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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: REPUBLIC OF MOLDOVA

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

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Republic of Moldova

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase out plan (Stage I)	UNDP (lead)	63 rd	10 per cent by 2015

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2013	0.99 (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					1.59				1.59

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	1.0	Starting point for sustained aggregate reductions:	1.0
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.10	Remaining:	0.9

(V) BUSINESS PLAN		2014	2015	Total
UNDP	ODS phase-out (ODP tonnes)		0.02	0.02
	Funding (US \$)		9,592	9,592

(VI) PROJECT DATA			2011	2013	2014	2015	Total
Montreal Protocol consumption limits			n/a	1.00	1.00	0.90	n/a
Maximum allowable consumption (ODP tonnes)			n/a	1.00	1.00	0.90	n/a
Agreed funding (US\$)	UNDP	Project costs	79,200	0	0	8,800	88,000
		Support costs	7,128	0	0	792	7,920
Funds approved by ExCom (US\$)	UNDP	Project costs	79,200	0	0	0.0	79,200
		Support costs	7,128	0	0	0.0	7,128
Total funds requested for approval at this meeting (US\$)	UNDP	Project costs	0	0	0	8,800	8,800
		Support costs	0	0	0	792	792

Secretariat's recommendation:	Individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of the Republic of Moldova, UNDP as the designated implementing agency, has submitted to the 74th meeting a request for funding for the second and final tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$8,800, plus agency support costs of US \$792. The submission includes a progress report on the implementation of the first tranche, and the tranche implementation plan for 2015.

Report on HCFC consumption

HCFC consumption

2. The Government of the Republic of Moldova reported an estimated consumption of 0.94 ODP tonnes of HCFC in 2014. The 2010-2014 HCFC consumption is shown in Table 1.

Table 1. HCFC-22 consumption in the Republic of Moldova (2010-2014 Article 7 data)

HCFC-22	2010	2011	2012	2013	2014*	Baseline
Metric tonnes	12.9	23.8	34.2	18.0	17.0	17.0
ODP tonnes	0.71	1.31	1.88	0.99	0.94	1.0

*Estimated consumption not yet reported under Article 7 of the Montreal Protocol or the country programme data report.

3. The sharp increase in HCFC consumption in 2012 is due to stockpiles in view of the freeze at the baseline level in 2013 and the 10 per cent reduction in HCFC consumption in 2015. However, in 2014 the consumption was slightly below the baseline for compliance.

Country programme (CP) implementation report

4. The Government of the Republic of Moldova reported sector HCFC consumption data for 2013 under CP implementation report which is consistent with the data reported under Article 7. The 2014 CP data report will be submitted by 1 May 2015.

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

Legal framework

5. The Ministry of Environment of the Republic of Moldova and the National Ozone Unit (NOU) established legislative measures to control the import of ODS, including HCFCs and HCFCs-based equipment. The taxation regime of ODS within the system of customs control was implemented; the national certification system for refrigeration technicians in place; and the logbooks for users of the equipment containing more than 3 kg of charge are mandatory.

Refrigeration servicing sector

6. The activities implemented under the first tranche of the HPMP are as follows:
- (a) Training of 26 customs officers (one more than those proposed in stage I) in monitoring and controlling the import and export of ODS, including HCFCs and HCFC-based equipment; and the purchase of three portable refrigerant identifiers;
 - (b) Update of the handbook for customs officers to include information on HCFCs and HCFC-based equipment;
 - (c) Update of the code of good service practices in the refrigeration and air-conditioning (RAC) sector to include information on natural refrigerant alternatives to HCFCs, emerging alternatives and existing international and national servicing standards; update

of the lecturing manual for the servicing sector to include topics low global-warming potential (GWP) refrigerants and non-HFC technologies;

- (d) Training and certification of 60 technicians in 2013 (10 more than those proposed in stage I) and distribution of additional sets of basic recovery equipment and tools;
- (e) Purchase and distribution of basic recovery equipment and 20 servicing tools sets (e.g, electronic leak detectors, manifolds, refrigerant recovery units, and vacuum pumps) to the training servicing centres; and
- (f) Awareness raising campaigns on the protection of the ozone layer; creation of a website for the refrigeration association and workshops to discuss challenges in the refrigeration sector.

