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EXECUTIVE COMMITTEE OF
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IMPLEMENTATION OF THE MONTREAL PROTOCOL
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Montreal, 26-30 May 2025
Item 9(c) of the provisional agenda[1]

PROJECT PROPOSAL: PAPUA NEW GUINEA

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

Phase-out

• HCFC phase-out management plan (fifth tranche)	Germany	Blanket approval

[1] UNEP/OzL.Pro/ExCom/96/1

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Papua New Guinea

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan	Germany (lead)	63rd	100% phase-out by 2025

(II) LATEST ARTICLE 7 DATA (Annex C, Group I)	Year: 2023	0.73 ODP tonnes

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)									Year: 2023*
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					0.73				0.73

* 2024 CP data is pending, and the verification report shows 0.76 ODP tonnes.

(IV) CONSUMPTION DATA (ODP tonnes)			
2009–2010 baseline:	3.3	Starting point for sustained aggregate reductions:	3.4
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	3.4	Remaining:	0

(V) ENDORSED BUSINESS PLAN		2025	2026	2027	Total
Germany	ODS phase-out (ODP tonnes)	0.3	0	0	0.3
	Funding (US $)	140,000	0	0	140,000

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016	2017-2019	2020	2021*	2022-2024	2025	Total
Montreal Protocol consumption limits			n/a	n/a	3.4	3.4	3.1	3.1	3.1	2.2	2.2	2.2	1.2	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	3.19	3.08	2.94	2.60	2.26	1.39	0.87	0.87	0.0	n/a
Agreed funding (US $)	Germany	Project costs	350,000	0	340,000	0	0	301,000	0	134,000	0	0	125,000	1,250,000
		Support costs	41,300	0	40,120	0	0	35,518	0	15,812	0	0	14,750	147,500
Funds approved by ExCom (US $)		Project costs	350,000	0	340,000	0	0	301,000	0	0.0	134,000	0	0	1,125,000
		Support costs	41,300	0	40,120	0	0	35,518	0	0.0	15,812	0	0	132,750
Total funds requested for approval at this meeting (US $)		Project costs	0	0	0	0	0	0	0	0	0	0	125,000	125,000
		Support costs	0	0	0	0	0	0	0	0	0	0	14,750	14,750

*The fourth tranche was due for submission in 2020.

Secretariat's recommendation:	Blanket approval

PROJECT DESCRIPTION

1. On behalf of the Government of Papua New Guinea, the Government of Germany as the designated implementing agency has submitted a request for funding for the fifth and final tranche of the HCFC phase-out management plan (HPMP), in the amount of US $125,000, plus agency support costs of US $14,750.[2] The submission includes a progress report on the implementation of the fourth tranche, verification report on HCFC consumption for 2020 to 2024, and the tranche implementation plan for 2025 to 2026.

Report on HCFC consumption

2. While the Government of Papua New Guinea has not yet reported its consumption for 2024, the verified consumption for the year is 0.76 ODP tonnes, which is 77 per cent below the country's HCFC baseline for compliance. The 2020-2024 HCFC consumption is shown in table 1.

Table 1. HCFC consumption in Papua New Guinea (2020-2024 Article 7 data)

HCFC-22	2020	2021	2022	2023	2024*	Baseline
Metric tonnes (mt)	19.46	15.76	15.80	13.36	13.83	60.00
ODP tonnes	1.07	0.87	0.87	0.73	0.76	3.3

* Data from the verification report on HCFC consumption

3. Papua New Guinea's HCFC consumption consists primarily of HCFC-22 used for servicing existing installed equipment in the country. HCFC-22 consumption has been gradually decreasing as a result of implementation of HPMP activities in the refrigeration and air-conditioning (RAC) sector, including bans on import of HCFC-based equipment and HCFCs. Vigilance of customs and the national ozone unit (NOU) has led to illegal imports of RAC equipment and refrigerants being caught at the borders, ensuring compliance with the HPMP Agreement.

Country programme implementation report

4. The Government of Papua New Guinea reported HCFC sector consumption data under the 2023 country programme (CP) implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

5. The verification report confirmed that the Government was 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 2020 to 2023 was correct (as shown in table 1 above). The verification concluded that Papua New Guinea has adequate and consistent regulations to comply with the Agreement between the Government and the Executive Committee regarding the reduction and control of national consumption of ODS.

