



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/64/24
15 June 2011

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-fourth Meeting
Montreal, 25-29 July 2011

PROJECT PROPOSAL: PLURINATIONAL STATE OF BOLIVIA

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

Phase-out

- HCFC phase-out management plan (stage I, first tranche) Germany/UNDP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Bolivia

(I) PROJECT TITLE	AGENCY
HPMP	Germany (lead)

(II) LATEST ARTICLE 7 DATA	Year: 2009	4.4 (ODP tonnes)
-----------------------------------	------------	------------------

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)							Year: 2009			
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption	
				Manufacturing	Servicing					
HCFC123					0.0				0.0	
HCFC124					0.1				0.1	
HCFC141b										
HCFC141b in Imported		0.9							0.9	
HCFC142b					0.2				0.2	
HCFC22					3.3				3.3	

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline estimate:	4.8	Starting point for sustained aggregate reductions:	5.4
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.0	Remaining:	3.7

(V) BUSINESS PLAN		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNDP	ODS phase-out (ODP tonnes)	2.3	0.0	0.0	0.0	3.4	2.2	0.0	0.0	0.0	0.0	8.0
	Funding (US \$)	209,000	0	0	0	300,000	200,000	0	0	0	0	709,000
Germany	ODS phase-out (ODP tonnes)	0.9	0.5	1.2	0.0	1.0				0.3		3.9
	Funding (US \$)	79,846	50,280	109,788	0	94,817	0	0	0	31,938	0	366,670

(VI) PROJECT DATA				2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits (estimate)				n/a	n/a	4.8	4.8	4.3	4.3	4.3	4.3	4.3	3.1	n/a	
Maximum allowable consumption (ODP tonnes)				n/a	n/a	4.8	4.8	4.3	4.3	4.3	4.3	4.3	3.1	n/a	
Project Costs requested in principle (US\$)	Germany	Project costs	189,000				94,500						31,500	315,000	
		Support costs	24,570				12,285						4,095	40,950	
Project Cost requested in Principle (US\$)	UNDP	Project costs	0				0						0	0	
		Support costs	0				0						0	0	
Total project costs requested in principle (US \$)				189,000	0	0	0	94,500					31,500	315,000	
Total support costs requested in principle (US \$)				24,570	0	0	0	12,285						4,095	40,950
Total funds requested in principle (US \$)				213,570	0	0	0	106,785						35,595	355,950

(VII) Request for funding for the first tranche (2011)		
Agency	Funds requested (US \$)	Support costs (US \$)
Germany	189,000	24,570

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

PROJECT DESCRIPTION

1. On behalf of the Government of the Plurinational State of Bolivia (Bolivia), Germany, as the lead implementing agency, has submitted to the 64th Meeting of the Executive Committee stage I of the HCFC phase-out management plan (HPMP) at a total cost of US \$462,432 plus agency support costs of US \$40,495 for Germany and US \$11,057 for UNDP, as originally submitted, to implement activities that will enable the country to comply with the Montreal Protocol control targets up to the 35 per cent reduction in HCFC consumption by 2020. The first tranche for stage I being requested at this meeting amounts to US \$189,000 plus agency support costs of US \$24,570 for Germany and US \$132,689 plus agency support costs of US 11,942 for UNDP as originally scheduled.

Background

ODS regulations

2. The Ministry of Environment and Water is the national body responsible for the implementation of the Montreal Protocol in Bolivia, with the National Ozone Unit (NOU) in charge of coordinating and implementing phase-out activities. The Government of Bolivia has passed “Decreto Supremo” No. 27421 and “Decreto Supremo” No. 27562 which, *inter alia*, control the import, export and consumption of ozone-depleting substances (ODS). The licensing and quota system has been established for all ODS, including HCFCs. The Government is amending the legislation to include the accelerated phase-out schedule for HCFCs as per decision XIX/6 of the Meeting of the Parties. The draft legislation has been developed and is expected to be approved before the end of 2011.

HCFC consumption

3. All HCFCs are imported since Bolivia does not produce these substances. The survey undertaken during the HPMP preparation showed that the HCFCs imported into Bolivia include HCFC-22, HCFC-141b, HCFC-142b, HCFC-123 and HCFC-124, of which, HCFC-22 accounts for 80 per cent. HCFCs are mainly imported as refrigerants, refrigerant blends and flushing agents and are used predominantly in servicing refrigeration and air-conditioning (RAC) equipment.

