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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: REPUBLIC OF MOLDOVA (THE)

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

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

Republic of Moldova (the)

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

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2019	0.53 (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					0.53				0.53

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	1.0	Starting point for sustained aggregate reductions:	1.0
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.35	Remaining:	0.65

(V) BUSINESS PLAN		2020
UNDP	ODS phase-out (ODP tonnes)	0.03
	Funding (US \$)	19,020

(VI) PROJECT DATA			2016	2017	2018	2019*	2020	Total
Montreal Protocol consumption limits			0.9	0.9	0.9	0.9	0.65	n/a
Maximum allowable consumption (ODP tonnes)			0.9	0.9	0.9	0.9	0.65	n/a
Agreed funding (US \$)	UNDP	Project costs	104,850	0	0	0	17,450	122,300
		Support costs	9,437	0	0	0	1,570	11,007
	UNEP	Project costs	26,100	0	26,100	0	0	52,200
		Support costs	3,393	0	3,393	0	0	6,786
Funds approved by ExCom (US \$)		Project costs	130,950	0	0	26,100	0	157,050
		Support costs	12,830	0	0	3,393	0	16,223
Total funds requested for approval at this meeting (US \$)		Project costs					17,450	17,450
		Support costs					1,570	1,570

* The second tranche should have been submitted in 2018.

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of the Republic of Moldova, 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 \$17,450, plus agency support costs of US \$1,570 for UNDP only.² The submission includes a progress report on the implementation of the second tranche and the tranche implementation plan for 2020 to 2021.

Report on HCFC consumption

2. The Government of the Republic of Moldova reported a consumption of 0.53 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 the Republic of Moldova (2015-2019 Article 7 data)

HCFC-22	2015	2016	2017	2018	2019	Baseline
Metric tonnes (mt)	14.90	0.00	0.00	5.58	9.68	17.00
ODP tonnes	0.82	0.00	0.00	0.31	0.53	1.00

3. No HCFC import quota was allocated in 2016 or 2017; during those years, stockpiles of HCFCs were used to meet domestic demand. Although the HCFC quota in 2018 was 0.61 ODP tonnes (11.00 mt), it was not allocated to the five importers until October 2018 due to the late approval of the Government on the national regulatory framework on quota allocation;³ accordingly, only 0.31 ODP tonnes (5.58 mt) of HCFC-22 was imported that year. The 2019 quota of 0.60 ODP tonnes (10.995 mt) of HCFC-22 was allocated to the same five importers in February 2019, which resulted in higher HCFC imports that year compared to 2018.

4. HCFC consumption has decreased from 2015 to 2019 due to the implementation of activities in the servicing sector, including training of refrigeration and air-conditioning (RAC) technicians, the ban on the import of HCFC-based equipment since October 2017; the adoption of HFC-based equipment; the import of R-422D⁴ as a drop-in substitute for HCFC-22 (4.80 mt, 2.36 mt, and 5.85 mt were imported in 2017, 2018 and 2019, respectively); and the use of recovered HCFC-22 for servicing.

Country programme (CP) implementation report

5. The Government of the Republic of Moldova reported HCFC sector consumption data under the 2019 CP implementation report which is consistent with the data reported under Article 7 of the Montreal Protocol.

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

Legal framework

6. The national regulatory framework on quota allocation was adopted as of 21 June 2018. The Government decision³ outlines the legal aspects regarding the organization of work of the National Commission hosted by the Ministry of Agriculture, Regional Development and Environment, which reviews and controls the annual import quota allocation for HCFCs. The Government has approved the 2021-2025 action plan of the HPMP covering the period 2016-2040, and the National Commission has

² As per the letter of 12 August 2020 from the Ministry of Agriculture, Regional Development and Environment of the Republic of Moldova to UNDP.

³ Governmental Decision number 589 was adopted on 21 June 2018.

