



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/70/42
6 June 2013

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventieth Meeting
Bangkok, 1-5 July 2013

PROJECT PROPOSAL: SAO TOME AND PRINCIPE

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

Phase-out

- HCFC phase-out management plan (stage I, second tranche)

UNEP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Sao Tome and Principe

(I) PROJECT TITLE	AGENCY
HPMP (stage I)	UNEP

(II) LATEST ARTICLE 7 DATA	Year: 2011	0.14 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP)								Year: 2009	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC123									
HCFC124									
HCFC141b									
HCFC142b									
HCFC22					0.14				0.14

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	2.2	Starting point for sustained aggregate reductions:	0.15
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.05	Remaining:	0.1

(V) BUSINESS PLAN		2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.01	0	0	0.01	0	0.01	0	0.01	0.04
	Funding (US \$)	39,550	0	0	39,550	0	33,900	0	18,080	131,080

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	n/a	2.2	2.2	2.0	2.0	2.0	2.0	2.0	1.4	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	0.15	0.15	0.14	0.14	0.14	0.14	0.14	0.10	n/a
Agreed Funding (US\$)	UNEP	Project costs	44,000	0	35,000	0	35,000	0	0	30,000	00	16,000	160,000
		Support costs	5,720	0	4,550	0	4,550	0	0	3,900	0	2,080	20,800
Funds approved by ExCom (US\$)	UNEP	Project Costs	44,000	0	35,000	0	0	0	0	0	0	0	79,000
		Support Costs	5,720	0	4,550	0	0	0	0	0	0	0	10,270
Total funds requested for approval at this meeting (US\$)	UNEP	Project Costs	0	0	35,000	0	0	0	0	0	0	0	35,000
		Support Costs	0	0	4,550	0	0	0	0	0	0	0	4,550

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Sao Tome and Principe UNEP, as the designated implementing agency, has submitted to the 70th meeting of the Executive Committee a request for funding for the second tranche of stage I of the HCFC phase-out management plan (HPMP) at a total cost of US \$35,000, plus agency support costs of US \$4,550 for UNEP. The submission includes a progress report on the implementation of the first tranche of the HPMP, and tranche implementation plans for 2013 to 2015.

Background

2. Stage I of the HPMP for Sao Tome and Principe was approved by the Executive Committee at its 63rd meeting to reduce HCFC consumption by 35 per cent of the baseline by 2020, at a total funding level approved in principle of US \$160,000, plus agency support costs of US \$20,800. Also at its 63rd meeting, the Executive Committee also approved the first tranche of stage I of the HPMP, at the amount of US \$44,000, plus agency support costs of US \$5,720 for UNEP.

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

3. A Decree/Law to control ODS including HCFCs was approved by the Government in early 2007. It includes *inter alia* a mechanism for granting import authorization, and import quotas, and requires the Customs Directorate to periodically provide information and statistics on the entry of ODS and ODS-based equipment to the National Institute of Statistics. Based on the phase-out schedule, the National Ozone Unit and the Ministry of Trade are responsible for setting HCFC quotas.

4. The following activities have been implemented in the refrigeration and air-conditioning servicing sector: 23 customs officers and environmental inspectors have been trained and two refrigerant identifiers have been distributed to the main ports of entry. Sixty technicians have been trained in good service practices including the use and safe handling of hydrocarbon-based refrigerants, with assistance from the association of refrigeration technicians. Vocational training institutions and a few large repair workshops have been identified to serve as referral centres for the training of technicians and for managing basic service equipment for technicians. Tool kits and basic equipment items purchased during implementation of the terminal phase-out management plan (TPMP) have been distributed to technicians for servicing HCFC-based equipment. The project management and monitoring unit has become operational.

5. As of May 2013, of the US \$44,000 approved for the first tranche, US \$42,160 had been disbursed or committed. The balance of US \$1,840 will be disbursed in 2013.

Annual plans for the second tranche of the HPMP

6. The main activities to be implemented during the second tranche of stage I of the HPMP include: further training for 45 customs and other law enforcement agents (US \$15,000); additional training for 60 refrigeration service technicians, including recovery and recycling of HCFCs and conversion of domestic air-conditioning (US \$10,000); and monitoring and evaluation of the activities needed in the HPMP implementation (US \$10,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Operational licensing system

7. In line with decision 63/17 and as required under the Agreement between the Government of Sao Tome and Principe and the Executive Committee, confirmation has been received from the Government that an enforceable national system of licensing and quotas for HCFC imports and exports is in place and that the system is capable of ensuring compliance with the Montreal Protocol HCFC phase-out schedule for the duration of the Agreement. An import quota of 0.15 ODP tonnes (2.71 mt) has been issued for 2013.

