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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-sixth Meeting
Montreal, 26–30 May 2025
Item 9(d) of the provisional agenda[1]

PROJECT PROPOSAL: HAITI

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

Phase-out

• HCFC phase-out management plan (stage II, first tranche)	UNDP	Individual consideration

[1] UNEP/OzL.Pro/ExCom/96/1

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Haiti

(I) PROJECT TITLE	**AGENCY**
HCFC phase-out plan (stage II)	UNDP (lead)

(II) LATEST ARTICLE 7 DATA (Annex C, Group I)	Year: 2023	1.98 ODP tonnes

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)									**Year: 2023**
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					1.98				1.98

(IV) CONSUMPTION DATA (ODP tonnes)			
2009–2010 baseline:	3.63	Starting point for sustained aggregate reductions:	3.63
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	1.26	Remaining:	2.34

(V) ENDORSED BUSINESS PLAN		**2025**	**2026**	**2027**	**Total**
UNDP	ODS phase-out (ODP tonnes)	1.94	0.00	0.00	1.94
	Funding (US $)	333,840*	0	0	333,840

* A project for additional activities to maintain energy efficiency in line with decision 89/6 was not included in the business plan.

(VI) PROJECT DATA			**2025***	**2026**	**2027**	**2028**	**2029**	**2030**	**Total**
Montreal Protocol consumption limits (ODP tonnes)			1.18	1.18	1.18	1.18	1.18	0.00	n/a
Maximum allowable consumption (ODP tonnes)			1.18	1.18	1.18	1.18	1.18	0.00	n/a
Project costs requested in principle (US $)	UNDP	Project costs	248,000	0	310,000	0	0	62,000	620,000
		Support costs	17,360	0	21,700	0	0	4,340	43,400
	Total funds		265,360	0	331,700	0	0	66,340	663,400

* Funding for 2025 includes US $100,000, plus agency support costs of US $7,000, for UNDP for additional activities to maintain energy efficiency (decision 89/6).

(VII) Request for approval of funding for the first tranche (2025)		
Implementing agency	**Funds recommended (US $)**	**Support costs (US $)**
UNDP	248,000	17,360

Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

Background

1. On behalf of the Government of Haiti, UNDP, as the designated implementing agency, has submitted a request for stage II of the HCFC phase-out management plan (HPMP), at the amount of US $732,881, plus agency support costs of US $51,302, as originally submitted.[2] The submission includes a request for funding additional activities to maintain energy efficiency in the refrigeration servicing sector.[3] The implementation of stage II of the HPMP will phase out the remaining consumption of HCFCs by 2030.

2. The first tranche of stage II of the HPMP being requested at this meeting amounts to US $416,441, plus agency support costs of US $29,151, for UNDP, as originally submitted.

Status of implementation of stage I of the HCFC phase-out management plan

3. Stage I of the HPMP for Haiti was originally approved at the 68th meeting[4] to phase out 1.26 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector to meet the 35 per cent reduction from the baseline by 2020, at a total cost of US $280,000, plus agency support costs. After numerous delays in implementation, the Executive Committee decided, at its 91st meeting,[5] to cancel the UNEP component of the second tranche of stage I and, at the 95th meeting, to cancel stage I of the HPMP.[6] A project completion report was submitted on 18 January 2024.

Report on HCFC consumption

4. The Government of Haiti reported a consumption of 1.98 ODP tonnes of HCFCs in 2023, which is 45.5 per cent below the HCFC baseline for compliance. The 2019–2023 HCFC consumption is shown in table 1. The Article 7 data for 2024 has not been reported yet.

Table 1. HCFC consumption in Haiti (2019–2023 Article 7 data)

HCFC-22	2019	2020	2021	2022	2023	Baseline
Metric tonnes (mt)	48.19	28.54	20.52	36.11	36.01	66.00
ODP tonnes	2.65	1.57	1.13	1.99	1.98	3.63

5. The consumption of HCFCs in Haiti has declined steadily, with a sharp decrease in 2020 and a modest increase in 2022. The reduction in recent years is mainly attributed to an increase in the use of HFCs and the difficulties that Haiti has had in maintaining RAC equipment. It is estimated that roughly 50 per cent of the HCFC-based units have not been maintained, and additionally, that many importers of HCFCs have closed business in recent years.

Country programme implementation report

6. The Government of Haiti reported HCFC sector consumption data under the 2023 country programme (CP) implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol. The CP data for 2024 has not been reported yet.

