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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-fourth Meeting
Montreal, 16–20 December 2019

PROJECT PROPOSAL: DOMINICA

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, second tranche) UNEP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Dominica

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (Stage I)	UNEP	62 nd	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2018	0.16 (ODP tonnes)

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2018	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					0.16				0.16

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	0.40	Starting point for sustained aggregate reductions:	0.23
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.08	Remaining:	0.15

(V) BUSINESS PLAN		2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.03	0.01	0.04
	Funding (US \$)	74,354	18,588	92,942

(VI) PROJECT DATA			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*	2020	Total
Montreal Protocol consumption limits			n/a	n/a	n/a	0.23	0.23	0.21	0.21	0.21	0.21	0.21	0.15	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	n/a	0.23	0.23	0.21	0.21	0.21	0.21	0.21	0.15	n/a
Agreed funding (US\$)	UNEP	Project costs	82,250	0	0	0	0	0	65,800	0	0	0	16,450	164,500
		Support costs	10,693	0	0	0	0	0	8,554	0	0	0	2,138	21,385
Funds approved by ExCom (US\$)		Project costs	82,250	0	0	0	0	0	0	0	0	0	0	82,250
		Support costs	10,693	0	0	0	0	0	0	0	0	0	0	10,693
Total funds requested for approval at this meeting (US\$)		Project costs										65,800		0
		Support costs										8,554		0

* The second tranche should have been submitted in 2016.

Secretariat's recommendation:	Blanket approval

PROJECT DESCRIPTION

1. On behalf of the Government of Dominica, UNEP as the designated implementing agency has submitted a request for funding for the second tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$65,800, plus agency support costs of US \$8,554.¹ The submission includes a progress report on the implementation of the first tranche, the verification report of HCFC consumption for 2013 to 2018 and the tranche implementation plan for 2020.

Introduction

2. The implementation of the HPMP was delayed owing to several changes of the National Ozone Officer (NOO) and the impact of the hurricane in 2017, during which the National Ozone Unit (NOU) office was damaged. The Executive Committee approved an additional US \$20,000 at the 80th meeting to assist in starting up the NOU after the hurricane. With this assistance, the NOU restarted operating and it is expected that the implementation of the HPMP will speed up.

Report on HCFC consumption

3. The Government of Dominica reported a consumption of 0.16 ODP tonnes of HCFC-22 in 2018, which is 60 per cent below the HCFC baseline for compliance. The verification reported a much lower level of consumption (0.06 ODP tonnes) than the Article 7 data for the same year. The 2013-2018 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Dominica (2013-2018 Article 7 data and verified consumption)

HCFC-22	2013	2014	2015	2016	2017	2018	Baseline
Article 7 data							
Metric tonnes	1.62	3.01	2.45	2.45	2.31	2.99	7.27
ODP tonnes	0.09	0.17	0.13	0.13	0.13	0.16	0.40
Verification report data							
Metric tonnes	2.73	3.16	3.27	1.73	1.46	1.13	7.27
ODP tonnes	0.15	0.17	0.18	0.10	0.08	0.06	0.40

4. The HCFC consumption had been decreasing from 2014 to 2017 and increased slightly in 2018, which might be a result of a change in stock levels. Overall HCFC consumption has been decreasing, which is attributed to the implementation of activities under the HPMP.

Country programme (CP) implementation report

5. The Government of Dominica reported HCFC sector consumption data under the 2018 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

6. 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 for 2013 to 2018 was below the targets set in the Agreement with the Executive Committee for those years. The verification noted that the current harmonized customs system code (HS code) was unable to identify individual HCFCs; and there were persistent inconsistencies between the Article 7 data and the verified consumption, as shown in Table 1. The verification further noted that the NOU did not issue HCFC import quotas to individual HCFC

¹ As per the letter of 20 September 2019 from the Ministry of Environment, Climate Resilience, Disaster Management and Urban Renewal of the Commonwealth of Dominica to the Secretariat.

importers. Instead, it issued one quota at the national level. The imports were approved on a first come, first served basis until the national quota was depleted.

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

Legal framework

7. The Ministry of Environment, Climate Resilience, Disaster Management and Urban Renewal is the national body responsible for the implementation of the Montreal Protocol in Dominica. The NOU located within the Ministry coordinates the implementation of the HPMP. Dominica has established a regulatory framework for the control of imports of HCFCs and HCFC-based equipment. The licensing and quota system is being enforced. In accordance with decision 63/17, the Government provided a letter confirming 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 the country's compliance with the Montreal Protocol HCFC phase-out schedule.

