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

PROJECT PROPOSAL: SAINT KITTS AND NEVIS

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) UNEP and UNDP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Saint Kitts and Nevis

(I) PROJECT TITLE	AGENCY
HPMP	UNDP, UNEP (lead)

(II) LATEST ARTICLE 7 DATA	Year: 2009	0.4 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP)								Year: 2009	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC123									
HCFC124									
HCFC141b									
HCFC142b									
HCFC22					0.4				0.4

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline (estimate):	0.5	Starting point for sustained aggregate reductions:	0.5
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.0	Remaining:	0.3

(V) BUSINESS PLAN		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.0		0.0								0.0
	Funding (US \$)	29,211	0	29,211	0	0	0	0	0	0	0	58,421

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits (estimate)			n/a	n/a	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3		
Maximum allowable consumption (ODP tonnes)			n/a	n/a	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3		
Project Costs requested in principle (US \$)	UNDP	Project costs	40,000	0	0	0	0	0	0	0	0		40,000	
		Support costs	3,600	0	0	0	0						3,600	
	UNEP	Project costs	58,400				49,200						16,900	124,500
		Support costs	7,592				6,396						2,197	16,185
Total project costs requested in principle (US \$)			98,400	0	0	0	49,200	0	0	0	0	16,900	164,500	
Total support costs requested in principle (US \$)			11,192	0	0	0	6,396	0	0	0	0	2,197	19,785	
Total funds requested in principle (US \$)			109,592	0	0	0	55,596	0	0	0	0	19,097	184,285	

(VII) Request for funding for the first tranche (2011)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNDP	40,000	3,600
UNEP	58,400	7,592

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

PROJECT DESCRIPTION

1. On behalf of the Government of Saint Kitts and Nevis UNEP, as the lead implementing agency, has submitted to the 64th Meeting of the Executive Committee stage I of an HCFC phase-out management plan (HPMP) at a total cost, as originally submitted, of US \$164,500 plus agency support costs of US \$16,185 for UNEP and US \$3,600 for UNDP. The HPMP covers strategies and activities to achieve a 35 per cent reduction of HCFC consumption by 2020.
2. The first tranche for stage I of the HPMP being requested at this meeting amounts to US \$58,400 plus agency support costs of US \$7,592 for UNEP and US \$40,000 plus agency support costs of US \$3,600 for UNDP, as originally submitted.

Background

ODS regulations

3. The Ministry of Sustainable Development is the national body responsible for the implementation of the Montreal Protocol in Saint Kitts and Nevis. The National Ozone Unit (NOU) was established as a focal point for coordination and implementation of the approved projects and for meeting reporting requirements. The Government of Saint Kitts and Nevis passed the Substances that Deplete the Ozone Layer [Control] Regulation [No.6 of 2004] which, *inter alia*, controlled the import and export of all ozone-depleting substances (ODS) including HCFCs and HCFC-containing equipment. The regulations stipulate that all importers of ODS and ODS-containing equipment must be registered and obtain an import license. They also control the quantities of imports based on the national quota that is set according to the Montreal Protocol phase-out schedule.

HCFC consumption

4. All HCFCs used in Saint Kitts and Nevis are imported as the country does not produce these substances. HCFCs are predominantly used in the refrigeration and air-conditioning servicing sector. The survey undertaken during HPMP preparation showed that HCFC-22 accounted for 97.4 per cent of the total consumption of HCFCs (in metric tonnes). The remaining 2.6 per cent consumption is in refrigerant blends (R-401 and R-409a), which contain HCFC-142b and HCFC-124 (0.018 ODP tonnes in total). HCFC-22 is the least expensive refrigerant available in Saint Kitts and Nevis. The non-HCFC refrigerants include HFC-134a and HFC blends (R-410A, R-404). In 2009 the total refrigerant consumption in Saint Kitts and Nevis was 12.9 metric tonnes (mt), of which HCFCs accounted for 9.9 mt (0.5 ODP tonnes), or 77 per cent. Table 1 shows the level of HCFC consumption in Saint Kitts and Nevis.

