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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-third Meeting
Montreal, 4-8 April 2011

COUNTRY PROGRAMME: TIMOR-LESTE

This document consists of:

- Country Programme Evaluation Sheet (prepared by the Fund Secretariat)
- Comments and recommendations of the Fund Secretariat
- Transmittal Letter from the Government of Timor-Leste
- Country Programme Cover Sheet and Executive Summary

TIMOR-LESTE COUNTRY PROGRAMME EVALUATION SHEET

National Ozone Unit, Ministry of Economy and Development

Status of ratification of the Vienna Convention and the Montreal Protocol

Signature	Ratification	Entry into effect
Vienna Convention (1985)	16 Sept. 2009	15 Dec. 2009
Montreal Protocol (1987)	16 Sept. 2009	15 Dec. 2009
London Amendment (1990)	16 Sept. 2009	15 Dec. 2009
Copenhagen Amendment (1992)	16 Sept. 2009	15 Dec. 2009
Montreal Amendment (1997)	16 Sept. 2009	15 Dec. 2009
Beijing Amendment (1999)	16 Sept. 2009	15 Dec. 2009

Production of controlled substances: No controlled substances produced
Consumption of all controlled substances (2009): 9.90 metric tonnes 0.89 ODP tonnes

(tonnes)	CFC-11	CFC-12	CFC-115	Total CFCs	HCFC-22	Total CFCs and HCFCs
metric	0	0.34	0.04	0.38	9.52	9.90
ODP	0	0.34	0.03	0.37	0.52	0.89

Distribution of ODP by substance: CFCs 42% HCFC-22 58%

Distribution of ODP by sector: Air-conditioning and refrigeration 100%

Montreal Protocol consumption of substances (ODP tonnes)

CP baseline	CFCs	Halon	Methyl Chloroform	Methyl Bromide	HCFC-22
Baseline consumption	36.0	1.5	0.1	0.2	0.5*
Allowable level of consumption in 2010	0.0	0.0	0.0	0.0	0.5

*Estimated baseline

Duration of CP: 2 years (2010-2012)
ODS phase out target: maintaining zero consumption of CFCs
 10% reduction of HCFC-22 consumption by end of 2014
Phase out priority area: Refrigeration servicing sector
Cost of activities in country US \$271,700 (plus US \$40,000 institutional strengthening funding approved on the 61st meeting)

Strategy:

The Government of Timor-Leste is committed to ensure compliance with the provisions of the Montreal Protocol and further commits to minimise Timor-Leste's consumption of ODS, in a cost effective and staged manner, to fulfil its obligations as a party. The objective of the Country Programme (CP) action plan is to maintain zero consumption of CFCs and gradually phase out the consumption of HCFCs in compliance with the Montreal Protocol. The Action Plan comprises activities to establish and implement an effective regulations and licensing system to regulate and monitor the imports of ODS (including HCFCs) and ODS-based equipment, and activities to build the country's capacity for improved servicing practice. The implementation of the CP is expected to assist the country to achieve the ODS reduction targets.

COMMENTS AND RECOMMENDATIONS OF THE FUND SECRETARIAT

DESCRIPTION

1. According to the Article 7 data and a recent survey conducted for the preparation of the Timor-Leste Country Programme (CP) and HCFC phase-out management plan (HPMP), total HCFC consumption was reported at 0.52 ODP tonnes for 2009. The country also reported 0.37 ODP tonnes of CFCs used as refrigerants. No consumption of halon and methyl bromide or other ODS is reported for this period. The calculated HCFC baseline for Timor-Leste is 9.635 metric tonnes (0.53 ODP tonnes). The CFC consumption was expected to be zero after the end of 2009.

2. Timor-Leste became an independent country in 2002. In late 1999, 70 per cent of the economic infrastructure in Timor-Leste was badly damaged by troops and anti-independent militias. Intensive international assistance led by the United Nations was provided to the country to rehabilitate its infrastructure and reinstate civil administration.

3. Timor-Leste is still in the process of building its capacity for public administration and developing its regulations. The various government ministries, departments, and the public sector continue to receive substantial support from United Nations and donor countries through the presence of long-term advisors and external technical assistance.