8. Legislation was revised and approved by the Cabinet of Ministers. The revised regulations include: registration and licensing of importers and exporters of HCFCs and HFCs; a quota system to control the imports of HCFCs; restrictions on the sale of HCFCs to licensed refrigeration and air-conditioning (RAC) technicians; procedure for seizure and disposal of illegal HCFC imports; controls over the imports of HCFC-based equipment; the licensing of technicians; and labelling of HCFCs and their equipment.

Refrigeration servicing sector

9. The following activities were implemented during the first tranche:

- (a) Training of 47 customs and law enforcement officers, and 30 customs brokers in monitoring and controlling HCFC imports and identification of HCFCs;
- (b) Developing training materials and recruitment of a consultant for training RAC technicians (the training programme will commence in the second tranche); and
- (c) Conducting public awareness activities through various media portals on the revised legislative framework, the phase-out of HCFCs and the introduction of low-GWP alternatives; distributing tools and equipment purchased under the terminal phase-out management plan to technicians.

Progress monitoring and reporting

10. The implementation of the HPMP and progress monitoring was conducted by the NOU. The NOO reports directly to the Permanent Secretary who provides guidance on the implementation of activities at the policy level. In addition, the NOO consults with members of the National Ozone Steering Committee as needed. No expenditure occurred so far.

Level of fund disbursement

11. As of October 2019, of the US \$82,250 approved so far, US \$25,595 (31 per cent) had been disbursed. The balance of US \$56,655 will be disbursed in 2020.

Implementation plan for the second tranche of the HPMP

12. The following activities will be implemented in 2020:
- (a) Introduction of the 2012 version of the HS code, conducting two training workshops for 30 customs and law enforcement officers in monitoring and control of ODS trade, preventing illegal imports; purchase of three refrigerant identifiers for the major seaports of Roseau and Portsmouth, and the Douglas-Charles Airport in Marigot (US \$19,000);
 - (b) Organizing one workshop for the Bureau of Standards and customs brokers on the classification of ODS refrigerants and ODS-containing products (US \$8,000);
 - (c) Conducting two training workshops to train 30 technicians in good servicing practices, refrigerant recovery and reuse, and servicing RAC units with alternatives (US \$15,800 plus US \$20,000 from the first tranche);
 - (d) Conducting one technical seminar for RAC technicians on the promotion of low-GWP alternatives (US \$5,000);
 - (e) Training of two technicians in Germany in safe handling of flammable and toxic refrigerants (US \$12,155 from the first tranche);
 - (f) Implementing public education and awareness-raising activities on HCFC phase-out and introduction of low-GWP alternatives through multiple media including radio, television and dissemination of promotional materials (US \$5,000); and
 - (g) Monitoring, coordination and reporting on the implementation of HPMP; a consultant will be employed to assist the NOU in monitoring progress and preparing regular reports to UNEP (US \$13,000).
13. In addition, to address the recommendation from the verification report, under institutional strengthening funding, the NOU will engage all stakeholders (e.g., customs, Ministry of Trade, importers, customs brokers) to review the procedures for HCFC import control, the licensing and quota system, and to identify improvement in data recording.

SECRETARIAT'S COMMENTS AND RECOMMENDATION**Comments**Report on HCFC consumption

14. Dominica has established its baseline consumption of 0.4 ODP tonnes based on Article 7 reporting. The starting point for aggregate reduction in HCFC consumption was agreed at 0.23 ODP tonnes, estimated based on the servicing demand when the HPMP was approved. The verification reported higher consumption levels than the Article 7 reporting in 2014 and 2015, but lower consumption levels from 2016 to 2018. Since the verification report data is considered more accurate than the customs data, the Government is considering submitting a request to revise the Article 7 data from 2013 to 2018 according to the verification report data.

Verification report

15. Although the licensing and quota system is operational, the verification suggested to further improve it to achieve more accurate data reporting through the introduction of the new HS code to enable

identification of individual HCFCs, as well as the issuance of quotas at the individual importer level. The Government has included these activities in the revised work plan of the second tranche.

16. The Secretariat considers that the effective operation of the licensing and quota system is crucial for achieving compliance with the targets in the Montreal Protocol and the Agreement with the Executive Committee, and therefore suggests that approval of funding of the third (and final) tranche, to be submitted to the 86th meeting, be made conditional on the introduction of the new HS code and the issuance of quotas to individual importers.

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

Legal framework

17. The Government of Dominica has already issued HCFC import quotas for 2019 at 0.21 ODP tonnes in accordance with the maximum allowable consumption target set for the year in the Agreement with the Executive Committee.

