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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Seventy-seventh Meeting  
Montreal, 28 November - 2 December 2016

**PROJECT PROPOSAL: ERITREA**

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 UNIDO

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

## Eritrea

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (Stage I)	UNEP (lead), UNIDO	67th	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2015	0.97 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2015	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Serviceing				
HCFC-22					1.0				1.0

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	1.09	Starting point for sustained aggregate reductions:	1.08
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.38	Remaining:	0.7

(V) BUSINESS PLAN		2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0	0	0	0	0	0
	Funding (US \$)	30,510	0	0	0	19,775	50,285
UNIDO	ODS phase-out (ODP tonnes)	0	0	0	0	0	0
	Funding (US \$)	43,600	0	0	0	0	43,600

(VI) PROJECT DATA*			2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	1.09	1.09	0.98	0.98	0.98	0.98	0.98	0.71	n/a
Maximum allowable consumption (ODP tonnes)			n/a	1.09	1.09	0.98	0.98	0.98	0.98	0.98	0.71	n/a
Agreed funding (US \$)	UNEP	Project costs	40,000	0	0	0	29,000	0	0	0	21,000	90,000
		Support costs	5,200	0	0	0	3,770	0	0	0	2,730	11,700
	UNIDO	Project costs	40,000	0	0	0	80,000	0	0	0	0	120,000
		Support costs	3,600	0	0	0	7,200	0	0	0	0	10,800
Funds approved by ExCom (US \$)	Project costs		80,000	0	0	0	0	0	0	0	0	80,000
	Support costs		8,800	0	0	0	0	0	0	0	0	8,800
Total funds requested for approval at this meeting (US \$)	Project costs						109,000					109,000
	Support costs						10,970					10,970

\*Data from the updated Agreement to be approved at the 77<sup>th</sup> meeting

<b>Secretariat's recommendation:</b>	For blanket approval
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## PROJECT DESCRIPTION

1. On behalf of the Government of Eritrea, UNEP as the lead implementing agency, has submitted to the 77<sup>th</sup> 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 \$170,750, consisting of US \$45,000, plus agency support costs of US \$5,850 for UNEP, and US \$110,000, plus agency support costs of US \$9,900 for UNIDO<sup>1</sup>. The submission includes a progress report on the implementation of the first tranche, and the tranche implementation plan for 2017 to 2020.

### Report on HCFC consumption

#### *HCFC consumption*

2. Eritrea had submitted revised Article 7 consumption data to the Ozone Secretariat at the time Eritrea's HPMP was considered by the Executive Committee. Subsequently, the 24<sup>th</sup> meeting of the Parties to the Montreal Protocol adopted decision XXIV/16, which increased Eritrea's baseline from 1.85 metric tonnes (mt) (0.1 ODP tonnes) to 19.7 mt (1.09 ODP tonnes) based on a revised 2009 and 2010 consumption of 19.1 mt and 20.31 mt of HCFC-22, respectively.

3. The Government of Eritrea reported a consumption of 0.97 ODP tonnes of HCFC in 2015, which is in compliance with the 10 per cent reduction step required under the Montreal Protocol. The 2011-2015 HCFC consumption is shown in Table 1. All HCFC-22 consumption occurs in the refrigeration servicing sector.

**Table 1. HCFC consumption in Eritrea (2011-2015 Article 7 data)**

HCFC-22	2011	2012	2013	2014	2015	Baseline
Metric tonnes	17.50	18.30	18.60	18.20	17.57	19.7
ODP tonnes	0.96	1.01	1.02	1.00	0.97	1.09

#### *Country programme (CP) implementation report*

4. The Government of Eritrea reported HCFC sector consumption data under the 2015 CP implementation report that 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 national ozone unit (NOU) under the Division of Environmental Resource Assessment and Information oversees the implementation of the Montreal Protocol. The regulations for the issuance of quotas for the import and export of ODS and ODS-based equipment were published in the national gazette in 2010. The regulations also include measures to control the consumption of HCFCs through a licensing and quota system; and promote the retrofitting of HCFC-based equipment.

6. Two training sessions for 60 customs and law enforcement officers on monitoring and enforcement of ODS policy and regulations were conducted. Three refrigerant identifiers were procured and distributed to border crossings into the country.

<sup>1</sup> As per the letter of 3 October 2016 from the Ministry of Land, Water and Environment of Eritrea to the Secretariat.

