UNITED
NATIONS

EP

United Nations
Environment
Programme

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/86/64
20 October 2020

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-sixth Meeting
Montreal, 2-6 November 2020
Postponed to 8-12 March 2021[1]

PROJECT PROPOSALS: NICARAGUA

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

<u>Phase-out</u>

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

[1] Due to coronavirus disease (COVID-19)

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Nicaragua

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out management plan (stage I)	UNEP (lead), UNIDO	66th	35 per cent by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group l)	Year: 2019	2.97 (ODP tonnes)

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)									Year: 2019
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					2.97				2.97

(IV) CONSUMPTION DATA (ODP tonnes)			
2009–2010 baseline:	6.80	Starting point for sustained aggregate reductions:	7.11
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	2.69	Remaining:	4.42

(V) BUSINESS PLAN		2020
UNEP	ODS phase-out (ODP tonnes)	0.08
	Funding (US $)	11,300
UNIDO	ODS phase-out (ODP tonnes)	0.21
	Funding (US $)	27,795

(VI) PROJECT DATA			2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	6.80	6.80	6.12	6.12	6.12	6.12	6.12	4.42	n/a
Maximum allowable consumption (ODP tonnes)			n/a	6.80	6.80	6.12	6.12	6.12	6.12	6.12	4.42	n/a
Agreed funding (US $)	UNEP	Project costs	38,000	0	0	30,000	0	0	30,000	0	10,000	108,000
		Support costs	4,940	0	0	3,900	0	0	3,900	0	1,300	14,040
	UNIDO	Project costs	96,500	0	0	50,000	0	0	50,000	0	25,500	222,000
		Support costs	8,685	0	0	4,500	0	0	4,500	0	2,295	19,980
Funds approved by ExCom (US $)		Project costs	134,500	0	0	80,000	0	0	80,000	0		294,500
		Support costs	13,625	0	0	8,400	0	0	8,400	0		30,425
Total funds requested for approval at this meeting (US $)		Project costs									35,500	35,500
		Support costs									3,595	3,595

Secretariat's recommendation:	For blanket approval

PROJECT DESCRIPTION

1. On behalf of the Government of Nicaragua, UNEP as the lead implementing agency, has submitted a request for funding for the fourth and final tranche of stage I of the HCFC phase-out management plan (HPMP), at a total cost of US $39,095, consisting of US $10,000, plus agency support costs of US $1,300 for UNEP, and US $25,500, plus agency support costs of US $2,295 for UNIDO.[2] The submission includes a progress report on the implementation of the third tranche and the tranche implementation plan for 2020 to 2021.

Report on HCFC consumption

2. The Government of Nicaragua reported a consumption of 2.97 ODP tonnes of HCFC in 2019, which is 56 per cent below the HCFC baseline for compliance. The 2015-2019 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Nicaragua (2015–2019 Article 7 data)

HCFC	2015	2016	2017	2018	2019	Baseline
Metric tonnes						
HCFC-22	79.35	85.55	76.69	18.06	54.00	111.18
HCFC-124	0.94	0.54	0.00	0.00	0.00	1.36
HCFC-141b	11.92	1.56	0.00	0.00	0.00	5.36
Total (mt)	**92.21**	**87.65**	**76.69**	**18.06**	**54.00**	**118.39**
HCFC-141b in imported pre-blended polyols*	2.49	0.61	0.22	0.00	0.00	2.81**
ODP tonnes						
HCFC-22	4.36	4.71	4.22	0.99	2.97	6.11
HCFC-124	0.02	0.01	0.00	0.00	0.00	0.03
HCFC-141b	1.31	0.17	0.00	0.00	0.00	0.59
Total (ODP tonnes)	**5.69**	**4.89**	**4.22**	**0.99**	**2.97**	**6.80**
HCFC-141b in imported pre-blended polyols*	0.27	0.07	0.02	0.00	0.00	0.31**

* Country programme (CP) data.
**Average consumption between 2007 and 2009.

3. HCFC consumption has continued to decrease with the implementation of control measures on imports and of the training and technical assistance provided to refrigeration technicians under stage I of the HPMP. There was a significant decrease in consumption in 2018 due to social unrest, which led to temporary closure of customs, and an economic slowdown. Since January 2018, consumption of HCFC-141b and HCFC-141b contained in imported pre-blended polyols has been zero, in line with the 1 January 2018 ban issued by the Government. A small amount of HFC-23 (10 kg) was imported in 2019 to service cryogenic cooling equipment associated with the agricultural industry.

CP implementation

4. The Government of Nicaragua reported HCFC sector consumption data under the 2019 CP implementation report which is consistent with the data reported under Article 7 of the Montreal Protocol.

[2] As per the letter of 22 July 2020 from the Ministry of Foreign Affairs of Nicaragua to UNEP.

