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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fiftieth Meeting
New Delhi, 6-10 November 2006

PROJECT PROPOSAL: BURKINA FASO

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 (first tranche) Canada and UNEP

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**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
BURKINA FASO**

PROJECT TITLE**BILATERAL/IMPLEMENTING AGENCY**

Terminal phase-out management plan for CFCs (first tranche)	Canada and UNEP
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NATIONAL CO-ORDINATING AGENCY:

Ministère de l'Environnement et du cadre de vie, Bureau Ozone

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

Annex A, Group I, CFCs	7.41		

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

ODS	Aerosol	Foam	Ref. Servicing	ODS	Solvents	Process agent	Fumigant
CFC-12			7.41				

CFC consumption remaining eligible for funding (ODP tonnes)**CURRENT YEAR BUSINESS PLAN:** Total funding US \$230,000: total phase-out 0.0 ODP tonnes.

PROJECT DATA		2006	2007	2008	2009	2010	Total
CFC (ODP tonnes)	Montreal Protocol limits	18.133	5.44	5.44	5.44	0.0	
	Annual consumption limit	7.41	5.44	5.44	5.44	0.0	
	Annual phase-out from ongoing projects						
	Annual phase-out newly addressed						
	Annual unfunded phase-out						
TOTAL ODS CONSUMPTION TO BE PHASED OUT							
Total ODS consumption to be phased-in (HCFCs)							
Project cost as originally submitted (US \$)							
Final project costs (US \$):							
	Funding for UNEP	90,900	89,100				180,000
	Funding for Canada	98,500	66,500				165,000
	Total project funding	189,400	155,600				345,000
Final support costs (US \$):							
	Support cost for UNEP	11,817	11,583				23,400
	Support cost for Canada	12,805	8,645				21,450
	Total support costs	24,622	20,228				44,850
TOTAL COST TO MULTILATERAL FUND (US \$)		214,022	175,828				389,850
Final project cost effectiveness (US \$/kg)							n.a.

FUNDING REQUEST: Approval of funding for the first tranche (2006) as indicated above.**SECRETARIAT'S RECOMMENDATION**

Blanket approval

PROJECT DESCRIPTION

1. UNEP, on behalf of the Government of Burkina Faso, has submitted a terminal phase-out management plan for CFCs (TPMP), for consideration by the Executive Committee at its 50th Meeting.
2. The total cost of the Burkina Faso TPMP is US \$345,000 plus US \$44,850 for agency support costs for UNEP and the Government of Canada (bilateral contribution to the Multilateral Fund). The project proposes the phase-out of 7.41 ODP tonnes of CFCs (current consumption) by the end of 2009. The CFC baseline for compliance is 36.27 ODP tonnes.

Background

3. To date, the Executive Committee has approved ODS monitoring and control, and recovery and recycling projects, as well as a RMP and a RMP update for Burkina Faso, amounting to funding of US \$368,600. These projects have been implemented by the Government of Canada, UNDP, UNEP and UNIDO.

Results achieved so far

4. ODS legislation establishing the licensing system to control ODS imports to Burkina Faso was enacted in 1997, and a total of 140 customs officers have been trained (five refrigerant identifiers were provided to customs officers). In the refrigerant servicing sector, 138 servicing technicians have been trained, and a number of servicing kits have been supplied to servicing workshops. Recycling and recovery machines have also been supplied, but several factors including equipment malfunction, refrigerant price differentials and harsh servicing conditions have led to insignificant amounts of CFC being recovered and reused. The incentive scheme for end-users (i.e., retrofit of large commercial and industrial refrigeration systems to non-CFC refrigerants) has only been partially implemented because of a lack of agreement between UNDP and the Government of Burkina Faso over the mechanisms for providing funds. Despite these problems, according to information provided by the Government of Burkina Faso, systems containing about 1.4 tonnes of CFC-12 and R-502 were retrofitted to HCFC-22 leading to the estimated phase-out of 0.84 ODP tonnes of CFCs (it is not expected that the project will continue).
5. Since 1 January 2006, imports of CFCs into Burkina Faso were officially banned as part of the legislation agreed by the Council of Ministers of the Union Economique et Monetaire Ouest Africaine (UEMOA). However, it should be noted that Burkina Faso is particularly vulnerable to illegal trade in CFCs. It is therefore expected that a complete ban on CFC imports will be very difficult to enforce and sustain without assistance from the Multilateral Fund to strengthen customs authorities and reduce internal demand for CFCs.
6. The current prices of refrigerants per kg are: US \$12.00 for CFC-12, US \$16.40 for HFC-134a, and US \$8.00 for HCFC-22.
7. The implementation of the RMP, together with other activities undertaken by the Government of Burkina Faso, has reduced CFC consumption in the country from the baseline consumption of 36.2 ODP tonnes (average of 1995-97) to 7.41 ODP tonnes in 2005. This

consumption is mainly in the domestic and MAC sub-sectors. Burkina Faso met its phase-out target in 2005 and seems well positioned to meet the targets for 2007 and 2010.