4. Bolivia also imports HCFC-141b-based pre-blended polyols for the production of rigid polyurethane insulation foam, which is used for assembling refrigeration equipment. However, HCFC-141b contained in polyols had not been reported under Article 7, and therefore is not counted as consumption. Table 1 shows the level of HCFC consumption reported by the Government of Bolivia under Article 7 of the Montreal Protocol. This consumption is similar to that in the survey conducted during the preparation of the HPMP.

Table 1: HCFC level of consumption

Year	Article 7 data (Refrigeration servicing sector)							HCFC-141b* in polyols (tonnes)		Total ** (tonnes)	
	Substances (metric tonnes)					Total (tonnes)		metric	ODP	metric	ODP
	HCFC-22	HCFC-142b	HCFC-141b	HCFC-123	HCFC-124	metric	ODP				
2005	50.2	0.0	0.6	0.0	0.6	51.3	2.8	5.2	0.6	56.5	3.4
2006	40.6	4.8	5.4	0.0	0.0	50.8	3.1	2.8	0.3	53.6	3.4
2007	56.1	0.0	8.1	0.0	1.2	65.4	4.0	3.3	0.4	68.8	4.4
2008	77.3	4.7	12.7	0.0	0.0	94.7	6.0	5.2	0.6	99.9	6.5
2009	59.4	3.7	7.9	0.2	3.0	74.2	4.4	7.9	0.9	82.1	5.3

*HCFC-141b in imported pre-blended polyols which has not been reported under Article 7.

**This includes the HCFC-141b contained in imported pre-blended polyols.

Sector distribution of HCFCs in the servicing sector

5. The survey covered all stakeholders, representative service workshops and large commercial users, and included the equipment installed in the domestic, commercial and industrial sectors and the amount of HCFCs required for servicing the equipment. Total HCFC-based RAC equipment installed in the country was estimated at 189,943 units in 2009. The average charge for different types of equipment was estimated and used to calculate the total installed capacity. A summary of HCFC consumption by sector, excluding HCFC-141b contained in imported pre-blended polyols, is shown in Table 2.

Table 2: HCFC consumption by sector in 2009

Type	Total number of units	Installed capacity (tonnes)		Charging new equipment (tonnes)		Servicing existing equipment (tonnes)		Total refrigerant demand	
		Metric	ODP	Metric	ODP	Metric	ODP	Metric	ODP
Split AC	44,610	64.7	3.6	15.7	0.9	7.8	0.4	23.5	1.3
Window AC	141,130	141.1	7.8	31.1	1.7	14.1	0.8	45.2	2.5
Commercial refrigeration	4,203	28.6	1.6	3.6	0.2	1.8	0.1	5.3	0.3
Total	189,943	234.4	12.9	50.3	2.8	23.6	1.3	74.0	4.1

6. HCFC-22 is the least expensive refrigerant available in Bolivia. The alternative refrigerants used in the country mainly include HFC-134a, HFC blended refrigerants (R-404A, R-407C and R-410A), and hydrocarbon refrigerants (R-600a and blends). In 2010, the total amount of refrigerants used in Bolivia is estimated at 157.8 mt. Of this total amount, HCFCs account for 86.5 mt, or 55 per cent.

7. HCFC consumption in Bolivia is expected to increase steadily. This is due to the increasing number of domestic air-conditioners being installed by the middle class. In 2009, charging and refilling domestic air-conditioners accounted for 93 per cent of total consumption of HCFCs. From 2008 to 2010, the total number of installed air-conditioners increased by 106,280 units, or 59 per cent. Bolivia has made a forecast of its HCFC consumption based on the estimated needs for servicing existing equipment and for charging new installations. Table 3 provides a summary of the forecast of HCFC consumption, excluding HCFC-141b contained in imported pre-blended polyols, through 2020.

