



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/73/38  
9 October 2014

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Seventy-third Meeting  
Paris, 9-13 November 2014

**PROJECT PROPOSAL: FIJI**

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) UNDP and UNEP

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

### Fiji

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HCFC phase out plan (Stage I)	UNDP (lead), UNEP

<b>(II) LATEST ARTICLE 7 DATA (Annex C Group I)</b>	Year: 2013	7.2 (ODP tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>								<b>Year: 2013</b>	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Serviceing				
HCFC-123									
HCFC-124									
HCFC-141b									
HCFC-142b					0.0				0.0
HCFC-22					7.2				7.2

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline:	8.5	Starting point for sustained aggregate reductions:	8.5
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	3.0	Remaining:	5.5

<b>(V) BUSINESS PLAN</b>		2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.3		0.4	0	0	0	0.1	0.8
	Funding (US \$)	36,047		45,087	0	0	0	15,029	96,163
UNDP	ODS phase-out (ODP tonnes)	0.4	0.0	0.5	0.0	0.0	0.0	0.2	1.1
	Funding (US \$)	52,211	0	65,237	0	0	0	21,745	139,193

<b>(VI) PROJECT DATA</b>			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	n/a	8.5	8.5	7.6	7.6	7.6	7.6	7.6	5.5	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	8.5	8.5	7.6	7.6	7.6	7.6	7.6	5.5	n/a
Agreed Funding (US\$)	UNDP	Project costs	71,800	0	0	47,900	0	59,850	0	0	0	19,950	199,500
		Support costs	6,462	0	0	4,311	0	5,387	0	0	0	1,795	17,955
	UNEP	Project costs	47,900	0	0	31,900	0	39,900	0	0	0	13,300	133,000
		Support costs	6,227	0	0	4,147	0	5,187	0	0	0	1,729	17,290
Funds approved by ExCom (US\$)	Project Costs	119,700	0	0	0	0	0	0	0	0	0	0	119,700
	Support Costs	12,689	0	0	0	0	0	0	0	0	0	0	12,689
Total funds requested for approval at this meeting (US\$)	Project Costs	0	0	0	79,800	0	0	0	0	0	0	0	79,800
	Support Costs	0	0	0	8,458	0	0	0	0	0	0	0	8,458

<b>Secretariat's recommendation:</b>	Blanket Approval
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## **PROJECT DESCRIPTION**

1. On behalf of the Government of Fiji, UNDP as the lead implementing agency, has submitted to the 73<sup>rd</sup> meeting a request for funding for the second tranche of stage I of the HCFC phase-out management plan (HPMP)<sup>1</sup>, at a total cost of US \$88,258, consisting of US \$47,900, plus agency support costs of US \$4,311 for UNDP, and US \$31,900, plus agency support costs of US \$4,147 for UNEP. The submission includes a progress report on the implementation of first tranche of the HPMP and the tranche implementation plans for 2015 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: 83 trainers and service technicians were trained in good servicing practices in refrigeration; 70 enforcement officers were trained on monitoring ODS imports and exports and the use of the refrigerant identifiers; four refrigerant identifiers were purchased and distributed to the customs office, the refrigeration association, and the national ozone unit (NOU) to be used for training purposes. Under the recovery and reclamation programme, two mini-reclaim units, along with accessories and spares, and basic recovery tools were purchased for distribution to the refrigeration associations. Consultation meetings were held with the air-conditioning and fishing vessel industry stakeholders for the retrofit incentive programme.

### Verification report of national HCFC consumption targets

3. The verification report for the year 2013 was submitted along with the tranche request. The report confirmed that the Government is implementing a licensing and quota system for HCFC imports and exports and that the total consumption of HCFCs for 2013 was 7.2 ODP tonnes, below the country's baseline for compliance of 8.5 ODP tonnes.

### Level of fund disbursement

4. As of September 2014, of the US \$119,700 approved for the first tranche, US \$86,650 had been disbursed (US \$43,650 for UNDP and US \$43,000 for UNEP). The balance of US \$33,050 will be disbursed in 2015.

### 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) Recovery and reclamation programme through the operationalization of recovery and recycling centres established in the previous tranche, and monitoring of implementation (UNDP) (US \$20,000);
  - (b) Consultations on the design of the retrofit incentive scheme for the fisheries sector, and implementation of the incentive scheme once low-global warming potential (GWP) alternatives are available (UNDP) (US \$15,900);
  - (c) Continued service technician training with the train the trainers workshop on non-ODP, low-global warming potential (GWP) refrigerants (15 trainers and 80 service technicians) (UNEP) (US \$15,000);
  - (d) Enforcement officer training (phase II) (60 enforcement officers) and procurement and distribution of additional refrigerant identification kits (UNEP) (US \$12,000);

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<sup>1</sup>The HPMP for Fiji was approved by the Executive Committee at its 65<sup>th</sup> meeting to reduce HCFC consumption by 35 per cent of the baseline by 1 January 2020.

- (e) Awareness and information outreach through workshops for industry associations, production and distribution of awareness materials (UNEP) (US \$4,900); and
- (f) Project management and monitoring (UNDP) (US \$12,000).

## 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 was established at 8.5 ODP tonnes (i.e., the baseline). The actual amount imported in 2013 was 7.2 ODP tonnes. 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 and the starting point agreed at the 65<sup>th</sup> meeting for aggregate HCFC reduction has been established at 8.5 ODP tonnes, based on the actual consumption reported under Article 7 of the Montreal Protocol for 2009 and 2010 as shown in Table 1. The established baseline corresponds to the value in the Agreement between the Government of Fiji and the Executive Committee; therefore no adjustments to the Agreement are required.