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

Legal framework

5. During implementation of the HPMP, the HCFC licensing and quota system has been revised to include allocation of quotas by type of substance. In December 2017, the import permit format has been improved to facilitate HCFCs imports control as recommended in the verification report submitted to the 74th meeting. The customs code was being revised to include up to 12 digits to better identify refrigerants imported into the country; those changes are expected to be finalized by December 2021 in line with the timeline under the World Customs Organization. A new decree approved in 2017 prohibits the use of HCFC-based equipment in newly constructed buildings. A draft standard developed for the imports, exports, refrigerant quality, transport, storage, and commercialization of alternative refrigerants containing hydrocarbons for the use in refrigeration and air-conditioning (RAC) systems, which had been expected to be completed by December 2018, was still being considered by the Ministry of Industry and was expected to be finalized by December 2021.

6. Customs officers inspected HCFC imports, and conducted annual inspection visits to approximately 30 import warehouses. Since 2018, 425 customs officers and 699 employees of importers, end-users, and custom broker companies participated in trainings on control and identification of HCFCs, HCFC-based equipment, and illegal trade. To date, the cumulative number of customs officers and employees of importers, end-users and custom brokers trained under stage I of the HPMP is 845 and 1,544, respectively. During the next months there will be more training courses to update personnel on issues related to ODS controls and regulations to avoid any misunderstanding in the regulations for HCFC.

7. Decree No. 91-2000 is the regulation for the control of ODS; failure to comply with the provisions of the decree can result in sanctions ranging from a warning to cancellation of the import permit or licence and the cancellation of the annual ODS quota allowance for up to two years. There was one such case in 2018; the enterprise in question was not allowed to import HCFCs in 2019 and will be able to import in 2020 as it rectified its inadvertent oversight.

Refrigeration servicing sector

8. The following activities were conducted:

(a) Three hundred thirty-one technicians, technical managers at enterprises, and distributors were trained on good refrigeration servicing practices and the safe use of flammable refrigerants, including 25 technicians and trainers that participated in 2020 in an online training course, with an international trainer participating virtually and local trainers overseeing the practical, hands-on portion of the course; a further 114 technicians were trained in 2018-2019 through three in-person courses and 111 technicians in 2020 through two online trainings on the refrigeration cycle, compressors, safe handling of flammable refrigerants and recovery and recycling;

(b) Equipment and tools (e.g., manifold set, refrigerant recovery unit, vacuum pump, cylinders, and refrigerant identifier) for six vocational training centres were purchased and are expected to arrive in Nicaragua by the end of October 2020 and delivered to the centres by January 2021; and construction of a room for the reclamation centre for the reception, storage and reprocessing of refrigerants;

(c) Two training courses on the use of nitrogen and other low-global-warming potential (GWP), non-ODS flushing agents were held for 150 RAC technicians and distributors; and a workshop for testing and training on the use of pre-blended hydrocarbon polyol systems was held for two foam applicators;

(d) Two projects to promote refrigerant containment and reduce electricity consumption at a supermarket at Managua (capital city), and in the storage area of a melon producer in the municipality of León; and recovery of HCFC-22 from the retirement of obsolete RAC equipment will be undertaken once the reclamation center was operational in 2021; and

(e) Public awareness activities including workshops to promote technology without ODS and prevention of illegal trade, and activities to inform stakeholders on HCFC phase-out achievements through meetings and online and printed material.

Technical assistance in the foam sector

9. A workshop for testing and training on the use of non-ODS imported pre-blended polyol systems was held for two polyurethane foam manufacturers.

Project implementation and monitoring

10. The main activities included: stakeholder coordination; monitoring of project activities and results, monitoring technology development, emerging alternatives and market trends in HCFC use; and preparation of annual progress reports. Of the US $53,000 allocated under the first three tranches, US $35,100 (66 per cent) has been disbursed; a further US $7,500 has been committed and will be disbursed by December 2020.

Level of fund disbursement

11. As of July 2020, of the US $294,500 approved so far, US $233,854 had been disbursed (US $77,967 for UNEP and US $155,887 for UNIDO) as shown in Table 2. The balance of US $60,646 will be disbursed in 2020-2021.

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

Tranche		**UNEP**	**UNIDO**	**Total**	**Disbursement rate (%)**
First	Approved	38,000	96,500	134,500	100
	Disbursed	38,000	96,500*	134,500	
Second	Approved	30,000	50,000	80,000	100
	Disbursed	30,000	50,000**	80,000	
Third	Approved	30,000	50,000	80,000	24
	Disbursed	9,967	9,387	19,354	
Total	**Approved**	**98,000**	**196,500**	**294,500**	**79**
	Disbursed	**77,967**	**155,887**	**233,854**	

* Including US $1,723 returned to the Multilateral Fund in July 2017.
** Including US $29 returned to the Multilateral Fund in September 2019.

Implementation plan for the fourth and final tranche of the HPMP

12. The following activities will be implemented by December 2021:

(a) Sixteen training courses for approximately 320 technicians on good refrigeration servicing practices and proper use of flammable refrigerants; finalization of the approval of the certification standard in labour competencies and promotion of the certification programme for refrigeration service technicians (UNIDO) (US $25,500); and

(b) Continued project monitoring and evaluation (UNEP) (US $10,000 plus US $10,400 remaining from the third tranche).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

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

Legal framework

13. The Government of Nicaragua has already issued HCFC import quotas for 2020 at 4.00 ODP tonnes, which is lower than the Montreal Protocol control target.