Table 3: Forecast of consumption of HCFCs in the servicing sector

		2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Constrained HCFC consumption	mt	74.2	86.8	88.5	86.3	80.5	80.5	78.6	78.6	78.6	78.6	78.6	51.1
	ODP	4.4	5.2	5.3	5.2	4.8	4.8	4.3	4.3	4.3	4.3	4.3	2.8
Unconstrained HCFC consumption	mt	74.2	86.8	88.5	91.8	95.0	98.3	101.5	104.7	108.0	111.2	114.4	117.7
	ODP	4.4	5.2	5.3	5.5	5.6	5.8	6.0	6.1	6.3	6.5	6.6	6.8

*Actual reported HCFC consumption under Article 7

HCFC-141b consumption from the pre-blended polyols

8. The survey undertaken for HPMP preparation indicated the use of imported HCFC-141b-based pre-blended polyol in the production of polyurethane rigid insulating foam. The sector includes over 40 small locally-owned enterprises. The products manufactured by polyurethane foam are mainly discontinued panels and spray applications. A negligible amount is also used in the production of integral skin foam. All the products are sold on the domestic market. The process of foam production consists mainly of hand-mixing and only basic foaming equipment is involved. Two enterprises, namely Isolcruz SRL and Teplo Castillo y Cia SRL, received assistance from the Multilateral Fund for

conversion from CFC-11 to HCFC-141b in 2004. The 2007-2009 average total consumption of HCF-141b from 2007 to 2009 was 5.50 mt (0.6 ODP tonne), as summarized in Table 4.

Table 4: Level of consumption of HCFC-141b contained in imported pre-blended polyols (mt)

Year	Isolcruz SRL	Teplo Castillo y Cia SRL	Other small firms	Total
2007	1.8	0.0	1.5	3.3
2008	2.8	0.0	2.4	5.2
2009	3.8	1.4	2.7	7.9
Average of 3 years	2.8	0.5	2.2	5.5

Estimated baseline for HCFC consumption in the servicing sector

9. The estimated baseline for HCFC consumption was calculated at 80.5 mt (4.8 ODP tonnes) using the average of 2009 consumption of 74.2 mt (4.4 ODP tonnes) reported under Article 7, and estimated 2010 consumption of 86.8 mt (5.2 ODP tonnes).

HCFC phase-out strategy

10. The Government is proposing to follow the Montreal Protocol schedule by adopting a staged approach to achieve the complete phase-out of HCFCs by 2030 with a servicing tail to 2040.

11. In stage I of the HPMP, the country will control the import of bulk HCFCs by applying a strict licensing and quota system. The country will also reduce the demand for HCFCs for servicing existing equipment by strengthening refrigerant recovery and reuse, and through capacity-building to improve technicians' servicing practices. The summary of activities and proposed implementation period is shown in Table 5.

Table 5: Specific activities of stage I the HPMP and proposed period of implementation

Description of activities	Implementation schedule
Refrigeration servicing sector	
Policy review, tax incentive, regulation for disposal of contaminated ODS, licensing and quota system for HCFC-based equipment	2011 - 2019
Training of customs officers, distribution of refrigerant identifiers	2012-2015
Training of service technicians in good practices, retrofit to alternative refrigerants, safety handling of hydrocarbon refrigerants, assembling of equipment	2012 - 2017
Provision of tools and equipment, strengthening refrigerant recovery, reuse and reclaim	2013-2019
Technical support to large end users	2013-2019
Project management and monitoring	2012 - 2020
Conversion of foam enterprises	2012-2015

Cost of the HPMP

12. The total cost of stage I of the HPMP has been estimated at US \$462,432 based on the estimated baseline of 80.5 mt (4.8 ODP tonnes) in the refrigeration servicing sector and the funding requested for phasing out the HCFC-141b contained in imported pre-blended polyols. This will support the country to achieve a 35 per cent reduction in HCFC consumption by 2020, resulting in the phase-out of 28.2 mt (1.7 ODP tonnes) of HCFCs. The detailed cost breakdown for stage I of the HPMP is presented in Table 6.

Table 6: Total cost of stage I of the HPMP

Description of activities	Cost (US\$)	
	Germany	UNDP
Refrigeration servicing sector		
Policy, legal and institutional	10,500	0
Training of customs officers	16,000	0
Training of technicians on good practice and retrofit	80,000	0
Provision of tools and equipment	145,000	0
Technical support to large end users	30,000	0
Project management and monitoring	33,500	0
Sub-total for refrigeration servicing sector	315,000	0
Conversion of foam enterprises	0	147,432

SECRETARIAT COMMENTS AND RECOMMENDATION**COMMENTS**

13. The Secretariat reviewed the HPMP for Bolivia in the context of the guidelines for the preparation of HPMPs (decision 54/39), the criteria for funding HCFC phase-out in the consumption sector agreed at the 60th Meeting (decision 60/44), subsequent decisions on HPMPs made at the 62nd and 63rd Meetings and the 2011-2014 business plan of the Multilateral Fund.

