



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/47/42
24 October 2005

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-seventh Meeting
Montreal, 21-25 November 2005

PROJECT PROPOSAL: SAINT VINCENT AND THE GRENADINES

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

Phase out

- Terminal phase-out management plan for CFCs UNDP and UNEP

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 issue of the document.

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PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
COUNTRY: Saint Vincent and the Grenadines

PROJECT TITLE

BILATERAL/IMPLEMENTING AGENCY

Terminal Phase-out Management Plan for CFCs

UNEP/ UNDP

SUB-PROJECT TITLES

(a) 1A (UNDP) Training of technicians, recovery & recycling
 (b) 1B (UNEP) Training of technicians, recovery & recycling, fixed systems
 (c) 2 (UNDP) Retrofit and replacement program for end-users
 (d)3 (UNEP) Customs Training and prevention of illegal trade

UNEP/ UNDP

NATIONAL CO-ORDINATING AGENCY: National Ozone Unit, Ministry of Health and Environment

LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT

A: ARTICLE-7 DATA (ODP TONNES, 2004)

CFC	2.08	Carbon tetrachloride (CTC)	0.0
		Methyl chloroform (TCA)	0.0

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2004, AS OF SEPTEMBER 2005)

ODS	Foam	Ref.	Aerosol	ODS	Solvents	Process agent	Fumigant
CFC	-	2.08	-	-	-	-	-
CTC, TCA	-	-	-	-	-	-	-

CFC consumption remaining eligible for funding (ODP tonnes) n/a

CURRENT YEAR BUSINESS PLAN: No entry in business plan - country in non-compliance

PROJECT DATA		2005	2006	2007	2008	2009	2010	Total
CFC (ODP tonnes)	Montreal Protocol limits	0.9	0.90	0.27	0.27	0.27	0.00	n/a
	Annual consumption limit in accordance to Decision XVI/30 of the Meeting of Parties	1.39	0.83	0.45	0.22	0.10	0.00	n/a
	Annual phase-out newly addressed	0.69 + 0.56	0.38	0.23	0.12	0.10	0.00	n/a
Project costs (US \$):								
	Funding for lead agency UNEP	67,000	14,000	14,000	14,000	0	0	109,000
	Funding for UNDP	101,000	21,000	6,000	0	0	0	128,000
	Total project funding	168,000	35,000	20,000	14,000	0	0	237,000
Support costs (US \$)								
	Support cost for UNEP	8,710	1,820	1,820	1,820	0	0	14,170
	Support cost for UNDP	9,090	1,890	540	0	0	0	11,520
	Total support costs	17,800	3,710	2,360	1,820	0	0	25,690
TOTAL COST TO MULTILATERAL FUND (US \$)		185,800	38,710	22,270	15,820	0	0	262,600

FUNDING REQUEST: 168,000 US\$

FUNDING REQUEST: Approval in principle of total ODS phase-out, total project funding and total support costs, and approval of funding for first tranche (2005) as indicated above.

SECRETARIAT'S RECOMMENDATION	Individual consideration
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PROJECT DESCRIPTION

1. The Terminal CFC phase-out management plan (TPMP) was prepared by the Government of the St. Vincent and the Grenadines with support from UNEP and UNDP. It proposes a combination of investment and non-investment activities in the refrigeration and air-conditioning servicing sector with a request to approve funding in principle of US \$237,000, and will result in the complete phase out of the present CFC consumption of 2.090 ODP tonnes by 31 December 2009.

2. St. Vincent and the Grenadines is presently in non-compliance as per decision XV/42 of the 15th Meeting of the Parties, and has submitted a commitment to the 16th Meeting of the Parties to reduce its consumption according to the following schedule:

Year	2004	2005	2006	2007	2008	2009	2010
Maximum consumption as per dec. XVI/30 [ODP tons]	2.15	1.39	0.83	0.45	0.22	0.1	0

