UNITED
NATIONS

EP

United Nations Environment Programme

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/96/25
5 May 2025

ORIGINAL: ENGLISH

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: ARMENIA

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

Phase-out

• HCFC phase-out management plan (stage III, first tranche)	UNIDO and UNEP	Individual consideration

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

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Armenia

(I) PROJECT TITLE	AGENCY
HCFC phase-out plan (stage III)	UNIDO (lead), UNEP

(II) LATEST ARTICLE 7 DATA (Annex C, Group I)	Year: 2023	2.32 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					2.32				2.32

(IV) CONSUMPTION DATA (ODP tonnes)			
2009–2010 baseline:	7.00	Starting point for sustained aggregate reductions:	7.83
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	5.49	Remaining:	2.34

(V) ENDORSED BUSINESS PLAN		2025	2026	2027	Total
UNIDO	ODS phase-out (ODP tonnes)	0.46	0.00	1.62	2.08
	Funding (US $)	96,300	0	337,050	433,350
UNEP	ODS phase-out (ODP tonnes)	0.37	0.00	0.30	0.67
	Funding (US $)	56,500	0	45,200	101,700

(VI) PROJECT DATA			2023*	2025	2026	2027	2028	2029	2030	Total
Montreal Protocol consumption limits (ODP tonnes)			n/a	2.28	2.28	2.28	2.28	2.28	0.00	n/a
Maximum allowable consumption (ODP tonnes)			n/a	2.28	2.28	2.28	2.28	2.28	0.00	n/a
Project costs requested in principle (US $)	UNIDO	Project costs	0	179,200	0	210,700	0	0	42,500	432,400
		Support costs	0	12,544	0	14,749	0	0	2,975	30,268
	UNEP	Project costs	100,000	58,300	0	78,300	0	0	16,000	252,600
		Support costs	13,000	7,579	0	10,179	0	0	2,080	32,838
Total amounts recommended in principle (US $)	Project costs		100,000	237,500	0	289,000	0	0	58,500	685,000
	Support costs		13,000	20,123	0	24,928	0	0	5,055	63,106
	Total funds		113,000	257,623	0	313,928	0	0	63,555	748,106

* Approved at the 93rd meeting for 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 under decision 89/6(b).

(VII) Request for approval of funding for the first tranche (2025)		
Implementing agency	**Funds recommended (US $)**	**Support costs (US $)**
UNIDO	179,200	12,544
UNEP	58,300	7,579
Total	237,500	20,123

Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

Background

1. On behalf of the Government of Armenia, UNIDO as the lead implementing agency has submitted a request for stage III of the HCFC phase-out management plan (HPMP), at a total cost of US $689,986, consisting of US $459,400, plus agency support costs of US $32,158 for UNIDO and US $175,600, plus agency support costs of US $22,828 for UNEP, as originally submitted.[2] The implementation of stage III of the HPMP will phase out the remaining consumption of HCFCs by 2030.

2. The first tranche of stage III of the HPMP being requested at this meeting amounts to US $283,843, consisting of US $194,200, plus agency support costs of US $13,594, for UNIDO and US $67,300, plus agency support costs of US $8,749, for UNEP, as originally submitted.

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

3. Stage II of the HPMP for Armenia was approved at the 77th meeting[3] to phase out 3.26 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector and to meet the 66.6 per cent reduction from the baseline by 2020, at a total cost of US $216,000, plus agency support costs. Stage II of the HPMP was completed in December 2021, as stipulated in the Agreement between the Government of Armenia and the Executive Committee.

Report on HCFC consumption

4. The Government of Armenia reported a consumption of 2.32 ODP tonnes of HCFC in 2023, which is 67 per cent below the HCFC baseline for compliance. While the Article 7 and country programme (CP) data for 2024 have not been reported yet, the Government provided an estimated consumption based on preliminary data. The 2020-2024 HCFC consumption is shown in table 1.

Table 1. HCFC consumption in Armenia (2020–2024 Article 7 data)

HCFC-22	2020	2021	2022	2023	2024*	Baseline
Metric tonnes (mt)	40.12	10.20	33.80	42.23	20.00	126.69
ODP tonnes	2.21	0.56	1.86	2.32	1.10	7.00

* Preliminary estimate

5. HCFC consumption has been maintained at a relatively stable level well below the Montreal Protocol control target in recent years due to the enforcement of the HCFC import quota and other activities implemented under the HPMP. The decrease in consumption in 2021 was caused by impacts of the COVID-19 pandemic. Armenia is a member of the Eurasian Economic Union (EAEU); therefore, the EAEU Customs Code substantially controls Armenia’s foreign trade regime and customs regulations. A national survey was conducted in 2024 to collect accurate data for HCFC imports from 2021 to 2023.