Project implementation and monitoring unit

7. The NOU, within the Ministry of Environment, coordinates the implementation of the HPMP activities with the assistance of national coordinating experts.

Level of fund disbursement

8. As of March 2015, of the US \$79,200 so far approved, US \$77,532 (97.9%) had been disbursed. The balance of US \$1,668 will be disbursed in 2015.

Implementation plan for the second tranche of the HPMP

9. The following will be implemented during the second tranche of the HPMP:
- (a) Three training workshops for 60 technicians to be carried out with the support of the national training institution (“Tehnofrig”) operating under the Technical University of Moldova, and complementary supply of basic servicing tools upon certification (US \$5,000);
 - (b) Printing and publishing of additional updated training materials for vocational schools specializing in refrigeration servicing programmes for students (US \$1,800); and
 - (c) Two workshops and conferences on emerging HCFC-free alternative technologies and best servicing practices in the RAC’s sector (US \$2,000).

SECRETARIAT’S COMMENTS AND RECOMMENDATION

COMMENTS

Report on HCFC consumption, established baseline and funding eligibility

10. At the time of approval of the HPMP for the Republic of Moldova, the HCFC baseline for compliance was estimated at 2.28 ODP tonnes, calculated using the actual consumption for 2009 of 1.2 ODP tonnes and estimated consumption of 3.36 ODP tonnes for 2010. On this basis, the Executive Committee approved stage I of the HPMP at the amount of US \$88,000 corresponding to the maximum funding eligibility for the consumption level.

11. In August 2011, the Republic of Moldova reported to the Ozone Secretariat its actual consumption for the year 2010 of 0.7 ODP tonnes. Consequently, the baseline was established

at 1.0 ODP tonnes. The new funding eligibility for 10 per cent reduction of HCFC consumption is now up to US \$66,000, which is lower than the funding approved in principle at the 66th meeting.

12. At its 53rd meeting, the Implementation Committee under the Non-Compliance Procedure for the Montreal Protocol, (November 2014) considered a request from the Government of the Republic of Moldova for a revision of its 2010 HCFC consumption from 0.7 ODP tonnes to 2.67 ODP tonnes. However, the request was not approved by the Implementation Committee.

13. The approved amount for stage I of the HPMP is in excess of US \$22,000 of the maximum funding eligibility based on a baseline of 1.0 ODP tonnes. Moreover, the disbursement reported by UNDP of US \$77,532 is already higher than the maximum funding eligibility under stage I of the HPMP. Based on this fact and in order to avoid an interruption on the implementation of the HPMP, the Secretariat and UNDP considered it more appropriate to adjust the funding at the time of the approval of stage II of the HPMP to be submitted at the 75th meeting. In the meantime, the second and final tranche of US \$8,800 could be released.

Verification report

14. As per decision 61/46(c)¹ the Republic of Moldova was selected to include an independent verification report along with the present tranche request. At the time of writing this document, UNDP indicated that the verification of HCFC consumption in 2014 was still underway. Therefore, in line with decision 72/19, funds approved under the second tranche will not be transferred to UNDP until the Secretariat has reviewed the verification report and confirmed that the Government of the Republic of Moldova is in compliance with the Montreal Protocol and the Agreement between the Government and the Executive Committee.

Progress report on the implementation of the second 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. The HCFC import quota for 2015 has been established at 0.85 ODP tonnes, which is below the maximum allowable consumption. For subsequent years, the annual quota will be established within the maximum allowed under the Montreal Protocol.

Refrigeration servicing sector

16. The Government of the Republic of Moldova also gave due consideration to the sustainability of the training programme by requesting the support of the national training institution, “Technofrig”, for the training of technicians, and continue supporting the vocational schools specialized in refrigeration servicing programmes by providing training materials. The Government did not report any retrofits of HCFC-22-based equipment to hydrocarbon-refrigerants undertaken or planned under stage I of the HPMP. However, it gives a special attention to emerging HCFC-free alternative technologies and best servicing practices.

