



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/73/44
1 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: MOZAMBIQUE

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**Mozambique**

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

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2013	8.25 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)							Year: 2013		
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					8.25				8.25

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	6.5	Starting point for sustained aggregate reductions:	6.5
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	2.27	Remaining:	4.23

(V) BUSINESS PLAN		2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.3		0.2		0.2		0.2	0.9
	Funding (US \$)	39,550		33,900		33,900		33,900	141,250
UNIDO	ODS phase-out (ODP tonnes)	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.5
	Funding (US \$)	0	0	81,750	0	0	0	0	81,750

(VI) PROJECT DATA			2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits			n/a	6.5	6.5	5.9	5.9	5.9	5.9	5.9	4.2		
Maximum allowable consumption (ODP tonnes)			n/a	6.5	6.5	5.9	5.9	5.9	5.9	5.9	4.2		
Agreed funding (US\$)	UNEP	Project costs	40,000		35,000		30,000		30,000		30,000	165,000	
		Support costs	5,200		4,550		3,900		3,900		3,900	21,450	
	UNIDO	Project costs	75,000				75,000						150,000
		Support costs	6,750				6,750						13,500
Funds approved by ExCom (US\$)			Project costs	115,000	0	0	0	0	0	0	0	0	115,000
			Support costs	11,950	0	0	0	0	0	0	0	0	0
Total funds requested for approval at this meeting (US\$)			Project costs	0	0	35,000	0	0	0	0	0	0	35,000
			Support costs	0	0	4,550	0	0	0	0	0	0	0

Secretariat's recommendation:	For individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of Mozambique, UNEP as the lead implementing agency, has submitted to the 73rd 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 \$35,000, plus agency support costs of US \$4,550 for UNEP only. The submission includes a progress report on the implementation of the first tranche of the HPMP and the tranche implementation plan for 2015 to 2016.

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

2. The following activities were implemented during the first tranche of stage I of the HPMP:
- (a) *Training of customs officers:* a national workshop for 70 customs and law enforcement officers was completed. Ten refrigerant identifiers were procured and will be distributed to key customs entry points in 2015;
 - (b) *Training in good refrigeration servicing practices:* Fifty technicians were trained in safe use of hydrocarbons (HCs) and other good refrigeration servicing practices. With assistance from the refrigeration association, the National Ozone Unit (NOU) completed 65 environmental audits to monitor HCFC use in the beverage industry and agreed with these enterprises on HCFC phase-out schedules. The NOU also reached an agreement with mobile telephone enterprises to deliver awareness-raising messages;
 - (c) *Strengthening of three regional retrofit centres and incentive programme for end-users:* Equipment and service tools for HCFC-22 containment and for training on handling flammable alternatives are being procured for three regional retrofit centres and will be distributed early 2015. The centres will provide good refrigeration servicing practices training to technicians and assist in collecting regional ODS consumption data. The incentive programme for end-users will be implemented in the future; and
 - (d) *Monitoring and evaluation:* Monitoring of project implementation and regular collection of data to measure progress were carried out.

Level of fund disbursement

3. As of the end of August 2014, of the US \$115,000 approved for the first tranche, US \$36,212 had been disbursed (31.5 per cent) (US \$27,000 for UNEP and US \$9,212 for UNIDO). The balance of US \$78,788 will be disbursed in 2014.

Annual plans for the second tranche of the HPMP

4. The main activities to be implemented during the second tranche of the HPMP include two regional workshops for 50 customs officers and incorporation of an ozone module in the curricula of customs schools (US \$10,000); three regional workshops on good refrigeration servicing practices, including safe use of HCAs for 75 technicians and implementation of the certification scheme to ensure safe use of alternatives (US \$20,000); distribution of equipment to three retrofit centres (remaining funds from the first tranche); and continuous coordination, evaluation and reporting of all activities (US \$5,000).

