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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-sixth Meeting  
Montreal, 2-6 November 2020  
Postponed to 8-12 March 2021<sup>1</sup>

**PROJECT PROPOSAL: ARMENIA**

This document consists of the comments and recommendation of the Secretariat on the following project proposal:

Phase-out

- HCFC phase-out management plan (stage II, third tranche) UNDP and UNEP

<sup>1</sup> 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

## Armenia

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage II)	UNDP (lead), UNEP	77 <sup>th</sup>	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2019	2.22 (ODP tonnes)
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(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-22					2.22				2.22

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	7.00	Starting point for sustained aggregate reductions:	7.83
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	5.49	Remaining:	2.34

(V) BUSINESS PLAN		2020
UNEP	ODS phase-out (ODP tonnes)	0.0
	Funding (US \$)	0
UNDP	ODS phase-out (ODP tonnes)	0.33
	Funding (US \$)	23,544

(VI) PROJECT DATA			2016	2017	2018	2019*	2020	Total
Montreal Protocol consumption limits			6.30	6.30	6.30	6.30	4.55	n/a
Maximum allowable consumption (ODP tonnes)			5.04	4.20	3.92	3.64	2.34	n/a
Agreed funding (US \$)	UNDP	Project costs	108,000	0	0	0	21,600	129,600
		Support costs	9,720	0	0	0	1,944	11,664
	UNEP	Project costs	35,000	0	51,400	0	0	86,400
		Support costs	4,550	0	6,682	0	0	11,232
Funds approved by ExCom (US \$)		Project costs	143,000	0	0	51,400	0	194,400
		Support costs	14,270	0	0	6,682	0	20,952
Total funds requested for approval at this meeting (US \$)		Project costs					21,600	21,600
		Support costs					1,944	1,944

\*The second tranche was expected to be submitted in 2018.

Secretariat's recommendation:	Blanket approval
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## PROJECT DESCRIPTION

1. On behalf of the Government of Armenia, UNDP as the lead implementing agency has submitted a request for funding for the third and final tranche of stage II of the HCFC phase-out management plan (HPMP), at the amount of US \$21,600, plus agency support costs of US \$1,944 for UNDP only.<sup>2</sup> The submission includes a progress report on the implementation of the second tranche, the verification report on HCFC consumption for 2018 to 2019 and the tranche implementation plan for 2020 to 2021.

### Report on HCFC consumption

2. The Government of Armenia reported a consumption of 2.22 ODP tonnes of HCFC in 2019, which is 68 per cent below the HCFC baseline for compliance and 39 per cent below the control target set its Agreement with the Executive Committee. The 2015-2019 HCFC consumption is shown in Table 1.

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

HCFC	2015	2016	2017	2018	2019	Baseline
<b>Metric tonnes</b>						
HCFC-22	42.36	11.46	17.00	42.66	40.39	126.69
HCFC-123	0.50	0.00	0.00	0.00	0.00	0.00
<b>Total (mt)</b>	<b>42.86</b>	<b>11.46</b>	<b>17.00</b>	<b>42.66</b>	<b>40.39</b>	<b>126.69</b>
<b>ODP tonnes</b>						
HCFC-22	2.33	0.63	0.94	2.35	2.22	7.00
HCFC-123	0.01	0.00	0.00	0.00	0.00	0.00
<b>Total (ODP tonnes)</b>	<b>2.34</b>	<b>0.63</b>	<b>0.94</b>	<b>2.35</b>	<b>2.22</b>	<b>7.00</b>

3. The country's decreasing HCFC consumption since 2014 is attributed to the enforcement of the licensing system, activities conducted under the HPMP, particularly the promotion of HCFC alternatives and the recovery and reuse of refrigerants. The economic recession in the country had an impact on the low consumption reported in 2016 and 2017; however, with the economic recovery, consumption increased in 2018. A small quantity of HCFC-123 was imported by the international airport for use in chiller equipment in 2015.

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

4. The Government of Armenia initially reported HCFC consumption of 2.31 ODP tonnes for 2018 under the CP implementation report.<sup>3</sup> This was subsequently revised to 2.35 ODP tonnes after cross-checking the customs' data with the importers' data. The HCFC sector consumption data reported under the 2019 CP implementation report 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 a licensing and quota system for HCFC imports and exports and that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for 2018 to 2019 (as shown in Table 1 above) was correct, confirming the country's compliance with the control targets in the Montreal Protocol and in its Agreement with the Executive Committee. The verification concluded that Armenia has an adequate regulatory framework and operational system for granting quotas and providing licenses, which are capable of ensuring the country's compliance with the Montreal Protocol HCFC phase-out schedule.

