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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventieth Meeting
Bangkok, 1-5 July 2013

PROJECT PROPOSAL: RWANDA

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

Phase-out

- HCFC phase-out management plan (stage I, second tranche)

UNEP/UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Rwanda

(I) PROJECT TITLE	AGENCY
HCFC phase out plan (Stage I)	UNEP (lead), UNIDO

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2011	5.48 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2011	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123		0.2							0.2
HCFC-124									
HCFC-141b		0.4							0.4
HCFC-141b in Imported Pre-blended Polyol									
HCFC-142b		0.5							0.5
HCFC-22					4.4				4.4

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	4.1	Starting point for sustained aggregate reductions:	4.1
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	1.43	Remaining:	2.67

(V) BUSINESS PLAN		2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.2			0.2		0.2		0.1	0.6
	Funding (US \$)	45,200			33,900		33,900		31,640	144,640

(VI) PROJECT DATA		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits		n/a	n/a	4.10	3.69	3.69	3.69	3.69	3.69	3.69	2.67	n/a	
Maximum allowable consumption (ODP tonnes)		n/a	n/a	4.10	3.69	3.69	3.69	3.69	3.69	3.69	2.67	n/a	
Agreed Funding (US\$)	UNEP	Project costs	42,000	0	40,000	0	0	30,000	0	30,000	0	28,000	170,000
		Support costs	5,460	0	5,200	0	0	3,900	0	3,900	0	3,640	22,100
	UNIDO	Project costs	55,000	0	0	0	0	55,000	0	0	0	0	110,000
		Support costs	4,950	0	0	0	0	4,950	0	0	0	0	9,900
Funds approved by ExCom (US\$)	Project Costs	97,000	0	0	0	0	0	0	0	0	0	97,000	
	Support Costs	10,410	0	0	0	0	0	0	0	0	0	10,410	
Total funds requested for approval at this meeting (US\$)	Project Costs	0	0	40,000	0	0	0	0	0	0	0	40,000	
	Support Costs	0	0	5,200	0	0	0	0	0	0	0	5,200	

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Rwanda UNEP, as the lead implementing agency, has submitted to the 70th meeting of the Executive Committee a request for funding of the second tranche of stage I of the HCFC phase-out management plan (HPMP) at a cost of US \$40,000 plus agency support costs of US \$5,200 for UNEP only. The submission also included a progress report on the implementation of the first tranche of the HPMP and a tranche implementation plan for 2013 to 2016.

Background

2. Stage I of the HPMP for Rwanda was approved by the Executive Committee at its 64th meeting to reduce HCFC consumption by 35 per cent of the baseline by 1 January 2020 for joint implementation by UNEP and UNIDO, at a total funding level approved in principle of US \$280,000 plus agency support costs of US \$32,000. At its same meeting, the Executive Committee approved the first tranche of stage I of the HPMP at the amount of US \$107,410, consisting of US \$42,000 plus agency support costs of US \$5,460 for UNEP and US \$55,000 plus agency support costs of US \$4,950 for UNIDO.

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

3. The Government of Rwanda has established a licensing and quota system that supports the country's HCFC phase-out activities. The licensing and quota system includes controls on HCFC-containing equipment and has become operational in 2013.

4. Training of the trainers and customs officers was conducted to strengthen the national capacity for HCFC import control. A total of 45 customs and other law enforcement officers were trained on the implementation of the licensing and quota system, monitoring imports and enforcing quotas. Refrigerant identifiers were purchased and delivered to key entry points in the country. Two training workshops were also conducted and 60 technicians were trained in good servicing practices, refrigerant recovery and reuse, retrofitting, and the use of hydrocarbon refrigerants. The Refrigeration Association of Rwanda is assisting in further training and certification of technicians.

5. The national ozone unit (NOU) is collaborating with a vocational training college and the Customs Department to ensure that Montreal Protocol issues are fully incorporated into their training curricula and the budget allocation from the Ministry of Finance for sustaining training of refrigeration technicians and customs officers. The vocational training college and several large workshops have been selected as centres of excellence for training of technicians, managing equipment and tools, and assisting in data collection. Specifications of equipment and tools to support good practices and refrigerant recovery and recycling have been finalized, bidding and selection of a supplier is in the process. The equipment and tools are expected to be delivered to the centres of excellence at the end of August 2013.

6. As of April 2013, of the US \$97,000 approved for the first tranche, US \$89,100 had been disbursed and US \$7,900 obligated. A financial report was submitted to the Secretariat and the activities conducted in the first tranche support the expenditure.