4. Timor-Leste acceded to the Montreal Protocol in September 2009. Phase I of the institutional strengthening (IS) funding by the Multilateral Fund (MLF) was approved at the 56th meeting and released in October 2009. Under the support of the IS funding a National Ozone Unit (NOU) was established under the Ministry of Economy and Development. Public information and communication programmes were organized to raise awareness on the Montreal Protocol and the phase-out of ozone depleting substances (ODS). An Ozone Steering Committee was also established to involve key government ministries and stakeholders from the private sectors in the ODS phase-out programme. ODS importers, retailers and the refrigeration servicing sector are aware of the HCFC phase-out and the ban on CFCs. Stakeholders raised concerns about the impact of the HCFC phase-out on the economy and requested that the communications, training and assistance be provided at an early stage. At the 59th Meeting of the Executive Committee, preparation funding for the CP and HPMP was approved. The country also received Phase II of the IS funding and additional funding of US \$55,000 for the preparation of the HPMP due to the HCFC consumption identified during the survey, based on decision 56/16. The survey for the preparation of the CP and HPMP was conducted and the CP and HPMP are now submitted to the 63rd Meeting for consideration.

5. Timor-Leste has not established legislation, regulations and licensing systems for controlling the import and use of ODS. In order to comply with the Montreal Protocol control measures on ODS phase-out, the Secretariat of State for Environment, Ministry of Economy and Development issued a Government Notification (GN) (MED/NOU/2010) to ban the import of ODS and ODS-based equipment with effect from 1 December 2010. The Government of Timor-Leste plans to establish an import/export licensing policy and quota system to control the import of HCFCs.

6. The CP proposal, prepared with the assistance of UNEP, includes the objectives as listed below:

- (a) To support the NOU to fulfil its obligations in data collection and reporting on ODS consumptions;
- (b) To develop and implement control measures to maintain zero consumption of CFCs such as a ban on import of CFCs and CFC-based equipment;

- (c) To develop relevant legislation and effective licensing and quota system to support HCFC phase-out;
- (d) To implement the HPMP activities to ensure gradual reduction of HCFC consumption;
- (e) To establish a monitoring system for ODS import and consumption; and
- (f) To conduct public education and awareness programme for HCFC phase out.

7. The CP proposal for Timor-Leste includes an IS programme and the implementation of a HPMP. The IS programme has already been approved and renewed once. Future funding requests for IS programme will be submitted when it is due for renewal. The HPMP funding request is being submitted together with the CP proposal to the 63rd Meeting. Since Timor-Leste has not implemented any phase-out programme for CFCs, the activities for CFC phase-out have been integrated into the HPMP.

SECRETARIAT'S COMMENTS

8. Noting that the CP and HPMP preparation has been completed, but legislation, regulations and licensing systems for the control of ODS (CFCs and HCFCs) imports and use have not been established, the Secretariat inquired about the progress, current status and future steps planned for the development of the legislation, regulations and licensing system for import control.

9. UNEP responded that the development of the licensing system is ongoing, but the progress is slow. The Government is considering incorporating the Montreal Protocol and its amendments into the National Laws. The CP will be included in the recommendations, to the Cabinet, for the preparation of the legislation. UNEP informed the Secretariat that, as passing of legislation by the parliament could take up to two to three years, the GN procedure will continue to be used for the control of HCFC imports to ensure compliance with the Montreal Protocol control targets.

RECOMMENDATIONS

10. The Fund Secretariat recommends approval of the Timor-Leste country programme (CP), noting that approval of the CP does not denote approval of the projects identified therein or their funding levels. Approval of the Timor-Leste CP should be without prejudice to the operation of the Montreal Protocol's mechanism for addressing possible non-compliance.

11. The Fund Secretariat also recommends that the Government of Timor-Leste be requested to submit information annually to the Executive Committee on progress being made in the implementation of the CP, in accordance with the decision of the Executive Committee on implementation of CPs (UNEP/OzL.Pro/ExCom/10/40, para. 135) using the approved on-line format. The initial report covering the period 1 January 2011 to 31 December 2011 should be submitted to the Fund Secretariat no later than 1 May 2012.



DEMOCRATIC REPUBLIC OF TIMOR-LESTE
MINISTRY OF ECONOMY AND DEVELOPMENT
SECRETARIAT OF STATE FOR ENVIRONMENT
GABINET OF THE SECRETARY OF STATE

To : **Ms. Maria Nolan,**
Chief Officer Secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol Montreal, Canada
Fax: (514) 282-0068

Ref. Number: ...15...../GSEMA/0I/11

Date: 31 of January 2011

Subject: **Endorsement Letter for the Multilateral Fund for Country Programme for Timor-Leste**

Dear Ms. Maria Nolan,

It is our great honour to submit the Country Programme for Timor-Leste for consideration at the 63rd Meeting of the Executive Committee of the Multilateral Fund (MLF). This Country Programme jointly with HPMP has been developed by the Secretariat of State for Environment, Ministry of Economy and Development with the assistance of UNEP and UNDP Dili.