Progress report on the implementation of the fourth tranche of the HCFC phase-out management plan

Legal framework and institutional strengthening

6. Papua New Guinea ratified the Kigali Amendment on 12 November 2024. The country implemented a ban on the import of equipment containing HCFCs starting 1 January 2022. In 2023, the country approved the Environment (Ozone Depleting Substances, Synthetic Green Gas, and Natural Refrigerant) Regulation 2022 to establish an enhanced permitting and licensing framework for better

[2] As per the letter of 11 March 2025 from the Conservation and Environment Protection Authority of Papua New Guinea to the Secretariat.

monitoring and control. The Environment (Prescribed Activities) 2024 bill was updated to ensure that all refrigerants and cooling equipment entering the country are controlled through the permit system. Additionally, the country implemented a ban on the import of HCFCs starting 1 January 2025.

7. The country has also established essential guidelines, including issuing HFC controls and quotas, mandatory licensing of technicians, and planned levies for refrigerants, pending its implementation.

8. Activities related to institutional strengthening (IS) such as data collection and reporting, awareness raising, participation in regional meetings and coordination with various stakeholders in Papua New Guinea continue to be implemented.

Refrigeration servicing sector

9. The following activities were implemented:

(a) Training of 100 customs officers (16 women) on monitoring and controlling the trade of HCFCs; training of 42 forwarding and clearing agents to enhance awareness and recording of refrigerants traded; finalization of the memorandum of understanding (MOU) between the Conservation Environment Protection Authority (CEPA) and customs to grant the NOU direct access to the ASYCUDA[3] system for improved monitoring and enforcement;

(b) Training of 12 trainers and 327 technicians (11 women) in good service practices and on handling hydrocarbon (HC) refrigerants; training of 20 trainers to become certified assessors; training of 3 trainers abroad to enhance their skills; supporting the Refrigeration and Air-Conditioning Association (RACA) to increase acceptance and membership, and facilitating their involvement in stakeholder workshops and compliance activities;

(c) Certifying one new training centre; development of an assessment module with both theoretical and practical sections to test technicians' skills prior to licensing them on safe handling of refrigerants; planning of amended assessment based on pilot conducted for licensing technicians;

(d) Provision of 10 sets[4] of basic refrigeration servicing tools for two training institutions to support the training programmes; and

(e) Organization of four stakeholder workshops for 270 participants to provide insights into the initiatives being implemented in the RAC sector and highlighting RACA's role in representing private companies, guiding the industry towards a standardized and regulated environment; conduct of a roadshow on alternative refrigerants and technologies in coordination with RACA and Refrigerants Australia.

Project implementation and monitoring

10. The NOU, located within the CEPA, continues to be responsible for coordinating and monitoring the implementation of activities of the HPMP as well as the IS programme. During the fourth tranche, a total of US $20,000 was used for project management, reporting and monitoring (US $16,570 for staff and consultants, and US $3,430 for travel).

[3] Automated System for Customs Data
[4] Electronic scale, brazing set, socket set, nitrogen cylinder, nitrogen regulator, copper piping, hoses, filter dryers

Level of fund disbursement

11. As of March 2025, of the US $1,125,000 approved so far, US $1,054,820 had been disbursed, as shown in table 2. The balance of US $70,180 will be disbursed by June 2026.

Table 2. Financial report of the HPMP for Papua New Guinea (US $)

Funding tranche	Funds approved	Funds disbursed	Disbursement rate (%)	Fund balance
First	350,000	350,000	100	0
Second	340,000	340,000	100	0
Third	301,000	301,000	100	0
Fourth	134,000	63,820	47.6	70,180
Total	**1,125,000**	**1,054,820**	**93.8**	**70,180**

Implementation plan for the fifth and final tranche of the HCFC phase-out management plan

12. The following activities will be implemented between July 2025 and December 2026:

(a) Consultation and monitoring for regulatory controls; training of 50 customs officers and clearing agents to ensure enforcement of the HCFC ban (US $16,000);