Overarching strategy

14. The Secretariat raised the issue of consumption of HCFC-141b used as a flushing agent and advised Bolivia that priority should be given to phasing out this consumption given the highly emissive nature of the application, and in accordance with decision XIX/6 of the Meeting of the Parties. Germany responded that Bolivia accepted the advice of the Secretariat and would phase out the HCFC-141b used for equipment flushing as a priority. Activities targeting HCFC-141b phase-out, such as imposing quota controls, training servicing technicians and promoting awareness, will be integrated into the implementation of the HPMP.

Issue related to the phase-out of HCFC-141b in imported pre-blended polyols

15. Bolivia has included HCFC-141b in imported pre-blended polyols in the overarching strategy for stage I of the HPMP. However, the country was unable to submit a phase-out plan for the following reasons: the foam sector consists of very small enterprises, for which hydrocarbon technology is not suitable due to its flammability; saturated HFCs have a negative impact on climate; the blowing agent technology relies solely on overseas systems houses and there is no indication which alternative blowing agents would be adopted by these systems houses. Based on these constraints, the Government proposes to submit a detailed foam sector phase-out plan once issues with the selection of technologies have been addressed during the implementation of stage I of the HPMP.

16. The Secretariat advised the country that, according to decision 63/15 of the Executive Committee, Bolivia is allowed to submit the foam sector plan during the implementation of stage I of the HPMP when technology options are clearer and economically viable. The Secretariat also proposed that the funding of US \$147,432 requested for phasing out the HCFC-141b in imported pre-blended polyols should be removed from stage I as it is not able to review the funding level without a detailed phase-out plan for that sector. The funding request could be included in the future submission of the foam sector plan. Bolivia informed the Secretariat that the funding of US \$147,432 was only an indicative figure and agreed to remove it. Since the foam sector phase-out was the only component to be conducted by UNDP, Germany becomes the sole implementing agency for stage I of Bolivia's HPMP (stage I)

Starting point for aggregate reduction in HCFC consumption

17. The Government of Bolivia has established its starting point for sustained aggregate reduction in HCFC consumption as the average of reported consumption of 4.4 ODP tonnes in 2009 and the estimated consumption of 5.2 ODP tonnes in 2010. This results in an estimated consumption level of 4.8 ODP tonnes, plus 0.6 ODP tonnes (average for 2007 to 2009) of HCFC-141b contained in imported pre-blended polyols systems (not reported under Article 7 of the Montreal Protocol), resulting in a starting point of 5.4 ODP tonnes.

Technical and cost issues

18. In clarifying the funding requested for a legislation/policy instrument and HCFC licensing system, Germany indicated that the funding was for extending the licensing system to cover HCFC-based equipment and developing a series of policy measures to support HCFC phase-out. These include procedures for a stronger monitoring and reporting system to control the ODS supply chain; a taxation policy for low-GWP refrigerants, and regulations for the disposal of contaminated ODS. The Secretariat suggested reducing this funding partly and transferring it to technician training as funding was already provided for legislation, regulations and licensing system. In view of the Secretariat's concerns Bolivia reduced the funding requested for the policy component to US \$7,500 and added US \$3,000 to the technician training component.

19. In line with decision 60/44, the total cost for stage I of the HPMP for Bolivia was agreed at US \$315,000 to achieve a 35 per cent reduction in HCFC consumption by 2020 in the refrigeration servicing sector. The detailed cost breakdown, as agreed, is shown in Table 7.

Table 7: Total agreed cost of the HPMP

Description of activities	Cost (US\$)
Policy, legal and institutional	7,500
Training of customs officers	16,000
Training of technicians on good practice and retrofit	83,000
Provision of tools and equipment	145,000
Technical support to large end users	30,000
Project management and monitoring	33,500
Total	315,000

20. In light of the decision 63/15, the Government of Bolivia will submit the foam sector plan with a funding request for the phase-out of HCFC-141b contained in imported pre-blended polyols during the implementation of stage I of the HPMP.

