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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-first Meeting  
Montreal, 18-22 June 2018

**PROJECT PROPOSAL: SURINAME**

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 UNIDO

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

### Suriname

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase out plan (Stage I)	UNEP (lead), UNIDO	65 <sup>th</sup>	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2016	0.99 (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					1.15				1.15

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	2.0	Starting point for sustained aggregate reductions:	1.98
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.69	Remaining:	1.29

(V) BUSINESS PLAN		2018	2019	2020	Total
UNIDO	ODS phase-out (ODP tonnes)	0.10	0	0.03	0.13
	Funding (US \$)	31,610	0	9,810	41,420
UNEP	ODS phase-out (ODP tonnes)	0.12	0	0.04	0.16
	Funding (US \$)	39,550	0	15,255	54,805

(VI) PROJECT DATA			2011	2012	2013	2014	2015*	2016	2017	2018*	2019	2020	Total	
Montreal Protocol consumption limits			n/a	n/a	1.98	1.98	1.78	1.78	1.78	1.78	1.78	1.29	n/a	
Maximum allowable consumption (ODP tonnes)			n/a	n/a	1.98	1.98	1.78	1.78	1.78	1.78	1.78	1.29	n/a	
Agreed funding (US \$)	UNEP	Project costs	27,000	0	28,500	0	0	35,000	0	0	0	13,500	104,000	
		Support costs	3,510	0	3,705	0	0	4,550	0	0	0	1,755	13,520	
	UNIDO	Project costs	68,000	0	0	0	0	29,000	0	0	0	0	9,000	106,000
		Support costs	6,120	0	0	0	0	2,610	0	0	0	0	810	9,540
Funds approved by ExCom (US \$)	Project costs	95,000	0	0	0	28,500	0	0	0	0	0	0	123,500	
	Support costs	9,630	0	0	0	3,705	0	0	0	0	0	0	13,335	
Total funds requested for approval at this meeting (US \$)	Project costs									64,000			64,000	
	Support costs									7,160			7,160	

\*The second tranche should have been submitted in 2013 and the third tranche in 2016.

<b>Secretariat's recommendation:</b>	Blanket approval
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## PROJECT DESCRIPTION

1. On behalf of the Government of Suriname, 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),<sup>1</sup> at a total cost of US \$71,160, consisting of US \$35,000, plus agency support costs of US \$4,550 for UNEP, and US \$29,000, plus agency support costs of US \$2,610 for UNIDO. The submission includes a progress report on the implementation of the second tranche, the verification report on HCFC consumption for 2013-2017, and the tranche implementation plan for 2018 to 2020.

### Report on HCFC consumption

2. The Government of Suriname reported a consumption of 0.99 ODP tonnes of HCFC in 2016 and an estimated consumption of 1.15 ODP tonnes for 2017, which were 51 per cent and 43 per cent below the HCFC baseline for compliance, respectively. The 2013-2017 HCFC consumption is shown in Table 1.

**Table 1. HCFC consumption in Suriname (2013-2017 Article 7 data)**

HCFC	2013	2014	2015	2016	2017*	Baseline
<b>Metric tonnes</b>						
HCFC-22	22.50	27.13	25.54	18.05	20.90	35.3
HCFC-142b	0.00	0.00	0.00	0.00	0.00	0.6
<b>Total (metric tonnes)</b>	<b>22.50</b>	<b>27.13</b>	<b>25.54</b>	<b>18.05</b>	<b>20.90</b>	<b>33.9</b>
<b>ODP tonnes</b>						
HCFC-22	1.24	1.49	1.40	0.99	1.15	2.0
HCFC-142b	0.00	0.00	0.00	0.00	0.00	0.0
<b>Total (ODP tonnes)</b>	<b>1.24</b>	<b>1.49</b>	<b>1.40</b>	<b>0.99</b>	<b>1.15</b>	<b>2.0</b>

\*Country programme data submitted on 1 May 2018.

3. Despite the small consumption increase in 2017, the consumption has been decreasing since 2014 due to increase in introduction of HCFC-free alternatives (R-410A, R-407A, R-404A and hydrocarbons (HCs)), controls on imports of HCFCs consumption and training and capacity building of refrigeration and air-conditioning (RAC) technicians.

### *Country programme (CP) implementation report*

4. The Government of Suriname reported sector HCFC consumption data under 2016 CP implementation report is consistent with the data reported under Article 7 of the Montreal Protocol.

### *Verification report*

5. The verification report confirmed that HCFC consumption for the years 2013 to 2017 was below the Montreal Protocol and the Agreement targets. The verification report also identified gaps relating to implementation of import-export licensing and monitoring procedures such as mandatory no-objection certificates from the National Ozone Unit (NOU) before HCFCs are imported and data compilation on imports of HCFCs by importers.

