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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-first Meeting
Montreal, 5-9 December 2022
Item 9(d) of the provisional agenda[1]

PROJECT PROPOSAL: VENEZUELA (BOLIVARIAN REPUBLIC OF)

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, second tranche) UNIDO

[1] UNEP/OzL.Pro/ExCom/91/1

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Venezuela (Bolivarian Republic of)

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage II)	UNIDO	76th	42% phase-out by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group l)	Year: 2021	0.00 (ODP tonnes)

(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				0.39	9.33				9.72
HCFC-141b		2.75							2.75

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	207.00	Starting point for sustained aggregate reductions:	208.86
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	46.10	Remaining:	162.75

(V) ENDORSED BUSINESS PLAN		2022	2023	2024	Total
UNIDO	ODS phase-out (ODP tonnes)	6.71	9.24	0.0	15.95
	Funding (US $)	615,250	847,594	0	1,459,844

(VI) PROJECT DATA			2016	2017 2018	2019	2020	2021	2022*	2023	2024	2025	2026	2027	Total
Montreal Protocol consumption limits (ODP tonnes)			186.25	186.25	186.25	134.55	134.55	134.55	134.55	134.55	67.28	67.28	67.28	n/a
Maximum allowable consumption (ODP tonnes)			186.25	186.25	186.25	120.03	120.03	23.10	23.10	23.10	23.10	23.10	0.0	n/a
Funding agreed in principle (US $)	UNIDO	Project costs	600,000	0	0	0	0	261,444	476,500	0	492,200	0	137,000	1,967,144
		Support costs	42,000	0	0	0	0	18,301	33,355	0	34,454	0	9,590	137,700
Funds approved by ExCom (US $)		Project costs	600,000	0	0	0	0		0	0	0	0	0	600,000
		Support costs	42,000	0	0	0	0		0	0	0	0	0	42,000
Total funds recommended for approval at this meeting (US $)		Project costs						261,444						261,444
		Support costs						18,301						18,301

* Tranche initially scheduled to be requested in 2019.

Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

1. On behalf of the Government of the Bolivarian Republic of Venezuela, UNIDO as the designated implementing agency has submitted a request for funding for the second tranche of stage II of the HCFC phase-out management plan (HPMP), at the amount of US $647,140, plus agency support costs of US $45,300.[2] The submission includes a progress report on the implementation of the first tranche, the verification reports on HCFC consumption for 2016 to 2021[3] and a revised plan of action for the remainder of stage II of the HPMP for the years 2023 to 2027, in line with decisions 88/29(d)(iii) and 90/30(b).[4]

Introduction

2. At the 76th meeting, the Executive Committee approved stage II of the HPMP for the Bolivarian Republic of Venezuela for the period 2016 to 2020 to reduce HCFC consumption by 42 per cent of the baseline, in the amount of US $3,524,113, consisting of US $1,967,144, plus agency support costs of US $137,700 for UNIDO, and US $1,326,420, plus agency support costs of US $92,849 for UNDP (decision 76/41).

3. The implementation of the activities included in stage II of the HPMP have suffered major delays caused by an extended period of severe economic recession and hyperinflation; the lack of foreign currency for the import of raw material, equipment and tools; institutional changes; and constraints imposed by the COVID-19 pandemic.

4. At the 82nd meeting, the Executive Committee approved a revised plan of action for stage II in the refrigeration servicing sector, and as there was no significant consumption of HCFC-141b in polyurethane (PU) foam enterprises that justified their conversion, upon request from the Government the Committee also approved the removal of the PU foam sector plan (US $1,326,564, plus agency support costs for UNDP) from stage II of the HPMP (decision 82/36).

5. Local access to HCFC-22 also decreased severely due to a combination of factors. The Government had established a ban on the imports of HCFC-22 since 2016, as national production fulfilled the local supply needs; however, the economic situation led to an abrupt reduction of imports and the eventual stop of local HCFC-22 production in 2020 due to the inability to procure raw material and the lower market demand. Consequently, levels of HCFC-22 consumption reported under Article 7 of the Montreal Protocol were close to zero in 2018 and 2019, and zero in 2020 and 2021.

6. The submission of the second tranche of stage II (due at the 83rd meeting) was also delayed by the above factors. In 2022, the country has shown signs of economic recovery, inflation has decreased, and the restrictions imposed to control COVID-19 have also been reduced. Consequently, the tranche request was submitted to the 90th meeting,[4] and then to the present meeting, including a revised plan of action to assist the Government to maintain a low consumption level of HCFCs, strengthen the regulatory framework for HCFC control and associated enforcement mechanisms, and allow continued implementation of activities in the refrigeration and air-conditioning (RAC) servicing sector with the funds from the remaining tranches already approved in principle. To achieve this, the revised plan of action includes a request for extension of stage II of the HPMP to 2027 and an extension of the Government's commitment in stage II (reduction

[2] As per the letter of 22 August 2022 from the Ministry of Industries and National Production (MINPRO) of the Bolivarian Republic of Venezuela to UNIDO.

[3] Verification report for the years 2016-2018 was submitted to the 84th meeting, verification report for the years 2019-2020 was submitted to the 88th meeting, and verification report for the year 2021 was submitted on 5 May 2022.

[4] The Executive Committee noted that the second (2019) tranche of stage II of the HPMP submitted to the 90th meeting had been withdrawn as additional time would be required to address issues identified during the review of the proposal, and urged the Government of the Bolivarian Republic of Venezuela to work with UNIDO to resubmit the second (2019) tranche to the 91st meeting with a revised plan of action to take into account the reallocation of the 2019 and subsequent tranches.

of 42 per cent of the baseline) to achieve total HCFC phase-out by 1 January 2027 without additional funding, except for US $150,000 requested for technical assistance in the PU foam sector. Accordingly, no further funds would be requested for future stages of the HPMP.

Progress report on the implementation of stage II of the HCFC phase-out management plan

Report on HCFC consumption

7. The Government of the Bolivarian Republic of Venezuela reported no HCFC consumption in 2021. The 2017-2021 HCFC consumption is shown in table 1.

