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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-seventh Meeting  
Montreal, 28 June-2 July 2021<sup>1</sup>

**PROJECT PROPOSALS: SAINT LUCIA**

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

Phase-out

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

<sup>1</sup> Online meetings and an intersessional approval process will be held in June and July 2021 due to coronavirus disease (COVID-19)

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**

**Saint Lucia**

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase out plan (Stage I)	UNEP (lead), UNIDO	64 <sup>th</sup>	35 per cent by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2020	0.03 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2020	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					0.03				0.03

(IV) CONSUMPTION DATA (ODP tonnes)				
2009 - 2010 baseline:		1.09	Starting point for sustained aggregate reductions:	1.09
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)				
Already approved:		0.38	Remaining:	0.71

(V) BUSINESS PLAN		2021	Total
UNEP	ODS phase-out (ODP tonnes)	0.04	0.04
	Funding (US \$)	23,730	23,730

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Montreal Protocol consumption limits			n/a	n/a	1.09	1.09	0.98	0.98	0.98	0.98	0.98	0.71	0.71	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	1.09	1.09	0.98	0.98	0.98	0.98	0.98	0.71	0.71	n/a
Agreed funding (US\$)	UNEP	Project costs	13,000	13,150	0	0	26,300	0	0	9,200	0	0	21,000	82,650
		Support costs	1,690	1,710	0	0	3,419	0	0	1,196	0	0	2,730	10,745
	UNIDO	Project costs	88,850	11,000	0	0	27,500	0	0	0	0	0	0	127,350
		Support costs	7,997	990	0	0	2,475	0	0	0	0	0	0	11,462
Funds approved by ExCom (US\$)	Project costs	101,850	24,150	0	0	0	53,800	0	9,200	0	0	0	189,000	
	Support costs	9,687	2,700	0	0	0	5,894	0	1,196	0	0	0	19,477	
Total funds requested for approval at this meeting (US\$)	Project costs	0	0	0	0	0	0	0	0	0	0	0	<b>21,000</b>	<b>21,000</b>
	Support costs	0	0	0	0	0	0	0	0	0	0	0	<b>2,730</b>	<b>2,730</b>

Note: Revised Agreement to be considered at the 87<sup>th</sup> meeting.

<b>Secretariat's recommendation:</b>	Blanket approval
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## PROJECT DESCRIPTION

1. On behalf of the Government of Saint Lucia, UNEP as the lead implementing agency, has submitted a request for funding for the fifth and final tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$21,000, plus agency support costs of US \$2,730 for UNEP only.<sup>2</sup> The submission includes a progress report on the implementation of the fourth tranche, the verification report on HCFC consumption for 2018 to 2020 and the tranche implementation plan for 2021 to 2022.

### Report on HCFC consumption

2. The Government of Saint Lucia reported a consumption of 0.03 ODP tonnes of HCFC in 2020, which is 97 per cent below the HCFC baseline for compliance. The 2016-2020 HCFC consumption is shown in Table 1.

**Table 1. HCFC consumption in Saint Lucia (2016-2020 Article 7 data)**

HCFC-22	2016	2017	2018	2019	2020	Baseline
Metric tonnes (mt)	11.89	11.62	11.19	5.62	0.48	19.91
ODP tonnes	0.65	0.64	0.62	0.31	0.03	1.09

3. Over the last three years, the majority of the demand of HCFCs has been provided from stocks of HCFCs, resulting in an annual decrease in the consumption. Reduction in the consumption of HCFCs from 2016 is also related to the implementation of the activities relating to enforcement of quotas for HCFCs and training of refrigeration service technicians, under the HPMP, and the introduction of HCFC-free alternatives (mainly HFC-based air-conditioning and commercial refrigeration applications). The steep decrease in 2020 was also due to the impact of COVID-19-related restrictions which impacted the economic sectors in the country (e.g., tourism) reducing the demand for servicing of refrigeration and air-conditioning (RAC) equipment.

### *Country programme (CP) implementation report*

4. The Government of Saint Lucia reported HCFC sector consumption data under the 2020 CP implementation report which is consistent with the data reported under Article 7 of the Montreal Protocol.

### *Verification report*

5. The verification report confirmed that the Government of Saint Lucia is implementing a licensing and quota system for HCFC imports and exports, that the country was in compliance with the control targets set in the Agreement with the Executive Committee, and that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for 2019 and 2020 was correct (as shown in Table 1). However, a small difference between the verified consumption of HCFC-22 (11.05 mt) and the actual import reported under Article 7 (11.19 mt) for 2018 was found; as a result, the Government of Saint Lucia has requested a revision of the reported Article 7 data through a letter dated 30 April 2021 to the Ozone Secretariat.

6. The verification report also includes recommendations for strengthening the national regulations of Saint Lucia *inter alia* by including provisions to prohibit import of Annex A and Annex B substances, prohibiting retrofit of illegally imported ODS-based equipment, signature of memorandum of cooperation between the Ministry of Education, Innovation, Gender Relations and Sustainable Development (where the national ozone unit (NOU) is hosted), Customs and Excise Department, Caribbean Customs Law Enforcement Agency (CCLEC), Marine Police Unit, and the Ministry of Commerce for strengthening HCFC import monitoring and information sharing between the NOU and customs, additional consultations

<sup>2</sup> As per the letter of 25 March 2021, from the Department of Sustainable Development (Ministry of Education, Innovation, Gender Relations and Sustainable Development) of Saint Lucia to the Secretariat.

of NOU with customs brokers and enforcement agencies on HCFC-related regulations, updating licensing format including correction of editorial errors for license applications, inclusion of buffer within the HCFC quota system and training enforcement officials and refrigeration technicians on HCFC-free alternatives in RAC equipment. In addressing the recommendations included in the verification report, training activities for customs officers and importers on ODS import export regulations, monitoring and reporting HCFC imports and controlling illegal trade, and signing of memorandum of cooperation would be undertaken in the last tranche of stage I, recommendations relating to strengthening the regulations and their enforcement would be undertaken during stage II.

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

*Legal framework*

7. Saint Lucia revised the regulations related to the Montreal Protocol in 2015 to provide legal endorsement for the import and export licensing system; stipulate the mandatory requirement of licenses for the import and export of all refrigerants including HCFCs, HFCs and other refrigerants; require issuance of HCFC quotas to all registered importers; limit refrigerant sale to certified technicians; and prohibit imports of HCFC-based equipment as of 1 January 2015.