Refrigeration servicing sector

14. Although the Government of Nicaragua did not impose restrictions due to the COVID-19 pandemic, training programmes for customs officers and refrigeration technicians in 2020 were held virtually to ensure the health and safety of participants.

15. The two projects at end-users to promote refrigerant containment and reduce electricity consumption follow the approach of the "Zero Leaks" programme that was implemented in Ecuador.[3] Each project involved a comprehensive review of the refrigeration process, from refrigerant quality, consumption, leaks; tools, certification, log books, and training requirement; and energy consumption. Results from the projects, such as the reduction in HCFC-22 consumption, whether particular issues were common across both end-users (e.g., refrigerant quality, the need for a log book), were not yet available due to the need for additional analysis. UNIDO will include a comprehensive description of the project results in the project completion report.

16. The reclamation centre, which had previously been established in Managua, was not operational; further to consultations with stakeholders it was decided to transfer the reclaiming unit and accessories to a training centre in León that has the required infrastructure and personnel; in addition, the centre will be equipped with a refrigerant identifier. The centre is expected to be operational in January 2021.

17. The recovery of HCFC-22 from the retirement of obsolete RAC equipment was a complementary activity to the National Sustainable Energy and Rural Electrification Programme under the Ministry and Energy and Mines that was supported by the Inter-American Development Bank and the Central American Bank for Economic Integration. Under that programme, approximately 500 HCFC-22 air-conditioning (AC) units installed at 27 state institutions were replaced with R-410A-based inverter AC. The HCFC-22 charge contained in the replaced equipment, estimated at 180 kg, will be recovered at the reclaiming centre to be established in León.

18. UNEP confirmed that since 2018, and following technical assistance provided under the HPMP, the two foam enterprises manufacturing panels converted to pre-blended cyclopentane systems; while the enterprises are expected to continue to do so, they would not be precluded from switching to pre-blended HFC systems until regulations related to the Kigali Amendment, which the country ratified on 30 September 2020, were in force.

Project implementation and monitoring

19. Noting the funding of US $20,400 (i.e., US $10,400 balance from the third tranche and US $10,000 being requested for the fourth tranche) for project implementation and monitoring until the completion of stage I of the HPMP by 31 December 2021, and that additional funding for these activities are being requested under stage II submitted to the 86th meeting, the Secretariat suggested that the funding being

[3] UNEP/OzL.Pro/ExCom/85/24.

requested under the fourth tranche for that purpose be used for other activities related to the refrigeration servicing. UNEP indicated that implementation and monitoring activities were expected to be more intensive and would include an assessment of the finalization of stage I; however, the funding originally proposed for project implementation and monitoring under the first tranche of stage II of the HPMP has been reduced.

Completion of stage I

20. UNEP has confirmed that stage I for Nicaragua will be completed on 31 December 2021 as established in paragraph 14 of the Agreement.

Gender policy implementation[4]

21. While the HPMP was approved prior to the adoption of the gender policy of the Fund, more than half of the participants of activities supported by the HPMP have been women. Since 2007, Nicaragua monitors the participation of women in Government-supported activities and seeks to reinforce the participation of women in those activities, including under the HPMP. Gender disaggregated data is collected by the Directorate of Institutional Planning at Ministry of the Environment and Natural Resources (MARENA).

Sustainability of the HCFC phase-out

22. The sustainability of the HCFC phase-out in Nicaragua is supported by the enforcement of the licensing and quota system, continued training of customs and employees of importers, end-users, and custom broker companies, as well as continued training and improved servicing practices and certification of technicians. Training centres have been equipped with equipment and tools, and their curricula contain the relevant subjects relating to good servicing practices, alternative technologies and refrigerants, and compliance obligations related to the phase-out/phase-down of controlled substances under the Montreal Protocol. Certification of refrigeration technicians is being actively promoted, and will be mandatory under stage II. The reclamation centre is expected to be operational by January 2021, and HCFC-based equipment is no longer allowed to be used in new construction projects.

Conclusion

23. The HPMP implementation is progressing and the country is in compliance with the Montreal Protocol and its Agreement with the Executive Committee. The level of fund disbursement of the third tranche is 24 per cent, and 79 per cent of the funding approved to date has been disbursed. Notwithstanding challenges around the world due to COVID-19, activities in the country continue to be implemented. Stage I of the HPMP will be completed by December 2021 as stipulated in the HPMP Agreement and stage II is being submitted to the present meeting.