We would like to thank the MLF for all the support provided to Timor-Leste and appreciate your continuous support to Timor-Leste in its implementation of the Montreal Protocol.

The Secretariat of State for Environment, Ministry of Economy and Development of the Government of Timor-Leste would avail itself of this opportunity to renew its thanks to the Secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol.

Please accept the assurances of my highest consideration.

Sincerely yours,


António de Deus de Jesus Lima
Secretary of State for Environment



Cc: **Rajendra M. Shende**
Chief, Energy and Ozone Action Unit
United Nations Environment Programme,
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COUNTRY PROGRAMME COVER SHEET

COUNTRY Democratic Republic of Timor Leste

DATE RECEIVED 4 March 2011

LEAD NATIONAL AGENCY Secretary of State for Environment, Ministry of Economic and Development

PERIOD COVERED BY COUNTRY PROGRAMME 2011 - 2015

1. PHASE OUT SCHEDULE

Substance	2009 Consumption (import) in ODP Tonnes	Planned Total Cons. until end 2015 (Tonnes x ODP)	Planned year of Reduction
CFC-12 & CFC-115 (in R-502)	0.37	0	2010
Total (Annex A)	0.37	0	
HCFC-22 in R-502	0.0022	0	2010
HCFC-22	0.5214	2.621	2015
Total Annex C	0.5236	2.621	

2. ACTION PLAN OF Timor Leste

In order to implement its phase out strategy, the Government has developed an Action Plan as follows: (Since 100% of ODS consumption is in the Refrigeration and air-conditioning sector, this action plan matches the one drawn up within the HCFC Phase-Out Management Plan for Phase I up to 2015).

- Support the National Ozone Office which has been established within the Secretariat of Environmental Affairs, Ministry of Economy & Development as the focal point for all activities related to the Montreal Protocol.
- Develop and implement control measures including:
 - Ban imports of Annex A substances and equipment using these substances by 2011 or earlier.
 - Prohibit new enterprises producing and/or assembling equipment, foams, or aerosols using ODS at the earliest.
 - Develop and implement appropriate legislation to restrict and control imports and exports of ODS and other refrigerants.
 - Establish import quotas and licenses for HCFCs.
- Establish a monitoring system for ODS imports and consumption
- Embark on a communication programme
- Implement and monitor the following components of the HPMP with assistance from the Multilateral Fund and implementing agencies/bilateral donors:
 - Development of legislation and regulations
 - Training of Trainers in Good Refrigerant Management Practices
 - Train Customs Department, Statistics Division and NOU in monitoring and collection of data to meet the reporting requirements of the Protocol

- Set up servicing infrastructure for good practice and recovery and recycling

3. PROJECTS

A summary of the projects identified and detailed in the HPMP are as follows:

Name of Project		Time Frame	Amount Requested from Fund (US\$)
HCFC Phase-out Management Plan – Phase 1 (up to 2015)	Training in Monitoring and Control of ODS (including procurement of refrigerant identifiers)	2011 - 2015	\$59,000
	Training of Technicians	2011 - 2015	\$45,000
	Public Awareness	2011 - 2015	\$30,900
	Equipment for Training school and recovery equipment and tools for technicians	2011 - 2015	\$96,800
	Project Coordination & Management	2011 - 2015	\$40,000
TOTAL			\$271,700

4. COSTS

ODP to be phased out	0.418 ODP tonnes
Total Cost of phase-out	US\$ 271,700
Cost of projects being submitted with this Country Programme	US\$ 271,700
Amount being requested from Fund	US\$ 271,700
Cost effectiveness (on Funds requested)	US\$650/ODP kg

EXECUTIVE SUMMARY

Timor-Leste (officially the Democratic Republic of Timor-Leste) is a country at the eastern end of the Indonesian archipelago. Timor Leste was colonized by Portugal in the 16th century, and was known as Portuguese Timor until Portugal's decolonization of the country. In late 1975 Timor Leste declared its independence but was invaded and occupied by Indonesia later that year, and declared that country's 27th province the following year. In 1999, following the United Nations-sponsored act of self-determination, Indonesia relinquished control of the territory and Timor Leste became the first new sovereign state of the twenty-first century on May 20, 2002 and joined the United Nations on September 22, 2002.

