



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/93/84  
6 November 2023

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Ninety-third Meeting  
Montreal, 15 to 19 December 2023  
Item 9(c) of the provisional agenda<sup>1</sup>

**PROJECT PROPOSAL: SAINT KITTS AND NEVIS**

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 tranche) UNEP and UNDP

<sup>1</sup> UNEP/OzL.Pro/ExCom/93/1

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

## Saint Kitts and Nevis

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage I)	UNEP (lead), UNDP	64 <sup>th</sup>	35% phase-out by 2020

(II) LATEST ARTICLE-7 DATA (Annex C Group I)	Year: 2022	0.11 ODP tonnes
--	------------	-----------------

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2022	
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					0.11				0.11

(IV) CONSUMPTION DATA (ODP tonnes)			
2009-2010 baseline:	0.50	Starting point for sustained aggregate reductions:	0.50
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	0.18	Remaining:	0.32

(V) ENDORSED BUSINESS PLAN		2023	2024	2025	Total
UNEP	ODS phase-out (ODP tonnes)	0.02	0	0	0.02
	Funding (US \$)	19,097	0	0	19,097

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016 - 2019	2020	2021	2022	2023*	Total
Montreal Protocol consumption limits (ODP tonnes)			n/a	n/a	0.5	0.5	0.45	0.45	0.32	0.32	0.32	0.32	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	0.5	0.5	0.45	0.45	0.32	0.32	0.32	0.32	n/a
Funding agreed in principle (US \$)	UNDP	Project costs	40,000	0	0	0	0	0	0	0	0	0	40,000
		Support costs	3,600	0	0	0	0	0	0	0	0	0	3,600
	UNEP	Project costs	58,400	0	0	0	49,200	0	16,900	0	0	0	124,500
		Support costs	7,592	0	0	0	6,396	0	2,197	0	0	0	16,185
Funds approved by ExCom (US \$)	Project costs	98,400	0	0	0	49,200	0	0	0	0	0	0	147,600
	Support costs	11,192	0	0	0	6,396	0	0	0	0	0	0	17,588
Total funds recommended for approval at this meeting (US \$)	Project costs											16,900	16,900
	Support costs											2,197	2,197

\*The third and final tranche was due in 2020.

<b>Secretariat's recommendation:</b>	Blanket approval
--------------------------------------	------------------

## PROJECT DESCRIPTION

1. On behalf of the Government of Saint Kitts and Nevis, 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), in the amount of US \$16,900, plus agency support costs of US \$2,197 for UNEP only.<sup>2</sup> The submission includes a progress report on the implementation of the second tranche, the verification report on HCFC consumption for 2015 to 2022, and the tranche implementation plan for 2023 to 2024.

2. A request for the third tranche of stage I of the HPMP was submitted for the Secretariat’s review at the 92<sup>nd</sup> meeting of the Executive Committee. In reviewing the submission, the Secretariat noted that, notwithstanding progress made in the implementation of stage I of the HPMP, there were significant issues associated with the licensing and quota system, highlighted in the verification report, that needed to be addressed to ensure that the system was enforceable and capable of maintaining the country’s compliance with the Montreal Protocol HCFC phase-out schedule, in line with decision 63/17. The Secretariat thus requested that the proposal be deferred to the 93<sup>rd</sup> meeting when a revised plan of action would be submitted. UNEP accordingly withdrew the submission.

### Report on HCFC consumption

3. The Government of Saint Kitts and Nevis reported a consumption of 0.11 ODP tonnes of HCFC in 2022, which is 78 per cent below the HCFC baseline for compliance. The 2018-2022 HCFC consumption is shown in table 1.

**Table 1. HCFC consumption in Saint Kitts and Nevis (2018-2022 Article 7 data)**

HCFC-22	2018	2019	2020	2021	2022	Baseline
Metric tonnes (mt)	2.04	0.83	0.61	0.68	2.04	9.09
ODP tonnes	0.11	0.05	0.03	0.04	0.11	0.50

4. There has been a significant decrease in HCFC consumption over the years due to the implementation of the HPMP, the increasing prices of HCFCs and the low import of HCFC-based equipment into the country. The consumption levels dropped further during the period 2019-2021 but the reactivation of the economy in 2022, after the COVID-19 pandemic, brought back consumption to the levels of 2018. HCFCs are needed to maintain the existing refrigeration and air-conditioning (RAC) equipment on the islands.

### *Country programme implementation report*

5. The Government of Saint Kitts and Nevis reported HCFC sector consumption data under the 2022 country programme (CP) implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

### *Verification report*

6. The verification report for the years 2015-2022, included in the submission to the 92<sup>nd</sup> meeting, confirmed that the Government is in compliance with the Montreal Protocol limits and that the 2015-2022 HCFC consumption was below the maximum allowable consumption established in Appendix 2-A of the HPMP Agreement between the Executive Committee and the Government of Saint Kitts and Nevis. However, a number of important issues pertaining to the licensing and quota system and ODS imports, that required immediate and urgent attention were identified in the report.

