



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/48/29
3 March 2006

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-eighth Meeting
Montreal, 3-7 April 2006

PROJECT PROPOSAL: COMMONWEALTH OF DOMINICA

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

Refrigeration

- Terminal phase-out management plan (first tranche) 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.

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to the meeting and not to request additional copies.

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
COMMONWEALTH OF DOMINICA**

PROJECT TITLE**BILATERAL/IMPLEMENTING AGENCY**

Terminal phase-out management plan (first tranche)	UNDP/UNEP
--	-----------

NATIONAL CO-ORDINATING AGENCY:

National Ozone Unit, Ministry of Agriculture and the Environment

LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2004, AS OF FEBRUARY 2006)**

Annex A Group I CFCs	1.038		
Annex B Groups II and III	0.00		

B: COUNTRY PROGRAMME SECTORAL DATA (2004, AS OF DECEMBER 2005)

ODS	Foam	Ref.	Aerosol	ODS	Solvents	Process agent	Fumigant
CFC-11		Servicing: 1.02		CTC	0	0	
CFC-115		Servicing: 0.03		TCA	0	0	

CFC consumption remaining eligible for funding (ODP tonnes)**CURRENT YEAR BUSINESS PLAN:** Total funding UNEP: US \$18,000: UNDP: US \$80,000: total phase-out 2.0 ODP tonnes.

PROJECT DATA	2006	2007	2008	2009	2010	Total
Montreal Protocol limits	0.750	0.225	0.225	0.225	0	
Annual consumption limit	0.750	0.225	0.225	0.225	0	
Project cost as originally submitted (US \$)	82,000	79,000	42,000	14,000	0	217,000
Final Project costs (US \$):						
Funding for lead agency: UNEP	35,000	45,000	21,000	13,000	0	114,000
Funding for cooperating agency: UNDP	40,000	45,000	12,000	6,000	0	103,000
Total project funding (US \$)	75,000	90,000	33,000	19,000	0	217,000
Final Support costs (US \$):						
Support cost for lead agency: UNEP	4,550	5,850	2,730	1,690	0	14,820
Support cost for cooperating agency: UNDP	3,600	4,050	1,080	540	0	9,270
Total support costs (US \$)	8,150	9,900	3,810	2,230	0	24,090
TOTAL COST TO MULTILATERAL FUND (US \$)	83,150	99,900	36,810	21,230	0	241,090
Final project cost effectiveness (US \$/kg)						n/a

FUNDING REQUEST: Approval in principle of total ODS phase-out, total project funding and total support costs, and approval of funding for first tranche (2006) as indicated above.

SECRETARIAT'S RECOMMENDATION	For individual consideration
-------------------------------------	------------------------------

PROJECT DESCRIPTION

1. On behalf of the Government of Dominica UNEP, as the lead implementing agency, has submitted a terminal phase-out management plan on ozone depleting substances (TPMP) for consideration by the Executive Committee at its 48th Meeting. The project will also be implemented with assistance from UNDP.

2. The total cost of the Dominica TPMP is US \$217,000 plus agency support costs of US \$14,820 for UNEP and US \$9,270 for UNDP. The project proposes the phase-out of 1.0 ODP tonne of CFCs (current consumption) by the end of 2009. The CFC baseline for compliance is 1.5 ODP tonnes.

Background

3. The Executive Committee approved, at its 26th Meeting, the RMP project for Dominica (UNEP/OzL.Pro/ExCom/26/20) and allocated US \$35,000 for the implementation of the following two sub-projects by UNEP:

- (a) A training programme for customs officers to develop techniques for collecting and reporting ODS consumption; and
- (b) A “train-the-trainers” programme for refrigeration technicians in good refrigeration servicing practices.

Refrigeration servicing sector

4. Current ODS consumption in Dominica is mainly CFC-12 used for servicing 7,600 CFC-based refrigeration systems in the domestic, commercial and MAC sub-sectors. Currently, there are still CFC-based compressors available in the market. Refrigeration systems are repaired by approximately 80 technicians in total, 50 per cent of whom have received formal training.

5. The current prices of refrigerants per kg are: US \$6.26 for CFC-12 and US \$9.53 for HFC-134a.

6. In early 2004, the regulatory framework for the ODS import/export licensing system was drafted and proposed to be enacted under the Pesticides and Toxic Chemicals Act, which is currently being finalized. However, the Act itself and the regulations controlling ODS are not on the current Parliamentary agenda. In this regard, the Ministry of Agriculture is exploring the possibility of enacting the ODS regulations under the existing Consumer Protection Act. If this proves feasible, enactment of the ODS regulations could be expected by June 2006.