Country programme implementation report

6. The Government of Armenia reported HCFC sector consumption data under the 2023 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

[2] As per the letter of 31 January 2025 from the Ministry of Environment of Armenia to UNIDO.

[3] Decision 77/41

Status of progress and disbursement

7. Stage II of the HPMP was completed on 31 December 2021, and the project completion report was submitted on 19 October 2023.

Legal framework

8. The Government of Armenia has an operational licensing and quota system to control the import and export of HCFCs, and a ban on the import of new and used HCFC-based commercial refrigeration equipment, freezers, mobile systems, air-conditioning (AC) units, chillers, and aerosols has been in place since 1 January 2015. An electronic licensing (e-licensing) system was introduced under stage II and included a video guide and training for staff and importers on the use of the software. The country ratified the Kigali Amendment in May 2019 and relevant legislation was amended to include HFCs in the licensing system.

9. Under stage II, the national ozone unit (NOU) coordinated with the national standardization body of Armenia to adopt standard EN378 on safety and environmental requirements for RAC systems and heat pumps; all four parts of the standard have been enacted.

Refrigeration servicing sector

10. The following activities were undertaken during the final tranche of stage II: procurement of four ODS multi-gas analyzers for critical entry points (central, northern, and southern borders); training of 70 customs officers (including 21 women) on new customs codes and the prevention of illegal trade; training of 95 servicing technicians in good and safe servicing practices, covering new regulations and RAC trends, refrigerant leakage monitoring, and maintenance of logbooks; and project implementation, monitoring and reporting, including the employment of a consultant to assist in monitoring. A national expert was recruited to initiate a gender-related study on women's participation in the implementation of the Montreal Protocol's obligations.

Level of fund disbursement

11. As of March 2025, of the US $216,000 approved for stage II (US $129,600 for UNDP and US $86,400 for UNEP), US $212,960 (98.6 per cent) had been disbursed (US $128,361 for UNDP and US $84,599 for UNEP). The balance of US $3,040 was returned to the Fund.

Stage III of the HCFC phase-out management plan

Remaining consumption eligible for funding

12. After deducting 5.49 ODP tonnes of HCFCs associated with stages I and II of the HPMP, the remaining consumption eligible for funding in stage III amounts to 2.34 ODP tonnes of HCFC-22.

Sector distribution of HCFCs and HFCs

13. There are approximately 300 technicians (including one woman) and 140 workshops operating in the servicing sector, consuming HCFC-22 to service a variety of RAC equipment as shown in table 2.

Table 2. Estimate of demand for HCFC-22 in the RAC servicing sector in Armenia (2023)

Subsector	Type of equipment	(a) Equipment inventory	(b) Average charge (kg)	(c) = (a)*(b) HCFC bank (mt)	(d) Estimated bank refilled during servicing (%)	(c)*(d) Annual need for servicing (mt)
Commercial refrigeration	Small stand-alone systems	21,346	1.2	25.62	10	2.56
	Condensing units	6,304	6.0	37.82	20	7.56
	Small central systems	1,120	10.0	11.20	35	3.92
	Large central systems	936	25.0	23.40	35	8.19
Industrial refrigeration	Small and medium-sized systems	384	60.0	23.04	17	3.92
	Industrial chiller systems	4	130.0	0.52	17	0.09
Transport refrigeration	Vans	2,015	3.0	6.05	40	2.42
	Trucks and trailers	218	4.0	0.87	40	0.35
	Containers	306	13.0	3.98	20	0.80
Chillers	Scroll, rotary, and reciprocal water-cooled	250	20.0	5.00	20	1.00
	Screw water-cooled	80	10.0	0.80	20	0.16
	Screw, scroll, rotary air-cooled	200	15.0	3.00	20	0.60
Residential AC	Window monoblock	6,231	1.5	9.35	10	0.93
	Split	20,770	1.5	31.16	10	3.12
Commercial AC	Multi-split	324	6.0	1.94	15	0.29
	Variable refrigerant flow	509	18.0	9.16	15	1.37
	Packaged rooftop	23	60.0	1.38	15	0.21
Total		**61,020**	**-**	**194.29**	**-**	**37.94**

14. Based on average consumption from 2020 to 2023, HCFC-22 represents 10 per cent (in mt) of the refrigerants used in the servicing sector, with HFCs representing the remaining 90 per cent dominated by R-410A (37 per cent), followed by HFC-134a (26 per cent), R-404A (14 per cent), R-407C (11 per cent) and other miscellaneous HFCs (2 per cent).

