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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 2021¹

PROJECT PROPOSAL: SAINT VINCENT AND THE GRENADINES

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

¹ 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**Saint Vincent and the Grenadines**

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan	UNEP (lead), UNIDO	64 th	100 % by 2025

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2019	0.02 (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					0.02				0.02

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	0.28	Starting point for sustained aggregate reductions:	0.28
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.28	Remaining:	0

(V) BUSINESS PLAN		2020	2022	After 2022	Total
UNEP	ODS phase-out (ODP tonnes)	0.06	0	0.03	0.09
	Funding (US \$)	116,390	0	53,100	169,490

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016-2017	2018	2019	2020*	2021-2024	2025	Total
Montreal Protocol consumption limits			n/a	n/a	0.28	0.28	0.25	0.25	0.25	0.25	0.18	0.18	0.09	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	0.28	0.25	0.23	0.23	0.23	0.23	0.09	0.09	0.0	n/a
Agreed funding (US\$)	UNEP	Project costs	55,809	0	0	0	140,000	0	103,000	0	0	0	46,991	345,800
		Support costs	7,255	0	0	0	18,200	0	13,390	0	0	0	6,109	44,954
	UNIDO	Project costs	124,115	0	0	0	0	0	0	0	0	0	0	124,115
		Support costs	11,170	0	0	0	0	0	0	0	0	0	0	11,170
Funds approved by ExCom (US \$)		Project costs	179,924	0	0	0	140,000	0	0	0	0	0	0	319,924
		Support costs	18,425	0	0	0	18,200	0	0	0	0	0	0	36,625
Total funds requested for approval at this meeting (US \$)		Project costs									103,000			103,000
		Support costs									13,390			13,390

* Initially scheduled to be requested in 2018.

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Saint Vincent and the Grenadines, 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), at the amount of US \$103,000, plus agency support costs of US \$13,390 for UNEP only.² The submission includes a progress report on the implementation of the second tranche, the verification report on HCFC consumption for 2015 to 2019, and the tranche implementation plan for 2020 to 2025.

Report on HCFC consumption

2. The Government of Saint Vincent and the Grenadines reported a consumption of 0.02 ODP tonnes of HCFC-22 in 2019, which is 93 per cent below the HCFC baseline for compliance. The 2015-2019 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Saint Vincent and the Grenadines (2015-2019 Article 7 data)

HCFC-22	2015	2016	2017	2018	2019	Baseline
Metric tonnes (mt)	0.48	0.56	0.59	0.40	0.41	5.1
ODP tonnes	0.03	0.03	0.03	0.02	0.02	0.3

3. The HCFC-22 consumption has been gradually decreasing due to the effective implementation of the HPMP activities, in particular the implementation of the licensing and quota system, the training of technicians, and public awareness. The change of technology used in the refrigeration and air-conditioning (RAC) sector and the introduction of HFC-based equipment has also contributed to the reduction in HCFC-22 consumption. In 2019, the main refrigerants imported to the country were HFCs, including R-410A (45.2 per cent), HFC-134a (29.2 per cent), R-453A (11.5 per cent), R-404A (9.7 per cent) and R-408A (2.6 per cent); hydrocarbon (HC) refrigerants (0.3 per cent), and HCFC-22 (2.6 per cent).

Country programme (CP) implementation report

4. The Government of Saint Vincent and the Grenadines reported HCFC sector consumption data under the 2019 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

5. Due to the restrictions imposed by the COVID-19 pandemic, the verification was conducted virtually by an international consultant, with the assistance of the National Ozone Unit (NOU). The verification report confirmed that the Government is implementing a licensing and quota system for HCFC imports and exports which has ensured the country's compliance with the Montreal Protocol its Agreement with the Executive Committee from 2015 to 2019, and that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for 2016 to 2019 was correct.

6. The verifier noted that Customs were still using the 2007 version of the harmonized system (HS) codes, which do not differentiate among individual HCFCs; and that there were discrepancies between the Customs data extracted from the UNCTAD³ Automated System for Customs Data (ASYCUDA) for the years verified and the data reported under Article 7 of the Montreal Protocol. The verifier indicated that the data recorded in ASYCUDA was not always correct as HCFCs and HFCs were not recorded separately; misclassification of refrigerants sometimes occurred; and some of the HCFC imports for which licenses were issued could not be found in ASYCUDA. Although import quotas were issued at the beginning of the

² As per the letter of 5 August 2020 from the Ministry of Finance, Economic Planning, Sustainable Development and Information Technology of Saint Vincent and the Grenadines to the Secretariat.

