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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-fourth Meeting
Montreal, 18-22 May 2015

PROJECT PROPOSAL: BANGLADESH

This document consists of the comments and recommendation of the 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

Bangladesh

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase out plan (Stage I)	UNDP (lead), UNEP	65 th	30% by 2018

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2013	64.89 (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-123			0	0	0.1				0.1
HCFC-124									
HCFC-141b		4.4							4.4
HCFC-141b in Imported Pre-blended Polyol		5.1							5.1
HCFC-142b					2.5				2.5
HCFC-22				22.7	33.0				55.7

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	72.7	Starting point for sustained aggregate reductions:	72.7
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	24.53	Remaining:	48.13

(V) BUSINESS PLAN		2015	2016	2017	2018	Total
UNEP	ODS phase-out (ODP tonnes)	1.1			0.2	1.3
	Funding (US \$)	122,040			19,210	141,250

(VI) PROJECT DATA		2010	2011	2012	2013	2014	2015	2016	2017	2018	Total	
Montreal Protocol consumption limits		n/a	n/a	n/a	72.7	72.7	65.4	65.4	65.4	65.4	72.7	
Maximum allowable consumption (ODP tonnes)		n/a	n/a	n/a	72.7	72.7	65.4	65.4	65.4	50.9	72.7	
Agreed funding (US \$)	UNDP	Project costs	1,146,074	55,000	0	0	0	0	0	0	1,201,074	
		Support costs	85,956	4,125	0	0	0	0	0	0	0	90,081
	UNEP	Project costs	0	230,000	0	90,000	0	18,000*	0	0	17,000	355,000
		Support costs	0	29,900	0	11,700	0	2,340*	0	0	2,210	46,150
Funds approved by ExCom (US \$)	Project costs	1,146,074	285,000	0	0	0	0.0	0.0	0.0	0.0	1,431,074	
	Support costs	85,956	34,025	0	0	0	0.0	0.0	0.0	0.0	119,981	
Total funds requested for approval at this meeting (US \$)	Project costs	0	0	0	0	0	90,000	0	0	0	90,000	
	Support costs	0	0	0	0	0	11,700	0	0	0	11,700	

*Not requested at the 74th meeting

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Bangladesh, UNDP as the lead implementing agency, has submitted to the 74th meeting a request for funding for the second tranche of stage I of the HCFC phase-out management plan (HPMP) at the amount of US \$90,000, plus agency support costs of US \$11,700 for UNEP only¹. The submission includes a progress report on the implementation of the first tranche, the verification report on HCFC consumption for 2013 and 2014, and the tranche implementation plan for 2015 to 2017.

Report on HCFC consumption

HCFC consumption

2. The Government of Bangladesh reported an estimated consumption of 59.36 ODP tonnes of HCFC in 2014. The 2010-2014 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Bangladesh (2010-2014 Article 7 data)

HCFC	2010	2011	2012	2013	2014*	Baseline
Metric tonnes						
HCFC-22	802.84	1,056.52	1,053.57	1,044.04	1,047.87	825.85
HCFC-123	12.65	15.00	7.05	6.80	3.00	10.32
HCFC-124	5.79	3.27	0	0	0	2.89
HCFC-141b	196.00	198.00	50.00	40.00	0	193.00
HCFC-142b	176.07	125.52	44.35	45.08	25.75	88.03
Total (mt)	1,193.35	1,398.31	1,154.97	1,135.92	1,076.62	1,120.11
ODP tonnes						
HCFC-22	44.2	58.11	57.95	57.42	57.63	45.42
HCFC-123	0.3	0.30	0.14	0.14	0.06	0.21
HCFC-124	0.1	0.07	0.00	0.00	0	0.06
HCFC-141b	21.6	21.78	5.50	4.40	0	21.23
HCFC-142b	11.4	8.16	2.88	2.93	1.67	5.72
Total (ODP tonnes)	77.5	88.42	66.47	64.89	59.36	72.64

*HCFC import data as submitted in the verification report in March 2015, and not yet reported under A7.