3. The Montreal Protocol (Substances that Deplete the Ozone Layer) Act No. 49 of 2003 and Statutory Rules and Regulations together form the legal basis for the import/export licensing system and came into force in July 2005. The legislation provides a schedule for phasing out importation of CFCs through the administration of quotas for CFC importers covering the period January 2005 to December 2009. The list of CFCs covers those listed in Annex A Group I as well as R-502, a refrigerant mixture containing CFC-113. The granting of licenses to import the above substances and the assignment of annual quotas to importers is the responsibility of the Minister of Health and the Environment, acting on the advice of the National Ozone Unit. The quotas are based on the baseline consumption adopted by the Government and are assigned to importers based on a percentage calculated on the basis of their historic market share. There is a ban in effect on the importation of equipment and appliances which use or contain CFCs. It also prohibits the importation of certain aerosols, foams, solvents and fire-fighting equipment dependant on CFCs. The Comptroller of Customs is conferred with additional powers under the Montreal Protocol Act and Regulations.

4. The country, having its consumption exclusively in the refrigeration servicing sector, has previously received support from the Multilateral Fund through a refrigerant management plan (RMP). The project proposal provides a detailed account of the results of activities under the RMP and the present situation in the servicing sector. There are a total of about 10 servicing establishments in the mobile air conditioning (MAC) sub-sector and about an additional 40 persons who service MACs on an occasional basis. In the domestic and commercial sub sectors, there are about 25 servicing establishments and an additional 80 occasional service providers. The larger consumers (brewery, hotels) have in-house servicing. It is estimated that there is a total of 200 technicians operating in the formal and informal sectors. CFC containing systems are used in domestic and commercial refrigeration as well as mobile air conditioning. The few chillers in operation have been retrofitted and the scale of industrial operations does not merit separate consideration from the commercial sub sector. A summary of the projected, business-as-

usual CFC consumption for refrigeration servicing for 2005 by use is provided in the following table:

Sub-sector	CFC use (ODP T)
Domestic refrigeration appliances/equipment	1.08
Commercial/Industrial refrigeration equipment	0.84
MAC equipment	1.49
Total	3.41

5. The RMP approved for St. Vincent and the Grenadines in April 1999 focussed on the training of technicians and of customs officers. 25 technicians were trained as trainers in June 1999 and in a second phase an additional 40 technicians were trained by local trainers. 33 customs officers received training as trainers by an international trainer, an additional 21 customs officers by local trainers under the guidance of the international trainer. The equipment support provided consisted of three recovery and recycling systems, three recovery units, three leak detectors and scales and four refrigerant identifiers.

6. Proposed actions under the TPMP are

- (a) Further Training of Technicians by extending training on good practices to those technicians, mostly in the informal sector, who had not participated in the initial training provided, or the one available at the training institutes;
- (b) Further training of customs officers in the enforcement of the Montreal Protocol Regulations;
- (c) Establishment of an Association of Refrigeration Technicians;
- (d) Mandating the licensing and certification of technicians through legislation;
- (e) Strengthening of Recovery and Reuse practices and use of existing R&R equipment through awareness-raising and promotion, as well as development of a Code of Good Practice;
- (f) Providing additional Recovery equipment for the commercial/industrial and MAC sub-sectors, with obligations by selected owners of the equipment to report regularly on quantities of CFCs recovered, recycled and re-used; and
- (g) Financing retrofitting in the MAC and fixed systems sectors.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

7. The funding level requested for this TPMP is fully eligible. According to decision 45/54, the funding level for a TPMP in a country with minimum CFC baseline is US \$205,000. In

addition, St. Vincent and the Grenadines is entitled to, but has not received funding for an RMP update, amounting to US \$32,500. The requested funding of US \$237,000 remains below the combined entitlement for an RMP update and TPMP.

8. The Secretariat received a draft for an Agreement between St. Vincent and the Grenadines and the Executive Committee. Since St. Vincent and the Grenadines is in non-compliance and follows a specific phase-out schedule based on its action plan submitted to the Implementation Committee, the Secretariat suggests concluding a mutual agreement as contained in the Annex rather than approving the TPMP only through a decision of the Executive Committee.