³ United Nations Conference on Trade and Development.

year and provided to Customs, the licenses were issued when shipments arrived at the port and were cleared by the NOU. The data reported under Article 7 is based on the licenses issued, but it is not checked against the Customs data. The NOU inspect the shipments jointly with the Customs. The verifier made recommendations to address the issues identified and thus improve the licensing and quota system. UNEP indicated that the Government would implement the recommendations during the third tranche.

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

Legal framework

7. A legal consultant was hired for the revision of the Montreal Protocol Control Regulations of 2005. The revision will include regulatory support for the mandatory certification of technicians, a ban on HCFC imports starting from 1 January 2025, a ban on the import of HCFC-based equipment immediately after issuance of the revised regulation, limits on the sale of HCFC-22 refrigerant, restriction of the servicing of RAC equipment to licensed technicians, and the inclusion of HFCs in the licensing and quota system. Consultations with key stakeholders were conducted and a draft was reviewed by UNEP's Law Division, with recommendations incorporated into the final draft. The draft is being finalized to be sent to the Attorney General's Office and for subsequent submission to the Cabinet of Ministers for approval; the revision is expected to be effective in 1 January 2022.

8. A national technical committee for developing standards for labelling, storage and servicing of refrigerants including flammable and toxic refrigerants has been established and two meetings have been held to discuss the labelling standards for refrigerant cylinders.

9. Five senior customs officers were trained in the prevention of illegal trade of ODS, and the safe handling, storage and transportation of flammable refrigerants.

Refrigeration servicing sector

10. The following activities were implemented:

- (a) Forty-three technicians were trained in good servicing practices, safe handling of flammable refrigerants, labelling, storage and transportation of refrigerants and the introduction of RAC technologies based on flammable refrigerants;
- (b) Forty-two R-290 air-conditioning (AC) units were installed in two buildings to showcase the low-GWP technology; 46 power meters were installed to collect energy-consumption data; 50 inverter systems for R-290 AC units were procured to complete the replacement demonstration project;
- (c) Twelve public-awareness sessions were organized jointly with the Government and community-based organizations. Awareness-raising materials (banners, feather flags and posters) on topics related to the effects of ozone layer depletion were developed and distributed; and
- (d) Monitoring of the operation of refrigerant recovery centres and collecting data continued; a total of 0.06 mt of HCFC-22 has been recovered.

Project implementation and monitoring

11. The NOU coordinates activities among stakeholders, monitors progress to ensure efficient implementation, and prepares relevant reports on progress achieved. A total of US \$3,000 was disbursed

with the following breakdown: US \$500 for travel; US \$2,000 for meetings and workshops; and US \$500 for other miscellaneous expenses.

Level of fund disbursement

12. As of August 2020, of the US \$319,924 approved so far, US \$243,243 had been disbursed (US \$119,128 for UNEP and US \$124,115 for UNIDO) as shown in Table 2. The balance of US \$76,681 for UNEP will be disbursed during the third tranche.

Table 2. Financial report of stage I of the HPMP for Saint Vincent and the Grenadines (US \$)

Agency	First tranche		Second tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNEP	55,809	55,809	140,000	63,319	195,809	119,128
UNIDO	124,115	124,115	0	0	124,115	124,115
Total	179,924	179,924	140,000	63,319	319,924	243,243
Disbursement rate (%)	100		45		76	