⁴ An HFC blend containing HFC-125, HFC-134a and R-600a.

approved annual import quotas below the Montreal Protocol targets as follows: 0.54 ODP tonnes for 2021, 0.48 ODP tonnes for 2022, 0.42 ODP tonnes for 2023, 0.36 ODP tonnes for 2024, and 0.30 ODP tonnes for 2025.

7. On 20 July 2020, the Government of the Republic of Moldova approved the draft law for the Accession to the Kigali Amendment, which has been submitted to Parliament for approval. The country is expected to deposit its instrument of ratification in 2021, after which HFCs will be included in the national licensing system.

Refrigeration servicing sector

8. The following activities were implemented:⁵

- (a) A test version of the “Register of chemicals placed on the market” was prepared and reviewed by stakeholders as part of the process to implement a web-based electronic ODS licensing and reporting system under the State Information System on Chemicals Product Registry. The system will be completed by December 2020;
- (b) A workshop in September 2020 trained 15 customs/enforcement officers on enforcement of national HCFC import/export regulations; a similar workshop for 15 customs/enforcement officers is scheduled for the last quarter of 2020; participants of the September workshop provided comments on the draft Customs enforcement guidebook prepared by two national consultants, which will be completed and printed by December 2020;
- (c) The Technical University of Moldova and the Technical College revised the training curriculum to include natural refrigerants, international and national standards, and non-ODS technologies based on the 2019 update of the code of good practices in refrigeration. The training materials are scheduled for completion by late 2020;
- (d) Preparations were made for a training workshop and certification of 20 RAC technicians in refrigeration servicing good practices and in safe handling of flammable and toxic refrigerants. The workshop was rescheduled to late 2020 due to restrictions imposed due to the COVID-19 pandemic; and
- (e) A consultant designed and developed a website for the Public Association of Refrigeration Technicians, including a section listing certified RAC technicians. The website is scheduled to be operational by the end of 2020.

End-user demonstration projects for using CO₂-based technology

9. In accordance with the condition for the approval of the second tranche of stage II of the HPMP (decision 84/55(a)), UNDP submitted the report on status of implementation of two demonstration projects for using CO₂-based technology in the commercial refrigeration sector to the 85th meeting.⁶ Both demonstration projects were completed and operational as of July 2020, and the results and lessons learned will be disseminated in the latter part of 2020. The projects resulted in substantive practical experience with CO₂-based technology for both the retail and warehouse commercial refrigeration sub-sectors, including demonstration of the capital costs required, applicability of the technology and performance of the equipment, and potential operational savings that could be achieved. As a result of the project, the largest

⁵ The plan for the second tranche of the HPMP, as set out in paragraph 11 document UNEP/OzL.Pro/ExCom/84/58, under implementation by UNEP, was scheduled for completion by December 2021.

⁶ Paragraphs 117 to 127 of document UNEP/OzL.Pro/ExCom/85/9.

national retailer, Linella, with over 100 supermarkets throughout the country, has expressed interest in applying CO₂-based technology.

Project implementation and monitoring

10. Project management is undertaken by the Montreal Protocol Unit, which is responsible for the coordination of the HPMP. A total of US \$2,200 was allocated under the first and second tranches for consultants for monitoring and reporting, of which US \$1,000 had been disbursed. The balance of US \$1,200 of the first two tranches will be used to hire a local consultant for monitoring activities under the third tranche.

Level of fund disbursement

11. As of August 2020, of the US \$157,050 approved so far, US \$133,558 had been disbursed (i.e., US \$103,200 for UNDP and US \$30,358 for UNEP) as shown in Table 2. Of the balance of US \$23,942, UNEP will return US \$1,642 from its component of the first tranche to the 86th meeting, and the remaining amount of US \$21,850 will be disbursed in 2020-2021.

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

Agency	First tranche		Second tranche**		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNDP	104,850	103,200	0	0	104,850	103,200
UNEP	26,100	24,458*	26,100	5,900	52,200	30,358
Total	130,950	127,658	26,100	5,900	157,050	133,558
Disbursement rate (%)	98		23		85	

* US \$1,642 will be returned to the 86th meeting.