<u>Phase-out strategy</u>

15. Stage III of the HPMP will focus on strengthening the regulatory framework and monitoring to ensure compliance with the reduction targets; capacity building in the servicing sector and the introduction of a certification scheme for technicians to enable the transition to alternatives with low global-warming potential (GWP); support of the country’s refrigerant management through a recovery, recycling, and reclamation (RRR) programme; and the provision of equipment and tools.

Proposed activities

16. Activities proposed for implementation under stage III and in the first tranche and their cost breakdown are presented in table 3.

Table 3. Activities and costs under stage III of the HPMP for Armenia as submitted

Activity	Cost (US $)	
	Stage	First tranche
Strengthening the legal and regulatory framework (UNEP)	*110,000*	*36,000*
Harmonize national legislation on controlled substances with European Union (EU) and EAEU legislation: • A study on the review of legislative and policy measures • Prepare amendments to the national legislation based on study outcomes • Coordination meetings with the Ministry of Environment and other line Ministries and the Parliament on the adoption of amendments	18,000	8,000
Update the guide on ODS and HFC legislation: • Update and disseminate the legislation guide in Armenian • Three awareness-raising seminars for stakeholders on the updated guide	14,000	6,000
Introduce a mandatory certification scheme for RAC servicing technicians: • A study on how to develop the certification scheme • Prepare new regulation or amendments to national legislation to regulate the certification scheme • Three awareness-raising seminars for technicians and equipment owners, operators, and importers to introduce the certification system • Awareness-raising campaigns for the informal sector RAC technicians on the safe handling of flammable and/or toxic refrigerants	32,000	12,000
Establish an electronic register of large RAC equipment: • Design and develop the software • Develop regulations related to the use of the register and select the Government body responsible for its maintenance • Prepare and disseminate guidelines for equipment operators • Three awareness-raising seminars for technicians and equipment owners and operators to introduce the register system	46,000	10,000
Capacity-building of customs and enforcement officers (UNEP)	*15,600*	*9,300*
Awareness-raising for customs officers: • Prepare and disseminate to customs checkpoints posters of the main rules and regulations on the imports of ODS and HFCs including customs codes	3,000	3,000
Training for authorized environmental inspectors on leakage control: • Two workshops to train 60 environmental inspectors (30 per workshop)	12,600	6,300
Capacity-building of RAC technicians (UNEP)	*50,000*	*22,000*
Training for RAC technicians on good and safe servicing practices and the environmental impact of RAC equipment; complementary to training under stage I of the Kigali HFC implementation plan (KIP): • Five workshops to train 200 RAC technicians (40 per workshop)	40,000	16,000
Awareness campaign to promote the RAC profession to young women: • Consultant (national gender expert) to coordinate and conduct the campaign • Prepare leaflets and posters and hold information sessions/presentations at secondary, tertiary, and technical education institutions	10,000	6,000
Strengthening technical capacity for refrigeration management (UNIDO)	*433,500*	*185,000*
Improve the RRR scheme: • Survey the technical capacity and RRR awareness of servicing workshops • Purchase 90 sets of tools and equipment (recycling machine, charging station, manifold, and three cylinders) (US $1,200 per set) • Establish a reclamation centre[4] • Prepare and disseminate RRR guidelines • Five workshops to train 100 RAC technicians on RRR (20 per workshop)	202,500	58,000

[4] Includes a reclamation unit, two recovery units, three 100-lb storage tanks, ten 30-lb recovery tanks, a scale, a refrigerant identifier, spare parts, and installation.

Activity	Cost (US $)	
	Stage	First tranche
• Develop the infrastructure for refilling and maintaining reusable cylinders in the country		
Establish a training centre at Tavush vocational school and upgrade three existing vocational schools to be able to train on the safe use of low- or zero-GWP refrigerants: • Assess each facility and conduct safety inspections (four) • Upgrade four training centres, procure and install safety measures and equipment working with flammable refrigerants (US $10,000 per school) • Purchase servicing tools and equipment for technicians for working with flammable and/or toxic refrigerants [5]	231,000	127,000
Coordination, monitoring, reporting and evaluation (UNIDO)	*25,900*	*9,200*
Subtotal for UNIDO	**459,400**	**194,200**
Subtotal for UNEP	**175,600**	**67,300**
Total	**635,000**	**261,500**

Project implementation and monitoring

17. The project management and monitoring system established under stages I and II of the HPMP will continue into stage III, with the NOU and UNIDO monitoring activities, reporting on progress, and working with stakeholders to phase out HCFCs. The cost of those activities amounts to US $25,900 for UNIDO, including project staff and consultants (US $12,000), domestic travel (US $6,000), meetings and workshops (US $6,000), and miscellaneous expenses (US $1,900).