3. The estimated 2014 HCFC consumption (59.36 ODP tonnes), is about 18 per cent below the baseline consumption and 10 per cent below the allowable consumption in 2015. The reduction is mainly associated with HCFC-141b and HCFC-142b, while HCFC-22 remained in the same level of 2011.

Verification report

4. The verification report for 2013 and 2014 confirmed that the Government is strictly implementing a licensing and quota system for HCFC imports and that the total consumption of HCFCs for 2013 and 2014 was 64.89 ODP tonnes and 59.36 ODP tonnes, respectively. The report concluded that Bangladesh is committed to meeting compliance with the HCFC phase-out targets under the Montreal Protocol.

Country programme (CP) implementation report

5. The 2013 CP data reported 67.76 ODP tonnes of HCFC consumption whereas Article 7 reported 64.89 ODP tonnes. The difference of 2.87 ODP tonnes is stock pile for use in 2014. The Government has not yet submitted CP data for 2014.

¹ The funding request should have been submitted in 2013. The US \$18,000, plus agency support costs for UNEP in 2015 will be requested in 2017.

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

Legal framework

6. The Ozone Depleting Substance (Control) Rules promulgated in 2004 was amended in 2014 to restrict the imports of HCFC-141b in bulk and in imported pre-blended polyols, and the manufacturing of HCFC-141b-based products, which has been in force since January 2015. The Department of the Environment is strictly enforcing the requirement that only licensed enterprises can store and distribute ODS (including HCFCs), and that distributors are obliged to report on how and where their stocks are sold, annually. The country's quota system for HCFC imports became operational in 2013.

Enforcement officials training

7. An enforcement training session was conducted in February 2015, with 33 participants from the Customs Bureau, National Bureau of Revenue (NBR), Coast Guard, Police department, the Ministry of Environment and Forests and other relevant ministries. In order to institutionalize and ensure the long-term sustainability of the capacity building programme for customs officers, the Ozone Cell (NOU) and the NBR agreed to include the customs training programme in the Bangladesh Customs Academy. Four units of portable refrigerant identifiers were distributed to selected customs entry points, while one was kept with the NOU for training purposes.

Manufacturing sector

8. The approval of stage I of the HPMP included an individual investment project for the phase-out of 20.20 ODP tonnes (183.70 mt) of HCFC-141b used in the manufacturing of refrigeration equipment insulation foam by Walton Hi-Tech Industries Limited. The implementation of the conversion project was completed in May 2014, and foam manufacturing in this domestic refrigeration manufacturing facility was changed from using HCFC-141b to cyclopentane.

Refrigeration servicing sector

9. Activities in the servicing sector were delayed due to administrative issues related to the transfer of funds from UNEP to Bangladesh after the approval of the first tranche. After these were resolved, two refrigeration servicing train-the-trainer workshops were held in September 2014 with the participation of 24 trainers from national institutes and other stakeholders. In addition, teaching materials, including five booklets of good servicing practices, were prepared in the local language (Bengali). Through these trainers, over 600 technicians received training on good service practices in refrigeration.

Project implementation and monitoring unit (PMU)

10. Project implementation and monitoring of stage I of the HPMP was done under the NOU², which is also responsible for the implementation of the licensing and quota systems, interaction with stakeholders on project implementation (including administration and coordination), and information outreach.

11. Awareness raising activities undertaken included a sub-regional workshop on HCFC phase-out, release of a commemorative stamp for Ozone Day, messages over television and radio, a customs quick tool, a poster on good practices on servicing, and a fact sheet on energy efficiency and the servicing sector.

² The NOU is supervised by a 17-member technical committee on ODS, comprised high ranking officials from various ministries who have a role in meeting compliance with the Montreal Protocol.

Level of fund disbursement

12. As of February 2015, of the US \$1,431,074 so far approved (US \$1,201,074 for UNDP and US \$230,000 for UNEP), US \$1,234,481 (86 per cent) had been disbursed (US \$1,141,311 by UNDP and US \$93,170 by UNEP). The balance of US \$196,593 will be disbursed in 2015.

