



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/64/43
9 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: SAINT LUCIA

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/UNDP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Saint Lucia

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

(II) LATEST ARTICLE 7 DATA	Year: 2009	0.4 (ODP tonnes)
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(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				
HCFC-123									
HCFC-124									
HCFC-141b									
HCFC-142b									
HCFC-22					0.4				0.4

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline (estimate):	0.92	Starting point for sustained aggregate reductions:	0.92
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.0	Remaining:	0.6

(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 \$)	55,845	0	55,845	0	55,845	0	0	0	18,349	0	185,885

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits (estimate)			n/a	n/a	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.6	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	0.92	0.92	0.83	0.83	0.83	0.83	0.83	0.6	n/a
Project Costs requested in principle(US\$)	UNEP	Project costs	13,000	13,150			26,300			15,100		15,100	82,650
		Support costs	1,690	1,710			3,419			1,963		1,963	10,745
	UNDP	Project costs	88,850	11,000			10,500			9,000		8,000	127,350
		Support costs	7,997	990			945			810		720	11,462
Total project costs requested in principle (US \$)			101,850	24,150			36,800			24,100		23,100	210,000
Total support costs requested in principle (US \$)			9,687	2,700			4,364			2,773		2,683	22,207
Total funds requested in principle (US \$)			111,537	26,850			41,164			26,873		25,783	232,207

(VII) Request for funding for the first tranche (2011)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNEP	13,000	1,690
UNDP	88,850	7,997

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 Saint Lucia 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 \$210,000 plus agency support costs of US \$10,745 for UNEP and US \$11,462 for UNDP. The HPMP covers strategies and activities to achieve a 35 per cent reduction in HCFC consumption by 2020.

2. The first tranche for stage I of the HPMP being requested at this meeting amounts to US \$23,000 plus agency support of US \$2,990 for UNEP and US \$88,850 plus agency support cost of US \$7,997 for UNDP, as originally submitted.

Background

ODS regulations

3. The Ministry of Physical Development and the Environment is the national body responsible for the implementation of the Montreal Protocol in Saint Lucia. The National Ozone Action Unit (NOU) was established within the Ministry as a focal point for coordinating and implementing activities for the phase-out of ozone-depleting substances (ODS) and for meeting reporting requirements. The Government of Saint Lucia passed regulations to control substances that deplete the ozone layer as Regulation No. 5 in 2002 which, *inter alia*, controlled the import and export of all ODS including HCFCs and HCFC-containing equipment. The regulation stipulates that all importers of ODS and ODS-containing equipment must be registered and obtain import permits. It also includes a quota system for controlling 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 Lucia are imported as the country does not produce these substances. These are predominantly used in the refrigeration and air-conditioning (RAC) servicing sector. The survey undertaken during the HPMP preparation showed that HCFC-22 accounted for 99 per cent of the total HCFCs used in the country. Saint Lucia also imported a small quantity of refrigerant blends (R-415b, R-409a and R-408a), which contain negligible quantities of HCFC-142b and HCFC-124 (0.01 ODP tonnes in total). HCFC-22 is the least expensive refrigerant available in Saint Lucia. In 2009 the total refrigerant consumption in Saint Lucia was 51.29 metric tonnes (mt), of which HCFCs accounted for 24.62 mt (1.35 ODP tonnes), or 48 per cent. Table 1 shows the level of HCFC consumption in Saint Lucia.

Table 1: HCFC level of consumption in Saint Lucia

Year	Article 7 (tonnes)		Survey (tonnes)	
	mt	ODP	mt	ODP
2005	0.00	0.00	1.26	0.04
2006	1.34	0.07	2.95	0.14
2007	0.00	0.00	0.97	0.03
2008	2.04	0.11	6.87	0.36
2009	7.55	0.42	24.62	1.35

5. The survey data showed an overall increase in HCFC consumption for all the years as compared with Article 7 data. In the HPMP, it was indicated that the licensing system did not cover all the imports of HCFCs, as HCFC reporting was not compulsory and HCFCs were sometimes classified wrongly. Meanwhile the HCFC survey involved a more rigorous data collection exercise therefore the data

obtained from the survey is considered more accurate. The survey data showed big increase of the 2009 consumption data as compared to that in previous years. The HPMP indicated that the survey team retrieved all the customs records to verify the consumption in 2009, while data for previous years were based on estimation as the records could not be retrieved. The country indicated that the 2009 consumption from the survey is considered more accurate. Saint Lucia will initiate steps to revise the Article 7 data.