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

#### *Legal framework*

6. The Government of Suriname has established a licensing and quota system for HCFC imports and exports. The system is operational and is being implemented by the Ministry of Trade and Industry and

<sup>1</sup> As per the letter of 16 April 2018 from the National Institute of Environment and Development of Suriname to the Secretariat.

operates on a 'first come, first served' basis with the preference given to annual regular importers. The Government would be considering import bans on HCFC-based equipment in future.

*Refrigeration servicing sector*

7. The following activities were implemented:

- (a) Thirty customs officers and 10 officers from Bureau of Standards were trained on ODS trade monitoring and control, HCFC regulations and control measures; support was provided to customs officers and Air-conditioning, Refrigeration and Ventilation Association of Suriname (ARVAS) on use of multi-refrigerant identifiers and verifying imported refrigerants using the identifiers;
- (b) Fifty technicians were trained in three workshops on good service practices and use of alternatives in a safe manner; four technicians participated in train-the-trainer regional workshop in Grenada on use of flammable refrigerants in HC-based RAC equipment and following the training, these technicians have developed a curriculum/training programme for training local technicians;
- (c) Basic refrigeration tools for good servicing (e.g., vacuum pump, identifiers, service tools), recovery-related tools and accessories were distributed to 20 service technicians; and
- (d) Awareness activities were carried out for technicians on alternative technologies and HCFC phase-out activities (250 brochures); 100 Customs Quick Tools were reproduced and distributed to Customs Department, importers and refrigeration technicians; and ODS data was publicised in environmental statistics data for 2017.

*Project implementation and monitoring*

8. The NOU, located within the National Institute for Environment and Development (NIMOS), undertakes project monitoring activities and manages day to day activities relating to stage I of the HPMP. ARVAS provides support to the NOU on training activities and technical support to service sector.

Level of fund disbursement

9. As of April 2018, of the US \$123,500 approved so far, US \$117,800 has been disbursed (US \$49,800 for UNEP and US \$68,000 for UNIDO) as shown in Table 2. The remaining funds will be disbursed in 2018.

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

Agency	First tranche		Second tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNEP	27,000	27,000	28,500	18,280	55,500	49,800
UNIDO	68,000	68,000	0	0	68,000	68,000
<b>Total</b>	95,000	95,000	28,500	18,280	123,500	117,800
<b>Disbursement rate (%)</b>	100.0		64		95	

Implementation plan for the third tranche of the HPMP

10. The following activities will be implemented between July 2018 and December 2020:
- (a) Training of 30 customs officers and 10 officers from the Bureau of Standards on data collection, HCFC import and export monitoring, and HFC-based equipment import monitoring; training programme for 15 customs brokers in two workshops on HCFC trade monitoring, identification of ODS and other refrigerants as well as refrigeration equipment with special emphasis on HFC-based equipment and training of refrigerant importers and retailers on record keeping and reporting, and penalties under national regulations relating to ODS (UNEP) (US \$8,500);
  - (b) Training of 50 RAC technicians in four training workshops on good servicing practices and safe use of new alternative refrigerants (UNEP) (US \$9,500);
  - (c) Procurement of basic equipment and tools (e.g., recovery equipment, servicing tools, leak detection equipment) for recovery of refrigerant and good service practices, for distribution to service technicians after receiving training (UNIDO) (US \$29,000);
  - (d) Publication of awareness materials on HCFC phase-out including alternative refrigerants; information outreach on HCFC licensing and quota system and related compliance requirements; and development of a commercial video on good practices and alternative refrigerants (UNEP) (US \$6,500); and
  - (e) Coordination and management of HPMP including project monitoring and reporting (UNEP) (US \$10,500).

**SECRETARIAT'S COMMENTS AND RECOMMENDATION****COMMENTS**Tranche submission delay

11. UNEP clarified that the third tranche request was delayed due to changes in administration in the Government that resulted in longer time for implementation of ongoing activities and initiation of new activities and a longer time required for completion of the verification report. These issues have now been resolved.

Report on HCFC consumption*Verification report*

12. The verification report for the period 2013 to 2017 highlighted several issues relating to implementation of licensing and quota system of HCFCs as summarised below:

- (a) The quota system that was implemented from 2014 necessitates issuance of "No objection" letter from the NOU to importers prior to imports of HCFCs; however, this process was not followed in many import transactions; in other cases, imports were effected even without no-objection letter. As a result, there was a possibility of total HCFC imports exceeding national HCFC import quota resulting in non-compliance with Montreal Protocol targets.

