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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: FIJI

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, fourth 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

Fiji

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage I)	UNDP (lead), UNEP	65 th	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2019	4.62 (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					4.62				4.62

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:		5.73	Starting point for sustained aggregate reductions:
			5.73
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:		2.01	Remaining:
			3.72

(V) BUSINESS PLAN		2020	
UNDP	ODS phase-out (ODP tonnes)	0.13	
	Funding (US \$)	21,745	
UNEP	ODS phase-out (ODP tonnes)	0.07	
	Funding (US \$)	13,052	

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	n/a	5.73	5.73	5.16	5.16	5.16	5.16	5.16	3.72	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	5.73	5.73	5.16	5.16	5.16	5.16	5.16	3.72	n/a
Agreed funding (US \$)	UNDP	Project costs	71,800	0	0	37,900	0	59,850	0	0	0	19,950	189,500
		Support costs	6,462	0	0	3,411	0	5,387	0	0	0	1,795	17,055
	UNEP	Project costs	47,900	0	0	24,400	0	41,650	0	0	0	11,550	125,500
		Support costs	6,227	0	0	3,172	0	5,415	0	0	0	1,502	16,315
Funds approved by ExCom (US \$)		Project costs	119,700	0	0	62,300	0	101,500	0	0	0	0	283,500
		Support costs	12,689	0	0	6,583	0	10,802	0	0	0	0	30,074
Total funds requested for approval at this meeting (US \$)		Project costs	0	0	0	0	0	0	0	0	0	31,500	31,500
		Support costs	0	0	0	0	0	0	0	0	0	3,297	3,297

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Fiji, UNDP as the lead implementing agency has submitted a request for funding for the fourth and final tranche of stage I of the HCFC phase-out management plan (HPMP), at a total cost of US \$34,797, consisting of US \$19,950, plus agency support costs of US \$1,795 for UNDP, and US \$11,550, plus agency support costs of US \$1,502 for UNEP.² The submission includes a progress report on the implementation of the third tranche, the verification report on HCFC consumption for 2016 to 2019 and the tranche implementation plan for 2020 to 2021.

Report on HCFC consumption

2. The Government of Fiji reported a consumption of 4.62 ODP tonnes of HCFC in 2019, which is 19 per cent below the HCFC baseline for compliance. The 2015-2019 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Fiji (2014-2019 Article 7 data)

HCFC	2015	2016	2017	2018	2019	Baseline
Metric tonnes (mt)						
HCFC-22	70.03	74.43	67.60	75.23	83.91	103.44
HCFC-142b	0.32	0.09	0.00	0.05	0.05	0.65
Total (mt)	70.35	74.52	67.60	75.28	83.96	104.08
ODP tonnes						
HCFC-22	3.85	4.09	3.72	4.14	4.62	5.69
HCFC-142b	0.02	0.01	0.00	0.00	0.00	0.04
Total (ODP tonnes)	3.87	4.1	3.72	4.14	4.62	5.73

3. The HCFC consumption has been fluctuating with an overall decreasing trend due to the implementation of the activities under the HPMP, including the licensing and quota system and capacity building for customs officers and refrigeration and technicians. During 2015 to 2019, the consumption fluctuated due to the changing demand for HCFC-22 in the fisheries industry which consumes 75 to 80 per cent of the HCFCs; but the fluctuation in consumption demand stayed well below the control targets. The consumption increase in 2018 and 2019 is due to stockpile by importers in view of the upcoming control measures in 2020. Consumption is expected to decrease further as 2020 quota has been issued at the reduced level (65 per cent of the baseline) and with the implementation of the end-user replacement programme. Currently the import of alternative refrigerants to HCFCs is estimated at 50 per cent.

Country programme (CP) implementation report

4. The Government of Fiji 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. The verification report confirmed that the Government is implementing an operational licensing and quota system for controlling HCFC imports and exports, that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for 2016 to 2019 was correct (as shown in Table 1 above), and that Fiji is in compliance with the Montreal Protocol control targets and the maximum allowable consumption limits in its Agreement with the Executive Committee. The verification noted that HCFCs exported to another territory must receive an export permit from the national ozone unit (NOU). However, HCFCs exported to foreign flagged fishing vessels (FFVVs) are not subject to the mandatory export licensing system; and exporters only need to get the clearance from customs before exporting any goods to

² As per the letter of 21 August 2020 from the Ministry of Environment of Fiji to UNDP.

the FFFVs. The verification report has recommended to include the exports to FFFVs into the licensing and quota system.