<sup>2</sup> As per the letter of 24 August 2020 from the Ministry of Nature Protection of Armenia to the Secretariat.

<sup>3</sup> Table 1 of document UNEP/OzL.Pro/ExCom/83/20.

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

*Legal framework*

6. The Government of Armenia has established an operational licensing and quota system for the control of import and export of HCFCs and has banned the import of new and used HCFC-based commercial refrigeration equipment, freezers, mobile systems, air-conditioners, chillers and aerosols since 1 January 2015.

7. Stage II of the HPMP focuses on legislation related to the establishment of mandatory equipment log-books, the adoption of safety standards, the upgrading of the training curricula of the technical schools, and public procurement policies. Once the formal education system for refrigeration technicians is fully operational, the certification scheme for refrigeration servicing technicians will be established.

8. Towards the establishment of a legal framework for the safe use of alternative technologies, the national ozone unit (NOU) coordinated with the national standardization body of Armenia the adoption of safety standard EN371; the adoption of parts III and IV of the standard were given priority and enacted on 16 September 2019, as they deal directly with personal protection, installation sites, operation, maintenance, repair and recovery; parts I and II are expected to be enacted by the end of 2020.

9. Armenia ratified the Kigali Amendment in May 2019. The relevant legislation has been amended to include HFCs in the licensing system.

*Refrigeration servicing sector*

10. The following activities were undertaken:

- (a) A team of legal experts developed the procedure for import and export of ODS and ODS-containing products to non-member states of the Eurasian Economic Union (EEU) and a permit for transportation of ODS and ODS-containing products, the law for duties was amended to introduce a state duty for HCFC import, and the draft legal act has been submitted for intergovernmental approval; the tax code for HCFCs was also drafted and submitted for consideration within the Ministry of Nature Protection;
- (b) One stakeholder consultation was conducted to discuss the progress in the implementation of the HPMP, an electronic licensing (E-licensing) system and the incorporation of the Harmonized System codes; and equipment log-books were developed and introduced to technicians for pilot testing;
- (c) The E-licensing system for the control of ODS import and export has been developed and was piloted in 2019; a legal consultant was employed to develop regulatory support for the introduction of the E-licensing system, and is being incorporated into the “One Stop, One Window” Government platform;
- (d) A working group was initiated to incorporate the prevention of ODS illegal trade into the curriculum of the customs training course; the content of the course is being developed; and training of 40 customs officers on the new regulations has been deferred to the third tranche;
- (e) Training of five trainers of vocational schools has been completed and training of 95 technicians has been scheduled between October and December 2020. Refrigeration technicians who received training and recovery and recycling (R&R) equipment agreed to submit quarterly reports on quantities of recovered ODS. A monitoring report is prepared

regularly and progress is reviewed. Between January 2019 and June 2020, 4.85 mt of refrigerants was recovered, and 4.51 mt was reused;

- (f) Additional 15 sets of servicing tools have been distributed to enable technicians to use good servicing practices and undertake refrigerant recovery and reuse; and
- (g) Educational standards for the "Refrigeration Systems" specialty and the qualifications for "Refrigeration Systems Technicians" were finalized to be included in the higher education system as per the agreement with the Ministry of Education.

*Project implementation and monitoring*

11. The NOU monitors the implementation of activities under the HPMP. A consultant was employed to assist in monitoring. A total of US \$2,400 has been allocated for the cost of consultant for both the second and third tranches.

Level of fund disbursement

12. As of August 2020, of the US \$194,400 approved so far, US \$151,816 had been disbursed (US \$105,316 for UNDP and US \$46,500 for UNEP), as shown in Table 2. The balance of US \$42,584 will be disbursed in 2020-2021.

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

Agency	First tranche		Second tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNDP	108,000	105,316	0	0	108,000	105,316
UNEP	35,000	35,000	51,400	11,500	86,400	46,500
<b>Total</b>	143,000	140,316	51,400	11,500	194,400	151,816
<b>Disbursement rate (%)</b>	98		22		78	