Annual plans for the second tranche of the HPMP

7. The activities to be implemented between 2013 and 2016 are listed below:

- (a) Further training of 40 refrigeration servicing technicians on good servicing practices, recovery and recycling, safe handling and working with hydrocarbon refrigerants;
- (b) Strengthening the customs training school and further training of 60 customs officers on implementing the HCFC licensing and quota system, and on identification of HCFC

refrigerants and blends, dissemination of amended ozone depleting substance regulation;

- (c) Integration of awareness raising activities into the various components of implementation, conducting one workshop for importers, and awareness raising for the general public under the institutional strengthening project;
- (d) Strengthening the centres of excellence through provision of technical assistance, equipment, tools and spare parts; and
- (e) Monitoring and evaluation, including conducting an annual performance audit, assisting in an independent verification if required; producing an annual progress report and an implementation plan.

SECRETARIAT’S COMMENTS AND RECOMMENDATION

COMMENTS

Operational HCFC licensing system

8. In line with decision 63/17 and as required under the Agreement between the Government of Rwanda and the Executive Committee, confirmation has been received from the Government indicating that an enforceable national system of licensing and quotas for HCFC imports and exports is in place and that the Government is confident to meet the Montreal Protocol control targets for HCFC phase-out for the duration of the Agreement.

HCFC consumption

9. When the HPMP for Rwanda was approved, the baseline for compliance was estimated at 3.9 ODP tonnes. The official baseline has now been established at 4.1 ODP tonnes, as shown in Table 1 below. The Secretariat noticed that small amounts of HCFC-123, HCFC-141b and HCFC-142b were also imported to replace CFC-11 as foam blowing agents since 2009 and that these substances were not included in the estimated baseline and the Agreement approved at the 64th meeting. The Secretariat discussed the nature of the consumption and phase-out with UNEP. Based on the Secretariat’s suggestion, Rwanda agreed to phase out these three substances in stage I of the HPMP. The Agreement will be revised accordingly to reflect this change. The starting point has also been revised to 4.1 ODP tonnes, with no impact on the funding level of the HPMP.

Table 1: HCFC-22 consumption baseline

Estimated baseline	Substance		2007	2008	2009	2010	2011	Baseline
		HCFC-22	MT	60.18	64.91	68.79	74.29*	
	ODP tonnes		3.31	3.57	3.78	4.09*		3.9
Established baseline (A7)	HCFC-22	MT	60.18	64.91	62.34	74.29	79.80	74.77
	HCFC-123				3.00	3.00	10.01	
	HCFC-141b				1.47	1.47	3.80	
	HCFC-142b				1.98	1.98	7.25	
	Total				68.79	80.74	100.86	

Estimated baseline	Substance		2007	2008	2009	2010	2011	Baseline
Established baseline (A7)	HCFC-22	ODP tonnes	3.31	3.57	3.43	4.09	4.39	4.1
	HCFC-123				0.06	0.06	0.20	
	HCFC-141b				0.16	0.16	0.42	
	HCFC-142b				0.13	0.13	0.47	
	Total				3.8	4.4	5.48	

*estimated based on 2009 consumption

Technical issues

10. The Secretariat inquired about the alternatives on the market and the use of hydrocarbon refrigerants, and was informed that the refrigerants currently available in the market are HCFC-22, HFC-134a, HFC-404 and HFC-407. Hydrocarbon refrigerants are only imported on demand by a particular client since there are very few appliances in use. The commonly imported hydrocarbons are isobutane (HC-600a) for refrigeration and propane (HC-290) for air conditioning sector. The NOU is working with the Ministry of Finance and Economic Planning to establish a waiver or reduced tax rate for energy efficient and environmental friendly products including hydrocarbon refrigerants. Currently the international standards for hydrocarbon refrigerants are followed in practice and national standards and codes are being developed. Although there are only a few hydrocarbon-based appliances in use at this moment, the training of technicians and planned workshop for importers on hydrocarbon refrigerants as well as policy support from the Government will promote the use of these environmental friendly refrigerants and contribute to the emission reduction of both HCFCs and greenhouse gases.

11. The Secretariat reviewed the progress report submitted by UNEP and notes that the implementation of the activities planned in the first tranche have been satisfactory. Training of customs officers and technicians have been integrated into the curriculum of professional training institutes. The Refrigeration Association of Rwanda is being strengthened with the aim of empowering the Association to undertake training and certification of technicians. These activities will contribute to the long-term sustainability of the HCFC phase-out. The licensing and quota system is operational and will enable the Government to meet the Montreal Protocol control measures for the phase-out of HCFCs from 2013 onwards.