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

Legal framework

6. The Government of Fiji has been enforcing a licensing and quota system for all ODS in terms of handling, storage, sales, imports and re-exports, including to FFFVs. The Government is currently reviewing the ODS Act to cover the introduction of alternative refrigerants and other emerging issues such as a ban on all HCFC-based equipment. The ban would be implemented in phases starting with larger systems such as chillers, followed by strict control of other smaller equipment such as domestic air-conditioning (AC) units.

7. A total of 157 customs and enforcement officers were trained in monitoring ODS imports and exports and an additional 43 customs and enforcement officers received refresher training. The NOU organized four awareness workshops for 60 customs officers on the requirements for importing HCFCs and methyl bromide and the proper declaration of HCFCs for all fishing vessels (both local and foreign).

8. The Government of Fiji ratified the Kigali agreement on 16 June 2020.

Refrigeration servicing sector

9. The following activities were implemented:

- (a) In collaboration with the training centre of Fiji National University, 304 refrigeration and air-conditioning (RAC) technicians were trained in good practices and refrigerant recovery and reuse when servicing HCFC-based equipment, which is a prerequisite for obtaining a technician license; in addition, 278 technicians were trained in the safe handling and servicing of equipment with flammable alternatives (ammonia and hydrocarbons);
- (b) Ten recovery machines and recovery cylinders were procured and provided to the Refrigeration Association to assist in refrigerant recovery; and training was provided to technicians on the use of recovery units; a refrigerant reclamation centre was established at the Fishery Association, where two mini-reclaim units (procured in the second tranche) were installed and technical assistance was provided to 25 technicians by an international consultant; a similar reclamation centre was also planned for the Refrigeration Association and technical assistance will be provided by an international expert once the travel restrictions related to the COVID-19 pandemic have been lifted;
- (c) A consultant was employed to collect data and conduct technical analysis on the strategy for the fishery sector's transition to ODS alternatives. Various options were studied and non-ODS low-global-warming potential (GWP) options are still not available for fishery vessels. It was decided that the trial retrofit of one fishing vessel should be cancelled. Training and technical assistance in refrigerant recovery, recycling and reuse have been planned to assist the fishery sector;
- (d) A replacement programme was prepared to replace 100 residential AC units. The NOU has advertised the scheme and is awaiting expression of interest to identify beneficiaries; and
- (e) Awareness-raising materials on HCFC phase-out, its impact and transition to alternative technologies in the fishery sector were prepared and distributed to customs officers, refrigeration technicians and other stakeholders; the Refrigeration Association and the

fishery sector (owners of fishing vessels and land-based equipment, contractors and technicians) were involved in consultations regarding the amendment to the legislation; the NOU also worked closely with the Department of Energy to promote a linkage between HCFC phase-out and the introduction of energy-efficient alternative technologies.

Project implementation and monitoring

10. The project management and monitoring team provides support to the NOU in the implementation of the activities planned in the HPMP; coordinates with technical institutes and industry associations; and monitors and reports on the progress of implementation. Of the US \$20,000 disbursed for project implementation and monitoring, US \$8,519 was for travel, US \$7,864 was for meetings and workshops, and US \$3,617 was for miscellaneous expenses.

Level of fund disbursement

11. As of August 2020, of the US \$283,500 approved so far, US \$242,287 had been disbursed (US \$145,287 for UNDP and US \$97,000 for UNEP), as shown in Table 2. The balance of US \$41,213 will be disbursed in 2020.

