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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-fifth Meeting
Montreal, 25-29 May 2020
Postponed to 19-22 July 2020*

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, fourth tranche) UNEP and UNDP

* Due to coronavirus disease (COVID-19)

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

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)	66 th	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2018	3.37 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2019	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					3.33				3.33

(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		2020	
UNEP	ODS phase-out (ODP tonnes)	0.17	
	Funding (US \$)	28,815	
UNDP	ODS phase-out (ODP tonnes)	0.04	
	Funding (US \$)	7,194	

(VI) PROJECT DATA			2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits (ODP tonnes)			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	0	33,000	0	6,600	132,000
		Support costs	4,752	0	0	3,564	0	0	2,970	0	594	11,880
	UNEP	Project costs	123,000	0	0	27,500	0	0	7,000	0	25,500	183,000
		Support costs	15,990	0	0	3,575	0	0	910	0	3,315	23,790
Funds approved by ExCom (US \$)	Project costs	175,800	0	0	67,100	0	0	40,000	0	0	282,900	
	Support costs	20,742	0	0	7,139	0	0	3,880	0	0	31,761	
Total funds requested for approval at this meeting (US \$)	Project costs	0	0	0	0	0	0	0	0	0	32,100	32,100
	Support costs	0	0	0	0	0	0	0	0	0	3,909	3,909

Secretariat's recommendation:	For 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 a request for funding for the fourth and final tranche of stage I of the HCFC phase-out management plan (HPMP), at a total cost of US \$36,009, consisting of US \$25,500, plus agency support costs of US \$3,315 for UNEP and US \$6,600, plus agency support costs of US \$594 for UNDP¹. The submission includes a progress report on the implementation of the third tranche, and the tranche implementation plan for 2020 to 2021.

Report on HCFC consumption

2. The Government of Brunei Darussalam reported under country programme implementation report a consumption of 3.33 ODP tonnes of HCFC in 2019, which is 46 per cent below the HCFC baseline for compliance. The 2015-2019 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Brunei Darussalam (2015-2019 Article 7 data)

HCFC-22	2015	2016	2017	2018	2019*	Baseline
Metric tonnes	64.89	68.13	62.69	61.34	60.52	110.91
ODP tonnes	3.57	3.75	3.45	3.37	3.33	6.1

*Country programme data.

3. Brunei Darussalam only consumes HCFC-22 in the servicing sector. The increase in consumption between 2015 and 2016 is attributed to one large importer that did not import HCFCs in 2015, but imported in 2016. Since then, the reduction in HCFC consumption is due to annual reductions in the import quotas issued by the Government, strict implementation of the licensing system, of the activities implemented under stage I of the HPMP, including the training in good service practices for technicians, technical assistance to the refrigeration servicing sector and awareness of alternatives to HCFCs. Also, the introduction of non-HCFC-based equipment in the local market has reduced consumption of HCFC-22.

Country programme (CP) implementation report

4. The Government of Brunei Darussalam reported HCFC sector consumption data under the 2018 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

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

Legal framework

5. The recommendations from the 2013-2017 verification of HCFC consumption,² namely strengthening the licensing system and data recording procedures, and improving communication with and additional training for customs, are being implemented. Imports and exports of ODS continue to be monitored through an electronic system managed by the Department of Environment, Parks and Recreation (DEPR). Quotas expire at the end of each year, and post-clearance reporting is required from importers, including supporting documentation for the previous year's imports. Training is provided to importers and customs brokers to improve declarations, and information is cross-checked with customs on a regular basis. Furthermore, the Government has been implementing mandatory inspection and labelling for HCFC-22 containers since 2013.

¹As per the letter of 11 March 2020 from the Director of Department of Environment, Parks and Recreation of Brunei Darussalam to UNEP.

² The verification report was submitted at the 82nd meeting together with the third tranche of stage I of the HPMP (UNEP/OzL.Pro/ExCom/82/42).

6. The regulation to control import and export of HFC under an amendment of the current Customs Act of Prohibition and Restriction on ODS is waiting for the gazetting process to be enacted. Import of low-global warming potential (GWP) flammable refrigerants (e.g., HFC-32 and R-290) is not allowed due to safety concerns. DEPR is liaising with the Fire and Rescue Department and the Department of Mechanical and Electrical Service to determine licensing authority for the import, storage, transportation and use of flammable refrigerants, which is regulated under the Fire Safety Order 2016. It has been agreed that DEPR will manage the issuance of permits and monitoring of flammable refrigerants in the same way as other refrigerant gases through the Application Permit system.