[2] As per the letter of 10 February 2025 from the Ministry of Environment of Haiti to UNDP.
[3] In line with decision 89/6, low-volume-consuming countries can include in their HPMPs additional activities for the introduction of alternatives to HCFCs with low or zero global-warming potential and for maintaining energy efficiency in the refrigeration servicing sector.
[4] Decision 68/30.
[5] Decision 91/13.
[6] Decision 95/15.

Status of progress and disbursement

Legal framework

7. The Ministry of Environment is the body responsible for the implementation of the Montreal Protocol, which is exercised through the National Ozone Unit (NOU) and supported by the Governmental Ozone Committee, comprising government ministries and public institutions. Haiti established a quota system on 6 October 2015 by ministerial order to meet the 10 per cent and 35 per cent reduction targets in 2015 and 2020. The NOU is responsible for issuing licenses and quotas for HCFCs; the General Monitoring System (GMS) reviews the licenses and allows control; and the General Customs Administration (GCA) checks the quantity of imports against the quota issued. The NOU and Customs are responsible for monitoring ODS imports and are assisted by the Société Générale de Surveillance (SGS), a Swiss enterprise which has been contracted by the government. SGS is the first reviewer of import documentation, and its primary duty is to check that all documents are consistent with the consignments being imported. Once checked, SGS submits a pre-clearance to Customs, who grants the definitive clearance for the consignments. The customs management software used in Haiti is Asycuda,[7] locally called "Sydonia", in which importers can enter declarations online.

8. Under stage I of the HPMP, 127 customs officers and other enforcement personnel received training in the implementation of the licensing and quota system.

Refrigeration servicing sector

9. During the implementation of stage I of the HPMP, 65 informal RAC technicians received training on good refrigeration management practices, including recovery, recycling, retrofitting, and alternative technologies. Meetings were held with the RAC technicians' association to provide information and advice to assist the HPMP implementation. Tools and equipment for RAC technicians to facilitate refrigerant recovery and reuse were procured and delivered during the second tranche. Awareness-raising activities were organized with key stakeholders, including parliamentarians, academics, and the public, and interviews were given for the distribution of equipment.

Project implementation and monitoring

10. During stage I of the HPMP, the NOU provided for the day-to-day execution, periodic monitoring, and reporting on HPMP activities. Of the US $9,445 approved in the first and second tranches of stage I for project monitoring, US $2,000 was disbursed.

Level of fund disbursement

11. Of the US $280,000 approved in principle for stage I of the HPMP, US $167,119 was approved in the first and second tranches, of which US $122,119 had been disbursed (73 per cent, or 44 per cent of the amount that had been approved in principle for the stage). The balance of US $45,000 was returned to the Multilateral Fund.

Table 2. Financial report of stage I of the HPMP for Haiti (US $)

Agency	First tranche		Second tranche		Total		
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Balance
UNEP	40,000	20,000	30,000	5,000	70,000	25,000	45,000
UNDP	0	0	97,119	97,119	97,119	97,119	0
Total	**40,000**	**20,000**	**127,119**	**102,119**	**167,119**	**122,119**	**45,000**
Disbursement rate (%)	**50**		**80**		**73**		

[7] A software designed by UNCTAD to help customs in developing countries to implement foreign commerce in a more efficient way.

Stage II of the HCFC phase-out management plan

Remaining consumption eligible for funding

12. After deducting 1.26 ODP tonnes of HCFCs associated with stage I, the remaining consumption eligible for funding amounts to 2.34 ODP tonnes of HCFC-22, which will be phased out in stage II.

Sector distribution of HCFCs

13. Technicians in the RAC servicing sector, some of whom are currently dispersed due to instability in the country, consume HCFC-22 to service unitary and split air-conditioning (AC) systems, commercial and industrial refrigeration systems (medium to large condensing units and centralized systems), commercial AC (rooftop and multi-split), and chillers, as shown in table 2. In 2023, HCFC-22 represented 51.3 per cent of the refrigerants used in the servicing sector, followed by R-410A (20 per cent), R-404A (15 per cent), HFC-134a (12 per cent), R-407A (1 per cent), and other mixtures (less than 1 per cent).