Results achieved so far

7. The implementation of the RMP, together with other activities undertaken by the Government of Dominica, has reduced CFC consumption in the country from 3.0 ODP tonnes in 2001 to 1.0 ODP tonnes in 2004. Particularly, the use of CFC-11 for flushing refrigeration systems has been ceased, and CFC-12 and R-502 consumption has been reduced since 2001.

8. Six technicians received training in good refrigeration servicing practices in 1999, and became the trainers for all other technicians in the country. An additional 21 technicians received training in January 2006. A trainer programme for 21 customs officers was conducted from 30 January to 3 February 2006. For this course, a national handbook was used which included the provisions of the draft ODS regulations.

Activities proposed in the TPMP

9. The Dominica TPMP includes the following sub-projects:

- (a) Capacity development to reduce demand for CFCs, including: training in good refrigeration servicing practices, retrofitting of refrigeration systems and the use of drop-in refrigerants to an additional 50 refrigeration technicians; certification of technicians and the establishment of an association of refrigeration technicians; developing a code of good practice; providing CFC recovery and recycling equipment and associated training programmes; and monitoring and reporting on quantities of CFCs recovered, recycled and reused;
- (b) Retrofit incentive programme for end-users, including technical support in the form of technical workshops and information dissemination; and
- (c) Enforcement of the licensing systems and prevention of illegal trade, including: training of an additional 80 customs officers and other stakeholders in the monitoring and control of ODS and CFC-based equipment; provision of ODS identification kits; and design and implementation of an illegal trade prevention network.

10. The Government of Dominica will achieve the complete phase-out of CFCs by 1 January 2010, in accordance with the provisions of the Montreal Protocol.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

11. At its 44th Meeting, the Executive Committee approved US \$20,000 for UNEP, for the preparation of an RMP update project (in accordance with decision 31/48). However, with this level of funding, UNEP prepared the TPMP for Dominica, which has been submitted with an official letter signed by the Director of the Environmental Coordinating Unit of the Ministry of Agriculture, Fisheries and the Environment in Dominica.

ODS consumption

12. The level of CFC consumption in 2005 has been estimated at 0.77 ODP tonnes (preliminary), which is about the allowable level of consumption for 2005 (i.e., 0.75 ODP tonnes).

Relevant decisions on RMP and TPMP

13. The total level of funding of the TPMP for Dominica is US \$217,000, of which US \$205,000 is based on decision 45/54 on TPMPs for LVC countries (i.e., US \$205,000 for countries with CFC baselines below 15 ODP tonnes) and US \$12,000 is based on decision 31/48 on RMP updates (i.e., an additional 50 per cent of the RMP originally approved).

14. To date, there are no ODS regulations in place in Dominica that include an ODS import/export licensing system. However, on the basis of decision 38/64 (preparation of TPMPs for LVC countries), this TPMP may only be submitted for consideration by the Executive Committee once ODS regulations are in place. In this regard, the Secretariat noted that the Government of Dominica has not yet received assistance for implementation of the RMP update through which ODS regulations could have been finalized. Nevertheless, steps are underway to have a regulatory licensing system by June 2006. Furthermore, on the basis of 2004 CFC consumption, it appears that the Government of Dominica would need immediate assistance to achieve compliance with the consumption levels established by the Montreal Protocol. Under these circumstances, the TPMP for Dominica could be submitted to the Executive Committee on the understanding that assistance will be provided to the country to establish and enforce the ODS import/export licensing system first, before any other activity may commence.

15. The Government of Dominica has already submitted all relevant documentation for the ratification of the Copenhagen, Montreal and Beijing Amendments to the Montreal Protocol. It is expected that the relevant documentation will be deposited with the United Nations in March 2006.

Proposal by the Secretariat

16. During the review of the TPMP project proposal for Dominica, the Secretariat noted that:

- (a) The majority of the activities proposed for implementation in the 2006 work plan of the TPMP would not have any immediate impact in the phase-out of CFCs;
- (b) The current level of CFC used in Dominica is very low (1.0 ODP tonne) and will continue to be reduced on an annual basis due to the natural attrition of CFC-based refrigeration systems. Also, the current price of CFC-12 is much lower than the price of HFC-134a, and it appears that there are no drop-in refrigerants in Dominica. Under these circumstances, the technical and economical viability of the proposed incentive programme for retrofitting CFC-based equipment and the success of a recovery and recycling programme have not been fully demonstrated; and
- (c) As a requirement of decision 45/54, provision for the establishment of a monitoring and reporting unit (up to 20 per cent of the approved budget), has not been proposed in the TPMP.

