



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/90/33
30 May 2022

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninetieth Meeting
Montreal, 20-23 June 2022
Item 9(d) of the provisional agenda¹

PROJECT PROPOSAL: MOZAMBIQUE

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, fifth tranche) UNEP and UNIDO

¹ UNEP/OzL.Pro/ExCom/90/1

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Mozambique

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase out plan (stage I)	UNEP (lead), UNIDO	66 th	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2021	2.21 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2021	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					2.21				2.21

(IV) CONSUMPTION DATA (ODP tonnes)				
2009 - 2010 baseline:		8.69	Starting point for sustained aggregate reductions:	8.69
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)				
Already approved:		3.04	Remaining:	5.65

(V) BUSINESS PLAN		2022
UNEP	ODS phase-out (ODP tonnes)	0.27
	Funding (US \$)	33,900

(VI) PROJECT DATA			2012	2013	2014	2015	2016	2017	2018	2019*	2020 and 2021	2022**	Total	
Montreal Protocol consumption limits			n/a	8.69	8.69	7.82	7.82	7.82	7.82	7.82	5.65	5.65	n/a	
Maximum allowable consumption (ODP tonnes)			n/a	8.68	8.68	7.81	7.81	7.81	7.81	7.81	5.65	5.65	n/a	
Agreed funding (US \$)	UNEP	Project costs	40,000	0	35,000	0	37,500	0	30,000	0	30,000		172,500	
		Support costs	5,200	0	4,550	0	4,875	0	3,900	0	3,900		22,425	
	UNIDO	Project costs	75,000	0	0	0	85,000	0	0	0	0	0	0	160,000
		Support costs	6,750	0	0	0	7,650	0	0	0	0	0	0	14,400
Funds approved by ExCom (US \$)	Project costs		115,000	0	35,000	0	0		0	152,500	0	0	302,500	
	Support costs		11,950	0	4,550	0	0		0	16,425	0	0	32,925	
Total funds requested for approval at this meeting (US \$)	Project costs											30,000	30,000	
	Support costs											3,900	3,900	

*At the 83rd meeting, the third and fourth tranches were combined and approved (decision 83/49(b))

**The fifth and final tranche was due in 2020

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Mozambique, UNEP as the lead implementing agency, has submitted a request for funding for the fifth and final tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$30,000, plus agency support costs of US \$3,900 for UNEP only.² The submission includes a progress report on the implementation of the third and fourth tranches, which were combined, the verification report on HCFC consumption for 2018 to 2021 and the tranche implementation plan for 2022-2023.

Report on HCFC consumption

2. The Government of Mozambique reported a consumption of 2.21 ODP tonnes of HCFC in 2021, which is 75 per cent below the HCFC baseline for compliance. The 2017-2021 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Mozambique (2017-2021 Article 7 data)

HCFC-22	2017	2018	2019	2020	2021	Baseline
Metric tonnes	91.58	73.0	65.10	40.20	40.20	158.00
ODP tonnes	5.03	4.02	3.58	2.21	2.21	8.69

3. Mozambique has made progress in the phase-out of HCFCs, which are exclusively used in the refrigeration and air-conditioning (RAC) servicing sector. The significant consumption decrease since 2017 has been attributed to the enforcement of the licensing and quota system, the training of customs officers and of refrigeration technicians, and public awareness campaigns all of which have not only reduced HCFC imports, but also increased the uptake of low global-warming potential alternative technologies. The significant reduction in consumption from 2019 to 2020 was due to the effects of the COVID-19 pandemic and associated uncertainty and restriction in movement of goods.

Country programme (CP) implementation report

4. The Government of Mozambique reported HCFC sector consumption data under the 2021 CP implementation report, consistent with the data reported under Article 7 of the Montreal Protocol.

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 reported under Article 7 of the Montreal Protocol for 2018 to 2021 was correct (as shown in Table 1 above). The verification concluded that there is good collaboration and regular exchange of information among key stakeholders involved in the phase-out of ODS in the country. Furthermore, the national ozone unit (NOU) has built capacity of enforcement officers to ensure that illegal trade in ODS is effectively curbed. The verifier noted several areas of improvement to the licensing and quota system, including the allocation of import quotas to all registered importers based on historical import levels rather than on a “first come-first served” basis, and ensuring public announcement of the annual HCFC quota once agreed upon by the National Steering Committee to give all registered importers equal opportunity to apply for their quotas.

² As per the letter of 6 April 2022 from the Ministry of Land, Environment and Rural Development of Mozambique to the Secretariat.

Progress report on the implementation of the combined third and fourth tranches of the HPMP

Legal framework

6. The ban on imports of new and second hand HCFC-22 equipment has been in effect since January 2021. The enforcement officers were trained to implement and enforce the ban at the point of entry across the country. The Government of Mozambique further adopted Environmental Impact Assessment (EIA) guidelines which also help to identify and safeguard against projects that might use ODS including HCFCs.

7. Mozambique ratified the Kigali Amendment on 16 January 2020. Under the enabling activities for HFC phase-down currently being implemented, the Government is amending the existing ODS regulations to include licensing system for HFCs.