¹The HPMP for Mozambique was approved by the Executive Committee at its 66th meeting to reduce HCFC consumption by 35 per cent of the baseline by 1 January 2020.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Revision of HCFC consumption

5. The HCFC consumption baseline for compliance was established at 6.5 ODP tonnes, based on the actual consumption reported under Article 7 of the Montreal Protocol. However, during the preparation of its HPMP, the Government of Mozambique noted that the reported HCFC consumption levels for 2005-2009 were based on incomplete information provided by importers, and in March 2012 submitted an official request to the Ozone Secretariat to review it. The consumption data for the years 2005 to 2008 was subsequently corrected by the Ozone Secretariat. However, as 2009 is a baseline year to determine compliance, the request was submitted for the consideration by the Implementation Committee, in line with decisions XIII/15 and XV/19. This issue was discussed at the 48th, 50th and 51st meetings. At its 52nd meeting the Implementation Committee agreed to forward a recommendation to the 26th Meeting of the Parties (17-21 November 2014) to approve the request of Mozambique to revise its 2009 HCFC consumption from 4.3 to 8.68 ODP tonnes. The current and revised HCFC baseline consumption are shown in Table 1.

Table 1. HCFC-22 consumption in Mozambique (2009-2013)

HCFC-22	2009	2010	2011	2012	2013	Baseline
Article 7 data						
Metric tonnes	78.60	157.75	152.80	148.60	150.00	118.18
ODP tonnes	4.3	8.7	8.40	8.17	8.25	6.5
Revised*						
Metric tonnes	157.75	157.75	152.80	148.60	150.00	157.75
ODP tonnes	8.68	8.7	8.40	8.17	8.25	8.7

(*): Submitted to the 26th Meeting of the Parties for approval.

6. The Secretariat noted that the HCFC consumption in 2013 of 8.25 ODP tonnes was above the established baseline for compliance; therefore, Mozambique appears to be in non-compliance with its obligations under the Montreal Protocol, and is in non-compliance with its Agreement with the Executive Committee. However, the 2013 consumption is below the revised baseline of 8.7 ODP tonnes (not yet approved by the Parties). Upon consultation, the Ozone Secretariat informed that in anticipation of the 26th Meeting of the Parties' decision, this matter will not be considered by the Implementation Committee at its 53rd meeting on 14-15 November 2014. Until that time, and in line with the Non-Compliance Procedure, the Ozone Secretariat considers it premature to declare the Party non-compliant.

Operational licensing system

7. 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 imports in 2013 were lower than the annual quota established for the year based on the revised baseline (i.e., 8.7 ODP tonnes). The 2014 quota has been established at the same level.

8. The HCFC import quotas are established every year by a steering committee, and informed to the importers, who send their applications for permits. The steering committee evaluates the applications and allocates specific quotas and permits for the year to the registered importers. This information is also

² Recommendation 48/9 (UNEP/OzL.Pro/ImpCom/48/5).

³ Recommendation 50/6 (UNEP/OzL.Pro/ImpCom/50/4).

⁴ Recommendation 51/4 (UNEP/OzL.Pro/ImpCom/51/4).

⁵ Recommendation 52/3 (UNEP/OzL.Pro/ImpCom/52/4).

provided to the customs authority to ensure that only registered importers with a valid permit are cleared at the border to import HCFCs. The Ministry of Environment is also requesting assistance from the army in monitoring imports in areas where customs offices are not available.

Technical issues

9. Regarding the activities planned in the HPMP to ensure sustainability of the training programmes beyond 2020, UNEP indicated that the inclusion of the ozone module in the training curricula of customs schools will be completed by December 2015. This will help the customs schools continue training additional officers after the completion of the plan. UNEP also informed that a technicians' certification scheme based on European certification standards would be established by the end of 2015. This is aimed to establish that in the future only certified technicians could have access to refrigerants and servicing.

10. With regard to the status of the incentives programme for retrofits that had originally been planned for 2015, UNEP explained that there are no retrofits to flammable refrigerants envisaged during the first and second tranches of stage I. The approach for the incentives programme for stage I is focused on containment of HCFC-22 and parallel capacity building for handling flammable refrigerants. The training programme emphasizes on the safety of refrigerants, low global warming potential alternatives and energy efficiency. These activities will be based at the three established retrofit centres and will involve equipment for refrigerant recovery and re-use, as well as training equipment for flammable refrigerants. UNEP also indicated that decision 72/17 on the responsibility for retrofits to flammable or toxic alternatives has been transmitted to all countries in Africa and included in the implementation agreements between UNEP and the countries.