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

RECOMMENDATION

24. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the third tranche of stage I of the HCFC phase-out management plan (HPMP) for Nicaragua; and further recommends blanket approval of the fourth and final tranche of stage I of the HPMP for Nicaragua, and the corresponding 2020-2021 tranche implementation plan, at the funding levels shown in the table below:

	Project title	**Project funding (US $)**	**Support cost (US $)**	**Implementing agency**
(a)	HCFC phase-out management plan (stage I, fourth tranche)	10,000	1,300	UNEP
(b)	HCFC phase-out management plan (stage I, fourth tranche)	25,500	2,295	UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Nicaragua

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

(II) LATEST ARTICLE 7 DATA (Annex C Group l)	Year: 2019	2.97 (ODP tonnes)

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)									**Year:** 2019
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					2.97				2.97

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	6.80	Starting point for sustained aggregate reductions:	7.11
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	2.69	Remaining:	4.42

(V) BUSINESS PLAN		**2020**	**2021**	**2022**	**Total**
UNEP	ODS phase-out (ODP tonnes)	0.28	0	0	0.28
	Funding (US $)	60,014	0	0	60,014
UNIDO	ODS phase-out (ODP tonnes)	0.90	0	0.90	1.80
	Funding (US $)	63,100	0	63,000	126,100

(VI) PROJECT DATA			**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028-2029**	**2030**	**Total**
Montreal Protocol consumption limits			4.42	4.42	4.42	4.42	4.42	2.21	2.21	2.21	2.21	0	n/a
Maximum allowable consumption (ODP tonnes)			4.42	4.42	4.00	3.80	3.80	2.21	1.90	1.90	1.00	0	n/a
Projects costs requested in principle (US $)	UNEP	Project costs	46,158	0	0	55,932	0	0	61,224	0	0	19,617	182,932
		Support costs	6,001	0	0	7,271	0	0	7,959	0	0	2,550	23,781
	UNIDO	Project costs	100,092	0	0	148,817	0	0	114,276	0	0	38,884	402,068
		Support costs	7,006	0	0	10,417	0	0	7,999	0	0	2,722	28,145
Total project costs requested in principle (US $)			146,250	0	0	204,750	0	0	175,500	0	0	58,500	585,000
Total support costs requested in principle (US $)			13,007	0	0	17,688	0	0	15,958	0	0	5,272	51,925
Total funds requested in principle (US $)			159,257	0	0	222,438	0	0	191,458	0	0	63,772	636,925

(VII) Request for approval of funding for the first tranche (2020)		
Agency	**Funds requested (US $)**	**Support costs (US $)**
UNEP	46,158	6,001
UNIDO	100,092	7,006
Total	146,250	13,007

Secretariat's recommendation:	For individual consideration

PROJECT DESCRIPTION

Background

25. On behalf of the Government of Nicaragua, UNEP as the lead implementing agency, has submitted a request for stage II of the HPMP, at a total cost of US $636,925, consisting of US $182,932, plus agency support costs of US $23,781 for UNEP, and US $402,068, plus agency support costs of US $28,145 for UNIDO, as originally submitted.[5] The implementation of stage II of the HPMP will phase out the remaining consumption of HCFCs by 2030.

26. The first tranche of stage II of the HPMP being requested at this meeting amounts to US $134,446, consisting of US $38,156, plus agency support costs of US $4,960 for UNEP and US $84,958, plus agency support costs of US $5,947 for UNIDO, as originally submitted.

Status of implementation of stage I of the HPMP

27. Stage I of the HPMP for Nicaragua was approved at the 66th meeting[6] to meet the 35 per cent reduction from the baseline by 2020, at a total cost of US $330,000, plus agency support costs, to phase out 2.69 ODP tonnes of HCFCs used in the RAC servicing sector. An overview of implementation of stage I, including an analysis of the HCFC consumption; the progress and financial reports on the implementation, the request for the fourth and final tranche submitted to the current meeting, is available in paragraphs 1 to 24 of the present document.

Stage II of the HPMP

Remaining consumption eligible for funding

28. After deducting 2.69 ODP tonnes of HCFCs associated with stage I of the HPMP, the remaining consumption eligible for funding in stage II amounts to 4.42 ODP tonnes of HCFCs, mainly HCFC-22.

Sector distribution of HCFCs

29. There are approximately 2,000 technicians in 200 workshops servicing air-conditioning, commercial refrigeration, chillers, and transport refrigeration as shown in Table 3. HCFC-22 represents 71 per cent of the refrigerants used in the servicing sector, followed by R-404A and R-410A.

Table 3. Sectoral distribution of HCFC-22 in Nicaragua in 2019

Sub-sector	Estimated units*	Estimated use (%)**	Estimated units serviced	Refrigerant used (kg)	Total banks (mt)
AC	325,000	50	27,138	27,138	325
Commercial refrigeration	4,333	28	1,018	15,275	65
Chillers	650	11	191	5,733	20
Mobile refrigeration	6,500	11	1,170	5,850	33
Total	**336,483**			**53,996**	**442**

* Estimation based on population, income, energy cost and use of HCFC.
** As per survey conducted in 2019.

[5] As per the letter of 26 June 2020 from the Ministry of Foreign Affairs of Nicaragua to UNEP.
[6] UNEP/OzL.Pro/ExCom/66/43 and Annex XXI of document UNEP/OzL.Pro/ExCom/66/54.

Phase-out strategy in stage II of the HPMP

30. Stage II of the HPMP has been designed based on the experience gained during the implementation of stage I; it will focus on strengthening the HCFC licensing and quota system, promoting the transition to low-GWP technologies in the RAC sector, implementing legal instruments related to the safe use of low-GWP technologies, further strengthening the capacity of the servicing sector, and establishing a certification scheme for technicians.

