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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-second Meeting
Montreal, 12-16 May 2014

PROJECT PROPOSAL: KYRGYZSTAN

This document consists of the comments and recommendations of the Fund Secretariat on the following project proposal:

Phase-out

- HCFC phase-out management plan (stage I, second and final tranche)

UNDP/UNEP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Kyrgyzstan

(I) PROJECT TITLE	AGENCY
HCFC phase out plan (stage I)	UNDP (lead), UNEP

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2012	2.91 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2013	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123									
HCFC-124									
HCFC-141b									
HCFC-141b in Imported Pre-blended Polyol									
HCFC-142b		0.66							0.66
HCFC-22		0.76		1.0	1.56				3.32

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	4.1	Starting point for sustained aggregate reductions:	4.1
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	1.02	Remaining:	3.08

(V) BUSINESS PLAN		2014	2015	Total
UNDP	ODS phase-out (ODP tonnes)	0.03	0	0.03
	Funding (US \$)	5,755	0	5,755
UNEP	ODS phase-out (ODP tonnes)	0.02	0	0.02
	Funding (US \$)	3,978	0	3,978

(VI) PROJECT DATA			2011	2012	2013	2014	2015	Total
Montreal Protocol consumption limits			n/a	n/a	4.10	4.10	3.69	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	4.10	4.10	3.08	n/a
Agreed Funding (US\$)	UNDP	Project costs	47,520	0	0	5,280	0	52,800
		Support costs	4,277	0	0	475	0	4,752
	UNEP	Project costs	31,680	0	0	3,520	0	35,200
		Support costs	4,118	0	0	458	0	4,576
Funds approved by ExCom (US\$)	Project Costs		79,200	0	0	0	0	79,200
	Support Costs		8,395	0	0	0	0	8,395
Total funds requested for approval at this meeting (US\$)	Project Costs		0	0	0	8,800	0	8,800
	Support Costs		0	0	0	933	0	933

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Kyrgyzstan, UNDP as the lead implementing agency, has submitted to the 72nd meeting a request for funding for the second tranche of stage I of the HCFC phase-out management plan (HPMP)¹ at a total cost of US \$9,733, consisting of US \$5,280, plus agency support costs of US \$475 for UNDP, and US \$3,520, plus agency support costs of US \$458 for UNEP. The submission includes a progress report on the implementation of the first tranche of the HPMP and the tranche implementation plan for 2014 to 2015.

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

2. The following activities had been implemented during the first tranche of the HPMP: a national legislation has been formalized to support Government resolutions addressing import licensing and application of import quotas for HCFCs, as well as instructions to the responsible authorities on its operation and implementation; regulations have been in place requiring certification of those who handle ODS (including HCFCs) and mandating a refresher training every two years. In the servicing sector, 12 training workshops were held: six for customs officials and six for refrigeration technicians covering a total of 400 participants; 16 sets of servicing tools/equipment were purchased and distributed to technicians/service centres in the country. A number of publications, posters, leaflets and other awareness materials were also distributed.

3. The national ozone unit (NOU) also strengthened coordination with Government agencies responsible for other multilateral environmental agreements (MEAs). In particular, discussions focused on the role of customs authorities and the common requirements among these MEAs. For the NOU, it concentrated on the close monitoring of ODS imports and the implementation of the ODS licensing system, in order to improve coordination among stakeholders.

4. As of March 2014, of the US \$79,200 approved for the first tranche, US \$76,879 had been disbursed (US \$45,199 for UNDP and US \$31,680 for UNEP). The balance of US \$2,321 will be disbursed in early 2014.

Annual plans for the second tranche of the HPMP

5. The main activities to be implemented during the second tranche of the HPMP include:
- (a) Continued monitoring of the use of recovery and recycling equipment distributed to service shops to ensure the management of HCFC re-use in the country (UNDP) (US \$4,000);
 - (b) Training of 30 refrigeration technicians and support to refrigeration association (UNEP) (US \$3,000); and
 - (c) Monitoring of HPMP implementation (UNEP, US \$520) (UNDP, US \$1,280).

¹The HPMP for Kyrgyzstan was approved by the Executive Committee at its 63rd meeting to reduce HCFC consumption by 10 per cent of the baseline by 1 January 2015.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Operational licensing system

6. In line with decision 63/17, confirmation has been received from the Government that an enforceable national system of licensing and quotas for HCFC imports and exports is in place and that the system is capable of ensuring compliance with the Montreal Protocol. The HCFC import quota for 2014 has been established at 4.1 ODP tonnes (i.e., the baseline). For subsequent years, the annual quota will be based on the levels allowed under the Montreal Protocol.

