



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/49/28
8 June 2006

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-ninth Meeting
Montreal, 10-14 July 2006

PROJECT PROPOSAL: GRENADA

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

Phase-out

- Terminal phase-out management plan for CFCs (first tranche)

UNDP/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
GRENADA**

PROJECT TITLE**BILATERAL/IMPLEMENTING AGENCY**

(a)	Terminal phase-out management plan for CFCs (first tranche)	UNEP
(b)	Terminal phase-out management plan for CFCs (first tranche)	UNDP

NATIONAL CO-ORDINATING AGENCY:

Ministry of Environment and Energy

LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2005, AS OF MAY 2006)**

Annex A Group I CFCs:	0.55		
-----------------------	------	--	--

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2005, AS OF MAY 2006)

ODS	Foam	Ref. Servicing	Aerosol	ODS	Solvents	Process agent	Fumigant
CFC-12		0.55					

CFC consumption remaining eligible for funding (ODP tonnes)

n/a

CURRENT YEAR BUSINESS PLAN: Total funding: US \$110,000 (UNDP) US \$95,000 (UNEP): total phase-out 1 ODP tonne (UNDP).

PROJECT DATA	2006	2007	2008	2009	2010	Total
Montreal Protocol limits	2.985	0.896	0.896	0.896	0	
Annual consumption limit	2.985	0.896	0.896	0.896	0	
Total ODS consumption to be phased-in (HCFCs)						
Project cost as originally submitted (US \$)	77,000					
Final Project costs (US \$):						
Funding for lead agency UNEP	37,000	48,000	32,500	12,500	0	130,000
Funding for UNDP	40,000	50,000	30,000	0	0	120,000
Total project funding	77,000	98,000	62,500	12,500	0	250,000
Final Support costs (US \$)						
Support cost for lead agency UNEP	4,810	6,240	4,225	1,625	0	16,900
Support cost for UNDP	3,600	4,500	2,700	0	0	10,800
Total support costs	8,410	10,740	6,925	1,625	0	27,700
TOTAL COST TO MULTILATERAL FUND (US \$)	85,410	108,740	69,425	14,125	0	277,700
Final project cost effectiveness (US \$/kg)						

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

SECRETARIAT'S RECOMMENDATION	Blanket approval at the costs as indicated above
-------------------------------------	--

PROJECT DESCRIPTION

1. On behalf of the Government of Grenada, UNEP, as the lead implementing agency, has submitted a terminal phase-out management plan for CFCs (TPMP) for consideration by the Executive Committee at its 49th Meeting. The project will also be implemented with assistance from UNDP.
2. The total cost of the Grenada TPMP is US \$250,000 plus agency support costs of US \$10,800 for UNDP and US \$16,900 for UNEP. The project proposes the complete phase-out of CFCs by the end of 2009. The CFC baseline for compliance is 5.971 ODP tonnes.

Background

3. The Executive Committee approved, at its 30th Meeting, the RMP project for Grenada (UNEP/OzL.Pro/ExCom/30/29 and Corr.1) and allocated US \$122,100 (excluding agency support costs) for the implementation of the following sub-projects:
 - (a) A training programme for customs officers, ODS inspectorate and Ozone Unit staff, to develop techniques for collecting and reporting ODS consumption (UNEP);
 - (b) A “train-the-trainers” programme for refrigeration service technicians in good refrigeration servicing practices (UNEP); and
 - (c) A national recovery and recycling network (UNDP).

Effects of Hurricane Ivan

4. The social and economic assessment of the effects of the September 2004 Hurricane Ivan conducted by the Organization of Eastern Caribbean States reported that the overall cost to the economy of Grenada was twice its current GDP value. Over 90 percent of major infrastructure (households, governmental offices, and industrial and commercial installations) was damaged. The low CFC consumption reported in 2005 (about 0.6 ODP tonnes) is directly related to the economic status of the country post-September 2004.
5. During preparation of the TPMP proposal, UNDP and UNEP assessed the status of the refrigeration servicing sector in Grenada. In their assessment the implementing agencies estimated that 50 per cent of domestic refrigeration equipment, 90 per cent of commercial/industrial refrigeration systems and 20 per cent of MAC units were damaged by the hurricane. The recovery and recycling equipment that was provided under the original RMP was all waterlogged and has not been used since September 2004 (most likely, this equipment cannot be repaired). The implementing agencies also gave due consideration to the fact that the ODS phase-out policy and CFC consumption trend proposed in the country programme was no longer valid in Grenada’s current situation.

Refrigeration servicing sector

6. Current ODS consumption in Grenada is mainly CFC-12 used for servicing 9,600 domestic refrigerators, 280 commercial refrigeration systems and 6,870 MAC units. There

are still CFC-based compressors available on the market. Refrigeration systems are repaired by approximately 100 technicians in total, 40 per cent of whom have received formal training. There are approximately 17 servicing workshops in the country. The current prices of refrigerants per kg are: US \$21.74 for CFC-12, and US \$46.00 for HFC-134a.

7. Since March 2006, an ODS licensing system has been operational in Grenada. A Ministerial Order issued by the Government prohibited the importation of ODS-based equipment and introduced a quota system for imports of CFCs. The Government is also drafting an Act to give effect to Grenada's obligations under the Vienna Convention and the Montreal Protocol.