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

Tranche		UNDP	UNEP	Total	Disbursement rate (%)
First	Approved	71,800	47,900	119,700	100
	Disbursed	71,800	47,900	119,700	
Second	Approved	37,900	24,400	62,300	100
	Disbursed	37,900	24,400	62,300	
Third	Approved	59,850	41,650	101,500	59
	Disbursed	35,587	24,700	60,287	
Total	Approved	169,550	113,950	283,500	85
	Disbursed	145,287	97,000	242,287	

Implementation plan for the fourth and final tranche of the HPMP

12. The following activities will be implemented between December 2020 and December 2021:
- One training workshop for 15 customs brokers/agents in the use of harmonized system (HS) codes for HCFCs and HCFC-based equipment; two refresher courses for 30 customs officers (UNEP) (US \$3,000); a mandatory training on the licensing system for onboard refrigeration engineers regardless of nationality in the fishery sector, and awareness raising targeting importers on the sale of HCFC-22 to fishery companies only with a valid licence (institutional strengthening funding);
 - Organizing two training workshops for 40 technicians in the marine and fishery sector on good servicing practices and servicing with flammable refrigerants; two training workshops, one on good refrigeration practices and the other on low-GWP alternative technologies for a total of 60 technicians; updating the Fiji National University refrigeration training manual (UNEP) (US \$4,000);
 - Providing technical assistance and an online workshop by an international consultant on recovery and reclamation for the Fishery Association; two workshops for 50 technicians including those from the fishery sector on the use of recovery machines (UNDP) (US \$4,200);

- (d) Completing the end-user incentive programme for the introduction of HFC-32 residential AC units; and raising awareness and promoting replacement with HFC-32 technology through demonstration of the technology, workshops and meetings with stakeholders, and disseminating information (UNDP) (US \$10,750);
- (e) Distribution of information to the target audience including new legislative amendments and the schedule for banning HCFC-based equipment; awareness materials related to technician training and certification, low-GWP technologies in the RAC sector; information for customs agents on HS codes, labeling of HCFC/HFC-based equipment and the import clearing process; and media advertisement on the licensing and permit requirements (UNEP) (US \$4,550); and
- (f) Project management, monitoring and reporting including coordination with stakeholders, collecting data and monitoring progress; and preparing reports (UNDP) (US \$5,000 with the following breakdown: US \$2,200 for travel, US \$2,000 for meetings and workshop, and US \$800 for miscellaneous expenses).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Verification report

13. The Secretariat noted that the verification report has included a recommendation on controlling HCFC exports to FFFVs and enquired about the action plan to address the recommendation. UNDP responded that Fiji has already had the exporting licensing requirement in the legislation, and the NOU recognizes the importance of fully enforcing export license requirement for exporting HCFCs to FFFVs and strengthening the monitoring mechanism. Due to time-bound constraint of HCFC trades to FFFVs, the Government is preparing an action plan on alternative ways to address the challenges, including the option to issue annual export permit, in consultation with stakeholders. The progress made in this regard will be reported when stage II is submitted.

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

Legal framework

14. The Government of Fiji has already issued HCFC import quotas for 2020 at 3.69 ODP tonnes, which is lower than the Montreal Protocol control targets.

15. Upon an enquiry on the timeframe for banning imports of HCFC-based AC units, UNDP explained that the banning of small equipment using HCFC-22 needs further consultation with stakeholders. In the meantime, the Government will control the import of small HCFC-based equipment by imposing the licensing requirement to enable close monitoring to better understand the market.

Refrigeration servicing sector

16. Upon enquiries regarding the implementation of the residential AC unit replacement programme approved at the 77th meeting, UNDP explained that the programme is open to private businesses, institutions and individual households. End-users interested in replacing HCFC-22-based AC units with a non-ODS low-GWP alternative (HFC-32)-based unit can apply to avail themselves of the programme. Once approved by the NOU, the beneficiary can procure the new equipment from suppliers and apply for an incentive of up to 25 per cent of the cost. After verification of the installation, the NOU may approve the request and

pay the beneficiary the incentive. The remaining 75 per cent of the unit cost will be borne by the beneficiary. An estimation of the unit cost of equipment, incentive and co-financing by beneficiaries is shown in Table 3 below:

Table 3: Unit cost of AC units, level of incentive and co-financing by beneficiaries

Capacity of ACs	Total cost (US \$/unit)	Level of incentive (US \$)	Co-financing (US \$)
9,000 BTU*	600	150	450
12,000 BTU	715	175	540
18,000 BTU	1,140	285	855