Table 2. Estimation of demand for HCFC-22 in the RAC servicing sector in Haiti in 2023

Sector/Application	(a) Equipment inventory	(b) Average charge (mt)	(c) = (a)*(b) HCFC bank (mt)	(d) Estimated bank refilled during servicing (%)	(c)*(d) Annual need for servicing (mt)
Room AC (unitary and split)	38,000	0.8	30.4	10	3.04
Commercial AC (rooftop, multi-split units, chillers)	22,000	2	44	25	11
Commercial refrigeration (medium condensing units)	1,500	10	15	10	1.5
Industrial refrigeration (medium to large condensing units, centralized systems)	12	55	0.66	20	0.13
Chillers	150	150	22.5	25	5.63
Total	**61,662**	**n/a**	112.56	**n/a**	**21.3**

Phase-out strategy

14. Stage II of the HPMP aims to ensure the complete phase-out of HCFC consumption in the period 2025-2030, except for a potential service tail in line with the Montreal Protocol provisions. To ensure sustainable phase-out, the country will focus on strengthening the HCFC import licensing and quota system, the capacities of RAC technicians to work with non-ODS and low-global-warming potential (GWP) substances, and the promotion of new energy-efficient technologies.

Proposed activities

15. The servicing sector activities proposed for implementation under stage II and in the first tranche, and their cost breakdown, as submitted, are presented in table 3.

Table 3. Servicing sector activities and their costs under stage II of the HPMP for Haiti, as submitted

Component	Activity	Cost (US $) Stage	Cost (US $) First tranche
Programme to strengthen legal and institutional framework for the Montreal	*Strengthening the legal framework to ensure the HCFC phase-out by 2030* • Reviewing, updating, and strengthening legal measures to ensure compliance with phase-out • Improving inter-institutional coordination through the creation of a committee for the control of HCFCs led by the NOU with the	40,000	19,000

Component	Activity	Cost (US $)	
		Stage	First tranche
Protocol implementation	participation of trade and customs authorities, the Ministry of the Environment and other institutional stakeholders		
	Customs training and technical assistance • Updating the customs training materials on control of HCFCs and HCFC-based equipment • Implementing measures to prevent illegal trade • Harmonizing customs codes with the 7th amendment of World Customs Organization • Delivering five training workshops for 60 customs agents	60,000	45,000
	Subtotal for legal and institutional framework	*100,000*	*64,000*
Programme of specialized support in the RAC servicing sector	*Strengthening formal education at technical institutes* • Selecting two RAC training institutes for equipment upgrades • Procurement and delivery of equipment[8] • Conducting two training workshops for teachers in related topics	40,000	40,000
	Training RAC technicians on leakage control, use of appropriate tools, electronic instrumentation, and maintenance of energy efficiency in servicing • Designing a new training programme for RAC maintenance with an emphasis on new technologies, the use low-GWP refrigerants, and refrigerant containment throughout its life cycle • Five training workshops for trainers • Providing 30 technicians from workshops with tools[9] for leakage control	129,000	129,000
	Recovery and recycling of HCFC-22 • Assessing refrigerant recovery and recycling (R&R) in the country, developing an action plan for the implementation of three R&R centres • Selecting three beneficiaries to equip[10] as the R&R centres • Selecting technicians and/or workshops to equip[11] as specialized brigades to expand the R&R network • Hosting workshops to promote and expand the R&R network	122,881	0
	Awareness raising and training for end users to prevent new uses of HCFC-22 and promotion of new low-GWP technologies • Development and delivery of three workshops for end users on low-GWP alternatives to HCFC-22 • Designing a guide for the selection of alternatives in RAC applications	31,000	0
	Subtotal for servicing sector support	*322,881*	*169,000*

[8] Including refrigerant identifiers, recovery and recycling equipment, recovery cylinders (30 lb, 50 lb and 100 lb), liquid refrigerant transfer pump, vacuum pumps, electronic refrigerant scales, 4-way ball valve manifold and valve hoses; digital vacuum gauge; electronic leak detector for HCFCs, HFCs, and HCs; and digital multimeter tester.

[9] Including recovery equipment, recovery cylinders (30 lb and 50 lb), vacuum pumps, electronic refrigerant scales, 4-way ball valve manifold and valve hoses; electronic leak detector for HCFCs, HFCs, and HCs.

[10] Including refrigerant identifiers, recovery and recycling equipment, recovery cylinders (30 lb, 50 lb and 100 lb), liquid refrigerant transfer pump, vacuum pumps, electronic refrigerant scales, 4-way ball valve manifold and valve hoses; piercing plier; piercing valve; safety gear; digital vacuum gauge; electronic leak detector for HCFCs, HFCs, and HCs; digital multimeter tester; pinch off pliers; inspection mirror and toolbox.

[11] Including recovery and recycling equipment, recovery cylinders (30 lb, 50 lb and 100 lb), liquid refrigerant transfer pump, vacuum pumps, electronic refrigerant scales, 4-way ball valve manifold and valve hoses; digital vacuum gauge; and electronic leak detector for HCFCs, HFCs, and HCs.

