



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/85/49
4 May 2020

ORIGINAL: ENGLISH



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: TURKMENISTAN

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)

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

Turkmenistan

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage I)	UNIDO (lead)	62 nd	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2018	5.77 (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					4.36				4.36

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	6.8	Starting point for sustained aggregate reductions:	6.8
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	2.38	Remaining:	4.42

(V) BUSINESS PLAN		2020	Total
UNIDO	ODS phase-out (ODP tonnes)	0.1	0.01
	Funding (US \$)	35,744	35,744

(VI) PROJECT DATA		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits		n/a	n/a	n/a	6.8	6.8	6.12	6.12	6.12	6.12	6.12	4.42	n/a
Maximum allowable consumption (ODP tonnes)		n/a	n/a	n/a	6.8	6.8	6.12	6.12	6.12	6.12	6.12	4.42	6.8
Agreed funding (US \$)	UNIDO Project costs	309,050	0	0	94,500	0	0	215,250	0	0	0	33,250	652,050
	Support costs	23,179	0	0	7,087	0	0	16,144	0	0	0	2,494	48,904
Funds approved by ExCom (US \$)	Project costs	309,050	0	0	94,500	0	0	215,250	0	0	0	0	618,800
	Support costs	23,179	0	0	7,087	0	0	16,144	0	0	0	0	46,410
Total funds requested for approval at this meeting (US \$)	Project costs	0	0	0	0	0	0	0	0	0	0	33,250	33,250
	Support costs	0	0	0	0	0	0	0	0	0	0	2,494	2,494

Secretariat's recommendation:	For blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Turkmenistan, UNIDO as the designated 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 the amount of US \$33,250, plus agency support costs of US \$2,494.¹ The submission includes a progress report on the implementation of the third tranche, the verification report on HCFC consumption for 2016 to 2018 and the tranche implementation plan for 2020-2021.

Report on HCFC consumption

2. The Government of Turkmenistan reported under country programme implementation report a consumption of 4.36 ODP tonnes of HCFC in 2019, which is 35.9 per cent below the baseline for compliance. The 2015-2019 HCFC consumption is shown in Table 1.

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

HCFC-22	2015	2016	2017	2018	2019*	Baseline
Metric tonnes	76.90	93.26	46.81	104.86	79.34	124.14
ODP tonnes	4.23	5.13	2.57	5.77	4.36	6.80

*Country programme data.

3. Since 2015, HCFC consumption has been below the control level of 6.12 ODP tonnes; this has been associated with the implementation of HPMP activities *inter alia* licensing and quota systems, training of servicing technicians and public awareness. The higher consumption in 2016 and 2018 was due to the lower consumption in the respective previous years, as a consequence of the economic situation in the country. In addition, the State budget for 2017 was significantly reduced due to problems in the oil/gas sector, which impacted the local economy, including the market for refrigerants.

Country programme (CP) implementation report

4. The Government of Turkmenistan 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. There was a minor difference in the consumption reported for 2016 in the CP data, which was subsequently revised by the Government.

Verification report

5. The verification report confirmed that the Government is implementing a licensing and quota system for HCFC imports and exports and that the total consumption of HCFCs for 2016 to 2018 was 5.13 ODP tonnes, 2.57 ODP tonnes and 5.77 ODP tonnes, respectively. The verification concluded that Turkmenistan has complied with the allowable HCFC consumption targets specified in its Agreement with the Executive Committee. Furthermore, the verification report concluded that paperwork, records and electronic data at the national ozone unit (NOU) and customs office are maintained at satisfactory standards.

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

Legal framework

6. The law of Turkmenistan bans the import, export and transit of all phased out ODS, monitoring of which is under the responsibility of Customs; the Ecological Control Service is controlling and monitoring the substances in use, and only the import of HCFC-22 is allowed. The Government has issued an import

¹ As per the letter of 30 January 2020 from the Agency of Nature and Environmental Protection of Turkmenistan to UNIDO.

ban on all equipment containing ODS, including HCFC-based equipment, in effect since 2016. There has not been any case of illegal imports of phased out ODS, and 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.

7. A total of 173 customs and enforcement officers were trained in HCFC import/export control and the prevention of illegal trade in ODS through the customs training programmes. In addition, 25 officers from the Ecological Control Service and the State Laboratories of Turkmenistan, were trained in the use of ODS identifiers.

Refrigeration servicing sector

8. The main activities implemented included:

- (a) Training of 25 trainers and 100 technicians in good servicing practices, refrigeration and air-conditioning (RAC) equipment maintenance and the use of alternative refrigerants;
- (b) Fifteen trainers received international certification like the F-gas standard and the Eurasian Economic Union (EAEU) work permits;
- (c) Support provided to establish a second training institution at the Ashgabat University, through provision of training tools (e.g., vacuum pumps, brazing tools); and
- (d) Purchasing of additional ODS identifiers and servicing tools (e.g., aspirators for sampling and filters, recovery cylinders, clamps,) for the trainers to demonstrate good servicing practices of non-HCFC-22-based RAC equipment: The beneficiary of the equipment and tools purchased (e.g., refrigerant identifies, aspirators for sampling and filters) is the biggest RAC company (state-owned) where all trainers and technicians in the country receive training under the HPMP; the list of equipment and tools had been prepared by the Ecological Control Service jointly with the NOU; the equipment and tools will be distributed to the beneficiary company by the NOU after lifting the restrictions on public meetings because of COVID-19.