Sectoral distribution of HCFCs

6. The installed capacity of refrigeration and air-conditioning equipment in the country using HCFC-22 was estimated at 34,251 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 3 per cent. A summary of HCFC consumption by sector is shown in Table 2.

Table 2: HCFC consumption by sector for 2009

Type	Total number of units	Total charge of refrigerant (tonnes)		Service demand (tonnes)	
		mt	ODP	mt	ODP
Residential air-conditioners	19,475	72.1	4.0	6.3	0.3
Commercial air-conditioners	11,467	688.0	37.8	17.2	0.9
Commercial and industrial refrigeration	3,309	65.4	3.6	1.1	0.1
Total	34,251	825.5	45.4	24.6	1.4

Estimated baseline for HCFC consumption

7. The estimated baseline was calculated as 25.1 mt (1.4 ODP tonnes) using the average of the 2009 consumption of 24.6 mt (1.35 ODP tonnes) obtained through the survey and the estimated 2010 consumption of 25.75 mt (1.42 ODP tonnes). The 2010 consumption was estimated based on the actual imports data collected before the submission of the HPMP which presents a 5 per cent increase over the 2009 consumption. The estimated baseline will be adjusted accordingly when the actual reported Article 7 data for 2010 is known.

Forecast of future HCFC consumption

8. Due to the substantial inaccuracy of consumption data for years prior to 2009, it is not feasible to use trend analysis to assess future demand for HCFCs. Saint Lucia estimated its future demand for HCFCs at a 5 per cent growth rate based on the economic development, expansion of tourism industry and the charge for new imports of equipment. Table 3 below provides a summary of the forecast of HCFC consumption in Saint Lucia, 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	7.5	25.7	27.0	28.4	16.7	16.7	15.0	15.0	15.0	15.0	15.0	10.8
	ODP	0.4	1.4	1.5	1.6	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.6
Unconstrained HCFC consumption	mt	7.5	25.7	27.0	28.4	29.8	31.3	32.9	34.5	36.2	38.0	39.9	41.9
	ODP	0.4	1.4	1.5	1.6	1.6	1.7	1.8	1.9	2.0	2.1	2.2	2.3

*Actual reported A7 data

HCFC phase-out strategy

9. The Government of Saint Lucia 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 by 2020 and focuses largely on activities for the servicing sector using HCFC-22.

10. Saint Lucia will reduce the demand for HCFC-22 for the servicing of existing equipment through HCFC recovery and recycling, strengthening training of technicians and building their capacity for better service practices. Saint Lucia will also ensure that imports of both bulk HCFC-22 and equipment containing HCFCs are reduced by applying the established quota following the reduction schedule in 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. Table 4 shows the specific activities and implementation schedule of stage I of the HPMP.

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

Description of activities	Time frame
Training of customs officers and enforcement personnel, policy and procedures for labelling container and controls measures for HCFC containing equipment	2011-2020
Training of technicians on good practice, recovery and reuse, handling of non-HCFC refrigerants, safety practice	2011-2020
Provision of equipment and tools, including refrigerant recovery machine, recovery cylinder, sealing tools etc.	2011-2013
Public education and awareness programme	2011-2020
Project monitoring, coordination and reporting	2011-2020

Cost of the HPMP

11. The total cost of stage I of the HPMP for Saint Lucia has been estimated at US \$210,000 to achieve a 35 per cent reduction in HCFC consumption by 2020 resulting in a phase-out of 8.8 mt (0.48 ODP tonnes) of HCFCs. The detailed cost breakdown for activities is listed in Table 5.

Table 5: Proposed cost of stage I of HPMP for Saint Lucia (US \$)

Description of activities	UNEP	UNDP	Total
Policy, legal and institutional framework	37,650	-	37,650
Technical support to the servicing industry	-	67,000	67,000
Provision of equipment and tools	-	60,350	60,350
Public education and awareness programme	24,000	-	24,000
Project monitoring, coordination and reporting	21,000	-	21,000
Total	82,650	127,350	210,000

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

12. The Secretariat reviewed the HPMP for Saint Lucia 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 Lucia will follow the Montreal Protocol schedule and adopt a staged approach to completely phase out HCFCs by 2030 with a 2.5 per cent servicing tail to 2040. The current submission contains stage I of the HPMP to meet the 35 per cent reduction target by 2020. Saint Lucia will revisit its decision to follow only the Montreal Protocol schedule in 2020 when technology choices are better defined. Further adjustments in the strategy will be made when the implementation of stage I is completed to ensure a smooth transition to phase out the remaining HCFCs from 2020 to 2030.

