UNITED
NATIONS

EP

United Nations
Environment
Programme

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/88/49
4 November 2021
ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-eighth Meeting
Montreal, 15-19 November 2021[1]

# PROJECT PROPOSAL: FIJI

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 and UNEP

[1] Online meetings and an intersessional approval process will be held in November and December 2021 due to coronavirus disease (COVID-19)

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

**FIJI**

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

| **(II) LATEST ARTICLE 7 DATA (Annex C Group l)** | Year: 2020 | 2.12 (ODP tonnes) |
|---|---|---|

| **(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)** | | | | | | | | | **Year:** 2020 |
|---|---|---|---|---|---|---|---|---|---|
| Chemical | Aerosol | Foam | Fire-fighting | Refrigeration | | Solvent | Process agent | Lab use | Total sector consumption |
| | | | | Manufacturing | Servicing | | | | |
| HCFC-22 | | | | | 2.12 | | | | 2.12 |

| **(IV) CONSUMPTION DATA (ODP tonnes)** | | | |
|---|---|---|---|
| 2009 - 2010 baseline: | 5.73 | Starting point for sustained aggregate reductions: | 5.73 |
| **CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)** | | | |
| Already approved: | 2.01 | Remaining: | 3.72 |

| **(V) BUSINESS PLAN** | | **2021** | **2022** | **2023** | **Total** |
|---|---|---|---|---|---|
| UNDP | ODS phase-out (ODP tonnes) | 1.13 | 0.0 | 0.0 | 1.13 |
| | Funding (US $) | 188,000 | 0 | 0 | 188,000 |
| UNEP | ODS phase-out (ODP tonnes) | 0.75 | 0.0 | 0.0 | 0.75 |
| | Funding (US $) | 132,210 | 0 | 0 | 132,210 |

| **(VI) PROJECT DATA** | | | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **2030** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Montreal Protocol consumption limits | | | 3.72 | 3.72 | 3.72 | 3.72 | 1.86 | 1.86 | 1.86 | 1.86 | 1.86 | 0 | n/a |
| Maximum allowable consumption (ODP tonnes) | | | 3.72 | 3.72 | 3.72 | 3.72 | 1.86 | 1.86 | 1.86 | 1.86 | 1.86 | 0 | n/a |
| Project costs requested in principle (US $) | UNDP | Project costs | 176,000 | | | | 139,000 | | | | | 36,000 | 351,000 |
| | | Support costs | 12,320 | | | | 9,730 | | | | | 2,520 | 24,570 |
| | UNEP | Project costs | 116,700 | | | | 93,900 | | | | | 23,400 | 234,000 |
| | | Support costs | 15,171 | | | | 12,207 | | | | | 3,042 | 30,420 |
| Total project costs requested in principle (US $) | | | 292,700 | 0 | 0 | 0 | 232,900 | 0 | 0 | 0 | 0 | 59,400 | 585,000 |
| Total support costs requested in principle (US $) | | | 27,491 | | | | 21,937 | | | | | 5,562 | 54,990 |
| Total funds requested in principle (US $) | | | 320,191 | 0 | 0 | 0 | 254,837 | 0 | 0 | 0 | 0 | 64,962 | 639,990 |

| **(VII) Request for approval of funding for the first tranche (2021)** | | |
|---|---|---|
| **Agency** | **Funds requested (US $)** | **Support costs (US $)** |
| UNDP | 176,000 | 12,320 |
| UNEP | 116,700 | 15,171 |
| Total | 292,700 | 27,491 |

| **Secretariat's recommendation:** | Individual consideration |
|---|---|

## PROJECT DESCRIPTION

### Background

1. On behalf of the Government of Fiji, UNDP as the lead implementing agency, has submitted a request for stage II of the HCFC phase-out management plan (HPMP), at a total cost of US $693,490, consisting of US $401,000, plus agency support costs of US $28,070 for UNDP, and US $234,000, plus agency support costs of US $30,420 for UNEP, as originally submitted.[2] 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 $346,941, consisting of US $201,000, plus agency support costs of US $14,070 for UNDP, and US $116,700, plus agency support costs of US $15,171 for UNEP, as originally submitted.

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

3. Stage I of the HPMP for Fiji was originally approved at the 65th meeting,[3] updated at the 73rd meeting[4] and further revised at the 86th meeting[5] to meet the 35 per cent reduction from the baseline by 2020, at a total cost of US $315,000, plus agency support costs, to phase out 2.01 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector. Stage I of the HPMP will be completed by December 2021 as stipulated in the Agreement between the Government of Fiji and the Executive Committee.

<u>HCFC consumption</u>

4. The Government of Fiji reported a consumption of 2.12 ODP tonnes of HCFC in 2020, which is 63 per cent below the HCFC baseline for compliance. The 2016-2020 HCFC consumption is shown in Table 1.