Impact on the climate

21. The proposed technical assistance activities in the HPMP, which include the introduction of better servicing practices and enforcement of HCFC import controls, will reduce the amount of HCFC-22 used for refrigeration servicing. Each kilogram (kg) of HCFC-22 not emitted due to better refrigeration

practices results in approximately 1.8 CO₂-equivalent tonnes saved. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Bolivia, in particular training for technicians on improved servicing practices and refrigerant recovery and reuse, indicate that it is likely that the country will achieve the reduction of 11,280.8 CO₂-equivalent tonnes in emissions to the atmosphere as estimated in the 2011-2014 business plan. However, at this time, the Secretariat is not in a position to quantitatively estimate the impact on the climate. The impact might be established through an assessment of implementation reports by, *inter alia*, comparing the levels of refrigerants used annually from the beginning of HPMP implementation, the reported amounts of refrigerants being recovered and recycled, the number of technicians trained and the HCFC-22-based equipment being retrofitted.

Co-financing

22. In response to decision 54/39(h) on potential financial incentives and opportunities for additional resources to maximize the environmental benefits from HPMPs pursuant to paragraph 11(b) of decision XIX/6 of the Nineteenth Meeting of the Parties, Germany indicated that, although Bolivia has no co-financing at this stage, the Government will continue to explore other funding sources to seek climate benefits and synergy with energy efficiency programmes during the implementation of the HPMP. This will be especially relevant for the conversion of large commercial end-users.

2011-2014 business plan of the Multilateral Fund

23. Germany is requesting US \$315,000 plus support costs for the implementation of stage I of the HPMP. The total value requested for the 2011-2014 period, of US \$ 213,570 including support costs, is below that in the business plan for the period. This is because the funding for the foam sector is not included in the current funding requested in the HPMP. However, Bolivia advised that it will submit a request for funding of foam sector in 2013.

24. Based on the estimated baseline consumption of 80.5 mt (4.8 ODP tonnes) in the servicing sector, the country's allocation up to 2020 phase-out should be US \$315,000 in line with decision 60/44.

Project management, monitoring and evaluation

25. Monitoring and evaluation activities are planned to take place throughout the implementation period. The NOU will implement and monitor the project activities with support from Germany.

Draft Agreement

26. A draft Agreement between the Government and the Executive Committee for HCFC phase-out is contained in Annex I to the present document.

RECOMMENDATION

27. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for the Plurinational State of Bolivia for the period 2011 to 2020, at the amount of US \$315,000, plus agency support costs of US \$40,950 for the Government of Germany, on the understanding that the funding for phasing out HCFC-141b in the imported pre-blended polyols will be submitted during the implementation of stage I of the HPMP;
- (b) Noting that the Government of the Plurinational State of Bolivia had agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the estimated baseline of 4.8 ODP tonnes calculated using actual consumption of 4.4 ODP tonnes

reported for 2009 and consumption of 5.2 ODP tonnes estimated for 2010, plus 0.6 ODP tonne of HCFC-141b contained in imported pre-blended polyol systems, resulting in 5.4 ODP tonnes;

- (c) Approving the draft Agreement between the Government of the Plurinational State of Bolivia and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document;
- (d) Requesting the Fund Secretariat, once the baseline data were known, to update Appendix 2-A to the Agreement to include the figures for maximum allowable consumption, and to notify the Executive Committee of the resulting change in the levels of maximum allowable consumption and of any potential related impact on the eligible funding level, with any adjustments needed being made when the next tranche was submitted; and
- (e) Approving the first tranche of stage I of the HPMP for the Plurinational State of Bolivia, and the corresponding implementation plan, at the amount of US \$189,000 plus agency support costs of US \$24,570 for the Government of Germany.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF PLURINATIONAL STATE OF BOLIVIA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS

1. This Agreement represents the understanding of the Government of the Plurinational State of Bolivia (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of ODP tonnes 3.1 by 1 January 2020 in compliance with Montreal Protocol schedules, with the understanding that this figure is to be revised one single time, once the baseline consumption for compliance has been established based on Article 7 data with the funding to be adjusted accordingly, as per decision 60/44.
2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances which exceeds the level defined in row 1.2 of Appendix 2-A (“Maximum allowable total consumption of Annex C, Group I Substances”) as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances which exceeds the level defined in rows 4.1.3, 4.2.3 and 4.3.3 remaining eligible consumptions.
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 (“The Targets, and Funding”) to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (“Funding Approval Schedule”).
4. 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 (“The Targets, and Funding”) of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.
5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least 60 days prior to the applicable Executive Committee meeting set out in the Funding Approval Schedule:
 - (a) That the Country has met the Targets for all relevant years. Relevant years are all years since the year in which the hydrochlorofluorocarbons phase-out management plan (HPMP) was approved. Exempt are years for which no obligation for reporting of country programme data exists at the date of the Executive Committee Meeting at which the funding request is being presented;
 - (b) That the meeting of these Targets has been independently verified, except if the Executive Committee decided that such verification would not be required;