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

18. The total cost of stage III of the HPMP for Armenia has been estimated at US $635,000 (plus agency support costs), as originally submitted, for achieving complete phase-out by 2030. The proposed activities and cost breakdown are summarized in table 3 above.

Implementation plan for the first tranche of stage III of the HCFC phase-out management plan

19. The first funding tranche of stage III of the HPMP in the total amount of US $261,500 will be implemented between July 2025 and June 2027. Detailed information on the activities to be implemented under the first tranche, including adjustments and the level of funds agreed, are presented in paragraph 32.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

20. The Secretariat reviewed stage III of the HPMP in light of stages I and II, 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.

[5] Includes hydrocarbon (HC) charging stations, gauge manifolds, HC leak detectors, brazing units, HC and HCFC refrigeration simulators, HC AC simulators, fitting and tubing tools, safety tools, and basic tools and spare parts.

Overarching strategy

21. The Government of Armenia 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.[6]

22. In line with decision 86/51, to allow for consideration of the final tranche of its HPMP, the Government of Armenia 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 Armenia for the period 2030-2040.

Legal framework

23. The Government of Armenia has already issued HCFC import quotas for 2025 at 2.26 ODP tonnes, which is lower than the control targets in the Montreal Protocol.

Technical and cost-related issues

24. The Secretariat recalled that when stage I of the KIP was submitted, there was an issue of HFC consumption underestimation, as HFC imports from EAEU countries were not recorded as consumption and asked if there was a similar issue with HCFCs. UNIDO reported that the consumption of HCFC-22 in the years after 2015 has likely been underestimated, but only due to an inability to record the internal trade of HCFC-22 within EAEU countries, unlike for HFCs, where the inaccuracy was also due to the inability to distinguish the individual HFC blends. The Government conducted a bottom-up survey on HCFC consumption for 2021-2023 during HPMP preparation but the survey was unable to retroactively capture the 2015-2020 data due to incomplete records kept by the end users and technicians. The Secretariat noted that Armenia's HCFC consumption before 2015 was already significantly lower than the baseline. Since Armenia introduced a ban on HCFC-based equipment in 2015, it is unlikely that the country's HCFC consumption increased significantly after that date. Taking into consideration the survey data from 2020 to 2023, the Secretariat considers the risk of non-compliance from consumption underestimation in 2015 to 2020 to be minimal.

25. To address the above issue, the Government has planned in stage I of the KIP to establish instruments that will allow the Government to monitor and record the internal trade ("movements") of all controlled substances within the EAEU, including all imports of HCFCs that will be counted and reported as consumption.

26. The Secretariat compared the survey data in 2015 and 2023 and noted that, due to the ban on import of HCFC-based equipment, there is an overall decreasing trend in HCFC-22 use in all the subsectors except for the commercial refrigeration sector. UNIDO explained that the increase in HCFC-22 use in commercial refrigeration is linked to the growing number of imported compressor units which are compatible with both HCFCs and HFCs and blends (R-134a, R-450A, R-513A, R-404A, R-452A, R-449A, and R-448A). Sometimes end users prefer to have units based on HCFCs (using mineral oil) rather than units that use synthetic oil (designed for HFCs) due to cost differences. Additionally, operating a compressor with HCFC-22 is more convenient than using a blend-based one. This trend will change with the further decrease in HCFC quota and supply, and awareness-raising and training activities will also support the transition.

27. The total funding of US $635,000 as originally requested for implementation of stage III of the HPMP was calculated based on a baseline consumption of 126.69 mt. However, the Secretariat noted that

[6] 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.

Armenia's baseline included 25.5 mt of HCFC-22 used for the manufacture of commercial refrigeration appliances and cold rooms, and that the HCFCs used in the servicing sector in the baseline years amounted to 101.19 mt. In accordance with the cost guideline for HCFC phase-out (decision 74/50), the maximum eligible funding to achieve complete phase-out of HCFCs by 2030 would be US $900,000. Noting the US $315,000 already approved for stages I and II of the HPMP, the remaining funding for complete phase-out of HCFCs in Armenia by 2030 would be US $585,000.

