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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: MYANMAR

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**Myanmar**

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase out plan (Stage I)	UNEP (lead), UNIDO	68 th	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2019	3.5 (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				0.0	3.5				3.5

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	4.30	Starting point for sustained aggregate reductions:	6.13
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	1.50	Remaining:	4.63

(V) BUSINESS PLAN		2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.2	0.2
	Funding (US \$)	32,770	32,770

(VI) PROJECT DATA			2012	2013 - 2014	2015	2016	2017	2018 - 2019	2020	Total
Montreal Protocol consumption limits			n/a	4.30	3.87	3.87	3.87	3.87	2.80	n/a
Maximum allowable consumption (ODP tonnes)			n/a	4.30	3.87	3.87	3.87	3.87	2.80	n/a
Agreed funding (US \$)	UNEP	Project costs	159,000	0	0	0	32,000	0	29,000	220,000
		Support costs	20,670	0	0	0	4,160	0	3,770	28,600
Agreed funding (US \$)	UNIDO	Project costs	0	0	0	0	60,000	0	0	60,000
		Support costs	0	0	0	0	5,400	0	0	5,400
Funds approved by ExCom (US\$)		Project costs	159,000	0	0	0	92,000	0	0	251,000
		Support costs	20,670	0	0	0	9,560	0	0	30,230
Total funds requested for approval at this meeting (US\$)		Project costs	0	0	0	0	0	0	29,000	29,000
		Support costs	0	0	0	0	0	0	3,770	3,770

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Myanmar, UNEP as the lead implementing agency, has submitted a request for funding for the third and final tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$29,000, plus agency support costs of US \$3,770 for UNEP 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 Myanmar reported consumption of 3.50 ODP tonnes of HCFC in 2019, which is 18.6 per cent below the HCFC baseline for compliance. The 2015-2019 HCFC consumption is shown in Table 1.

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

	2015	2016	2017	2018	2019	Baseline
Metric tonnes (mt)						
HCFC-22	26.95	60.70	65.31	61.29	63.67	77.43
HCFC-141b	0.00	0.00	0.00	0.00	0.00	0.37
Sub-total (mt)	26.95	60.70	65.31	61.29	63.67	77.80
HCFC-141b in imported pre-blended polyols*	0.00	0.00	0.00	0.00	0.00	16.64**
ODP tonnes						
HCFC-22	1.48	3.34	3.59	3.37	3.50	4.26
HCFC-141b	0.00	0.00	0.00	0.00	0.00	0.04
Sub-total (ODP tonnes)	1.48	3.34	3.59	3.37	3.50	4.30
HCFC-141b in imported pre-blended polyols*	0.00	0.00	0.00	0.00	0.00	1.83**

* Country programme (CP) data.

** Average consumption between 2007 and 2009.

3. HCFC-22 imported is fully used in the installation, servicing and maintenance of refrigeration and air-conditioning (RAC) equipment. The increase in consumption since 2016 is attributed to higher electrification rates and the fast economic growth, which provoked a boom in the construction sector and the installation of new air-conditioning units. Even though import quotas for HCFCs are issued at the maximum allowable level, the actual imports were lower than the quotas over the last four years. There has been no stockpiling reported in the country.

4. While there has been an upward trend in the HCFC consumption over the last four years, the average consumption (i.e., 3.45 ODP tonnes) is 20 per cent below the HCFC baseline for compliance. This reduction from the baseline is due to the enforcement of the licensing and quota system and the implementation of HPMP activities such as technician training and technical assistance provided to the RAC servicing sector. Furthermore, an ongoing RAC equipment market survey revealed an increased availability of alternative technology based on HFC-134a, R-410A, R-407C, R-404A, R-507A, R-600, HFC-32, and ammonia. The consumption of HCFC-141b, both in bulk and contained in imported pre-blended polyols, was nil during this period.

CP implementation report

5. The Government of Myanmar reported HCFC sector consumption data under the 2019 CP implementation report, consistent with the data reported under Article 7 of the Montreal Protocol.

² As per the letter of 10 August 2020 from the Ministry of Natural Resources and Environmental Conservation of Myanmar to UNEP.

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

Legal framework

6. Myanmar has already adopted the 2017 World Customs Organization Harmonized System (HS) code. A ban on the import of HCFC-based room air-conditioners with a cooling capacity of less than 2.5 horsepower (HP) was issued on 2 April 2020 and effective since 1 July 2020. The Ministry of Commerce controls the import of HFCs, HFC-based equipment, hydrocarbons, and other alternative refrigerants as part of the license requirement for importing commodities into the country.

7. One-hundred and twenty-four customs officers from the Customs Department headquarters in Yangon, and border checkpoints were trained in a train-the-trainer workshop on import-export procedures for ODS, methods of monitoring and reporting ODS trade, and use of refrigerant identifiers. Three ODS identifiers (with the capacity to identify HFC blends) have been delivered, and three additional units are being procured.

