support costs, for the implementation of stage II of the HPMP for Grenada. The total requested value of US \$194,971, including agency support costs, for the period of 2022–2024, is US \$94,971 more than the amount in the business plan.

Draft Agreement

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

⁹ The Executive Committee noted that the revised funding level for stage I of the HPMP for Grenada was US \$164,500, plus agency support costs, in accordance with decision 60/44(f)(xii), and that the deduction of US \$45,500 would be applied when stage II of the HPMP was approved.

RECOMMENDATION

48. The Executive Committee may wish to consider:
- (a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Grenada for the period from 2022 to 2030 for the complete phase-out of HCFC consumption, in the amount of US \$420,535, consisting of US \$226,500, plus agency support costs of US \$29,445 for UNEP, and US \$151,000, plus agency support costs of US \$13,590 for UNIDO, on the understanding that no more funding from the Multilateral Fund would be provided for the phase-out of HCFCs;
 - (b) Noting the commitment of the Government of Grenada:
 - (i) To reduce HCFC consumption by 77 per cent of the country's baseline by 2025 and completely phase out HCFCs by 1 January 2030, and that HCFCs would not be imported after that date, except for those allowed for a servicing tail between 2030 and 2040, where required, consistent with the provisions of the Montreal Protocol;
 - (ii) To ban the imports of HCFC-based equipment (both new and second-hand) by 1 January 2024;
 - (c) Deducting 0.38 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;
 - (d) Approving the draft Agreement between the Government of Grenada 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 Grenada 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 2030-2040 period;
 - (ii) The expected annual HCFC consumption in Grenada for the 2030-2040 period; and
 - (f) Approving the first tranche of stage II of the HPMP for Grenada, and the corresponding tranche implementation plan, in the amount of US \$191,920, consisting of US \$111,000, plus agency support costs of US \$14,430 for UNEP and US \$61,000, plus agency support costs of US \$5,490 for UNIDO.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF GRENADA 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 Grenada (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 row 4.1.3 (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;
- (c) Any remaining funds held by the bilateral or implementing agencies or the Country under the Plan will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.

Considerations for the refrigeration servicing sector

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

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

Bilateral and implementing agencies

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

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

Non-compliance with the Agreement

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

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

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

Date of completion

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

Validity

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

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

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	0.58

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2022	2023 2024	2025	2026	2027	2028 2029	2030	TOTAL
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	0.54	0.54	0.27	0.27	0.27	0.27	0.00	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	0.38	0.38	0.19	0.19	0.19	0.19	0.00	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	111,000	0	39,700	0	51,400	0	24,400	226,500
2.2	Support costs for Lead IA (US \$)	14,430	0	5,161	0	6,682	0	3,172	29,445
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	61,000	0	12,300	0	60,500	0	17,200	151,000
2.4	Support costs for Cooperating IA (US \$)	5,490	0	1,107	0	5,445	0	1,548	13,590
3.1	Total agreed funding (US \$)	172,000	0	52,000	0	111,900	0	41,600	377,500
3.2	Total support costs (US \$)	19,920	0	6,268	0	12,127	0	4,720	43,035
3.3	Total agreed costs (US \$)	191,920	0	58,268	0	124,027	0	46,320	420,535
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this agreement (ODP tonnes)								
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)								
4.1.3	Remaining eligible consumption for HCFC-22								

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 National Ozone Unit (NOU), located within the Energy Division, under the Ministry of Finance, Economic Development, Physical Development, Public Utilities and Energy, will be responsible for the day-to-day execution of project activities.
2. In carrying out this function, the NOU will follow the supervision and reporting procedures established by the Ministry. The head of the NOU, the National Ozone Officer (NOO) provides monthly reports on HPMP implementation to the Head of the Energy Division, which directly supervises the NOU. In addition, for the implementation of the Plan specifically, the NOO engages in consultations and submits comprehensive annual reports on the Plan implementation directly to the Head of the Division and the Permanent Secretary of the Ministry.
3. The monitoring of the Plan implementation will be conducted by the NOU; the verification of consumption and of the progress of implementation will be conducted by an independent consultant contracted by the Lead IA.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities, including at least the following:
 - (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's 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 the Cooperating IA;
- (l) Ensuring that disbursements made to the Country are based on the use of the indicators;
- (m) Providing assistance with policy, management and technical support when required;
- (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.