<table>
<tr><th rowspan="2">Component</th><th rowspan="2">Activity</th><th colspan="2">Cost (US $)</th></tr>
<tr><th>Stage</th><th>First tranche</th></tr>
<tr><td rowspan="2">Programme for public awareness to promote the phase-out of HCFCs</td><td>Gender mainstreaming strategy
• Designing and implementing an action plan for gender mainstreaming in projects and activities of the HPMP
• Holding five training workshops on gender mainstreaming to promote the participation of women in decision-making bodies and to foster empowerment
• Designing, printing, and distributing awareness-raising materials</td><td>40,000</td><td>13,000</td></tr>
<tr><td>Promoting the HCFC phase-out in Haiti
• Designing and implementing a communications strategy among RAC end users, HCFC and equipment importers and RAC technicians
• Designing and implementing five annual outreach campaigns</td><td>60,000</td><td>24,000</td></tr>
<tr><td colspan="2" align="right">Subtotal for public awareness</td><td>100,000</td><td>37,000</td></tr>
<tr><td>Activities to maintain energy efficiency</td><td>These activities are described in detail in the following section</td><td>100,000</td><td>100,000</td></tr>
<tr><td>Project monitoring</td><td>PMU activities including consultants (US $90,000), travel (US $10,000), and meetings and materials (US $10,000)</td><td>110,000</td><td>46,441</td></tr>
<tr><td colspan="2">Total</td><td>732,881</td><td>416,441</td></tr>
</table>

Activities to maintain energy efficiency in the refrigeration servicing sector

16. The project related to energy efficiency, submitted in line with decision 89/6, is designed to improve the coordination between stakeholders, the relevant energy authorities, and the NOU, and to create a regulatory framework for Minimum Energy Performance Standards (MEPS) and mandatory requirements for importing RAC equipment into the country. The following activities are proposed to maintain energy efficiency in the sector:

(a) Drafting the regulatory framework: Carrying out a survey of imports of new and second-hand equipment; assessing and adjusting regionally developed MEPS to national circumstances; three consultation meetings and five small meetings for stakeholders to discuss MEPS, labelling requirements and modalities for implementation; a two-day training session for officers from the Standards Authority, Electricity Regulatory Commission, Customs Department and the NOU; drafting of MEPS and labelling regulations; designing a system for measuring, reporting and verification (MRV) (US $87,000); and

(b) Awareness raising and outreach: Building awareness through news publications, development of informative posters for distribution at local RAC equipment outlets; and organization of two outreach seminars for the private sector and government officers on MEPS provisions and the benefits of energy-efficient RAC equipment (US $13,000).

Project implementation and monitoring

17. The system established under stage I of the HPMP will continue into stage II, with the NOU and UNDP monitoring activities, reporting on progress, and working with stakeholders to phase out HCFCs.

Total cost of stage II of the HCFC phase-out management plan

18. The total cost of stage II of the HPMP for Haiti, including activities to enhance energy efficiency was estimated at US $732,881 (plus agency support costs), as originally submitted, for achieving a

100 per cent reduction by 2030. The proposed activities and cost breakdown are summarized in table 3 above.

Implementation plan for the first tranche of stage II of the HPMP

19. The first tranche of stage II of the HPMP, in the total amount of US $416,441, including activities to enhance energy efficiency, will be implemented between June 2025 and December 2027. Detailed information on the activities to be implemented under the first tranche, including adjustments to the level of funds agreed, are presented in paragraph 30.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

20. 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 (decisions 74/50 and 90/31), and the 2025–2027 business plan of the Multilateral Fund.

Overarching strategy

21. The Government of Haiti proposes to meet the 100 per cent reduction of its HCFC baseline consumption by 2030, and to maintain a maximum annual consumption of HCFCs in the period of 2030 to 2040 at a level consistent with Article 5, paragraph 8 ter(e)(i), of the Montreal Protocol.[12] The Government is committed to continue establishing strict import and control methods to monitor the level of imports and the uses of HCFCs during that period to ensure that they are limited to the conditions established by the Montreal Protocol.

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

23. An important portion of the installed RAC equipment has not received adequate maintenance in the last years due to instability in the country which has not been favourable to imports of necessary tools and equipment. Similarly, many technicians fled the country or are dispersed in the country without the necessary tools and equipment to undertake their work. The Government has therefore planned for a strategy that includes technical assistance and training to raise in number and quality of the service provided by RAC technicians, complemented by the necessary regulatory updates.