Issues related to HCFC consumption

14. The Secretariat raised concerns about the significant increase in HCFC consumption shown in the survey as compared with that reported under Article 7. It queried why such large inaccuracy exists in the data collected through the licensing system even though Saint Lucia had a reasonable licensing and monitoring system since 2002 that included HCFCs.

15. UNEP advised that the Article 7 data was extracted from the customs records according to the harmonized system (HS) code. During the survey for HPMP preparation, the team verified the customs entries with the original invoices and found that the HS code was not entered correctly and accurately. In some cases, not all types of refrigerants listed on the invoice were entered and/or the quantities entered were wrong. In other cases, many entries classified as R-134a and other refrigerants were actually HCFCs. In addition, the HCFC blends were not accounted for. Due to these reasons, the consumption data from the survey presented a much larger quantity than that reported under the Article 7.

15. The Secretariat further queried whether the 2010 consumption is available and advised that the actual consumption for 2010 should be used for calculating the baseline. UNEP responded that customs is experiencing delays and the 2010 data is being consolidated. It further advised that, in fact, the 2010 consumption was estimated based on the actual import data available when the HPMP was submitted, which means this data would be very close to the real consumption in 2010. Based on the above reasons, the Secretariat agreed to use the estimated consumption for 2010 in the HPMP for calculating the baseline.

16. The Secretariat further advised UNEP that based on decision 63/14, the actual reported consumption where available should be used for the calculation of the baseline/starting point and that based on decision 60/44, the estimated baseline will need to be adjusted once the 2010 consumption data is formally reported to the Ozone Secretariat. If this adjustment places the country into another funding category specified in decision 60/44(f)(xii), then the funding level would be adjusted accordingly in future tranches.

Starting point for aggregate reduction in HCFC consumption

17. The Government of Saint Lucia agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the average level of actual reported consumption of 7.55 mt (0.42 ODP tonne) in 2009 and estimated consumption of 25.7 (1.42 ODP tonnes) for 2010, which results in 16.7 mt (0.92 ODP tonne). The business plan indicated a baseline of 0.43 ODP tonne. This is because the baseline established under the business plan was based on Article 7 data, which is regarded as inaccurate as stated in paragraph 5. Meanwhile the value in the HPMP was based on 2009 Article 7 data and the 2010 consumption estimated from the survey, which is considered to be much more accurate.

Technical and cost issues

18. The Secretariat queried the budget for policy and legal consultant as the funding was already provided in the HPMP preparation. UNEP indicated that, although the regulations were already developed to include the licensing and quota system for HCFCs and HCFC based equipment, the country still need to develop detailed procedures and control measures to implement these regulations. The budget is planned for the development of procedures to cover the labelling of containers, control measures for HCFC-based equipment and establishing standards.

19. The HPMP foresees that the activities predominantly in the servicing sector, such as training of technicians as well as a recovery and recycling programme, will assist the country to comply with its targets. Service tools and equipment will be provided to technicians to facilitate refrigerant recovery and good practice in the air conditioning and refrigeration servicing sector. Based on the lessons learnt from the CFC phase-out that some recovery machines were broken down and could not be used, the HPMP included training for handling, care, maintenance and repairs of recovery machines. 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.

20. In line with decision 60/44, the total funding for stage I of the HPMP was agreed at US \$210,000 as shown in Table 5 above. This will assist the country to achieve 35 per cent reduction by 2020 and phase out 5.83 mt (0.32 ODP tonnes) of HCFCs.

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 the savings of approximately 1.8 CO₂-equivalent tonnes saved. A preliminary estimation of the impact on the climate, as calculated by Saint Lucia in its HPMP, indicates that a total of 35,033 CO₂-equivalent tonnes would not be emitted into the atmosphere cumulatively from 2013 to 2020. This is based on the assumption that 10 per cent of the consumption capacity in 2009 would be phased out through good servicing practice by 2013. This figure is higher than the potential climate impact of the HPMP indicated in the 2011-2014 business plan of 460 CO₂-equivalent tonnes. This is because the value calculated in the business plan is based on the 10 per cent reduction of the estimated HCFC baseline. The HPMP proposed a much higher baseline than that projected in the business plan.

