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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: OMAN

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) UNIDO 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

Oman

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage II)	UNEP, UNIDO (lead)	75 th	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2019	17.90 (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					17.89				17.89
HCFC-123					0.01				0.01

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	31.5	Starting point for sustained aggregate reductions:	32.57
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	12.11	Remaining:	20.46

(V) BUSINESS PLAN		2020
UNIDO	ODS phase-out (ODP tonnes)	0.22
	Funding (US \$)	21,400
UNEP	ODS phase-out (ODP tonnes)	0.63
	Funding (US \$)	64,410

(VI) PROJECT DATA			2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			28.32	28.32	28.32	28.32	28.32	20.46	n/a
Maximum allowable consumption (ODP tonnes)			28.32	28.32	28.32	28.32	20.46	20.46	n/a
Agreed funding (US \$)	UNIDO	Project costs	215,000	0	0	50,000	0	20,000	285,000
		Support costs	15,050	0	0	3,500	0	1,400	19,950
	UNEP	Project costs	83,500	0	0	59,500	0	57,000	200,000
		Support costs	10,855	0	0	7,735	0	7,410	26,000
Funds approved by ExCom (US \$)		Project costs	298,500	0	0	109,500	0	0	408,000
		Support costs	25,905	0	0	11,235	0	0	37,140
Total funds requested for approval at this meeting (US \$)		Project costs						77,000	77,000
		Support costs						8,810	8,810

Secretariat's recommendation:	For blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Oman, UNIDO 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 a total cost of US \$85,810, consisting of US \$20,000, plus agency support costs of US \$1,400 for UNIDO, and US \$57,000, plus agency support costs of US \$7,410 for UNEP.² The submission includes a progress report on the implementation of the second tranche, the verification report on HCFC consumption for 2018 and 2019, and the tranche implementation plan for 2020 to 2021.

Report on HCFC consumption

2. The Government of Oman reported a consumption of 17.90 ODP tonnes of HCFC in 2019, which is 43 per cent below the HCFC baseline for compliance. The 2015-2019 HCFC consumption is shown in Table 1.

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

HCFC	2015	2016	2017	2018	2019	Baseline
Metric tonnes						
HCFC-22	364.90	347.18	316.96	348.60	325.23	537.57
HCFC-123	0.00	0.00	0.00	0.00	0.73	0.00
HCFC-141b	20.30	9.25	0.00	0.00	0.00	10.15
HCFC-142b	0.00	0.00	0.00	0.00	0.00	12.05
Total HCFCs (mt)	385.20	356.43	316.96	348.60	325.96	559.77
HCFC-141b in imported pre-blended polyols*	41.91	43.20	0.00	0.00	0.00	10.00**
ODP tonnes						
HCFC-22	20.01	19.09	17.43	19.17	17.89	29.57
HCFC-123	0.00	0.00	0.00	0.00	0.01	0.00
HCFC-141b	2.23	1.02	0.00	0.00	0.00	1.12
HCFC-142b	0.00	0.00	0.00	0.00	0.00	0.78
Total HCFCs (ODP tonnes)	22.24	20.11	17.43	19.17	17.90	31.47
HCFC-141b in imported pre-blended polyols*	4.61	4.75	0.00	0.00	0.00	1.10**

* Country programme (CP) data.

** Average consumption between 2007 and 2009.

3. Consumption continues to decline in light of the implementation of the HPMP, including the complete phase-out of HCFC-141b pure and contained in pre-blended polyols (since 2017) and of HCFC-142b (since 2015) in foam manufacturing; activities in the servicing sector (reduced consumption of HCFC-22), and implementation of regulations and technical assistance. HCFC-123 is consumed intermittently to service chillers.

CP implementation report

4. The Government of Oman 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.

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 and 2019 was correct (as shown in Table 1 above), except for 2018 when the planned import of 1.12 mt (0.06 ODP tonnes) of HCFC-22 for which a quota was issued at one enterprise

² As per the letter of 16 August 2020 from the Ministry of Environment and Climate Affairs of Oman to UNIDO.

did not take place, resulting in a verified consumption of 19.11 ODP tonnes. UNEP will continue working with the national ozone unit (NOU) to further strengthen the country's data collection to ensure that actual imports are properly recorded. The Government will correct the 2018 data submitted under Article 7 of the Montreal Protocol and under the CP report. The verification concluded that Oman was in compliance with the Montreal Protocol and that the implementation of the country's ozone layer protection regulations and the import quota system have resulted in a noticeable reduction in HCFC consumption.