Project implementation and monitoring unit (PMU)

9. There is no PMU established under stage I of the HPMP for Turkmenistan. As the institutional strengthening project (IS) is integrated into the HPMP, the NOU, in addition to its responsibilities under the institutional strengthening project, is responsible for monitoring the implementation of all the activities under the HPMP.

Level of fund disbursement

10. As of January 2020, of the US \$618,800 approved so far, US \$600,480 had been disbursed as shown in Table 2. The balance of US \$18,320 will be disbursed in 2020.

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

Tranche	Approved	Disbursed	Disbursement rate (%)
First	309,050	308,980	100
Second	94,500	94,500	100
Third	215,250	197,000	92
Total	618,800	600,480	97

Implementation plan for the fourth and final tranche of the HPMP

11. The remaining activities for the fourth and final tranche of the HPMP are mostly related to the responsibilities under the institutional strengthening component (US \$33,250), and will be implemented up to December 2021:

- (a) Continue monitoring the implementation of the ongoing activities under the HPMP, in particular training activities for customs and the service sector;
- (b) Implementation of the licensing and quota system to control the import and export of HCFCs, including issuance of quota and monitoring imports closely with the customs authorities;
- (c) Reporting CP data and Article 7 data to the Multilateral Fund and the Ozone Secretariats, respectively;
- (d) Providing capacity building support to the Government about latest development on RAC alternative technology;
- (e) Awareness meetings for national stakeholders on policies to sustain the phase out HCFCs; and
- (f) Implementation of the gender policy of the Multilateral Fund by ensuring participation of women in activities funded under the Multilateral Fund, with support from UNIDO.

12. The date of completion of stage I is 31 December 2021 as established in paragraph 14 of the Agreement with the Executive Committee.

SECRETARIAT'S COMMENTS AND RECOMMENDATION**COMMENTS***Verification report*

13. UNIDO explained that the verification report did not include the 2019 consumption since at the time of the preparation of the verification in early 2020 the consumption for 2019 was not available and could be provided by Customs only in the second quarter of 2020. UNIDO further indicated that the Government was committed to submitting a revised verification report to include data for the years 2019 and 2020 pursuant to decision 72/19(a)² at the time of requesting for stage II of the HPMP.

Progress report on the implementation of the third tranche of the HPMP*Legal framework*

14. The Government of Turkmenistan has already issued HCFC import quotas for 2020 at 4.42 ODP tonnes in accordance with the Montreal Protocol control targets.

² To encourage lead bilateral and implementing agencies submitting HPMP tranche requests to the first meeting of the year to include a verification report of national consumption targets for the year immediately preceding the year during which the tranche was submitted.

Servicing sector

15. In clarifying questions related to the training centre and how it has contributed to the implementation and long-term sustainability of the training component of the HPMP, UNIDO explained that with funding from the HPMP, the training centre has been equipped with equipment, service tools and training material necessary for proper training of refrigeration technicians; the centre is also supported by the Ministry of Education as the entity responsible for the development of training/awareness material on matters related to the protection of the ozone layer and to climate change.

Gender policy implementation³

16. The Secretariat notes that Turkmenistan's NOU is composed only of women. UNIDO indicated that while the HPMP was approved prior to the adoption of the gender policy of the Fund, the Government has committed to ensure that gender mainstreaming will be part of the implementation of fourth tranche of the HPMP. UNIDO will also provide support through the use of its gender mainstreaming manual, and will ensure that future activities include specific indicators that will be included in future progress reports.

Sustainability of the HCFC phase-out

17. The sustainability of the HCFC phase-out in Turkmenistan is supported by the activities of the HPMP and by the current controls on the import of HCFCs and HCFC-based equipment, in effect since 2016. New customs officers undergo mandatory two-month training at the Customs training centre where they receive information on the implementation of environmental legislation and the prevention of illegal import/export of ODS. The RAC servicing sector continued to be strengthened through training of trainers and technicians, provision of training equipment and tools, and support to establish a second training centre administered by the Ministry of Education. All these aforementioned measures will ensure long-term sustainability of HCFC phase-out.

Conclusion

18. Turkmenistan continues to be in compliance with the Montreal Protocol control targets. The country has already issued HCFC import quotas for 2020 at 4.42 ODP tonnes, which is 35 per cent below the HCFC consumption baseline. The verification report confirmed that the licensing and quota system is operational and a ban on imports of ODS-based equipment is in effect. The training of customs officers has been integrated into the curriculum of customs training programmes; and a certification programme for technicians is being implemented. The implementation of the third tranche is progressing well. The funding disbursement for the third tranche has reached 92 per cent and the overall status of disbursement is 97 per cent.

RECOMMENDATION

19. 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) for Turkmenistan; and further recommends blanket approval of the fourth and final tranche of stage I of the HPMP for Turkmenistan, and the corresponding fourth tranche implementation plan for 2020-2021, at the funding level shown in the table below, on the understanding that a revised verification report to include data for the years 2019 and 2020 will be submitted at the time of the request for stage II of the HPMP:

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

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage I, fourth tranche)	33,250	2,494	UNIDO