Implementation plan for the third and final tranche of the HPMP

13. The following activities will be implemented between November 2020 and December 2021:
- (a) Purchasing four ODS multi-gas analyzers for critical entry points (central, northern, and southern borders) to better control and prevent the illegal trade of refrigerants (UNDP) (US \$21,000);
  - (b) Continuing the integration of the E-licensing system with the Government platform, and amendment to the support legislation (UNEP) (US \$3,500 from the second tranche);
  - (c) Updating customs training materials and customs codes to strengthen capacity in the prevention of illegal trade; and training of 60 customs officers on new customs codes and skills to prevent illegal trade (UNEP) (US \$12,000 from the second tranche);
  - (d) Training of 100 servicing technicians in good servicing practices, refrigerant containment, ODS alternatives and safety measures (UNEP) (US \$22,000 from the second tranche);
  - (e) Monitoring the implementation of the refrigerant recovery and reuse programme and the proper use of R&R tools distributed to technicians (UNDP) (US \$2,684 from the first tranche);

- (f) Recruiting a national expert to initiate a gender-related study on women's participation in the implementation of the Montreal Protocol's obligations; the study will collect information, define priority actions for gender mainstreaming and develop an action-plan outline (UNDP) (US \$600); and
- (g) Project implementation, monitoring and reporting (UNEP) (US \$2,400 from the second tranche) to be allocated for staff and consultant.

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

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

##### *Legal framework*

14. The Government of Armenia has already issued HCFC import quotas for 2020 at 2.34 ODP tonnes, which is lower than the control targets in the Montreal Protocol and in accordance with the Agreement with the Executive Committee.

##### *Refrigeration servicing sector*

15. The implementation of the third tranche is progressing; however, some activities had been delayed due to the constraints imposed by the COVID-19 pandemic. The Secretariat inquired about the delay in the customs training. UNEP explained that the training of customs officers was deferred to the third tranche in order to incorporate the recently completed E-licensing system into the training. With regard to the delay in training technicians, UNDP explained that it has now been scheduled to be completed by the end of 2020. UNDP further informed that stage III is planned to be submitted to the 87<sup>th</sup> meeting.

#### Completion of stage II

16. UNDP has confirmed that stage II for Armenia will be completed on 31 December 2021 as established in paragraph 14 of the Agreement.

#### Gender policy implementation

17. In line with decision 84/92(d),<sup>4</sup> the third tranche of stage II of the HPMP plans to introduce a gender-related study on women's participation in the implementation of the Montreal Protocol's obligations in Armenia at different levels including the servicing industry, management of servicing companies or organizations depending on the cooling technology (e.g., hotels, food processing, agriculture, wine-making, retail sectors), civil society organizations, training institutions, and at the decision-making and policy-setting level. This study will be carried out during the implementation of the third tranche to provide a basis for further defining priority actions for stage III.

#### Sustainability of the HCFC phase-out

18. The NOU has been working in collaboration with the Ministry of Education and Science to further incorporate the course on the prevention of illegal ODS trade into the curriculum of the higher education institutions. So far in 2020, a working group has been formed and a training course curriculum is being

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<sup>4</sup> Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

developed. This will ensure the sustainability of the training of customs officers. Stage II of the HPMP focuses on legislation related to the establishment of mandatory equipment log-books, the adoption of safety standards, the upgrading of the training curricula of the technical schools and public procurement policies. Refrigeration and air-conditioning servicing is being incorporated into the formal education system for refrigeration technicians. Once this is fully operational, it is planned to establish the certification scheme for refrigeration servicing technicians to ensure the long-term sustainability of capacity development in the servicing sector. In addition, the refrigerant recovery and reuse programme is operational and contributing to the reduction of virgin refrigerant use.

### Conclusion

19. The Government of Armenia has established a licensing and quota system for the control of HCFC imports and exports, and the system is being effectively enforced. Armenia has been in compliance with the control targets set in its Agreement with the Executive Committee, which is lower than the Montreal Protocol consumption limit. Training centres have been equipped to enable efficient training of technicians. The issues of refrigeration servicing and the control of ODS imports are being integrated into the public education system to ensure the long-term sustainability of training. Armenia has ratified the Kigali Amendment and has initiated activities towards the adoption of low-global warming potential alternatives to HCFCs, including the adoption of the European Standard on safety and environmental requirements for refrigeration systems and heat pumps (EN 378 1-4). The implementation of stage II is on track, and the disbursement of the second tranche of stage II has exceeded 20 per cent. Activities planned in the third tranche will further sustain the results achieved so far in the course of HPMP implementation.

### **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 II of the HCFC phase-out management plan (HPMP) for Armenia; and further recommends blanket approval of the third and final tranche of stage II of the HPMP for Armenia, and the corresponding 2020-2021 tranche implementation plan, at the funding level shown in the table below:

	<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 II, third tranche)	21,600	1,944	UNDP