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

| HCFC | 2016 | 2017 | 2018 | 2019 | 2020 | Baseline |
|---|---|---|---|---|---|---|
| **Metric tonnes (mt)** | | | | | | |
| HCFC-22 | 74.43 | 67.60 | 75.23 | 83.91 | 38.53 | 103.44 |
| HCFC-142b | 0.09 | 0.00 | 0.05 | 0.05 | 0.00 | 0.65 |
| **Total (mt)** | **74.52** | **67.60** | **75.28** | **83.96** | **38.53** | **104.08** |
| **ODP tonnes** | | | | | | |
| HCFC-22 | 4.09 | 3.72 | 4.14 | 4.62 | 2.12 | 5.69 |
| HCFC-142b | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.04 |
| **Total (ODP tonnes)** | **4.1** | **3.72** | **4.14** | **4.62** | **2.12** | **5.73** |

5. The HCFC-22 consumption has been fluctuating due to the changing demand in the fisheries industry which consumes 75 to 80 per cent of the HCFCs. The consumption increase in 2018 and 2019 was due to stockpile by importers in view of the then upcoming control measures in 2020. The COVID-19 pandemic had a major impact in imports of HCFC-22 for 2020. It is expected that in late 2021 this consumption will increase, as the fisheries sector has a high demand for refrigerant, which had been met partially by stocks from previous years.

[2] As per the letter of 23 July 2021 from the Ministry of Environment of Fiji to UNDP.
[3] UNEP/OzL.Pro/ExCom/65/50
[4] Annex XIX of UNEP/OzL.Pro/ExCom/73/62
[5] Annex XVI of UNEP/OzL.Pro/ExCom/86/100

*CP implementation report*

6. The Government of Fiji reported HCFC sector consumption data under the 2020 CP implementation report, consistent with the data reported under Article 7 of the Montreal Protocol.

<u>Status of progress and disbursement</u>

*Legal Framework*

7. The Government of Fiji continues to implement its licensing and quota system for all ODS in terms of handling, storage, sales, imports and re-exports, including to foreign flagged fishing vessels (FFFVs). The ODS Act was amended in December 2020 to put in place regulatory interventions including a ban on the import of HCFC-based chillers and the import of HCFC-142 from 1 January 2021; that companies using ODS are required to provide quarterly reports on actual import of HCFC gases; and that importers are required to provide information on RAC equipment and non-ODS refrigerant imports to the Department of Environment. Bans for smaller RAC equipment (e.g., domestic air-conditioning (AC) units) will be considered in stage II.

8. In total, 339 customs and enforcement officers have been trained through 23 workshops, four refrigerant identifiers were procured and distributed, and four awareness workshops were conducted to explain the importing requirement for HCFC and methyl bromide for QPS applications, and how to fill in the proper declaration of HCFCs to the customs for fishing vessels.

*Refrigeration servicing sector*

9. The following activities were implemented:

(a) The Department of Environment in collaboration with the National Training Productivity Centre (NTPC) under Fiji National University (FNU), trained 968 RAC technicians in good practices, refrigerant recovery and reuse and safe handling and servicing of RAC equipment based on flammable and/or toxic refrigerants (ammonia and hydrocarbons), which are prerequisites for obtaining a technician license. The training curriculum for good refrigeration practices was updated in collaboration with FNU, the Fiji Higher Education Commission and the National Ozone Unit (NOU); training courses are now conducted using the updated training materials;

(b) The Department of Environment is working closely with Fiji Higher Education Commission to develop short courses on climate change and its links to refrigeration/AC;

(c) Ten recovery machines with ancillary equipment were procured and provided to the Refrigeration Association; training was provided to technicians on the use of recovery units; a refrigerant reclamation centre, consisting of two mini-reclaim units, was established at the Fishery Association, and technical assistance in the use of the units was provided to 25 technicians by an international consultant; 10 sets of equipment and tools (e.g., recovery cylinders, manifold pistons, leak detectors, scale charging, recovery units) were procured by the Department of Environment and distributed to technical workshops and training institutions;

(d) Due to the impact of the COVID-19 pandemic, only 30 residential AC units, out of the proposed 100 units under the replacement incentive programme, had been replaced with R-32-based AC units; the remaining 70 units will be replaced before the end of 2021;

(e) Meetings were organized with the Ministry of Fisheries and other stakeholders to discuss options for the transition to alternative RAC equipment in the fishery sector; and

(f) Awareness-raising materials on HCFC phase-out, its impact and transition to alternative technologies in the fishery sector were prepared and distributed to customs officers, refrigeration technicians and other stakeholders. The Refrigeration Association and the fishery sector (owners of fishing vessels and land-based equipment, contractors and technicians) were involved in consultations regarding the amendment to the legislation; matters related to the safe introduction of energy-efficient, ozone and climate friendly RAC technologies have been incorporated under the training programmes; and the NOU also worked closely with the Department of Energy to promote a linkage between HCFC phase-out and the introduction of energy-efficient alternative technologies.

*Project implementation and monitoring*

10. The Department of Environment through the NOU is responsible for project monitoring and implementation. Local experts were hired to assist in monitoring implementation of the HPMP, and meetings were held to discuss the inclusion of the gender mainstreaming policy of the Multilateral Fund in project activities.