Proposed activities in stage II of the HPMP

31. Stage II proposes the following activities:

(a) Technical assistance for improved control of HCFC trade, including three courses for approximately 90 customs officers and other stakeholders (e.g., environment officers, police officers), two training courses for approximately 60 brokers, distributors and importers, and development of a statistical model to track imported HCFCs and their uses to prevent illegal trade;[7] and seven meetings with stakeholders, including end-users and importers, on the development of a ban on the import of HCFC-based equipment, and training for customs to enable the implementation of the ban (UNEP) (US $44,000);

(b) Technical assistance for the RAC service sector and certification scheme for technicians, including finalization of the labour competency standard on good refrigeration servicing practices including safe handling of flammable refrigerants; development of an online system to register certified technicians, and support for the certification of at least 160 technicians; design and implementation of an online training course and an on-site training programme focussed on recovery, recycling, and good servicing practices, and the safe handling of flammable refrigerants; design and printing of a technical manual on good servicing practices; a course for approximately 20 trainers, and 25 training courses for approximately 500 technicians (UNIDO) (US $192,500);

(c) Training programme for technicians focused on the safe use of flammable, toxic and high-pressure refrigerants, including refrigerant identification, safety measures, tools, servicing requirements and equipment diagnosis, through the provision of 15 courses for 300 technicians, provision of 50 tool kits[8] for trained technicians, and printed brochures and factsheets (UNIDO) (US $143,568);

(d) Implementation of two pilot projects at large refrigeration end-users to demonstrate low-GWP alternatives, from the pre-feasibility study to select the project beneficiaries and alternative low-GWP technology; equipment procurement and commissioning, to training of the technical staff and start up; and three dissemination workshops (UNIDO) (US $66,000);

(e) Education and awareness-raising for the general public on the Montreal Protocol and the HCFC phase-out, and a separate awareness campaign targeting technicians to encourage certification and promote the use of mobile apps developed by UNEP (e.g., “WhatGas?” and “GWP-ODP Calculator”) (UNEP) (US $29,932); and

[7] A statistical model that could identify potential illegal import movements based on an analysis of estimated values of different variables and their behaviour. If the characteristics of an import movement do not fit with the designed matrix of variables, the system requests an inspection.

[8] Including charging unit, electronic manifold gauge, electronic leak detector for HC, safety-related tools, brazing unit, compression fitting tool, personal protection and miscellaneous tubing tools at a cost of US $2,000 per kit.

(f) Awareness campaign focused on large RAC end-users, including commercial facilities, supermarkets, and hotels, on low-GWP technologies, including costs of installation and maintenance, availability, and technical requirements through five training seminars and distribution of brochures (UNEP) (US $50,000).

Project implementation and monitoring

32. The system established under stage I of the HPMP will continue into stage II, where the national ozone unit, with the assistance of UNEP, monitors activities, reports progress, and works with stakeholders to phase out HCFCs. The cost of those activities amounts to US $59,000 for stage II, including for consultants (US $50,000) and monitoring visits (US $9,000).

Gender policy implementation

33. Under stage II, the participation of women in the servicing sector will continue to be promoted; the Directorate of Institutional Planning at MARENA will continue to collect gender disaggregated data to monitor the implementation of gender mainstreaming under the HPMP.

Total cost of stage II of the HPMP

34. The total cost of stage II of the HPMP for Nicaragua amounts to US $585,000 (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, which is in accordance with decision 74/50(c)(xii). The proposed activities and cost breakdown are summarized in Table 4.

Table 4. Total cost of stage II of the HPMP for Nicaragua as submitted

Activity	Agency	Cost (US $)
Technical assistance for improved control of ODS trade	UNEP	44,000
Technical assistance for RAC service sector and certification scheme for technicians	UNIDO	192,500
Training programme for technicians on good practices in the safe use of flammable, toxic and high-pressure refrigerants	UNIDO	143,568
Pilot demonstration projects at two large end-users	UNIDO	66,000
Education and public awareness	UNEP	29,932
Awareness campaign focused on large RAC end-users	UNEP	50,000
Project implementation and monitoring	UNEP	59,000
Total		**585,000**

Activities planned for the first tranche of stage II

35. The first funding tranche of stage II of the HPMP, at the total amount of US $123,114, will be implemented between January 2021 and December 2023 and will include the following activities:

(a) Training course for approximately 20 customs officers on the objectives of the stage II of the HPMP, harmonized customs codes, and illegal trade; and continued implementation of the licensing and quota system (UNEP) (US $5,333);

(b) Three meetings with stakeholders and four meetings with importers on prohibiting imports of HCFC-based equipment, and development of standards for the ban (UNEP) (US $12,000);

(c) Support for technician certification by hiring consultants and organizing meetings with stakeholders to finalize the labour competency standard (UNIDO) (US $6,167);

(d) Design of a training programme, a train-the-trainers course for 20 trainers and three training courses for approximately 60 technicians on good servicing practices and safe handling of flammable refrigerants, including recovery and recycling, and flushing of refrigeration circuits, and development of an online training course for technicians (UNIDO) (US $62,625);

(e) Support to large end-users by organizing a kick-off meeting to disseminate the project objectives and start the selection process and the pre-feasibility study (UNIDO) (US $10,167);

(f) Four technical seminars for approximately 80 technicians focused on the safe use of flammable, toxic and high-pressure refrigerants, including refrigerant identification, safety measures, tools, servicing requirements and equipment diagnosis (UNIDO) (US $6,000);

(g) Awareness-raising activities for the general public and on the certification programme for technicians (UNEP) (US $9,977); and

(h) Monitoring and project implementation (UNEP) (US $10,845).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

36. 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 2020-2022 business plan of the Multilateral Fund.

