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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-second Meeting
Montreal, 3-7 December 2018

PROJECT PROPOSAL: BRUNEI DARUSSALAM

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

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Brunei Darussalam

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

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2017	3.45 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2017	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123									
HCFC-124									
HCFC-141b									
HCFC-142b									
HCFC-22					3.39				3.39

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	6.1	Starting point for sustained aggregate reductions:	6.1
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	2.1	Remaining:	3.9

(V) BUSINESS PLAN		2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.05	0	0.17	0.22
	Funding (US \$)	7,910	0	28,815	36,725
UNDP	ODS phase-out (ODP tonnes)	0.22	0	0.04	0.26
	Funding (US \$)	35,970	0	7,194	43,164

(VI) PROJECT DATA			2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	6.10	6.10	5.49	5.49	5.49	5.49	5.49	3.96	n/a
Maximum allowable consumption (ODP tonnes)			n/a	6.10	6.10	5.49	5.49	5.49	5.49	5.49	3.96	n/a
Agreed funding (US \$)	UNDP	Project costs	52,800	0	0	39,600	0	0	33,000	0	6,600	132,000
		Support costs	4,752	0	0	3,564	0	0	2,970	0	594	11,880
	UNEP	Project costs	123,000	0	0	27,500	0	0	7,000	0	25,500	183,000
		Support costs	15,990	0	0	3,575	0	0	910	0	3,315	23,790
Funds approved by ExCom (US \$)	Project costs		175,800	0	0	67,100	0	0	0	0	0	242,900
	Support costs		20,742	0	0	7,139	0	0	0	0	0	27,881
Total funds requested for approval at this meeting (US \$)	Project costs		0	0	0	0	0	0	40,000	0	0	40,000
	Support costs		0	0	0	0	0	0	3,880	0	0	3,880

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Brunei Darussalam, UNEP as the lead implementing agency, has submitted a request for funding for the third tranche of stage I of the HCFC phase-out management plan (HPMP), at a total cost of US \$43,880, consisting of US \$7,000, plus agency support costs of US \$910 for UNEP, and US \$33,000, plus agency support costs of US \$2,970 for UNDP.¹ The submission includes a progress report on the implementation of the second tranche, the verification report on HCFC consumption for 2013 to 2017, and the tranche implementation plan for 2018 to 2020.

Report on HCFC consumption

2. The Government of Brunei Darussalam reported a consumption of 3.45 ODP tonnes of HCFC in 2017, which is 43 per cent below the HCFC baseline for compliance. The 2013-2017 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Brunei Darussalam (2013-2017 Article 7 data)

HCFC-22	2013	2014	2015	2016	2017	Baseline
Metric tonnes	77.63	72.75	64.89	68.13	62.69	110.91
ODP tonnes	4.27	4.00	3.57	3.75	3.45	6.1

3. The sustained reduction in HCFC consumption is due to control measures imposed on ODS imports including the quota system, and activities in the refrigeration servicing sector conducted under the HPMP. The increase in consumption between 2015 and 2016 levels is due to one large importer that did not import HCFCs in 2015, but imported some amount in 2016.

Country programme (CP) implementation report

4. The Government of Brunei Darussalam reported HCFC sector consumption data under the 2017 CP implementation report which is lower than the data reported under Article 7 of the Montreal Protocol. This was attributed to an erroneous recording under the CP data of the amount brought in by one importer. The Government of Brunei Darussalam confirms that the data submitted under the CP report is actually consistent with Article 7 data, and will revise the CP data.²

Verification report

5. The verification report confirmed that the total consumption of HCFCs for 2013 to 2017 was accurately reported under Article 7, and that Brunei Darussalam has a functional licensing and quota system for HCFC imports and exports, capable of ensuring the country's compliance with its Montreal Protocol obligations. The verification report provided recommendations to improve the implementation of the licensing and quota system, which included trainings for new Royal Customs and Excise Department (RCED) enforcement officers, accurate Customs declarations, proper recording of imports using the Harmonized Customs Codes; improving record keeping and data filing; and better communication between the Department of Environment, Parks and Recreation (DEPR) and RCED.