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

Legal framework

6. The e-licencing system developed under stage I of the HPMP has been in place since 2016, enhancing the control of ODS and contributing to ensure the country's compliance with the HCFC phase-out schedule. By regulation, permits for the import of HCFC-142b, and HCFC-141b in bulk and contained in pre-blended polyols are no longer issued since 1 January 2015 and 1 January 2017, respectively. That regulation was strengthened on 21 November 2019 when the Government issued a decree banning those substances; in addition, the decree banned the venting of refrigerants into the atmosphere during servicing, installation, operation and decommissioning of refrigeration and air-conditioning (RAC) equipment; established mandatory refrigerant recovery and recycling (R&R) and mandatory quarterly reporting on recovered, recycled and reused refrigerants and stock of unusable refrigerants; mandatory leak detection of all controlled substances in RAC systems with a charge greater than 3 kg; and requiring the licensing of all entities (i.e., importers, distributors, retailers, and service workshops) handling ODS in the RAC sector. The ban on the use and import of refrigerants in disposable cylinders, expected by 2020, has not yet been implemented to allow the finalization of consultations with stakeholders; the ban is expected to be implemented by 1 January 2022 but could be further delayed due to Government restructuring. The country is implementing the enabling activities for HFC phase-down that are expected to lead to the ratification of the Kigali Amendment during 2021.

Refrigeration servicing sector

7. The following activities were implemented:

- (a) Meetings of the National Ozone Committee (NOC) on the regulatory and policy activities related to the Montreal Protocol, including: reviewing the certification scheme for RAC technicians, establishment of a logbook to record leaks and repairs, consultations on the ban on disposable cylinders and developing a regulation on mandatory leak detection of all controlled substances in RAC systems with a refrigerant charge greater than 3 kg, licensing requirements for stakeholders handling ODS in the RAC sector, and actions required for the ratification of the Kigali Amendment;
- (b) On-going enforcement of minimum energy performance standards for low-voltage RAC equipment, and development of standard operating procedures for handling flammable and hazardous refrigerants;
- (c) Continued operation of the electronic import/export licensing and quota system, and continued monitoring of imports of controlled substances, including HFCs;
- (d) Continued awareness-raising activities, including field visits to HCFC-consuming enterprises in the RAC sector, municipal governments, and Customs; and organizing art and literature contests to encourage students of all ages to protect the ozone layer;
- (e) Two training workshops for 40 customs officers to increase their capacity to identify refrigerants and enforcement of ODS regulations;

- (f) Reviewed and assessed the RAC technician certification scheme to ensure its implementation and sustainability, in collaboration with the Ministry of Manpower;
- (g) Conducted, in partnership with the vocational training institute, workshops for approximately 200 technicians on good servicing practices, including the safe handling of flammable refrigerants;
- (h) Strengthened the R&R network by supplying tools to two laboratories (four refrigerant identifiers, 13 refrigerant recovery units with recycling module, 100 recovery cylinders, two digital weighing scales, and other auxiliary equipment). Two planned trainings on the reclamation supply chain for service workshops and the reclamation centre had to be postponed because of COVID-19 pandemic, and will be conducted once feasible; the business plan for the reclamation centre will be developed soon after the workshops have been held; and
- (i) Two planned workshops for large end-users and fisheries were postponed tentatively to December 2020 and February 2021 because of COVID-19 pandemic and will be conducted both virtually and in-person, depending on the evolution of the pandemic.

Project implementation and monitoring

8. Monitoring and evaluation of the activities of the HPMP were coordinated by UNIDO and the NOU. Of the US \$10,000 allocated for this activity under the second tranche, 100 per cent was budgeted for staff; that funding was fully disbursed.

Level of fund disbursement

9. As of August 2020, of the US \$408,000 approved so far, US \$336,442 had been disbursed (i.e., US \$247,892 for UNIDO and US \$88,550 for UNEP) as shown in Table 2. The balance of US \$71,558 will be disbursed in 2020-2021.

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

Agency	First tranche		Second tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNIDO	215,000	214,096	50,000	33,796	265,000	247,892
UNEP	83,500	83,500*	59,500	5,050	143,000	88,550
Total	298,500	297,596	109,500	38,846	408,000	336,442
Disbursement rate (%)	99.70		35.48		82.46	

* Including the return of US \$7,846, plus agency support costs of US \$1,020, to the 84th meeting.

Implementation plan for the third and final tranche of the HPMP

10. The following activities will be implemented between December 2020 to December 2021:
- (a) Continued meetings of the NOC to supervise and monitor the implementation of the HPMP, operation of the quota and e-licensing system, and update of standards to facilitate the uptake of low-GWP alternative technologies, including for the introduction of higher energy efficient equipment, labeling, and safe handling of flammable and toxic refrigerants (UNEP) (US \$7,000);
 - (b) Organization of targeted awareness campaign for public, stakeholders and end-users on matters related to the Montreal Protocol and the HPMP (UNEP) (US \$5,000);

- (c) Review of the implementation of the certification scheme for refrigeration technicians, in collaboration with the Ministry of Manpower (UNEP) (US \$2,500);
- (d) On-going training of approximately 1,000 technicians with a focus on refrigerant management and good servicing practices (UNEP) (US \$42,500);
- (e) Further strengthening the R&R network by providing additional training on recovery, recycling and reuse; and development of the reclamation network by organizing the two previously planned workshops on the reclamation supply chain for service workshops and the reclamation centre, and continuation of the assessment and development of the business plan of the reclamation centre (UNIDO) (US \$10,000); and
- (f) Project monitoring and verification of implementation (UNIDO) (US \$10,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

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

Legal framework

11. The Government of Oman has already issued HCFC import quotas for 2020 at 17.91 ODP tonnes, which is lower than the Montreal Protocol control targets.