*Refrigeration servicing sector*

7. The main activities implemented include:
- (a) Thirty trainers were trained in good refrigeration practices and received European Union certification; and 61 technicians were trained in good refrigeration practices, including in the use of hydrocarbon technologies;
  - (b) A meeting with the refrigeration association was organized where the code of conduct for technicians was adopted;
  - (c) Servicing tools (e.g., pliers, charging and refrigerant release hoses tube cutter, flaring set, swaging tools, tube bender, valves, fittings) were purchased and bidding for additional tools was initiated in September 2016, which are expected to be received in November 2016; and
  - (d) Awareness-raising activities were conducted through print and electronic media, and through three meetings for importers, suppliers, refrigeration practitioners, technicians and the general public.

*Project implementation and monitoring unit (PMU)*

8. The NOU recruited a consultant to assist monitoring the implementation of the HPMP activities and to collect data.

Level of fund disbursement

9. As of October 2016, of the US \$80,000 so far approved (US \$40,000 for UNEP and US \$40,000 for UNIDO), US \$44,329 (55 per cent) had been disbursed (US \$17,500 for UNEP and US \$26,829 for UNIDO). The balance of US \$35,671 will be disbursed in 2017.

Implementation plan for the second tranche of the HPMP

10. The following activities will be implemented:
- (a) Two workshops to further train approximately 30 customs and other law enforcement agents on enforcement of ODS policy and regulations (UNEP) (US \$20,000);
  - (b) Two workshops to train approximately 40 refrigeration technicians on good refrigeration practices and two meetings of the refrigeration technicians association on dissemination of latest technology developments (UNEP) (US \$22,000, including US \$2,000 unobligated balance from the first tranche);
  - (c) Establishment of a reclaiming centre, creation of an end-user programme for improved refrigerant containment, procurement and distribution of tools and equipment for the training and reclaiming centres, and technical assistance for end-users for improved refrigerant containment (UNIDO) (US \$110,000); and
  - (d) Continued monitoring, reporting and evaluation of the implementation of activities (UNEP) (US \$8,000, including US \$3,000 unobligated balance from the first tranche).

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

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

##### *Legal framework*

11. 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 2016 has been established at 0.97 ODP tonnes. For subsequent years, the annual quota will be based on the levels allowed under the Montreal Protocol.

##### *Refrigeration servicing sector*

12. The Secretariat noted that the regulation for the import and export of ODS put in place measures to promote retrofitting of HCFC-based equipment, and that the HPMP included activities to, *inter alia*, equip refrigeration technicians with knowledge and skills in retrofitting, and hydrocarbon technologies. The Secretariat reiterated its concerns related to activities that propose to retrofit HCFC-based refrigeration and air-conditioning equipment to flammable or toxic refrigerants that was not designed for such use, and requested confirmation that if the country engages in retrofitting equipment to flammable or toxic refrigerants and associated servicing, it does so on the understanding that they assume all associated responsibilities and risks.

13. UNIDO clarified that the retrofit incentive scheme had been changed to focus on refrigerant containment. The concept "the best refrigerant is the original the equipment was designed for" will be promoted. At the same time, UNIDO recognized that some technicians are using hydrocarbons as a drop-in refrigerant for HCFC-based equipment. UNIDO emphasized that its policy does not permit the replacement of HCFC-22 via drop-in with hydrocarbons; the training provided will continue to emphasize safety and good practices, particularly as it relates to hydrocarbon refrigerants. UNIDO emphasized that since neither UNIDO nor the Government of Eritrea promote using hydrocarbons as a drop-in for HCFC-based equipment, neither UNIDO nor the Government of Eritrea should be held responsible in case of accidents involving the retrofit of such equipment.

##### Revision to the HPMP Agreement

14. Decision 67/27(e) requested the Secretariat, in the event that the baseline consumption for compliance for Eritrea is amended based on revised Article 7 data, to update Appendix 2-A to the Agreement to include the figures for maximum allowable consumption, and to notify the Executive Committee of the resulting change in the levels of maximum allowable consumption and of any potential related impact on the eligible funding level, with any adjustments needed being made when the next tranche was submitted.

15. The Secretariat clarified that as Eritrea was implementing stage I of its HPMP, its revised level of funding for stage I would be US \$210,000 based on decision 60/44. On this basis, the proposed activities were adjusted accordingly (Table 2) and a revised Agreement has been submitted by the Government of Eritrea for consideration by the Executive Committee to reflect the revised baseline, maximum level of consumption, changes in funding and tranche distribution, and a new paragraph 16 has been added to indicate that the updated Agreement supersedes that reached at the 67<sup>th</sup> meeting, as shown in Annex I to this document. The full revised Agreement will be appended to the final report of the 77<sup>th</sup> meeting.