*BTU = British thermal unit

17. The Secretariat noted that this activity was approved at the 77th meeting but the equipment has not been purchased, and enquired about the implementation arrangement in compliance with decision 84/84. UNDP explained that the Government had put effort into designing the programme, which has been rolled out to the public. The Government considers this programme to be a good approach to ensure the penetration of low-GWP alternatives in the market and wishes to continue implementing it in the fourth tranche. UNDP further elaborated on the activities planned in the fourth tranche to amplify the benefits of the replacement programme in compliance with decision 84/84(b) and (c) as follows:

- (a) The AC unit replacement incentive programme was launched in response to interest expressed to the Government by beneficiaries to import HFC-32 AC units given the penetration of similar units in Southeast Asia;
- (b) The Government has established a levy on the import of HCFC-22 units since 2018 in an attempt to limit the import of HCFC-22-based equipment and to encourage the introduction of non-HCFC, low-GWP and energy-efficient alternative technologies;
- (c) The programme was built from the RAC technician training in handling alternative refrigerants conducted in previous tranches. The replacement programme will provide an opportunity for technicians to continuously receive training in a real-life environment and practice and gain skills in handling mildly flammable refrigerants;
- (d) The previous training will allow technicians to install HFC-32 units in a safe and efficient manner; in turn, the installed units will serve to “monitor” the technicians’ actions in the field in order to assess their capacities and provide feedback to improve future training in handling flammable refrigerants;
- (e) The outcomes of the AC unit replacement programme will be collected, assessed and disseminated through awareness workshops, technical workshops and technician training to support its scale-up by the private sector. These activities have been planned in the fourth tranche; and
- (f) Upon completion of the replacement programme, the Government will analyze the complete scenario of replacement actions and the receptivity of the private sector and end-users to the results. The data collected will be used to develop further strategies and policies for scaling up the market penetration of low-GWP room AC units in the country. Also, UNDP will submit a comprehensive report on the results of the incentive programme, to allow the Secretariat to develop fact sheets to inform future projects, in line with decision 84/84(d).

18. Upon a request for clarification on whether R-290 AC units would be considered in the replacement programme, UNDP responded that so far such units have not penetrated well in the region.

Completion of stage I

19. UNDP has confirmed that stage I for Fiji will be completed on 31 December 2021 as established in paragraph 14 of the Agreement.

Gender policy implementation

20. In line with decision 84/92(d),³ the fourth tranche implementation will take into account gender mainstreaming and equity to the extent possible to encourage the engagement of women in various activities such as planning, policy and decision-making, brainstorming and advisory activities, and monitoring and evaluation. Women will be encouraged to participate in the events/activities organized under the fourth tranche of stage I of the HPMP, such as meetings, training, workshops, capacity-building activities and outreach activities. Gender disaggregated data will be collected.

Sustainability of the HCFC phase-out

21. A licensing and quota system has been established and is operational to ensure compliance with the Montreal Protocol control targets. A levy has been put in place to discourage imports of HCFC-22-based equipment. As part of its induction programme, the Customs Department provides periodic training for new customs officers that includes matters related to compliance with the obligations under the Montreal Protocol.

22. Training centers for technicians have been established to enable continuous capacity development for technicians. Equipment and tools provided for technician training and refrigerant recovery will contribute to the sustainability of the phase-out achieved under stage I. Training curricula has been incorporated into Fiji National University and the incentive programme will encourage transition to non-HCFC low-GWP technologies.

Revision of the Agreement

23. At the 73rd meeting, the starting point for sustained aggregate reduction in HCFC consumption for Fiji was revised from 8.41 ODP tonnes to 5.77 ODP tonnes in order to maintain consistency with the reporting approach in which the HCFCs used for servicing FFFVs counted as exports, on the understanding that the Government of Fiji would submit to the Ozone Secretariat a request to revise the baseline consumption for compliance under Article 7 of the Montreal Protocol.⁴

24. The Twenty-ninth Meeting of the Parties approved the revision of the HCFC baseline for Fiji from 8.41 ODP tonnes to 5.73 ODP tonnes.⁵ In view of the revised baseline 5.73 ODP tonnes, the Secretariat has updated paragraph 1 and Appendix 2-A of the Agreement between the Government of Fiji and the Executive Committee to reflect this change. Paragraph 16 has also been updated to reflect that the updated revised Agreement would supersede that agreed at the 73rd meeting. The updated revised Agreement will be appended to the final report of the 86th meeting.