Refrigeration servicing sector

18. The Secretariat noted that the Government intended to reallocate the funding originally planned for retrofitting to hydrocarbon refrigerant to the training of trainers and technicians for servicing R-407A and R-410A systems and retrofits. Upon an inquiry, UNEP clarified that the Government did not intend to retrofit HCFC-based equipment; this funding had been reallocated to sending two technicians to Germany for training in handling low-GWP technologies. The Secretariat inquired if retrofitting to hydrocarbons had been occurring in Dominica and discussed the relevant decisions of the Executive Committee² in this regard. UNEP confirmed that the Government of Dominica understood the implications of retrofits and did not intend to retrofit from any refrigerant to new technologies.

19. Regarding the training of RAC technicians planned for the first tranche, UNEP indicated that due to the several changes of NOO and the hurricane, the training could not take place and confirmed that it would take place in the second tranche. Despite the delay, UNEP also confirmed that with the reestablishment of the NOU, implementation would speed up and the final tranche would be submitted as planned in 2020.

Revision of the Agreement

20. The HPMP for Dominica was approved prior to the establishment of the HCFC baseline for compliance. Subsequently, the baseline for Dominica has been established at 0.40 ODP tonnes based on Article 7 reporting. The Secretariat reviewed the consumption from 2011 to 2018 and believes the starting point, estimated at 0.23 ODP tonnes based on the servicing demand when the HPMP was approved, is appropriate, and therefore suggests maintaining it. Based on the established baseline and in accordance with decision 62/42(d), the Secretariat has updated Appendix 2-A of the Agreement as shown in Annex I to this document. The full revised Agreement will be appended to the final report of the 84th meeting.

Sustainability of the HCFC phase-out

21. To achieve the long-term sustainability of HCFC phase-out, the Government plans to integrate HCFC and HFC modules into the customs training manual in stage II of the HPMP. It will also consider the certification of technicians as an important policy decision to support the management of refrigerants and the transition to non-HFC/HCFC refrigerants and technologies.

² Decisions 72/41 and 73/34

Conclusion

22. The Government of Dominica has established a licensing and quota system for the control of HCFC imports and exports, and is considering further improving the effectiveness of the system. Dominica is in compliance with the control targets set in its Agreement with the Executive Committee, which is lower than the Montreal Protocol consumption limit. The recommendations from the consumption verification conducted for 2013 to 2018 for further improvement of the licensing and quota system have been incorporated into the work plan of the second tranche. Training has been provided to customs officers, and refrigerant identifiers will be provided in the second tranche. Training for servicing technicians has been planned in the second tranche. The implementation of the HPMP was delayed due to the hurricane in 2017, and now the NOU is undertaking speedy implementation. The disbursement of funding for the first tranche has reached 31 per cent.

Recommendation

23. The Fund Secretariat recommends that the Executive Committee:

- (a) Take note of the progress report on the implementation of the first tranche of stage I of the HCFC phase-out management plan (HPMP) for Dominica; and
- (b) Note that the Fund Secretariat had updated Appendix 2-A of the Agreement between the Government of Dominica 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 62nd meeting, as contained in Annex I to the present document.

24. The Fund Secretariat further recommends blanket approval of the second tranche of stage I of the HPMP for Dominica, and the corresponding 2019-2020 tranche implementation plan, at the funding level shown in the table below on the understanding that the approval of the third tranche would be conditional on the introduction of the 2012 version of the harmonized system code and the issuance of HCFC quotas to individual importers:

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage I, second tranche)	65,800	8,554	UNEP

Annex I

TEXT TO BE INCLUDED IN THE UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF DOMINICA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE PHASE-OUT OF HYDROCHLOROFLUOROCARBONS

(Relevant changes are in bold font for ease of reference)

16. This updated Agreement supersedes the Agreement reached between the Government of Dominica and the Executive Committee at the 62nd meeting of the Executive Committee.

APPENDIX 2-A: THE TARGETS, AND FUNDING

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)				0.40	0.40	0.36	0.36	0.36	0.36	0.36	0.26	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)				0.23	0.23	0.21	0.21	0.21	0.21	0.21	0.15	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	82,250									65,800	16,450	164,500
2.2	Support costs for Lead IA (US \$)	10,693									8,554	2,138	21,385
3.1	Total agreed funding (US \$)	82,250									65,800	16,450	164,500
3.2	Support costs (US \$)	10,693									8,554	2,138	21,385
3.3	Total agreed costs (US \$)	92,943									74,354	18,588	185,885
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this agreement (ODP tonnes)												0.08
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)												0.15