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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-first Meeting  
Montreal, 19-23 March 2007

**PROJECT PROPOSAL: BOLIVIA**

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

Phase-out

- Terminal phase-out management plan (first tranche) Canada and UNDP

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  
BOLIVIA**

**PROJECT TITLE****BILATERAL/IMPLEMENTING AGENCY**

Terminal phase-out management plan (first tranche)	Canada and UNDP
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**SUB-PROJECT TITLES**

(a) Component I – Strengthening of refrigerant management practices	UNDP
(b) Component II – Strengthening of control and application of ODS legislation and regulations	Canada
(c) Component III – Raising public awareness	Canada
(d) Component IV – Project implementation and monitoring	Canada
(e) Component V – Technical assistance for elimination of CTC consumption	Canada

<b>NATIONAL CO-ORDINATING AGENCY:</b>	Comision Gubernamental del Ozono (COGO)
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**LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT****A: ARTICLE-7 DATA (ODP TONNES, 2005, AS OF JANUARY 2007)**

CFC	26.7	CTC	0.1
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**B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2005, AS OF JANUARY 2007)**

ODS	Aerosol	Foam	Ref. Mfg.	Ref. Servicing	Solvents	Process agent	Fumigant
CFC-12			6.50	20.02			
CFC-115				0.21			
CTC	-	-	-	-	-		

<b>CFC consumption remaining eligible for funding (ODP tonnes)</b>	N/A
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**CURRENT YEAR BUSINESS PLAN:** Total funding US \$89,000 for Canada and US \$162,000 for UNDP; total phase-out 3.0 ODP tonnes.

<b>PROJECT DATA</b>		2006	2007	2008	2009	2010	Total
<b>CFC</b> (ODP tonnes)	Montreal Protocol limit	37.830	11.350	11.350	11.350	-	
	Annual consumption limit	26.730	10.000	8.020	5.000	-	
	Annual phase-out from ongoing projects		16.730	-	-	-	16.730
	Annual phase-out newly addressed		-	3.330	3.020	5.000	11.350
<b>CTC</b> (ODP tonnes)	Montreal Protocol limit	0.170	0.045	0.045	0.045	-	
	Annual consumption limit	0.180	0.100	0.070	0.045	-	
	Annual phase-out from ongoing projects						
	Annual phase-out newly addressed		0.080	0.030	0.025	0.045	0.180
<b>TOTAL ODS CONSUMPTION TO BE PHASED OUT</b>				16.810	3.360	3.045	5.045
Total ODS consumption to be phased-in (HCFCs)							
<b>Final project costs (US \$):</b>							
Funding for Lead IA: Canada			79,000	88,000			167,000
Funding for Cooperating IA: UNDP			151,000	222,000			373,000
<b>Total project funding</b>			230,000	310,000			540,000
<b>Final support costs (US \$):</b>							
Support cost for Lead IA: Canada			10,270	11,440			21,710
Support cost for Cooperating IA: UNDP			11,325	16,650			27,975
<b>Total support costs</b>			21,595	28,090			49,685
<b>TOTAL COST TO MULTILATERAL FUND (US \$)</b>			251,595	338,090			589,685
Final project cost effectiveness (US \$/kg)							N/A

**FUNDING REQUEST:** Approval of funding for the first tranche (2007) as indicated above.

<b>SECRETARIAT'S RECOMMENDATION</b>	Blanket approval
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## **PROJECT DESCRIPTION**

1. On behalf of the Government of Bolivia the Government of Canada, as the lead implementing agency, has submitted a terminal phase-out management plan (TPMP) for consideration by the Executive Committee at its 51st Meeting. The project will also be implemented with assistance from UNDP.
2. The total cost of the Bolivian TPMP is US \$540,000 plus agency support costs of US \$21,710 for the Government of Canada and US \$27,975 for UNDP. The project proposes the complete phase-out of CFCs and CTC by the end of 2009. The CFC and CTC baselines for compliance are 75.7 ODP tonnes and 0.3 ODP tonnes respectively.

### **Background**

3. Bolivia has already phased out the use of CFCs in the foam and refrigeration manufacturing sectors. In regard to the phase-out of CFCs in the refrigeration servicing sector, the Executive Committee allocated US \$146,000 to UNDP for the implementation of a stand-alone recovery and recycling programme at its 20th Meeting, and US \$517,000 to the Government of Canada for the refrigerant management plan (RMP) at its 36th and 39th Meetings.
4. Implementation of the activities in the refrigeration servicing sector resulted in the training of 325 refrigeration service technicians in good servicing practices, 200 technicians in recovery and recycling operations and 115 customs officers. It also led to the distribution of 6 ODS identification kits, the establishment of a recovery and recycling network consisting of 43 recovery and recycling machines and 174 recovery machines (71 of which will be distributed in 2007), and several public awareness and information dissemination activities.

