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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-fifth Meeting
Montreal, 25-29 May 2020
Postponed to 19-22 July 2020*

PROJECT PROPOSAL: MONGOLIA

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, fourth tranche) UNEP and Japan

* Due to coronavirus disease (COVID-19)

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Mongolia

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (Stage I)	Japan, UNEP (lead)	63 rd	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2018	0.69 (ODP tonnes)

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2019	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123				0.0	0.0				0.0
HCFC-124				0.0	0.0				0.0
HCFC-141b				0.0	0.0				0.0
HCFC-142b				0.0	0.0				0.0
HCFC-22				0.0	0.74				0.74

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	1.4	Starting point for sustained aggregate reductions:	1.4
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	1.0	Remaining:	0.4

(V) BUSINESS PLAN		2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.1	0.1
	Funding (US \$)	41,810	41,810

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	n/a	1.4	1.4	1.3	1.3	1.3	1.3	1.3	0.9	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	1.4	1.4	0.77	0.77	0.77	0.77	0.77	0.4	n/a
Agreed funding (US \$)	Japan	Project costs	130,000	0	0	0	0	0	0.0	0.0	0.0	0.0	130,000
		Support costs	16,900	0	0	0	0	0	0.0	0.0	0.0	0.0	16,900
	UNEP	Project costs	65,000	0	65,000	0	0	69,000	0.0	0.0	0.0	37,000	236,000
		Support costs	8,450	0	8,450	0	0	8,970	0.0	0.0	0.0	4,810	30,680
Funds approved by ExCom (US \$)	Project costs	195,000	0	65,000	0	0	69,000	0.0	0.0	0.0	0.0	329,000	
	Support costs	25,350	0	8,450	0	0	8,970	0.0	0.0	0.0	0.0	42,770	
Total funds requested for approval at this meeting (US \$)	Project costs											37,000	37,000
	Support costs											4,810	4,810

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Mongolia, UNEP as the lead implementing agency, has submitted a request for funding for the fourth and final tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$37,000, plus agency support costs of US \$4,810 for UNEP only.¹ The submission includes a progress report on the implementation of the third tranche, the verification report on HCFC consumption for 2016 to 2019, and the tranche implementation plan for 2020 to 2021.

Report on HCFC consumption

2. The Government of Mongolia reported under country programme implementation report a consumption of 0.74 ODP tonnes of HCFC in 2019, which is 47 per cent below the HCFC baseline for compliance. The 2015-2019 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Mongolia (2015-2019 Article 7 data)

HCFC	2015	2016	2017	2018	2019*	Baseline
Metric tonnes						
HCFC-22	11.56	8.18	10.71	12.61	13.38	23.73
HCFC-142b	0.001	0.00	0.00	0.00	0.00	0.00
Total (mt)	11.58	8.18	10.71	12.61	13.38	23.73
ODP tonnes						
HCFC-22	0.64	0.45	0.59	0.69	0.74	1.4
HCFC-142b	0.00	0.00	0.00	0.00	0.00	0.00
Total (ODP tonnes)	0.64	0.45	0.59	0.69	0.74	1.4

*Country programme data.

3. The decrease in the HCFC consumption in 2016 was due to the weak economic growth experienced in the country; subsequently, a steady growth in the construction sector and an increase demand in cold storage systems for meat processing industries resulted in an increase in HCFC consumption. While HCFC consumption increased since 2017, it was at a lower level than the consumption allowed under the Protocol (i.e., 1.26 ODP tonnes), because of the implementation of phase-out activities under the HPMP, including the enforcement of the licensing and quota system, training provided to customs officers and technicians, and technical assistance provided to the servicing sector. Some importers are stockpiling HCFCs because of the reduction of HCFC consumption required in 2020 (i.e., from 0.77 ODP tonnes to 0.40 ODP tonnes), as committed in the Agreement between the Government and the Executive Committee.