Implementation plan for the third tranche of the HPMP

13. The following activities will be implemented between November 2020 and November 2025:

- (a) Continuing the revision of regulations to cover additional measures for HCFCs, including a ban on HCFC-based equipment effective 1 January 2022, a ban on imports of HCFCs starting from 1 January 2025, and establishing mandatory certification of technicians (UNEP) (US \$27,000);
- (b) Developing standards for labelling refrigerant cylinders, and for the storage, handling, and transportation of refrigerants including flammable refrigerants, to facilitate a smooth transition to low-GWP alternatives (UNEP) (US \$4,000);
- (c) Training of 60 customs and law-enforcement officers and 40 customs brokers and importers on the use of HS codes, the detection of banned ODS, monitoring imports and preventing illegal imports, the use of refrigerant identifiers, and handling of alternative refrigerants including low-GWP alternative refrigerants (UNEP) (US \$22,000);
- (d) Training of 40 RAC technicians in good servicing practices; safe handling, labelling, storage and transportation of refrigerants; and servicing equipment with alternative technologies including HC refrigerants (UNEP) (US \$20,000);
- (e) Awareness-raising activities to promote alternative technologies, the revised regulations on the trade of HCFCs, standards, and alternative refrigerant management (UNEP) (US \$10,000); and
- (f) Project coordination, monitoring and reporting (UNEP) (US \$20,000 (staff and consultant (US \$10,000); travel (US \$5,000); meetings and workshops (US \$3,000); and others miscellaneous expenses (US \$2,000)).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Verification report and the licensing and quota system

14. The Secretariat had extensive discussions with UNEP on the operation of licensing and quota system, the procedures used for collecting HCFC consumption data for Article 7 reporting; the discrepancy between the Customs data and the Article 7 data. UNEP discussed with the Government of Saint Vincent and Grenadines the data discrepancies highlighted in the verification report and confirmed that 2016-2019 Article 7 data correctly represented HCFC imports into the country. Due to inaccurate data recording by the Customs, the Government has not used the Customs data for the Article 7 data reporting, but rather it has been using the actual imports recorded by the NOU through the licenses issued. To further strengthen the licensing and quota system for HCFC import control, UNEP and the Government will take the following measures:

- (a) Data reconciliation with Customs on a half-yearly basis with a view of having a shared database between the NOU and Customs; and reporting Article 7 data based on the reconciled consumption starting from 2020;
- (b) Updating to the new HS codes to enable better identification of individual HCFCs no later than 30 June 2023; training for Customs brokers and importers on the use of correct HS codes and proper classification of HCFCs, refrigerants and their products and data entry in ASYCUDA; and
- (c) Customs will be provided with a list of importers and HCFC quotas issued before 1 January of each year to ensure that Customs are fully prepared to support the enforcement of the licensing and quota system; and the Government will effectuate this change from 1 January 2022 to allow time for the sector to prepare for the adjustment.

15. The NOU has committed to hold a meeting with the Customs in early 2021 to discuss the correct use of HS Codes, develop and plan the transition to the new HS Codes and to reconcile 2020 HCFC import data. UNEP is planning a mission in 2021, when travel permits, to review the status of implementation of these recommendations and to hold discussions with key national agencies. UNEP will continue monitoring these actions during the implementation of the third tranche.

16. The Secretariat noted that the verification was the first one conducted since the HPMP implementation; the issues identified therein will help the Government improve its management and import control of ODS. While recognizing that the licensing and quota system needs improving, the Secretariat considers that approval of the third tranche will support the Government in taking the required actions, as several of the proposed activities relates to strengthening the regulatory framework and capacity building of Customs.

17. Saint Vincent and the Grenadines is implementing a one-stage HPMP with accelerated phase-out schedule, with its next and final tranche scheduled in 2025. In order to monitor the progress in implementing the planned activities to strengthen the licensing and quota system, the Secretariat recommends that the Government submit a progress report on the above actions to the 88th meeting, and that the approval of the final tranche of the HPMP be subject to the effective operation of the HCFC licensing and quota system to control HCFCs.

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

Legal framework

18. The Government has already issued HCFC import quotas for 2020 in accordance with the Montreal Protocol control targets.

Refrigeration servicing sector

19. The Secretariat noted that the submission of the third tranche was delayed and that the training of 60 customs and enforcement officers planned for the second tranche was not conducted, although five customs officers were trained as trainers. UNEP explained that the first tranche experienced some delays, which in turn impacted the implementation of the second tranche and the request for the third tranche. Although the second tranche was approved in 2015, the training of trainers did not commence until May 2018, when the first payment was received by the country and the training materials were in place. In addition, the Customs Department went through a high level of rotation and it was difficult to secure a group of Customs officers available for training owing to numerous competing demands. The training of Customs officers has been prioritized in the third tranche, and a total of 60 officers will be trained between 2021 to 2024 and 40 Customs brokers and importers will be trained between 2021 to 2023.