*Refrigeration servicing sector*

8. The following activities have been implemented:

- (a) The work plan for training of customs and enforcement officers on controlling and monitoring HCFC trade and preventing illegal trade was finalised in March 2021; the guide for monitoring import of refrigerants and information on HPMP of the country was sent to customs brokers; five customs brokers were trained on Harmonized System codes for HCFCs, customs quick tool and monitoring and reporting of HCFCs;
- (b) The terms of reference for the national trainer was prepared and the national trainer was contracted by March 2021; the work plan for the training of service technicians on good servicing practices and safe use of HCFC-free alternatives was finalised and registration of technicians for the training was completed by March 2021; 33 technicians received virtual training on good servicing practices and HCFC-free alternative technologies in January 2021 through HFC enabling activities; due to COVID-19-related restrictions, the practical training planned for certification of service technicians could not be concluded and is expected to be completed by June 2021;
- (c) Equipment (e.g., vacuum pump, leak detectors, vacuum gauge, servicing tools) purchased with funds approved in previous tranches were distributed to service technicians and one training facility between December 2016 and October 2018; and
- (d) Public awareness activities were conducted including international ozone day celebrations, sharing of information during national energy awareness month on how energy consumption can be minimised while using HCFC-based air-conditioners and refrigeration equipment, publications and dissemination of information on ozone layer protection and ozone layer depletion, HCFC-free low-global-warming-potential (GWP) technology options in cooling applications and sustainable cooling.

*Project implementation and monitoring*

9. Project implementation, monitoring and reporting was conducted through the consultant for project monitoring, evaluation and reporting, under the supervision of the NOU. The total expenditure under this component is US \$10,000, which is lower than the total budget of US \$14,000.

Level of fund disbursement

10. As of April 2021, of the US \$189,000 approved so far, US \$178,569 had been disbursed (US \$55,800 for UNEP and US \$122,769 for UNIDO) as shown in Table 2. US \$4,581 has been returned by UNIDO. The balance of US \$5,850 will be disbursed in 2021.

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

Tranche		UNEP	UNIDO	Total	Disbursement rate (%)
First	Approved	13,000	88,850	101,850	100
	Disbursed	13,000	88,848*	101,848	
Second	Approved	13,150	11,000	24,150	81
	Disbursed	13,150	6,421*	19,571	
Third	Approved	26,300	27,500	53,800	100
	Disbursed	26,300	27,500	53,800	
Fourth	Approved	9,200	0	9,200	38
	Disbursed	3,500	0	3,500	
<b>Total</b>	<b>Approved</b>	61,650	127,350	189,000	<b>94.5</b>
	<b>Disbursed</b>	55,800	122,769	178,569	

\* The balance was returned by UNIDO.

Implementation plan for the fifth and final tranche of the HPMP

11. The following activities will be implemented by UNEP between July 2021 and December 2022:
- (a) Training of 40 customs officers and marine police on the application of the HCFC licencing and quota system as well as the proper classification and identification of ODS, refrigerants and their products; initiating implementation of the recommendations of the verification report relating to training of customs and enforcement officers on ODS import/export regulations, monitoring and reporting HCFC imports and controlling illegal trade, and signing of memorandum of cooperation (US \$4,500);
  - (b) Training of 35 technicians through three workshops on good refrigeration servicing practices, recovery, recycling, and safe use of alternative technologies (US \$6,000);
  - (c) Public awareness activities for the promotion of HCFC phase-out and the transition to energy efficient low-GWP alternative technologies, and broad overview of activities proposed to be undertaken relating to HFC phase-down in the future, through printed and electronic media; sensitization workshop for importers on energy efficient low-GWP alternative technologies available in the region or internationally (US \$6,500); and
  - (d) Project coordination, monitoring and reporting of HPMP activities (US \$4,000).

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

#### Progress report on the implementation of the fourth tranche of the HPMP

##### *Legal framework*

12. The Government of Saint Lucia has already issued HCFC import quotas for 2021 at 0.71 ODP tonnes, in accordance with the Montreal Protocol control targets. UNEP explained that the quota for 2021 was published in the National Gazette in line with Montreal Protocol targets, which is above the levels of consumption in previous years.

13. The Government has confirmed that it would initiate implementation of the recommendations in the verification report during the implementation of the remaining activities under stage I; recommendations related to better coordination and information sharing among relevant regulatory authorities on an ongoing basis, revisions/changes in the regulations (e.g., inclusion of buffer within the national quotas for identified uses, updating license applications format) would be undertaken under stage II.

##### *Refrigeration servicing sector*

14. With regard to delays in the implementation of the certification and training activities for service technicians and customs/enforcement officers, UNEP informed that the delays were due to the restructuring of relevant national institutions and difficulties posed by the COVID-19 pandemic on implementation of in-person training activities; the Government is working with stakeholders to ensure that activities are implemented as soon as possible and in line with the guidance given by the Government authorities.

15. UNEP also confirmed that the HCFC-based RAC equipment is not retrofitted to flammable refrigerants. The NOU is aware of the relevant Executive Committee decisions<sup>3</sup> on this matter. The Government does not encourage retrofit of equipment to flammable refrigerants in light of safety aspects associated with such retrofits. The training programmes cover information on the safe use of flammable refrigerants in equipment designed for using such refrigerants and importance of safe handling of equipment.

#### Completion of stage I

16. The completion date for stage I of the HPMP is 31 December 2021. However, due to delays in the submission of the fifth and final tranche on account of restrictions imposed by the Government on procurement for national projects in 2019, restructuring of the NOU's reporting to a new line Ministry, as well as adherence to new administrative procedures, and challenges imposed on the implementation of HPMP activities due to the COVID-19 pandemic, the Government of Saint Lucia is requesting an extension of the date of completion to 31 December 2022. Stage II of the HPMP is being submitted to the 87<sup>th</sup> meeting.

17. Further to extensive discussions on the timely implementation of the fifth tranche, UNEP reiterated the Government's commitment to signing the small-scale funding agreement (SSFA) with UNEP no later than 15 November 2021 and completing all activities of stage I no later than 31 December 2022.

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<sup>3</sup> Decisions 72/17 and 73/34.

Gender policy implementation<sup>4</sup>

18. The Government, UNEP and UNIDO are fully committed to implementing the gender policy of the Multilateral Fund. The Government would work closely with training institutions and the RAC association to implement measures and follow up regularly to maximise participation of women in all HPMP activities. The Government would also implement measures to encourage women to be trainers, facilitators and consultants during implementation of the fifth tranche, and develop public awareness materials that would promote gender sensitive approach. The Government would continue to provide gender disaggregated data, to the extent feasible, as a part of stage I reports.