Country programme (CP) implementation report

4. The Government of Mongolia reported HCFC sector consumption data under the 2018 CP implementation report which is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

5. The verification report confirmed that the Government is implementing an operational licensing and quota system for HCFC imports and exports, that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for 2016 to 2018 was correct (as shown in Table 1 above), and that Mongolia is in compliance with both the Montreal Protocol reduction schedule and the maximum allowable consumption for HCFCs in its Agreement with the Executive Committee for 2016-2019. The verification report included recommendations for improving the quota, licencing and reporting systems, improvements on the labelling requirements for the import of refrigerants and recommended conducting random inspections to reduce the risk of illegal trade of ODS. UNEP confirmed that the Government of Mongolia

¹ As per the letter of 27 February 2020 from the Ministry of Environment and Tourism of Mongolia to UNEP.

will implement the recommendations included in the verification report during the fourth tranche of stage I, and stage II of the HPMP.

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

Legal framework

6. In 2018, the Government of Mongolia updated the regulation on ODS licensing, in force since 1999. The updated resolution², entered into force on 1 January 2019, *inter alia* regulates the ODS licensing and quota system, ODS alternatives and ODS-based equipment; includes a revised format for quota application and for reporting the refrigeration and air-conditioning (RAC) equipment imported, sold, and charged with any type of refrigerant; and requires that servicing of RAC equipment can only be undertaken by certified technicians.

Manufacturing sector

7. Stage I of the HPMP included the conversion from HCFC-22 to HFC-152a of two extruded polystyrene (XPS) foam manufacturing enterprises (i.e., Bilguun Trade LLC and New Warm LLC). The conversions were completed in 2017 resulting in the phase-out of 9.9 mt (0.54 ODP tonnes) of HCFC-22. The National Ozone Administration (NOA) in cooperation with the General Agency of Specialized Inspection conducted inspections to verify the destruction of obsolete baseline equipment and the implementation of safety procedures before the disbursement of a final instalment to the two enterprises.

Refrigeration servicing sector

8. The following activities were implemented:

- (a) A total of 110 customs, enforcement and environmental officers received training on ODS import and export (28 of the participants were female); and one customs officer received training in Japan on the legal framework and RAC technologies;
- (b) A total of 192 RAC technicians were trained on good refrigeration service practices; five trainers were trained in China on safe servicing of R-290-based equipment; and the database containing an inventory of large HCFC-based equipment and information on alternative technologies, established in 2015, continues to be used; and
- (c) Awareness programmes including the publication of interviews on ozone protection and the phase-out of HCFCs in newspapers, websites, and broadcast on television; publication of two handbooks namely, Legal framework of ozone layer protection and HCFC control policies/regulation for customs enforcement officers and Refrigeration system and heat pump-personnel competence were developed and disseminated; and publication in the local language of the handbooks on Good practice in refrigeration and on Phasing out HCFCs in the refrigeration and air-conditioning servicing sector. The NOA organized the first O2C technology roadshow and industry roundtable in 2019 with 150 participants from industries, research institutes, education and training centres, and government agencies, where the latest zero-ODP and low-GWP alternative technologies were displayed.

² Resolution #277 of 2018.

Project implementation and monitoring unit (PMU)

9. All the activities under the HPMP were coordinated and implemented by a full-time coordinator recruited under the PMU component who also facilitated the collection and verification of HCFC import data. The funding disbursed of US \$25,846 was for one personnel hired as part of the PMU.

Level of fund disbursement

10. As of February 2020, of the US \$329,000 approved so far, US \$316,846 had been disbursed (US \$186,846 for UNEP and US \$130,000 for Japan) as shown in Table 2. The balance of US \$12,154 will be disbursed in 2020.

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

Agency	First tranche		Second tranche		Third tranche		Total	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNEP	65,000	65,000	65,000	65,000	69,000	56,846	199,000	186,846
Japan	130,000	130,000	0	0	0	0	130,000	130,000
Total	195,000	195,000	65,000	65,000	69,000	56,846	329,000	316,846
Disbursement rate (%)	100		100		82.4		96	

Implementation plan for the fourth and final tranche of the HPMP

11. The following activities will be implemented between July 2020 and December 2021:
- (a) One training programme for 40 customs officers (targeting at least 25 per cent female participation); and participation in the informal prior informed consent (iPIC) (UNEP) (US \$5,000);
 - (b) Strengthening of certification system for the RAC servicing technicians including occupational standard and curriculum development; following up on the adoption of international refrigeration, air-conditioning and heat pump safety standards; developing criteria/indicators for a green loan (credit) for RAC equipment to allow end-users to purchase ozone-friendly energy-efficient equipment (UNEP) (US \$20,000);
 - (c) Engaging the RAC association and the mass media in awareness raising and outreach activities including International Ozone Day with regard to HCFC phase-out and ozone and climate friendly alternatives (UNEP) (funds from previous tranche); and
 - (d) PMU: developing a work plan and reporting on the implementation status; ensuring enforcement of relevant laws, regulations, and monitoring and control; ensuring development and maintenance of a database of alternative technologies to HCFCs (UNEP) (US \$12,000 for salaries).