### **Policy and legislation**

5. Bolivia has a fully operational licensing system that covers all ODS, as well as a ban on imports of CFC-based refrigeration systems that has been effectively implemented since 1 February 2000.

### **Refrigeration servicing sector**

6. Of the total 26.5 tonnes of CFC used in the refrigeration servicing sector, 10.3 ODP tonnes are used for servicing domestic refrigerators, 6.7 ODP tonnes for commercial and industrial refrigeration systems including chillers, and 9.5 ODP tonnes for MAC units.
7. There are approximately 800 refrigeration technicians in the country of whom less than 40 per cent have received formal training and, as of the end of 2005, less than 20 per cent had been registered according to Bolivia's ODS legislation. There are 180 service workshops in the country, located mainly in the three largest cities.
8. The current prices of refrigerants per kg are: US \$15.00 for CFC-12, US \$17.00 for HFC-134a, US \$12.50 to US \$12.87 for R401a, US \$16.18 to US \$20.64 for R404a, US \$8.82 for R406a, and US \$17.52 for R407c. Small quantities of hydrocarbon (HC) refrigerants are

imported into the country and a number of technicians have been trained in the use of this refrigerant.

9. Small quantities of CTC are currently used in laboratory applications and in industrial applications as cleaning agent for removal/extraction of oils and greases from equipment.

### **Activities proposed in the TPMP**

10. The following activities are proposed to be implemented through the TPMP project:

- (a) Strengthening the ODS legislation and regulations by updating the norms and regulations in place, and providing additional training for customs officers;
- (b) Strengthening the refrigerant management practices by providing additional training of refrigeration service technicians, and implementing an incentive programme for technicians and end-users to acquire equipment and service tools;
- (c) Technical assistance for phasing out the use of CTC;
- (d) Raising public awareness; and
- (e) Project implementation and monitoring.

11. The Government of Bolivia plans the complete phase-out of CFCs by 1 January 2010. A detailed work plan for 2007 has been submitted with the TPMP proposal.

## **SECRETARIAT'S COMMENTS AND RECOMMENDATION**

### **COMMENTS**

12. At its 15th Meeting, the Parties to the Montreal Protocol noted that, in accordance with its decision XIV/20 (through which Bolivia was found to be in non-compliance with its obligations under Article 2A for the July 2000-June 2001 control period), Bolivia had submitted a plan of action through which, *inter alia*, it committed to reducing its CFC consumption from 65.50 ODP tonnes in 2002 to 63.60 ODP tonnes in 2003; to 47.60 ODP tonnes in 2004; to 37.84 ODP tonnes in 2005; to 11.35 ODP tonnes in 2007; and to phasing out CFC consumption by 1 January 2010 (decision XV/29).

13. According to the consumption data reported by the Government of Bolivia under Article 7 of the Montreal Protocol, CFC consumption for 2003 to 2005 was below the levels committed to by the Government in its plan of action submitted to the Parties. In 2005, Bolivia reported CFC consumption of 26.7 ODP tonnes which was already 11.14 ODP tonnes below the level committed to by the Government for that year.

14. The 2007 and 2008 phase-out targets proposed for CTC in 2007 and 2008 are higher than the Montreal Protocol allowable limits, considering that 65 per cent of CTC consumption in Bolivia is for laboratory and analytical uses. Through their decision XVII/13, the Parties to the Montreal Protocol decided to defer until 2007 consideration of the compliance status in relation to control measures for CTC used by Article 5 Parties for analytical and laboratory processes,

and also urged those countries to minimize CTC consumption in these uses by applying the criteria and procedures of global exemption for CTC in laboratory and analytical uses that are currently established for non-Article 5 Parties. In this regard, the TPMP for Bolivia is intended to gradually reduce CTC consumption by 2009 so that it will not exceed the Protocol's allowable limits.