8. The Government confirmed that the licensing and quota system includes ODS that have already been phased out, for which no import licenses were provided since such imports are banned. For any declaration with the specified HS code for ODS, the customs officer on duty will be alerted to conduct a review of the import license and supporting documentation, and an inspection before the consignment can be cleared. There were no cases of illegal import of phased-out ODS. The Government was not aware of the use of phased-out ODS on the local market, nor was it aware of any stockpiles of such substances.

9. The verification report, carried out in 2017, found that some importers did not follow the established procedures for requesting import licenses and did not submit the annual report on the actual imports to the Environmental Conservation Department (ECD), as required under the 2014 Ozone Order. The Government has since implemented corrective actions as follows: the Ministry of Commerce only allows the import of HCFCs via seaports to prevent land-border smuggling; added a condition to 3-month import licenses to expire by the end of the year regardless of the date of issuance; implementation of a post-clearance reporting requirement where importers must submit a customs declaration form to ECD to track the actual import against the import license issued and to monitor HCFC imports; and ECD, Customs Department and the Trade Department coordinated with each another to review the import data and reconcile any discrepancies every quarter.

Refrigeration servicing sector

10. The main activities implemented included:

- (a) Three-hundred and forty-eight RAC technicians were trained on good servicing practices (in six training centres), and 1,600 copies of the UNEP publication, “Good Servicing Practices: Phasing out HCFCs in the Air-Conditioning Servicing Sector” was translated in the local language, reproduced and distributed;
- (b) High-level discussions were carried out by the National Ozone Steering Committee and consultations were held with representatives from the Ministry of Planning, Finance and Industry, Ministry of Education, the National Skill Standard Authority (NSSA), and the RAC Association for the development of examination standards and RAC certification procedures. The ECD also worked with the existing Technical and Vocational Education and Training (TVET) system to synergize the RAC certification process. However, an in-depth analysis is needed to move forward with the certification of RAC servicing technicians;

- (c) Fifty sets of basic service tools (e.g., manifold gauge and hose, 2-stage vacuum pump, leak detector, electronic charging scale, and digital clamp amp meter) were procured and delivered to the country; 22 sets were distributed to the TVET training centres and 28 sets were provided to RAC servicing workshops through the RAC Association;
- (d) Three awareness meetings were conducted for a total of 225 national stakeholders to update information on HCFC phase-out policy and the licensing system to control import and export of HCFCs and plans for prohibiting the import of HCFC-based equipment with the collaboration of local RAC associations; and
- (e) Information and awareness on good servicing practices for the installation/servicing of RAC equipment and the benefits of establishing a certification system for RAC technicians were disseminated by social media and on the Ministry of Natural Resources and Environmental Conservation website. In June 2020, awareness-raising on HCFC phase-out and refrigerant technology was carried out through visits to RAC servicing workshops.

Project implementation and monitoring

11. A multi-disciplinary National Ozone Committee provides policy support, and guidance relating to HPMP planning, implementation and monitoring. A technical consultant was appointed to manage day-to-day technical and operational issues relating to the HPMP. Total expenditures for the first two tranches amounted to US \$ 21,000 (staff and consultants (US \$5,015), travel for training experts (US \$10,065), and monitoring related-travel (US \$5,920)).

Level of fund disbursement

12. As of July 2020, of the US \$251,000 approved so far, US \$209,445 had been disbursed (US \$155,576 for UNEP and US \$53,869 for UNIDO) as shown in Table 2. The balance of US \$41,555 will be disbursed in 2021.

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

Agency	First tranche		Second tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNEP	159,000	155,576	32,000	0	191,000	155,576
UNIDO	0	0	60,000	53,869	60,000	53,869
Total	159,000	155,576	92,000	53,869	251,000	209,445
Disbursement rate (%)	97.8		58.5		83.4	

Implementation plan for the third and final tranche of the HPMP

13. The second tranche implementation has been delayed in 2020 due to two waves of COVID-19 in Myanmar and a lockdown policy adopted in response. The national ozone unit (NOU) took advantage of the period when the movement restrictions were lifted (between the two waves) to conduct inspections and in-person meetings with service technicians. Given the challenging situation of COVID-19 the timely completion of stage I will be affected. Consequently, the Government of Myanmar is requesting an extension to complete stage I of the HPMP by 31 December 2022.

14. The following activities will be implemented between January 2021 and December 2022:

- (a) Discussions with relevant authorities to extend the ban on the import of HCFC-based room air-conditioners with a cooling capacity of less than 2.5 HP to other types of HCFC-based equipment; discussions with the Ministry of Planning, Finance and Industry to ban the establishment of new facilities using HCFCs in the manufacturing process; reconciliation of the HCFC import statistics every quarter to evaluate the effectiveness of control

measures; and three refresher training workshops for 90 customs officers on the identification of refrigerants and RAC equipment inspections (UNEP) (US \$18,000, plus US \$8,000 from the previous tranche);