- (c) That the Country had submitted annual implementation reports in the form of Appendix 4-A (“Format of 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;
- (d) That the Country has submitted and received approval from the Executive Committee for an annual implementation plan in the form of Appendix 4-A (“Format of Implementation Reports and Plans”) covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen; and
- (e) That, for all submissions from the 68th Meeting onwards, confirmation has been received from the Government that an enforceable national system of licensing and quotas for HCFC imports and, where applicable, production and exports is in place and that the system is capable of ensuring the Country's compliance with the Montreal Protocol HCFC phase-out schedule for the duration of this Agreement.

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 annual implementation plans in accordance with their roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in paragraph 4 above.

7. The Executive Committee agrees that the Country may have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the smoothest 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 in an annual implementation plan and approved by the Executive Committee as described in sub-paragraph 5(d) above. Major changes would relate to issues potentially concerning the rules and policies of the Multilateral Fund; changes which would modify any clause of this Agreement; changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches; and provision of funding for programmes or activities not included in the current endorsed annual implementation plan, or removal of an activity in the annual implementation plan, with a cost greater than 30 per cent of the total cost of the tranche;
- (b) Reallocations not categorized as major changes may be incorporated in the approved annual implementation plan, under implementation at the time, and reported to the Executive Committee in the annual implementation report; and
- (c) Any remaining funds will be returned to the Multilateral Fund upon closure of the last tranche of the plan.

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

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and

- (b) The Country and the bilateral and implementing agencies involved will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the plan.

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. The Government of Germany has agreed to be the lead implementing agency (the “Lead IA”) and UNDP 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 any of the agencies taking part in this Agreement.

10. The Lead IA will be responsible for carrying out the activities of the overall plan with the changes approved as part of the subsequent submissions, including but not limited to independent verification as per sub-paragraph 5(b). This responsibility includes the necessity to co-ordinate with the Cooperating IA to ensure appropriate timing and sequence of activities in the implementation. The Cooperating IA will support the Lead IA by implementing the activities listed in Appendix 6-B under the overall co-ordination of the Lead IA. The Lead IA and Cooperating IA have reached consensus on the arrangements regarding inter-agency planning, reporting and responsibilities under this Agreement to facilitate a co-ordinated implementation of the Plan, including regular co-ordination meetings. 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.

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 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 these decisions are taken, this specific case will not be an impediment 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 decision that may affect the funding of any other consumption sector projects or any other related activities in the Country.

13. The Country will comply with any reasonable request of the Executive Committee, and the Lead IA 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 information necessary to verify compliance with this Agreement.

14. The completion of the HPMP and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption has been specified in Appendix 2-A. Should at that time activities be still outstanding which were foreseen in the Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per sub-paragraphs 1(a), 1(b), 1(d), and 1(e) of Appendix 4-A continue until the time of the completion if not specified by the Executive Committee otherwise.

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.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	3.7
HCFC-141b	C	I	1.4
HCFC-142b	C	I	0.2
HCFC-124	C	I	0.1
Total	C	I	5.4