**Table 2. Adjusted funding for HPMP activities in Eritrea**

Project component	2012	2016	2020	Total (US \$)
Further training of customs and other law enforcement officers and strengthening the customs training schools. Dissemination of the amended ODS regulations	20,000	11,000	5,500	36,500
Strengthening of the three regional training centres	40,000	80,000	0	120,000
Strengthening of the Association, technical colleges and training of refrigeration technicians in good refrigeration practices	15,000	13,000	10,500	38,500
Co-ordination, monitoring and reporting of HPMP activities	5,000	5,000	5,000	15,000
Total requested funding (US \$)	80,000	109,000	21,000	210,000

### Conclusion

16. 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 2015 consumption level was below that specified in the Montreal Protocol and would be below the maximum allowable consumption in the updated Agreement with the Executive Committee based on Eritrea's revised baseline (decision XXIV/16). The level of disbursement is 55 per cent, and the activities so far implemented and those planned under the second tranche will further strengthen the servicing sector and continue to help enable the country to meet its compliance obligations under the Protocol.

### **RECOMMENDATION**

17. The Fund Secretariat recommends that the Executive Committee:
- (a) Takes note of the progress report on the implementation of the second tranche of stage I of the HCFC phase-out management plan (HPMP) for Eritrea;
  - (b) Notes that the Fund Secretariat had updated paragraph 1, Appendices 1-A and 2-A of the Agreement between the Government of Eritrea and the Executive Committee, based on the established HCFC baseline for compliance and the revised funding level, and that a new paragraph 16 had been added to indicate that the updated Agreement superseded that reached at the 67<sup>th</sup> meeting, as contained in Annex I to the present document; and
  - (c) Further notes that the revised starting point for sustained aggregate reduction in HCFC consumption was 1.08 ODP tonnes, calculated using actual consumption of 1.05 ODP tonnes and 1.12 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol, and that the revised funding level for stage I of the HPMP for Eritrea was US \$210,000 plus agency support costs, in accordance with decision 60/44(f)(xii).

18. The Fund Secretariat further recommends blanket approval of the second tranche of stage I of the HPMP for Eritrea, and the corresponding 2017-2020 tranche implementation plan, with associated support costs at the funding levels shown in the table below, on the understanding that if Eritrea 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:

	<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)	29,000	3,770	UNEP
(b)	HCFC phase-out management plan (stage I, second tranche)	80,000	7,200	UNIDO





**Annex I**

**TEXT TO BE INCLUDED IN THE UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF ERITREA 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)

1. This Agreement represents the understanding of the Government of Eritrea (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 **0.71** ODP tonnes by 1 January 2020 in compliance with Montreal Protocol schedules.

**16. This updated Agreement supersedes the Agreement reached between the Government of Eritrea and the Executive Committee at the 67<sup>th</sup> meeting of the Executive Committee.**

**APPENDIX 1-A: THE SUBSTANCES**

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	1.08

**APPENDIX 2-A: THE TARGETS, AND FUNDING**

Row	Particulars	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	<b>1.09</b>	<b>1.09</b>	<b>0.98</b>	<b>0.98</b>	<b>0.98</b>	<b>0.98</b>	<b>0.98</b>	<b>0.71</b>	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	<b>1.09</b>	<b>1.09</b>	<b>0.98</b>	<b>0.98</b>	<b>0.98</b>	<b>0.98</b>	<b>0.98</b>	<b>0.71</b>	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	40,000	0	0	0	<b>29,000</b>	0	0	0	<b>21,000</b>	<b>90,000</b>
2.2	Support costs for Lead IA (US \$)	5,200	0	0	0	<b>3,770</b>	0	0	0	<b>2,730</b>	<b>11,700</b>
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	40,000	0	0	0	<b>80,000</b>	0	0	0	0	<b>120,000</b>
2.4	Support costs for Cooperating IA (US \$)	3,600	0	0	0	<b>7,200</b>	0	0	0	0	<b>10,800</b>
3.1	Total agreed funding (US \$)	80,000	0	0	0	<b>109,000</b>	0	0	0	<b>21,000</b>	<b>210,000</b>
3.2	Total support costs (US \$)	8,800	0	0	0	<b>10,970</b>	0	0	0	<b>2,730</b>	<b>22,500</b>
3.3	Total agreed costs (US \$)	88,800	0	0	0	<b>119,970</b>	0	0	0	<b>23,730</b>	<b>232,500</b>
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)										<b>0.38</b>
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)										<b>0</b>
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)										<b>0.70</b>