Table 1. HCFC consumption in the Bolivarian Republic of Venezuela (2017-2021 Article 7 data)

HCFC	2017	2018	2019	2020	2021	Baseline
Metric tonnes (mt)						
HCFC-22	273.22	34.09	0.85	0.0	0.0	2,938.7
HCFC-141b	18.80	0.0	0.0	0.0	0.0	359.6
Sub-total (mt)	**292.02**	**34.09**	**0.85**	**0.0**	**0.0**	**3,389.0**
HCFC-141b in imported pre-blended polyols*	49.43	0.0	0.0	0.0	0.0	**17.40
ODP tonnes						
HCFC-22	15.03	1.88	0.05	0.0	0.0	161.36
HCFC-141b	2.07	0.0	0.0	0.0	0.0	39.56
Sub-total (ODP tonnes)	**17.10**	**1.88**	**0.05**	**0.0**	**0.0**	**206.94**
HCFC-141b in imported pre-blended polyols*	6.99	0.0	0.0	0.0	0.0	**1.91

* Country programme implementation report data
** Average consumption between 2007 and 2009

8. Reported HCFC consumption has decreased substantially over the last five years in the Bolivarian Republic of Venezuela, reaching zero in 2020 and 2021 due to the ongoing economic crisis and the COVID-19 pandemic. There has been a ban on HCFC-22 imports since the end of 2016, and the sole national manufacturer of HCFC-22, Produven, closed down in 2020. The systems house Sinthesis, S.A., the only national importer of HCFC-141b for the formulation of PU systems, also ceased all imports in 2019 and 2020, while continuing to meet the national demand with stocks from previous years, imported pre-blended polyol systems, and other means.

Country programme implementation report

9. The Government of the Bolivarian Republic of Venezuela reported HCFC sector consumption data under the 2021 country programme (CP) implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol; however, the CP implementation report for previous years show small differences compared to the Article 7 data due to the use of stocks.

Verification reports

10. The verification reports for the years 2016 to 2021 confirmed that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol reflected the production and imports undertaken under the licensing and quota system. Based on the reported consumption, the verification reports concluded that the Government of the Bolivarian Republic of Venezuela was in compliance with its obligations under the Montreal Protocol and the Agreement with the Executive Committee, and that it would be necessary to continue monitoring consumption according to the Montreal Protocol.

Estimated demand for HCFC-22 in the servicing sector

11. Given the extraordinary circumstances in the country, the officially reported HCFC-22 consumption for recent years does not reflect the actual needs for the RAC servicing sector, given that there

is still a significant volume of equipment that operates with this substance and requires it for maintenance and repair. Some of this need has been met with recovered and recycled refrigerants, unsold stocks, and illegal imports that cannot be detected in a customs data verification, and it is also difficult to accurately determine the magnitude of illegal imports. Based on a sectoral study[5] done in 2021 it was established that the need for HCFC-22 in the refrigeration and AC sectors was around 300 mt per year in the period 2020-2021, which is significantly below the Montreal Protocol targets. The estimated need for the most common refrigerants in the period 2020-2021 is summarized in table 2.

Table 2. Estimated demand for refrigerants in the servicing sector in 2020–2021 (mt)

	HCFC-22	**HFC-134a**	**R-404A**	**R-407C**	**R-410A**	**R-290**	**R-600a**	**Other***
Refrigeration								
Domestic	0.0	160.24	0.0	0.0	0.0	0.0	0.15	0.0
Commercial stand-alone	0.0	193.98	9.23	4.86	0.0	0.12	0.0	2.37
Condenser units	140.32	84.34	7.61	1.82	0.0	0.0	0.0	2.88
Centralized systems	77.96	33.73	3.92	0.0	0.0	0.0	0.0	1.55
Industrial	46.77	16.87	2.31	0.0	0.0	0.0	0.0	2.13
Transport	3.12	0.0	0.0	4.26	0.0	0.0	0.0	0.0
Air-conditioning								
Residential/Commercial	18.71	0.0	0.0	0.0	89.52	0.0	0.0	1.16
Chillers	24.95	16.87	0.0	0.0	0.0	0.0	0.0	7.86
Transport	0.0	0.0	0.0	1.22	0.0	0.0	0.0	0.0
Mobile	0.0	337.35	0.0	0.0	0.0	0.0	0.0	0.0
Total	**311.82**	**843.37**	**23.07**	**12.16**	**89.52**	**0.12**	**0.15**	**17.95**

* R-417A, R-422D, R-426A, R-437A and R-507A

Progress report on the implementation of the first tranche of stage II

Policy and regulatory framework

12. The National Assembly approved the Kigali Amendment on 30 September 2021, making it into a national law; the Government is now preparing the corresponding letter of accession. The Industrial and Technological Reconversion Fund (FONDOIN)[6] has been working with the Venezuelan Industrial Norm Commission (COVENIN) on several technical standards intended to become the basis for a more formalized accreditation system for RAC technicians, also under development.[7]

Refrigeration and air-conditioning manufacturing sector

13. A pilot demonstration project to manufacture chillers with R-290 was launched with five participating enterprises,[8] resulting in the creation of three chiller prototypes with a 60,000 BTU (British thermal units) capacity, based on hydrocarbon (HC). Two of these were installed in hospitals to replace old HCFC-22-based units, and project results were disseminated through VENACOR[9] meetings and FONDOIN publications. A training workshop on assembling HC-based chillers was held for 20 specialized technicians, and training on HC use, servicing, and charging practices was provided to an

[5] Consisting of visits to manufacturing plants; interviews conducted with stakeholders including importers, distributors, manufacturers, retail sellers, end-users, and maintenance technicians; and a review of figures handled by institutions in charge of monitoring HCFCs.

[6] Embedded in the MINPRO, FONDOIN is directly responsible for the implementation of the HPMP, providing office accommodation, support facilities, staff, transportation, logistical support, and other in-kind contributions.