Revision to the HPMP Agreement

19. In view of the restructuring of the NOU's reporting to a new line Ministry and the extended period of implementation of stage I, the Agreement between the Government and the Executive Committee has been updated, in particular as shown in Annex I to the present document. The full revised Agreement will be appended to the final report of the 87<sup>th</sup> meeting.

Sustainability of the HCFC phase-out

20. The Government of Saint Lucia continued to implement activities for strengthening capacity of the two training institutions for providing training to technicians on good servicing practices and safe use of alternatives to HCFCs. The Government has also enforced regulations for sale of refrigerants only to certified technicians which strengthens controls on the use of HCFCs and other alternatives. The Government continues to implement training activities for enforcement officers on monitoring and controlling HCFCs and would undertake additional measures to strengthen the regulations enforcement mechanisms during stage I and stage II. The Government is also implementing awareness activities relating to HCFC phase-out and adoption of low-GWP HCFC-free alternatives. Through a combination of capacity building of the service sector, awareness activities and strong enforcement mechanisms on controlling and monitoring HCFCs, sustainability of HCFC phase-out is ensured.

Conclusion

21. Saint Lucia has an operational licensing and quota system and the verified HCFC consumption in 2018-2020 is well below the targets of the Montreal Protocol and in its Agreement with the Executive Committee. Activities for the servicing sector continue to be implemented and is supported by a technician certification scheme; though there were delays due to the reorganization of Government institutions and challenges imposed by the COVID-19 pandemic, the Government is expected to expedite implementation of stage I during the later half of 2021 and 2022 and to complete stage I by 31 December 2022. Recommendations of the verification report related to training and consultations with enforcement officers on ODS trade monitoring and control and signing of memorandum of cooperation will be implemented during the fifth tranche; and other recommendations including those related to changes in the regulations will be implemented during stage II. The overall fund disbursement has reached 94.5 per cent.

**RECOMMENDATION**

22. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the fourth tranche of stage I of the HCFC phase-out management plan (HPMP) for Saint Lucia;

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<sup>4</sup> Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

- (b) Approves, on an exceptional basis, the extension of the date of completion of stage I of the HPMP to 31 December 2022, noting that no further extension of project implementation would be requested;
- (c) Notes that the Fund Secretariat has revised the updated Agreement between the Government of Saint Lucia and the Executive Committee, as contained in Annex I to the present document, specifically: Appendix 2-A, to reflect the extension of the duration of stage I and the revised funding schedule; Appendix 5-A, to reflect the changes in monitoring institutions and roles; and paragraph 16, to indicate that the revised updated Agreement superseded that reached at the 76<sup>th</sup> meeting;
- (d) Requests the Government of Saint Lucia, UNEP and UNIDO to submit a progress report on the implementation of the work programme associated with the final tranche and the project completion report to the first meeting of the Executive Committee in 2023.

23. The Fund Secretariat further recommends blanket approval of the fifth and final tranche of stage I of the HPMP for Saint Lucia, and the corresponding 2021-2022 tranche implementation plan, at the funding levels shown in the table below, on the understanding that UNEP will sign the small-scale funding agreement (SSFA) with the Government of Saint Lucia for the fifth tranche no later than 15 November 2021; and that UNEP will submit to the 88<sup>th</sup> meeting a report on the status of the signing of the SSFA for the fifth tranche and the disbursement of the first installment under the SSFA:

	<b>Project title</b>	<b>Project funding (US \$)</b>	<b>Support cost (US \$)</b>	<b>Implementing agency</b>
(a)	HCFC phase-out management plan (stage I, fifth tranche)	21,000	2,730	UNEP

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**
**Saint Lucia**

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

<b>(II) LATEST ARTICLE 7 DATA (Annex C Group I)</b>	Year: 2020	0.03 (ODP tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>								<b>Year: 2020</b>	
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
			Manufacturing		Service				
HCFC-22					0.03				0.03

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline:	1.09	Starting point for sustained aggregate reductions:	1.09
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	0.38	Remaining:	0.71

<b>(V) BUSINESS PLAN</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
UNEP	ODS phase-out (ODP tonnes)	0.01	0.00	0.00	0.01
	Funding (US \$)	59,250	0	0	59,250
UNIDO	ODS phase-out (ODP tonnes)	0.10	0.00	0.10	0.20
	Funding (US \$)	64,583	0	65,000	129,583

<b>(VI) PROJECT DATA</b>		<b>2021</b>	<b>2022-2023</b>	<b>2024</b>	<b>2025-2026</b>	<b>2027</b>	<b>2028-2029</b>	<b>2030</b>	<b>Total</b>	
Montreal Protocol consumption limits		0.71	0.71	0.71	0.35	0.35	0.35	0.00	n/a	
Maximum allowable consumption (ODP tonnes)		0.71	0.53	0.53	0.35	0.35	0.35	0.00	n/a	
Projects costs requested in principle (US \$)	UNEP	Project costs	81,000	0	105,000	0	78,000	0	54,000	318,000
		Support costs	10,530	0	13,650	0	10,140	0	7,020	41,340
	UNIDO	Project costs	83,000	0	139,000	0	0	0	0	222,000
		Support costs	7,470	0	12,510	0	0	0	0	19,980
Total project costs requested in principle (US \$)		164,000	0	244,000	0	78,000	0	54,000	540,000	
Total support costs requested in principle (US \$)		18,000	0	26,160	0	10,140	0	7,020	61,320	
Total funds requested in principle (US \$)		182,000		270,160		88,140		61,020	601,320	

<b>(VII) Request for approval of funding for the first tranche (2021)</b>		
<b>Agency</b>	<b>Funds requested (US \$)</b>	<b>Support costs (US \$)</b>
UNEP	81,000	10,530
UNIDO	83,000	7,470
Total	164,000	18,000

<b>Secretariat's recommendation:</b>	Individual consideration
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## PROJECT DESCRIPTION

### Background

24. On behalf of the Government of Saint Lucia, UNEP as the lead implementing agency, has submitted a request for stage II of the HCFC phase-out management plan (HPMP), at a total cost of US \$601,320, consisting of US \$318,000, plus agency support costs of US \$41,340 for UNEP, and US \$222,000, plus agency support costs of US \$19,980 for UNIDO, as originally submitted.<sup>5</sup> The implementation of stage II of the HPMP will phase out the remaining consumption of HCFCs by 2030.

25. The first tranche of stage II of the HPMP being requested at this meeting amounts to US \$229,261, consisting of US \$71,700, plus agency support costs of US \$9,321 for UNEP, and US \$136,000, plus agency support costs of US \$12,240 for UNIDO, as originally submitted.