8. During the preparation of the TPMP it was noted that a large number of small traders illegally introduce CFC refrigerants into the country. Since it was not possible to quantify the quantities of refrigerants illegally introduced into Burkina Faso, a variety of indirect methods were used to estimate the current CFC consumption. The results arrived through this approach confirmed the level of consumption of 7.41 ODP tonnes reported earlier by Burkina Faso to the Ozone Secretariat for 2005. This consumption is mainly in the domestic and MAC sub-sectors.

Strategy for the elimination of remaining ODS and activities proposed under the TPMP

9. The remaining CFC consumption is associated with servicing older refrigerators, freezers and CFC-based MAC systems. The best approach to dealing with this remaining consumption is through a retrofit programme through which CFC-based domestic, commercial and MAC refrigeration systems will be converted to hydrocarbons (HC) or HFC refrigerants. As this would mostly take place when systems are being repaired, the economic cost to Burkina Faso would be minimised. The following projects have been formulated under the proposed TPMP:

- (a) Technical assistance programme for the retrofitting of MACs and small refrigeration equipment: to equip a centre for demonstrating retrofit techniques to refrigeration and MAC service technicians, and supply retrofit equipment kits to a selected number of workshops in Burkina Faso;
- (b) Retrofit training for technicians in the MAC servicing sector: to train about 300 technicians in techniques of retrofitting refrigeration and MACs systems; and
- (c) Training for customs officers, to train about 150 customs and enforcement officers in the enforcement of ODS import regulations and on techniques for detecting ODS and non-ODS refrigerants.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

10. In 2005, the Government of Burkina Faso reported a total CFC consumption of 7.41 ODP tonnes of CFCs under Article 7 of the Montreal Protocol, which was 10.723 ODP tonnes below the allowable level of consumption for that year (i.e., 18.133 ODP tonnes).

11. The Secretariat has sought clarification on the estimates of CFC consumption in servicing domestic refrigeration appliances and MAC systems in Burkina Faso. UNEP provided the necessary additional information. The Secretariat agreed with the methodology applied for estimation of the current CFC consumption in Burkina Faso.

12. The Secretariat noted that the official ban on imports of ODS and ODS-based equipment into Burkina Faso as of January 2006, as part of UEMOA legislation, would have ramifications on the agreement between the Executive Committee and the Government of Burkina Faso, since CFC phase-out targets under the Montreal Protocol might contradict the adopted legislation.

UNEP clarified that UEMOA regulations allow member states to issue special ODS import permits to meet each country's needs. In the case of Burkina Faso, the established ODS licensing system would make this possible. Nevertheless, the Agreement has been carefully examined and several adjustments have been proposed, mainly to reflect decisions 45/54 and 46/37 of the Executive Committee.

13. The Secretariat expressed its support for the major elements of the proposed strategy to focus on customs training, refrigeration training and retrofit technical assistance. Given the tight commitments of the Government to ban all ODS imports under the UEMOA legislation, it appears that the retrofit demonstration phase has to be accelerated to the extent possible. The Secretariat felt that the experience available in retrofitting to HC and HFC blends in Article 5 and non-Article 5 countries needed to be fully utilized. For example, the demonstration project on HC retrofit in Senegal had generated a training manual on safe conversion and servicing practices for refrigeration appliances using HC refrigerants that could be used in Burkina Faso. The Secretariat's comments have been noted.

14. The Secretariat observed that HC retrofit is also an option in addressing the MAC sector in Burkina Faso. The use of flammable refrigerants (mainly HFC-152a and HC-290) for vehicle air conditioning has been considered by the TEAP Refrigeration Technical Option Committee (RTOC) in several of its reports. The RTOC concluded that while these are good refrigerants, they carry the downsides of being flammable and explosive, particularly for use in current MAC system designs. The potential for leakages into the passenger cabin presents a safety hazard for occupants. Furthermore, incidents of fire and explosions were reported in experiments with HC refrigerants in CFC-based MAC systems. UNEP responded by saying that the demonstration project would address all safety as well as technical issues and look at data on accidents. Should further research reach a negative conclusion, HC refrigerants would not be recommended as an alternative for the MAC sub-sector.

15. The Secretariat examined UNDP's progress reports on implementation of the incentive programme for the commercial and industrial refrigeration end-user sectors. The project has experienced significant delays in implementation since its approval in December 2000. UNDP's progress reports state repeated efforts to obtain a report from the Government of Burkina Faso on the activities undertaken under the project and proposals for future activities using remaining funds.