[7] Technical standard 5014:2021 regarding the detection and control of leaks, and technical standard 5015:2021 on substances to be used as refrigerants; both have been approved and are ready to be officially published. Technical standard 5006:2018 on safety measures is ready to be submitted for public discussion. Separate standards for ammonia and carbon dioxide are being prepared.

[8] Frioven, Climar, Maca, Industrias Intermi and Friodan

[9] Venezuelan Chamber of Ventilation, Air Conditioning and Refrigeration Industries

additional 20 technicians; three technicians and one manufacturer took part in training workshops on natural refrigerants abroad; and two studies on the use of high-efficiency systems using HCs in cold rooms were developed and shared sector-wide.

Refrigeration and air-conditioning servicing sector

14. The following activities have taken place since 2016:

(a) *Technical assistance for control of trade in HCFC-based substances, products and equipment*: Training on the ODS-related regulations was provided to 180 customs officers and 30 officers from FONDOIN and various Government ministries and agencies;

(b) *Technician training and certification programme*: Ten training institutions[10] from across the country have been engaged to provide training; training material was adapted to include the use of HC as refrigerant; 58 additional trainers have been certified; and 1,153 technicians have been trained in good practices in the operation, maintenance, and servicing of RAC equipment, refrigerant recovery and reuse, alternative refrigerants and equipment, and the selection and adoption of technologies alternative to HCFCs. An additional 120 technicians have been trained in 2022;

(c) *Refrigerant recovery, recycling, and reclaiming (RRR)*: Agreements to join the RRR network were signed with two enterprises; equipment was delivered and installed in both enterprises, which are waiting for a permit to operate; 21 technicians received training on RRR operation; a manual for RRR system operators was created, and a database of future locations for RRR collection centres was established. Eight courses on RRR were organized for 132 technicians;

(d) *Zero-leaks pilot project*:[11] Refrigeration systems and servicing practices at four participating large RAC end-user enterprises[12] were evaluated and training was provided to their technicians to achieve refrigerant consumption reduction, energy savings, and better performance of the equipment evaluated. Later, four additional participants[13] were selected, and in 2022 the project has expanded to five more supermarkets;[14] and

(e) *Public awareness campaigns*: FONDOIN has continued disseminating information on HC, carbon dioxide (CO_2) and ammonia (NH_3) and good RAC practices. Three videos on the implementation of the zero-leaks project, the use of CO_2 in a supermarket and the assembly of chillers with HCs were produced and disseminated; and seven digital booklets on the assembly of HC-based chillers, uses of HC, CO_2, and NH_3 as refrigerants, the RRR network, national uses of natural refrigerants, and ODS and HFC elimination were developed and disseminated.

Project implementation and monitoring

15. FONDOIN continues to be directly responsible for the implementation of the HPMP, in cooperation with national partners. The implementation and monitoring unit, located in FONDOIN, manages the day-to-day implementation of all activities under the HPMP, including data collection and

[10] Universidad Central de Venezuela, Universidad Simón Bolívar, Universidad Metropolitana, Escuelas Técnicas Don Bosco, Fundación la Salle, Instituto Universitario Tecnológico Leonardo Chirinos, UNEXPO, UPEL, and RAC enterprises Aqua Service and Servitronic.

[11] Pilot project designed in cooperation with VENACOR to showcase good RAC servicing practices.

[12] Frimaca, Banco Caribe, Automercados Plaza, and Cedipro

[13] Jacusa, S.A., Makro, Central Madeirense, and Excelsior Gamma

[14] Gama Plus, Avícola La Ponderosa, Superfresco, Garzón, and Barrata

analysis, monitoring, reporting, designing corrective measures and technical assistance activities, and organizing monitoring review meetings with the national ozone unit (NOU). Since 2016, NOU staff has been reduced and repeatedly replaced, adding to implementation delays.

Level of fund disbursement

16. As of October 2022, of the US $600,000 approved so far, US $559,681 (93 per cent) had been disbursed. The balance of US $40,319 will be disbursed in 2022-2023.

Revised plan of action for the remainder of stage II in the years 2023 to 2027

17. The revised plan of action reallocates the 2019 and subsequent tranches and includes an extension of stage II to 2027 to achieve total HCFC phase-out without additional funding, except for US $150,000 requested for technical assistance in the PU foam sector. The main elements of the revised plan of action are the following:

(a) Extension of stage II of the HPMP to assist the Bolivarian Republic of Venezuela in maintaining a maximum allowable consumption of 23.1 ODP tonnes of HCFCs between 2023 and 2026 (11.16 per cent of the of the baseline) and achieve total phase-out by 1 January 2027. The Government will promulgate the required regulatory measures to ensure the sustainability of the HCFC phase-out;

(b) Use of the remaining funds already approved in principle under stage II of the HPMP (US $1,367,144) to complete the ongoing and new activities in the RAC servicing sector to reduce the demand for HCFCs and facilitate the transition to alternatives with low global-warming potential (GWP);

(c) Because there is still a need for limited amounts of HCFCs to serve economic activity in the country despite of the total elimination of imports and production of HCFC-22, temporary (2023-2026) allowance of imports of HCFC-22 (banned in 2016), at the calculated level of current national needs of 300 mt (16.5 ODP tonnes) mt per year. The ban on manufacturing and new installations of RAC equipment operating with HCFCs initially planned for 1 January 2020 will be postponed to 1 January 2025;

(d) Allowance of imports of HCFC-141b up to 60 mt (6.60 ODP tonnes) per year and postponement to 1 January 2025 of the ban on imports, exports and use of HCFC-141b pure or contained in pre-blended polyols initially planned for 1 January 2020. Additionally, imports of HCFC-141b contained in pre-blended polyols would be allowed at a maximum annual level of 17.36 mt (1.91 ODP tonnes) for the years prior to the ban; and

(e) Request of an additional US $150,000 for technical assistance for one systems house and 25 end-users to adopt low-GWP alternatives.