Implementation plan for the second tranche of the HPMP

13. During the second funding tranche of the HPMP, the Government of Bangladesh will implement the following activities:

- (a) Finalizing and launching the training curricula for refrigeration and air-conditioning (RAC) technicians with vocational and technical schools (UNEP) (US \$8,000);
- (b) Training workshops for RAC technicians on good service practices (UNEP) (US \$52,000);
- (c) Preparation and publication of an additional 1,000 sets of training materials for service technicians and enforcement officials (UNEP) (US \$ 20,000); and
- (d) Awareness raising activities, including a second sub-regional workshop on HCFC phase-out (UNEP) (US \$10,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION**COMMENTS**Report on HCFC consumption

14. The increase in the consumption of HCFC-22 in 2013 (57.42 ODP tonnes) as compared to the baseline (45.42 ODP tonnes) was attributed to the increase in demand for HCFC-22 in the RAC sector (both manufacturing and servicing) due to the country's economic growth, and increasing affluence of the population. UNDP clarified that the growth of consumption of HCFC-22 is being controlled through the quota system and activities in the servicing sector.

Progress report on the implementation of the first tranche of the HPMP*Legal framework*

15. 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. It was noted that the import quota for 2013 was set at 72.65 ODP tonnes, and actual imports of 64.89 ODP tonnes were recorded. The quota set for 2014 was 70.75 ODP tonnes, while estimated actual imports of 59.36 ODP tonnes were recorded. The HCFC import quota for 2015 is set at 65.30 ODP tonnes.

16. UNDP clarified that the quota set for 2015 is higher than what had been actually imported in 2014, as the Government cannot set a quota lower than its maximum allowable consumption under the Montreal Protocol. The higher quota provides a buffer in case of any emergency requirements. Controls on imports are already in place, and the Government has assured that consumption will be limited, as much as possible, to what has been reported previously.

Manufacturing sector

17. In providing more details about the conversion activities implemented with Walton Hi-Tech Industries Limited, UNDP explained that the equipment orders were placed, and civil and electrical works were completed which facilitated the equipment installation by the third and fourth quarters of 2012. The company commenced trials in 2013, and commercial production of HCFC-free domestic refrigerators commenced in January 2014. UNDP completed the hand-over protocol in May 2014. This project resulted in a phase-out of 20.2 ODP tonnes of HCFC-141b.

18. UNDP reported that project expenditures amounted to US \$1,141,311 (funding approved was US \$1,146,074); and the enterprise made an estimated investment of US \$2.2 million as counterpart funding. The Secretariat is unable to assess the specific expenditures related to this funding and whether or not related to eligible incremental costs.

Refrigeration servicing sector

19. With regard to the long-term sustainability of the training programme for technicians, the Secretariat inquired about the short training design (2-day training), whether these were sufficient to enable assimilation of the information provided and how these trainings were effective in promoting good service practices and reducing demand of HCFC. It was clarified that the shorter training programmes were designed for more experienced technicians (with 5-10 years of experience), specifically to update their knowledge and refresh their skills. Further, the two-day period is the maximum time that technicians can take off from work without losing income. UNEP is also working with vocational and technical schools to ensure development of longer training programmes for new technicians, during the second tranche.

Conclusion

20. The Secretariat noted that Bangladesh was in compliance with the Montreal Protocol in 2013 and 2014, and continued, with progress, its activities planned under stage I. The country had phased-out 20.2 ODP tonnes of HCFC-141b with the completion of the investment project in Walton Hi-Tech Industries Limited, which has encouraged the Government to restrict the import of HCFC-141b in bulk and contained in imported pre-blended polyols starting 2015. While activities in the servicing sector started late, training planned for the period has been completed and relevant stakeholders have been strengthened to continue to provide customs and refrigeration training beyond the HPMP. Activities for the servicing sector will continue during the second tranche. The level of disbursement is 86 per cent of the funds so far approved. Therefore, the conditions for release of the second tranche have been met.

RECOMMENDATION

21. 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 (HPMP) for Bangladesh; and further recommends blanket approval of the second tranche of stage I of the HPMP for Bangladesh, and the corresponding 2015-2017 tranche implementation plan, 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)	90,000	11,700	UNEP