9. The Secretariat raised a number of issues with UNEP as the lead agency. These were relating to the structure of the TPMP as an integrated approach with well co-ordinated activities to be implemented under one management, the identification of importers, calculation of consumption in particular in the domestic refrigeration sub-sector and the possibilities for recovery and recycling in that sector, influence of cruise ships and pleasure crafts on the consumption, training coverage under the previous RMP vs. planned activities in the TPMP, the size of the fleet of cars with CFC MAC systems and a meaningful funding schedule. All open questions could be resolved.

RECOMMENDATIONS

10. Based on above comments of the Fund Secretariat, the Executive Committee may wish to consider:

- (a) approving, in principle, the Terminal phase-out plan for Saint Vincent and the Grenadines, at the amount of US \$237,000 plus agency support costs of US \$25,690 for UNDP and UNEP;
- (b) approving the associated “Agreement between Saint Vincent and the Grenadines and the Executive Committee of the Multilateral Fund for the Phase-out of Ozone Depleting Substances” as contained in Annex I to this document; and
- (c) approving the first tranche of the plan at the funding levels shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Terminal phase-out management plan for CFCs	67,000	8,710	UNEP
(b)	Terminal phase-out management plan for CFCs	101,000	9,090	UNDP

**DRAFT AGREEMENT BETWEEN THE GOVERNMENT
OF ST. VINCENT AND THE GRENADINES AND
THE EXECUTIVE COMMITTEE FOR
THE TERMINAL PHASE-OUT MANAGEMENT PLAN**

1. This Agreement represents the understanding of the Government of St. Vincent and the Grenadines (the “Country”) and the Executive Committee with respect to the complete phase-out of controlled use of the ozone-depleting substances set out in Appendix 1-A (the “Substances”) prior to 1 January 2010 in compliance with Protocol schedules.
2. The Country agrees to phase out the use of the Substances in Annex A (Group I) of the Montreal Protocol in accordance with the annual phase-out targets set out in rows 2 and 3 of Appendix 2-A (the “Targets”) and this Agreement. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to the Substances as described in the TPMP document.
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees in principle to provide the funding set out in row 8 of Appendix 2-A (the “Funding”) to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (the “Funding Approval Schedule”).
4. The Country will meet the consumption limits for each Substance as indicated in Appendix 2-A. It will also accept independent verification by the relevant Implementing Agency of achievement of these consumption limits as described in paragraph 9 of this Agreement.
5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least 60 days prior to the applicable Executive Committee meeting set out in the Funding Approval Schedule:
 - (a) That the Country has met the Target for the applicable year;
 - (b) That the meeting of these Targets has been independently verified as described in paragraph 9;
 - (c) That the Country has substantially completed all actions set out in the last Annual Implementation Programme; and
 - (d) That the Country has submitted and received endorsement from the Executive Committee for an annual implementation programme in the form of Appendix 4-A (the “Annual Implementation Programmes”) in respect of the year for which funding is being requested.
6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (the “Monitoring”) will monitor and report on that monitoring in accordance with the roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in paragraph 9.

7. While the Funding was determined on the basis of estimates of the needs of the Country to carry out its obligations under this Agreement, the Executive Committee agrees that the Country may use the Funding for other purposes that can be demonstrated to facilitate the smoothest possible phase-out, consistent with this Agreement, whether or not that use of funds was contemplated in determining the amount of funding under this Agreement. Any changes in the use of the Funding must, however, be documented in advance in the Country's Annual Implementation Programme, endorsed by the Executive Committee as described in sub paragraph 5(d) and be subject to independent verification as described in paragraph 9.

8. Specific attention will be paid to the execution of the activities in the servicing sector, in particular:

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation;
- (b) The technical assistance programme for the refrigeration servicing sub sectors would be implemented in stages so that resources can be diverted to other activities such as, additional training or procurement of service tools, in cases where the proposed results are not achieved, and will be closely monitored in accordance with Appendix 5-A of this Agreement.

