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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-seventh Meeting
Montreal, 28 November - 2 December 2016

PROJECT PROPOSAL: ETHIOPIA

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 and UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Ethiopia

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (Stage I)	UNEP (lead), UNIDO	68th	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2015	4.69 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2015	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					4.69				4.69

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	5.5	Starting point for sustained aggregate reductions:	5.5
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	1.92	Remaining:	3.58

(V) BUSINESS PLAN		2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.3	0	0	0	0.2	0.6
	Funding (US \$)	62,150	0	0	0	39,550	101,700
UNIDO	ODS phase-out (ODP tonnes)	0.4	0	0	0	0	0.4
	Funding (US \$)	76,300	0	0	0	0	76,300

(VI) PROJECT DATA			2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits			n/a	5.5	5.5	4.95	4.95	4.95	4.95	4.95	3.58	n/a	
Maximum allowable consumption (ODP tonnes)			n/a	5.5	5.5	4.95	4.95	4.95	4.95	4.95	3.58	n/a	
Agreed funding (US \$)	UNEP	Project costs	85,000	0	0	0	55,000	0	0	0	35,000	175,000	
		Support costs	11,050	0	0	0	7,150	0	0	0	4,550	22,750	
	UNIDO	Project costs	70,000	0	0	0	70,000	0	0	0	0	0	140,000
		Support costs	6,300	0	0	0	6,300	0	0	0	0	0	12,600
Funds approved by ExCom (US \$)	Project costs		155,000	0	0	0	0.0		0	0	0	155,000	
	Support costs		17,350	0	0	0	0.0		0	0	0	17,350	
Total funds requested for approval at this meeting (US \$)	Project costs						125,000					125,000	
	Support costs						13,450					13,450	

Secretariat's recommendation:	For blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Ethiopia, UNEP as the lead implementing agency, has submitted to the 77th meeting a request for funding for the second tranche of stage I of the HCFC phase-out management plan (HPMP), at a total cost of US \$138,450, consisting of US \$55,000, plus agency support costs of US \$7,150 for UNEP, and US \$70,000, plus agency support costs of US \$6,300 for UNIDO¹. The submission includes a progress report on the implementation of the first tranche, the verification report on HCFC consumption for the years 2013, 2014 and 2015, and the tranche implementation plan for 2016 to 2019.

Report on HCFC consumption

HCFC consumption

2. The Government of Ethiopia reported a consumption of 4.69 ODP tonnes of HCFC in 2015. The 2011-2015 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Ethiopia (2011-2015 Article 7 data)

HCFC-22	2011	2012	2013	2014	2015	Baseline
Metric tonnes	205.09	196.36	99.27	77.27	85.27	100.00
ODP tonnes	11.28	10.8	5.46	4.25	4.69	5.5

3. Ethiopia's consumption is in the servicing sector only, with servicing demand dominated by the air conditioning sector (mainly split and window-type units and central air-conditioning systems used by Government and private institutions). Ethiopia's consumption has been reduced due to the implementation of the import/export license and quota system and the implementation of the activities in the refrigeration servicing sector included in the HPMP.

Verification report

4. 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, 2014, and 2015 was 5.46, 4.25, and 4.69 ODP tonnes, respectively. The verification concluded that Ethiopia has met the consumption targets specified in the Agreement between the Country and the Executive Committee. The report also included information on the import of refrigerants other than HCFCs, including HFCs, hydrocarbons, ammonia, and carbon dioxide; while permits are only issued for controlled substances, importation of any refrigerant is tracked and recorded with customs at the point of entry.

Country programme (CP) implementation report

5. The Government of Ethiopia reported HCFC sector consumption data under the 2015 CP implementation report which is consistent with the data reported under Article 7 of the Montreal Protocol. Minor differences in reporting are due to rounding.

¹ As per the letter of 3 October 2016 from the Ministry of Environment, Forest and Climate Change of Ethiopia to the Secretariat.

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

Legal framework

6. Ethiopia's ODS regulations, gazetted in 2011, cover the imports and exports of ODS and ODS-based equipment, and provide for a licensing system for all ODS controlled including HCFCs. The Environmental Protection Agency (EPA) is the focal point for the Montreal Protocol and coordinates all national activities to meet compliance. The EPA works closely with the Ethiopian Customs and Revenue Authority in the enforcement of the ODS regulations. It is also responsible for the logistical and enforcement mechanisms for the ODS regulations and raising awareness of the importers and the general public on ozone issues.

7. Three training sessions for 220 customs officers on identification of ODS, combating illegal trade, and implementation of national ODS legislation were conducted. Four refrigerant identifiers were procured and distributed to border crossings into the country.

Refrigeration servicing sector

8. The following activities were implemented:

- (a) Three workshops to train 150 refrigeration technicians in good refrigeration practices, including in the use of hydrocarbon technologies were conducted, and servicing tool kits, including refrigerant identifiers, equipment for refrigerant handling and to check and repair leaks, were procured;
- (b) Strengthening regional centres to support technical and vocational training centres, including raising awareness and capacity-building for hydrocarbon refrigerants and the safe handling of flammable refrigerants, as well as good refrigeration practices, containment, recovery and recycling and reuse of recovered refrigerants. Equipment (e.g., refrigerant identifiers, recovery units with cylinders, manifold gauge sets, gas detectors, and hydrocarbon teaching units) was procured and is being distributed to the technical and vocational centres;
- (c) The national ozone unit (NOU) and members of the association conducted random inspection visits to check the quality of refrigerants at retail shops using the refrigerant identifiers;
- (d) A meeting with the refrigeration association was organized where the code of conduct for technicians was adopted; and
- (e) Awareness-raising activities were conducted through two meetings for importers, suppliers, refrigeration practitioners, technicians and the general public.