15. Although the legislation in place proposes the phase-out of CFCs by 2009, the TPMP project is proposing phase-out by 1 January 2010, i.e., one year later. On this issue the Government of Canada, as the lead agency for implementation of the TPMP, indicated that the Government of Bolivia is making all efforts to phase out CFCs by 1 January 2009. However, in the event that this voluntary objective is not achieved, the Government of Bolivia and the agencies concerned agreed to retain the phase-out target for CFCs in accordance with the Montreal Protocol schedule.

16. The Secretariat asked whether the Government of Bolivia would be able to achieve the further reduction of 15.38 ODP tonnes needed to meet the 2007 target (i.e., 11.355 ODP tonnes). The Government of Canada indicated that it expects Bolivia to continue successfully implementing its policies and licensing system to limit imports as per the requirements of the Protocol. Furthermore, it is expected that, as CFCs become scarcer, there will be incentives to increase the use of the 150 recovery machines and ancillary equipment provided under the RMP, which will lead to further CFC reductions.

### **Agreement**

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

### **RECOMMENDATION**

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

- (a) Approve, in principle, the terminal phase-out management plan for Bolivia, at the amount of US \$540,000 plus agency support costs of US \$21,710 for the Government of Canada and US \$27,975 for UNDP;
- (b) Approve the draft agreement between the Government of Bolivia and the Executive Committee for the implementation of the terminal phase-out management plan as contained in Annex I to this document;
- (c) Urge the Government of Canada and UNDP to take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the terminal phase-out management plan; and

- (d) Approve the first tranche of the plan at the funding levels shown in the table below:

	<b>Project Title</b>	<b>Project Funding (US\$)</b>	<b>Support Cost (US\$)</b>	<b>Implementing Agency</b>
(a)	Terminal phase-out management plan (first tranche)	79,000	10,270	Canada
(b)	Terminal phase-out management plan (first tranche)	151,000	11,325	UNDP

**AGREEMENT BETWEEN THE GOVERNMENT OF BOLIVIA 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 Bolivia (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) and Annex B (Group II) of the Montreal Protocol as set out in rows 1 and 3 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 7 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. 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 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 Programme”) 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 subparagraph 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 will be implemented in stages so that remaining 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 fulfill the obligations under this Agreement. Canada has agreed to be the lead implementing agency (the "Lead IA") and UNDP 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. 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 8 and 9 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
Annex B:	Group II	CTC

### APPENDIX 2-A: THE TARGETS, AND FUNDING

	2006	2007	2008	2009	2010	Total
1. Max. allowable consumption of Annex A, Group I substances (ODP tonnes)	37.84	11.35	11.35	11.35	0.00	
2. Maximum allowable consumption of Annex A, Group I substances (ODP tonnes)	26.73	10.00	8,02	5.00	0.00	
3. Montreal Protocol consumption limits of Annex B, Group II substances (ODP tonnes)	0.170	0.045	0.045	0.045	0.00	
4. Maximum allowable consumption of Annex B, Group II substances (ODP tonnes)	0.180	0.100	0.070	0.045	0.00	
5. Lead IA agreed funding (US \$)		79,000	88,000			167,000
6. Cooperating IA agreed funding (US \$)		151,000	222,000			373,000
7. Total agreed funding (US \$)		230,000	310,000	0	0	540,000
8. Lead IA support costs (US \$)		10,270	11,440	0	0	21,710
9. Cooperating IA support costs (US \$)		11,325	16,650	0	0	27,975
10. Total agreed support costs (US \$)		21,595	28,090	0	0	49,685
11. Total agreed costs		251,595	338,090			589,685

### APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the second tranche will be considered for approval at the second 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	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						
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", within the National Ozone Unit.
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. In accordance to decision 45/54 (d), the Executive Committee reserves the right for independent verification in case the Executive Committee selects Bolivia for related auditing. Based on discussion with the Lead IA, Bolivia should select the independent organization (auditing) to carry out the verification of the TPMP results and this independent monitoring programme.

**APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY**

1. The Lead IA will be responsible for a range of activities to be 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) Assisting the Country in preparation of the Annual Implementation Programme;
  - (c) 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 consistent with Appendix-5A. In case the Executive Committee selects Bolivia consistent with paragraph (d) of decision 45/54, separate funding will be provided by the Executive Committee to the Lead IA for this undertaking;
  - (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 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) Providing verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Targets, if requested by the Executive Committee;
- (j) Coordinating the activities of the Cooperating IA;
- (k) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- (l) Providing assistance with policy, management and technical support when required.

#### **APPENDIX 6-B: ROLE OF COOPERATING IMPLEMENTING AGENCY**

1. The Cooperating IA 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.