** UNEP signed a small-scale funding agreement (SSFA) with the country for the full amount of the second tranche; US \$13,000 was advanced in April 2020, the second and third/final payments are scheduled for December 2020 and September 2021, respectively.

Implementation plan for the third and final tranche of the HPMP

12. The following activities will be implemented during 2021:

- (a) Demonstration of new technologies in the commercial sector (UNDP) (US \$17,450 plus balance from the first tranche):
 - (i) An awareness-raising programme targeting the commercial refrigeration sector on the lessons learned from the implementation of two demonstration projects on natural refrigerant-based technologies;
 - (ii) A study analysing gender in the RAC servicing sector;
 - (iii) Preparation of brochures and/or booklets targeting RAC technicians and relevant stakeholders illustrating the results of the two demonstration projects on natural refrigerants;
 - (iv) A national workshop for RAC technicians, the RAC association, importers, relevant institutions including Customs, to disseminate the results of the two demonstration projects on natural refrigerants, gender study, and the awareness raising programme; and
- (b) HPMP monitoring activities (UNDP and UNEP) (balance of US \$1,200 from the second tranche).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Report on HCFC consumption

13. The Secretariat noted that under the CP implementation report, the Republic of Moldova reported using a small amount (0.1 mt) of HCFC-141b in the refrigeration servicing sector in 2017, but that the CP reports of 2017 and previous years did not indicate any imports of HCFC-141b, nor was there any HCFC-141b consumption reported under Article 7. UNDP informed that the HCFC-141b, used as a solvent, was not officially imported but was procured from a company located on the left bank of the Dniester river, and that the administrative-territorial units in that area, the Transnistrian region, are not under the authority of the Government of the Republic of Moldova. It was agreed that under the third tranche, UNDP will assist the Government to strengthen its customs and enforcement mechanisms to ensure that no unaccounted controlled substances enter or leave the Republic of Moldova.

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

Legal framework

14. The Government of the Republic of Moldova has issued HCFC import quotas for 2020 at 0.61 ODP tonnes (11.00 mt), which is lower than the Montreal Protocol control targets.

Refrigeration servicing sector

15. The Secretariat noted that one of the reasons for the delay in the submission of the second tranche of stage II of the HPMP was the structural changes within the Government. UNDP explained that in January 2019, the Public Institution “Environmental Projects Implementation Unit” (PI “EPIU”), responsible for environmental protection projects that were previously managed by eight separate entities,⁷ was created to facilitate communication and coordination between the separate units under the Ministry. The PI “EPIU” is not funded by the Multilateral Fund and does not impact the role of the NOU or its staff. UNDP further explained that this re-organization delayed the commencement of activities under the second tranche including the signature of the SSFA between the Government and UNEP and release of funds. Staff for the Montreal Protocol Unit⁸ were hired using IS funds following the appointment of the new focal point for the Montreal Protocol in 2020, and HPMP activities recommenced soon after in July 2020.

Plan of action for the third tranche and implementation amid COVID-19

16. The Secretariat noted the continued efforts by the Government, UNDP, and UNEP to ensure the continued implementation of activities supported by the Multilateral Fund during the COVID-19 pandemic. During the pandemic, the Republic of Moldova had restricted meetings to 30 people or less; UNDP noted that it was difficult to predict how the situation would evolve during the implementation of the third and final tranche of stage II. The Government would attempt to fully implement the planned activities including information dissemination through electronic means, and meetings of less than 30 people.

⁷ The national ozone unit (NOU); Biodiversity Office; Climate Change Office; Carbon Finance Office; Environmental Pollution Prevention Office; Biosecurity Office; Environmental Projects Consolidated Implementation Unit; and the Public Institution Persistent Organic Pollutants Sustainable Management Office.

⁸ The Montreal Protocol Unit will include functions related to the Kigali Amendment on HFCs, and the original term for the unit, Ozone Office, related to the management of ozone-depleting substances.