Refrigeration servicing sector

8. Between the approval of the combined third and fourth tranches in May 2019 and March 2022 the following was achieved:

- (a) A total of 298 customs officers and environmental inspectors and 59 stakeholders from various ministries and private enterprises were trained on monitoring and enforcement of ODS policies and regulations at entry points, monitoring illegal trade on ODS and ODS-based equipment. The training contributed to the reduction in cases of illegal trade and better control on imports of refrigerants. The NOU conducted 235 environmental visits to public institutions and private enterprises with the aim of verifying the compliance of ODS regulations;
- (b) A total of 183 RAC technicians were trained on good refrigeration practices. Forty refrigeration technicians received tool kits (i.e., recovery units and three recovery cylinders). Two RAC Association meetings were organized for 30 members on identifying trainers to lead the RAC certification scheme, outline how to support technicians in the informal sector and update of database of RAC technicians, and other challenges facing the Association; and
- (c) Under the project to strengthen regional centres of excellence implemented by UNIDO, in order to expand the coverage of technicians trained, at the request of the Government, additional 73 technicians received training on good refrigeration practices, handling flammable refrigerants, and policies and regulations related to the RAC sector particularly on handling of controlled substances and flammable refrigerants.

Project monitoring

9. Under this component, one consultant assists the NOU to implement activities under the HPMP, and follows up on the progress achieved, and conducts monitoring visits to ascertain the actual usage of the imported approved quotas by registered importers. The associated funding for these activities totalled US \$10,000.

Level of fund disbursement

10. As of April 2022, of the US \$302,500 approved so far, US \$220,500 had been disbursed (US \$125,500 for UNEP and US \$95,000 for UNIDO) as shown in Table 2. The balance of US \$82,000 will be disbursed in 2022.

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

Tranche		UNEP	UNIDO	Total	Disbursement rate (%)
First tranche	Approved	40,000	75,000	115,000	100
	Disbursed	40,000	75,000	115,000	
Second tranche	Approved	35,000	0	35,000	100
	Disbursed	35,000	0	35,000	
Third and fourth tranches*	Approved	67,500	85,000	152,500	46
	Disbursed	50,500	20,000	70,500	
Total	Approved	142,500	160,000	302,500	73
	Disbursed	125,500	95,000	220,500	

*At the 83rd meeting, the third and fourth tranches were combined

Implementation plan for the fifth and final tranche of the HPMP

11. The following activities will be implemented between April 2022 and June 2023:
- Three workshops will be organized to train about 50 additional enforcement officers on monitoring and enforcement of ODS policies and regulations, regional customs training schools will be strengthened through provision of training material, and follow up monitoring visits will be conducted at four border posts (UNEP) (US \$10,000);
 - Three training workshops will be organized for about 117 refrigeration technicians on safe handling of flammable refrigerants, and basic toolkits for good servicing will be provided to 60 technicians. Support to the RAC Association will continue through meetings, technical assistance to develop the certification scheme, and advertisement (UNEP) (US \$15,000);
 - Upgrade of existing refrigerant reclaiming centre and establishment of a second centre, including provision of two reclamation units, cylinders and associated tools, and provision of training in the operation of the equipment to the selected centre (UNIDO) (fund balances from previous tranches); and
 - Project monitoring will include one consultant to assist the NOU in monitoring the implementation of activities, identify issues and suggest remedial actions, and conduct inspection visits to customs entry points equipped with refrigerant identifiers to monitor compliance (UNEP) (US \$5,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Report on HCFC consumption and verification

12. The HCFC consumption verification report for the years 2018-2021 proposed a number of recommendations aimed at strengthening the license and quota system, including *inter alia* the allocation of annual import quotas, based on historical imports over the years, rather than approving quotas for two years on a "first come-first served" basis; the revision of timeframes in the process of application for quotas and review of requests, so as to avoid delays and have all the applications approved at the same time; and the establishment of an online application process and an online registry of all controlled substances under the Montreal Protocol. Upon discussions on the matter, UNEP confirmed that throughout 2022 and 2023 relevant activities would take place to implement these recommendations. Noting the relevance that the

verification recommendations have in ensuring accurate recording and monitoring of imports, the Secretariat recommended that a report on progress in the implementation of these activities be submitted to the first Executive Committee meeting in 2023.

Progress report on the implementation of the combined third and fourth tranches of the HPMP

Legal framework

13. The Government of Mozambique has already issued HCFC import quotas for 2022 at 2.12 ODP tonnes, which is below the Montreal Protocol control targets.

Refrigeration servicing sector

14. The Secretariat, noting that the project implemented by UNIDO had suffered extended delays, discussed with the agencies on the timely completion of this component, and sought clarification on the plan of action for the implementation of UNIDO's component during the remainder of stage I. UNIDO explained that the initial proposal, which was addressed to end-users, was difficult to implement as the conditions established by decision 84/84 could not be fulfilled and there was little interest by the end-users to participate given the high upfront costs, higher operating costs and limited capacity of technicians to handle alternative technologies.