---

<sup>2</sup> As per the letter of 5 October 2023 from the Ministry of Environment, Climate Action and Constituency Empowerment of Saint Kitts and Nevis to the Secretariat.

7. UNEP was requested to work with the Government on specific actions<sup>3</sup> to address the recommendations in the verification report to ensure a fully operational and enforceable national licensing and quota system, that would allow the country to continue being in compliance with the phase-out schedule.

8. UNEP included with the present submission a special report addressing each of the specific actions it was requested to undertake. UNEP could corroborate, through a country mission held in July 2023, that there are no uses of phased-out ODS in the country, and that all refrigerants imported in 2016 and 2019 were HCFCs despite the wrong harmonized system (HS) codes that had been used in entries. The CP and Article 7 data reports were corrected accordingly. UNEP affirmed that the ongoing implementation of the recommendations contained in the verification report would prevent future reporting errors.

9. As a follow up to the mission, alerts have been included in the Customs imports online system when HS codes for substances that have been phased-out are used, and the National Ozone Unit (NOU) has undertaken activities to enforce individual HCFC import quotas and the publication of quotas in the Gazette.

#### Progress report on the implementation of the second tranche of stage I of the HCFC phase-out management plan

10. During its November 2022 country mission to Saint Kitts and Nevis, UNEP *inter alia* organized two main meetings. One meeting targeted major importers of refrigerants and equipment and focused on the licensing and quota system and issues raised in the verification report, cooperation with the NOU, revitalization of the RAC association, and the importance of RAC technician's certification and training. The other meeting was geared for the Customs Department and covered topics such as illegal trade, collaboration with the NOU and granting them access to the automated system for customs data (ASYCUDA) and 2022 HS codes to facilitate verification of imports, and ways to strengthen the monitoring, reporting, verification and evaluation functions.

#### *Legal framework*

11. Saint Kitts and Nevis has a licensing and quota system in place, a ban on the export of ODS, a registration system for importers, and a labelling system for ODS and ODS-based equipment. The Government is in the process of amending the existing ODS regulations in preparation for enacting the Kigali Amendment.

12. During the second tranche 36 customs officers, of which 50 per cent were women, were trained on the monitoring and control of trade in ODS and ODS-containing equipment; three consultation meetings were held with the Customs and Excise Department on the development of an electronic licensing and quota system; two follow-up sensitization training sessions for the judiciary took place in 2020 on the Montreal Protocol regulations; and three refrigerant identifiers were procured and will remain with Customs for continuing training purposes and to enhance monitoring roles at the borders.

---

<sup>3</sup> As contained in annex VIII of document UNEP/OzL.Pro/ExCom/92/56: (a) To further investigate and provide firm conclusions on what was actually imported under the 19 entries using CFC codes identified in the verification report. In case HCFCs were imported using those codes, add the relevant amounts to the actual HCFC consumption and submit corrected Article 7 data to the Ozone Secretariat and CP data to the Multilateral Fund Secretariat for the years 2015, 2016, 2017, 2018 and 2021; (b) To introduce measures to alert when those codes for substances that had been phased out are used; (c) To carry out inspections to identify any potential uses of CFCs; (d) To initiate preparations for the enforcement of individual HCFC import quotas and the publication of quotas in the Gazette; and (e) To include in the revised plan of action activities that will implement the verification recommendations.

*Refrigeration servicing sector*

13. Between the approval of the second tranche in May 2015 and September 2023, the following activities were implemented:

- (a) In four sessions 21 RAC technicians were trained on good refrigeration servicing practices, recovery, reuse, and safe handling of natural refrigerants; two refrigerant identifiers were procured for training purposes for the NOU and will remain with them for purposes of continuing training of technicians;
- (b) Equipment<sup>4</sup> was procured and delivered by UNDP to the Technical Vocational Education and Management Studies, which is a division of the Clarence Fitzroy Bryant College; and
- (c) A number of public awareness activities on HCFC phase-out took place. These included radio announcements and exhibitions; talks and presentations on various ozone issues including HCFC phase-out to students at 23 primary schools and to students at five high schools; and discussions with the yachting sub-sector on HCFC phase-out and the transition to low global-warming potential alternatives.

*Project implementation and monitoring*

14. The NOU reports to the Department of the Environment, which in turn is under the Ministry of Environment, Climate Action and Constituency Empowerment. The NOU oversees the implementation of the HPMP, assesses progress and produces reports, while ensuring adherence to the Multilateral Fund and Government policies and procedures. The NOU has developed and implemented a mechanism to ensure activities remain on track and phase-out targets are met.