12. In responding to a question from the Secretariat with regard to the phase-out strategy, UNEP further clarified that the Government of Rwanda is taking a holistic approach to achieve HCFC consumption reduction. While the imports of HCFCs and equipment containing HCFCs are controlled through licencing and quota system, training of technicians in good practices and provision of equipment, especially portable recovery and recycling units, are expected to reduce the HCFC demand in the commercial refrigeration sector (accounting for 74 per cent of total consumption of the country). Rwanda plans to ban the import of HCFC-based equipment by 2015.

Revision to the Agreement of the HPMP

13. In approving stage I of the HPMP, the Executive Committee requested the Secretariat to, *inter alia*, update Appendix 2-A (“The targets, and funding”) to the Agreement with the figures for the maximum allowable consumption, and to notify the Committee of the resulting levels accordingly (decision 64/35(e)). Based on data reported by the Government of Rwanda under Article 7 and its revised phase-out schedule, the relevant paragraphs of the Agreement have been updated to reflect the funding reduction, and a new paragraph has been added to indicate that the updated Agreement supersedes the original Agreement reached at the 64th meeting, as shown in Annex I to this document. The full revised Agreement will be appended to the final report of the 70th meeting.

RECOMMENDATION

14. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the first tranche of stage I of the HCFC phase-out management plan (HPMP) for Rwanda;
- (b) Notes that the Fund Secretariat had updated paragraphs 1 and 2, Appendices 1-A and 2-A of the Agreement between the Government of Rwanda and the Executive Committee, based on the established HCFC baseline for compliance, and that a new paragraph 16 had been added to indicate that the updated Agreement superseded the Agreement reached at the 64th meeting, as contained in Annex I to the present document; and
- (c) Further notes that the revised starting point for sustained aggregate reduction in HCFC consumption was 4.1 ODP tonnes, calculated using the consumption of 3.8 ODP tonnes and 4.4 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol.

15. The Fund Secretariat further recommends blanket approval of the second tranche of stage I of the HPMP for Rwanda, and the corresponding 2013 to 2016 tranche implementation plan, with associated support costs at the funding level shown in the table below:

	Project Title	Project Funding (US \$)	Support Cost (US \$)	Implementing Agency
(a)	HCFC phase-out management plan (stage I, second tranche)	40,000	5,200	UNEP

Annex I

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

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

1. This Agreement represents the understanding of the Government of Rwanda (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 **2.67** ODP tonnes by 1 January 2020 in compliance with Montreal Protocol schedules.

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 which exceeds the level defined in row 1.2 of Appendix 2-A (“Maximum allowable total consumption of Annex C, Group I Substances”) 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 which exceeds the level defined in row 4.1.3, **4.2.3**, **4.3.3** and **4.4.3** (remaining eligible consumption).

16. This updated Agreement supersedes the Agreement reached between the Government of Rwanda and the Executive Committee at the 64th meeting of the Executive Committee.

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	3.75
HCFC-123	C	I	0.06
HCFC-141b	C	I	0.16
HCFC-142b	C	I	0.13
Total	C	I	4.10

APPENDIX 2-A: THE TARGETS, AND FUNDING

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	n/a	4.10	4.10	3.69	3.69	3.69	3.69	3.69	2.67	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	4.10	4.10	3.69	3.69	3.69	3.69	3.69	2.67	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	42,000	0	40,000	0	0	30,000	0	30,000	0	28,000	170,000
2.2	Support costs for Lead IA (US \$)	5,460	0	5,200	0	0	3,900	0	3,900	0	3,640	22,100
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	55,000	0	0	0	0	55,000	0	0	0	0	110,000
2.4	Support costs for Cooperating IA (US \$)	4,950	0	0	0	0	4,950	0	0	0	0	9,900
3.1	Total agreed funding (US \$)	97,000	0	40,000	0	0	85,000	0	30,000	0	28,000	280,000
3.2	Total support costs (US \$)	10,410	0	5,200	0	0	8,850	0	3,900	0	3,640	32,000
3.3	Total agreed costs (US \$)	107,410	0	45,200	0	0	93,850	0	33,900	0	31,640	312,000

4.1.1	Total phase-out of HCFC-22 under this agreement (ODP tonnes)	1.09
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tonnes)	0.0
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)	2.66
4.2.1	Total phase-out of HCFC-123 under this agreement (ODP tonnes)	0.06
4.2.2	Phase-out of HCFC-123 in previously approved projects (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-141b under this agreement (ODP tonnes)	0.16
4.3.2	Phase-out of HCFC-141b in previously approved projects (ODP tonnes)	0.00
4.3.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)	0.00
4.4.1	Total phase-out of HCFC-142b under this agreement (ODP tonnes)	0.13
4.4.2	Phase-out of HCFC-142b in previously approved projects (ODP tonnes)	0.00
4.4.3	Remaining eligible consumption for HCFC-142b (ODP tonnes)	0.00
