



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/74/23
15 April 2015

ORIGINAL: ENGLISH



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

PROJECT PROPOSAL: BRUNEI DARUSSALAM

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) UNEP and UNDP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Brunei Darussalam

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase out plan (Stage I)	UNDP, UNEP (lead)	66th	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2013	4.27 (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									
HCFC-124									
HCFC-141b									
HCFC-142b									
HCFC-22					4.27				4.27

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	6.1	Starting point for sustained aggregate reductions:	6.1
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	2.1	Remaining:	3.9

(V) BUSINESS PLAN		2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.2		0.1			0.2	0.4
	Funding (US \$)	31,075		7,910			28,815	67,800
UNDP	ODS phase-out (ODP tonnes)	0.3	0	0.2	0	0	0	0.5
	Funding (US \$)	43,164	0	35,970	0	0	7,194	86,328

(VI) PROJECT DATA			2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits			n/a	6.10	6.10	5.49	5.49	5.49	5.49	5.49	3.96	n/a	
Maximum allowable consumption (ODP tonnes)			n/a	6.10	6.10	5.49	5.49	5.49	5.49	5.49	3.96	n/a	
Agreed funding (US\$)	UNDP	Project costs	52,800	0	0	39,600	0	33,000	0	0	6,600	132,000	
		Support costs	4,752	0	0	3,564	0	2,970	0	0	594	11,880	
	UNEP	Project costs	123,000	0	0	27,500	0	7,000	0	0	0	25,500	183,000
		Support costs	15,990	0	0	3,575	0	910	0	0	0	3,315	23,790
Funds approved by ExCom (US\$)	Project costs	175,800	0	0	0	0	0	0	0	0	0	175,800	
	Support costs	20,742	0	0	0	0	0	0	0	0	0	20,742	
Total funds requested for approval at this meeting (US\$)	Project costs	0	0	0	67,100	0	0	0	0	0	0	67,100	
	Support costs	0	0	0	7,139	0	0	0	0	0	0	7,139	

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Brunei Darussalam, UNEP 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 a total cost of US \$74,239, consisting of US \$27,500, plus agency support costs of US \$3,575 for UNEP, and US \$39,600, plus agency support costs of US \$3,564 for UNDP. The submission includes a progress report on the implementation of the first tranche and the tranche implementation plan for 2015 to 2017.

Report on HCFC consumption

HCFC consumption

2. The Government of Brunei Darussalam reported an estimated consumption of 3.89 ODP tonnes of HCFC in 2014 representing a 36 per cent reduction from the baseline for compliance. The 2010-2014 HCFC consumption is shown in Table 1.

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

HCFC	2010	2011	2012	2013	2014*	Baseline
Metric tonnes						
HCFC-22	124.55	144.94	105.1	77.6	70.75	110.91
HCFC-141b	0	0.95	1.12	0	0	0
Total (metric tonnes)	124.55	145.89	106.22	77.6	70.75	110.91
ODP tonnes						
HCFC-22	6.90	7.97	5.78	4.27	3.89	6.10
HCFC-141b	0	0.10	0.12	0	0	0
Total (ODP tonnes)	6.90	8.08	5.9	4.27	3.89	6.10

*Estimated consumption as submitted in the HPMP progress report, March 2014.

3. HCFC consumption in Brunei Darussalam has solely been used in the refrigeration and air-conditioning (RAC) servicing sector; the consumption has significantly decreased since 2011, mainly due to the introduction of good practices in the RAC servicing sector and the implementation of the licensing and quota system.

Country programme (CP) implementation report

4. The Government of Brunei Darussalam reported sectoral HCFC consumption data for 2013 under CP implementation report which is consistent with the data reported under Article 7.

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

Legal framework

5. The Government of Brunei Darussalam strengthened its licensing system for HCFCs and established a national import quota for HCFC in January 2013. The Customs Act was amended to categorize HCFCs as restricted/controlled substances and ban all HCFCs except HCFC-22. Currently, a regulation to control the import and export of all HCFC-based equipment is under preparation.

6. In order to limit new demand for HCFCs, the Government implemented a policy restricting the establishment of new capacity for manufacturing equipment and products using HCFCs. As of 2014, no new enterprises were allowed to apply and register for the import of HCFCs, except for the 24 importers who were already registered with the Department of Environment, Parks and Recreation (DEPR) under its Application Permit (AP) system for ODS.

7. In 2013, the Government also introduced mandatory container labelling for HCFC imports to allow for better tracking. Further, to ensure purity and proper declaration of the refrigerant, random sampling of the cylinders was carried out using the refrigerant identifiers provided under the HPMP.

Refrigeration servicing sector

8. The main achievements during the implementation of the first tranche are summarized below:
- (a) The first phase of training for enforcement officers commenced during the last quarter of 2012 and resulted in building capacity of 13 senior customs officers who will in turn train other officers;
 - (b) Nine refrigerant identifiers (some capable of identifying R-410a) were provided to the Royal Customs and Excise Department for implementing the mandatory labelling requirement for HCFC cylinders through better inspection processes;
 - (c) A train-the-trainer workshop for 13 trainers on good practices was completed in 2012, and an additional 191 technicians were trained through 12 training workshops held between 2013-2014;
 - (d) A mandatory certification system for RAC technicians was developed and will be implemented from 2016;
 - (e) Under the refrigerant recovery and re-use programme, a mini reclamation unit along with 11 sets of recovery/reclamation equipment, were purchased and distributed to beneficiaries and training centre;
 - (f) A training workshop on refrigerant recovery and reclamation was completed with 25 trainees from selected RAC servicing workshops;
 - (g) Awareness raising activities including posters, video documentaries, and school visits were completed. These activities were coordinated through a working group on Information, Education and Communication (IEC), who is responsible for strategically setting direction for activities related to the Montreal Protocol; and
 - (h) A new requirement was included in the official government tendering process, where the installation of ODS-free equipment will be mandatory for new government officers.