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNEP (the "Lead IA") has agreed to be the lead implementing agency and UNDP (the "Cooperating IA") has agreed to be cooperating implementing agency under the lead of the Lead IA in respect of the Country's activities under this Agreement. The Lead IA will be responsible for carrying out the activities listed in Appendix 6-A, including but not limited to independent verification. The Country also agrees to periodic evaluations, which will be carried out under the monitoring and evaluation work programs of the Multilateral Fund. The Cooperating IA will be responsible for carrying out the activities listed in Appendix 6-B. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IA with the fees set out in rows 9 and 10 of Appendix 2-A.

10. Should the Country, for any reason, not meet the Targets for the elimination of the Substances in Annex A (Group I) and Annex B (Groups II and III) of the Montreal Protocol or otherwise does not comply with this Agreement, then the Country agrees that it will not be entitled to the Funding in accordance with the Funding Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next instalment of Funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amounts set out in Appendix 7-A in respect of each ODP tonne of reductions in consumption not achieved in any one year.

11. The Funding components of this Agreement will not be modified on the basis of any future Executive Committee decision that may affect the Funding of any other consumption sector projects or any other related activities in the Country.

12. The Country will comply with any reasonable request of the Executive Committee and the Lead IA to facilitate implementation of this Agreement. In particular, it will provide access by the Lead IA to information necessary to verify compliance with this Agreement.

13. All of the agreements set out in this Agreement are undertaken solely within the context of the Montreal Protocol and as specified in this Agreement. All terms used in this Agreement have the meaning ascribed to them in the Protocol unless otherwise defined herein.

APPENDIX 1-A: THE SUBSTANCES

Annex A:	Group I	CFC-11, CFC-12, CFC-115
Annex B	Groups II and III	Carbon tetrachloride (CTC) and Methyl chloroform (TCA)

APPENDIX 2-A: THE TARGETS, AND FUNDING

	2005	2006	2007	2008	2009	2010	Total
1. Max allowable total consumption of Annex A Group I substances (ODP tons) according to Montreal Protocol Schedule	0.90	0.90	0.27	0.27	0.27	0.00	n/a
2. Max allowable total consumption of CTC and TCA (ODP tons)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Maximum agreed total consumption of Annex A Group I substances (ODP tonnes) as per MOP decision XVI/30	1.39	0.83	0.45	0.22	0.10	0.00	n/a
4. Reduction from ongoing projects	0	0	0	0	0	0	0
5. Total annual reduction of Annex A Group I substances (ODP tonnes)	0.69 + 0.56	0.38	0.23	0.12	0.10	0	2.08
6. UNEP agreed funding (US \$)	67,000	0	14,000	14,000	14,000	0	109 000
7. UNDP agreed funding (US \$)	101,000	0	21,000	6 000	0	0	128 000
8. Total agreed funding (US \$)	168,000	0	35, 000	20, 000	14,000	0	237 000
9. UNEP support costs (US \$)	8,710	0	1,820	1,820	1,820	0	14,170
10. UNDP support cost (US \$)	7,575	0	1,575	450	0	0	9,600
11. Total agency support costs (US \$)	16,285	0	3,395	2,270	1,820	0	23,770

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding other than payments for 2006, will be considered for approval at the first meeting of the year of the annual implementation programme. In case the Executive Committee requires verification of the achievements of the targets in the TPMP, it is understood that the approval or disbursement of the tranche might be delayed until the verification is completed and has been reviewed.

APPENDIX 4-A: FORMAT OF ANNUAL IMPLEMENTATION PROGRAMME

1. **Data**

Country	_____
Year of plan	_____
# of years completed	_____
# of years remaining under the plan	_____

Annex I

Target ODS consumption of the preceding year _____
 Target ODS consumption of the year of plan _____
 Level of funding requested _____
 Lead implementing agency _____
 Co-operating agency(ies) _____

2. **Targets**

Indicators		Preceding year	Year of plan	Reduction
Supply of ODS	Import			
	Total (1)			
Demand of ODS	Manufacturing			
	Servicing			
	Stockpiling			
	Total (2)			

3. **Industry Action**

Sector	Consumption preceding year (1)	Consumption year of plan (2)	Reduction within year of plan (1)-(2)	Number of projects completed	Number of servicing activities	of ODS phase-out (in ODP tonnes)
Manufacturing						
Total						
Servicing						
Refrigeration						
Total						
Grand total						