18. The revised plan of action to be implemented by UNIDO between January 2023 and December 2026 includes the continuation of the following ongoing stage II activities with additional emphasis on strengthening the HCFC trade controls, noting that due to the closure of HCFC-22 production and the ban on imports of HCFC-22, the market is being supplied at least partially by imports outside of the licensing and quota system:

(a) *Strengthening the HCFC trade controls:* Allocating import quotas for the period 2023-2026; evaluating the application of the current HCFC import licensing and quota system and adopting improvements to the system; establishing a mechanism to implement and enforce the existing ban on the imports of HCFC-22-based equipment; designing

additional procedures to identify the imports of controlled substances and equipment, and including those procedures in the training curriculum for customs officers; holding regular planning meetings with enforcement officials on border controls; identifying HCFC-22 consumption centres at a commercial and industrial level, and establishing the legal possession of controlled substances through visits, documentation checks, and data collection; training at least 300 customs officers and other stakeholders on ODS-related legislation; procuring and distributing six refrigerant identifiers; monitoring the local refrigerant market through five annual visits to distributors; and updating and implementing the automated system to monitor and exchange information on the imports of controlled substances (US $115,000);

(b) *Strengthening the regulatory framework:* Continuing to formulate and update regulations and standards, including measures for leak control in RAC equipment and for the safe handling of HC refrigerants; updating the technical regulations for labeling refrigerators and freezers; updating the COVENIN standards for manufactured, assembled, and imported AC equipment; and holding annual outreach meetings with all stakeholders[15] to consult on existing and future regulations (US $43,000);

(c) *Technical assistance to the PU foam sector in adopting low-GWP technologies:* Providing assistance to the local systems house to formulate zero-ODP, low-GWP pre-blended polyols in the pouring and spray processes; and technical assistance to 25 end-users in the PU foam sector in the use of new polyol systems to adopt low-GWP formulation adopted by synthesis (US $150,000);

(d) *Continuing to assist the RAC servicing sector*:

(i) Developing a business plan to ensure the sustainability of the RRR network initiated in stage I; increasing RRR network coverage by acquiring two portable reclaiming units; providing 200 units of equipment and tools for refrigerant recovery and best practices[16] to 195 servicing technicians and experts in the RAC sector (both male and female); conducting a study tour to examine existing RRR network operating models in another Latin American country; and holding annual awareness-raising meetings for technicians and end-users (US $490,700);

(ii) Incorporating a standard training programme on good refrigeration practices and alternative refrigerants with zero ODP and low GWP into the curricula of vocational institutes and high schools that teach RAC modules; delivering suitable tools and equipment[17] to 10 vocational institutions selected to train an additional 1,500 technicians in good refrigeration practices in line with the new standard programme; designing a manual and risk-assessment guideline for the safe handling of flammable refrigerants; and establishing two specialized training centres for the proper handling and operation of flammable refrigerants in accordance with technical standards (US $301,000);

(iii) Assessing and improving the current labour-competency-based certification process for RAC servicing technicians and ensuring that it is fully operational by 1 January 2024; certifying 200 technicians per year; determining the viability of FONDOIN's accreditation with the national certifying body; formulating two

[15] Including *inter alia* Government agencies, associations, importers, consumers, and RAC servicing enterprises

[16] Recovery units, cylinders, vacuum pump for use of HC, leak detectors, manifolds, pliers, thermometers, wrenches, clamp meter flaring tools, Lokring, tube cutter, tube bender, recovery scale, and refrigerant identifier.

[17] Recovery units, cylinders, vacuum pumps, refrigerant manifolds, vacuum gauge kit, electronic load scale, clamp meters, amperemeters and pinch-off pliers.

labour competency standards to formally recognize good refrigeration practices and the safe handling of flammable refrigerants; holding annual follow-up meetings on the implementation of the certification process and awareness-building meetings for technicians and end-users (US $23,000);

(iv) Implementing at least two zero-leaks projects; conducting two demonstrations of low-GWP alternatives among end-users; formulating a marketing strategy to encourage the use of a nationally produced R-290 refrigerant in RAC applications; creating an online technical support platform for end-users about *inter alia* alternative technologies and elimination schedules; and sharing the results of pilot projects with stakeholders in at least two dedicated meetings (US $196,000);

(e) *Awareness-raising:* Conducting awareness campaigns for RAC instructors, technicians, end-users, and customs and enforcement officers on activities under the HPMP; printing and distributing at least 5,000 brochures for RAC students, technicians, end-users, vocational institutes, stores and repair shops; and participating in at least five events, including seminars, trade fairs, guild events, conferences, and exhibitions (US $50,000); and

(f) *Continuing project monitoring and evaluation:* Implemented by FONDOIN, including carrying out monitoring of activities; identifying beneficiaries; auditing results; providing technical assistance; procuring goods and services; gathering and analyzing data; and reporting on outcomes (US $148,440).

19. The cost of the revised plan of action for stage II of the HPMP for the years 2023-2026, and the funds requested at the present meeting (second tranche) are shown in table 3.

Table 3. Total cost of the revised plan of action for stage II of the HPMP (US $) (2023-2026)

Activity	Total cost	Funds requested for second tranche
Funds already approved in principle		
Strengthening HCFC trade controls	115,000	55,000
Strengthening the legal and regulatory framework	43,000	14,000
RAC servicing sector:		
- Improvement and sustainability of the RRR network	490,700	268,700
- Strengthening and upgrading of the training programme for RAC technicians on alternative refrigerants and good servicing practices	301,000	121,000
- Strengthening of the labour-competency-based certification process for RAC servicing technicians	23,000	10,000
- Strategies to remove technical barriers in the adoption of energy-efficient, low-GWP technologies by end-users	196,000	80,000
Sub-total for the refrigeration servicing sector	**1,010,700**	**479,700**
Awareness-raising for reductions in HCFC consumption	50,000	15,000
Project monitoring and evaluation	148,440	33,440
Total	**1,367,140**	**597,140**
Additional funds for the PU foam sector		
Technical assistance to the PU foam sector to adopt low-GWP technologies	150,000	50,000
Grand total	**1,517,140**	**647,140**

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Overarching strategy for the revised plan of action for stage II

20. The request for the second tranche of stage II of the HPMP had previously been submitted and subsequently withdrawn at the 88th and the 90th meetings, as additional time was required to address issues identified during the review of the proposal. The Executive Committee decided to allow, on an exceptional basis, continued implementation of the outstanding activities related to stage II of the HPMP and to request UNIDO to submit a comprehensive plan of action at the 90th meeting, and then at the 91st meeting (decisions 88/29(b)(iii) and 90/23(c)(i)).