- (b) Development of standards for RAC examination and certification procedures; organization of two training sessions for a total of 80 RAC service technicians to update their knowledge on good servicing practices for handling low-global-warming potential (GWP) alternative technologies and safe handling of flammable refrigerant for those technicians that have not been trained yet (UNEP) (US \$4,000, plus US \$4,000 from the previous tranche);
- (c) Development of a video in the local language for RAC technicians on how to use RAC servicing tools/equipment, and support visits to workshops and training centres that had previously received servicing tools/equipment (UNIDO) (US \$6,131 from the previous tranche);
- (d) Information outreach among main stakeholders to encourage their involvement in the HPMP planned activities and to bring them up-to-date on the ODS regulatory framework and the latest developments on RAC alternative technology (UNEP) (US \$3,000, plus US \$5,101 from the previous tranche); and
- (e) Continued implementation, monitoring and reporting on HPMP activities (UNEP) (US \$4,000, plus US \$4,000 from the previous tranche) to be used for travel for training experts (US \$6,000) and travel related to monitoring (US \$2,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

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

Legal framework

15. The Government of Myanmar has already issued HCFC import quotas for 2020 of 2.80 ODP tonnes, in accordance with the Montreal Protocol control targets.

16. The Ozone Order 2014 of Myanmar treats HCFC-141b (in bulk and contained in imported pre-blended polyol) as controlled chemicals, and no imports are recorded for the period from 2011 to 2019. From discussions held among ECD, Customs Department, and the Ministry of Industry, the Government concluded that no financial support will be requested for the foam conversion project under the HPMP for Myanmar. Furthermore, UNEP reported that ECD and the Ministry of Industry are considering banning new facilities from using HCFCs in manufacturing, including HCFC-141b in bulk and contained in pre-blended polyols.

Impact of the COVID-19 pandemic on HPMP implementation

17. The Government of Myanmar has faced continued challenges in implementing the HPMP during the COVID-19 pandemic due to the lockdown policy and travel restrictions. Although the NOU was able to conduct visits to servicing workshops in June 2020, delays are expected in completing the remaining activities of the second tranche and implementing the third tranche because of a second wave of the COVID-19 pandemic. Thus, the Government has requested an extension to complete all remaining activities of stage I of the HPMP by 31 December 2022. Despite the challenges, the national system is still functioning with regard to the enforcement of regulations, ODS import data reconciliation, the National

Ozone Steering Committee through electronic conferences and outreach activities including promotion of good servicing practices through the website of the Ministry of Natural Resources and Environmental Conservation and social media managed by the NOU. The Government has also recognized that the continued implementation of the HPMP would contribute to the post-COVID-19 economic recovery in the country.

Gender policy implementation

18. In line with UNEP's gender mainstreaming policies and decision 84/92,³ the implementation of activities under the third (final) tranche will consider gender mainstreaming and equity to the extent possible. The ECD will encourage full engagement of women in various levels and steps during implementation such as planning, policy and decision-making, brainstorming and advisory, monitoring, and evaluation. Sex-disaggregated data will be collected to report on achievements under the proposed activities for the final tranche of stage I of the HPMP.

Sustainability of the HCFC phase-out

19. To ensure the sustainability of the HPMP activities and the HCFC phase-out over time, the NOU is working with the leading RAC training school to introduce into its curriculum good refrigeration practices and the safe use of flammable refrigerants. The Government will continue strengthening the training institutes and the RAC Association, and ECD will continue discussing with relevant stakeholders the establishment of a certification scheme for RAC servicing technicians. Expanding the ban of the import of HCFC-based air-conditioners with a cooling capacity lower than 2.5 HP to other types of HCFC-based equipment will further support the market transformation to lower-GWP and more energy-efficient technology.

20. The training and capacity building of customs and enforcement officers is an ongoing activity. The ODS law and country obligations under the Montreal Protocol are included in the induction courses for new customs officers. However, those courses are short and address a large number of training topics. As a result, the new customs officers may acquire only a general overview of the Montreal Protocol and ODS licensing system. In order to effectively prevent the potential illegal trade of the Montreal Protocol controlled substances, sharing knowledge and experiences for the staff working at the checkpoints are continued with the HPMP support.

Conclusion

21. The country's import licensing and quota system is operational, and the 2019 HCFC consumption level was 18.6 per cent below the country's baseline. The implementation of HPMP activities is progressing despite some delays; the fund disbursement rate has reached 59 per cent for the second tranche. The extension of stage I to 31 December 2022 will allow the Government to cope with the delays resulting from the COVID-19. The Government will continue to enforce its HCFC quota system, implement additional capacity building activities for service technicians, customs officers, and awareness activities in the next two years which will enable the country to comply with its HCFC phase-out targets.

RECOMMENDATION

22. 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 Myanmar; and

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

- (b) Approves, on an exceptional basis given potential further delay in implementing phase-out activities due to the COVID-19 pandemic, and noting that no further extension of project implementation would be requested, the extension of the date of completion of stage I of the HPMP for Myanmar to 31 December 2022.

23. The Fund Secretariat further recommends blanket approval of the third and final tranche of stage I of the HPMP for Myanmar, and the corresponding 2020-2022 tranche implementation plan, at the funding level shown in the table below:

Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
HCFC phase-out management plan (stage I, third tranche)	29,000	3,770	UNEP