11. With regard to the status of market introduction of alternative refrigerants, UNEP indicated that blends such as R-404A, HFC-407c and HFC-410A (each one costing US \$24.7 per kg), as well as HCs like R-600 (US \$16 per kg), and R-290 (US \$25.9 per kg) can currently be found on the market in Mozambique. The price of HFC-134a is US \$26.1 per kg.

Level of fund disbursement

12. The level of disbursement for the first tranche has already met the 20 per cent threshold required for approval of the next tranche. UNIDO indicated that further expenditures may take place prior to the 73rd meeting as an equipment purchase order will be issued in October 2014, covering the remaining balance of its component (US \$65,788).

Conclusion

13. The Secretariat noted that the Government of Mozambique has established an HCFC import licensing and quota system that 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 with a focus on HCFC-22 containment and training technicians in good servicing practices including handling flammable refrigerants, and are being implemented in close coordination with the customs department, the refrigeration association and other stakeholders.

14. Despite the progress of implementation of the first tranche of the HPMP for Mozambique, the Secretariat is unable to recommend blanket approval of the second tranche, as the HCFC consumption for 2013 is above the baseline for compliance. However, the Secretariat notes that in line with the Non-Compliance Procedure, the Ozone Secretariat considers it premature to declare Mozambique non-compliant. The Secretariat further notes the recommendation from the Implementation Committee to the Meeting of the Parties on revising the baseline consumption as requested by the Government. On this basis, the Secretariat proposes that the Executive Committee approves funding for the second tranche on the condition that the Parties approve the change of HCFC consumption baseline at their 26th meeting.

15. The change in the HCFC consumption baseline, if approved by the Parties to the Montreal Protocol, will increase the starting point for aggregate reduction in HCFC consumption as well as the level of funding of stage I of the HPMP of Mozambique from US \$315,000 to US \$332,500, in line with decision 60/44(f)(xii)). The Secretariat also proposes to update relevant sections of the Agreement between the Government and the Executive Committee to reflect changes in the baseline for compliance and the funding level when the next tranche is submitted in 2016.

16. In the event that the Parties to the Montreal Protocol do not approve the change of baseline, the Secretariat recommends that the second tranche of stage I of the HPMP for Mozambique be resubmitted to the 74th meeting.

RECOMMENDATION

17. The Executive Committee may wish to consider:

- (a) Noting the progress report on the implementation of the second tranche of stage I of the HCFC phase-out management plan (HPMP) in Mozambique;
- (b) Noting that the revised starting point for sustained aggregate reduction in HCFC consumption would be 8.7 ODP tonnes, calculated using revised consumption of 8.68 ODP tonnes for 2009 and 8.7 ODP tonnes reported for 2010, under Article 7 of the Montreal Protocol, and that the revised level of funding for stage I of the HPMP would be US \$332,500, in line with decision 60/44(f)(xii), if the Parties to the Montreal Protocol approved the change in the HCFC consumption for 2009 at their 26th meeting;
- (c) Approving the second tranche of stage I of the HPMP for Mozambique, and the corresponding 2015-2016 tranche implementation plan, at the amount of US \$35,000, plus agency support costs of US \$4,550 for UNEP, on the condition that the Parties to the Montreal Protocol approved at their 26th meeting the change of the HCFC consumption for 2009 as specified in sub-paragraph 17(b) above, and that the Treasurer would not transfer the funding approved to UNEP until then;
- (d) Requesting the Fund Secretariat to update the Agreement between the Government of Mozambique and the Executive Committee, based on the established HCFC baseline for compliance, and submit it together with the funding request for the third tranche of the HPMP, if the Parties to the Montreal Protocol approved the change in the HCFC consumption for 2009 at their 26th meeting;
- (e) In the event that the Parties to the Montreal Protocol do not approve the change of the HCFC consumption for 2009, requesting UNEP to resubmit the second tranche of stage I of the HPMP for Mozambique to the 74th meeting; and
- (f) Noting that the approval of the second tranche of stage I of the HPMP for Mozambique is on the understanding that Mozambique assumed all responsibilities and risks associated with retrofitting HCFC-based refrigeration and air-conditioning equipment to flammable or toxic refrigerants and associated servicing.