In late 1999, about 70% of the economic infrastructure of Timor Leste was laid waste by Indonesian troops and anti-independence militias. Over the next three years a massive international program, manned by 5,000 peacekeepers (8,000 at peak) and 1,300 police officers, led to substantial reconstruction in both urban and rural areas. The country continues to face great challenges in rebuilding its infrastructure, strengthening the civil administration, and generating jobs for young people entering the work force. The development of oil and gas resources in offshore waters has greatly supplemented government revenues. This technology-intensive industry, however, has done little to create jobs for the unemployed because there are no production facilities in Timor and the gas is piped to Australia. The underlying economic

policy challenge the country faces remains how best to use oil-and-gas wealth to lift the non-oil economy onto a higher growth path and to reduce poverty.

Timor Leste acceded to the Vienna Convention, Montreal Protocol, the London Amendment, the Copenhagen Amendment, the Montreal Amendment and the Beijing Amendment on September 16, 2009. With an Annex A per capita consumption of 0.00033 kilograms (0.38 ODP Tonnes in 2009 for a population of 1.13 million), Timor Leste is classified as a developing country operating under paragraph 1 of Article 5 of the Montreal Protocol. In order to comply with the provisions of the Protocol, as a first step, the Government of Timor Leste has carried out a national survey and formulated its Country Programme and HCFC Phase out Management Plan with the assistance of UNEP and funding assistance from the Multilateral Fund.

The Country Programme provides data on consumption and use of ODS in Timor Leste and expresses the commitment of the Government to phase out consumption of Annex A substances immediately and reduce the consumption of Annex C substances as per the requirements of the Protocol. An Action Plan has been defined, and steps will be taken to implement some or all of the action items, after scrutiny, to ensure a smooth phase out and reduction without causing undue economic hardship to the industrial, commercial and, in particular, the domestic consumers.

Timor Leste does not produce any ODS and all its requirements are met through imports. The 2009 Annex A substances import amounted to 0.38 ODP Tonnes, while Annex C substances import amounted to 0.5236 ODP Tonnes. The entire consumption of ODS was in the Refrigeration and Air Conditioning Service sector.

Timor Leste, as the "new country of the new millennium", is still in the process of building its administration and governmental institutions, developing its own rules, regulations, import export policies, data bases etc. The various government ministries, departments, and the public sector continue to receive a lot of support from UN agencies and donor countries as aid and through the presence of long-term advisors attached to them. There is no specific Environmental Act or Legislation within the Laws of Timor Leste. Consideration is being given to include the Montreal Protocol and its Amendments into the National Laws. This Country Programme will form a part of the recommendations submitted to Cabinet for preparation of legislation. Recently, the Ministry of Development issued a Government Notification (MED/NOU/2010) to ban ODS and ODS using equipment imports (Non HCFC). The efforts to assist the government to establish an import/export licensing policy for HCFCs and other refrigerants is ongoing.

Customs has started using computerized records of all imports and exports but to date the data base does not have any entries for the HS Codes related to ODS and blends and other refrigerants also as they are not declared appropriately and customs does not have the necessary training. Import/Export legislation and regulations will need to be designed with Customs inputs to ensure that ODS can be identified and data entered appropriately.

The Don Bosco Vocational School at Comoro (near Dili) teaches refrigeration and air-conditioning as part of their electrical trade curriculum, but the training concentrates on the electrical aspects of refrigeration and air-conditioning.

Timor Leste's consumption is totally driven by market availability and demand. Annex A substances are no longer available for imports from Indonesia or Singapore and this has resulted in zero imports of CFC-12 and R-502 during the period January – May 2010. The importers also advised that their suppliers in these countries had advised that these refrigerants were not going to be available any more.

In the case of HCFC-22 the demand for comfort air-conditioning has gone up substantially since 2005 with the rebuilding of government buildings, presence of expatriates working as long term advisors to

various government departments, significant presence of international aid agencies, and of course the international peace keeping and police forces in the country. In addition Timorese citizens are also being able to afford the equipment thanks to the low prices of small split and window air-conditioners.

The institutional strengthening project was approved by the Multilateral Fund and the government has established the National Ozone Unit (NOU) under the Secretary of State for Environment, Ministry of Economic & Development. The NOU is the focal point for all ODS phase-out activities, data collection and reporting and for implementing public awareness programs. It will also be the link with the Minister, the Minister of State for Environment and the various departments to ensure the implementation of all measures and coordinate all projects.

The Government is concerned about its lack of an established infrastructure for controlling and phasing out ODS. It has requested that their situation be considered unique and that there be an exception to the strict funding guidelines for HPMPs to enable the country to quickly develop its capacity to manage ODS phase out as otherwise there is a strong possibility of the country being in non-compliance from 2013 onwards.

A total of US\$ 271,700 is being requested from the Multilateral Fund to implement the Country Programme and the first stage HPMP projects to sustain CFC phase-out and to achieve the HCFC freeze from 2013 and 10% phase out from 2015.