Commitment by the Government for a complete phase-out of HCFCs

37. The Government of Nicaragua submitted a letter indicating its commitment to achieve 100 per cent reduction of its HCFC baseline consumption and meet compliance with the Montreal Protocol measures, by 2030, and that the country will not require any HCFC for servicing needs after 2030. While noting that commitment with appreciation, the Secretariat recalled the provisions of Article 5, paragraph 8 ter(e)(i)[9] of the Montreal Protocol and paragraph 13 of decision XIX/6 and, in order to be equitable across Article 5 countries, recommended noting the commitment of the Government to completely phase-out HCFCs by 1 January 2030, and that HCFCs would not be imported after that date, except for the allowance for a servicing tail between 2030-2040 where required, and consistent with the provisions of the Montreal Protocol.

38. The 2019 consumption was already 56 per cent below country's baseline for compliance, the 2020 quota was below the country's Montreal Protocol targets, and the country intended to continue to set its quotas below the country's Montreal Protocol targets. Accordingly, the country proposed to reduce its consumption by 41 per cent in 2022, 44 per cent in 2023, 67.5 per cent in 2025, 72 per cent in 2026, 85 per cent in 2028, and 100 per cent in 2030.

[9] Other applications where HCFCs can be used include the servicing of fire suppression and fire protection equipment existing on 1 January 2030; solvent applications in rocket engine manufacturing; and topical medical aerosol applications for the specialized treatment of burns.

Regulations to support HCFC phase-out

39. The Secretariat noted that an HPMP to comply with the compliance obligations in 2025 would more easily allow the integration of an HFC phase-down plan with a subsequent stage of an HPMP, should the Executive Committee decide to integrate HFC and HCFC activities in the servicing sector; and that the availability and price of alternative technologies, particularly for large end-users, may be substantially different by 2025. UNEP noted the challenge for the country in preparing multiple stages of an HPMP, particularly during the recovery after the COVID-19 pandemic, which could affect implementation. Moreover, having a single stage would allow for better continuity of implementation of the phase-out activities in the country that only has consumption in the servicing sector. On that basis, the Secretariat and UNEP had detailed discussions on regulations to support the total phase-out of HCFCs, which resulted in the following commitments by the Government of Nicaragua:

(a) Ban the import of HCFC-based RAC equipment by 30 June 2022;

(b) Finalize and implement the RAC technician certification scheme by 30 June 2022, and train and certify 1,400 refrigeration technicians by 30 June 2023;

(c) Finalize and implement a regulation requiring the recovery of HCFC-22 during the servicing of RAC equipment, and a prohibition to vent HCFC-22 during installation, servicing and decommissioning of RAC equipment by 30 June 2022; and

(d) Finalize and implement a regulation to only allow the sale of HCFCs to certified technicians by 31 December 2023.

Technical and cost-related issues

40. A total of US $66,000 was requested for two pilot projects at large commercial end-users where the beneficiaries and the low-GWP technology are yet to be identified. The Secretariat noted that pre-feasibility projects are not eligible; moreover, in line with decision 84/84(b)(i), Nicaragua would not be eligible at this time to implement such a project but would have to first ensure that the import control on HCFC and HCFC-based equipment was in place and effectively enforced, and the deployment of new HCFC components in the country was restricted. In addition, UNIDO would have to demonstrate that there were no other possible activities that would allow the country to meet its HCFC control obligations, or the comparative consumer price of HCFCs, relative to substitute refrigerants had to have been high for at least nine months and predicted to continue to increase (decision 84/84(b)(iii)). In addition, as it was expected that each end-user project would co-finance a minimum of US $350,000, there would be a need to clarify how this level of co-financing would be sustainable. Once those conditions were met, the information requested by decision 84/84(c) would be required.

41. As an alternative, the Secretariat proposed to reformulate the end-user project following "Zero Leaks" programme that is currently under implementation under stage I at two end-users. Given the high consumption of HCFC-22 in the fishing sector, and that this sector had not been yet been addressed under the HPMP, it suggested that at least one of the beneficiaries would be from the fishing sector. Subsequently, UNIDO informed the Secretariat that the Government had agreed with the suggestion, and modified the project component accordingly.

42. Given the remaining balances for project monitoring under the stage I, it was agreed to adjust the funding requested to US $45,000, and proportionally increase the funding to hold an additional two training courses for customs officers and two training courses for brokers and importers, thereby increasing the funding allocated to assistance for improved control of ODS trade to US $58,000. The agreed cost of stage II is summarized in Table 5.