*Status of disbursement*

11. As of June 2021, of the total funds of US $315,000 approved (US $189,500 for UNDP and US $125,500 for UNEP), US $259,388 had been disbursed (US $145,338 for UNDP and US $114,050 for UNEP). The remaining US $55,612 will be disbursed in 2021 and 2022.

*Extension of stage I of the HPMP*

12. The Government of Fiji through UNDP requested for an extension of stage I of the HPMP which is expected to be completed in December 2021, to December 2022 due to constraints imposed by the COVID-19 pandemic prohibiting missions of consultants and experts to the country and delaying the signing of the agreement for the fourth and last tranche of stage I approved at the 86$^{th}$ meeting. UNDP indicated that the Government of Fiji is fully committed to completing the remaining activities for stage I by 31 December 2022 as follows:

(a) Meeting of stakeholders for the finalization of the replacement programme; preparation of supporting awareness materials; training for the reclamation centre established for the fisheries sector (UNDP); and

(b) Training schedules were confirmed for 2021 to complete two refresher training workshops for customs and enforcement officers as well as for port authority, maritime and navy with 30 officers; three training workshops for 60 RAC technicians on good refrigeration practice; and two special training workshops on the management of HCFCs for the servicing of refrigeration technologies in the marine and fisheries refrigeration sectors for 40 participants. The Department of Environment will implement these activities via virtual training in the third and fourth quarter of 2021 (UNEP).

**Stage II of the HPMP**

<u>Remaining consumption eligible for funding</u>

13. After deducting 2.01 ODP tonnes of HCFCs associated with stage I of the HPMP, the remaining consumption eligible for funding in stage II amounts to 3.72 ODP tonnes of HCFC-22.

Sector distribution of HCFCs

14. There are approximately 1,138 technicians and 365 workshops in the servicing sector, consuming HCFC-22 to service residential AC, commercial AC, chillers, land-based units (such as supermarkets, resorts, cold storage, other) and fishery vessels as shown in Table 2.

**Table 2. Sectoral distribution of HCFC-22 in Fiji in 2020***

| **Sector/Application** | | **Number of units** | **Average charge (kg)** | **Leakage rate (%)** | **Servicing demand (mt)** | **Consumption (%)** |
|---|---|---|---|---|---|---|
| **AC** | Residential AC | 45,000 | 1.8 | 10 | 8.10 | 14.0 |
| | Commercial AC | 900 | 15.0 | 15 | 2.03 | 3.5 |
| | Chillers | 4 | 500.0 | 8 | 0.16 | 0.3 |
| **Refrigeration** | Land-based units (supermarkets, resorts, cold storage, other) | 22 | 300.0 | 30 | 1.98 | 3.4 |
| | Fishery vessels (@700 kg per vessel) | 67 | - | - | 45.60** | 78.8 |
| **Total** | | 45,993 | - | - | 57.87 | 100 |

* Actual consumption in 2020 was lower due to COVID-19 impacts

**Estimated servicing demand for fishing vessels from inventory.

15. Based on imports in 2020, HCFC-22 represents 24.35 percent of the refrigerants used in the servicing sector, the primary HCFC-22 alternatives used are HFC-134a (31.7 per cent), R-404 (24.7 per cent), R-410A (12.6 per cent), and R-32, R-407C and R-507A (6.6 per cent).

Phase-out strategy in stage II of the HPMP

16. Stage II of the HPMP proposes to achieve a 67.5 per cent reduction from its HCFC baseline consumption by 2025 and 100 per cent reduction of HCFC consumption by 2030, on the understanding that Fiji's consumption between 2030 and 2040 will be consistent with the servicing tail as provided under the Montreal Protocol. Based on the experience gained during the implementation of stage I, the focus will continue on enhancing the control of HCFC imports, reducing the demand of HCFCs through training and certification of technicians in good servicing practices, introducing and enforcing an import ban of new or second hand HCFC-based RAC equipment by 1 January 2023, and strengthening the recovery and recycling network. Stage II of the HPMP will also explore ways to integrate the implementation of the HPMP with activities related to HFC phase-down under the Kigali Amendment which was ratified by Fiji on 16 June 2020. The lessons learned and infrastructure established during the implementation of stage I of the HPMP will be utilized in stage II.