Legal framework

24. The Government of Haiti issued HCFC import quotas for 2025 in accordance with the Montreal Protocol control targets at 21.45 mt (1.18 ODP tonnes).

Technical and cost-related issues

25. The Secretariat had detailed discussion with UNDP on the total cost for stage II of the HPMP, noting that the proposed costs were based on the difference between the eligible costs for the complete phase-out and the net funding received in stage I, plus US $100,000 for additional energy efficiency

[12] 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.

activities in line with decision 89/6. The Secretariat noted that despite the cancellation of stage I,[13] the 2020 target was achieved and the country's consumption has been sustained below that target since then. Notwithstanding the fact that stage II of the HPMP is being submitted in 2025, which coincides with the Montreal Protocol target for 2025, the Secretariat also noted that the consumption in Haiti has fluctuated during the last years, and the country will still require assistance to ensure that the 2025 target is achieved and sustained. The costs for stage II of the HPMP were therefore agreed at US $520,000 based on decision 74/50(c)(xii),[14] plus US $100,000 for additional energy efficiency activities in line with decision 89/6.

Licensing and quota systems and banning imports of equipment using HCFCs

26. The control of importation through licenses and quotas started through an administrative measure, adopted in 2015, stating that the import of all kinds of refrigerants is subject to an authorization issued by the Environment Minister's Bureau, and requiring the contribution of the Ministry of Finance, the General Administration and the General Monitoring System for the effective implementation of the licensing system and the granting of import quotas for HCFCs. UNDP indicated that the system is manual, and that no methodology has been developed for the allocation of quotas; however, the NOU has so far ensured that annual quotas correspond to the targets of the Montreal Protocol and the country's commitments. UNDP confirmed to the Secretariat that during the first tranche the regulatory framework of the licensing and quota system would be strengthened, so as to have a reliable and legally enforceable system, where tracking of licenses and quotas is possible for both HCFCs and HFCs. The update and enforceability of the legal framework in stage II includes the strengthening of this system and the banning of the importation of new and second-hand HCFC-based equipment by 31 December 2027, on whose facilitation UNDP confirmed to be already working.

Activities to maintain energy efficiency in the refrigeration servicing sector

27. In line with decision 89/6(d), UNDP has included in the tranche implementation plan the specific actions, performance indicators and funding associated with additional activities to maintain energy efficiency and has included this in its draft Agreement between the Government of Haiti and the Executive Committee for stage II.

28. UNDP clarified that a study will be conducted to analyse the import of new and second-hand RAC equipment, which will help describe the energy consumption characteristics over the last 5 years, and better understand the situation to allow the drafting of the regulatory framework for issuing the MEPS, mandatory requirements for importing RAC equipment into the country, associated labelling, and the design of an MRV system. The MRV system is expected to facilitate the tracking of achievements in improving energy efficiency in the RAC sector, based on technological changes in imported equipment and systems, and the identification of current consumption parameters, as well as the effect of MEPS on reducing the sector's energy consumption.

Total project cost

29. In response to the comments and suggestions from the Secretariat, detailed in paragraphs 25 to 28 above, UNDP, and the government of Haiti agreed to revise the activities, and all costs proposed for stage II of the HPMP, which are presented in table 4 below.

[13] Decision 91/13 (second tranche, UNEP component) and decision 95/15

[14] Inter alia that low-volume-consuming (LVC) countries would be provided with funding consistent with the level of consumption in the RAC servicing sector on the understanding that project proposals would still need to demonstrate that the funding level was necessary to achieve the phase-out targets.

Table 4. Servicing sector activities and their costs under stage II of the HPMP for Haiti, as agreed