7. The use of HCFC-based equipment has been banned in all government tenders. DEPR is consulting with the Royal Customs and Excise Department (Customs Department) on the possibility to ban the import of HCFC-based refrigeration and air-conditioning (RAC) equipment under the Customs Act - Prohibition and Restriction on Imports and Exports (Amendment) Order 2006.

8. The Customs Department has included the ODS licensing system in the customs training curriculum. No training workshops were planned during the third tranche; however, the Customs Department continued training the staff on issues related to the Montreal Protocol.

9. The Government confirmed that the licensing and quota system includes the ODS that have already been phased out, for which no licenses and quotas are provided since they are controlled. The inspection for labelling of HCFC cylinders has become mandatory to prevent mislabelled and smuggled refrigerants. There were no cases of illegal imports of phased-out ODS. The Government was not aware of the use of phased-out ODS on the country's market, nor was it aware of any stockpiles of such substances.

Refrigeration servicing sector

10. The following activities were undertaken:

- (a) A total of 35 service technicians were trained in two training workshops on procedures for installation and servicing and good refrigeration practices; seven master trainers were trained in the safe handling of HFC-32 refrigerant, and two trainers attended an R-290 training session in Guangzhou, China. UNEP supported the Government with information tools on alternative refrigerants to raise the awareness of the country's main stakeholders; and
- (b) Ten sets of recovery equipment were procured for the recovery, recycling, and re-use programme, and five were distributed to selected RAC enterprises after the completion of training in good practices in the first half of 2019, the remaining five sets are planned for distribution in 2020; and an agreement was signed to set up a reclaim centre.

11. The pilot incentive programme to replace 30 HCFC-22-based residential air-conditioners and five commercial RAC units was delayed because of the restriction on the import of HFC-32 due to safety; therefore, the Government through UNDP had requested that the funding allocated to the incentive programme (US \$29,903), be re-allocated to provide equipment and tools to the main refrigeration training centre (IBTE) for training in the safe handling of alternative technologies.

Project implementation and monitoring unit (PMU)

12. The HPMP is managed through the national ozone unit (NOU) which coordinates the planning, implementation and monitoring of all activities under stage I of the HPMP. One staff member under the supervision of the head of the NOU (environment officer) and the Director of DEPR is responsible for day to day monitoring of HPMP activities. The budget for project monitoring in the previously approved third

tranche was used solely for salary of staff in accordance with the approved project proposal of stage I of the HPMP.

Level of fund disbursement

13. As of March 2020, of the US \$282,900 approved so far, US \$239,459 had been disbursed (US \$147,325 for UNEP and US \$92,134 for UNDP) as shown in Table 2. The balance of US \$43,441 will be disbursed during the implementation of the fourth tranche.

Table 2. Financial report of stage I of the HPMP for Brunei Darussalam (US \$)

Tranche		UNEP	UNDP	Total	Disbursement rate (%)
First	Approved	123,000	52,800	175,800	100
	Disbursed	122,395	52,800	175,195	
Second	Approved	27,500	39,600	67,100	56
	Disbursed	23,907	13,597	37,504	
Third	Approved	7,000	33,000	40,000	67
	Disbursed	1,023	25,737	26,760	
Total	Approved	157,500	125,400	282,900	85
	Disbursed	147,325	92,134	239,459	

Implementation plan for the fourth tranche of the HPMP

14. The following activities will be implemented between July 2020 and December 2021:
- (a) Support to: finalize the proposed regulation for a ban on HCFC-based air conditioners (up to 2.5 HP) to be in place by December 2021, determine the licensing authority that will handle flammable refrigerants, continue implementing mandatory labelling requirements for HCFC cylinders and inspect the market of refrigerants and RAC equipment for compliance with the labelling requirements (UNEP) (No funds requested since the component will be implemented as part of the institutional strengthening project);
 - (b) Train 15 customs and enforcement officers on existing and new regulations and 20 customs brokers on filling out declaration forms (UNEP) (US \$6,000);
 - (c) Train 60 service technicians on good servicing practices and the safe use of flammable refrigerants, and identify the mechanism to enforce the certification of RAC technicians by an accredited authority (UNEP) (US \$7,000);
 - (d) Procure a refrigerant identifier for the reclamation centre, and provide training to the technicians managing the reclaim unit and tools for the training centre (e.g., leak detector, vacuum pump, vacuum gauge, recovery machine, recovery cylinder, lokring tool, pressure gauge, electronic scale, refrigerant identifier and accessories) (UNDP) (US \$6,600);
 - (e) Continue implementation of awareness and information dissemination activities (i.e., deployment of OzonAction tools and materials in HPMP activities, preparing materials explaining the ban of HCFC-based equipment); organize a workshop for stakeholders on the challenges and lessons learned from the implementation of stage I of the HPMP (UNEP) (US \$5,000); and
 - (f) Continued monitoring of HPMP activities with the assistance from consultants (UNEP) (US \$7,500, to cover the cost of staff only).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