4. **Technical Assistance**

Proposed Activity: _____
 Objective: _____
 Target Group: _____
 Impact: _____

5. **Government Action**

Policy/Activity Planned	Schedule of Implementation
Type of policy control on ODS import: servicing, etc	
Public awareness	
Others	

6. **Annual Budget**

Activity	Planned Expenditures (US \$)
Total	

7. Administrative Fees

Appendix 5-A: Monitoring Institutions and Roles

1. All the monitoring activities will be coordinated and managed through the project "Monitoring and Management Unit", which is included within this TPMP.
2. The Lead IA will have a particularly prominent role in the monitoring arrangements because of its mandate to monitor ODS imports, whose records will be used as a crosschecking reference in all the monitoring programmes for the different projects within the TPMP. This organization, along with the cooperating IA will also undertake the challenging task of monitoring illegal ODS imports and exports with advisements made to the appropriate national agencies through the National Ozone Office.

Verification and reporting

3. Under this component there are two independent types of verification as follows:
 - (a) In accordance to Decision 45/54 of the Executive Committee. The Executive Committee reserves the right for independent verification in case the Executive Committee selects St. Vincent and the Grenadines for related auditing as per decision 45/54;
 - (b) Verification for monitoring and in accordance to the TPMP and the TPMP Annual Implementation Programme objectives. The outcome of the different elements of the TPMP and of the monitoring activities will be verified independently by an external organization. The Government, Lead Agency and the independent organization will jointly design the verification procedures as part of the design phase of the monitoring programme.

Institution for conducting the verification

4. Based on the discussion with THE UNITED NATIONS ENVIRONMENT PROGRAMME, the Government of St. Vincent and the Grenadines should select the independent organization (auditing) to carry out the verification of the TPMP results and the monitoring programme as per paragraph 5.b above.

Frequency of verification and reporting

5. The monitoring reports will be produced and verified each year, previous to the first meeting of the Executive Committee. These reports will produce the input for the yearly implementation reports required by the Executive Committee.

APPENDIX 6-A: ROLE OF THE LEAD IA;

1. The Lead IA will be responsible for a range of activities specified in the project document as follows:

- (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's phase-out plan;
- (b) Providing verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the Annual Implementation Programme;
- (c) Assisting the Country in preparation of the Annual Implementation Programme;
- (d) Providing verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the Annual Implementation Programme. For this undertaking, separate funding will be provided by the Executive committee to the Lead Agency;
- (e) Assist the country in Preparation of the Annual Implementation Programme;
- (f) Ensure that the achievements in previous Annual Implementation Programmes are reflected in the future Annual Implementation Programme;
- (g) Reporting on the implementation of the Annual Implementation Programme of the preceding year and preparing for Annual Implementation Programme for the year of submission for submission to the Executive Committee, commencing with the 2007 Annual Implementation Programme combined with the Report on the 2006 Annual Implementation Programme;
- (h) Ensuring that appropriate independent technical experts carry out the technical reviews undertaken by the lead Implementing Agency;
- (i) Carrying out required supervision missions;
- (j) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Annual Implementation Programme and accurate data reporting;
- (k) Verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Targets;
- (l) Coordinating the activities of the Coordinating IAs, if any;
- (m) Ensuring that disbursements made to the Country are based on the use of the Indicators; and
- (n) Providing assistance with policy, management and technical support when required.

APPENDIX 6-B: ROLE OF COOPERATING IA

1. The cooperating implementing agency, will:
 - (a) Provide policy development assistance when required;
 - (b) Assist the Government of St. Vincent and the Grenadines in the implementation and verification of the activities funded for by the UNITED NATIONS DEVELOPMENT PROGRAMME; and
 - (c) Provide reports to the lead IA on these activities, for inclusion in the consolidated reports.

APPENDIX 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY

1. In accordance with paragraph 10 of the Agreement, the amount of funding provided may be reduced by US \$15,000 per ODP tonne of reductions in consumption not achieved in the year.