Proposed activities in stage II of the HPMP

17. Stage II proposes the following activities:

(a) *Policy, regulations and enforcement:* Six consultation meetings with key stakeholders on policy and regulations; two train-the-trainer workshops for 30 trainers; 20 workshops to train 400 customs and enforcement officers in the prevention of illegal trade of controlled substances, compliance with the Montreal Protocol and with new regulations (i.e., ban on import of new and second hand HCFC-based equipment, and mandatory labelling system); two workshops to train 40 officers on tracking HCFC supply and demand and preventing illegal trade in the fisheries sector; two workshops to train 30 customs agents and importers on new regulations; procurement of four refrigerant identifiers and technical support on their use for Fiji Customs (UNEP) (US$114,000) and (UNDP) (US $20,000);

(b) *RAC servicing for the fisheries sector:* Four consultation meetings with fishery enterprises and other relevant enforcement organizations related to the fisheries sector on tracking

HCFC supply and demand to prevent illegal trade specifically for the sector; development of standard operating procedure (SOP) for the fisheries sector for record keeping of and data monitoring on HCFC use by fishing vessels, and development of an export permit system as recommended in the verification report submitted to the 86th meeting; preparation of a transition and transformation plan for fishing vessels on the use of alternatives for 25 beneficiaries in the sector; five customized workshops on good practices for marine technicians and service engineers deployed on fishing vessels; and procurement of 25 sets of tools (i.e., leak detectors, valves, gauges) for marine technicians; preparation of a feasibility report for the use of recycled HCFC in servicing fishing vessels (UNDP) (US $66,000) and (UNEP) (US $24,000);

(c) *RAC servicing for land-based RAC systems:* Review and update the training materials on good refrigeration servicing practices; 20 training workshops for 500 service technicians on good refrigeration practices and safety aspects; one workshop for 10 examiners for the technician certification programme and launch of the technician certification programme to certify 500 technicians, and integrate good refrigeration practices into Fiji's Qualifications Framework including competency standard and recognition of prior learning (RPL) for certification; technical assistance and provision of equipment and tools to five training centres (e.g., recovery machines, recovery cylinders, vacuum pumps, electronic weighing scales, digital multi--refrigerator gauge manifolds, leak detectors, and toolkits) and to 50 service workshops (UNDP) (US $175,000) and (UNEP) (US $75,000);

(d) *Gender mainstreaming activities:* Collecting gender-aggregated data, where possible, for report of achievements under stage II of the HPMP; workshops for discussing gender issues, to share experiences and lessons learned on gender mainstreaming (UNDP) (US $50,000); and

(e) *Public Awareness and education:* Development and dissemination of awareness and education material for the public about the Montreal Protocol; and for the RAC servicing sector specifically on safe introduction of alternative refrigerants; promoting the linkages between HCFC phase-out and introduction of alternatives that are ozone/climate friendly and energy-efficient (UNEP) (US $21,000).

*Project implementation and monitoring*

18. The system established under stage I of the HPMP will continue into stage II, where the NOU monitors activities, reports on progress, and works with stakeholders to phase out HCFCs. The cost of those activities for UNDP amounts to US $90,000 for stage II to include hiring of local experts and consultants (US $80,000) and domestic travel, equipment, supplies and communication (US $10,000).

*Gender policy implementation*[6]

19. In line with decision 84/92(d), stage II will focus more on the gender mainstreaming aspects, as in Fiji, women are underrepresented in RAC service sector due to nature of work. The focus includes sensitization on gender issues and women empowerment that will be ensured through mainstreaming gender topics in various project activities, from the engagement of the Ministry of Women, Children and Poverty Alleviation in Fiji and UN Women in consultation activities to specific sessions focussing on gender mainstreaming in training and communication activities.

[6] Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

Total cost of stage II of the HPMP

20. The total cost of stage II of the HPMP for Fiji has been estimated at US $635,000 (plus agency support costs), as originally submitted, for achieving 67.5 per cent reduction from its HCFC baseline consumption by 2025 and 100 per cent reduction by 2030. The proposed activities and cost breakdown are summarized in Table 3.

**Table 3. Total cost of stage II of the HPMP for Fiji as submitted (US $)**

| Activity | UNDP | UNEP | Cost |
|---|---|---|---|
| ***Policy, regulations, and enforcement*** | | | |
| Policy review and amendment of regulations | | 3,000 | 3,000 |
| Capacity building and training of Customs and enforcement officers | 20,000 | 111,000 | 131,000 |
| ***RAC servicing –for the fisheries sector*** | | | |
| Policy/regulation for fisheries enterprises | | 12,000 | 12,000 |
| Technical assistance to fisheries enterprises | 41,000 | | 41,000 |
| Training and capacity building of fishery technicians | 25,000 | 12,000 | 37,000 |
| ***RAC servicing for land-based RAC systems*** | | | |
| Training of RAC technicians | | 30,000 | 30,000 |
| Implementation of a technician certification programme | | 45,000 | 45,000 |
| Procurement of five sets of equipment for training centres, training and capacity building for the centres; purchase and provision of 50 sets of tools (US $2,000 per set) for service workshops | 175,000 | | 175,000 |
| ***Gender mainstreaming*** | 50,000 | | 50,000 |
| ***Public awareness and outreach*** | | 21,000 | 21,000 |
| ***Project implementation and monitoring*** | 90,000 | | 90,000 |
| **Total** | **401,000** | **234,000** | **635,000** |

Activities planned for the first tranche of stage II

21. The first funding tranche of stage II of the HPMP, at the total amount of US $317,700, will be implemented between January 2022 and December 2024 and will include the following activities:

(a) *Policy, regulations and enforcement:* Six consultation meetings with key stakeholders to review and update existing policies and regulations; one train-the-trainers workshop for 15 trainers; eight training workshops to train 160 customs and enforcement officers in the prevention of illegal trade of controlled substances, compliance with the Montreal Protocol and with new regulations; one workshop to train 20 enforcement officers on tracking HCFC supply and demand and preventing illegal trade in the fisheries sector; and procurement of one refrigerant identifier and technical support on their use for Fiji Customs (UNDP)(US $5,000) and (UNEP) (US$ 49,500);

(b) *RAC servicing for the fisheries sector:* Four consultation meetings with fishery enterprises and other relevant enforcement organizations related to the fisheries sector on tracking HCFC supply and demand to prevent illegal trade specifically for the sector; development of SOP for the fisheries sector for record keeping of and data monitoring on HCFC use by fishing vessels and development of an export permit system; development of a fishing vessels transformation plan for the use of alternatives for 25 beneficiaries in the sector; preparation of a feasibility report for the use of recycled HCFC in servicing fishing vessels; two customized trainings for 20 marine technicians and service engineers deployed on fishing vessels (UNDP) (US $41,000) and (UNEP) (US $16,800);

(c) *RAC servicing for land-based RAC systems:* Review and update the training materials on good refrigeration servicing practices; one workshop for 10 examiners for the technician certification programme and launch of the technician certification programme and integrate good refrigeration practices into Fiji's Qualifications Framework including competency standard and RPL for certification; training in good practices in refrigeration servicing for 25 technicians; and procurement of training equipment for five training centres, (e.g. recovery machines, recovery cylinders, vacuum pumps, electronic weighing scales, digital multi--refrigerator gauge manifolds, leak detectors, and toolkits); (UNDP) (US $75,000) and (UNEP) (US $42,000);

(d) *Gender mainstreaming activities*: Two meetings to discuss gender issues, to share experiences and lessons learned on gender mainstreaming and how to integrate gender into project implementation; collecting gender-aggregated data to indicate achievements under stage II of the HPMP (UNDP) (US $25,000);

(e) *Public awareness and education:* Development and dissemination of awareness and education material for the public about the Montreal Protocol; and for the RAC servicing sector specifically on safe introduction of alternative refrigerants (UNEP) (US$8,400); and

(f) *Project implementation and monitoring* (UNDP) (US$55,000): For engagement of project monitoring staff/consultants (US$50,000), as well as travel, equipment, supply, and communication (US $5,000).

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

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

*Extension of stage I of the HPMP*

23. Given the delays on the implementation of several activities included under stage I and the revised plan of action proposed by the Government of Fiji, the Secretariat notes that extending the completion date of stage I to 31 December 2022 will allow the country to complete all remaining activities. The Government of Fiji is fully committed to completing stage I and assures that activities for stage II will be implemented in parallel, as part of post-COVID-19 recovery measures, taking into account the relevant restrictions.

Overarching strategy

24. The Government of Fiji proposes to meet the 100 per cent reduction of its HCFC baseline consumption by 2030, and to maintain a maximum annual consumption of HCFC in the period of 2030 to 2040 consistent with Article 5, paragraph 8 ter(e)(i) of the Montreal Protocol.[7] The country is committed to sustain the phase-out achieved in stage I of the HPMP and to continue implementing the HCFC licensing and quota systems and strict import controls for ensuring compliance with the HPMP and Montreal Protocol control targets.

25. In line with decision 86/51, to allow for consideration of the final tranche of its HPMP, the Government of Fiji agrees 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

[7] 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.

Article 5 of the Montreal Protocol for the 2030-2040 period, and the expected annual HCFC consumption in Fiji for the 2030-2040 period.

*Legal framework*

26. The Government of Fiji has already issued HCFC import quotas for 2021 at 3.17 ODP tonnes, which is lower than the Montreal Protocol targets.

Technical and cost-related issues

27. The funding requested for stage II of the HPMP (US $635,000) was not consistent with the eligible funding under decision 74/50(c)(xii) (i.e., US $585,000). The difference of US $50,000 was attributed to the inclusion of a funded component for gender mainstreaming. The Secretariat reiterated that while the gender policy should be operationalized in the implementation of projects approved by the Executive Committee in line with decision 84/92(d), this should not be considered as an additional cost to the HPMP but should be integrated within the funding eligible for Article 5 countries. UNDP removed the specific component and adjusted the requested funding accordingly.

28. The Secretariat also sought clarification on the submission of a separate proposal for the fisheries sector when the activities included all relate to policy and regulation, capacity building, training of technicians, and awareness raising which are standard components of an HPMP. Following a discussion, UNDP adjusted the distribution of activities to be consistent with the overall HPMP, extending the technician certification programme to all technicians including those in the fisheries sector, and integrating it into the Fiji Qualifications Framework; removed the funding request for gender mainstreaming and submitted a revised proposal. Revised activity allocations and funding are presented in Table 4 below.

