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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: GRENADA**

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

## Grenada

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (Stage I)	UNEP (lead)	62 <sup>nd</sup>	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2015	0.22 (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	Servicing				
HCFC-22					0.22				0.22

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	0.83	Starting point for sustained aggregate reductions:	[0.83][0.55]
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	[0.29] [0.19]	Remaining:	[0.54][0.36]

(V) BUSINESS PLAN		2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.1				0.0	0.1
	Funding (US \$)	94,920				23,730	118,650

(VI) PROJECT DATA		2010	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits		n/a	0.83	0.83	0.75	0.75	0.75	0.75	0.75	0.54	n/a	
Maximum allowable consumption (ODP tonnes)		n/a									n/a	
Agreed funding (US \$)	UNEP	Project costs	105,000	0	0	0	9,000	0	0	0	21,000	135,000
		Support costs	13,650	0	0	0	1,170	0	0	0	2,730	17,550
	UNIDO	Project costs	0	0	0	0	75,000	0	0	0	0	75,000
		Support costs	0	0	0	0	6,750	0	0	0	0	6,750
Funds approved by ExCom (US \$)	Project costs	105,000	0	0	0	0	0	0	0	0	105,000	
	Support costs	13,650	0	0	0	0	0	0	0	0	13,650	
Total funds requested for approval at this meeting (US \$)	Project costs					84,000					84,000	
	Support costs					7,920					7,920	

Secretariat's recommendation:	Pending
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## PROJECT DESCRIPTION

1. On behalf of the Government of Grenada, 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 the amount of US \$91,920 consisting of US \$9,000, plus agency support costs of US \$1,170 for UNEP; and US \$75,000, plus agency support costs of US \$6,750 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.

2. UNEP was the designated implementing agency when the HPMP for Grenada was approved at the 62<sup>nd</sup> meeting. The Government of Grenada subsequently informed the Secretariat that UNIDO would be included as a cooperating agency of stage I of the HPMP, to be responsible for technician training and provision of refrigeration equipment and tools.

### Report on HCFC consumption

3. The Government of Grenada reported a consumption of 0.22 ODP tonnes of HCFC in 2015. The 2007-2015 HCFC consumption is shown in Table 1.

**Table 1. HCFC consumption and quota in Grenada from 2005 to 2015 (Article 7 data)**

Year		2007	2008	2009	2010	2011	2012	2013	2014	2015	Baseline
Consumption	mt	3.69	8.48	15.09	15.09	3.26	4.64	5.91	6.63	3.94	15.09
	ODP t	0.20	0.50	0.83	0.83	0.18	0.26	0.33	0.36	0.22	0.83
Quota issued	mt	n/a	n/a	n/a	n/a	n/a	n/a	9.37	8.50	7.64	

4. HCFC consumption sharply decreased between 2010 and 2011; since then consumption has been fluctuating, and well below the baseline. The consumption in 2015 was already 75 per cent below the baseline. The Government explained this significant decrease in HCFC consumption as being the result of implementation of the HPMP.

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

5. The Government of Grenada reported HCFC sector consumption data under the 2015 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

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

#### *Legal framework*

6. The Government of Grenada has established an HCFC licensing and quota system that has been enforced. Importers must be registered before they can be issued a quota and a license to import. The national ozone unit (NOU) of the Ministry of Finance and Energy, in collaboration with the Customs and Trade departments, has closely monitored HCFC imports and recorded consumption for reporting; 58 customs officers, one trade official and 22 customs brokers were trained in identifying refrigerants, monitoring and controlling ODS trade, and data reporting; and the training manual was updated to include new harmonized customs code (HS code) training.

7. The Government has developed the standards for labelling refrigerant containers and started the discussion on a regulatory measure to prohibit imports of small-sized HCFC-based equipment to reduce the servicing demand. The development of the standards for safe handling, storage and transportation of

<sup>1</sup> As per the letter of 4 October 2016 from the Permanent Secretary for the Environment of the Government of Grenada to UNEP.

flammable and toxic refrigerants has been initiated and is expected to be completed during implementation of the second tranche of the HPMP.

*Refrigeration servicing sector*

8. The following activities have been implemented:
- (a) Training of two trainers and 76 technicians in good practices, recovery, reuse and retrofit through four workshops, and upgrading of the technician training manual;
  - (b) Establishment of three recovery and recycling (R&R) centres to bring the total to 20 R&R centres, and identification of equipment required for the R&R centres (to be purchased through the investment component under the third tranche); and
  - (c) Awareness-raising activities to promote alternative technologies.

*Project implementation and monitoring unit (PMU)*

9. The NOU under the Ministry of Finance and Energy coordinates activities, and monitors and reports on the progress of implementation of the HPMP.

Level of fund disbursement

10. As of September 2016, of the US \$105,000 approved so far, US \$52,031 (50 per cent) had been disbursed. The balance of US \$52,969 will be used for the further development of regulations and will be disbursed by 2018.