Table 5 Total agreed cost of stage II of the HPMP for Nicaragua

Activity	Agency	Cost (US $)
Technical assistance for improved control of ODS trade	UNEP	58,000
Technical assistance for RAC service sector and certification scheme for technicians	UNIDO	192,500
Training programme for technicians on good practices in the safe use of flammable, toxic and high-pressure refrigerants	UNIDO	143,568
Pilot demonstration projects at two large end-users	UNIDO	66,000
Education and public awareness	UNEP	29,932
Awareness campaign focused on large RAC end-users	UNEP	50,000
Project implementation and monitoring	UNEP	45,000
Total		**585,000**

43. In addition, as the original submission proposed a final tranche at 11 per cent of the total funding in 2028, it was agreed to change the tranche distribution including by adjusting the level of funding in the first tranche to US $146,250; and the fourth and final tranche in 2030 to 10 per cent of the total funding, in line with decision 62/17. An additional training course for a further 20 customs officers, a training course for approximately 30 brokers, distributors and importers, and 6 technician tool kits would be provided with the additional funding provided under the first tranche.

<u>Plan of action for the first tranche and implementation amid COVID-19</u>

44. The Secretariat noted the continued efforts by the Government, stakeholders, UNEP and UNIDO to ensure the continued implementation of activities under stage I of the HPMP during the COVID-19 pandemic, including through virtual workshops and trainings. Depending on the evolution of the COVID-19 pandemic and associated restrictions, UNEP confirmed that the experience and lessons learned in stage I will benefit the continued implementation of virtual activities under stage II, as necessary, and it was expected that the proposed activities could be implemented within the respective timelines despite potential constraints that could be imposed due to the COVID-19 pandemic.

<u>Impact on the climate</u>

45. 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 kg 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 Nicaragua, including its efforts to promote low-GWP alternatives, as well as refrigerant recovery and reuse, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits.

2020-2022 draft business plan of the Multilateral Fund

46. UNEP and UNIDO are requesting US $585,000, plus agency support costs, for the implementation of stage II of the HPMP for Nicaragua. The total requested value of US $159,257, including agency support costs for the period of 2020–2022, is US $26,857 below the amount in the business plan.

Draft Agreement

47. A draft Agreement between the Government of Nicaragua 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

48. The Executive Committee may wish to consider:

(a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Nicaragua for the period from 2020 to 2030 for the complete phase-out of HCFC consumption, in the amount of US $636,926, consisting of US $182,931, plus agency support costs of US $23,781 for UNEP, and US $402,069, plus agency support costs of US $28,145 for UNIDO, on the understanding that no more funding would be provided from the Multilateral Fund for the phase-out of HCFCs;

(b) Noting the commitment of the Government of Nicaragua:

(i) To ban the import of HCFC-based refrigeration and air-conditioning (RAC) equipment by 30 June 2022;

(ii) To implement a regulation requiring the recovery of HCFC-22 during the servicing of RAC equipment, and a prohibition to vent HCFC-22 during installation, servicing and decommissioning of end-of-life equipment by 30 June 2022;

(iii) To implement the RAC technician certification scheme by 30 June 2022, and to train and certify 1,400 RAC technicians by 30 June 2023;

(iv) To implement a regulation to only allow the sale of HCFCs to certified technicians by 31 December 2023;

(v) To reduce HCFC consumption by 41 per cent by 1 January 2022, 44 per cent by 1 January 2023, 67.5 per cent by 1 January 2025, 72 per cent by 1 January 2026, and 85 per cent by 1 January 2028; and

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

(c) Deducting 4.36 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;

(d) Approving the draft Agreement between the Government of Nicaragua 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; and

(e) Approving the first tranche of stage II of the HPMP for Nicaragua, and the corresponding tranche implementation plans, in the amount of US $159,257, consisting of US $46,158, plus agency support costs of US $6,001 for UNEP, and US $100,092, plus agency support costs of US $7,006 for UNIDO.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF NICARAGUA 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 Nicaragua (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, 4.2.3, 4.3.3, 4.4.3 and 4.5.3 (remaining consumption eligible for funding).

3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees, in principle, to provide the funding set out in row 3.1 of Appendix 2-A to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A ("Funding Approval Schedule").

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

Conditions for funding release

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

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

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

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

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

Monitoring

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

Flexibility in the reallocation of funds

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

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

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

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

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

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

(v) Changes in alternative technologies, on the understanding that any submission for such a request would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tonnes to be phased out if applicable, as well as confirm that the Country agrees that potential savings related to the change of technology would decrease the overall funding level under this Agreement accordingly;

(b) Reallocations not categorized as major changes may be incorporated in the approved Tranche Implementation Plan, under implementation at the time, and reported to the Executive Committee in the subsequent Tranche Implementation Report;

(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. UNEP has agreed to be the lead implementing agency (the "Lead IA") and UNIDO has agreed to be the cooperating implementing agency (the "Cooperating IA") under the lead of the Lead IA in respect of the Country's activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of the Lead IA and/or Cooperating IA taking part in this Agreement.