**Table 4. Revised activity allocations for stage II of the HPMP for Fiji (US $)**

| **Activity** | **UNDP** | **UNEP** | **Cost** |
|---|---|---|---|
| ***Policy, regulations, and enforcement*** | **20,000** | **126,000** | **146,000** |
| Policy review and amendment of regulations | | 3,000 | 3,000 |
| Policy/regulation for fisheries enterprises | | 12,000 | 12,000 |
| Capacity building and training of customs and enforcement officers | 20,000 | 111,000 | 131,000 |
| ***Technical assistance for fishing vessels*** | **41,000** | **--** | **41,000** |
| ***Training and capacity building - RAC servicing sector*** | **200,000** | **87,000** | **287,000** |
| Training of RAC technicians | | 42,000 | 42,000 |
| Implementation of a technician certification programme | | 45,000 | 45,000 |
| Procurement of training equipment for training centres, technical workshops and fisheries technicians | 200,000 | | 200,000 |
| ***Public awareness and outreach*** | | **21,000** | **21,000** |
| ***Project implementation and monitoring*** | **90,000** | | **90,000** |
| **Total** | **351,000** | **234,000** | **585,000** |

Total project cost

29. The total cost for stage II of the HPMP as agreed amounts to US $585,000, in line with decision 74/50(c)(xii). The funding for the first tranche was adjusted to US $292,700 and activities were revised as follows:

(a) *Policy, regulations and enforcement:* Six consultation meetings with key stakeholders to review and update existing policies and regulations; one workshops to train 15 trainers on customs and enforcement; eight training workshops to train 160 customs and enforcement officers in the prevention of illegal trade of controlled substances, compliance with the Montreal Protocol and with new regulations (i.e., ban on import of new and second hand HCFC-based equipment, and mandatory labelling system); one workshops to train 20 enforcement officers on tracking HCFC supply and demand and preventing illegal trade in the fisheries sector; procurement of one refrigerant identifier and technical support on their use for the Fiji Customs; four consultation meetings with fishery enterprises and other relevant enforcement organizations related to the fisheries sector; and development of SOP for the fisheries sector for record keeping of and data monitoring on HCFC use by fishing vessels and development of export permit system (UNDP) (US $5,000) and (UNEP) (US $61,500);

(b) *Technical assistance for fisheries vessels*: Initiate the development of fishing vessels transformation plans on the use of alternatives for 25 beneficiaries; and preparation of a feasibility report for the use of recycled HCFCs in the fisheries sector and its supply chain (UNDP) (US $41,000);

(c) *Training and capacity building - RAC servicing sector:* Review and update of training materials on good refrigeration servicing practices; two workshop to train 20 trainers per workshop on the updated curriculum; 20 workshops to train 500 technicians on good refrigeration servicing practices including safety aspects; technical assistance and provision of equipment (i.e., recovery machines, recovery cylinders, vacuum pumps, electronic weighing scales, digital multi--refrigerator gauge manifolds, leak detectors, and toolkits) to five training centres; two workshops on good refrigeration practices to train 40 marine technicians and service engineers deployed in fishing vessels; integration of the good practices in refrigeration into the Fiji Qualifications Framework including competency standard and RPL for certification; training of 10 examiners for the technician certification programme and certification of 500 technicians (UNDP) (US $75,000) and (UNEP) (US $46,800);

(d) *Public awareness and outreach:* Development and dissemination of awareness and education material for the public about the Montreal Protocol; and for the RAC servicing sector specifically on safe introduction of alternative refrigerants; (UNEP) (US$8,400); and

(e) *Project implementation and monitoring:* (UNDP) (US$55,000) For engagement of project monitoring staff/consultants (US$50,000), as well as travel, equipment, supply, and communication (US $5,000).

Impact on the climate

30. The proposed activities in the servicing sector, which include better containment of refrigerants through training and provision of equipment, will reduce the amount of HCFC-22 used for RAC servicing. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in savings of approximately 1.8 $CO_2$-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Fiji, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits.

**Co-financing**

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

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

32. UNDP and UNEP are requesting US $585,000, plus agency support costs, for the implementation of stage II of the HPMP for Fiji. The total requested value of US $320,191 including agency support costs for the period of 2021–2023, is US $19 below the amount in the business plan.

**Draft Agreement**

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

**RECOMMENDATION**

34. The Executive Committee may wish to consider:

(a) Approving, on an exceptional basis, the extension of the duration of stage I of the HCFC phase-out management plan (HPMP) for Fiji to 31 December 2022, given delay in implementing phase-out activities owing to the coronavirus disease pandemic, on the understanding that no further extension would be requested;

(b) Approving, in principle, stage II of the HPMP for Fiji for the period from 2021 to 2030 for the complete phase-out of HCFC consumption, in the amount of US $639,990, consisting of US $351,000, plus agency support costs of US $24,570 for UNDP, and US $234,000, plus agency support costs of US $30,420 for UNEP, on the understanding that no more funding from the Multilateral Fund would be provided for the phase-out of HCFCs;

(c) Noting the commitment of the Government of Fiji:

(i) To completely phase out HCFCs by 1 January 2030 and that HCFCs would not be imported after that date, except for those allowed for a servicing tail between 2030 and 2040, where required, consistent with the provisions of the Montreal Protocol;

(ii) To introduce and enforce a ban on the import of new or second hand HCFC-based refrigeration and air-conditioning equipment by 1 January 2023;

(d) Deducting 3.72 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;

(e) Approving the draft Agreement between the Government of Fiji 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 Fiji 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 Fiji for the period 2030-2040; and

(g) Approving the first tranche of stage II of the HPMP for Fiji, and the corresponding tranche implementation plans, in the amount of US $320,191, consisting of US $176,000, plus agency support costs of US $12,320 for UNDP, and US $116,700, plus agency support costs of US $15,171 for UNEP.