22. A more precise forecast of the impact on the climate of the activities in the servicing sector is presently not available. 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

23. 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 Lucia has not identified any resources for co-financing the implementation of the HPMP. However, the Government, under the assistance of the implementing agencies, will continue to explore opportunities for mobilising additional resources for the implementation of HPMP.

2011-2014 business plan for the Multilateral Fund

24. UNEP and UNDP are requesting US \$210,000 plus support costs for implementation of stage I of the HPMP. The total value requested for the period 2011-2014 of US \$138,387 including support cost is above the total amount in the business plan. This is because the baseline estimated in the HPMP is higher than that in the business plan.

25. Based on the estimated HCFC baseline consumption in the servicing sector of 16.65 mt, Saint Lucia's allocation up to the 2020 phase-out should be US \$210,000 in line with decision 60/44.

Monitoring and evaluation

26. Monitoring and evaluation activities are planned to take place throughout the implementation period. A national consultant will be employed for project coordination, implementation and monitoring of progress. Independent verification of achievement is also planned.

Draft Agreement

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

RECOMMENDATION

28. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Saint Lucia for the period 2011 to 2020, at the amount of US \$232,207, consisting of US \$82,650, plus agency support costs of US \$10,745 for UNEP, and US \$127,350, plus agency support costs of US \$11,462 for UNDP;
- (b) Noting that the Government of Saint Lucia had agreed to establish an estimated baseline of 0.92 ODP tonnes as its starting point for sustained aggregate reduction in HCFC consumption, calculated using actual consumption of 0.42 ODP tonne reported for 2009 and consumption of 1.42 ODP tonnes estimated for 2010;
- (c) Approving the draft Agreement between the Government of Saint Lucia 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 draft 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 Lucia, and the corresponding implementation plan, at the amount of US \$111,537, consisting of US \$13,000 plus agency support costs of US \$1,690 for UNEP, and US \$88,850, plus agency support costs of US \$7,997 for UNDP.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF SAINT LUCIA 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 Lucia (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 0.6 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 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. UNEP has agreed to be the lead implementing agency (the “Lead IA”) and UNIDO have agreed to be the cooperating implementing agencies (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	0.92
Total	C	I	0.92

APPENDIX 2-A: THE TARGETS, AND FUNDING

		2011	2012	2013	2015	2018	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)		0.9	0.9	0.8	0.8	0.6	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)		0.92	0.92	0.83	0.83	0.6	n/a
2.1	Lead IA (UNEP) agreed funding(US \$)	13,000	13,150		26,300	15,100	15,100	82,650
2.2	Support costs for Lead IA(US \$)	1,690	1,710		3,419.00	1,963	1,963	10,745
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	88,850	11,000		10,500	9,000	8,000	127,350
2.4	Support costs for Cooperating IA (US \$)	7,997	990		945	810	720	11,462
3.1	Total agreed funding (US \$)	101,850	24,150		36,800	24,100	23,100	210,000
3.2	Total support cost (US \$)	9,687	2,700		4,364	2,773	2,683	22,207
3.3	Total agreed costs (US \$)	111,537	26,850		41,164	26,873	25,783	232,207
4.1.1	Total phase-out of HCFC-22 under this agreement (ODP tonnes)							0.32
4.1.2	Phase-out of HCFC-22 approved projects (ODP tonnes)							0
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)							0.6

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 National Ozone Unit (NOU), which is located within the Sustainable Development and Environment Division of the Ministry of Physical Development and the Environment, will be responsible for the day to day execution of project activities. As such, primary responsibility will reside with the Permanent Secretary of that Ministry. The NOU, through his/her supervisor (the Chief Sustainable Development and Environment Officer), will be responsible for ensuring that the Multilateral Fund Secretariat and the Ministry's policies and procedures for project management, including procurement guidelines and reporting requirements are adhered to. In this regard, the highest policy responsibility rests with the Minister of Physical Development and the Environment while at the technical level, responsibility resides with the Chief Sustainable Development and Environment Officer.

2. In addition to the formal government structure described above, the services of an independent monitoring and evaluation consultant will be engaged from time to time to provide independent verification of projects completed and targets achieved. This consultant will also support the preparation of end of project reporting.

3. Periodically the government, in collaboration with the Lead IA may convene monitoring missions to provide independent verification project outputs, achievement of targets and financial management, as considered necessary to ensure a second level of oversight.

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. 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.