Project implementation and monitoring unit (PMU)

9. The NOU recruited a consultant to assist monitoring the implementation of the HPMP activities, to collect and monitor data on imported HCFCs and their distribution.

Level of fund disbursement

10. As of October 2016, of the US \$155,000 so far approved (US \$85,000 for UNEP and US \$70,000 for UNIDO), US \$111,763 (72 per cent) had been disbursed (US \$55,000 for UNEP and US \$55,763 for UNIDO). The balance of US \$43,237 will be disbursed in 2017 and 2018.

Implementation plan for the second tranche of the HPMP

11. The following activities will be implemented:

- (a) Two workshops for approximately 40 customs officers on enforcement of ODS policy and regulations and the implementation of new customs curricula, and procurement of three refrigerant identifiers (UNEP) (US 20,000);
- (b) Procurement and distribution of additional training equipment (e.g., refrigerant identifiers, recovery units with cylinders, manifold gauge sets, gas detectors, and hydrocarbon teaching units) to the vocational training centres (UNIDO) (US \$70,000);
- (c) Two workshops for approximately 80 refrigeration technicians in good refrigeration practices; quarterly meetings of the refrigeration association; and review of training curricula for technicians (UNEP) (US \$30,000); and
- (d) Continued monitoring, reporting and evaluation of the implementation of activities (UNEP) (US \$5,000).

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

12. Ethiopia's baseline and starting point for aggregate reductions in consumption is 5.5 ODP tonnes. At the time of submitting stage I, the Government of Ethiopia had initially proposed an estimated baseline for compliance of 165 mt (9.1 ODP tonnes) calculated using an average of consumption of 130 mt (7.15 ODP tonnes) in 2009 and 200 mt (11 ODP tonnes) in 2010 based on survey data. At the time, the Secretariat had indicated that such a change in data would need consideration of the Implementation Committee under the Non-Compliance Procedure for the Montreal Protocol and subsequent approval of the Parties to the Montreal Protocol, and that if the Parties of the Montreal Protocol approve the request for modification of the HCFC consumption previously reported for 2009, an adjustment to the funding would be made according to the revised baseline, when the second tranche is requested.² As no change in 2009 consumption was approved by the Parties, no adjustments to the funding or starting point are recommended.

² Paragraph 16 of UNEP/OzL.Pro/ExCom/68/28).

Verification report

13. The Secretariat noted that the verification report includes a number of recommendations and requested a description of how the country plans to implement those recommendations. UNEP explained that the Government has established a task force to advise on the actions to be taken to implement the recommendations, and noted that there is already an on-going dialogue with the customs authority on how the NOU and the customs authority can strengthen their collaboration, with a high-level meeting scheduled for the first quarter of 2017.

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

Legal framework

14. The HCFC import quota for 2016 has been established at 4.5 ODP tonnes.

Refrigeration servicing sector

15. The Secretariat noted the change in focus from strengthening of the regional retrofitting centres to support to technical and vocational training centres, in accordance with the decisions of the Executive Committee on retrofits, and sought additional information on the planned support. UNEP clarified that the main aim is to equip the technical and vocational training centres with the equipment and training material to ensure the long-term sustainability of the training of technicians component of the HPMP. The training for technicians has the aim to raise awareness on alternative refrigerants, including hydrocarbons, and to build their capacity on best refrigeration practices to service these flammable refrigerants and its equipment.

16. The Secretariat noted neither UNIDO nor UNEP are promoting the retrofit to hydrocarbons of equipment designed to operate with non-flammable refrigerants. UNEP and UNIDO further clarified that they have ensured the Government is properly informed of the decisions of the Executive Committee on retrofits³ and the associated responsibilities, further noting that decision 73/47 is included in the small-scale funding agreement that is signed with the Government for the implementation of HPMP activities.

Conclusion

17. The HPMP is progressing, 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, and the 2015 consumption level was below that specified in the Montreal Protocol. The level of disbursement is 72 per cent. The activities so far implemented and those planned under the second tranche will further strengthen the servicing sector, ensure the long-term sustainability of the activities, and continue to help enable the country to meet its compliance obligations under the Protocol.

RECOMMENDATION

18. The Fund Secretariat recommends that the Executive Committee 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 Ethiopia; and further recommends blanket approval of the second tranche of stage I of the HPMP for Ethiopia, and the corresponding 2016-2019 tranche implementation plan, at the funding levels shown in the table below, on the understanding that:

- (a) UNEP will report on the progress in implementing the recommendations in the verification report in the next tranche submission; and

³ Decisions 72/17 and 73/47.

- (b) If Ethiopia were to decide to proceed with retrofits and associated servicing to flammable and toxic refrigerants in refrigeration and air-conditioning equipment originally designed for non-flammable substances, it would do so assuming all associated responsibilities and risks and only in accordance with the relevant standards and protocols:

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage I, second tranche)	55,000	7,150	UNEP
(b)	HCFC phase-out management plan (stage I, second tranche)	70,000	6,300	UNIDO