Refrigeration servicing sector

12. A number of planned activities, including two trainings workshops on the reclamation supply chain, development of the business plan of the reclamation centre, two workshops for large end-users and fisheries, and the assessment of the implementation of measures specified in the November 2019 decree were delayed in part due to the COVID-19 pandemic. Accordingly, no information is yet available on quantities of recovered and recycled refrigerants, and stocks thereof, nor on the level of implementation of the mandatory logbook to record leaks and repairs, and implementation of the mandatory leak detection of all controlled substances in RAC systems with a charge greater than 3 kg. UNIDO will include information on the implementation of those requirements, as well as on the implementation of the ban on disposable cylinders, and the implementation of the RAC technician certification scheme, including the number of technicians certified under the HPMP, as part of the final progress report to be submitted to the first meeting in 2022.

13. UNIDO noted that it was hoped that by the time the project is approved and implementation starts, the precautionary measures due to COVID-19 could be lifted; however, if the current conditions continue, the country is well prepared to implement planned activities virtually. For those activities that must be undertaken in person (e.g. inspecting equipment or installation) or when hands-on activities on specific tools are necessary, UNIDO and UNEP will develop interventions that mitigate health risks to participants and stakeholders, in line with Government rules and guidance. UNIDO further noted that activities undertaken under stage II of the HPMP contribute to the mitigation of the economic effects of COVID-19 and recovery.

14. While the reclamation centre is not yet commercially operational, the effectiveness of the reclamation activities was improved by increasing the technical capacities of service workshop to recover refrigerants; in addition, laboratory technicians were trained on the use of the gas chromatograph. The final progress report will also include an update on the operational status of the reclamation centre, and the quantities of reclaimed refrigerants.

Completion of stage II

15. UNIDO has confirmed that stage II of the HPMP for Oman will be completed on 31 December 2021 as established in paragraph 14 of the Agreement. As UNIDO intends to submit stage III to the 87th meeting, the Secretariat recommends that UNIDO submit the 2020-2021 verification report when the second tranche of stage III is submitted.

Gender policy implementation³

16. The country recognizes the importance of gender equality, women empowerment and women involvement during the implementation of the international and national programmes. The NOU will ensure, where possible, the participation of women in training programmes under the HPMP, and confirmed that the indicators measuring the implementation of the Multilateral Fund's operational policy on gender mainstreaming will be identified and reported upon. Data will be collected in coordination with the national refrigeration associations during the project preparation for stage III to identify entry points to promote gender equality and women's empowerment activities to be implemented as part of stage III.

Sustainability of the HCFC phase-out

17. Oman continued developing and strengthening its legal framework to create an enabling environment for sustainable phase-out, including an e-licencing system; a ban on imports of HCFC-141b in bulk and contained in pre-blended polyols, and HCFC-142b; a ban on the venting of refrigerants into the atmosphere; mandatory refrigerant R&R and mandatory quarterly reporting thereon; mandatory logbook to record leaks and repairs and mandatory leak detection of all controlled substances in RAC systems with a charge greater than 3 kg; and requiring the licensing of all entities handling ODS. The training of technicians, and planned implementation of the certification scheme, as well as the strengthening of the reclamation network, will further enhance the sustainability of the phase-out. To date, there have been no reported cases of intercepted illegal shipments of ODS into the country.

Conclusion

18. The Government is enforcing a licensing and quota system for the import and export of HCFCs, and consumption in 2019 is 37 per cent and 13 per cent below the control targets of the Montreal Protocol and those stipulated in the Agreement with the Executive Committee, respectively. The disbursement level of the second tranche is 35 per cent, and the total disbursement is 82 per cent of the total funding approved. While there have been some delays in implementation, in part due to COVID-19, the HPMP is progressing, and the implementation of the planned activities, including the certification scheme for RAC technicians and ban on disposable cylinders, will further strengthen the sustainability of HCFC phase-out.

RECOMMENDATION

19. The Fund Secretariat recommends that the Executive Committee:

- (a) 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 Oman; and
- (b) Requests the Government of Oman, UNIDO and UNEP to submit a progress report on the implementation of the work programme associated with the final tranche of stage II to the first meeting of the Executive Committee in 2022, and the 2020-2021 verification report as part of the submission for the second tranche of the stage III of the HPMP, on the

³ Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

understanding that if the 2020-2021 verification report 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.

20. The Fund Secretariat further recommends blanket approval of the third and final tranche of stage II of the HPMP for Oman, and the corresponding 2020-2021 tranche implementation plan, at the funding levels shown in the table below:

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage II, third tranche)	20,000	1,400	UNIDO
(b)	HCFC phase-out management plan (stage II, third tranche)	57,000	7,410	UNEP