28. The Secretariat noted that stage II of the HPMP was completed in 2021, but stage III was only submitted to the 96th meeting. UNIDO explained that the delay in submission was due to several factors. Stage III of the HPMP was prepared in 2021; however, during the internal clearance process by the Ministry of Environment, a new minister and deputy ministers were appointed. It was then decided to align the HPMP project with the commitments under the Comprehensive and Enhanced Partnership Agreement (CEPA) between the EU and Armenia. Reviewing and adjusting the project document, followed by a new round of clearance, proved time-consuming. In the process, the project data and actions became outdated, necessitating a full revision and the drafting of a new document, which further extended the timeline.

29. Although stage III of the HPMP was delayed, the Secretariat noted that since the completion of stage II, Armenia has been enforcing the licensing and quota system and the quota for HCFC-22 has been kept at a level below the target in 2020. The HCFC phase-out achieved through stages I and II of the HPMP has been sustained. During a discussion on whether full funding is needed, as 67.5 per cent reduction should have already been achieved in 2025 following the Montreal Protocol phase-out schedule, it was noted that a significant number of activities planned in stage III, including harmonizing the legal framework with EU and EAEU regulations, training and mandatory certification of technicians, and refrigerant RRR have not been implemented. These activities are crucial to HCFC reduction in the servicing sector. Their full implementation will not only support the country to sustain the phase-out and achieve the final target for complete HCFC phase-out, but also to leapfrog from HCFC-22 to low-GWP alternatives, in synergy with the KIP. Based on these considerations and in line with decision 74/50, the funding for stage III of the HPMP was agreed at US $585,000.

30. At its 93rd meeting, the Executive Committee approved a project to support additional activities for the introduction of alternatives to HCFCs with low or zero GWP and for maintaining energy efficiency in the refrigeration servicing sector in Armenia under decision 89/6(b) in the amount of US $100,000, on the understanding that the project would be integrated into stage III of the HPMP once the plan had been fully formulated for consideration by the Executive Committee (decision 93/36). UNIDO and UNEP provided a detailed progress report: the capacity-building of key staff and stakeholders on energy efficiency and low-GWP technologies was completed through a study tour to Montenegro, where minimum energy performance standards (MEPS) had been established, and experiences were shared on the development of MEPS; two training sessions were held for 70 specialists on energy efficiency and the monitoring of RAC equipment; three stakeholder coordination meetings were held on the development of energy efficiency policies and standards in the RAC sector. Other activities, including information outreach, awareness-raising, and stakeholder coordination are ongoing. The implementation and monitoring of these activities will be integrated into stage III of the HPMP.

Total project cost

31. The total cost for stage III of the HPMP was reduced from US $635,000 to US $585,000, in line with decision 74/50(c)(xii) on the eligible funding level for a low-volume consuming country. The costs were adjusted to absorb the reduction, and activities were adjusted as follows: the enforcement officers to be trained were reduced from 60 to 50; the training workshops for RAC technicians on good and safe servicing practices and the environmental impact of RAC equipment were reduced from five to four; and the training sessions for RAC technicians on RRR were reduced from five to three. The revised activities and costs are presented in table 4.

Table 4. Summary of activities and costs under stage III of the HPMP for Armenia as agreed

Activity	Agency	Cost (US $)	
		Stage	**First tranche**
Strengthening the legal and regulatory framework	UNEP	107,500	36,000
Capacity-building of customs and enforcement officers (the enforcement officers to be trained are reduced from 60 to 50)	UNEP	13,600	8,300
Capacity-building of RAC technicians (the training workshops for RAC technicians are reduced from five to four)	UNEP	31,500	14,000
Strengthening technical capacity for refrigeration management (the training sessions for RAC technicians are reduced from five to three)	UNIDO	406,500	170,000
Coordination, monitoring, reporting and evaluation	UNIDO	25,900	9,200
Subtotal (UNIDO)		*432,400*	*179,200*
Subtotal (UNEP)		*152,600*	*58,300*
Total		**585,000**	**237,500**

Agreed implementation plan for the first tranche of stage III of the HCFC phase-out management plan

32. The funding for the first tranche was adjusted to US $237,500, and the agreed implementation plan includes the following activities:

(a) Strengthening the legal and regulatory framework (UNEP) (US $36,000): A study on review of legislative and policy measures (US $8,000); update the ODS/HFC legislation guide in Armenian, and conduct an awareness-raising seminar for stakeholders on the updated guide (US $6,000); a study on how to develop the certification scheme, and an awareness-raising campaign for the informal-sector RAC technicians on the safe handling of flammable and/or toxic refrigerants (US $12,000); and design and develop the software for an electronic register of RAC equipment (US $10,000);