HCFC consumption

7. The HCFC baseline for compliance has been established at 4.1 ODP tonnes, based on the actual consumption reported under Article 7 of the Montreal Protocol for 2009 and 2010 as shown in Table 1. At the 63rd meeting, the Government of Kyrgyzstan agreed to establish as its starting point for aggregate reduction in HCFC consumption the estimated baseline of 4.42 ODP tonnes, which is 0.32 ODP tonnes higher than the established baseline.

Table 1. HCFC consumption in Kyrgyzstan (2006-2012 Article 7 data)

HCFC	2009	2010	2011	2012	2013*	Baseline
Metric tonnes						
HCFC-22	61.7	53.1	53.80	52.90	60.4	57.4
HCFC-141b	7.3	6.0	0	0	0	6.6
HCFC-142b**	3.0	2.2	0	0	10.2	2.6
Total (mt)	72.0	61.3	53.80	52.90	70.6	66.6
ODP tonnes						
HCFC-22	3.4	2.9	2.96	2.91	3.32	3.2
HCFC-141b	0.8	0.7	0	0	0	0.7
HCFC-142b**	0.2	0.1	0	0	0.66	0.2
Total (ODP tonnes)	4.4	3.7	2.96	2.91	3.98	4.1

*Country programme data submitted on 7 April 2014.

**HCFC-142b contained in a R-406a (a blend made up of HCFC-22/R-600a/HCFC-142b at a ratio of 55/4/41).

8. The Secretariat enquired about the country's HCFC consumption in 2013 and the compliance of Kyrgyzstan with the freeze target. UNDP advised that the official 2013 consumption data is still being collated and verified. However, the country has submitted its 2013 country programme (CP) data report which indicates that the total consumption of Kyrgyzstan for 2013 is 3.98 ODP tonnes, which is slightly lower than the baseline of 4.1 ODP tonnes. UNDP explained that while the total HCFC-22 consumption increased from the previous years, the amount used for servicing decreased which is attributed to activities in the HPMP that promoted good practices for service technicians and reduced demand for refrigerant. The overall increase in this substance was due to a one-time import of R-406a (a refrigerant blend containing HCFC-22/HCFC-142b/R-600a), which was required by an enterprise manufacturing extruded polystyrene foam. UNDP indicated that the Government of Kyrgyzstan has undertaken strict measures to control these imports in future years.

9. The quota for 2014 has been set to conform to the Montreal Protocol control measures.

10. According to UNDP, the official ban on the import of HCFC-141b was expected to be in place in the beginning of 2014. However, no imports of this substance was reported in the years after 2010.

11. The Secretariat also noted that in the submission of stage I of the HPMP, Kyrgyzstan had indicated that the imports of HCFC-141b would cease by the end of 2010².

Progress report

12. UNDP reported that one of the activities under stage I of the HPMP, the development of an HCFC refrigerant management system, was designed to manage the re-use of HCFCs by supplying recovery equipment and tools to larger servicing workshops. During project implementation, the Government requested that this be redesigned into a demonstration project that would attempt to locally assemble and demonstrate a small-scale CO₂-based refrigeration system to promote better climate benefits. The idea was to demonstrate to service technicians the use of this technology and facilitate experience that would encourage its application to a broader level. However, it was discovered during the tendering process that the cost of this demonstration project would exceed the budget allocated for this component. The Government therefore decided to proceed with the earlier proposal to purchase and supply equipment, which was completed during this period. According to UNDP, this demonstration may still be considered for stage II.

13. UNDP also provided additional information regarding the certification programme for technicians, and explained that this is fully supported by national legislation. In addition, the agency responsible for implementing the system is putting in place strict monitoring activities which include spot inspections of end-users and service shops to ensure that only certified technicians handle these refrigerants. The monitoring component will ensure that the quality of servicing of these equipment will improve. In addition, there is a demand for highly qualified, trained and certified technicians from Kyrgyzstan among their neighbouring countries which is another incentive for the effective implementation of the technician certification programme.

14. The Secretariat noted that the Government of Kyrgyzstan through UNDP, as the lead implementing agency, had also submitted a request for project preparation for stage II of the HPMP in line with decision 71/42. This is considered under UNDP's³ and UNEP's work programmes⁴ for discussion at the 72nd meeting.

Revision to the HPMP Agreement

15. The HPMP for Kyrgyzstan was approved prior to the establishment of the HCFC baseline for compliance. Accordingly, in approving the HPMP the Executive Committee requested the Secretariat to, *inter alia*, update Appendix 2-A ("The targets, and funding") to the Agreement with the figures for the maximum allowable consumption, and to notify the Committee of the resulting levels accordingly (decision 63/35(d)). Based on the data reported by the Government of Kyrgyzstan under Article 7 and its revised phase-out schedule, the relevant paragraph and Appendices of the Agreement have been updated, and a new paragraph has been added to indicate that the updated Agreement supersedes that reached at the 63rd meeting, as shown in Annex I to the present document. The full revised Agreement will be appended to the final report of the 72nd meeting.