Results achieved so far

8. Through implementation of the RMP, 22 technicians received training in good refrigeration servicing practices in August 2001, and became the trainers for all other technicians in the country. An additional 22 technicians have received training. Fourteen customs officers received training in monitoring of imports and exports of CFCs and CFC-based equipment, who in turn trained an additional 40 customs officers. The Customs Department has incorporated the module on "monitoring of imports and exports containing ODS" into the regular training programme for new officers.

9. The recovery and recycling programme was initiated in October 2001 with the training of 20 technicians in recovery and recycling practices. Four recovery units were provided to the Marryshow Community College. Between 2002 and September 2004, the equipment was extensively used for training purposes and only 58 kg of refrigerants (10 kg of CFC-12 and 48 kg of HCFC-22) were recovered and reused.

Activities proposed in the TPMP

10. The Grenada TPMP includes sub-projects that involve: establishing an association of refrigeration technicians and certifying and training additional technicians; enforcing the licensing system, preventing illegal trade and training additional customs officers; retrofitting and/or replacing end-users refrigeration systems on a case-by-case basis; and establishing the monitoring and evaluation unit. A detailed work plan for 2006 has been submitted with the TPMP proposal.

11. The Government of Grenada plans 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

12. At its 46th Meeting, the Executive Committee approved US \$15,000 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 Grenada, which has been submitted to the 49th Meeting with an official letter signed by the Permanent Secretary of the Ministry of Agriculture, Lands, Forestry, Fisheries Public Utilities and Energy in Grenada.

ODS consumption

13. The Government of Grenada has reported the following CFC consumption under Article 7 of the Montreal Protocol

Year	2000	2001	2002	2003	2004
CFC consumption (ODP tonnes)	2.870	1.310	2.070	2.090	1.900

14. In 2005, the level of CFC consumption has been estimated at 0.545 ODP tonnes, which is 0.350 ODP tonnes below the allowable level of consumption for 2007 (i.e., 0.896 ODP tonnes). A major part of the reduction in CFC consumption between 2003 and 2004 (i.e., some 1.2 ODP tonnes) is associated with the damage caused by Hurricane Ivan. On the basis of the normal retirement of old refrigeration equipment from the market, and not taking into account the effect of Hurricane Ivan, the 2005 CFC consumption in Grenada would have been 1.3 ODP tonnes.

Level of funding and implementation modalities

15. The total level of funding of the TPMP for Grenada is US \$250,000, 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 \$45,000 is based on decision 31/48 on RMP updates (i.e., an additional 50 per cent of the RMP originally approved).

16. During the review of the TPMP for Grenada, the Secretariat was informed that any procurement of recovery and recycling equipment or service tools for refrigeration technicians, as well as retrofit of refrigeration systems will be based on the assessments done as part of the monitoring and evaluation exercises and the recommendations that accompany them for inclusion in subsequent annual work programmes.

Agreement

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

RECOMMENDATIONS

18. The Secretariat recommends blanket approval of the terminal phase-out management plan for Grenada. The Executive Committee may wish to:

- (a) Approve, in principle, the terminal phase-out management plan for Grenada, at the amount of US \$250,000 plus agency support costs of US \$10,800 for UNDP and US \$16,900 for UNEP;
- (b) Approve the draft agreement between the Government of Grenada and the Executive Committee for the implementation of the national phase-out plan as contained in Annex I to this document; and

- (c) Approve 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 (first tranche)	40,000	3,600	UNDP
(b)	Terminal phase-out management plan for CFCs (first tranche)	37,000	4,810	UNEP

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF THE COMMONWEALTH OF GRENADA AND THE EXECUTIVE COMMITTEE FOR THE TERMINAL PHASE-OUT MANAGEMENT PLAN

1. This Agreement represents the understanding of the Government of The Commonwealth of Grenada (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, commencing with the entry into force of the import/export licensing system to monitor and control trade in ozone depleting substances. 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 will be independently verified, if requested by the Executive Committee consistent with paragraph (d) of decision 45/54;
 - (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 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 programmes 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 6 and 7 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 and the Co-operating IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA and the Co-operating 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).	2.986	0.896	0.896	0.896	0	
2. Maximum allowable consumption of Annex A, Group I substances (ODP tonnes)	2.986	0.896	0.896	0.896	0	
3. UNEP agreed funding (US \$)	37,000	48,000	32,500	12,500	0	130,000
4. UNDP agreed funding (US \$)	40,000	50,000	30,000	0	0	120,000
5. Total agreed funding (US \$)	77,000	98,000	62,500	12,500	0	250,000
6. UNEP support costs (US \$)	4,810	6,240	4,225	1,625	0	16,900
7. UNDP support costs (US \$)	3,600	4,500	2,700	0	0	10,800
8. Total agency support costs (US \$)	8,410	10,740	6,925	1,625	0	27,700

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. 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 _____
 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. The Executive Committee reserves the right for requesting through the Lead IA an independent verification of the activities that have been implemented under the TPMP for Grenada, as per decision 45/54. In this case, the Government of Grenada in consultation with the Lead IA would select the independent organization (auditing) to carry out the verification of the TPMP.

APPENDIX 6-A: Role of the Lead IA

1. The Lead IA will be responsible for a range of activities to be specified in the project document along the lines of the following:
 - (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 Grenada in the implementation and verification of the activities funded for by 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 \$15,000.00 per ODP tonne of reductions in consumption not achieved in the year.