APPENDIX 2-A: THE TARGETS, AND FUNDING

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	n/a	4.8	4.8	4.3	4.3	4.3	4.3	4.3	3.1	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	4.8	4.8	4.3	4.3	4.3	4.3	4.3	3.1	n/a
2.1	Lead IA (Germany) agreed funding (US \$)	189,000				94,500					31,500	315,000
2.2	Support costs for lead agency (US \$)	24,570				12,285					4,095	40,950
2.3	Cooperating IA (UNDP) agreed funding (US \$) *	0				0					0	0
2.4	Support costs for cooperating agency (US \$)	0				0					0	0
3.1	Total agreed funding (US \$)	189,000				94,500					31,500	315,000
3.2	Total support costs (US \$)	24,570				12,285					4,095	40,950
3.3	Total agreed costs (US \$)	213,570				106,785					35,595	355,950
4.1.1	Total phase-out of HCFC-22 under this agreement (ODP tonnes)											0.6
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tonnes)											n/a
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)											3.1
4.2.1	Total phase-out of HCFC-141b (flushing agent), HCFC-142b and HCFC-124 under this agreement (ODP tonnes)											1.1
4.2.2	Phase-out of substances listed in row 4.2.1 in previously approved projects (ODP tonnes)											n/a
4.2.3	Remaining eligible consumption for substances listed in row 4.2.1 (ODP tonnes)											0.0
4.3.1	Total phase-out of HCFC-141b in the imported pre-blended polyols agreed to be achieved under this agreement (ODP tonnes)											0.0
4.3.2	Phase-out of HCFC-141b in the imported pre-blended polyols to be achieved in previously approved projects (ODP tonnes)											n/a
4.3.3	Remaining eligible consumption for HCFC-141b in the imported pre-blended polyols (ODP tonnes)											0.6

*UNDP might implement a project for the phase-out of HCFC-141b contained in imported pre-blended polyols if submitted by the Government of Bolivia during the implementation of stage I of the HPMP.

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval not earlier than the second meeting of the year specified in Appendix 2-A.

APPENDIX 4-A: FORMAT OF IMPLEMENTATION REPORTS AND PLANS

1. The submission of the Implementation Report and Plan for each tranche request will consist of five parts:

- (a) A narrative report regarding the progress since the approval of the previous tranche, reflecting on the situation of the Country in regard to phase out of the Substances, how the different activities contribute to it and how they relate to each other. The report should further highlight successes, experiences and challenges related to the different activities included in the Plan, reflecting on changes in the circumstances in the Country, and providing other relevant information. The report should also include information about and justification for any changes vis-à-vis the previously submitted tranche plan, such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes. The narrative report will cover all relevant years specified in sub-paragraph 5(a) of the Agreement and can in addition also include information about activities in the current year;
- (b) A verification report of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;
- (c) A written description of the activities to be undertaken until the planned submission of the next tranche request, highlighting their interdependence, and taking into account experiences made and progress achieved in the implementation of earlier tranches. The description should also include a reference to the overall plan and progress achieved, as well as any possible changes to the overall plan foreseen. The description should cover the years specified in sub-paragraph 5(d) of the Agreement. The description should also specify and explain any revisions to the overall plan which were found to be necessary;
- (d) A set of quantitative information for the report and plan, submitted into a database. As per the relevant decisions of the Executive Committee in respect to the format required, the data should be submitted online. This quantitative information, to be submitted by calendar year with each tranche request, will be amending the narratives and description for the report (see sub-paragraph 1(a) above) and the plan (see sub-paragraph 1(c) above), and will cover the same time periods and activities; it will also capture the quantitative information regarding any necessary revisions of the overall plan as per sub-paragraph 1(c) above. While the quantitative information is required only for previous and future years, the format will include the option to submit in addition information regarding the current year if desired by the Country and the Lead IA; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of above sub-paragraphs 1(a) to 1(d).

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The NOU (National Ozone Unit) will be responsible for overall monitoring and coordination of the implementation of the HPMP with the assistance from Germany. The NOU will submit annual progress reports of status of implementation of the HPMP to Germany. Monitoring of progress made and verification of performance indicators and outcomes, as specified in the Plan, will be assigned to independent consultants by the Governmental of Germany.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities. These can be specified in the project document further, but include at least the following:

- (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's HPMP;
- (b) Assisting the Country in preparation of the Implementation Plans and subsequent reports as per Appendix 4-A;
- (c) Providing verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the 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 annual implementation plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
- (e) Fulfilling the reporting requirements for the annual implementation reports, annual implementation plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee. The reporting requirements include the reporting about activities undertaken by the Cooperating IA;
- (f) Ensuring that appropriate independent technical experts carry out the technical reviews;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Implementation Plan and accurate data reporting;
- (i) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;
- (j) 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 each implementing or bilateral agency involved;
- (k) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- (l) Providing assistance with policy, management and technical support when required.

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

APPENDIX 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCY

1. In case UNDP implements the project for the phase-out of HCFC-141b contained in imported pre-blended polyols that could be submitted by the country during implementation of stage I of the HPMP, UNDP will be responsible for a range of activities. These activities are specified in the overall plan further, but include at least the following:

- (a) Providing policy development assistance 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; and
- (c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A.

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

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US \$180 per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met.