- (b) The report on the imported refrigerants in many instances included multiple refrigerants (both HCFCs and non-HCFCs) recorded with incorrect HS codes, making it difficult to identify and report on imported quantity of HCFCs; and
- (c) No penalties or incentives were in place for encouraging importers to follow correct procedures for accurately reporting imports of HCFCs.

13. The Secretariat expressed concerns to UNEP relating to the lack of operational import/export licensing and quota systems as required under decision 63/17, noting that these practices could result in import of HCFCs exceeding the targets set in the Agreement with the Executive Committee. UNEP explained that HCFC consumption under Article 7 is reported by the NOU based on import data confirmed with customs information; however, this could not be verified as customs data could not be provided to the verifier due to computer hardware failure. Nevertheless, UNEP has confirmed that upon receipt of verification report recommendations, the Government has undertaken information outreach and awareness activities relating to the licensing and quota system with importers in cooperation with ARVAS.

14. UNEP also mentioned that missions to the country to address import-export controls of HCFCs were planned since 2017 but could not be undertaken due to administrative difficulties faced by the Government. UNEP is now planning a mission in the second quarter of 2018, where specific actions to be taken for strengthening import/export licensing and quota systems including HCFC data monitoring at importers, retailers, enforcement officers and ARVAS will be discussed. UNEP will continue monitoring these actions during implementation of HPMP. It was agreed that the approval of the last tranche of stage I of the HPMP would be subject to fully addressing all the recommendations contained in the verification report.

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

##### *Legal framework*

15. The Government of Suriname has already issued HCFC import quotas for 2018 at 1.49 ODP tonnes to four importers which is lower than the Montreal Protocol targets.

##### *Refrigeration servicing sector*

16. Regarding awareness and adoption of HCFC-free technologies, UNEP clarified that the NOU will provide information to the refrigeration service sector through training, workshops and awareness campaigns. Furthermore, ARVAS works closely with the NOU on technical information sharing with the industry on emerging HCFC-free alternatives; the Government also encourages import and use of low-GWP alternatives such as R-290 and R-717.

17. Regarding training on use of low-GWP flammable refrigerants in RAC equipment and in the context of decisions 72/17 and 73/34, UNEP clarified that the Government is aware of the decisions and not actively promoting the retrofit of existing RAC equipment to HC technology. The service technicians are sensitized on the risks associated with retrofit of equipment designed for non-flammable to flammable refrigerants and do not encourage such retrofits. NOU is working with the Bureau of Standards and other organisations on development of certification standards for service technicians that includes safe use of flammable refrigerants in RAC equipment; this certification is likely to be in place in the next two years.

18. UNEP provided additional information on the current approach of the Government on capacity building and training which includes working with the two technical training institutions<sup>2</sup> in training

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<sup>2</sup> NATIN (Natuurtechnisch Instituut or Nature Technical Institute - secondary technical level) and SAO (Stichting Arbeidsmobilisatie or the Foundation Labour Mobilisation - primary technical level)

RAC technicians and customs on HPMP activities, implementing training in close cooperation with ARVAS and implementation of programme for certification of technicians in the next two years; these steps would result in sustainable capacity of RAC technicians on good service practices and monitoring of customs on HCFCs use in the country.

### Conclusion

19. The Secretariat noted that Suriname was in compliance with the Montreal Protocol in 2016 based on Article 7 data report and the 2017 data under CP implementation report is 43 per cent below the baseline for compliance; however, additional actions have been identified and will be implemented to improve and strengthen the licensing and quota systems, monitoring procedures, data management and controls. The Government proposes to continue working with industry to ensure compliance with HCFC import/export procedures including data collection and reporting during the third tranche. Despite the delays in project initiation, service sector training and technical information outreach is progressing satisfactorily in cooperation with ARVAS. Training of technicians on good practices and safe use of alternatives will continue and additional equipment support would be provided to technicians during the third tranche. The Government will continue to implement the planned activities to ensure compliance with the future targets in stage I.

### **RECOMMENDATION**

20. 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 (HPMP) for Suriname, and further recommends blanket approval of the third tranche of stage I of the HPMP for Suriname, and the corresponding 2018 to 2020 tranche implementation plan, at the funding level shown in the table below, on the understanding that:

- (a) Funding under the last tranche of stage I of the HPMP for Suriname would be considered only after the Government of Suriname has addressed all the issues identified in the verification report and implemented relevant actions that had strengthened import/export licensing and quota systems; and
- (b) If Suriname 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.

	<b>Project title</b>	<b>Project funding (US \$)</b>	<b>Support cost (US \$)</b>	<b>Implementing agency</b>
(a)	HCFC phase-out management plan (stage I, third tranche)	35,000	4,550	UNEP
(b)	HCFC phase-out management plan (stage I, third tranche)	29,000	2,610	UNIDO