21. The Secretariat notes that the revised plan of action for stage II addresses issues identified during the review of the proposal, including the need to ensure that imports of HCFCs are subject to authorization and properly recorded. The plan includes the temporary opening of HCFC-22 imports based on the current demand in the local market, with the country allocating efforts and resources to reassess, improve and apply the licensing and quota system for HCFC imports, to strengthen the enforcement of existing regulations and to monitor the trade and use of HCFCs in the local market. The Secretariat considers it to be of critical importance for the existing servicing demand for HCFC-22 to be properly satisfied by recorded imports entering the country through legal channels.

22. The Secretariat also notes that despite the extraordinary national circumstances described, the country, with the assistance of UNIDO has been able to implement activities in the refrigeration servicing sector. As economic conditions in the country improve, these activities can continue to help maintain a low level of HCFC consumption and facilitate a transition to low-GWP alternatives. The Secretariat discussed with UNIDO the commitments that the Government would acquire by implementing the revised plan of action, the technical aspects of the proposal and the potential risks that could emerge from its implementation, as presented in the sections below.

HCFC production and consumption

Production of HCFC-22

23. In providing more detail about the present and future situation of HCFC-22 production in the country, UNIDO reported that Produven, the national HCFC producer, had officially informed the Government of its decision to definitively close the facility to produce HCFC-22. It was also confirmed, upon an assessment of the plant, that the equipment required for the production of HCFC-22 was no longer in operating conditions. Accordingly, further to the proposed extension of stage II of the HPMP, the Government would not request any additional funding associated to the phase-out of production and consumption of HCFCs. Furthermore, as part of the regulatory measures to ensure sustainability of the HCFC phase-out, UNIDO confirmed that the Government had committed to issuing a ban on the production of HCFCs from 1 January 2027.

Consumption and revision of best estimates of HCFC use in the country programme implementation report

24. Article 41 of Decree 4335 places the responsibility on the Ministry of Environment to take measures (such as allow imports) to satisfy the internal consumption needs of controlled substances in case Produven ceases production. The Government is proposing to allow imports of HCFCs to cover national needs on a temporary basis between 2023 and 2026. The level of imports was determined based on the study of HCFC demand described in paragraph 11.

25. The study of HCFC demand completed in 2021 concluded that current size of the national market for HCFC-22 was around 300 mt. However, due to scarce supply of HCFC-22 this demand has only been partially fulfilled. The best estimates of HCFC-22 and HCFC-141b used during the last four years are presented in table 4 below.

Table 4: Best estimate of HCFC use in the Bolivarian Republic of Venezuela (2018-2021) (mt)

Substance	2018	2019	2020	2021
HCFC-22	119.52	137.45	149.60	176.80
HCFC-141b	65.20	19.20	12.00	25.00
Total	**184.72**	**156.65**	**161.64**	**201.80**
HCFC-141b contained in imported pre-blended polyols	0.00	13.57	2.30	0.0

26. Noting that the CP reports are meant to provide the "best estimate of HCFC use" in the different sectors in the country,[18] at the Secretariat's suggestion, the Government updated the HCFC use levels in its CP reports for the years 2018 to 2021 to the best HCFC consumption estimate based on table 4 and provided the reasons for the difference between these figures and the Article 7 consumption data in the "remarks" column. In the case of HCFC-22, noting the ban on imports since 2016 and the reduction and eventual stop of production, it is likely that part of the demand not covered by the use of stocks was covered by illegal imports. The revised plan of action intends to address this issue through the temporary allowance of HCFC-22 imports and a component to strengthen the HCFC trade controls.

Elements of the revised plan of action

Strengthening the regulatory framework and HCFC trade controls

27. The Secretariat notes that the revised plan of action for stage II includes assistance to strengthen the existing monitoring, reporting and enforcement mechanisms to ensure that the imports of HCFC-22 that cater to the existing servicing demand are undertaken through legal channels. The Secretariat considers strengthening the national systems of HCFC control to be of critical importance, for even though the current levels of import do not represent a risk of non-compliance in terms of HCFC consumption, these systems will also need to address a wider variety of substances, including HFCs, once the Kigali Amendment is ratified.

28. Taking into consideration the specific circumstances in the Bolivarian Republic of Venezuela, where this element of the revised plan of action is intended to combat illegal imports of HCFCs and reopen regulated imports, the Secretariat suggested some additional activities, including training for the enforcement officers in the identification of refrigerants at the retailing and distribution level, and regular training for customs officers and importers to ensure a proper implementation of the licensing and quota system.

29. UNIDO reported that the project would assess the current licensing and quota allocation system and adopt the measures required to reduce the illicit trade of these substances. The project also intends to update the automated information system to monitor HCFC imports, and exchange information among customs agents, importers, and the NOU. The local refrigerant market will be monitored through regular inspections to identify the sources of illegal import, including controls in the secondary customs zones and visits to distributors and HCFC-22 consumption centres at the commercial and industrial level to inspect documentation proving legality of possession. Updated training on the current legislation and aspects related to the trade of refrigerants and refrigerant-containing equipment will be provided to customs officers and officials from the regional directorates of the National Integrated Customs and Tax Administration Service and the Ministry of Popular Power for Ecosocialism (MINEC). Two annual workshops for

[18] Rather than consumption as defined under the Montreal Protocol = production + imports – exports.

importers on the requirements of the licensing and quota system were also added upon discussion. UNIDO also reported that an international expert recently visited FONDOIN and customs officers at five entry points to discuss the application of the licensing and quota system once imports of HCFC-22 were reopened. In 2023, HCFC import quotas will be issued at 255 mt for HCFC-22 and 51 mt for HCFC-141b (i.e., 15 per cent below the maximum allowable consumption, to allow for contingencies).