15. Accordingly, in consultation with the Government, the activity was redirected to strengthen the existing reclaiming centre and expand reclaiming capacity. A preliminary need for two additional reclaiming units and 100 lbs cylinders was identified, but UNIDO will undertake a feasibility study, including an analysis of the amount of refrigerant that has been recovered and reclaimed, to determine whether to scale up the existing centre of excellence or to equip a second one. Alternatively, if there is no sufficient demand for additional reclaiming capacity, UNIDO would supply centres of excellence with additional RAC basic tools to further support the ongoing training activities.

16. Regarding the technicians' certification scheme planned for stage I, UNEP informed that the process suffered delays and will only be completed by December 2023, during stage II. However, during the remaining time available under stage I, the NOU in collaboration with the RAC Association will identify the certifying institution and modalities for certification based on the way certification schemes are operating in neighboring countries.

Completion of stage I

17. At the 88th meeting, the Government of Mozambique submitted a request for the extension of the completion date of stage I to 31 December 2023. Subsequently, the Executive Committee *inter alia* allowed the country, on an exceptional basis, to continue implementation of the outstanding activities related to stage I and requested that a revised implementation plan, including, as applicable, requests for the remaining tranches under stage I be submitted at the 90th meeting (decision 88/29). Upon discussions with UNEP on the incomplete activities, and taking into account the consequences of the COVID-19 pandemic, the Secretariat agreed to consider an exceptional extension, to 30 June 2023. UNEP was also requested to submit a progress report to the first meeting of 2023 on the implementation of the remaining activities, including those related to the recommendations of the verification report. In addition, noting the size and importance of UNIDO's component and the extended delays in its implementation, the Secretariat and the implementing agencies agreed that it is a priority to ensure that this project is completed. Accordingly, stage II will only be considered once the Secretariat has received confirmation that the equipment from the UNIDO component was distributed to the beneficiaries and relevant training has taken place.

Gender policy implementation³

18. Although the policy on gender mainstreaming was approved by the Executive Committee after the approval of stage I of the HPMP, the NOU has incorporated to the extent possible gender mainstreaming considerations by keeping track of the number of male versus female participants at trainings with the aim of increasing the number of female participants over time. The NOU will work with UNEP and UNIDO to implement and promote the gender mainstreaming policy at present and in future during stage II. The NOU will also inform its staff and the National Ozone Committee on the Multilateral Fund gender mainstreaming policy, and conduct meetings with the RAC Association of Mozambique and management of centres of excellence supported by the HPMP to ensure that female technicians have the same opportunities to develop a career in the industry as male colleagues.

Sustainability of the HCFC phase-out

19. UNEP informed that the training curricula for customs training school and vocational training centres are being reviewed to incorporate ozone modules so that it becomes part of the regular training provided by these institutions. This update will be completed by December 2022. Further, the NOU is discussing with the authorities of the training centres on the establishment of memorandums of understanding to ensure that tools and equipment supplied are utilized efficiently and sustainably during training, and to spell out concrete terms for future cooperation after the project comes to an end. The memorandums of understanding are expected to be concluded by December 2022.

Conclusion

20. Mozambique continues to be in compliance with the Montreal Protocol and its Agreement with the Executive Committee. The country's verification report confirmed that the licensing and quota system is operational and provided relevant recommendations to improve its operation, which UNEP confirmed the Government of Mozambique will implement throughout 2022 and 2023. Notwithstanding delays experienced by Mozambique in the implementation of its HPMP, the Government is currently implementing training of customs and enforcement officers, strengthening centres of excellence, training of technicians, and supporting the RAC association, which will contribute to ensure the sustainability of the HPMP activities. The progress report on activities undertaken and the planned activities suggest that Mozambique will meet its HCFC phase-out targets. Based on the plan of action of the fifth tranche, the Secretariat recommends an extension until 30 June 2023 to allow completion of all remaining activities in stage I, including the procurement and distribution of equipment and tools to relevant stakeholders in the RAC sector by UNIDO.

RECOMMENDATION

21. The Fund Secretariat recommends that the Executive Committee:
- (a) Takes note of the progress report on the implementation of the combined third and fourth tranches of stage I of the HCFC phase-out management plan (HPMP) for Mozambique; and

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

- (b) Approves, on an exceptional basis, the extension of the duration of stage I of the HPMP for Mozambique to 30 June 2023, given the implementation delays caused by the COVID-19 pandemic, on the understanding that no further extension would be requested; and

22. The Fund Secretariat further recommends blanket approval of the fifth and final tranche of stage I of the HPMP for Mozambique, and the corresponding 2022-2023 tranche implementation plan, at the funding level shown in the table below, on the understanding that UNEP, UNIDO and the Government of Mozambique will intensify efforts to implement the remaining activities in stage I of the HPMP; that UNEP will submit a progress report to the first meeting of 2023 on the implementation of activities, including progress in the implementation of the verification recommendations; and that stage II will only be considered once the Secretariat has received confirmation that the equipment from the UNIDO component has been distributed to the beneficiaries and relevant training has taken place.

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage I, fifth tranche)	30,000	3,900	UNEP