



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/71/45  
2 November 2013

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Seventy-first Meeting  
Montreal, 2-6 December 2013

**PROJECT PROPOSAL: PAPUA NEW GUINEA**

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

Phase-out

- HCFC phase-out management plan (second tranche)

Germany

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**  
**Papua New Guinea**

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HCFC phase out plan	Germany (lead)

<b>(II) LATEST ARTICLE 7 DATA (Annex C Group I)</b>	Year: 2012	3.06 (ODP tonnes)
---	------------	-------------------

<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>								<b>Year: 2012</b>	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123									
HCFC-124					0.0				0.0
HCFC-141b									
HCFC-142b					0.0				0.0
HCFC-22					3.0				3.0

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline:	3.3	Starting point for sustained aggregate reductions:	3.4
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	3.4	Remaining:	0

<b>(V) BUSINESS PLAN</b>		2013	2014	2015	2016	2017	2018	2019	2020	Total
Germany	ODS phase-out (ODP tonnes)	0.9			0.8				0.4	2.1
	Funding (US \$)	380,120			336,518				149,812	866,450

<b>(VI) PROJECT DATA</b>			2011	2012	2013	2014	2015	2016	2017-2019	2020	2021-2024	2025	Total
Montreal Protocol consumption limits*			n/a	n/a	3.4	3.4	3.06	3.06	3.06	2.21	2.21	1.2	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	3.19	3.08	2.94	2.60	2.26	1.39	0.87	0	n/a
Agreed Funding (US\$)	Germany	Project costs	350,000	0	340,000	0	0	301,000	0	134,000	0	125,000	1,250,000
		Support costs	41,300	0	40,120	0	0	35,518	0	15,812	0	14,750	147,500
Funds approved by ExCom (US\$)		Project Costs	350,000	0	0	0	0	0	0	0	0	0	350,000
		Support Costs	41,300	0	0	0	0	0	0	0	0	0	0
Total funds requested for approval at this meeting (US\$)		Project Costs	0	0	340,000	0	0	0	0	0	0	0	340,000
		Support Costs	0	0	40,120	0	0	0	0	0	0	0	0

\*Difference of 0.1 ODP tonnes from the baseline due to rounding

<b>Secretariat's recommendation:</b>	Blanket approval
--------------------------------------	------------------

## PROJECT DESCRIPTION

1. On behalf of the Government of Papua New Guinea, the Government of Germany, as the designated implementing agency, has submitted to the 71<sup>st</sup> meeting a request for funding for the second tranche of the HCFC phase-out management plan (HPMP)<sup>1</sup> at the amount of US \$340,000, plus agency support costs of US \$40,120. The submission includes a progress report on the implementation of the first year of the HPMP together with the tranche implementation plan for 2014 to 2016.

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

2. The following activities had been implemented during the first tranche of the HPMP for the refrigeration servicing sector: Sixty-two customs and enforcement officers were trained on the current regulations to monitor import/export of HCFCs especially the quota system, and 22 service technicians in good refrigeration servicing practices; equipment (basic tools and recovery and recycling equipment) was provided to vocational technical schools to support the training programmes; and the HCFC import quota was established. Awareness raising activities were held to support the HPMP implementation. The Project Management Unit (PMU) was responsible for all activities pertaining to the HPMP and organized stakeholder discussions to ensure that the activities were implemented efficiently.

3. The National Ozone Unit (NOU) enforced the control of ODS import/export operations completed data reporting, and undertook awareness raising activities in support of the HPMP implementation.

4. As of September 2013, of the US \$350,000 approved for the first tranche, US \$110,229 had been disbursed and US \$42,200 committed. The balance of US \$197,571 will be disbursed in early 2014.

### Annual plans for the second tranche of the HPMP

5. The main activities to be implemented during the second tranche of the HPMP include:
- (a) Continue enforcing the HCFC phase-out policies to ensure that the reduction targets for HCFCs are met (no additional funding);
  - (b) Continue implementation of awareness activities among the Government and the industry for the introduction of non-HCFC, low global warming potential (GWP)-based technologies (no additional funding);
  - (c) Containment and re-use of refrigerants (US \$40,000);
  - (d) End-user retrofit/replacement pilot incentive programme (US \$190,000); and
  - (e) Project coordination and monitoring (US \$110,000).