Implementation plan for the second tranche of the HPMP

11. The following activities will be implemented:
- (a) Upgrade ODS legislation to prohibit the import of small-sized HCFC-based equipment; develop tax incentives to promote alternatives; develop standards for flammable and toxic refrigerants; implement importers' certification and mandatory reporting programme (UNEP) (funding from the first tranche);
  - (b) Design a training module and conduct two seminars/training sessions in the design of air-conditioning (AC) systems for 15 technicians in large facilities (UNIDO) (US \$6,000);
  - (c) Procure tools and equipment for good servicing practices and two refrigerant identifiers (UNIDO) (US \$60,000);
  - (d) Conduct a demonstration project for the replacement of existing HCFC-based equipment (UNIDO) (US \$9,000);
  - (e) Conduct an awareness-raising campaign on alternative technologies, HCFC regulations and standards; disseminate information on ozone layer protection, HPMP activities, and the linkage between ozone and climate and alternatives (UNEP) (US \$4,000); and
  - (f) Project coordination, monitoring and reporting (UNEP) (US \$5,000).

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

#### Legal framework

12. 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 has been established at 0.37 ODP tonnes for 2016. For subsequent years, the annual quota will be set below the maximum allowable consumption levels in the Agreement between the Government and the Executive Committee.

#### Starting point and funding eligibility

13. The HPMP for Grenada was approved prior to the establishment of the HCFC baseline for compliance under Article 7 of the Montreal Protocol, and therefore, the starting point for aggregate reduction on HCFC consumption was based on estimated levels of consumption in 2009 and 2010.

14. The Secretariat noted that the HCFC consumption of 0.22 ODP tonnes reported under Article 7 of the Montreal Protocol was already 75 per cent below the HCFC baseline of 0.83 ODP tonnes. Based on information on HCFC consumption and use by sector as reported in the HPMP, the steep reduction in consumption between 2010 and 2011, and the lower amounts of HCFC-22 imported than the quotas issued, it appears that the consumption in 2009 and 2010 was overestimated, or that the imports were larger than the amounts actually needed for the year, therefore part of the imported HCFC-22 was stocked for use in future years. On this basis, the level of consumption would be below 15 mt, and thus, the funding level for meeting the 2020 compliance target would be US \$164,500 instead of US \$210,000 approved for Grenada in accordance with decision 60/44(f)(xii). Given that activities planned for stage I of the HPMP had started implementation, with 50 per cent of the total funding associated with the first tranche already approved, reducing funding level would disturb ongoing implementation of the stage I. Accordingly, the Secretariat suggested the funding adjustment be made when stage II of the HPMP is submitted.

15. With regard to HCFC consumption, UNEP explained that in 2008, consumption was increasing, and continued to increase up until 2010. Subsequently, to the approval of the HPMP the Government decided to set reduction targets that were more ambitious than the Montreal Protocol phase-out schedule. In addition, high leakage rates in the commercial refrigeration sector (specific to supermarket chains), requiring higher amounts of refrigerants to service, were reduced as a result of the public awareness and training programme on phase-out. The Government was also favouring the introduction of alternative technologies in the refrigeration sector at the time.

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

16. The HPMP for Grenada was implemented with the introduction of low-GWP, climate friendly and energy-efficient alternatives. In noting that there is some retrofitting using flammable refrigerants (HCs) in the domestic refrigerator, mini-split AC and mobile air-conditioning (MAC) sectors, UNEP explained that retrofit of refrigeration equipment is done following strict international safety guidelines, ensuring that the equipment is labelled with the necessary information. The Government of Grenada is also aware of the decisions<sup>2</sup> of the Executive Committee regarding retrofits, and is fully committed to ensuring that all safety considerations are taken into account when retrofitting is done. In addition, they have put in place procedures to ensure safety during these conversions, which are being strictly followed

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<sup>2</sup> Decisions 72/17, 72/41 and 73/34.

and monitored through the NOU. The safety standards for using flammable refrigerants are being developed. At this moment, approximately 40 ACs, 120 domestic refrigerators and 50 vehicles have been retrofitted to HCs.

#### Revision to the HPMP Agreement

17. The HPMP for Grenada was approved prior to the establishment of the HCFC baseline for compliance. Based on the data reported by the Government of Grenada under Article 7 of the Montreal Protocol, and the inclusion of UNIDO as the cooperating agency, the Agreement has been revised and is attached as Annex I to the present document.

#### Conclusion

18. HCFC consumption in Grenada was already 75 per cent below the baseline and the import quota issued for 2016 was already 50 per cent below the maximum allowable consumption set in the Agreement for that year. Development of regulatory measures and training of customs officers will enable the enforcement of the licensing and quota system for the import/export of HCFCs. The Customs department has incorporated ODS issues into the regular training programme. Training of technicians has been undertaken to enable good practices and reduce the demand for HCFCs, and the certification of technicians is being implemented to ensure long-term capacity development. The Government of Grenada is fully aware of the decisions of the Executive Committee regarding retrofits of refrigeration and air conditioning equipment and is fully committed to ensuring that all safety considerations are taken into account when retrofitting is done. The disbursement rate has reached 50 per cent.

19. At the time of the finalization of this document, UNEP and the Secretariat were still discussing the issue of the starting point for aggregate reduction on HCFC consumption and the potential reduction on the level of funding of the HPMP to be adjusted when stage II of the HPMP is submitted to the Executive Committee. Outcomes of the discussions will be communicated to the Executive Committee prior to the 77<sup>th</sup> meeting.

#### **RECOMMENDATION**

20. Pending.