Table 1: HCFC level of consumption in Saint Kitts and Nevis

Year	Article 7 data (tonnes)		Survey data (tonnes)	
	metric	ODP	metric	ODP
2005	3.33	0.2	-	-
2006	9.43	0.5	-	-
2007	9.72	0.5	9.63	0.53
2008	7.43	0.4	9.14	0.50
2009	7.64	0.4	9.88	0.54

5. The survey covered all the importers, and representative service workshops. The import data was collected and cross-referenced with customs records. Due to poor record keeping, the import records before 2007 could not be retrieved. The survey data showed a slight difference in HCFC consumption for all the years as compared to what was submitted under Article 7. This is because the HCFC survey involved a more rigorous data collection process. All the records from the customs were verified with data collected from importers and service workshops. In addition, the HCFCs contained in refrigerant blends were not included in the Article 7 reporting. Therefore the HCFC survey data is considered to be more accurate.

Sectoral distribution of HCFCs

6. The installed capacity of refrigeration and air-conditioning units in the country using HCFC-22 was estimated at 5,875 units in 2009. The average charge for different types of equipment was estimated and used to calculate the total installed capacity. The average leakage rate is approximately 9 per cent. A summary of HCFC consumption by sector is shown in Table 2.

Table 2: HCFC consumption by sector for 2009

Sector	No. of equipment	Installed capacity		Service demand	
		mt	ODP t	mt	ODP t
Residential and commercial air-conditioning	4,674	75.92	4.18	6.82	0.38
Commercial refrigeration	980	3.16	0.17	0.23	0.01
Industrial refrigeration and chillers	221	18.35	1.01	1.53	0.08
Total	5,875	97.43	5.36	8.57	0.47

Estimated baseline for HCFC consumption

7. The estimated baseline was calculated by the country as 10.2 mt (0.56 ODP tonnes) using the average of the 2009 consumption of 9.9 mt (0.5 ODP tonnes) obtained from the survey and the estimated 2010 consumption of 10.5 mt (0.6 ODP tonnes).

Forecast of future HCFC consumption

8. Saint Kitts and Nevis estimated its future demand for HCFCs at a 6.2 per cent annual growth based on the economic development and expansion of tourism industry. Table 3 below provides a summary of the forecast of HCFC consumption in Saint Kitts and Nevis, showing the difference between constrained growth (i.e. in line with the Protocol) and unconstrained growth.

Table 3: Forecast consumption of HCFCs

		2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Constrained HCFC consumption	mt	7.6	10.5	11.1	11.8	9.1	9.1	8.2	8.2	8.2	8.2	8.2	5.9
	ODP	0.4	0.6	0.6	0.7	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3
Unconstrained HCFC consumption	mt	7.6	10.5	11.1	11.8	12.6	13.4	14.2	15.1	16.0	17.0	18.0	19.2
	ODP	0.4	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.9	0.9	1.0	1.1

*actual reported Article 7 data

HCFC phase-out strategy

9. The Government of Saint Kitts and Nevis is proposing to follow the Montreal Protocol schedule and adopt a staged approach to achieve the complete phase-out of HCFCs by 2030. The current submission only consists of stage I of the HPMP to achieve a 35 per cent reduction in 2020 and focuses largely on activities for the servicing sector using HCFC-22.

10. Saint Kitts and Nevis will reduce the demand for HCFC-22 for servicing of existing equipment through HCFC recovery and recycling, strengthening training of technicians and building their capacity for better service practices. Saint Kitts and Nevis will also ensure that imports of both bulk HCFC-22 and equipment containing HCFCs are reduced by applying the established quota system following the reduction schedule of the Montreal Protocol. In addition, the Government will strengthen the enforcement of the licensing system in order to closely monitor imports of both HCFCs and HCFC-using equipment to ensure that these are within the limits set. The activities of stage I of the HPMP and proposed implementation period are shown in Table 4.

Table 4: Specific activities of stage I of the HPMP and proposed period of implementation

Description of activities	Implementation period
Technical support to servicing sector: training of technicians in good practice, recovery, reuse and retrofit, handling of natural refrigerants, provision of HC conversion kits	2011-2020
Provision of tools and equipment including storage cylinders, recovery machines, conversion kits, safety equipment for handling hydrocarbon refrigerants etc.	2011-2013
Policy, legal and institutional: strengthening licensing system, labelling containers, establishing standards and procedures, training of customs officers	2011-2020
Public education and awareness	2011-2020
Monitoring, evaluation and reporting	2011-2020

Cost of the HPMP

11. The total cost of stage I of the HPMP for Saint Kitts and Nevis has been estimated at US \$164,500 to achieve a 35 per cent reduction in HCFC consumption by 2020 resulting in a phase-out of 3.57 mt (0.20 ODP tonnes) of HCFCs. The detailed cost breakdown for activities is listed in Table 5.