30. Noting the relevance of this component in the revised plan of action, the Secretariat recommends including in the progress report associated with the next tranche request, an update on the progress achieved in the re-establishment and application of the HCFC licensing and quota system, and the results of visits to importers, distributors, and users to monitor the local HCFC market, including proposed sanctions or measures to address identified irregular imports and possession of HCFCs.

Polyurethane foam

31. In discussing the issue with UNIDO, the Secretariat noted that at present, most of the imported systems in the country were manufactured by non-Article 5 enterprises using HFCs as blowing agents. The small PU foam users (many of them not operational at present) would adopt any technology that was available at a reasonable price. Given the lack of availability of some low-GWP alternatives, especially the non-flammable ones for spray foam, it is unlikely at present that the very small amounts of HCFC being consumed would transition to low-GWP alternatives in a sustained manner. The postponement of the ban on imports on HCFC-141b to 1 January 2025 and the small import allowance of 6.6 ODP tonnes of HCFC-141b pure and 1.91 ODP tonnes of HCFC-141b contained in pre-blended polyols will allow these small users to continue using HCFC-141b for a few years and migrate to low-GWP alternatives when local market conditions allow for a sustained transition.

32. At the 82nd meeting, the PU foam sector plan was removed from stage II on the understanding that, if the eligible enterprises included in that project reinitiated the use of significant amounts of HCFC-141b during the implementation of stage II, a proposal could be submitted to address their conversion. However, this scenario is unlikely based on the current status of the sector. Rather than approving the additional US $150,000 requested for this purpose, the Secretariat recommends allowing flexibility to allocate up to US $70,000 from the funds already approved in principle, if required, during the time of implementation of stage II, to provide technical assistance to the eligible systems houses to develop formulations based on low-GWP alternatives that are accessible and affordable on the local market, in line with the flexibility clause of the Agreement. If this option is needed during the time of implementation of stage II, UNIDO will include the activity in the tranche progress reports.

Refrigeration servicing sector

Refrigerant recovery, recycling, and reclaiming scheme

33. Regarding the funds allocated to RRR activities, the Secretariat noted with concern that the two RRR operators funded under stage I had still not received a permit to operate.[19] UNIDO explained that there were delays due to the automation of the registration process, but that the enterprises had made the necessary adjustments to be in compliance with the provisions of the standard. Noting that this long-standing issue had not been resolved over several years, it was agreed that the current tranche would only include funding for equipment and tools for technicians and the preparation of a business model for the RRR scheme, while funding for further reclaiming infrastructure would be considered in future tranches based on the results of the business model and upon confirmation that the RRR centres funded under stage I had obtained all necessary permits and were fully operational.

[19] Enterprises that recover, recycle and reclaim ODSs must comply with determined safety requirements and proper handling of hazardous substances to be able to receive a permit to operate from MINEC.

Pilot projects for end-users

34. Regarding the pilot projects on low-GWP technology for end-users, UNIDO agreed that while the funds for stage II had already been approved in principle, actual funding for these pilots could only be recommended at a future tranche, once it had been demonstrated that the conditions of decision 84/84 on end-user incentive programmes were in place, and once there was more information on the type of equipment to be replaced or converted, the end-users, and the technology.

35. Regarding the zero-leaks projects proposed, noting that no precise data was obtained on the reduction of refrigerant and energy consumption from the first zero-leaks projects implemented during the first tranche, the Secretariat and UNIDO agreed that the additional zero-leaks projects would include reporting and measurement activities. Those activities would include: measurement of performance in the baseline situation, monitoring of the repaired equipment for a representative period (one year), measurement of performance after intervention, and a comparison of results with the production of data on differences in energy and refrigeration consumption, leakage rates, needs for repair and other parameters. This principle will also be applied to the pilot demonstration projects implemented in future tranches.

Sustainability of the HCFC phase-out and assessment of risks

36. The Secretariat and UNIDO discussed the risk factors that could hinder the implementation of stage II and sustainability of the activities proposed. UNIDO assured the Secretariat that the plan would be implemented within the timeframe proposed, as the external factors that affected the implementation of the first tranche (i.e., economic recession, hyperinflation, fast devaluation of local currency) have evolved in a positive manner. The country is out of hyperinflation, devaluation has slowed down and at present approximately 60 per cent of all financial transactions are carried out in foreign currency.

37. Regarding contracting and payment modalities in the country, equipment and the services of international experts are directly procured and paid for by UNIDO. For local services (e.g., training costs, distribution of equipment and monitoring activities) UNIDO signs contracts with service providers and local consultants based on FONDOIN planning for stage II; local payments are done through the local UNDP office following UN procedures and policies. UNIDO also reassured the Secretariat that despite the external factors, it has been able to procure and import equipment into the country, recruit and pay international and local consultants, and contract and pay for local services in a safe and efficient manner.

38. Noting that one of the issues faced in recent years was institutional changes including changes in the NOU, the Secretariat followed up with UNIDO on the current situation of the institutional strengthening (IS) project. UNIDO, in consultation with UNDP (the agency implementing the IS project) reported that after a change in the directorate in October 2021, the NOU has been restaffed and is fully operational. During the last trimester of 2021 the NOU prepared an ambitious work plan for 2022 and 2023, currently under implementation. It is expected that the IS project renewal request will be submitted to the 92nd meeting in June 2023.

39. With regard to project monitoring, UNIDO reassured the Secretariat that the technical team from FONDOIN includes more than one person continuously monitoring and following up on HPMP activities, and this has proven effective in the implementation of the first tranche under challenging conditions.