Project implementation and monitoring unit (PMU)

9. The PMU is fully functional and provides support to the national ozone unit (NOU) on the implementation of the licensing and quota systems, interaction with stakeholders on project implementation, information outreach targeted at specific sectors, and day-to-day management of HPMP activities.

Level of fund disbursement

10. As of March 2015, of the US \$175,800 so far approved (US \$123,000 for UNEP and US \$52,800 for UNDP), US \$132,122 had been disbursed (US \$79,322 for UNEP and US \$52,800 for UNDP). The balance of US \$43,678 will be disbursed in 2016.

Implementation plan for the second tranche of the HPMP (2015-2017)

11. During the second tranche, the Government of Brunei Darussalam will implement the following activities:

- (a) Organize enforcement officer training for 20 customs and enforcement officers (UNEP) (US \$1,500);
- (b) Implement mandatory labelling requirement of HCFC cylinders (UNEP) (US \$2,000);
- (c) Organize RAC technician training for 100 technicians (UNEP) (US \$6,000);
- (d) Implement information, education and communication activities (UNEP) (US \$2,000);
- (e) Establish and operate mini reclaim centres (UNDP) (US \$10,000);
- (f) Develop and implement the pilot end-user replacement incentive program (UNDP) (US \$19,600);
- (g) Provide technical assistance and organize two workshops on recovery and recycling (UNDP) (US \$10,000); and
- (h) Plan, implement and monitor activities under the HPMP (PMU) (UNEP) (US \$16,000).

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

12. The Government of Brunei Darussalam has surpassed the compliance target for 2013 and 2014 as demonstrated by the fact that in 2014 the HCFC consumption was 36 per cent below the allowable level. The successful control of HCFC imports is due largely to the ODS licensing system which had been in place since the phase-out of CFCs.

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

13. 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 2015 has been established at 4.13 ODP tonnes. For subsequent years, the annual quota will be based on the levels allowed under the Montreal Protocol.

Refrigeration servicing sector

14. UNEP stated that the long term sustainability of the training programmes for both enforcement officers and service technicians are being put in place through the integration of the customs training programme with the existing regular training programme of the Royal Customs and Excise Department, and through inclusion of the service technicians training programme into vocational schools' curricula. The mandatory requirement for certification of technicians will also encourage more technicians to undergo training through these vocational schools. The training on good practices is also enhanced

through the identification of a national training centre in the country, which will be responsible for ensuring a long-term training strategy.

15. Due to technological and safety constraints, and the lack of standards, the pilot retrofit programme to replace HCFC-based equipment with ODS-free alternatives was not implemented in the first tranche. This is planned as part of the activities for the second tranche, provided that all the required policies are in place in the country.

16. The Secretariat noted that some balance of funds initially programmed for enforcement training are being reallocated to additional training of technicians as well as to the PMU, during the second tranche. UNEP clarified that the reallocation was requested by the Government and was a result of some savings from the purchase of additional refrigerant identifiers that had originally been identified as part of the enforcement training. The identifiers that had been purchased under the CFC phase-out programme were still operational and therefore no new ones were required. Training of refrigeration technicians was deemed as a priority, therefore additional funds were reallocated. The PMU also required additional funding as their increased responsibilities in monitoring the progress of the HPMP was essential in ensuring its success.

17. In noting the activities that had been undertaken by the Government to maximize the climate benefits of the HPMP by its initiative of requiring the use of ODS-free equipment in the government tendering process, UNEP described that for new buildings no air-conditioners or chillers that use HCFC will be allowed. This initiative is further strengthened with the introduction of the Energy, Efficiency and Conservation Act promulgated by the Department of the Energy, which includes the ban on imports of non-energy efficient equipment including air-conditioners.

Conclusion

18. The Secretariat notes that the implementation of stage I of the HPMP for Brunei Darussalam is progressing. The activities in the refrigeration servicing sector continue to be implemented as planned. In view of activities underway, the fact that their estimated 2014 reported consumption of HCFCs (3.89 ODP tonnes) is 36 per cent below the allowable baseline consumption of 6.1 ODP tonnes; the operational licensing and quota system is in place; the progress achieved during the first tranche for the servicing sector; and the level of disbursement (75 per cent), the Secretariat recommends approval of the funding for the second tranche.

RECOMMENDATION

19. The Fund Secretariat recommends that the Executive Committee take 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 Brunei Darussalam, and further recommends blanket approval of the second tranche of stage I of the HPMP, and the corresponding 2015-2017 tranche implementation plan, at the funding levels shown in the table below, on the understanding that if Brunei Darussalam were to decide to proceed with retrofits and associated servicing to flammable and toxic refrigerants, in refrigeration and air-conditioning equipment originally designed for non-flammable substances, it would do so assuming all associated responsibilities and risks and only in accordance with the relevant standards and protocols:

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage I, second tranche)	27,500	3,575	UNEP
(b)	HCFC phase-out management plan (stage I, second tranche)	39,600	3,564	UNDP