(b) Three training workshops for 50 technicians on best practices in RAC sector; certifying and issuing a Refrigerant Handling License to 50 technicians for handling flammable refrigerants; supporting a Prior Learning Certificate programme for 50 technicians; supporting the RACA through meetings and participation in activities (US $75,000);

(c) Provision of basic set of tool sets for training centres[5] to conduct trainings and assessments, and provision of tools (manifold gauges) for 50 RAC servicing workshops (US $19,000, plus US $10,000 from previous tranche);

(d) Implementing an end-user incentive programme to promote R-290-based AC units (100 units) including: providing incentives to end users and training in handling R-290 refrigerants; conducting awareness-raising activities to disseminate information on the advantages of this low-GWP technology; and establishing the supply chain for R-290 split AC units (US $10,000, plus US $15,000 from previous tranche);

(e) Demonstrating two R-290 monoblocs for commercial refrigeration including: evaluation of potential beneficiaries; supply of equipment, installation, trial, commissioning and training; awareness-raising and promotion of the completed demonstration project (US $25,000 from previous tranche); and

(f) Project implementation, coordination, monitoring and reporting (US $5,000).

13. Under the IS programme, the NOU will continue enforcing ban on import of HCFCs; reporting data; creating awareness on low-GWP technologies; and coordinating with stakeholders to sustain the HCFC phase-out (US $20,180 from previous tranche).[6]

[5] Includes two HC leak detectors, four manifold gauge sets, two recovery units and four cylinders for two newly accredited training centres DBTI and Coke centre.
[6] A request for institutional strengthening project for the period January 2026 to December 2028 has been submitted at the present meeting and included in document UNEP/OzL.Pro/ExCom/96/17.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Progress report on the implementation of the fourth tranche of the HCFC phase-out management plan

Legal framework and servicing tail

14. The Government of Papua New Guinea has issued HCFC import quotas for 2025 at 0 mt, reflecting the total phase-out achieved in 2025 in accordance with the Agreement and ahead of the Montreal Protocol control targets. The country does not intend to consume HCFCs for the servicing tail during the period 2030-2040, in line with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol.

15. The reason for not using servicing tail, the Government of Germany explained, is that the relevant industry and owners of HCFC-based equipment were informed well in advance of the HCFC phase-out schedule, and they have prepared for the transition. Most HCFC-based RAC equipment is gradually coming to the end of their life. Further, with the ban on the import of HCFCs starting 1 January 2025, the Government of Papua New Guinea does not need the servicing tail.

16. The Government of Germany also agreed that a verification report covering the consumption in 2025 to 2026 would be submitted in 2027, on the understanding that if it were determined that Papua New Guinea was not in compliance with the targets specified in the Agreement, the Executive Committee could consider applying the penalty clause against future approvals for the country.

Refrigeration servicing sector

17. The Secretariat noted that both the online permitting system and the differential tax policy were not implemented during the fourth tranche. The Government of Germany explained that this could not be done due to lack of government approval, but it will be pursued in future. In the case of tax policy, the operational guidelines have been approved by the government and stakeholders, pending its implementation which requires more consultation and approval from the government.

18. The Secretariat noted that the fourth tranche planned to provide tools to seven training institutions. However, tools were provided only to two training institutions. The Government of Germany clarified that the other institutes recognized for conducting RAC trainings were pending accreditation and so they could not participate in the training of trainers conducted by the project. Efforts are ongoing to encourage these institutions to join the national initiative to standardize trainings. Two more training institutions will be provided with tools during the fifth tranche.

19. On the delay of implementing the end-user incentive programme for residential AC units (100 units), the Government of Germany informed that while the training for R-290 AC units was conducted, creation of the supply chain has been delayed due to importers' hesitancy, primarily because of the price difference between HFC-based AC units and R-290-based AC units. However, the NOU is pursuing this issue and with implementation of the licensing system and impending HFC quotas, the industry is now more open to importing R-290 AC units. On increasing the budget for this activity from US $15,000 to US $25,000, the Government of Germany clarified that this is due to the increased cost of R-290 AC units and to incentivize the cost difference of similar HFC-based AC units. This activity is planned to be completed during the fifth tranche. A detailed report will be provided in line with decision 84/84(d).