### Status of implementation of stage I of the HPMP

26. Stage I of the HPMP for Saint Lucia was originally approved at the 64<sup>th</sup> meeting<sup>6</sup> and revised at the 68<sup>th</sup><sup>7</sup> and 76<sup>th</sup> meetings<sup>8</sup> to meet the 35 per cent reduction from the baseline by 2020, at a total cost of US \$210,000, plus agency support costs, to phase out 0.38 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector. An overview of implementation of stage I, including an analysis of the HCFC consumption; the progress and financial reports on the implementation, the request for the fifth and final tranche submitted to the current meeting, is available in paragraphs 1 to 23 of the present document.

### Stage II of the HPMP

#### Remaining consumption eligible for funding

27. After deducting 0.38 ODP tonnes of HCFCs associated with stage I of the HPMP, the remaining consumption eligible for funding amounts to 0.71 ODP tonnes of HCFC-22.

#### Sector distribution of HCFCs

28. There are approximately 420 technicians and 69 workshops consuming HCFC-22 to service residential and commercial air-conditioners, commercial refrigeration equipment and equipment used in applications such as cold storages, chillers, ice makers, as shown in Table 3. HCFC-22 represents 17.2 per cent of the refrigerants used in the servicing sector; other main refrigerants used in RAC applications are R-410A, HFC-134a and R-404A.

**Table 3. Sectoral distribution of HCFC-22 in Saint Lucia in 2020**

Sector/Applications	Number of units	Average charge/unit (kg)	Leakage rate (%)	Consumption	
				mt*	%
Room AC (unitary and split)	9,225	2.0	9	1.61	72
Commercial AC (roof top, multi-split, chillers)	6,150	5.0	9	2.77	6
Commercial refrigeration (medium condensing units)	126	15.0	25	0.47	18

<sup>5</sup> As per the letter of 5 March 2021 from the Department of Sustainable Development (Ministry of Education, Innovation, Gender Relations and Sustainable Development) of Saint Lucia to the Secretariat.

<sup>6</sup> UNEP/OzL.Pro/ExCom/64/43 and Corr.1 and Annex XVIII of UNEP/OzL.Pro/ExCom/64/53

<sup>7</sup> Annex XIV of UNEP/OzL.Pro/ExCom/68/53

<sup>8</sup> Annex XVII of UNEP/OzL.Pro/ExCom/76/66

Sector/Applications	Number of units	Average charge/unit (kg)	Leakage rate (%)	Consumption	
				mt*	%
Other equipment including cold rooms, chillers, ice makers etc.	89	10.0	25	0.22	4
<b>Total</b>		<b>n/a</b>	<b>n/a</b>	5.07	100

\* Estimated based on use of HCFC-22 in different applications; consumption reported in 2020 is lower than use levels due to a decrease in market demand caused by COVID-19 and the use of HCFC-22 from stockpiles.

### Phase-out strategy in stage II of the HPMP

29. Stage II of the HPMP has been designed based on the experience gained during the implementation of stage I and taken into consideration the recommendations of the verification report. It will focus on strengthening enforcement of the licensing and quota system and other regulations to minimise emissions of HCFCs, implementation of training and capacity building activities for service technicians and enforcement officers, implementation of a recovery and reclamation programme, awareness and outreach programmes on HCFC phase-out and low-GWP alternatives in different RAC applications, and project monitoring and management.

### Proposed activities in stage II of the HPMP

30. Stage II proposes the following activities:

- (a) *Policy, legal and institutional framework*: Strengthening the policy, regulatory and institutional framework to monitor and control imports/exports of HCFCs and low-GWP alternative refrigerants, and implementation of activities for addressing the recommendations of the verification report relating to strengthening of HCFC licensing/quota system submitted with the last tranche request of stage I to the 87<sup>th</sup> meeting (UNEP) (US \$15,000);
- (b) *Enforcement of the licensing and quota system and other provisions of the regulatory and standards framework*: Eight workshops, each for 20 customs and enforcement officers, on controlling and monitoring HCFC trade and preventing illegal trade of HCFCs, including the updated licensing/quota system for HCFCs (UNEP) (US \$46,000);
- (c) *Training and capacity building of service technicians*: Training of 135 technicians through nine workshops on good servicing practices, including proper management and safe handling of natural refrigerants, and on operations on the recovery and reuse of refrigerants; promoting safety practices when using flammable/toxic refrigerants; and continuing the technician certification programme until 2030 (UNEP) (US \$80,200);
- (d) *Provision of equipment and tools*: Provision of tools and equipment (e.g., vacuum pumps, recovery machines, leak detectors, manifold gauge, tools for handling flammable refrigerants) to promote good refrigeration servicing practices and to work with flammable refrigerants to technical institutions and service technicians (UNIDO) (US \$153,000);
- (e) *Establishment of a reclamation centre*: Updating the curriculum of the RAC training programme to include the reclamation procedures and handling of reclaimed refrigerants, establishment of reclamation centre with recovery and reclamation equipment (e.g., reclamation unit, recovery machines, recovery refrigerant cylinders); and training and workshops on promoting the use of reclaimed refrigerants as a means to provide improved service to end users (UNIDO) (US \$69,000); and
- (f) *Education and awareness*: Informing all stakeholders about the HCFC phase-out; providing information through awareness outreach programmes and design and

distribution of publicity materials about emerging technology options to reduce HCFC consumption, including low-GWP technology entering the market, economic and environmental benefits of HCFC phase-out, including energy efficiency opportunities, health and safety issues related to the use of natural refrigerants and how these are to be handled; and providing information about the specific activities to be pursued to achieve the targeted consumption reductions (UNEP) (US \$128,000).

#### *Project implementation and monitoring*

31. The system established under stage I of the HPMP will continue into stage II, where the NOU monitors activities, reports on progress, and works with stakeholders to phase out HCFCs. The cost of those activities amounts to US \$48,800 for stage II.

#### *Gender policy implementation<sup>9</sup>*

32. During the implementation of stage II, the Government will continue to implement measures for gender mainstreaming (e.g., designing information outreach materials that are gender sensitive; encouraging women participation as facilitators, trainers and consultants; and undertaking sensitisation of gender issues during training programmes), and to obtain stakeholders' inputs on how to strengthen integration of gender-specific indicators in planning, implementation and reporting for each of the project components. The Government would also collect and report gender performance indicators as identified under small-scale funding agreements with UNEP for stage II activities.

#### Total cost of stage II of the HPMP

33. The total cost of stage II of the HPMP for Saint Lucia has been estimated at US \$540,000 (plus agency support costs), as originally submitted for achieving 67.5 per cent reduction from its HCFC baseline consumption by 2025 and 100 per cent reduction by 2030. The proposed activities and cost breakdown are summarized in Table 4.