Table 5: Proposed activities and cost for stage I of the HPMP

Description of activities	UNEP	UNDP	Total (US \$)
Technical support to servicing sector	33,000	-	33,000
Provision of tools and equipment	-	40,000	40,000
Policy, legal and institutional	30,000	-	30,000
Public education and awareness	29,000	-	29,000
Monitoring, coordination and reporting	32,500	-	32,500
Total (US \$)	124,500	40,000	164,500

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

12. The Secretariat reviewed the HPMP for Saint Kitts and Nevis 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

13. Saint Kitts and Nevis will follow the Montreal Protocol schedule and adopt a staged approach to completely phase out HCFCs by 2030. The current submission contains stage I of the HPMP to meet the 35 per cent reduction target by 2020. Saint Kitts and Nevis will revisit its decision of following only the Montreal Protocol schedule for HCFCs up to the 2020 reduction when the implementation of stage I of the HPMP is completed. Further adjustments in the strategy will be made to ensure a smooth transition to phase out the remaining HCFCs from 2020 to 2030.

Starting point for aggregate reduction in HCFC consumption

14. The Secretariat noted that the consumption baseline for compliance was calculated based on the 2009 survey data which is different from Article 7 data. It advised UNEP that, based on decision 63/14 of the Executive Committee, only the latest reported Article 7 data should be used for the calculation of the starting point. Based on this, the Government of Saint Kitts and Nevis agreed to establish 9.07 mt (0.50 ODP tonnes), calculated by the Secretariat, as its starting point for sustained aggregate reduction in HCFC consumption, consisting of the average level of actual reported 2009 consumption of 7.64 mt (0.42 ODP tonnes) and the estimated consumption of 10.5 mt (0.58 ODP tonnes) for 2010. However, this change does not affect the total funding level eligible for the country. The business plan indicated a baseline of only 7.9 mt (0.43 ODP tonnes). This is because the 2010 consumption in the business plan was estimated as a 8 per cent growth over 2009 Article 7 data, while in the HPMP, it was estimated as 6.2 per cent growth over the 2009 survey data of 9.88 mt (0.54 ODP tonne).

15. The Secretariat further advised the country that based on decision 60/44(e) of the Executive Committee, the estimated baseline will need to be adjusted once the 2010 consumption data is formally reported to the Ozone Secretariat. If this adjustment place the country into another funding category specified in decision 60/44(f)(xii), then the funding level will be adjusted accordingly in future tranches.

Technical and cost issues

16. The Secretariat queried the planned activities for policy and regulations as the funding was already provided in the HPMP preparation. UNEP indicated that, this was planned so as to expand the current licensing system to include the HCFC blends. The regulations have been revised and are being submitted to the Cabinet for approval and to be gazetted. The policy component will also provide support for developing procedures for labelling containers, control measures for HCFC-based equipment and establishing standards.

17. The HPMP foresees that the activities predominantly in the servicing sector, such as training of technicians as well as a refrigerant recovery, reuse and recycling programme, will assist the country to comply with its targets. Servicing tools and equipment will be provided to technicians to facilitate refrigerant recovery and good practice in the air conditioning and refrigeration servicing sector. The training activities will also include servicing equipment based on hydrocarbon refrigerants and other alternative refrigerants. It is most likely that all available alternative technologies will be applied during the HCFC phase-out.

18. In line with decision 60/44, the total funding requested by Saint Kitts and Nevis for stage I of the HPMP was agreed at US \$164,500 as shown in Table 5 of paragraph 11. This will support the country to phase out 3.17 mt (0.17 ODP tonnes) of HCFCs by 2020.