Component	Activity	Cost (US $)	
		Stage	**First tranche**
Strengthening the legal and institutional framework for Montreal Protocol implementation	*Strengthening the legal framework and trade control to ensure HCFC phase-out by 2030* • Reviewing, updating and strengthening of legislation and regulatory measures to ensure compliance with the phase-out target, including relevant HCFC trade and use control instruments • Updating the licensing and quota regulation for HCFCs, and banning imports of new and second-hand HCFC-based equipment by 31 December 2027 • Improving inter-institutional coordination through the creation of a committee for the control of HCFCs led by the NOU with the participation of trade and customs authorities, the Ministry of the Environment and other institutional stakeholders	17,000	6,500
	Customs training and technical assistance • Updating of customs training materials on control of HCFCs and HCFC-based equipment • Implementation of measures to prevent illegal trade • Harmonizing customs codes with the7th amendment of World Customs Organization • Five training workshops for 60 customs agents including female participation • Five refrigerant identifiers for the Customs Department	56,000	31,400
	Subtotal for legal and institutional framework	*73,000*	*37,900*
Specialized support in the RAC servicing sector	*Strengthening of formal education at technical institutes* • Selecting three RAC training institutes for equipment upgrades • Procurement and delivery of equipment[15] • Training of 30 trainers in good servicing practices; new technologies; low-GWP refrigerants; and refrigerant containment throughout its lifecycle • Selection of five teachers to conduct an international technical visit to identify RAC training strategies to strengthen training in Haiti	71,000	59,000
	Training for RAC technicians on leakage control, use of appropriate tools, electronic instrumentation and maintenance of energy efficiency in servicing • Designing a new training programme for RAC maintenance • Conducting five training workshops for 40 technicians and promoting the participation of women • Providing 40 technicians from the workshops with tools for leakage control	99,000	69,000
	Recovery and recycling of HCFC-22 • Assessment of refrigerant recovery and recycling (R&R) in the country and developing an action plan for the implementation of three R&R centres • Selecting three beneficiaries to equip as the R&R centres • Selecting 24 technicians to equip as specialized brigades (six brigades, each one with four participants) to expand the R&R network • Five workshops on R&R to expand the network, one for 20 trainers and four for 20 technicians each (targeting 10 per cent of participation from women).	123,000	0

[15] Approximate equipment to be purchased for various groups during stage II of the HPMP as described in footnotes 8-11.

Component	**Activity**	**Cost (US $)**	
		Stage	**First tranche**
	Awareness raising and training for end users to prevent new uses of HCFC-22 and to promote low-GWP technologies • Three workshops for 20 end users each, including female participation, on low-GWP alternatives • Designing a guide for the selection of alternatives in RAC applications	26,000	15,800
	Subtotal for servicing sector support	*319,000*	*143,800*
Public awareness to promote HCFC phase-out and mainstream gender	*Gender mainstreaming strategy* • Conducting an initial gender assessment and preparation of a report • Designing and implementing an action plan for gender mainstreaming in projects and activities of the HPMP • Hosting two awareness-raising and training workshops on gender mainstreaming to promote the participation of women in RAC at different levels (targeting 50 per cent of participation from women) • Designing, printing, and distributing awareness-raising materials	20,000	8,000
	Promoting HCFC phase-out • Designing and implementing a communications strategy among RAC end users, HCFC and equipment importers and refrigeration technicians • Designing and implementing annual outreach campaigns • Holding five workshops for 50 participants each (targeting 50 per cent of participation from women), and developing and distributing awareness-raising materials	48,000	18,000
	Subtotal for public awareness	*68,000*	*26,000*
Activities to maintain energy efficiency	• Conducting a study on the import of new and second-hand- RAC equipment, in order to understand the energy consumption characteristics of the last 5 years • Three consultation workshops for 15 participants and five small meetings for relevant stakeholders to discuss MEPS, associated labelling requirements and modalities for their implementation • Conducting a two-day training for 15 officers from the Standards Authority, Electricity Regulatory Commission, Customs Department and the NOU • Technical support and guidance for the drafting of supporting regulations for MEPS, labelling requirements and an MRV system • Conducting cooperation and dialogue sessions among energy efficiency policymakers to promote low-GWP RAC equipment, the labelling programme, and new energy efficiency standards for RAC equipment • Launching an awareness campaign through news publications; developing posters for distribution to RAC equipment outlets; and holding two outreach seminars for the private sector and government officers on MEPS provisions and the benefits of energy-efficient RAC equipment	100,000	18,300
Project monitoring	Project staff and consultants (US $50,000), domestic travel (US $5,000), meetings and workshops (US $5,000)	60,000	22,000
Total		**620,000**	**248,000**

<u>Agreed implementation plan for the first tranche of stage II of the HPMP</u>

30. The agreed plan of action will include the following activities in the first tranche:

(a) *Strengthening the legal and institutional framework*: Reviewing and updating the HCFC licensing and quota system regulations; banning the import of new and second-hand HCFC-based equipment; reviewing other HCFC trade and use control instruments; purchasing five refrigerant identifiers (HFCs and HCFCs); holding one training workshop for 12 customs officers encouraging the participation of women; updating customs administrative procedures for control of substances and equipment imports (US $37,900);