**Table 4. Total cost of stage II of the HPMP for Saint Lucia as submitted**

Activity	Agency	Cost (US \$)
Policy, legal and institutional framework	UNEP	15,000
Enforcement of the licensing and quota system and other provisions of the regulatory and standards framework	UNEP	46,000
Training and capacity building of service technicians	UNEP	80,200
Provision of tools and equipment to promote good refrigeration servicing practices and working with flammable refrigerants	UNIDO	153,000
Establishment of a reclamation centre	UNIDO	69,000
Education and awareness	UNEP	128,000
Monitoring, evaluation and reporting	UNEP	48,800
<b>Total</b>		<b>540,000</b>

#### Activities planned for the first tranche of stage II

34. The first funding tranche of stage II of the HPMP, at the total amount of US \$207,700, will be implemented between October 2021 and December 2023 and will include the following activities:

- (a) *Policy, legal and institutional framework*: Strengthening the policy, regulatory and institutional framework to monitor and control imports/exports of HCFCs and low-GWP refrigerants including implementing the recommendations of the verification report of

<sup>9</sup> Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

stage I relating to strengthening of HCFC licensing/quota system; stakeholders' consultations and workshop on regulations relating to import/export of HCFCs and additional measures for strengthening HCFC licensing/quota system (UNEP) (US \$15,000);

- (b) *Enforcement of the licensing and quota system and other provisions of the regulatory and standards framework:* Enforcement training of 80 customs officers through four workshops on HCFC import/export monitoring and control regulations, and prevention of illegal trade; review and update of the Customs desk book; printings of the Customs poster, quick tool and desk book (UNEP) (US \$11,500);
- (c) *Training and capacity building of service technicians:* Training and certification of 60 RAC service technicians through four workshops on good servicing practices to reduce demand for virgin ODS; reviewing and update of training curriculum; developing a guide for good servicing practices; consulting with the National Air-Condition and Refrigeration Association (NARA) on the selection of trainees and coordination of training programmes (UNEP) (US \$17,200);
- (d) *Provision of tools and equipment:* Procurement and distribution of equipment and tools to training institutions for training on good refrigeration servicing practices and to work with flammable low-GWP refrigerants (UNIDO) (US \$75,000);
- (e) *Establishment of a reclamation centre:* Acquisition of equipment and tools (e.g., reclamation unit, recovery machines, recovery refrigerant cylinders); recruitment of an international expert; delivery, installation, commissioning and training; consumables and operations (UNIDO) (US \$61,000);
- (f) *Education and awareness:* Production of technical material on HCFC phase-out and HCFC-free and low-GWP alternative technologies; education and awareness programmes on HPMP implementation, good servicing practices including recovery and reclamation of refrigerants and adoption of low-GWP alternatives through seminars, presentations, messages on local media and social media, technical and information print and electronic publications; promotional material for ozone layer protection and emerging technologies (UNEP) (US \$17,000); and
- (g) *Monitoring and evaluation and reporting* (UNEP) (US \$11,000): Preparation of detailed work plan (US \$500), and periodic progress and financial reports (US \$10,500).

## **SECRETARIAT'S COMMENTS AND RECOMMENDATION**

### **COMMENTS**

35. The Secretariat reviewed stage II of the HPMP in light of stage I, the policies and guidelines of the Multilateral Fund, including the criteria for funding HCFC phase-out in the consumption sector for stage II of HPMPs (decision 74/50), and the 2021-2023 business plan of the Multilateral Fund.

#### Overarching strategy

36. The Government of Saint Lucia proposes to meet the 100 per cent reduction of its HCFC baseline consumption by 2030, and to maintain a maximum annual consumption of HCFC in the period of 2030 to

2040 consistent with Article 5, paragraph 8 ter(e)(i) of the Montreal Protocol.<sup>10</sup> The Government commits to continue implementing the HCFC licensing and quota systems and strict import controls for ensuring compliance with the HPMP targets and the Montreal Protocol control measures.

37. In line with decision 86/51, to allow for consideration of the final tranche of its HPMP, the Government of Saint Lucia agreed to submit a detailed description of the regulatory and policy framework in place to implement measures to ensure that HCFC consumption was in compliance with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol for the 2030-2040 period, and the expected annual HCFC consumption in Saint Lucia for the 2030-2040 period.

#### Regulations to support HCFC phase-out

38. The Secretariat discussed with UNEP the phase-out targets for the period 2021 to 2024 keeping in view the low levels of HCFC-22 consumption reported from 2016 to 2020. UNEP mentioned that in January 2021, the Government has issued the HCFC quotas at 0.71 ODP tonnes and published it in the National Gazette; for subsequent years, the consumption targets would be 0.53 ODP tonnes between 2022 to 2024; 0.35 ODP tonnes between 2025 to 2029; and zero ODP tonnes from 2030 except for service tail consumption as approved by the Meeting of the Parties.

#### Technical and cost-related issues

39. The Secretariat sought information on the business model that would allow reclamation of HCFCs given that there are no regulatory requirements for promoting recovery and reclamation of refrigerants. UNIDO explained that the current price of virgin HCFC-22 (i.e., US \$15.50/kg) is high and could increase with the decrease in availability of HCFC-22 over the next few years; under these circumstances, recovery and reclamation of refrigerants would be a viable business proposition for the technicians. While the reclaimed refrigerant will be tested, compliance with the level of purity specified in the Air-conditioning, Heating and Refrigeration Institute (AHRI) standard 700 will not be required as the recovered refrigerant would be reclaimed and used for servicing RAC equipment, and would not be sold in the market. The Government would also encourage recovery and reclamation of refrigerants through awareness and outreach activities, and training and equipment support activities, as the Government considers that specific regulations for mandatory emission reduction or recovery of refrigerants would be difficult to enforce at this stage.

#### *Revision to cost allocation*

40. The Secretariat had detailed discussions with UNEP on costs allocated for the different components of stage II with a view to maximise the impact of stage II activities.

41. Subsequently, it was agreed to undertake a review and update of the regulations to implement any additional measures to sustain HCFC phase-out; increase the number of customs and enforcement officers to be trained from 160 to 270 and the RAC technicians from 135 to 470; and reduce the costs of awareness and outreach activities to US \$92,200. Table 5 presents the revised cost allocation for the different components.