---

<sup>1</sup> The HPMP for Papua New Guinea was approved at the 63<sup>rd</sup> meeting for a complete phase-out of HCFCs by 2025. (i.e. freeze in 2012; 5 per cent reduction by 2013; 15 per cent reduction by 2015; 60 per cent reduction by 2020; and 100 per cent phase-out by 2025).

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

#### Operational licensing system

6. In line with decision 63/17, confirmation has been received from the Government that an enforceable national system of licensing and quotas for HCFC imports and exports is in place and that the system is capable of ensuring compliance with the Montreal Protocol. The licensing system established by the Government includes imports of 3.12 ODP tonnes of HCFC-22, the only HCFCs consumed in the country, which took into account the country's plan for an accelerated phase-out of HCFCs.

#### HCFC consumption

7. The HCFC baseline for compliance has been established at 3.3 ODP tonnes, based on the actual consumption reported under Article 7 of the Montreal Protocol for 2009 and 2010 as shown in Table 1. At the 62<sup>nd</sup> meeting, the Government of Papua New Guinea agreed to establish as its starting point for aggregate reduction in HCFC consumption the estimated baseline of 3.4 ODP tonnes, which is 0.1 ODP tonnes higher than the established baseline. There is no implication to the overall funding, and no adjustment to the agreement is required.

Table 1. HCFC consumption in Papua New Guinea (2007-2012 Article 7)

Year	Article 7 data (HCFC-22)	
	mt	ODP tonnes
2007	88.43	5.0
2008	56.13	3.1
2009	57.6	3.2
2010	59.81	3.3
2011	30.81	1.69
2012	55.71	3.06
Baseline	58.71	3.3*

\*Difference of 0.1 ODP tonnes from the agreement due to rounding.

8. Between 2011 and 2012, HCFC consumption increased over 80 per cent, which was a concern to the Secretariat as the country had committed to an accelerated phase-out which already required a 5 per cent reduction in HCFC consumption by 2013. The Government of Germany explained that the increase in consumption was due to some importers' stockpiling of HCFCs in preparation for the stringent quotas which were enforced in 2013. The Government of Papua New Guinea believes that with licensing and quota system, it will be able to meet the accelerated phase-out schedules.

#### Technology issues

9. The Secretariat requested additional information on the current use of hydrocarbon (HC)-based refrigerants in the country, the extent to which HC is being used to retrofit HCFC-22 equipment, the scope of the use of HC refrigerants, availability of the refrigerants, source, and on how safety issues were considered in the process.

10. The Government of Germany indicated that currently HC equipment constitutes around 15-20 per cent of the domestic refrigeration equipment in operation. Testing is being done on air-conditioning equipment using R-290 to determine whether it will meet current safety standards as the equipment will

soon be available in the market, especially when the Government of Papua New Guinea limits the imports of HCFC-based equipment. Furthermore, the safety considerations in the use of flammable refrigerants are to be part of the technician certification scheme that is currently being implemented. The Government of Papua New Guinea will put in place mechanisms to address barriers to the introduction of alternative technologies and incentives to encourage the use of energy efficient refrigeration and air-conditioning equipment.

### Conclusion

11. The Secretariat notes that although there was a sharp increase of HCFC consumption between 2011 and 2012, the import licensing and quota system is operational and will enable consumption reductions in line with the accelerated reduction schedules committed by the Government of Papua New Guinea. The activities in the servicing sector have been developed with the participation of key stakeholders and are progressing. It is also expected that non HCFC-based equipment will be introduced in the country in the near future.

### **RECOMMENDATION**

12. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the first tranche of the HCFC phase-out management plan (HPMP) in Papua New Guinea, and further recommends blanket approval for the second tranche of the HPMP for Papua New Guinea, and the corresponding 2014-2016 tranche implementation plan, with the associated support costs, at the funding level shown in the table below:

	<b>Project Title</b>	<b>Project Funding (US \$)</b>	<b>Support Cost (US \$)</b>	<b>Implementing Agency</b>
(a)	HCFC phase-out management plan (second tranche)	340,000	40,120	Germany

----