40. UNIDO also indicated that one of the lessons learned from the first tranche was that forceful measures such as early import bans disregarded the actual economic situation, had limited direct effects, and might result in backlash damages. During the remaining time of stage II, additional consultation will be maintained with stakeholders to ensure that regulatory measures are timely, adequate, and have the expected impact.

41. On the sustainability of the activities implemented under stage II of the HPMP, for the training of technicians, the10 training centres and two specialized centres on flammable refrigerants assisted will establish agreements with FONDOIN whereby they commit to incorporating the subject of good servicing practices in refrigeration into their educational curriculum, to continuing providing training to refrigeration technicians under their regular programmes, and to reporting periodically on the number of technicians trained.

Tranche distribution and plan of action for the second tranche

42. While acknowledging that the external circumstances explained in the proposal are changing, and noting that despite of the challenges UNIDO and the Government have been able to slowly implement activities in the RAC servicing sector, the Secretariat considers that a step-by-step approach and close monitoring of the implementation of the next tranche would be beneficial to allow continuation of implementation of stage II. Accordingly, the Secretariat suggested considering the present (second) tranche at a lower level (US $261,144 instead of US $647,140 proposed) and having a progress report and request for the third tranche in one year (2023 rather than 2024 as proposed) to monitor the progress of the initial activities proposed. The plan of action for the second tranche, to be implemented in 2023 and 2024 includes:

(a) *Strengthening of the HCFC controls:* Evaluation of the current licensing and quota system, training of 60 customs officers on ODS-related legislation, five annual visits to imports and distributors, and continuous control on the secondary customs zones, (US $11,000);

(b) *Strengthening of the regulatory framework:* Continue update of COVENIN standards, hold annual consultation meeting with government institutions and annual outreach meeting with all stakeholders (US $7,000);

(c) *Refrigeration servicing sector:*

(i) Initiate procurement of 200 units of equipment and tools for refrigerant recovery and best practices; develop a business plan to ensure the sustainability of the RRR network, raise awareness on RRR among technicians and end-users (US $101,000);

(ii) Develop a standard training programme on good refrigeration practices and alternative refrigerants with zero ODP and low GWP, update the manual of good refrigeration practices, develop a risk assessment guideline on safe handling of flammable refrigerants, and train 100 technicians in good refrigeration practices in line with the new standard programme (US $39,000);

(iii) Assess the current labour-competency-based certification process for RAC servicing technicians; determine the viability of FONDOIN's accreditation with the national certifying body; formulate two labour competency standards to formally recognize good refrigeration practices and the safe handling of flammable refrigerants (US $15,000);

(iv) Formulate a strategy to encourage the use of a nationally produced R-290 refrigerant in RAC applications, and provide support to the end-user sector to prioritize alternatives to HCFCs (US $20,000);

(d) *Awareness raising:* First awareness campaign for RAC instructors, technicians, end users, and customs and enforcement officers on activities under the HPMP, printing of brochures and other materials (US $20,000); and

(e) *Project monitoring and evaluation:* Continue implementation through FONDOIN, including local consultants (US $25,000) and monitoring visits (US $23,444) (total US $48,444).

Gender policy implementation[20]

43. FONDOIN will ensure that both women and men can equally benefit from capacity-building activities such as training workshops, and participate in the decision-making processes of all projects and activities. To this end, FONDOIN strives to promote the active participation of women in training workshops on good refrigeration practices and on alternatives to HCFCs and HFCs; promote access to job opportunities and good working conditions by delivering toolkits to female technicians; strengthen women's technical capacities through training courses and provision of tools; promote the commitment of women in the RAC sector by encouraging them to choose technical careers; ensure that recruitment procedures are undertaken in a gender-responsive manner (e.g. by making efforts to achieve gender balance among the contracted consultants and staff or making gender competence a requirement in the Terms of Reference); and, where applicable, ensure that data is collected in a sex-disaggregated format and presented as such in all project reporting.

Revised Agreement

44. The Secretariat has modified paragraph 1, paragraph 16, Appendix 2-A and Appendix 7-A of the Agreement between the Government of the Bolivarian Republic of Venezuela and the Executive Committee to reflect the extension of the duration of stage II of the HPMP to 2027, the additional commitment by the Government to achieve total HCFC phase-out by 1 January 2027, the adjusted tranche distribution and funding, updates in the remaining eligible consumption of all HCFCs, and the adjustment to the reductions in funding for failure to comply from US $102.00 per ODP kg to US $21.19 per ODP kg, based on the additional HCFC reductions in stage II of the HPMP at no additional cost, as shown in Annex I.

Conclusion

45. The Bolivarian Republic of Venezuela is in compliance with the HCFC consumption targets under the Montreal Protocol and the Agreement for stage II of the HPMP. Due to external economic circumstances, the first tranche suffered major delays. The economic circumstances caused demand for HCFCs to drop. Because of the premature closure of HCFC-22 production and imports, this demand has not been properly fulfilled and imports of HCFCs outside of legal channels seem to have taken place. As external economic conditions are showing signs of recovery, the revised plan of action to complete stage II includes the reopening of imports of HCFCs and the re-establishment of the licensing and quota system to ensure that the demand is fulfilled and that there is control over the HCFCs imported into the country. The revised plan also includes the continuation of activities in the RAC servicing sector with the funds from the remaining tranches already approved in principle under stage II until 2027, when total phase-out of HCFCs will be achieved at no additional cost to the Fund. Upon discussing with UNIDO aspects related to the conditions to ensure proper implementation of the project, and the effect of external factors on the project, the Secretariat recommends the approval of the present tranche request to allow continuation of activities, but at a lower duration and funding level to allow monitoring in 2023 (rather than 2024) when a larger second tranche could be requested.

[20] In line with decision 84/92(d), decision 90/48(c) encouraged bilateral and implementing agencies to continue ensuring that the operational gender mainstreaming policy was applied to all projects, taking into consideration the specific activities presented in table 2 of document UNEP/OzL.Pro/ExCom/90/37.