**Table 5. Revised cost allocation by activity of stage II of the HPMP for Saint Lucia**

Activity	Agency	Original (US \$)	Revised (US \$)
Policy, legal and institutional framework (inclusion of a review and update of the regulations to implement measures to sustain HCFC phase-out)	UNEP	15,000	15,000

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

Activity	Agency	Original (US \$)	Revised (US \$)
Enforcement of the licensing and quota system and other provisions of the regulatory and standards framework (from 160 to 270 customs and enforcement officers to be trained)	UNEP	46,000	54,000
Training and capacity building of service technicians (from 135 to 470 technicians to be trained)	UNEP	80,200	108,000
Provision of tools and equipment to promote good refrigeration servicing practices and working with flammable refrigerants	UNIDO	153,000	153,000
Establishment of a reclamation centre	UNIDO	69,000	69,000
Education and awareness	UNEP	128,000	92,200
Monitoring, evaluation and reporting	UNEP	48,800	48,800
<b>Total</b>		<b>540,000</b>	<b>540,000</b>

42. Keeping in view the activity revisions and expected timelines for the implementation of the project components, the tranche distribution for stage II of the HPMP was adjusted as shown in Table 6.

**Table 6. Original and revised tranche distribution for stage II of the HPMP for Saint Lucia (US \$)**

Agency	2021	2022-2023	2024	2025-2026	2027	2028-2029	2030	Total
<b>As submitted</b>								
UNEP	71,700	0	73,800	0	120,200	0	52,300	318,000
UNIDO	136,000	0	86,000	0	0	0	0	222,000
<b>Total</b>	207,700	0	159,800	0	120,200	0	52,300	540,000
<b>Revised</b>								
UNEP	81,000	0	105,000	0	78,000	0	54,000	318,000
UNIDO	83,000	0	139,000	0	0	0	0	222,000
<b>Total</b>	164,000	0	244,000	0	78,000	0	54,000	540,000

#### Activities planned for the first tranche

43. After discussion with UNEP, the funding and activities associated with the first funding tranche were revised as follows:

- (a) *Policy, legal and institutional framework*: Strengthening the policy, regulatory and institutional framework to monitor and control imports/exports of HCFCs and low-GWP refrigerants by implementing the recommendations of the verification report of stage I relating to licensing/quota system for HCFCs and monitoring and reporting of HCFCs; consideration of developing policies to encourage recovery and reclamation and strengthening the certification of technicians, and revising the process regarding the sale of refrigerants to certified technicians; stakeholders' consultations and workshops on regulations relating to import/export of HCFCs and additional measures for strengthening HCFC licensing/quota system (UNEP) (US \$15,000);
- (b) *Enforcement of the licensing and quota system and other provisions of the regulatory and standards framework*: same activities as submitted above (UNEP) (US \$12,000);
- (c) *Training and capacity building of service technicians*: Training and certification of 90 RAC service technicians through six workshops on good servicing practices and safe use of low-GWP alternatives; reviewing and update of training curriculum; developing a guide for good servicing practices; consulting with NARA on selection and coordination of training of service technicians (UNEP) (US \$24,000);
- (d) *Provision of tools and equipment*: same activities as submitted above (UNIDO) (US \$75,000);

- (e) *Establishment of a reclamation centre*: Undertaking preparatory work for the establishment of the reclamation centre; recruitment of an international expert (UNIDO) (US \$8,000);
- (f) *Education and awareness*: same activities as submitted above (UNEP) (US \$19,000); and
- (g) *Monitoring and evaluation and reporting* (UNEP) (US \$11,000): Cost for a staff/consultant who will assist in developing a work plan for the first tranche of stage II and monitoring and reporting of stage II activities.

#### Total project cost

44. The total cost for stage II of the HPMP amounts to US \$540,000, based on decision 74/50(c)(xii) and the funding for the first tranche was revised as per Table 6 and paragraph 43 above.

#### Impact of the COVID-19 pandemic on HPMP implementation

45. In 2020, the COVID-19 pandemic has affected the overall pace of implementation of business and economic activities, including those under the HPMP; with the recent changes in the health regulations that allow more persons to attend in-person training with masks and distancing requirements, the Government anticipates activities to be conducted with in-person participation with some restrictions on social distancing and wearing masks. The Government of Saint Lucia proposes to initiate implementation of stage II after its approval, as part of post-COVID-19 recovery measures, taking into account the relevant restrictions.

#### Impact on the climate

46. The proposed activities in the servicing sector, which include better containment of refrigerants through training and provision of equipment, will reduce the amount of HCFC-22 used for RAC servicing. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in savings of approximately 1.8 CO<sub>2</sub>-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Saint Lucia, including its efforts to promote low-GWP alternative technologies, as well as refrigerant recovery and reuse, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits.

#### **Co-financing**

47. The Government would provide in-kind support for management of the NOU and some activities relating to regulations enforcement and information outreach with support from projects implemented with funds outside the Multilateral Fund, during implementation of stage II.

#### **2021-2023 draft business plan of the Multilateral Fund**

48. UNEP and UNIDO are requesting US \$540,000, plus agency support costs, for the implementation of stage II of the HPMP for Saint Lucia. The total requested value of US \$182,000, including agency support costs for the period of 2021–2023, is US \$6,833 below the amount in the business plan.

#### **Draft Agreement**

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

**RECOMMENDATION**

50. The Executive Committee may wish to consider:
- (a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Saint Lucia for the period from 2021 to 2030 for the complete phase-out of HCFC consumption, in the amount of US \$601,320, consisting of US \$318,000, plus agency support costs of US \$41,340 for UNEP, and US \$222,000, plus agency support costs of US \$19,980 for UNIDO, on the understanding that no more funding from the Multilateral Fund would be provided for the phase-out of HCFCs;
  - (b) Noting the commitment of the Government of Saint Lucia to reduce HCFC consumption by 47 per cent of the country's baseline by 2022, 67.5 per cent by 2025 and to phase out HCFCs completely by 1 January 2030, and that HCFCs would not be imported after that date, except for those allowed for a servicing tail between 2030 and 2040 where required, consistent with the provisions of the Montreal Protocol;
  - (c) Deducting 0.71 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;
  - (d) Approving the draft Agreement between the Government of Saint Lucia and the Executive Committee for the reduction in consumption of HCFCs, in accordance with stage II of the HPMP, contained in Annex II to the present document;
  - (e) That, to allow for consideration of the final tranche of its HPMP, the Government of Saint Lucia should submit:
    - (i) A detailed description of the regulatory and policy framework in place to implement measures to ensure that HCFC consumption was in compliance with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol for the period 2030-2040;
    - (ii) The expected annual HCFC consumption in Saint Lucia for the period 2030-2040; and
  - (f) Approving the first tranche of stage II of the HPMP for Saint Lucia, and the corresponding tranche implementation plans, in the amount of US \$182,000, consisting of US \$81,000, plus agency support costs of US \$10,530 for UNEP, and US \$83,000, plus agency support costs of US \$7,470 for UNIDO.