# Annex I

## DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF FIJI 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 Fiji (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 the Montreal Protocol

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 the stage II of the HCFC phase-out management plan (HPMP) approved ("the Plan"). In accordance with sub-paragraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.

**Conditions for funding release**

5. The Executive Committee will only provide the Funding in accordance with the Funding Approval Schedule when the Country satisfies the following conditions at least eight weeks in advance of the applicable Executive Committee meeting set out in the Funding Approval Schedule:

(a) That the Country has met the Targets set out in row 1.2 of Appendix 2-A for all relevant years. Relevant years are all years since the year in which this Agreement was approved. Years for which there are no due country programme implementation reports at the date of the Executive Committee meeting at which the funding request is being presented are exempted;

(b) That the meeting of these Targets has been independently verified for all relevant years, unless the Executive Committee decided that such verification would not be required;

(c) That the Country had submitted a Tranche Implementation Report in the form of Appendix 4-A ("Format of Tranche Implementation Reports and Plans") covering each previous calendar year; that it had achieved a significant level of implementation of activities initiated with previously approved tranches; and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent; and

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

**Monitoring**

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

**Flexibility in the reallocation of funds**

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

(a) Reallocations categorized as major changes must be documented in advance either in a Tranche Implementation Plan as foreseen in sub-paragraph 5(d) above, or as a revision to an existing Tranche Implementation Plan to be submitted eight weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:

(i) Issues potentially concerning the rules and policies of the Multilateral Fund;

(ii) Changes which would modify any clause of this Agreement;

(iii) Changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches;

(iv) Provision of funding for activities not included in the current endorsed Tranche Implementation Plan, or removal of an activity in the Tranche Implementation Plan, with a cost greater than 30 per cent of the total cost of the last approved tranche;

(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;

(c) The Country agrees, in cases where HFC technologies have been chosen as an alternative to HCFCs, and taking into account national circumstances related to health and safety: to monitor the availability of substitutes and alternatives that further minimize impacts on the climate; to consider, in the review of regulations standards and incentives adequate provisions that encourage introduction of such alternatives; and to consider the potential for adoption of cost-effective alternatives that minimize the climate impact in the implementation of the HPMP, as appropriate, and inform the Executive Committee on the progress accordingly in tranche implementation reports; and

(d) 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”) 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 Cooperating IA taking part in this Agreement.

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

**Non-compliance with the Agreement**

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

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

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

Lead IA and the Cooperating IA with access to the information necessary to verify compliance with this Agreement.

**Date of completion**

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

**Validity**

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

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

**APPENDICES**

**APPENDIX 1-A: THE SUBSTANCES**

| Substance | Annex | Group | Starting point for aggregate reductions in consumption (ODP tonnes) |
|---|---|---|---|
| HCFC-22 | C | I | 5.69 |
| HCFC-142b | C | I | 0.04 |
| Total | C | I | 5.73 |

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

| Row | Particulars | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1.1 | Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes) | 3.72 | 3.72 | 3.72 | 3.72 | 1.86 | 1.86 | 1.86 | 1.86 | 1.86 | 0 | n/a |
| 1.2 | Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes) | 3.72 | 3.72 | 3.72 | 3.72 | 1.86 | 1.86 | 1.86 | 1.86 | 1.86 | 0 | n/a |
| 2.1 | Lead IA (UNDP) agreed funding (US $) | 176,000 | | | | 139,000 | | | | | 36,000 | 351,000 |
| 2.2 | Support costs for Lead IA (US $) | 12,320 | | | | 9,730 | | | | | 2,520 | 24,570 |
| 2.3 | Cooperating IA (UNEP) agreed funding (US $) | 116,700 | | | | 93,900 | | | | | 23,400 | 234,000 |
| 2.4 | Support costs for Cooperating IA (US $) | 15,171 | | | | 12,207 | | | | | 3,042 | 30,420 |