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

Legal framework

15. The Government of Brunei Darussalam has already issued HCFC import quotas for 2020 at 3.89 ODP tonnes, which is lower than the Montreal Protocol targets of 3.96 ODP tonnes.

Refrigeration servicing sector

16. With regard to the implementation of the mandatory certification systems planned for the third tranche, UNEP reported that it did not take place as more consultation was required with stakeholders to move the certification process forward. Subsequently, making the database of trained and certified technicians operational is also delayed. These will be implemented during this last tranche.

17. Upon a request for an explanation for ensuring the long-term sustainability of training of refrigeration technicians and the safe use of flammable refrigerants, UNEP indicated that DEPR is discussing with stakeholders to integrate good servicing practices under the Technical and Vocational Education and Training (TVET) institutions; DEPR had also discussed with IBTE (the primary national training facility providing training to vocational students under their regular programme and delivering the good practices training workshops) to include information on safe handling of flammable refrigerants into the technician training curriculum, and include practical training once flammable refrigerants had been introduced in the country. Since 2014, the existing standardized qualification for RAC technicians with the Department of Mechanical and Electrical Service makes it possible for RAC technicians to service air conditioners under Government contract.

18. UNEP also clarified that there are training workshops that were delayed because of the COVID-19 pandemic and would need to be completed in 2020, in order to meet the targeted technicians to be trained.

19. With regard to reallocating the funding of the pilot incentive programme to providing equipment and tools to IBTE, UNDP explained that the equipment will reinforce the training centre's capacity to promote the proper installation and maintenance of RAC units along with the reduction of refrigerant leakage; furthermore, having qualified RAC technicians to manage alternative technologies would increase end-users' confidence in the safe transition to such technologies.

20. UNEP indicated that stage I of the HPMP for Brunei Darussalam will be completed by 31 December 2021, as established in paragraph 14 of the Agreement between the Government and the Executive Committee.

Gender mainstreaming³

21. The Secretariat noted that Brunei Darussalam has committed to following gender mainstreaming and equity to the extent possible to encourage the engagement of women in various steps of the process, such as planning, policy and decision making, brainstorming and advisory activities, and monitoring and evaluation. Women will be encouraged to participate in the activities organized under the fourth tranche of the HPMP, and DEPR will collect sex-disaggregated data for reporting.

³ Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

Sustainability of the HCFC phase-out

22. The Government of Brunei Darussalam has strengthened its licensing and quota system taken into consideration the recommendations of the verification report and has implemented strong legal measures to control the import of HCFC, such as mandatory labelling of refrigerant cylinders and the potential banning of the import of HCFC-based RAC equipment in future. Sustainability of the customs training is on track with the inclusion of capacity-building activities for HCFC phase-out within the Customs Department. Formal certification of technicians is being explored and will be implemented by 2021. Furthermore, the reclaim center and the provision of tools will contribute to reducing the demand for HCFC-22. These measures will ensure the sustainability of the HCFC phase-out.

Conclusion

23. The Government of Brunei Darussalam has an operational licensing and quota system; the consumption for 2019 of 3.33 ODP tonnes was 39 per cent below the allowable levels under the Montreal Protocol and the Agreement between the Government and the Executive Committee. The Government has implemented the recommendations of the previous verification and the activities under the HPMP are progressing. The request to change the pilot replacement incentive programme is justified as it will further strengthen the training of technicians. Disbursement of funding for the third tranche is at 67 per cent, and the overall status of expenditure has reached 85 per cent.

RECOMMENDATION

24. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the third tranche of stage I of the HCFC phase-out management plan (HPMP) of Brunei Darussalam; and further recommends blanket approval of the fourth and final tranche of stage I of the HPMP for Brunei Darussalam, and the corresponding 2020-2021 tranche implementation plan, at the funding levels shown in the table below:

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing Agency
(a)	HCFC phase-out management plan (stage I, fourth tranche)	25,000	3,315	UNEP
(b)	HCFC phase-out management plan (stage I, fourth tranche)	6,600	594	UNDP