Conclusion

16. The Secretariat noted that 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. The activities in the servicing sector are progressing and are being implemented in close coordination with stakeholders. As reported by UNDP and UNEP, training trainers and technicians, and customs officers,

² Project proposal: Kyrgyzstan (UNEP/OzL.Pro/ExCom/63/37).

³ UNEP/OzL.Pro/ExCom/72/14.

⁴ UNEP/OzL.Pro/ExCom/72/15.

and providing them with tools and training materials will ensure the long-term sustainability of the activities proposed in stage I of the HPMP. The country is therefore on track to compliance with the Montreal Protocol measures for the freeze and the 10 per cent reduction for which they had committed to in stage I of the HPMP. In addition, HCFC-141b, which was included in the calculation of the HCFC consumption for the baseline, is no longer imported into the country.

RECOMMENDATION

17. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the first tranche of stage I of the HCFC phase-out management plan of (HPMP) for Kyrgyzstan;
- (b) Notes that the Fund Secretariat had updated paragraph 1, Appendices 1-A and 2-A of the Agreement between the Government of Kyrgyzstan and the Executive Committee, based on the established HCFC baseline for compliance, and that a new paragraph 16 had been added to indicate that the updated Agreement superseded that reached at the 63rd meeting, as contained in Annex I to the present document;
- (c) Further notes that the revised starting point for sustained aggregate reduction in HCFC consumption was 4.1 ODP tonnes, calculated using actual consumption of 4.4 ODP tonnes and 3.7 tonnes, reported for 2009 and 2010, respectively under Article 7 of the Montreal Protocol; and
- (d) Requests the Government of Kyrgyzstan, UNDP and UNEP to submit the project completion report to the Executive Committee no later than the last meeting of 2016.

18. The Fund Secretariat further recommends blanket approval of the second and final tranche of stage I of the HPMP for Kyrgyzstan, and the corresponding 2014-2015 tranche implementation plans, with associated support costs at the funding levels shown in the table below:

	Project Title	Project Funding (US \$)	Support Cost (US \$)	Implementing Agency
(a)	HCFC phase-out management plan (stage I, second tranche)	5,280	475	UNDP
(b)	HCFC phase-out management plan (stage I, second tranche)	3,520	458	UNEP

Annex I

TEXT TO BE INCLUDED IN THE UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF KYRGYZSTAN AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS
(Relevant changes are in bold font for ease of reference)

1. This Agreement represents the understanding of the Government of Kyrgyzstan (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of **3.08** ODP tonnes prior to 1 January 2015 in compliance with Montreal Protocol schedules.

16. This updated Agreement supersedes the Agreement reached between the Government of Kyrgyzstan and the Executive Committee at the 63rd meeting of the Executive Committee.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	3.2
HCFC-141b	C	I	0.7
HCFC-142b	C	I	0.2
Total			4.1

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2011	2012	2013	2014	2015	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	n/a	4.10	4.10	3.69	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	4.10	4.10	3.08*	n/a
2.1	Lead IA UNDP agreed funding (US \$)	47,520	0	0	5,280	0	52,800
2.2	Support costs for Lead IA (US \$)	4,277	0	0	475	0	4,752
2.3	Cooperating IA UNEP agreed funding (US \$)	31,680	0	0	3,520	0	35,200
2.4	Support costs for Cooperating IA (US \$)	4,118	0	0	458	0	4,576
3.1	Total agreed funding (US \$)	79,200	0	0	8,800	0	88,000
3.2	Total support cost (US \$)	8,395	0	0	933	0	9,328
3.3	Total agreed costs (US \$)	87,595	0	0	9,733	0	97,328
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this agreement (ODP tonnes)						0.32
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)						0
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)						2.88
4.2.1	Total phase-out of HCFC-141b agreed to be achieved under this agreement (ODP tonnes)						0.70**
4.2.2	Phase-out of HCFC-141b to be achieved in previously approved projects (ODP tonnes)						0
4.2.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)						0
4.3.1	Total phase-out of HCFC-142b agreed to be achieved under this agreement (ODP tonnes)						0
4.3.2	Phase-out of HCFC-142b to be achieved in previously approved projects (ODP tonnes)						0
4.3.3	Remaining eligible consumption for HCFC-142b (ODP tonnes)						0.20

* Maximum allowable consumption is for HCFC-22 and HCFC-142b since the ban on HCFC-141b imports will be finally enforced.

** HCFC-141b will be completely phased out by 2015 without assistance from the Multilateral Fund.