(b) Capacity-building of customs and enforcement officers (UNEP) (US $8,300): Prepare and disseminate to customs checkpoints posters of the main rules and regulations on the imports of ODS and HFCs including customs codes (US $3,000); and one workshop to train 30 environmental inspectors on leakage control (US $5,300);

(c) Capacity-building of RAC technicians (UNEP) (US $14,000): Two workshops to train 80 RAC technicians on good servicing practices and the environmental impact of RAC equipment (US $10,000); and to coordinate and conduct an awareness campaign to promote the RAC profession to young women by a national gender expert (US $4,000);

(d) Strengthening technical capacity for refrigeration management (UNIDO) (US $170,000): Survey the technical capacity and RRR awareness of servicing workshops, purchase 35 sets of tools and equipment (recycling machine, charging station, manifold, and three cylinders), and begin developing the infrastructure for refilling and maintaining reusable cylinders in the country (US $58,000); and assess each of the four vocational school facilities and conduct safety inspections, procure and install safety equipment and retrofits at two schools, and purchase tools and equipment for working with flammable and/or toxic refrigerants (US $112,000); and

(e) Coordination, monitoring, reporting and evaluation (US $9,200): Project staff and consultants (US $3,500), domestic travel (US $2,500), meetings and workshops (US $2,500), and miscellaneous expenses (US $700) (UNIDO).

Co-financing

33. Co-financing the activities in stage III of the HPMP will be realized by providing civil engineering works in training centres to adjust the infrastructure to work with flammable and/or toxic refrigerants. In addition, the Government in collaboration with implementing agencies will explore additional funding opportunities and incentives throughout the stage III implementation period. These might involve investment grants to replace high-GWP equipment with environmentally friendly and energy-efficient technology; partnering with national educational institutions and industry associations to enhance training and certification; and tapping into global funding facilities focused on social and climate concerns to support various initiatives, such as promoting gender equity, advancing green cooling strategies, boosting energy efficiency, and fostering public-private collaborations in updating and improving the refrigerant management system.

2025–2027 draft business plan of the Multilateral Fund

34. UNIDO and UNEP are requesting US $585,000, plus agency support costs, for the implementation of stage III of the HPMP for Armenia. The total requested value of US $571,551, including agency support costs for the period of 2025-2027, is US $36,501 above the amount in the business plan.

Gender policy implementation

35. The Government of Armenia, UNIDO and UNEP are committed to applying the operational gender mainstreaming policy of the Multilateral Fund throughout HPMP implementation, as well as their own gender policies. A gender assessment related to women’s participation in the refrigeration, air-conditioning and heat pump sector in Armenia was undertaken by the NOU; as a result, the gender campaign was included as an activity under stage III of the HPMP. Additional gender elements have also been incorporated into various components of the HPMP and KIP. Project staff and stakeholders of the HPMP will be sensitized to gender issues, and sex-disaggregated data will continue to be collected.

Sustainability of the HCFC phase-out and assessment of risks

36. The sustainability of the results of the HPMP will be ensured by numerous activities embedded in the HPMP. The Government is implementing an operational licensing and quota system that will ensure the country’s compliance with the control target in the Agreement with the Executive Committee. The country has banned the import of HCFC-based equipment since 2015, resulting in reduced demand for HCFCs for servicing. Montreal Protocol-related matters have been included in the curriculum of the master course by the customs administration. Mandatory certification of technicians in collaboration with the RAC association will facilitate the continuous training, capacity development and awareness-raising of technicians, which will in turn ensure good servicing practices and sustained emission reduction in the servicing sector. Support for the RRR programme will further strengthen refrigerant management and reduce the demand for virgin HCFCs. Armenia has an approved KIP and will strive to achieve synergy between HCFC phase-out and HFC phase-down and to leapfrog from HCFCs to low-GWP alternatives.

37. The risks to successful implementation of the HPMP and the sustainability of its achievements were assessed, identified and analyzed, and relevant actions have been proposed to minimize them. The political stability of the country and continuous commitment to HCFC phase-out, the challenges in controlling HCFC imports to achieve additional HCFC phase-out, and the lack of tools and equipment for refrigerant recovery and recycling are considered to be medium risk but have a high impact on implementation. The Government proposes to advocate to high-ranking decision makers regarding the need to continue prioritizing HCFC-related matters; to ensure training and capacity development for customs officers and the enforcement of regulations on movements of HCFCs within the EAEU to address the challenges linked to import controls; and to provide tools and equipment to support the establishment of a recovery and recycling network to achieve sustained reduction in HCFC consumption.