Level of fund disbursement

15. As of October 2023, of the US \$147,600 approved so far, US \$127,941 had been disbursed (US 87,999 for UNEP and US \$39,942 for UNDP), as shown in table 2. The balance of US \$19,601 will be disbursed in 2023.

**Table 2. Financial report of stage I of the HPMP for Saint Kitts and Nevis (US \$)**

Agency	First tranche		Second tranche		Total		
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Balance
UNEP	58,400	58,400	49,200	29,599	107,600	87,999	19,601
UNDP	40,000	39,942	0	0	40,000	39,942	58*
<b>Total</b>	<b>98,400</b>	<b>98,342</b>	<b>49,200</b>	<b>29,599</b>	<b>147,600</b>	<b>127,941</b>	<b>19,601</b>
<b>Disbursement rate (%)</b>	99		60		87		

\*US \$58 remaining was returned; therefore, the remaining balance is actually US \$19,601.

<sup>4</sup> Including vacuum pumps, dual screen capacitance testers, cylinders, scales, recovery machines, refrigeration trainers, air-conditioning trainers, manifold gauge sets.

Implementation plan for the third and final tranche of stage I of the HCFC phase-out management plan

16. The following activities will be implemented by UNEP between January and June 2024:
- (a) *Regulation and policy update:* Forms for the certificate of registration and licenses will be updated; regional labelling standards for refrigerant containers will be reviewed and selected standards will be incorporated into the national policy (US \$1,500 and fund balances from the previous tranche);
  - (b) *Licensing system improvement:* A public awareness campaign to sensitize the public on the licensing and quota system will be deployed; workshops will be organized for importers (10 from Saint Kitts and five from Nevis) on licensing and illegal trade, including themes as the need for importers to apply for a license prior to placing orders, the need to submit HCFCs import data annually (making licenses conditional on such a report), and the enforcement of fines. An initial plan for the introduction of an e-licensing system will be developed; and a memorandum of understanding between the Customs and the NOU will be signed in order to implement the framework related to improving monitoring and reporting on illegal trade (US \$5,500);
  - (c) *Capacity building:* Refresher trainings on ODS phase-out and illegal import for 45 customs officers and trainers (25 in Saint Kitts and 20 in Nevis); consultations with the Customs office in Nevis; training on HS codes, with a focus on illegal import and phased-out substances, for 45 customs brokers (25 in Saint Kitts and 20 in Nevis) (US \$8,500);
  - (d) *Technical support to the servicing sector - training of technicians in good practices, recovery, reuse and handling of natural refrigerants:* The remaining 30 technicians from the hotel, fishing and yachting sectors that could not be trained under the second tranche, will be trained under the third tranche (fund balances from the previous tranche); and
  - (e) *Project monitoring* will include one consultant to assist the NOU with monitoring, evaluation and reporting of activities (US \$1,400).

**SECRETARIAT'S COMMENTS AND RECOMMENDATION**

**COMMENTS**

Report on HCFC consumption and verification

17. The Secretariat considers that while the licensing and quota system in Saint Kitts and Nevis is operating, addressing the recommendations from the verification will assist the Government in having a more accurate recording of data and reducing errors in reporting. Thus, the Secretariat recommends that during the implementation of the third tranche of stage I, UNEP continues to assist the Government in fully implementing such recommendations, and that it reports on the progress made, when submitting stage II of the HPMP.

Progress report on the implementation of the second tranche of stage I of the HCFC phase-out management plan

*Legal framework*

18. The Government of Saint Kitts and Nevis issued HCFC import quotas for 2023 for 4.64 mt (0.255 ODP tonnes), which is lower than the Montreal Protocol control targets.

*Implementation delays*

19. The second tranche could not be implemented as planned. UNEP noted that activities were delayed for multiple reasons including changes in the National Ozone Authority and NOU, other governmental administrative changes and the COVID-19 pandemic. There is now a new administration and a new national ozone officer, who was trained in March 2023. It is expected that these changes and the outcomes of UNEP's country missions in 2022 and 2023 will reflect in an improved implementation.

*Refrigeration servicing sector*

20. Regarding technicians training, UNEP confirmed that the Government's plans, as included in the revised action plan for the third tranche of stage I, are to complete the remaining target of 30 technicians, from the second tranche, by December 2023. The delays were due to difficulties in recruiting a suitable trainer to deliver the training.

21. As regards policies and regulations for the labelling of refrigerant containers, that were going to be developed during the second tranche, UNEP informed that the Government, recognizing that the Caribbean region has advanced in this area, plans to review the standards already developed and established by countries in the region and adapt them to meet national circumstances. This activity has been included in the revised action plan.