17. Under the above circumstances, and taking into account the requirements of decision 41/100 on RMPs the Secretariat suggested that, within the eligible level of funding for the TPMP proposal (US \$217,000), UNDP and UNEP examine the merits of providing all

necessary support (technical and financial) to the Government of Dominica to address the issues noted by the Secretariat.

18. UNEP and UNDP considered the Secretariat's suggestion and adjusted the sub-project components as follows:

- (a) Assistance to: establish, implement and enforce the import and export ODS licensing system, provide training for customs officers, establish an illegal trade prevention network, and procure ODS identification equipment (US \$37,000 for UNEP);
- (b) Training of refrigeration servicing technicians in good practices, a certification programme for technicians that have been trained, and establishment of an association of refrigeration technicians (US \$42,000 for UNEP);
- (c) Technical assistance programme, based on a national needs assessment, and focusing on the introduction of drop-in replacement blends in the MAC, domestic, commercial and industrial refrigeration sub-sectors, provision of basic tooling equipment to technicians, and an incentive programme to retrofit refrigeration systems where non-ODS blends are not viable (US \$103,000 for UNDP); and
- (d) Establishment of a project management, monitoring, evaluation and reporting unit to allow for the smooth implementation of the TPMP (US \$35,000 for UNEP).

Agreement

19. The Government of Dominica submitted a draft agreement between the Government and the Executive Committee with the conditions for the complete phase-out of CFCs in Dominica, which is annexed to this document.

RECOMMENDATIONS

20. The Executive Committee may wish to consider:

- (a) Approving, in principle, the terminal phase-out management plan for Dominica, at the amount of US \$217,000 plus agency support costs of US \$24,090 for UNDP and UNEP;
- (b) Approving the draft agreement between the Government of Dominica and the Executive Committee for the implementation of the national phase-out plan 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 (first tranche)	40,000	3,600	UNDP
(b)	Terminal phase-out management plan (first tranche)	35,000	4,550	UNEP

Annex I**DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF THE
COMMONWEALTH OF DOMINICA AND THE EXECUTIVE COMMITTEE FOR
THE TERMINAL PHASE-OUT MANAGEMENT PLAN**

1. This Agreement represents the understanding of the Government of The Commonwealth of the Dominica (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 meet the annual consumption limits of the Substances in Annex A (Group I) of the Montreal Protocol as set out in row 2 of Appendix 2-A (the “Targets, and Funding”) 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 5 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 30 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 have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the goals prescribed under this agreement. Reallocations categorized as major changes must be documented in advance in the next annual implementation programme and endorsed by the Executive Committee as described in sub-paragraph 5(d). Reallocations not categorized as major changes may be incorporated in the approved annual implementation programme, under implementation at the time, and reported to the Executive Committee in the report on implementation of the annual programme.

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 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) 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 the Lead IA with access 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.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Annex A:	Group I	CFC-11, CFC-12, CFC-115
----------	---------	-------------------------

Appendix 2-A: The Targets, and Funding

	2006	2007	2008	2009	2010	Total
1. Montreal Protocol consumption limits of Annex A, Group I substances (ODP tonnes)	0.750	0.225	0.225	0.225	0	
2. Max allowable total consumption of Annex A Group I substances (ODP tonnes)	0.750	0.225	0.225	0.225	0	
3. Lead IA (UNEP) agreed funding (US \$)	35,000	45,000	21,000	13,000	0	114,000
4. Cooperating IA (UNDP) agreed funding (US \$)	40,000	45,000	12,000	6,000	0	103,000
5. Total agreed funding (US \$)	75,000	90,000	33,000	19,000	0	217,000
6. Lead IA (UNEP) support costs (US \$)	4,550	5,850	2,730	1,690	0	14,820
7. Cooperating IA (UNDP) support cost(US \$)	3,600	4,050	1,080	540	0	9,270
8. Total agency support costs (US \$)	8,150	9,900	3,810	2,230	0	24,090
9. Total agreed costs (US \$)	83,150	99,900	36,810	21,230	0	241,090

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding other than payments in 2006, will be considered for approval at the first meeting of the year of the annual implementation programme.

APPENDIX 4-A: FORMAT OF ANNUAL IMPLEMENTATION PROGRAMME

- 1. Data
- Country _____
- Year of plan _____
- # of years completed _____
- # of years remaining under the plan _____
- 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 related activities	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, the Executive Committee reserves the right for independent verification in case the Executive Committee selects the Commonwealth of Dominica for related auditing;
 - (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, the Lead IA and the independent organization will jointly design the verification procedures.

Institution for conducting the verification

4. Based on the discussion with the Lead IA, the Government of the Commonwealth of Dominica 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 IA;
- (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 the Commonwealth of Dominica in the implementation and verification of the activities funded for by the UNDP; 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.