(b) *Support in the RAC servicing sector*: Three training workshops for 24 technicians on RAC servicing; selecting three RAC institutes as beneficiaries of upgraded teaching laboratories, procurement and delivery of equipment to the three beneficiaries, and one related training of 30 teachers; purchasing tools and equipment for leakage control[16] for 40 RAC technicians; two workshops to support 40 end users in the transition to low-GWP alternatives, and designing and printing of an accompanying guide (US $143,800);

(c) *Public awareness*: Baseline characterization of the participation of women in different spaces related to the RAC sector; one workshop for 20 participants (targeting 50 per cent of participation from women) to promote the participation of women in the RAC sector at different levels; two annual outreach campaigns to promote HCFC phase-out (US $26,000);

(d) *Activities to maintain energy efficiency*: Conducting a study on the import of new and second-hand RAC equipment in order to describe the energy consumption characteristics over the last 5 years; three consultation workshops for 15 participants, and five small meetings for relevant stakeholders to discuss MEPS, associated labelling requirements and modalities for their implementation; technical support and guidance for the drafting of supporting regulations for MEPS; one outreach seminar for the private sector and government officers on MEPS provisions and the benefits of energy-efficient RAC equipment (US $18,300); and

(e) *Project monitoring*: Project staff and consultants, domestic travel, two annual coordination meetings, preparation of procedures to harmonize execution of different programmes and activities (US $22,000).

Co-financing

31. The Government and other stakeholders will support the activities in the servicing sector with their technical and logistical capabilities. The Government will provide in-kind co-financing through the provision of staff, office and storage space, communication and internet services, transportation, administration, etc. The communications office of the Ministry of Environment will also provide support and visibility to the awareness-raising activities.

2025–2027 draft business plan of the Multilateral Fund

32. UNDP is requesting US $620,000 plus agency support costs, for the implementation of stage II of the HPMP for Haiti. The total requested value of US $597,060, including agency support costs for the period of 2025–2027, is US $263,220 above the amount in the business plan.

Gender policy implementation

33. The participation of women in the NOU was monitored under the previous stage of the HPMP with women comprising more than 50 per cent of the staff and consultants involved in the design, implementation and supervision the HPMP projects. During the implementation of stage II, gender balance

[16] Same as footnote 14

will continue to be considered in the hiring of staff, consultants, supervisors and trainers. Efforts will be made to have a greater number of women trainers in the delivery of workshops and to promote the participation of women technicians and engineers in training programmes. The NOU will also monitor and raise awareness on gender mainstreaming; collect data to develop gender-disaggregated indicators; prepare gender mainstreaming reports and analyses; and introduce gender-sensitive language in its communications.

34. A specific programme to enhance the participation of women is included in the strategy for stage II. It includes an initial assessment and preparation of a report with recommendations, which is a mandatory requirement under Executive Committee decision 92/40. Further to the recommendations, an action plan for the sustained participation of women in projects and activities of the HPMP will be designed and implemented. This will be accompanied by awareness-raising activities and training workshops to promote the participation of women in the RAC sector and in the HPMP.

Sustainability of the HCFC phase-out and assessment of risks

35. Considering the problems with the implementation of stage I, including ongoing civil unrest in the country, that led to its cancellation, and the lengthy implementation of only 44 per cent of the budget approved for the stage, the Secretariat enquired about the implementation capacity of the country, and the stability of the institutional framework, including the NOU. UNDP elaborated on the Government’s measures, proactive approach and commitments, and on their own implementation modalities and practices that would assure a timely implementation given the specific circumstances of the country, including the specific administrative and technical support that are intended to provide to the NOU through the UNDP national office and national and international consultants, who would both work in the field and provide virtual advice. It was also agreed that consideration of the second tranche of the HPMP will be upon confirmation of the Government of Haiti of completion of the review and update of the licensing and quota system regulations, one training workshop for customs officers, delivery of the equipment procured for the three RAC institutes selected as beneficiaries and the study on the import of new and second-hand RAC equipment .

36. The import of HCFC-22 in Haiti in recent years has shown a reduction trend in HCFC consumption and the fact that the country's economy does not currently require the installation of new HCFC-based RAC equipment, leads UNDP to affirm that there are no risks of compliance with the Montreal Protocol targets. This is complemented by a slow but sustained transition to equipment with HFCs and natural refrigerants. UNDP will provide the necessary technical support to disseminate new non-HCFC-based and low-GWP technologies. The fact that UNDP has a national office in Haiti was highlighted as an advantage for the implementation of the project and its close monitoring.