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

Legal framework

6. The import and export of ODSs in Brunei Darussalam is monitored through an Application Permit (AP) system managed by the DEPR. Each AP issued to an importer has an expiry date (i.e., either three

¹ As per the letter of 13 September 2018 from the Ministry of Development of Brunei Darussalam to UNEP.

² This issue is also contained in document UNEP/OzL.Pro/ExCom/80/8; the Government of Brunei Darussalam has already revised its CP data on 17 October 2018.

months after issuance or 31 December of the year the permit was issued, whichever occurs first) to avoid carrying over remaining quotas. The e-permit system through the Brunei Darussalam National Single Window (BDNSW) was officially used in 2017.

7. The Government has implemented the mandatory labelling requirement for imported HCFC-22 containers since 2013, where a sticker with a specific tracking number is attached to cylinders. Importers are only allowed to sell HCFC to the market after meeting the labelling requirement. In addition, the DEPR has initiated discussion with the RCED to establish an on-site joint inspection team comprising both agencies to inspect and monitor whether HCFC cylinders sold in the domestic market comply with the mandatory labelling requirement.

8. Twenty-three Customs officers were trained in the monitoring and control of ODS trade; a total of 36 Customs officers have been trained under stage I of the HPMP.

9. The Government has also required that tenders for all types of refrigeration and air-conditioning (RAC) equipment for use in government buildings should be strictly ODS-free.

Refrigeration servicing sector

10. Four training workshops on standard procedures for installation and servicing and good refrigeration practices resulted in 61 RAC technicians trained; a total of 252 RAC technicians from 20 RAC technician training workshops have been trained under stage I of the HPMP. The DEPR is currently working on standardizing the certification of RAC technicians with the scheme used by the Department of Mechanical and Electrical (DME) for technicians that work on government contracts, to make it a mandatory requirement.

Recovery and recycling programme

11. The programme uses a centralized approach where one company is evaluated and assessed (based on its technical and human resources capacity and workshop area) and selected as the main reclaim centre. A reclamation centre has been selected and set up since 2017 and is expected to be operational by the end of 2018. Participating servicing companies would use this centre to recover HCFC-22 at an agreed price set by DEPR and the selected reclaim centre, potentially reducing the demand for new import of HCFC-22 for servicing. The programme also identified additional qualified companies which received recovery equipment; DEPR had initiated procurement for an additional 10 recovery kits. Training on the use of the recovery equipment will be conducted along with the training of RAC technicians on good servicing practices.

Pilot replacement incentive support project for end-users

12. Two stakeholder meetings were conducted for the incentive programme to demonstrate and share experience on replacing HCFC-22-based equipment with low-GWP alternatives in larger RAC applications (e.g., commercial centres, hospitals, large buildings and supermarkets). The scheme will provide up to 25 per cent of the cost for a limited number of large equipment, the rest will be borne by the beneficiaries. Delays were encountered in implementing this activity because of challenges with the limited availability of low-GWP alternatives in larger RAC applications. The programme is expected to commence in early 2019, and Brunei Darussalam plans to introduce HFC-32 as alternative in the room air-conditioning sector to allow the implementation of this activity.

Project implementation and monitoring unit (PMU)

13. The HPMP is managed by one full time staff under the supervision of an environment officer and the Director of DEPR. The team is responsible for planning, implementation and monitoring of all activities under stage I.

Level of fund disbursement

14. As of September 2018, of the US \$242,900 approved so far, US \$183,532 had been disbursed (US \$124,257 for UNEP and US \$59,275 for UNDP) as shown in Table 2. The balance of US \$59,368 will be disbursed in 2019.