Completion of stage II

17. UNDP has confirmed that stage II of the HPMP for the Republic of Moldova will be completed by 31 December 2021 in line with paragraph 14 of the Agreement. In line with the decision taken during the intersessional approval process for the 85th meeting, UNDP included in its work programme amendments⁹ to the 86th meeting funding for the verification report for stage II. As the third tranche is the final tranche of stage II, if the verification report to be submitted in 2021 covering the country's consumption in 2015 through 2020 indicated that the country was not in compliance with the targets specified in its Agreement, the Executive Committee would consider applying the penalty clause against stage III of the HPMP.

Gender policy implementation¹⁰

18. The customs training workshop in September 2020 included five women customs officers and two female NOU staff out of a total of 20 participants. The third tranche of stage II of the HPMP includes a study on gender as part of training and awareness-raising activities; the study will map gender roles and look for opportunities to improve the gender balance in the sector and assess ways to encourage female technicians to participate in RAC servicing training courses and other capacity-building activities. Indicators have been adopted to assess the results in terms of human resource management (recruitment focused), documents prepared under the project, and knowledge management/dissemination. Stage III of the HPMP will include proposals for gender mainstreaming based on the results.

Sustainability of the HCFC phase-out

19. The country has implemented a ban on the import of HCFC-based equipment as of 27 October 2017 as well as a ban on the import of controlled substances that have already been phased out and equipment containing those substances as of 14 February 2002.¹¹ The Customs Service is supported through a dedicated training centre established in October 2007 to train new and rotating customs officials on the regulatory framework for the implementation of the Montreal Protocol. The sustainability of the technicians training is ensured through the regulation on training and certification of RAC specialists (Governmental decision no. 483) that was adopted in October 2019. The regulation mandates continuous vocational training by qualified training and evaluation centres, with compulsory training and re-certification every three years.

20. The NOU regularly monitors the use of refrigerants in the market and is not aware of the use in the market or stocks of controlled substances that have been phased out, or of any illegal imports of such substances. UNDP reported that the Republic of Moldova's border with the Transnistrian region presents challenges, such as potential illegal trade; those challenges are regularly discussed within the Government to ensure better monitoring, where possible, and through strengthening of customs and enforcement mechanisms and information dissemination to industry based in the Republic of Moldova. Furthermore, the Republic of Moldova and Ukraine operate joint Customs and border control along the Transnistrian region in accordance with an agreement concluded between the two governments in October 2017.

Conclusion

21. The 2019 HCFC consumption of 0.53 ODP tonnes of HCFCs is 41 per cent below the maximum allowable consumption in the Agreement between the Government and the Executive Committee. The Government continues to implement a licensing and quota system for monitoring and controlling HCFCs and enforces the ban on imports of HCFC-based equipment. Despite a delay in initiating the second tranche

⁹ UNEP/OzL.Pro/ExCom/86/33.

¹⁰ Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

¹¹ Law No. 852-XV, dated 14 February 2002, is the fundamental legislative document concerning implementation of the Montreal Protocol in the Republic of Moldova.

and the COVID-19 pandemic, a workshop to train customs and enforcement officers was held in September 2020 and other activities are scheduled to be completed by the end of 2020, including the operation of a web-based electronic ODS licensing and reporting system; further customs training; publication of the customs guidebook and training materials on natural refrigerants; RAC technician training; and the operation of the RAC association website. The Government will continue to implement HPMP activities, focusing on enforcement of regulations, training of service technicians, to support the country to meet its compliance obligations under the Montreal Protocol. The disbursement of the funding for the second tranche has reached 23 per cent.

RECOMMENDATION

22. 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 the Republic of Moldova, and further recommends blanket approval of the third and final tranche of stage II of the HPMP for the Republic of Moldova, and the corresponding 2020-2021 tranche implementation plan, at the funding level shown in the table below, on the understanding that if the verification report to be submitted in 2021 covering the country's consumption in 2015 through 2020 indicated that the country was not in compliance with the targets specified in the Agreement, the Executive Committee would consider applying the penalty clause against stage III of the HPMP.

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage II, third tranche)	17,450	1,570	UNDP