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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: ETHIOPIA

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, third and final tranche) UNEP and UNIDO

* 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

Ethiopia

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage I)	UNEP (lead), UNIDO	68th	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2018	3.96 (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					3.53				3.53

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	5.5	Starting point for sustained aggregate reductions:	5.5
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	1.92	Remaining:	3.58

(V) BUSINESS PLAN		2020	
UNEP	ODS phase-out (ODP tonnes)		0.21
	Funding (US \$)		39,550

(VI) PROJECT DATA			2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	5.5	5.5	4.95	4.95	4.95	4.95	4.95	3.58	n/a
Maximum allowable consumption (ODP tonnes)			n/a	5.5	5.5	4.95	4.95	4.95	4.95	4.95	3.58	n/a
Agreed funding (US \$)	UNEP	Project costs	85,000	0	0	0	55,000	0	0	0	35,000	175,000
		Support costs	11,050	0	0	0	7,150	0	0	0	4,550	22,750
	UNIDO	Project costs	70,000	0	0	0	70,000	0	0	0	0	140,000
		Support costs	6,300	0	0	0	6,300	0	0	0	0	12,600
Funds approved by ExCom (US \$)	Project costs		155,000	0	0	0	125,000	0	0	0	0	280,000
	Support costs		17,350	0	0	0	13,450	0	0	0	0	30,800
Total funds requested for approval at this meeting (US \$)	Project costs										35,000	35,000
	Support costs										4,550	4,550

Secretariat's recommendation:	For blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Ethiopia, UNEP as the lead implementing agency, has submitted a request for funding for the third and final tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$35,000, plus agency support costs of US \$4,550 for UNEP only.¹ The submission includes a progress report on the implementation of the second tranche and the tranche implementation plan for 2020-2021.

Report on HCFC consumption

2. The Government of Ethiopia reported under country programme (CP) implementation report a consumption of 3.53 ODP tonnes of HCFC in 2019, which is 36 per cent below the HCFC baseline for compliance. The 2015-2019 HCFC consumption is shown in Table 1.

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

HCFC-22	2015	2016	2017	2018	2019*	Baseline
Metric tonnes	85.2	83.40	76.00	72.00	64.10	100.00
ODP tonnes	4.69	4.59	4.18	3.96	3.53	5.50

*Country programme data

3. Ethiopia's only consumption is HCFC-22 which is used exclusively in the servicing sector. Consumption continues to decline with the implementation of the activities in the refrigeration servicing sector included in the HPMP and of the license and quota system.

CP implementation report

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

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

Legal framework

5. Ethiopia's ODS regulations, gazetted in 2011, cover the imports and exports of ODS and ODS-based equipment, and provide for a licensing system for all ODS including HCFCs. The Environmental Protection Agency (EPA) is the focal point for the Montreal Protocol; it coordinates all activities to meet compliance; works closely with the Ethiopian Customs and Revenue Authority in the enforcement of the ODS regulations; and is responsible for the logistical and enforcement mechanisms for the ODS regulations and raising awareness of the importers and the general public on ozone issues. Substances listed under Annexes A, B, and E of the Protocol are banned except for methyl bromide for quarantine and pre-shipment. While the national ozone unit (NOU) is not aware of stocks of controlled substances that have been phased out in the country, some equipment based on such substances remains in use and the NOU is seeking to ensure the safe disposal of such substances.

6. A person that imports ODS without authorization from the EPA is punishable with a fine not less than \$10,000 Birr (US \$300) or imprisonment not exceeding two years, or both; and any dealer engaged in ODS or appliances' business is required to keep records of the quantity, type and the country of origin of ODS and appliances imported, sold, repaired, serviced or manufactured, and should report that information to the EPA. Violations are punishable with a fine between \$10,000 and \$20,000 Birr (up to US \$600). To

¹ As per the letter of 13 March 2020 from the Environment, Forest and Climate Change Commission of Ethiopia to the Secretariat.

date, there have been no cases of violations and no sanctions or penalties had been imposed. Suspicious shipments may be tested at a laboratory with the EPA or the Ethiopian Standards Agency (ESA); illegal shipments can be seized and are returned to the country of origin, with the cost of that shipment borne by the importer.