Impact on the climate

19. The proposed technical assistance activities in the HPMP, which include the introduction of better servicing practices and enforcement of HCFC import controls, will reduce the amount of HCFC-22 used for refrigeration servicing. Each kilogram (kg) of HCFC-22 not emitted due to better refrigeration practices results in the savings of approximately 1.8 CO₂-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Saint Kitts and Nevis, in particular promoting the use of hydrocarbon refrigerants during the HCFC phase-out, indicate that it is likely that the country will surpass the level of 151.3 CO₂-equivalent tonnes that would not be emitted into 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 commencement of the implementation of the HPMP, the reported amounts of refrigerants being recovered and recycled, the number of technicians trained and the HCFC-22-based equipment being retrofitted.

Co-financing

20. In response to decision 54/39(h) on potential financial incentives and opportunities for additional resources to maximize the environmental benefits from HPMPs pursuant to paragraph 11(b) of decision XIX/6 of the Nineteenth Meeting of the Parties, UNEP advised that Saint Kitts and Nevis has not been able to identify any resources for co-financing. However, the country will continue to explore opportunities for mobilizing additional resources for the implementation of HPMP.

2011-2014 business plan for the Multilateral Fund

21. UNEP and UNDP are requesting US \$164,500 plus support costs for implementation of stage I of the HPMP. The total value requested for the period 2011-2014 of US \$109,592 including support cost is above the total amount projected in the business plan for this period. This is because more funding is required at the initial stage to kick start the project.

22. Based on the estimated HCFC baseline consumption in the servicing sector of 9.07 mt, Saint Kitts and Nevis's allocation up to 2020 to achieve 35 per cent reduction should be US \$164,500 in line with decision 60/44.

Monitoring and evaluation

23. Monitoring and evaluation activities are planned to take place throughout the implementation period. The NOU will be responsible for the overall monitoring of progress, providing progress reports and ensuring that implementation of various activities proceed on schedule. A national consultant will be employed for project coordination, implementation and monitoring. Independent verification of achievement is also planned.

Draft Agreement

24. A draft Agreement between the Government of Saint Kitts and Nevis and the Executive Committee for HCFCs phase-out is contained in Annex I to the present document.

RECOMMENDATION

25. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Saint Kitts and Nevis for the period 2011 to 2020, at the amount of US \$184,285, consisting of US \$124,500, plus agency support costs of US \$16,185 for UNEP, and US \$40,000, plus agency support costs of US \$3,600 for UNDP;
- (b) Noting that the Government of Saint Kitts and Nevis had agreed to establish an estimated baseline of 0.50 ODP tonnes as its starting point for sustained aggregate reduction in HCFC consumption, calculated using actual consumption of 0.42 ODP tonnes reported for 2009 and consumption of 0.58 ODP tonnes estimated for 2010;
- (c) Approving the draft Agreement between the Government of Saint Kitts and Nevis 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 Saint Kitts and Nevis, and the corresponding implementation plan, at the amount of US \$109,592, consisting of US \$58,400, plus agency support costs of US \$7,592 for UNEP, and US \$40,000, plus agency support costs of US \$3,600 for UNDP.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF SAINT KITTS AND NEVIS 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 Saint Kitts and Nevis (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 0.3 ODP tonnes 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 row 4.1.3 (remaining eligible consumption).
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees in principle to provide the funding set out in row 3.1 of Appendix 2-A (“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 subparagraph 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. UNEP 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, 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: SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	0.50

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	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	n/a
2.1	Lead IA [UNEP] agreed funding (US \$)	58,400				49,200					16,900	124,500
2.2	Support costs for lead agency (US \$)	7,592				6,396					2,197	16,185
2.3	Cooperating IA [UNDP] agreed funding (US \$)	40,000										40,000
2.4	Support costs for cooperating agency (US \$)	3,600										3,600
3.1	Total agreed funding (US \$)	98,400				49,200					16,900	164,500
3.2	Total support costs (US \$)	11,192				6,396					2,197	19,785
3.3	Total agreed costs (US \$)	109,592				55,596					19,097	184,285
4.1.1	Total phase-out of HCFC-22 under this agreement (ODP tonnes)											0.2
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)											0.3

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

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

APPENDIX 4-A: FORMAT OF 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 monitoring, evaluation and reporting mechanism will be established by the National Ozone Unit (NOU) and managed by a consultant independent of the NOU. The NOU in consultation with the Lead IA will identify the resources and technical support needed to establish this mechanism and ensure its smooth operation.

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. This will include the reporting about activities undertaken by UNDP;
- (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 UNDP, 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 UNDP, 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. The Cooperating IA 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.