SECRETARIAT’S COMMENTS AND RECOMMENDATION

COMMENTS

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

Legal framework

12. The Government of Mongolia has issued HCFC import quotas for 2020 at 0.4 ODP tonnes, which is lower than the Montreal Protocol control targets and equal to the maximum allowable consumption in its Agreement with the Executive Committee for stage I of the HPMP.

Refrigeration servicing sector

13. The Secretariat queried on the impact of the requirement of the 2018 Resolution to employ only certified technicians and asked whether a mandatory technician certification programme is in place. UNEP clarified that the resolution requires that when requesting a license to use ODS for servicing, servicing workshops have to demonstrate that their technicians have the requisite certificate. The NOU therefore works closely with the servicing enterprises to ensure that their technicians are trained. The NOU also recognized that many technicians have not received formal training; to expand the approach of the training programmes, the NOU is working to increase awareness among those technicians and encouraging them to participate in the pilot Recognition of Prior Learning (RPL) scheme in collaboration with Mongolia TVET Assessment Centre. This approach will allow for the recognition of the training provided under the HPMP, the formalization of which will need to be adopted as part of the TVET and the national qualification system. This formalization is expected to be done as part of this last tranche. Stage II of the HPMP will then work towards a formal certification of technicians.

14. UNEP also clarified that while the country had only completed two out of three workshops that were planned, the third workshop will be implemented alongside activities of the fourth tranche. The Secretariat noted that with the two workshops, Mongolia had already achieved its target of training 100 technicians.

Gender policy implementation³

15. The Secretariat noted that during the implementation of the third tranche, the Government of Mongolia and UNEP trained 28 female customs officers which comprised 25 per cent of the total officers trained during this period. The Government will continue to encourage female participation and will aim at a 25 per cent female participation rate for customs training to be carried out under the fourth tranche.

Sustainability of the HCFC phase-out

16. The Government of Mongolia revised their ODS regulation in 2018 to further strengthen the licensing and quota system for the import, sale and use of ODS, alternatives and ODS-containing equipment to ensure compliance with the Montreal Protocol control measures. The NOU is working closely with the Customs office to integrate Montreal Protocol issues particularly those relating to ODS regulations and the Customs and Excise Act into the Customs training curricula. The Secretariat noted that the activities in the servicing sector including the national certification system for RAC technicians and training programmes are progressing and have met the expected targets on time. All these aforementioned measures will ensure sustainability of the HCFC phase-out.

Conclusion

17. The Secretariat noted that the licensing and quota system is operational and will enable consumption reductions in line with the Montreal Protocol's phase-out schedule and the country's Agreement with the Executive Committee. The activities for the conversion of the XPS foam sector have been completed and a ban on the imports of HCFC-22 for use in XPS foam manufacturing is in place. Activities for the servicing sector continue to be implemented and will be supported by a technician certification scheme to be put in place in stage II of the HPMP. The overall fund disbursement has reached

³ Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

96 per cent. It was also confirmed that stage I of the HPMP would be completed in accordance with the country's Agreement with the Executive Committee and that stage II will be submitted in 2021.

RECOMMENDATION

18. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the third tranche of stage I of the HCFC phase-out management plan (HPMP) for Mongolia; and further recommends blanket approval of the fourth and last tranche of stage I of the HPMP for Mongolia, and the corresponding 2020-2021 tranche implementation plan, at the funding level shown in the table below.

	Project Title	Project Funding (US \$)	Support Cost (US \$)	Implementing Agency
(a)	HCFC phase-out management plan (stage I, fourth tranche)	37,000	4,810	UNEP