HCFC consumption

8. According to the data gathered during the preparation of the HPMP, consumption of HCFC-22 (the sole HCFC consumed in the country) increased from 0.12 to 0.16 ODP tonnes between 2007 and 2010. However, in 2009 the consumption was reported at 4.1 ODP tonnes as shown in Table 1. As explained by UNEP, the consumption reported under Article 7 of the Montreal Protocol by the Government of Sao Tome and Principe for 2009 was not accurate as it was before the survey conducted for the preparation of the HPMP was finalized. In January 2011, the Government submitted a letter to the Ozone Secretariat requesting a downwards revision of the HCFC-22 consumption, from 75.00 mt (4.13 ODP tonnes) to 2.51 mt (0.14 ODP tonnes) for 2009, as well as other corrections to the HCFC data for previous years. In further consultations on this issue, the Ozone Secretariat informed the Fund Secretariat that since HCFC consumption for 2009 is used to calculate the baseline for compliance for Article 5 Parties, any revision to the reported data should follow the methodology for the revision of baseline data adopted by the Parties to the Montreal Protocol at their 15th Meeting (decision XV/19). The Government of Sao Tome and Principe is in communications with the Ozone Secretariat to enable the consumption data reported for 2009 to be officially revised. The funding level approved in principle for stage I of the HPMP for Sao Tome and Principe will not be changed even if the Parties to the Montreal Protocol agreed on the change of the HCFC baseline requested by the Government.

9. Based on the results of the survey for the preparation of the HPMP, the Government of Sao Tome and Principe agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the average levels of consumption of 0.1 ODP tonnes reported under the HPMP for 2009 and 0.2 ODP tonnes reported under Article 7 for 2010, resulting in 0.15 ODP tonnes. On this basis, the Executive Committee approved the HPMP.

Table.1 Consumption of HCFC-22 in Sao Tome and Principe (2006-2011 Article 7, 2012 estimated)

HCFC-22	2006	2007	2008	2009	2010	2011	2012*	Baseline**
Metric tonnes	0.60	2.10	2.30	75.00	2.90	2.55	2.18	38.95
ODP tonnes	0.03	0.12	0.13	4.13	0.16	0.14	0.12	2.15

(*) Estimated.

(**) The HCFC baseline for compliance is 2.2 ODP tonnes (based on one decimal digit).

10. Upon a request for additional information on hydrocarbon-based refrigerants, UNEP explained that there are no reports available on the current use of hydrocarbon-based refrigerants and there are no regulations on the use these refrigerants in the country. However the National Ozone Unit noticed the presence of some hydrocarbon-based equipment. UNEP also indicated that issues related to barriers for the introduction of alternative technologies and refrigerants during implementation of the HPMP will be discussed at the network meeting of ozone officers in Africa.

11. The Secretariat notes that the consumption of HCFC-22 has been progressively reducing since 2010 and that an import licensing and quota system is operational and will enable reductions in consumption in line with the Montreal Protocol’s phase-out schedule. The activities in the servicing sector have been developed with the participation of key stakeholders. As reported by UNEP, a memorandum of understanding has been signed with the main refrigeration training school, and an ozone module has already been introduced into the curricula of the school. The National Ozone Unit and the Customs Department have been working to ensure that all enforcement officers are trained on the identification and control of HCFCs. These activities will contribute to the long-term sustainability of the activities proposed in stage I of the HPMP.

RECOMMENDATION

12. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes notes of the progress report on the implementation of the first tranche of stage I of the HCFC phase-out management plan of (HPMP) in Sao Tome and Principe;
- (b) Requests the Fund Secretariat, in the event that the baseline consumption for compliance for Sao Tome and Principe was amended based on the revised HCFC consumption data reported under Article 7 of the Montreal Protocol, to update Appendix 2-A to the Agreement to include the revised figures for maximum allowable consumption, and to notify the Executive Committee of the resulting change in the levels of maximum allowable consumption and of any potential related impact on the eligible funding level, with any adjustments needed being made when the next tranche was submitted; and
- (c) Further recommends blanket approval of the second tranche of stage I of the HPMP for Sao Tome and Principe, and the corresponding 2013 – 2015 tranche implementation plan, with associated support costs at the funding level shown in the table below:

	Project Title	Project Funding (US \$)	Support Cost (US \$)	Implementing Agency
(a)	HCFC phase-out management plan (stage I, second tranche)	35,000	4,550	UNEP