**Annex I**

**TEXT TO BE INCLUDED IN THE REVISED UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF SAINT LUCIA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS**

(Relevant changes are in bold font for ease of reference)

16. This **revised** updated Agreement supersedes the Agreement reached between the Government of Saint Lucia and the Executive Committee at the **76<sup>th</sup>** meeting of the Executive Committee.

**APPENDIX 2-A: THE TARGETS, AND FUNDING**

Row	Particulars	2011	2012	2013-2014	2015	2016-2017	2018	2019	2020	2021	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP Tonnes)	n/a	n/a	1.09	0.98	0.98	0.98	0.98	0.71	<b>0.71</b>	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	1.09	0.98	0.98	0.98	0.98	0.71	<b>0.71</b>	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	13,000	13,150	0	26,300	0	9,200	0	<b>0</b>	<b>21,000</b>	82,650
2.2	Support costs for Lead IA (US \$)	1,690	1,710	0	3,419	0	1,196	0	<b>0</b>	<b>2,730</b>	10,745
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	88,850	11,000	0	27,500	0	0	0	<b>0</b>	<b>0</b>	127,350
2.4	Support costs for Cooperating IA (US \$)	7,997	990	0	2,475	0	0	0	<b>0</b>	<b>0</b>	11,462
3.1	Total agreed funding (US \$)	101,850	24,150	0	53,800	0	9,200	0	<b>0</b>	<b>21,000</b>	210,000
3.2	Total support costs (US \$)	9,687	2,700	0	5,894	0	1,196	0	<b>0</b>	<b>2,730</b>	22,207
3.3	Total agreed costs (US \$)	111,537	26,850	0	59,694	0	10,396	0	<b>0</b>	<b>23,730</b>	232,207
4.1.1	Total phase-out of HCFC-22 under this agreement (ODP tonnes)										0.38
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tonnes)										0
4.1.3	Remaining eligible consumption for HCFC-22										0.71

**APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES**

1. The National Ozone Unit (NOU), which is located within the **Department of Sustainable Development of the Ministry of Education, Innovation, Gender Relations and Sustainable Development** 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 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 Education, Innovation, Gender Relations and Sustainable Development** while at the technical level, responsibility resides with the **Chief Sustainable Development 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.

## Annex II

### **DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF SAINT LUCIA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS IN ACCORDANCE WITH STAGE II OF THE HCFC PHASE-OUT MANAGEMENT PLAN**

#### **Purpose**

1. This Agreement represents the understanding of the Government of 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 zero ODP tonnes by 1 January 2030 in compliance with Montreal Protocol schedule.
2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances that exceeds the level defined in row 1.2 of Appendix 2-A as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances that exceeds the level defined in row 4.1.3 (remaining consumption eligible for funding).
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees, in principle, to provide the funding set out in row 3.1 of Appendix 2-A to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (“Funding Approval Schedule”).
4. The Country agrees to implement this Agreement in accordance with the stage II of the HCFC phase-out management plan (HPMP) approved (“the Plan”). In accordance with sub-paragraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.

#### **Conditions for funding release**

5. The Executive Committee will only provide the Funding in accordance with the Funding Approval Schedule when the Country satisfies the following conditions at least eight weeks in advance of the applicable Executive Committee meeting set out in the Funding Approval Schedule:
  - (a) That the Country has met the Targets set out in row 1.2 of Appendix 2-A for all relevant years. Relevant years are all years since the year in which this Agreement was approved. Years for which there are no due country programme implementation reports at the date of the Executive Committee meeting at which the funding request is being presented are exempted;
  - (b) That the meeting of these Targets has been independently verified for all relevant years, unless the Executive Committee decided that such verification would not be required;
  - (c) That the Country had submitted a Tranche Implementation Report in the form of Appendix 4-A (“Format of Tranche Implementation Reports and Plans”) covering each previous calendar year; that it had achieved a significant level of implementation of

activities initiated with previously approved tranches; and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent; and

- (d) That the Country has submitted a Tranche Implementation Plan in the form of Appendix 4-A covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen.

### **Monitoring**

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (“Monitoring Institutions and Roles”) will monitor and report on implementation of the activities in the previous Tranche Implementation Plans in accordance with their roles and responsibilities set out in the same appendix.

### **Flexibility in the reallocation of funds**

7. The Executive Committee agrees that the Country may have the flexibility to reallocate part or all of the approved funds, according to the evolving circumstances to achieve the smoothest reduction of consumption and phase-out of the Substances specified in Appendix 1-A:

- (a) Reallocations categorized as major changes must be documented in advance either in a Tranche Implementation Plan as foreseen in sub-paragraph 5(d) above, or as a revision to an existing Tranche Implementation Plan to be submitted eight weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:
  - (i) Issues potentially concerning the rules and policies of the Multilateral Fund;
  - (ii) Changes which would modify any clause of this Agreement;
  - (iii) Changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches;
  - (iv) Provision of funding for activities not included in the current endorsed Tranche Implementation Plan, or removal of an activity in the Tranche Implementation Plan, with a cost greater than 30 per cent of the total cost of the last approved tranche; and
  - (v) Changes in alternative technologies, on the understanding that any submission for such a request would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tonnes to be phased out if applicable, as well as confirm that the Country agrees that potential savings related to the change of technology would decrease the overall funding level under this Agreement accordingly;
- (b) Reallocations not categorized as major changes may be incorporated in the approved Tranche Implementation Plan, under implementation at the time, and reported to the Executive Committee in the subsequent Tranche Implementation Report; and
- (c) Any remaining funds held by the bilateral or implementing agencies or the Country under the Plan will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.

### **Considerations for the refrigeration servicing sector**

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

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

### **Bilateral and implementing agencies**

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

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

### **Non-compliance with the Agreement**

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

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

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

### Date of completion

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

### Validity

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

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

## APPENDICES

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	1.09

### APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2021	2022-2023	2024	2025-2026	2027	2028-2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	0.71	0.71	0.71	0.35	0.35	0.35	0.00	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	0.71	0.53	0.53	0.35	0.35	0.35	0.00	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	81,000	0	105,000	0	78,000	0	54,000	318,000
2.2	Support costs for Lead IA (US \$)	10,530	0	13,650	0	10,140	0	7,020	41,340
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	83,000	0	139,000	0	0	0	0	222,000
2.4	Support costs for Cooperating IA (US \$)	7,470	0	12,510	0	0	0	0	19,980
3.1	Total agreed funding (US \$)	164,000	0	244,000	0	78,000	0	54,000	540,000
3.2	Total support costs (US \$)	18,000	0	26,160	0	10,140	0	7,020	61,320
3.3	Total agreed costs (US \$)	182,000	0	270,160	0	88,140	0	61,020	601,320
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)								0.71
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)								0.38
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)								0.00

\*Date of completion of stage I: 31 December 2022.