RECOMMENDATION

46. The Executive Committee may wish to consider:

(a) Noting:

(i) The progress report on the implementation of the first tranche of stage II of the HCFC phase-out management plan (HPMP) for the Bolivarian Republic of Venezuela and the revised plan of action for the period from 2023 to 2026 for the complete phase-out of HCFC consumption, in the amount of US $1,367,144, plus agency support costs of US $95,700 for UNIDO, on the understanding that no additional funding from the Multilateral Fund would be provided for the phase-out of production and consumption of HCFCs;

(ii) The commitment of the Government of the Bolivarian Republic of Venezuela:

a. To reduce HCFC consumption by 88.8 per cent of the country's baseline by 1 January 2023 and completely phase out HCFCs by 1 January 2027 in advance of the Montreal Protocol phase-out schedule, 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;

b. To issue a ban on the production of HCFC-22 by 1 January 2027;

c. To issue a ban on the manufacturing and new installations of all refrigeration and air-conditioning equipment based on HCFC-22 by 1 January 2025;

d. To allow imports of HCFC-141b contained in pre-blended polyols at a level no higher than 1.91 ODP tonnes, and issue a ban on the import of HCFC-141b pure and contained in pre-blended polyols by 1 January 2025;

(iii) That the Government of the Bolivarian Republic of Venezuela would have flexibility to allocate up to US $70,000, if required during the time of implementation of stage II, to provide technical assistance to eligible systems houses to develop formulations based on alternatives with low global-warming potential that are accessible and affordable on the local market, in line with the flexibility clause in the Agreement;

(iv) That the Fund Secretariat has updated the Agreement between the Government of the Bolivarian Republic of Venezuela and the Executive Committee, as contained in Annex I to the present document, specifically: paragraph 1 and Appendix 2-A, based on the extension of stage II to 2027 for a total phase-out of HCFCs, the redistribution of the remaining tranches and the changes to the remaining eligible consumption; Appendix 7-A, based on the adjustment to the reductions in funding for failure to comply; and paragraph 16, to indicate that the updated Agreement supersedes that reached at the 82nd meeting;

(v) That, to allow for consideration of the final tranche of its HPMP, the Government of the Bolivarian Republic of Venezuela should submit:

a. 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; and

b. If the Bolivarian Republic of Venezuela were intending to have consumption during the 2030–2040 period, in line with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol, proposed modifications to its Agreement with the Executive Committee covering the period beyond 2030;

(b) Requesting the Government of the Bolivarian Republic of Venezuela and UNIDO:

(i) To include in the progress report associated with the third tranche request an update on the progress achieved in the re-establishment and application of the licensing and quota system, and the results of the visits to importers, distributors, and users to monitor the local HCFC market, including proposed sanctions or measures to address identified irregular imports and possession of HCFCs;

(ii) To include in the zero-leaks and pilot demonstration projects to be implemented, measurement of performance in the baseline situation, monitoring of the repaired equipment for a representative period (one year), measurement of performance after intervention, and a comparison of results with the production of data on differences in energy and refrigeration consumption, leakage rates, needs for repair and other parameters, and include this information in the reports associated to the tranches;

(c) Deducting 162.75 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding; and

(d) Approving the second tranche of stage II of the HPMP for the Bolivarian Republic of Venezuela, and the corresponding 2022-2023 tranche implementation plan, in the amount of US $261,444, plus agency support costs of US $18,301 for UNIDO.

Annex I

TEXT TO BE INCLUDED IN THE REVISED UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF THE BOLIVARIAN REPUBLIC OF VENEZUELA 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

1. This Agreement represents the understanding of the Government of the Bolivarian Republic of Venezuela (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 **2027** in compliance with Montreal Protocol schedule.

16. This **revised** updated Agreement supersedes the **updated** Agreement reached between the Government of the Bolivarian Republic of Venezuela and the Executive Committee at the **82nd** meeting of the Executive Committee.

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	186.25	186.25	186.25	186.25	134.55	**134.55**	**134.55**	**134.55**	**134.55**	**67.28**	**67.28**	**68.28**	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	186.25	186.25	186.25	186.25	120.03	**120.03**	**23.10**	**23.10**	**23.10**	**23.10**	**23.10**	**0**	n/a
2.1	Lead IA (UNIDO) agreed funding (US $)	600,000	0	0	**0**	**0**	**0**	**261,444**	**476,500**	**0**	**492,200**	**0**	**137,000**	1,967,144
2.2	Support costs for Lead IA (US $)	42,000	0	0	**0**	**0**	**0**	**18,301**	**33,355**	**0**	**34,454**	**0**	**9,590**	137,700
3.1	Total agreed funding (US $)	600,000	0	0	**0**	**0**	**0**	**261,444**	**476,500**	**0**	**492,200**	**0**	**137,000**	1,967,144
3.2	Total support costs (US $)	42,000	0	0	**0**	**0**	**0**	**18,301**	**33,355**	**0**	**34,454**	**0**	**9,590**	137,700
3.3	Total agreed costs (US $)	642,000	0	0	**0**	**0**	**0**	**279,745**	**509,855**	**0**	**526,654**	**0**	**146,590**	2,104,844
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)													**138.47**
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)													23.16
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)													**0.00**
4.2.1	Total phase-out of HCFC-123 agreed to be achieved under this Agreement (ODP tonnes)													**0.07**
4.2.2	Phase-out of HCFC-123 to be achieved in previously approved projects (ODP tonnes)													0.00
4.2.3	Remaining eligible consumption for HCFC-123 (ODP tonnes)													**0.00**
4.3.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)													**39.56**
4.3.2	Phase-out of HCFC-141b to be achieved in previously approved projects (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)													**5.68**

4.4.2	Phase-out of HCFC-142b to be achieved in previously approved projects (ODP tonnes)	0.00
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)	**1.91**
4.5.2	Phase-out of HCFC-141b contained in imported pre-blended polyols to be achieved in previously approved projects (ODP tonnes)	0.00
4.5.3	Remaining eligible consumption for HCFC-141b contained in imported pre-blended polyols (ODP tonnes)	**0.00**

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 $21.19** 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.