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

RECOMMENDATION

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

- (a) Approve, in principle, the terminal phase-out management plan for Burkina Faso, at the amount of US \$345,000 plus agency support costs of US \$23,400 for UNEP and US \$21,450 for the Government of Canada;

- (b) Approve the draft agreement between the Government of Burkina Faso and the Executive Committee for the implementation of the national phase-out plan as contained in Annex I to the present document;
- (c) Urge the Government of Canada and UNEP to take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the terminal phase-out management plan;
- (d) Request the Government of Burkina Faso and UNDP to submit, prior to the 51st Meeting of the Executive Committee, project completion reports for the following two projects: (i) incentive programme for the commercial and industrial refrigeration end-user sector and (ii) monitoring the activities in the RMP, that were approved at the 31st Meeting of the Executive Committee, as a condition for the approval of the funding for the second tranche of the plan; and
- (e) 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)	98,500	12,805	Canada
(b)	Terminal phase-out management plan for CFCs (first tranche)	90,900	11,817	UNEP

Annex I

AGREEMENT BETWEEN BURKINA FASO AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE TERMINAL PHASE-OUT MANAGEMENT PLAN

1. This Agreement represents the understanding of the Government of Burkina Faso (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”) in 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 of the Substances as indicated in Appendix 2-A. If requested by the Executive Committee pursuant to paragraph (d) of decision 45/54, 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 Targets 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 previous annual implementation programmes; and
 - (d) That the Country has submitted and received endorsement from the Executive Committee for one or more annual implementation programmes in the form of Appendix 4-A (the “Annual Implementation Programmes”) in respect of the year or years 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 may 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, and within the limits provided by decision 46/37. 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 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; and
- (c) The Country and the implementing agencies will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the terminal phase-out management plan.

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 has agreed to be the lead implementing agency (The "Lead IA") and the Government of Canada has agreed to be cooperating implementing agency (the "Cooperating IA") 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, should one be requested by the Executive Committee. 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 Cooperating IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA and the Cooperating 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
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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)	18.133	5.44	5.44	5.44	0	
2. Maximum allowable consumption of Annex A, Group I substances (ODP tonnes)	7.41	5.44	5.44	5.44	0	
3. UNEP agreed funding (US \$)	90,900	0	89,100	0	0	180,000
4. Canada agreed funding (US \$)	98,500	0	66,500	0	0	165,000
5. Total agreed funding (US \$)	189,400	0	155,600	0	0	345,000
6. UNEP support costs (US \$)	11,817	0	11,583	0	0	23,400
7. Canada support costs (US \$)	12,805	0	8,645	0	0	21,450
8. Total agency support costs (US \$)	24,622	0	20,228	0	0	44,850

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the second tranche will be considered for approval at the first meeting of 2008. 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 _____

Cooperating agency(ies) _____

2. Targets

Indicators		Preceding year	Year of plan	
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 until approval of next tranche (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", within the Bureau National Ozone.
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 Burkina Faso, as per decision 45/54. In this case, the Government of Burkina Faso in consultation with the Lead IA would select the independent organization (auditing) to carry out the verification of the TPMP.
4. Prior to requesting the second tranche of funding, the Lead IA will carry out an assessment to determine:
 - (a) Whether the 2006 maximum allowable consumption has been met; and
 - (b) The status of implementation of the TPMP activities and their relative success.
5. The Lead IA, together with the Government of Burkina Faso and the Cooperating IA, will decide together on the parameters and procedures for this assessment.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities 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) Assisting the Country in preparation of the Annual Implementation Programme;

- (c) If requested by the Executive Committee, 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 IA;
- (d) Ensuring that the achievements in previous annual implementation programmes are reflected in the future annual implementation programme;
- (e) Reporting on the implementation of the Annual Implementation Programme of the preceding year and preparing for the annual implementation programme for the year of submission for submission to the Executive Committee, commencing with the 2008 annual implementation programme combined with the report on the 2007 annual implementation programme;
- (f) Ensuring that appropriate independent technical experts carry out the technical reviews undertaken by the Lead IA;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Annual Implementation Programme and accurate data reporting;
- (i) Coordinating the activities of the Coordinating IAs,;
- (j) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- (k) Providing assistance with policy, management and technical support when required.

APPENDIX 6-B: ROLE OF COOPERATING IMPLEMENTING AGENCY

1. The Cooperating IA (Canada) will:
 - (a) Provide policy development assistance when required;
 - (b) Assist the Government in the implementation and assessment of the activities funded for by the Cooperating IA; 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.