Conclusion

25. Fiji has an operational licensing and quota system for the import and export of HCFCs which enables HCFC consumption reductions in line with the Montreal Protocol's phase-out schedule. The reported 2019 HCFC consumption is already 19 per cent below the HCFC baseline for compliance and the quota issued for 2020 is in line with the Montreal Protocol control target. The activities under the HPMP

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

⁴ Decision 73/60.

⁵ Decision XXIX/15.

are progressing, and those that will continue in the fourth tranche *inter alia* training of customs officers/agents and RAC technicians, technical assistance in the refrigerant recovery and recycling programme as well as the end-user replacement programme will enable sustainable reduction of HCFC consumption in the country. The disbursement rate of the third tranche reached 59 per cent. Stage II will be submitted to the 87th meeting.

RECOMMENDATION

26. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the third tranche of stage I of the HCFC phase-out management plan (HPMP) for Fiji;
- (b) Notes that the Fund Secretariat has updated the revised Agreement between the Government of Fiji and the Executive Committee, as contained in Annex I to the present document, specifically: paragraph 1 and Appendix 2-A, based on the revised HCFC baseline for compliance; and paragraph 16, that has been updated to indicate that the updated revised Agreement superseded that reached at the 73rd meeting; and
- (c) Requests UNDP to submit a detailed report on the results of the end-users incentive programme to replace HCFC-22-based air-conditioning units with HFC-32-based units, to allow the Secretariat to develop fact sheets to inform future projects, in line with decision 84/84(d).

27. The Fund Secretariat further recommends blanket approval of the fourth and final tranche of stage I of the HPMP for Fiji, 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 I, fourth tranche)	19,950	1,795	UNDP
(b)	HCFC phase-out management plan (stage I, fourth tranche)	11,550	1,502	UNEP

Annex I

TEXT TO BE INCLUDED IN THE UPDATED REVISED AGREEMENT BETWEEN THE GOVERNMENT OF FIJI AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS

(Relevant changes are in bold font for ease of reference)

1. This Agreement represents the understanding of the Government of Fiji (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of **3.72** ODP tonnes by 1 January 2020 in compliance with Montreal Protocol schedules.

16. This **updated** revised Agreement supersedes the Agreement reached between the Government of Fiji and the Executive Committee at the **73rd** meeting of the Executive Committee.

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	N/A	N/A	5.73	5.73	5.16	5.16	5.16	5.16	5.16	3.72	N/A
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	N/A	N/A	5.73	5.73	5.16	5.16	5.16	5.16	5.16	3.72	N/A
2.1	Lead IA (UNDP) agreed funding (US \$)	71,800	0	0	37,900	0	59,850	0	0	0	19,950	189,500
2.2	Support costs for Lead IA (US \$)	6,462	0	0	3,411	0	5,387	0	0	0	1,795	17,055
2.3	Cooperating IA (UNEP) agreed funding (US \$)	47,900	0	0	24,400	0	41,650	0	0	0	11,550	125,500
2.4	Support costs for cooperating IA (US \$)	6,227	0	0	3,172	0	5,415	0	0	0	1,502	16,315
3.1	Total agreed funding (US \$)	119,700	0	0	62,300	0	101,500	0	0	0	31,500	315,000
3.2	Total support costs (US \$)	12,689	0	0	6,583	0	10,802	0	0	0	3,297	33,370
3.3	Total agreed costs (US \$)	132,389	0	0	68,883	0	112,302	0	0	0	34,797	348,370
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)											1.98
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (ODP tonnes)											-
4.1.3	Remaining eligible consumption of HCFC-22 (ODP tonnes)											3.75
4.2.1	Total phase-out of HCFC-142b agreed to be achieved under this Agreement (ODP tonnes)											0.04
4.2.2	Phase-out of HCFC-142b to be achieved through previously approved projects (ODP tonnes)											-
4.2.3	Remaining eligible consumption of HCFC-142b (ODP tonnes)											0.00