| Row | Particulars | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3.1 | Total agreed funding (US $) | 292,700 | 0 | 0 | 0 | 232,900 | 0 | 0 | 0 | 0 | 59,400 | 585,000 |
| 3.2 | Total support costs (US $) | 27,491 | | | | 21,937 | | | | | 5,562 | 54,990 |
| 3.3 | Total agreed costs (US $) | 320,191 | 0 | 0 | 0 | 254,837 | 0 | 0 | 0 | 0 | 64,962 | 639,990 |
| 4.1.1 | Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes) | | | | | | | | | | | 3.72 |
| 4.1.2 | Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes) | | | | | | | | | | | 1.97 |
| 4.1.3 | Remaining eligible consumption for HCFC-22 (ODP tonnes) | | | | | | | | | | | 0.00 |
| 4.2.1 | Total phase-out of HCFC-142b agreed to be achieved under this Agreement (ODP tonnes) | | | | | | | | | | | 0.00 |
| 4.2.2 | Phase-out of HCFC-142b to be achieved through previously approved projects (ODP tonnes) | | | | | | | | | | | 0.04 |
| 4.2.3 | Remaining eligible consumption of HCFC-142b (ODP tonnes) | | | | | | | | | | | 0.00 |

*Date of completion of stage I as decided at the 88th meeting: 31 December 2022

## APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

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

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

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

(a) A narrative report, with data provided by tranche, describing the progress achieved since the previous report, reflecting the situation of the Country in regard to phase out of the Substances, how the different activities contribute to it, and how they relate to each other. The report should include the amount of ODS phased out as a direct result from the implementation of activities, by substance, and the alternative technology used and the related phase-in of alternatives, to allow the Secretariat to provide to the Executive Committee information about the resulting change in climate relevant emissions. The report should further highlight successes, experiences, and challenges related to the different activities included in the Plan, reflecting any changes in the circumstances in the Country, and providing other relevant information. The report should also include information on and justification for any changes vis-à-vis the previously submitted Tranche Implementation Plan(s), such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes;

(b) An independent verification report of the Plan results and the consumption of the Substances, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;

(c) A written description of the activities to be undertaken during the period covered by the requested tranche, highlighting implementation milestones, the time of completion and the interdependence of the activities, and taking into account experiences made and progress achieved in the implementation of earlier tranches; the data in the plan will be provided by calendar year. The description should also include a reference to the overall Plan and progress achieved, as well as any possible changes to the overall Plan that are foreseen. The description should also specify and explain in detail such changes to the overall plan. This description of future activities can be submitted as a part of the same document as the narrative report under sub-paragraph (b) above;

(d) A set of quantitative information for all Tranche Implementation Reports and Plans, submitted through an online database; and

(e) An Executive Summary of about five paragraphs, summarizing the information of the above sub-paragraphs 1(a) to 1(d).

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

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

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

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

4. The Department of Environment will be responsible for the overall project monitoring of all activities under the Plan. The Department of Environment will be responsible for the planning, coordination, implementation of daily work of the project implementation. It will also assist the Government and non-Government organizations, to streamline their activities for smooth implementation of the projects. The ODS Unit will submit annual progress reports on the status of the implementation to the Lead IA and the Cooperating IA to monitor implementation progress of the Plan.

5. Annual consumption of HCFCs and other ODSs will be monitored by the Department of Environment in collaboration with the Fiji Customs Department. The Department of Environment will liaise with importers of HCFCs and other ODSs to obtain necessary data for reconciliation of statistics on the periodically basis.

6. The Department of Environment will undertake regular inspection to refrigeration and air-conditioning (RAC) training centres and RAC servicing workshops to monitor conditions of RAC servicing tools distributed under the Plan.

7. The Department of Environment will also undertake market survey to gauge the penetration of non-HCFC substitutes and alternative technologies in the RAC sector. It will monitor the implementation of capacity building activities with relevant agencies e.g. RAC technician training and customs and enforcement officers training.

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

8. The Lead IA will be responsible for a range of activities, including at least the following:

(a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's HPMP;

(b) Assisting the Country in preparation of the Tranche Implementation Reports and Plans as per Appendix 4-A;

(c) Providing independent verification to the Executive Committee that the Targets have been met and associated tranche activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;

(d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future Tranche Implementation Plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;

(e) Fulfilling the reporting requirements for the Tranche Implementation Reports and Plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee, and should include the activities implemented by the Cooperating IA;

(f) In the event that the last funding tranche is requested one or more years prior to the last year for which a consumption target had been established, annual tranche implementation reports and, where applicable, verification reports on the current stage of the Plan should be submitted until all activities foreseen had been completed and HCFC consumption targets had been met;

(g) Ensuring that appropriate independent technical experts carry out the technical reviews;

(h) Carrying out required supervision missions;

(i) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;

(j) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;

(k) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country and the Cooperating IA, the allocation of the reductions to the different budget items and to the funding of the Lead IA and the Cooperating IA;

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

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

(n) Reaching consensus with the Cooperating IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan; and

(o) Timely releasing funds to the Country/participating enterprises for completing the activities related to the project.

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

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

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

(a) Providing assistance for policy development when required;

(b) Assisting the Country in the implementation and assessment of the activities funded by the Cooperating IA, and refer to the Lead IA to ensure a co-ordinated sequence in the activities;

(c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A; and

(d) Reaching consensus with the Lead IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan.

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

11. 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.

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