7. A task force led by the Deputy Commissioner for Environment, Forest and Climate Change was organized to address the recommendations of the verification report submitted to the 77th meeting,² including *inter alia* the need for improved communication between the NOU and HCFC importers; strengthened cooperation between the NOU, customs, and enforcement officials to better target illegal imports; development of standard application forms for licenses and quotas; and development of an online website for importers to apply for quotas. Actions to address those recommendations are planned under the third tranche.

8. Two training sessions for 60 customs officers, of which 23 were women, on identification of ODS, combating illegal trade, and implementation of national ODS legislation were conducted.

Refrigeration servicing sector

9. Three workshops for approximately 75 refrigeration technicians, of whom seven technicians and eight trainers were women, in good refrigeration practices including safe handling of flammable refrigerants and emerging technologies like CO₂ and hydrocarbon (HC) technology were held; three meetings of the refrigeration association for 150 participants that focused on implementation of the HPMP activities were organized and included discussion on safe operation and maintenance of refrigeration and air-conditioning (RAC) equipment based on flammable refrigerants.

Project implementation and monitoring unit

10. The NOU recruited a consultant to assist in the implementation of the HPMP activities, and to collect data on imported HCFCs and their distribution.

Level of fund disbursement

11. As of March 2020, of the US \$280,000 approved so far, US \$180,000 had been disbursed (i.e., US \$110,000 for UNEP and US \$70,000 for UNIDO) as shown in Table 2. The balance of US \$100,000 will be disbursed by December 2021.

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

Agency	First tranche		Second tranche		Total	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNEP	85,000	85,000	55,000	25,000	140,000	110,000
UNIDO	70,000	70,000	70,000	0	140,000	70,000
Total	155,000	155,000	125,000	25,000	280,000	180,000
Disbursement rate (%)	100		20		64	

Implementation plan for the third and final tranche of the HPMP

12. The following activities will be implemented between June 2020 and December 2021:

- (a) Four workshops for approximately 60 customs officers on identification of HCFCs and HCFC-containing equipment and on ODS regulations, and development of a website for importers to apply online for a quota that would be accessible to the NOU, the ESA laboratory and customs, in line with the recommendations from the verification report

² UNEP/OzL.Pro/ExCom/77/44.

submitted to the 77th meeting (UNEP) (US \$15,000);

- (b) Four workshops for approximately 80 refrigeration technicians in good refrigeration service practices, including recovery, recycling and reclaim of refrigerants, and the safe servicing and maintenance of RAC equipment based on GWP-refrigerants; two meetings of the refrigeration association to raise awareness of the HPMP implementation, and on installation, operation, maintenance, and disposal of RAC equipment based on flammable refrigerants, as well as information on how good servicing practices can maintain the energy efficiency of equipment. Gender equality and women's empowerment will be included in meetings with the RAC association and other stakeholders (UNEP) (US \$15,000);
- (c) Procurement and distribution of additional training equipment (e.g., recovery units with cylinders, manifold gauge sets, gas detectors, and HC teaching units) to the vocational training centres, refrigerant identifiers for customs and the training centres, and tools for servicing technicians (e.g., adjustable wrench, flaring set, swaging tools, brazing torch, tube bender, valves, fittings) (UNIDO) (US \$70,000 from the second tranche); and
- (d) Project monitoring and evaluation: a consultant will be recruited to assist in the implementation of the HPMP activities, including by undertaking field visits to regional workshops to assess the amount of HCFCs consumed and to customs entry points that have been equipped with refrigerant identifiers to assess cross-border trade in refrigerants. The NOU will continue to track the number of women technicians, trainers and customs officers trained (UNEP) (US \$5,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

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

Legal framework

13. The Government of Ethiopia has already issued HCFC import quotas for 2020 at 3.50 ODP tonnes, which is lower than the Montreal Protocol control target of 3.58 ODP tonnes for that year.