Impact on the climate

38. The activities proposed in the servicing sector, which include better containment of refrigerants through training and the 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 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 Armenia, including its efforts to control HCFCs and promote refrigerant RRR, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits.

Draft Agreement

39. A draft Agreement between the Government of Armenia and the Executive Committee for stage III of the HPMP is contained in annex I to the present document.

Coordination of activities in the servicing sector under the HCFC phase-out and HFC phase-down plans

40. Stage III of the HPMP will be simultaneously implemented with the KIP between 2025 and 2029. Activities for the phase-out of HCFC consumption are designed to be harmonized with the phase-down of HFC consumption to the extent possible to enhance synergies for complementary efforts and to avoid duplication. Armenia will adopt a mix of parallel and integrated implementation of the HPMP and KIP. Annex II summarizes the simultaneous implementation of activities under the HPMP and the KIP.

RECOMMENDATION

41. The Executive Committee may wish to consider:

(a) Approving, in principle, stage III of the HCFC phase-out management plan (HPMP) for Armenia for the period from 2025 to 2030 for the complete phase-out of HCFC consumption, in the amount of US $635,106, consisting of US $432,400, plus agency support costs of US $30,268, for UNIDO and US $152,600, plus agency support costs of US $19,838, for UNEP, on the understanding that no more funding from the Multilateral Fund will be provided for the phase-out of HCFCs;

(b) Noting:

(i) That stage III of the HPMP includes an additional US $100,000, plus agency support costs of US $13,000, for UNEP, related to the additional activities approved at the 93rd meeting for the introduction of alternatives to HCFCs with low or zero global-warming potential and for maintaining energy efficiency in the refrigeration servicing sector under decision 89/6(b);

(ii) The commitment of the Government of Armenia to 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) Deducting 2.34 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;

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

(e) Noting that, to allow for consideration of the final tranche of its HPMP, the Government of Armenia 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 Armenia for the period 2030–2040; and

(f) Approving the first tranche of stage III of the HPMP for Armenia, and the corresponding tranche implementation plan, in the amount of US $257,623, consisting of US $179,200, plus agency support costs of US $12,544, for UNIDO, and US $58,300, plus agency support costs of US $7,579, for UNEP.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF ARMENIA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS IN ACCORDANCE WITH STAGE III OF THE HCFC PHASE-OUT MANAGEMENT PLAN

Purpose

1. This Agreement represents the understanding of the Government of Armenia (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 rows 4.1.3 and 4.2.3 (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 III 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. UNIDO has agreed to be the lead implementing agency (the "Lead IA") and UNEP 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 coordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per subparagraph 5(b). The Cooperating IA will support the Lead IA by implementing the Plan under the overall coordination 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 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	7.00
HCFC-141b contained in imported pre-blended polyols	-	-	0.83
Total			**7.83**

APPENDIX 2-A: THE TARGETS, AND FUNDING*

Row	Particulars	2023**	2025	2026	2027	2028-2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	2.28	2.28	2.28	2.28	0.00	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	2.28	2.28	2.28	2.28	0.00	n/a
2.1	Lead IA (UNIDO) agreed funding (US $)	0	179,200	0	210,700	0	42,500	432,400
2.2	Support costs for Lead IA (US $)	0	12,544	0	14,749	0	2,975	30,268
2.3	Cooperating IA (UNEP) agreed funding (US $)	100,000	58,300	0	78,300	0	16,000	252,600
2.4	Support costs for Cooperating IA (US $)	13,000	7,579	0	10,179	0	2,080	32,838
3.1	Total agreed funding (US $)	100,000	237,500	0	289,000	0	58,500	685,000
3.2	Total support costs (US $)	13,000	20,123	0	24,928	0	5,055	63,106
3.3	Total agreed costs (US $)	113,000	257,623	0	313,928	0	63,555	748,106
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)							2.34
4.1.2	Phase-out of HCFC-22 to be achieved under previously approved projects (ODP tonnes)							4.66
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)							0.00

Row	Particulars	2023**	2025	2026	2027	2028-2029	2030	Total
4.2.1	Total phase-out of HCFC-141b contained in imported pre-blended polyols agreed to be achieved under this Agreement (ODP tonnes)							0.00
4.2.2	Phase-out of HCFC-141b contained in imported pre-blended polyols to be achieved under previously approved projects (ODP tonnes)							0.83
4.2.3	Remaining eligible consumption for HCFC-141b contained in imported pre-blended polyols (ODP tonnes)							0.00

* Date of completion of stage II as per stage II Agreement: 31 December 2021.
** Approved at the 93rd meeting for 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 under decision 89/6(b).