Implementation plan for the third tranche of stage I of the HCFC phase-out management plan

22. The plan of action for the third tranche of stage I, to be completed by June 2024, was revised to focus on the implementation of the recommendations in the verification report and to include activities that will address the remaining shortcomings raised in that report.

Gender policy implementation

23. Saint Kitts and Nevis has a National Gender Equality Policy and Action Plan. During the second tranche, the gender policy was promoted through the design and implementation of training and other national capacity building activities and selection of consultants contracted nationally. The NOU is preparing a plan of action to increase the number of women participating in the refrigeration and servicing sector as there is only one known female technician in the country. The customs training programme on the other hand, had 50 per cent female participation. The NOU will continue to apply the National Gender Equality Policy and Action Plan during the third tranche.

Completion of stage I of the HCFC phase-out management plan

24. Stage I of the HPMP was scheduled to be completed by 30 December 2021, as established in paragraph 14 of the Agreement with the Executive Committee. The second tranche was approved in 2015. Due to administrative changes in the Government and the NOU, delivery of the outcomes of the second tranche was impacted and the third tranche submission was delayed, as explained above. The Government of Saint Kitts and Nevis is requesting an extension of the date of completion of stage I to 30 June 2024.

Sustainability of the HCFC phase-out and assessment of risks

25. The Secretariat discussed with UNEP the risks to the successful HCFC total phase-out and the sustainability of the HPMP achievements. UNEP anticipates that the HPMP targets will continue to be met. The activities implemented so far have contributed to strengthening the RAC servicing sector in general by improving RAC technicians' servicing practices and building capacity of customs and enforcement officers. The technical assistance and equipment provided aim at ensuring the sustainability of technicians and

customs officers training, which will be fully complemented by the establishment of a certification scheme of RAC technicians during stage II.

26. The activities undertaken by the NOU after UNEP's country missions in 2023, provide assurances that the national system of licensing and quotas for HCFC imports will be adequately enforced and fully operational, showing that the system is capable of ensuring the country's compliance with the Montreal Protocol HCFC phase-out schedule. The collaboration established between the Customs authority and the new NOU has set up the basis for results that can be sustained beyond the HPMP. Affirmations have been received from the country that it will assume its responsibilities in this regard.

### Conclusion

27. The verification report for the years 2015-2022 confirmed that the Government is in compliance with the Montreal Protocol limits and that the 2015-2022 HCFC consumption was below the maximum allowable consumption under the Agreement with the Executive Committee for those years. The enforceable national system of licensing and quotas for HCFC imports and exports is capable of ensuring compliance with the Montreal Protocol. The quota for 2023 is below the control target. The delayed submission of the third tranche would have no impact on compliance with the country's obligations under the Montreal Protocol. Delays in implementation have been overcome and it is expected that under the new administration and with the new national ozone officer, implementation will be improved. Training for technicians has been provided to enable them to conduct better equipment servicing, and capacity-building has been offered to customs and enforcement officers. As the Government could not fully address all the recommendations made in the verification report under the second tranche of stage I, the Secretariat recommends that UNEP continue to provide assistance for the full implementation of these recommendations and provide an update on progress towards such implementation when submitting stage II of the HPMP. In view of the progress achieved in the implementation of the HPMP, the Secretariat recommends approval of the funding for the third tranche and the extension of the duration of stage I of the HPMP to 30 June 2024. This extension would allow the country to complete all remaining activities in stage I and submit stage II.

### **RECOMMENDATION**

28. The Fund Secretariat recommends that the Executive Committee:

- (a) Note the progress report on the implementation of the second tranche of stage I of the HCFC phase-out management plan (HPMP) for Saint Kitts and Nevis;
- (b) Approve, on an exceptional basis, the extension of the duration of stage I of the HPMP for Saint Kitts and Nevis to 30 June 2024, given the implementation delays caused by the COVID-19 pandemic and changes in the Government administration, on the understanding that no further extension would be requested; and
- (c) Request UNEP to continue assisting the Government of Saint Kitts and Nevis during the implementation of the third tranche of stage I in fully implementing the recommendations contained in the verification report, and to include, as part of stage II of the HPMP, an update on the progress made.



29. The Fund Secretariat further recommends blanket approval of the third and final tranche of stage I of the HPMP for Saint Kitts and Nevis and the corresponding 2023 to 2024 tranche implementation plan at the funding level shown in the table below.

	<b>Project title</b>	<b>Project funding (US \$)</b>	<b>Support costs (US \$)</b>	<b>Implementing agency</b>
(a)	HCFC phase-out management plan (stage I, third tranche)	16,900	2,197	UNEP

---