20. Regarding the delay of demonstrating R-290 technology in small cold rooms and small commercial refrigeration equipment, the Government of Germany informed that this activity could not be implemented in the fourth tranche due to lack of certified technicians, availability of refrigerant and readiness of the sector. However, discussions with users and importers were held to understand their challenges. Meanwhile, monoblocs using HCs have emerged, making it appropriate for the country to transition to this technology. Also, it was noted that the budget for this activity was reduced from US $40,000 to US $25,000. The Government of Germany clarified that this reflects the size selection of small cold rooms and the lower cost of monoblocs. The planned demonstration is proposed to be implemented during the fifth tranche. A detailed report will be provided in line with decision 92/36(g).

Implementation plan for the fifth and final tranche of the HCFC phase-out management plan

21. In view of the delays in the end-user incentive programme for the residential AC sector and the demonstration project in the commercial refrigeration sector, the Secretariat inquired whether these activities could be completed during the fifth tranche. The Government of Germany indicated that progress has been made in discussions with one importer regarding residential AC units, and that monoblocs have been successfully implemented in many countries. Considering the importers' interest, the efforts of the NOU, the improved situation of technicians, increased awareness among importers, and the enhanced availability of R-290, the country is confident that these activities can be completed during the fifth tranche. The Government of Germany also emphasized the critical nature of this activity, given the total phase-out of HCFCs in 2025, as the main consumption of HCFCs is in the residential AC and commercial refrigeration sectors.

Gender policy implementation

22. Gender mainstreaming is considered at every possible step during implementation of the HPMP including policy development, design of activities, training, awareness and other activities. Gender participation in these activities is monitored and participation of women is encouraged. While it is difficult to increase the percentage of women as technicians, women's participation in customs officer training has improved. The country is also monitoring gender in recruitment processes and encouraging women to apply. Women or women-headed companies applying for tenders are given an advantage in the evaluation process. Overall, Papua New Guinea actively aims to promote greater gender mainstreaming in all activities.

Sustainability of the HCFC phase-out and assessment of risks

23. Ensuring the long-term sustainability of the complete phase-out of HCFCs involves several measures. These include maintaining the licensing and quota system to prevent the import of banned substances, access to ASYCUDA system, training customs officers, training and certification of technicians, strengthening training centers, and supporting penetration of alternative non-ODS low-GWP technologies through end user/demonstration programmes. The primary risk for the fifth tranche is potential delays in implementing the end-user incentive scheme for residential AC and the demonstration in commercial refrigeration, which can be mitigated through enhanced cooperation between the NOU, the Government of Germany, importers and end users, and creating supply chain.

Conclusion

24. The Secretariat notes that Papua New Guinea remains in compliance with the Montreal Protocol targets and its Agreement with the Executive Committee. The ban on the import of HCFCs was implemented on 1 January 2025. Activities in the refrigeration servicing sector are proceeding and the level of funds disbursed is 47.6 per cent for the fourth tranche and 93.8 per cent for all funds approved under HPMP. The proposed activities of the demontration of HC technology in residential AC and commercial refrigeration sectors, implementing technicians certification programme, continued customs and technician

training, and strenghtening training institutions, will ensure the sustainability of the accelerated phase-out of HCFCs.

RECOMMENDATION

25. The Fund Secretariat recommends that the Executive Committee:

(a) Note the progress report on the implementation of the fourth tranche of the HCFC phase-out management plan (HPMP) for Papua New Guinea;

(b) Request the Government of Papua New Guinea and the Government of Germany to submit a final progress report on the implementation of the work programme associated with the final tranche and the project completion report to the first meeting of the Executive Committee in 2027; and

(c) Request the Government of Germany to submit a funding request in 2026, in the amount of US $30,000, plus agency support costs, for the verification report of Papua New Guinea's 2025-2026 consumption, to be submitted to the first meeting of 2027.

26. The Fund Secretariat further recommends blanket approval of the fifth and final tranche of the HPMP for Papua New Guinea and the corresponding 2025-2026 tranche implementation plan at the funding level shown in the table below, on the understanding that the Government of Germany, as the designated implementing agency, will submit the final report on the end-user project to the first meeting of the Executive Committee in 2027.

	Project title	Project funding (US $)	Support costs (US $)	Implementing agency
(a)	HCFC phase-out management plan (fifth tranche)	125,000	14,750	Germany