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval at the second 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. Overall monitoring will be provided by the Government, through the national ozone unit (NOU), with assistance from the Lead IA. The NOU will submit annual progress reports of status of implementation of the Plan to the Lead IA.

2. Consumption will be monitored and determined from official data of the import and export of substances as registered by the relevant Government departments. The NOU will compile and report the following data and information each year on or before the relevant deadlines:

(a) Reports on the consumption of the substances to be submitted to the Ozone Secretariat in line with Article 7 of the Montreal Protocol; and

(b) Reports on country programme data to be submitted to the Secretariat of the Multilateral Fund.

3. Monitoring of development of the Plan and verification of the achievement of the performance targets will be assigned to an independent local enterprise or to independent local consultant(s) by the Lead IA. The enterprise or consultant(s) responsible for verification will have full access to relevant technical and financial information related to the implementation of the Plan.

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, 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) Coordinating 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, coordination 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 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 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 coordinated 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, coordination 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 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.

Annex II

SIMULTANEOUS IMPLEMENTATION OF THE HCFC PHASE-OUT MANAGEMENT PLAN AND THE KIGALI HFC IMPLEMENTATION PLAN IN ARMENIA

Category of activity	HPMP stage III		KIP stage I		HPMP+KIP combined cost (US $)
	Activity	Cost (US $)	Activity	Cost (US $)	
Legal and regulatory framework	Harmonization of national legislation with the EU and EAEU legislation	18,000	Expanding and improving the licensing and quota system	38,000	56,000
	Updating of the guide on ODS/HFC legislation	14,000	Introduction and implementation of the ban on imports of HFC-based equipment	33,000	47,000
	Introduction of the mandatory certification scheme for RAC specialists following the EU practice	31,000	Introduction and implementation of further legal and regulatory framework for the HFC phase-down	28,000	59,000
	Establish an electronic register of large RAC equipment and their operators	44,500	Further development of codes of practice and standards on handling low-GWP technologies	18,000	62,500
			Targeted awareness-raising campaigns on HFCs and low-GWP technologies, including campaigns targeting women	12,000	12,000
			Detailed sectoral studies	25,000	25,000
Capacity-building of RAC trainers and technicians	Training for RAC technicians on good servicing practices	25,000	Training for RAC trainers and technicians on good servicing practices including refrigerant recovery	55,000	80,000
			Provision of RAC servicing tools for low-GWP equipment	40,150	40,150
	Targeted gender-based campaign to encourage young women to choose RAC profession	6,500			6,500
Capacity-building of customs officers	Training of environmental inspectors on leakage control	10,600	Training for customs and enforcement officers	52,000	62,600
	Awareness-raising for customs and enforcement officers	3,000	Information and awareness-raising workshops for economic operators	12,000	15,000
Strengthening technical capacities for refrigeration management	Survey the technical capacity and RRR awareness of servicing workshops	6,000			6,000
	Purchase 90 sets of tools and equipment (recycling machine, charging station, manifold, and three cylinders, etc.)	108,000			108,000
	Establish a reclamation centre, including a reclamation unit, two recovery units, three 100-lb	42,500			42,500

Category of activity	HPMP stage III		KIP stage I		HPMP+KIP combined cost (US $)
	Activity	**Cost (US $)**	**Activity**	**Cost (US $)**	
	storage tanks, ten 30-lb recovery tanks, a scale, a refrigerant identifier, spare parts, and installation				
	Prepare and disseminate RRR guidelines	5,000			5,000
	Three workshops to train 100 RAC technicians on RRR	12,000			12,000
	Develop the infrastructure for refilling and maintaining reusable cylinders in the country	20,000			20,000
Establishment of a new training centre at Tavush vocational school and upgrading four vocational schools for the training on the safe use of natural refrigerants	Consultant to assess each of the four facilities and conduct safety inspections	11,000			11,000
	Upgrade four training centres, procure and install safety measures and equipment working with flammable refrigerants	40,000			40,000
	Purchase servicing tools and equipment for technicians for working with flammable and/or toxic refrigerants	162,000			162,000
Energy efficiency project	Study tour on labelling standards and energy efficiency ratings; coordination of Government agencies; training and awareness-raising on energy efficiency; consumer behaviour studies	100,000			100,000
Project coordination and management	Project coordination, monitoring and reporting	25,900	Project coordination, monitoring and reporting	11,850	37,750
Total	**HPMP**	**685,000**	**KIP**	**325,000**	**1,010,000**