Impact on the climate

37. The activities proposed in the servicing sector, which include better containment of refrigerants through training and provision of equipment, will reduce the amount of HCFC-22 used in servicing. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in the savings of approximately 1.8 CO_2-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Haiti, including its efforts to ban the import of HCFCs and HCFC-based equipment, to strengthen control of HCFCs and to train RAC technicians in order to reduce leakage and to facilitate the transition away from HCFC-22, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits.

Draft Agreement

38. A draft Agreement between the Government of Haiti and the Executive Committee for stage II of the HPMP is contained in annex I to the present document.

RECOMMENDATION

39. The Executive Committee may wish to consider:

(a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Haiti for the period from 2025 to 2030 for the complete phase-out of HCFC consumption, in the amount of US $620,000, plus agency support costs of US $43,400, for UNDP, on the understanding that no more funding from the Multilateral Fund will be provided for the phase-out of HCFCs;

(b) Noting the commitment of the Government of Haiti to ban the import of new and second-hand HCFC-based equipment by 31 December 2027; and completely phase out HCFCs by 1 January 2030 and that HCFCs will 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) Noting further that stage II of the HPMP includes funding for additional activities to maintain energy efficiency in the refrigeration servicing sector in the amount of US $100,000, plus agency support costs of US $7,000, for UNDP;

(d) Deducting 2.34 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;

(e) Approving the draft Agreement between the Government of Haiti and the Executive Committee for the reduction in consumption of HCFCs, in accordance with stage II of the HPMP, contained in annex I to the present document;

(f) That, to allow for consideration of the final tranche of its HPMP, the Government of Haiti 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 Haiti for the period 2030–2040;

(g) Approving the first tranche of stage II of the HPMP for Haiti, and the corresponding tranche implementation plan, in the amount of US $248,000, plus agency support costs of US $17,360, for UNDP;

(h) That, to allow for consideration of the second tranche of its HPMP, the Government of Haiti, through UNDP, should submit confirmation of completion of the following activities:

(i) Review and update of the licensing and quota system regulations;

(ii) One training workshop for customs officers;

(iii) Delivery of the equipment procured for the three RAC institutes selected as beneficiaries; and

(iv) The study and report on the import of new and second-hand RAC equipment to understand the energy consumption characteristics over the last five years.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF HAITI 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 Haiti (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 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 stage II of the HCFC phase-out management plan approved ("the Plan"). In accordance with subparagraph 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 subparagraph 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;

(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. UNDP has agreed to be the lead implementing agency (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 taking part in this Agreement.

10. The Lead IA will be responsible for ensuring coordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per subparagraph 5(b). The role of the Lead IA is contained in Appendix 6-A. The Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 2.2 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, and the Lead IA to facilitate implementation of this Agreement. In particular, it will provide the Lead 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 subparagraph 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 subparagraphs 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 between the Government 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	3.63

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2025	2026	2027	2028	2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	1.18	1.18	1.18	1.18	1.18	0	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	1.18	1.18	1.18	1.18	1.18	0	n/a
2.1	Lead IA (UNDP) agreed funding (US $)	248,000	0	310,000	0	0	62,000	620,000
2.2	Support costs for lead agency (US $)	17,360	0	21,700	0	0	4,340	43,400
3.3	Total agreed costs (US $)	265,360	0	331,700	0	0	66,340	663,400
4.1.1	Total phase-out of HCFC-22 under this Agreement (ODP tonnes)							1.18
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tonnes)							2.45**
4.1.3	Remaining eligible consumption for HCFC-22							0

* Stage I was cancelled as per decision 95/15
** Including 1.26 ODP tonnes in stage I and an additional 1.19 ODP tonnes phased out by the country

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 subparagraph 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 subparagraph 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 subparagraph (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 subparagraphs 1(a) to 1(d).

2. In the event that in a particular year two stages of the Plan 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 submit annual progress reports of status of implementation of the Plan to the Lead IA.

2. Monitoring of development of the Plan and verification of the achievement of the performance targets, specified in the Plan, will be assigned to an independent local company or to independent international/regional/local consultant(s) by the Lead IA.

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 Plan;

(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 subparagraphs 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;

(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) 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 the allocation of the reductions to the different budget items and to the funding of the Lead IA;

(k) Ensuring that disbursements made to the Country are based on the use of the indicators;

(l) Providing assistance with policy, management and technical support when required; and

(m) 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 Plan's results and the

consumption of the Substances mentioned in Appendix 1-A, as per subparagraph 5(b) of the Agreement and subparagraph 1(b) of 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, 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 Plan 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.