20. Clarification was sought on the replacement demonstration of R-290 AC units, in particular, the activities conducted or planned to scale up the effect of the demonstration, and the co-funding level in line with decision 84/84. UNEP explained that the replacement demonstration was conducted in conjunction with the training of technicians; and that the key results of the demonstration would be disseminated to the servicing sector, Government agencies and the private sector through awareness-raising activities, and would be considered when developing HFC phase-down plans. The Government anticipates enabling conditions will be created and the benefits of the project will be leveraged in line with the Government's Energy Policy and Energy Unit's activities and projects, which promote energy-efficient AC systems and building resilience to climate change. The unit cost of the AC units is not available, but the total cost of those units amounts to US \$23,075; of this amount, US \$11,075 was co-financed by the beneficiaries. Once the project is completed, the results will be analysed to enable the Government to implement its domestic policy framework to support and sustain the introduction and scaling-up of the new technology.

21. In line with decision 84/84(d), UNEP will submit detailed reports on the results of the above-mentioned demonstration project once it is completed, to allow the Secretariat to develop fact sheets to inform future projects.

Gender policy implementation

22. In line with decision 84/92(d),⁴ the implementation of the remaining tranche of the HPMP will take into account gender mainstreaming and equity to encourage the full engagement of women in various steps including planning, policy and decision-making, consultation and advisory activities, capacity building and outreach, and monitoring and evaluation. Gender-disaggregated data and the impact of gender mainstreaming on HPMP activities will be collected for reporting. Training and awareness campaigns will be conducted to develop staff competency in gender mainstreaming. Gender issues will be discussed during the thematic workshops to share experiences and lessons learned on gender mainstreaming.

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

Sustainability of the HCFC phase-out

23. The HCFC consumption in the country has been significantly reduced due to the implementation of the HPMP. A licensing and quota system has been established and will be further strengthened to enable effective controls of ODS imports. Training and tools have been provided to technicians to enable good servicing practices, and the certification of technicians is being explored. Low-GWP technologies are being promoted to achieve a sustainable transition to alternatives to HCFCs.

Conclusion

24. The 2019 HCFC consumption in Saint Vincent and the Grenadines is already 78 per cent below the control targets set in the Agreement for 2020 of 0.09 ODP tonnes. Training has been provided to trainers who will further train Customs officers in import controls for HCFCs. Technicians have been trained in good practices, refrigerant recovery and reuse, and the safe handling of flammable refrigerants including HCs. R-290 AC units are being introduced through demonstration and scaled up through technician training and awareness-raising activities. The verification of consumption highlighted the need to further strengthen the licensing and quota system for the effective control of HCFC imports; UNEP and the Government have confirmed that the verification recommendations will be implemented during the third tranche and that a report will be submitted to the 88th meeting on the progress made. The disbursement rate has reached 45 per cent for the second tranche.

RECOMMENDATION

25. The Fund Secretariat recommends that the Executive Committee:

- (a) 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 Saint Vincent and the Grenadines;
- (b) Notes the commitment of the Government of Saint Vincent and the Grenadines to impose a ban on the imports of HCFC-based equipment by 1 January 2022, and on the imports of HCFCs by 1 January 2025;
- (c) Requests the Government of Saint Vincent and the Grenadines, UNEP and UNIDO to submit a report on the progress made in improving the licensing and quota system and strengthening the Customs' capacity for import control to the 88th meeting; and
- (d) Requests UNEP to submit a detailed report on the results of the end-user replacement demonstration project once it is completed, to allow the Secretariat to develop fact sheets to inform future projects, in line with decision 84/84(d).

26. The Fund Secretariat further recommends blanket approval of the third tranche of the HPMP for Saint Vincent and the Grenadines, and the corresponding 2020-2025 tranche implementation plan, at the funding level shown in the table below, on the understanding that the funding for the final tranche of the HPMP will be subject to the effective operation of the HCFC licensing and quota system to control HCFCs:

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage I, third tranche)	103,000	13,390	UNEP