Refrigeration servicing sector

14. Under the second tranche, UNIDO had planned to procure additional training equipment for the vocational training centres, refrigerant identifiers for customs and the training centres, and tools for servicing technicians. However, implementation of those procurements was delayed given the political situation in the country in 2016-2017, which included a state of emergency, during which time activities could not be implemented. In addition, the national ozone officer (NOO) was changed, further delaying implementation of the activities.

15. The political situation has since stabilized and a new NOO has been hired and trained. In collaboration with the NOU, the purchase order for the equipment is in the process of being finalized; once finalized, shipment would normally take place within approximately four weeks; however, delivery was likely to be delayed given the COVID-19 situation.

Level of fund disbursement

16. The Secretariat noted the low rate of fund disbursement of the second tranche due to delays in implementation, and that with the approval of the third tranche, the remaining balance for the project would total US \$135,000. As the date of completion of stage I is 31 December 2021 as established in paragraph 14 of the Agreement, the Secretariat was concerned that the country would not be in a position to complete stage I of the HPMP by that date, especially given the possible additional challenges the country may face due to the global COVID-19 pandemic. Accordingly, it was agreed to extend the completion of stage I of the HPMP to 31 December 2022 on the understanding that UNEP, UNIDO and the Government would intensify efforts to implement the activities in stage I; that UNEP would submit a progress report on the implementation of activities, including disbursements achieved to the first meeting of 2021; and that the Government could submit its stage II of the HPMP once at least 80 per cent of the total approved funds for UNIDO had been disbursed.

Sustainability of the HCFC phase-out

17. The country has a licensing and quota system in place to control HCFC imports, with violations subject to a fine and possible imprisonment; suspicious shipments are inspected in collaboration with customs and the NOU, and may be tested in a Government owned-laboratory. Imports of controlled substances that have been phased out are banned. The technical assistance and training equipment that will be provided to the vocational training centres for training RAC technicians will further strengthen the refrigeration servicing sector and ensure the long-term sustainability of the HCFC phase-out. While HCFC-based equipment can still be imported into the country, the country would consider addressing such imports under the stage II of the HPMP.

Conclusion

18. The HPMP is progressing, 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, and the 2019 consumption level was 36 per cent below the country's baseline. While the country has faced delays in implementation given the political situation in the country that prevailed in 2016-2017, the level of disbursement of the second tranche is 20 per cent. While the political situation has been stabilized, and a new NOO has been trained, the COVID-19 pandemic is likely to lead to further delays, so it was considered meaningful to extend the completion of stage I of the HPMP for one-year. The activities so far implemented and those planned under the third tranche will further strengthen the servicing sector, ensure the long-term sustainability of the activities, and continue to help enable the country to meet its compliance obligations under the Protocol.

RECOMMENDATION

19. 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 of (HPMP) for Ethiopia;
 - (b) Approves, on an exceptional basis given potential further delay in implementing phase-out activities due to the COVID-19 pandemic, and noting that no further extension of project implementation would be requested, the extension of the date of completion of stage I of the HPMP for Ethiopia to 31 December 2022; and
 - (c) Requests the Government of Ethiopia, UNEP and UNIDO to submit a progress report on the implementation of the work programme associated with the final tranche and the project completion report to the first meeting of the Executive Committee in 2023.

20. The Fund Secretariat further recommends blanket approval of the third and final tranche of stage I of the HPMP for Ethiopia, and the corresponding 2020-2021 tranche implementation plan, at the funding level shown in the table below, on the understanding that UNEP, UNIDO and the Government will intensify efforts to implement the activities in stage I of the HPMP; that UNEP would submit a progress report to the first meeting of 2021 on the implementation of activities, including disbursements achieved; and that the Government could submit its stage II of the HPMP once 80 per cent of the total funds approved for UNIDO had been disbursed:

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage I, third tranche)	35,000	4,550	UNEP