



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/71/50
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: TURKMENISTAN

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

Phase-out

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

UNIDO

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

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

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2012	7.73 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2012	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123									
HCFC-124									
HCFC-141b									
HCFC-142b									
HCFC-22					7.8				7.8

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	6.8	Starting point for sustained aggregate reductions:	6.8
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	2.38	Remaining:	4.42

(V) BUSINESS PLAN		2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.37			0.84				0.13	1.34
	Funding (US \$)	101,588			231,394				37,744	368,725

(VI) PROJECT DATA			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	n/a	n/a	6.8	6.8	6.12	6.12	6.12	6.12	6.12	4.42	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	n/a	6.8	6.8	6.12	6.12	6.12	6.12	6.12	4.42	n/a
Agreed Funding (US\$)	UNIDO	Project costs	309,050	0	0	94,500	0	0	215,250	0	0	0	33,250	652,050
		Support costs	23,179	0	0	7,087	0	0	16,144	0	0	0	0	2,494
Funds approved by ExCom (US\$)	UNIDO	Project Costs	309,050	0	0	0	0	0	0	0	0	0	0	309,050
		Support Costs	23,179	0	0	0	0	0	0	0	0	0	0	23,179
Total funds requested for approval at this meeting (US\$)	UNIDO	Project Costs	0	0	0	94,500	0	0	0	0	0	0	0	94,500
		Support Costs	0	0	0	7,087	0	0	0	0	0	0	0	7,087

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Turkmenistan UNIDO, as the designated implementing agency, has submitted to the 71st meeting a request for funding for the second tranche of stage I of the HCFC phase-out management plan (HPMP)¹ at the amount of US \$94,500, plus agency support costs of US \$7,087. The submission includes a progress report on the implementation of the first tranche of the HPMP and 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: legislation to facilitate implementation of the country's commitments to reduce consumption of HCFCs was revised and improved; HCFC import quotas were established and enforced; establishment of the refrigeration the association to cooperate with industry and develop national codes of good services practices that comply with international standards was initiated; 3 refrigerant identifiers were distributed; 50 refrigeration service technicians on good refrigeration practices were trained and 10 sets of HCFC recovery equipment and tools were purchased.

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 \$309,050 approved for the first tranche, US \$145,221 had been disbursed. The balance of US \$163,829 will be disbursed in early 2014. As compared to other HPMPs the disbursement of almost 50 per cent appears to be low noting that the project was approved in 2010, 3 years ago.

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) Strengthening training centres and development of new training materials for the trainers, service technicians and end users (US \$39,500);
 - (b) Training of 25 trainers using the fully equipped training centres and further training of 100 technicians on good practices in refrigeration (US \$25,000); and
 - (c) Monitoring and technical assistance activities of the HPMP (US \$30,000).

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 HCFC import quota for 2013

¹The HPMP for Turkmenistan was approved by the Executive Committee at its 62nd meeting to reduce HCFC consumption by 35 per cent of the baseline by 1 January 2020.

had been established at 6.8 ODP tonnes, i.e., to the country's HCFC consumption baseline. For subsequent years, the annual quota will be based on the levels allowed under the Montreal Protocol.

HCFC consumption

7. The HCFC baseline for compliance has been established at 6.8 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 62nd meeting, the Government of Turkmenistan agreed to establish as its starting point for aggregate reduction in HCFC consumption the estimated baseline of 7.3 ODP tonnes, which is 0.5 ODP tonnes higher than the established baseline.

Table 1. HCFC consumption in Turkmenistan (2006-2012 Article 7 data)

Year	Article 7 data (HCFC-22)	
	mt	ODP tonnes
2006	101.4	5.6
2007	48.7	2.7
2008	156.9	8.6
2009	125.8	6.9
2010	122.4	6.7
2011	106.0	5.83
2012	140.63	7.73
Baseline	124.1	6.8

8. The increase in HCFC consumption between 2011 and 2012 was due to the rapid growth in the residential and public construction industry as well as in the transport infrastructure which required the installation of new refrigeration and air-conditioning equipment that needed HCFC-22 upon installation. However, the permits issued for imports of HCFCs for 2013 are significantly lower than the amount imported in 2012.

Revision to the Agreement of the HPMP

9. The HPMP for Turkmenistan was approved prior to the establishment of the HCFC baseline for compliance. Accordingly, in approving 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 62/47). Based on the data reported by the Government of Turkmenistan under Article 7 and its revised phase-out schedule, the relevant paragraphs of the Agreement have been updated, and a new paragraph has been added to indicate that the updated Agreement supersedes that reached at the 62nd meeting, as shown in Annex I to this document. The change in the baseline does not have any impact on the overall funding for the HPMP. The full revised Agreement will be appended to the final report of the 71st meeting.

Conclusion

10. The Secretariat noted that the country's import licensing and quota system is operational and will enable HCFC consumption reductions in line with the Montreal Protocol's phase-out schedule. The activities in the servicing sector are progressing and are being done in close coordination with stakeholders. As reported by UNIDO, strengthening the training centres, training trainers and technicians, and providing them with tools and training materials will ensure the long-term sustainability of the activities proposed in stage I of the HPMP.

RECOMMENDATION

11. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes notes of the progress report on the implementation of the first tranche of stage I of the HCFC phase-out management plan of (HPMP) in Turkmenistan;
- (b) Notes that the Fund Secretariat had updated paragraph 1, Appendices 1-A and 2-A of the Agreement between the Government of Turkmenistan 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 62nd meeting, as contained in Annex I to the present document; and
- (c) Notes that the revised starting point for sustained aggregate reduction in HCFC consumption was 6.8 ODP tonnes, calculated using actual consumption of 6.9 ODP tonnes and 6.7 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol.

12. The Fund Secretariat further recommends blanket approval of the second tranche of stage I of the HPMP for Turkmenistan, and the corresponding 2013-2016 tranche implementation plan, with associated support costs, at the funding level as 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)	94,500	7,087	UNIDO

Annex I

TEXT TO BE INCLUDED IN THE UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF TURKMENISTAN 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 Turkmenistan (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 **4.42** ODP tonnes prior to 1 January 2020 in compliance with Montreal Protocol schedules.

16. This updated Agreement supersedes the Agreement reached between the Government of Turkmenistan and the Executive Committee at the 62nd 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	6.8

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2010	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	n/a	6.8	6.8	6.12	6.12	6.12	6.12	6.12	4.42	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	n/a	6.8	6.8	6.12	6.12	6.12	6.12	6.12	4.42	n/a
2.1	Lead IA (UNIDO) agreed funding (US\$)	309,050	0	0	94,500	0	0	215,250	0	0	0	33,250	652,050
2.2	Support costs for Lead IA (US\$)	23,179	0	0	7,087	0	0	16,144	0	0	0	2,494	48,904
3.1	Total agreed funding (US\$)	309,050	0	0	94,500	0	0	215,250	0	0	0	33,250	652,050
3.2	Total support costs (US\$)	23,179	0	0	7,087	0	0	16,144	0	0	0	2,494	48,904
3.3	Total agreed costs (US\$)	332,229	0	0	101,587	0	0	231,394	0	0	0	35,744	700,954
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)												2.38
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (ODP tonnes)												0
4.1.3	Remaining eligible consumption of HCFC-22 (ODP tonnes)												4.42