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

Non-compliance with the Agreement

11. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in row 1.2 of Appendix 2-A or otherwise does not comply with this Agreement, then the Country agrees that it will not be entitled to the Funding in accordance with the Funding Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next tranche of funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amount set out in Appendix 7-A ("Reductions in Funding for Failure to Comply") in

respect of each ODP kg of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the Country did not comply with this Agreement, and take related decisions. Once decisions are taken, the specific case of non-compliance with this Agreement will not be an impediment for the provision of funding for future tranches as per paragraph 5 above.

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

13. The Country will comply with any reasonable request of the Executive Committee, and the Lead IA and the Cooperating IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA and the Cooperating IA with access to 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	6.10
HCFC-123*	C	I	0.00
HCFC-124**	C	I	0.00
HCFC-141b	C	I	0.60
Sub-total***			6.80
HCFC-141b contained in imported pre-blended polyols	C	I	0.31
Total	C	I	7.11

* 2009-2010 average consumption of 0.01 ODP tonnes
** 2009-2010 average consumption of 0.03 ODP tonnes
*** The difference of 0.10 ODP tonnes is due to rounding to one decimal digit the baseline used to establish the starting point.

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2020	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)	4.42	4.42	4.42	4.42	4.42	2.21	2.21	2.21	2.21	0	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	4.42	4.42	4.00	3.80	3.80	2.21	1.90	1.90	1.00	0	n/a
2.1	Lead IA (UNEP) agreed funding (US $)	46,158	0	0	55,932	0	0	61,224	0	0	19,617	182,931
2.2	Support costs for Lead IA (US $)	6,001	0	0	7,271	0	0	7,959	0	0	2,550	23,781
2.3	Cooperating IA (UNIDO) agreed funding (US $)	100,092	0	0	148,817	0	0	114,276	0	0	38,884	402,069
2.4	Support costs for Cooperating IA (US $)	7,006	0	0	10,417	0	0	7,999	0	0	2,722	28,145
3.1	Total agreed funding (US $)	146,250	0	0	204,750	0	0	175,500	0	0	58,500	585,000
3.2	Total support costs (US $)	13,007	0	0	17,688	0	0	15,958	0	0	5,272	51,926
3.3	Total agreed costs (US $)	159,257	0	0	222,438	0	0	191,458	0	0	63,772	636,926
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)											4.32
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)											1.78
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)											0.00
4.2.1	Total phase-out of HCFC-123 agreed to be achieved under this Agreement (ODP tonnes)											0.01
4.2.2	Phase-out of HCFC-123 to be achieved in the previous stage (ODP tonnes)											0.00
4.2.3	Remaining eligible consumption for HCFC-123 (ODP tonnes)											0.00
4.3.1	Total phase-out of HCFC-124 agreed to be achieved under this Agreement (ODP tonnes)											0.03
4.3.2	Phase-out of HCFC-124 to be achieved in the previous stage (ODP tonnes)											0.00
4.3.3	Remaining eligible consumption for HCFC-124 (ODP tonnes)											0.00
4.4.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)											0.00
4.4.2	Phase-out of HCFC-141b to be achieved in the previous stage (ODP tonnes)											0.60
4.4.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)											0.00
4.5.1	Total phase-out of HCFC-141b contained in imported pre-blended polyols agreed to be achieved under this Agreement (ODP tonnes)											0.00
4.5.2	Phase-out of HCFC-141b contained in imported pre-blended polyols to be achieved in the previous stage (ODP tonnes)											0.31
4.5.3	Remaining eligible consumption for HCFC-141b contained in imported pre-blended polyols (ODP tonnes)											0.00

*Date of completion of stage I as per stage I Agreement: 31 December 2021.

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

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

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

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

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

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

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

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

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

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

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

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

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The entity of the implementation of the Montreal Protocol in Nicaragua is the Ministry of Environment and Natural Resources, through the national ozone unit (NOU).

2. The responsibilities of the NOU are to design and propose all the policy measures, including adjustments to the current regulations, coordination with other stakeholders, institutions and relevant sectors involved in the implementation of the Protocol; to follow up all the programmes and projects and prepare reports to the Ministry and Secretariats of the Montreal Protocol.

3. National consultants will assist the NOU in the following activities:

(a) Follow up the activities described in each of the projects, including training courses, seminars, workshops and presentations;

(b) Monitor the purchase of equipment, materials, tools and also contracts for services to be in line with each of the projects and complying the rules and regulations of the agencies participating in the Plan;

(c) Assist in the reporting on the activities of the projects, taking into account the schedules defined in each component, and support the NOU to solve any deviation to finalize in time all the activities;

(d) Support the NOU to define and select the beneficiaries, always as a supporting activity;

(e) Support the NOU in the data gathering to make the required reports to the Multilateral Fund Secretariat for the tranche requests, and also to the Lead and Cooperating IAs;

(f) Monitor and promote, when necessary, the actions to comply with the gender mainstreaming policy; and

(g) Any other monitoring and evaluation activity requested by the NOU.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

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

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

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

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

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

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

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

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

(h) Carrying out required supervision missions;

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

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

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

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

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

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

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

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

APPENDIX 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCY

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

(a) Providing assistance for policy development when required;

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

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

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

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

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

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