¹ The Executive Committee requested the Secretariat to provide at the first meeting of each year, starting in 2013, *inter-alia*, an indicative sample of 20 per cent of countries with an HCFC consumption baseline of 360 mt and below that had an approved HPMP, to enable the Executive Committee to approve such a sample for the purposes of verification of that country’s compliance with the HPMP Agreement for that year.

Revision of the HPMP Agreement

17. The HPMP for the Republic of Moldova 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 Executive Committee of the resulting levels accordingly (decision 64/34(e)). Based on the data reported by the Government of the Republic of Moldova under Article 7, the relevant paragraph and Appendices of the Agreement have been updated, and a new paragraph has been added to indicate that the updated Agreement supersedes that reached at the 63rd meeting, as shown in Annex I to the present document. The full revised Agreement will be appended to the final report of this meeting.

Conclusion

18. 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 HPMP is progressing and the 2013 reported and 2014 estimated consumption are below the maximum allowable consumption pending confirmation from verification. The activities implemented under the first tranche and those planned under the second tranche including training and certification, strengthening of vocational schools and awareness raising activities, will further strengthen the servicing sector and ensure the long term sustainability of the activities proposed under stage I of the HPMP.

RECOMMENDATION

19. In view of the above, the Executive Committee may wish to consider:

- (a) Noting:
 - (i) The progress report on the implementation of the first tranche of stage I of the HCFC phase-out management plan (HPMP) in the Republic of Moldova;
 - (ii) That the Fund Secretariat had updated paragraph 1, Appendices 1-A and 2-A of the Agreement between the Government of the Republic of Moldova 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 that reached at the 63rd meeting, as contained in Annex I to the present document;
 - (iii) That the revised starting point for sustained aggregate reduction in HCFC consumption was 1 ODP tonnes, calculated using actual consumption of 1.2 ODP tonnes and 0.7 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol; and
 - (iv) That the funding eligibility for stage I of the HPMP for the Republic of Moldova should be US \$66,000 up to 2015 and that the deduction of US \$22,000 would be applied when stage II of the HPMP is approved.
- (b) Requesting UNDP to submit the project completion report to the 76th meeting of the Executive Committee in 2017; and
- (c) Approving the second and last tranche of stage I of the HPMP for the Republic of Moldova, and the corresponding 2015 tranche implementation plan, at the amount of US \$8,800, plus agency support costs of US \$792 for UNDP, on the understanding that the approved funds would not be transferred to UNDP until the Secretariat had reviewed

the verification report and confirmed that the Government of the Republic of Moldova was in compliance with the Montreal Protocol and the Agreement between the Government and the Executive Committee.

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage I, second tranche)	8,800	792	UNDP

Annex I

TEXT TO BE INCLUDED IN THE UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA 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)

20. This Agreement represents the understanding of the Government of the Republic of Moldova (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 **0.90 ODP** tonnes prior to 1 January 2015 in compliance with Montreal Protocol schedules.

16. This updated Agreement supersedes the Agreement reached between the Government of the Republic of Moldova and the Executive Committee at the 63rd meeting of the Executive Committee.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	1.0

APPENDIX 2-A: THE TARGETS AND FUNDING

		2011	2012	2013	2014	2015	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	n/a	1.00	1.00	0.90	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	0.99	0.99	0.89	n/a
2.1	Lead IA UNDP agreed funding(US \$)*	79,200	0	0	0	8,800	88,000
2.2	Support costs for Lead IA(US \$)	7,128	0	0	0	792	7,920
3.1	Total agreed funding (US \$)	79,200	0	0	0	8,800	88,000
3.2	Total support cost (US \$)	7,128	0	0	0	792	7,920
3.3	Total agreed costs (US \$)	86,328	0	0	0	9,592	95,920
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this agreement (ODP tonnes)						0.1
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)						0.00
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)						0.9

*Stage I of the HPMP was approved at a funding level of up to US \$88,000, based on an estimated consumption of 2.28 ODP tonnes. However, the funding level associated with stage I of the HPMP should be up to US \$66,000, based on an HCFC baseline for compliance of 1.00 ODP tonnes. The funding adjustment will be made when stage II of the HPMP is approved.