**Table 1. HCFC consumption in Fiji (2009-2013 Article 7 data)**

HCFC	2009	2010	2011	2012	2013	Baseline
<b>Metric tonnes</b>						
HCFC-22	138.04	166.23	262.53	260.84	130.72	152.14
HCFC-142b	0.65	0.65	0.32	0.38	0.21	0.65
<b>(Total) (mt)</b>	<b>138.46</b>	<b>166.88</b>	<b>262.85</b>	<b>261.22</b>	<b>130.93</b>	<b>152.79</b>
<b>ODP tonnes</b>						
HCFC-22	7.59	9.14	14.42	14.35	7.19	8.37
HCFC-142b	0.04	0.04	0.02	0.02	0.01	0.04
<b>Total (ODP tonnes)</b>	<b>7.63</b>	<b>9.18</b>	<b>14.44</b>	<b>14.37</b>	<b>7.20</b>	<b>8.5</b>

8. The Secretariat enquired about the country's consumption trend, noting that while the consumption in 2013 was below the baseline, those for 2011 and 2012 were quite high. UNDP reported that the consumption in these years reflected some amounts for stockpiling. In addition, data reported for these years included the exports made by Fiji to other countries in the Pacific region but not those bulk sales to foreign vessels. Fiji established a national policy in November 2012 to have all bulk sales to foreign flagged vessels counted as exports and this was enforced from 1 January 2013. UNDP reported that based on this policy and Fiji's current licensing and quota system for HCFCs which was enforced since 2013, the recording of such exports would be strictly monitored.

9. The quota for 2014 has been set to conform to the Montreal Protocol control measures.

Verification report of national HCFC consumption targets

10. Fiji submitted an independent verification of its 2013 consumption. The verification concluded that Fiji has met its 2013 freeze target under the Montreal Protocol, and is fully committed to HCFC phase-out.

11. The country's ODS regulations and licensing quota system have been strictly enforced since 2013. The report clearly described the process being followed in Fiji to register importers, set importer quotas, monitor actual imports as well as exports to other countries in the region. A few data discrepancies were noted during the verification particularly with regard to recording exports of bulk HCFCs to foreign-owned vessels, and the need to reconcile actual amounts exported with the customs data available. While a national policy to record these exports was put in place since November 2012, a change in the recording and monitoring system would need to be addressed to improve this issue. Joint work between the NOU and the customs authorities as well as the importers is also required to enhance accuracy on recording HCFC imports/exports, intended use and destination.

12. The Secretariat and UNDP discussed these issues and agreed that, while the licensing and quota system are operational and have ensured compliance for 2013, it is urgent to continue addressing the issues identified in the verification report.

Technical issues

13. UNDP reported that under the retrofit incentive programme, the Government has currently put on hold any plans for retrofitting equipment with hydrocarbons (HC) due to safety issues and lack of knowledge in handling this refrigerant. However, the issue of HC (i.e. servicing and use in HC-based equipment) is being addressed in the amended ODS Act and Refrigerant Management under finalization. In Fiji, there are HC-based equipment available in the market, particularly domestic freezers and refrigerators. Under the training component implemented by UNEP, training specifically aimed at the servicing of these HC systems is included.

14. With regard to the retrofit incentive programme for the fisheries sector, UNDP explained that retrofitting continues to be a challenge as there are no low-GWP options currently available, particularly for use in fishing boats. Priority might be given for land-based components of the fisheries sector (e.g., cold storage, ice making at the port) and explore the possibility of voluntary retrofitting if such alternatives become available, and affordable. UNEP and Fiji are also working with the Pacific Islands Forum Fisheries Agency to conduct a study on the needs of the fisheries sector, and the type of alternative refrigerants available for land based operations and other Fiji registered vessels. This study will be done by the first quarter of 2015. UNDP also emphasized that if alternatives are not identified in 2015, the incentive programme will be implemented only in later years.

Conclusion

15. 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, noting that the reported 2013 HCFC consumption is already below the 10 per cent baseline reduction required under the Montreal Protocol for 2015. The country also undertakes to address issues raised in the independent verification report. The activities in the servicing sector are progressing and are being implemented in close coordination with stakeholders. As reported by UNDP, training programmes for trainers and technicians, and providing them with tools and materials will ensure the long-term sustainability of the activities proposed in stage I of the HPMP, particularly as its total consumption is in the servicing sector. The country is therefore on track to compliance with the Montreal Protocol measures for the freeze and the 35 per cent reduction to which Fiji had committed in stage I of the HPMP.

**RECOMMENDATION**

16. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the first tranche of stage I of the HCFC phase-out management plan of (HPMP) in Fiji, and further recommends blanket approval of the second tranche of stage I of the HPMP for Fiji, and the corresponding 2015-2016 tranche implementation plan, with associated support costs at the funding levels shown in the table below, on the understanding that approval of further funding will be subject to satisfactorily addressing the issues on the licensing and quota system identified in the verification report:

	<b>Project title</b>	<b>Project funding (US \$)</b>	<b>Support cost (US \$)</b>	<b>Implementing agency</b>
(a)	HCFC phase-out management plan (stage I, second tranche)	47,900	4,311	UNDP
(b)	HCFC phase-out management plan (stage I, second tranche)	31,900	4,147	UNEP

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