### **APPENDIX 3-A: FUNDING APPROVAL SCHEDULE**

1. Funding for the future tranches will be considered for approval at the first meeting of the year specified in Appendix 2-A.

### **APPENDIX 4-A: FORMAT OF TRANCHE IMPLEMENTATION REPORTS AND PLANS**

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

- (a) A narrative report, with data provided by tranche, describing the progress achieved since the previous report, reflecting the situation of the Country in regard to phase-out of the Substances, how the different activities contribute to it, and how they relate to each other. The report should include the amount of ODS phased out as a direct result from the implementation of activities, by substance, and the alternative technology used and the related phase-in of alternatives, to allow the Secretariat to provide to the Executive Committee information about the resulting change in climate relevant emissions. The report should further highlight successes, experiences, and challenges related to the different activities included in the Plan, reflecting any changes in the circumstances in the Country, and providing other relevant information. The report should also include information on and justification for any changes vis-à-vis the previously submitted Tranche Implementation Plan(s), such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes;
- (b) An independent verification report of the Plan results and the consumption of the Substances, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;
- (c) A written description of the activities to be undertaken during the period covered by the requested tranche, highlighting implementation milestones, the time of completion and the interdependence of the activities, and taking into account experiences made and progress achieved in the implementation of earlier tranches; the data in the plan will be provided by calendar year. The description should also include a reference to the overall Plan and progress achieved, as well as any possible changes to the overall Plan that are foreseen. The description should also specify and explain in detail such changes to the overall plan. This description of future activities can be submitted as a part of the same document as the narrative report under sub-paragraph (b) above;
- (d) A set of quantitative information for all Tranche Implementation Reports and Plans, submitted through an online database; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of the above sub-paragraphs 1(a) to 1(d).

2. In the event that in a particular year two stages of the HPMP are being implemented in parallel, the following considerations should be taken in preparing the Tranche Implementation Reports and Plans:

- (a) The Tranche Implementation Reports and Plans referred to as part of this Agreement, will exclusively refer to activities and funds covered by this Agreement; and

- (b) If the stages under implementation have different HCFC consumption targets under Appendix 2-A of each Agreement in a particular year, the lower HCFC consumption target will be used as reference for compliance with these Agreements and will be the basis for the independent verification.

#### **APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES**

1. The National Ozone Unit (NOU) will be responsible for the day-to-day execution of all components of the project, including oversight of the monitoring, evaluation and reporting consultant. It will be supported by the administration of the Ministry of Education, Innovation, Gender Relations and Sustainable Development who will manage the budget and exercise oversight of the procurement process.

2. A monitoring, evaluation and reporting consultant will be contracted upon project launch to work closely with the NOU and the Montreal Protocol Technical Working Group to plan for the execution of each component and for the day-to-day execution of all activities approved under the Plan. He/she will monitor all project activities, generate periodic monitoring and evaluation reports on project activities, targets achieved, adjustments, and remedial actions to be taken, if necessary, to ensure that targets are met. This consultant will help develop the activity roll-out plans and support efforts to ensure adherence to it. This will be both supportive of, and complementary to the work of the NOU to the extent that while the consultant will support the execution of specific activities under the Plan, he/she will also be providing oversight, assess adherence to timelines and deliverables, assess impacts of activities and recommend remedial measures when considered necessary. The consultant will also be responsible for generating progress, and financial reports as well as the close-out report for each of the tranches under stage II. These activities will be conducted in collaboration with the NOU and the Montreal Protocol Technical Working Group as well as with the implementing agencies.

3. In its capacity as the Lead IA, UNEP will be responsible for ensuring that periodic progress and financial reports are generated, monitor progress with the tranches and disburse funds in accordance with the Agreement to be entered into between the Government of Saint Lucia and the Executive Committee on the one hand, as well as the Agreement to be entered into between it and the Government of Saint Lucia.

#### **APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY**

1. The Lead IA will be responsible for a range of activities, including at least the following:
  - (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's HPMP;
  - (b) Assisting the Country in preparation of the Tranche Implementation Reports and Plans as per Appendix 4-A;
  - (c) Providing independent verification to the Executive Committee that the Targets have been met and associated tranche activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;
  - (d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future Tranche Implementation Plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
  - (e) Fulfilling the reporting requirements for the Tranche Implementation Reports and Plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee, and should include the activities implemented by the Cooperating IA;

- (f) In the event that the last funding tranche is requested one or more years prior to the last year for which a consumption target had been established, annual tranche implementation reports and, where applicable, verification reports on the current stage of the Plan should be submitted until all activities foreseen had been completed and HCFC consumption targets had been met;
- (g) Ensuring that appropriate independent technical experts carry out the technical reviews;
- (h) Carrying out required supervision missions;
- (i) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;
- (j) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;
- (k) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country and the Cooperating IA, the allocation of the reductions to the different budget items and to the funding of the Lead IA and the Cooperating IA;
- (l) Ensuring that disbursements made to the Country are based on the use of the indicators;
- (m) Providing assistance with policy, management and technical support when required;
- (n) Reaching consensus with the Cooperating IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan; and
- (o) Timely releasing funds to the Country/participating enterprises for completing the activities related to the project.

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

#### **APPENDIX 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCIES**

1. The Cooperating IA will be responsible for a range of activities. These activities are specified in the Plan, including at least the following:

- (a) Providing assistance for policy development when required;
- (b) Assisting the Country in the implementation and assessment of the activities funded by the Cooperating IA, and refer to the Lead IA to ensure a co-ordinated sequence in the activities;
- (c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A; and
- (d) Reaching consensus with the Lead IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan.

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

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US \$180 per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met, on the understanding that the maximum funding reduction would not exceed the funding level of the tranche being requested. Additional measures might be considered in cases where non-compliance extends for two consecutive years.

2. In the event that the penalty needs to be applied for a year in which there are two Agreements in force (two stages of the HPMP being implemented in parallel) with different penalty levels, the application of the penalty will be determined on a case-by-case basis taking into consideration the specific sectors that lead to the non-compliance. If it is not possible to determine a sector, or both stages are addressing the same sector, the penalty level to be applied would be the largest.

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