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

Agency	First tranche		Second tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNEP	123,000	113,002	27,500	11,255	150,500	124,257
UNDP	52,800	52,800	39,600	6,475	92,400	59,275
Total	175,800	165,802	67,100	17,730	242,900	183,532
Disbursement rate (%)	94		26		76	

Implementation plan for the third tranche of the HPMP

15. The following activities will be implemented between December 2018 and December 2020:
- (a) Update the Customs training curriculum for new enforcement officers and continue implementation and monitoring of the mandatory labelling requirement for HCFC containers (UNEP) (US \$4,000);
 - (b) Update the curriculum for RAC technician training to include safe handling of flammable refrigerants, and train 15 trainers and 160 RAC technicians (UNEP) (balance from previous tranches);
 - (c) Implement the certification of RAC technicians to make it mandatory; identify and accredit an independent training centre/institution to conduct training and assessment; maintain a database of trained and certified technicians and upload it in DEPR website (UNEP) (balance from previous tranches);
 - (d) Procure and distribute 10 recovery equipment to RAC workshops and reclaim centre, provide maintenance training, and evaluate the operational effectiveness of the recovery and reclamation scheme (UNDP) (US \$29,100);
 - (e) Conduct one stakeholder workshop on the pilot replacement incentive programme and identify beneficiaries (UNDP) (US \$3,900);
 - (f) Continue awareness raising activities (UNEP) (US \$3,000); and
 - (g) Project management and monitoring (UNEP) (balance from previous tranches).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Verification report

16. In response to the Secretariat's query, UNEP has confirmed that Brunei Darussalam will address the issues identified in the verification report during implementation of the third tranche of the HPMP.

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

Legal framework

17. The Government of Brunei Darussalam has already issued HCFC import quotas for 2018 at 4.02 ODP tonnes, which is lower than the Montreal Protocol control target of 5.49 ODP tonnes.

Refrigeration servicing sector

18. In responding to the Secretariat's question on whether equipment using flammable refrigerants are available in Brunei Darussalam to support the training programme for safe handling of flammables, UNEP explained that the country is yet to introduce such equipment using HFC-32 and R-290. UNEP is working closely with DEPR to transfer knowledge and experiences to local trainers to ensure that they have the skills and competence to deliver the training on flammable refrigerants. Currently discussions are being held with the Fire and Rescue Department and the Department of Mechanical and Electrical on the safe introduction of flammable-based technologies in the RAC sector through the Fire Safety Order. The Government plans to introduce HFC-32-based RAC equipment in the market once safety concerns are addressed and training is completed.

19. With regard to the technician certification, UNEP informed that at the moment, the technicians certification scheme is only through examination conducted after training on code of good practice is provided. Only RAC technicians passing the examination will be certified by DEPR. Harmonization of the qualification of RAC technicians with the certification programme of DME to make it a mandatory requirement regardless of whether they are working on government contracts or not, will be implemented as part of this tranche.

Conclusion

20. The consumption of 3.45 ODP tonnes of HCFC in 2017 was 43 per cent below the HCFC baseline for compliance and the maximum allowable consumption under the Agreement with the Executive Committee for that year. The Government continues to implement licensing and quota systems for monitoring and controlling HCFCs through its AP system. The Government has also committed to implement the recommendations of the verification report of HCFC consumption which should contribute to a better implementation of the AP system in future. The activities planned under the previous tranche have been implemented successfully, training activities were completed for both Customs officers and service technicians, a reclaim centre was identified, and awareness activities were conducted. The disbursement rate of the second tranche is 26 per cent and the overall disbursement rate is 76 per cent. The Government will implement the third tranche focusing on training of trainers and service technicians on safe handling of flammable refrigerants, and Customs officers on the harmonized Customs code and improving recording of imports to strengthen the HCFC import/export licensing system, and harmonization

of the certification system for RAC technicians, which ensure long term sustainability of the training programme.

RECOMMENDATION

21. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the second tranche of stage I of the HCFC phase-out management plan of (HPMP) for Brunei Darussalam; and further recommends blanket approval of the third tranche of stage I of the HPMP for Brunei Darussalam, and the corresponding 2018-2020 tranche implementation plan, at the funding levels shown in the table below, on the understanding that UNEP would include an update on progress toward implementing the recommendations in the verification report submitted to the 82nd meeting, including strengthening the licensing system, improving communication with Customs and additional training for Customs officers, and strengthening the data recording procedures, as part of the progress report on the implementation of the third tranche of the HPMP.

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage I, third tranche)	7,000	910	UNEP
(b)	HCFC phase-out management plan (stage I, third tranche)	33,000	2,970	UNDP