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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-third Meeting
Montreal, 26-30 November 2007

PROJECT PROPOSAL: DJIBOUTI

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) UNEP and UNDP

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**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
DJIBOUTI**

PROJECT TITLE**BILATERAL/IMPLEMENTING AGENCY**

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

(a)	Review and update of legislation and awareness raising	UNEP
(b)	Training refrigeration technicians in good practices related to alternatives and provision of tools	UNEP/UNDP
(c)	Training complement for customs officers and other officials; and	UNEP/UNDP
(d)	Project implementation and monitoring	UNEP

NATIONAL CO-ORDINATING AGENCY:	MINISTERE DE L'HABITAT, DE L'URBANISME, DE L'ENVIRONNEMENT ET DE L'AMENAGEMENT DU TERRITOIRE
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2006, AS OF SEPTEMBER 2007)**

Annex I, Group 1 (CFC)	3.1		

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2006, AS OF SEPTEMBER 2007)

ODS	Aerosol	Foam	Ref. Mfg.	Ref. Servicing	Solvents	Process agent	Fumigant
CFC				3.1			
CFC consumption remaining eligible for funding (ODP tonnes)						n/a	

CURRENT YEAR BUSINESS PLAN: Total funding US \$162,281: total phase-out 1 ODP tonnes.

PROJECT DATA		2006	2007	2008	2009	2010	Total
Annex I CFC (ODP tonnes)	Montreal Protocol limit	10.5	3.15	3.15	3.15	0	n/a
	Annual consumption limit	10.5	3.15	3.15	1.15	0	n/a
	Annual phase-out from ongoing projects		n/a	n/a	n/a	n/a	n/a
	Annual phase-out newly addressed			2	1.15	0	3.15
	Annual unfunded phase-out		n/a	n/a	n/a	n/a	
TOTAL ODS CONSUMPTION TO BE PHASED OUT							
Final project costs (US \$):							
Funding for Lead IA: UNEP			89,000	59,000			148,000
Funding for Cooperating IA: UNDP			147,000				147,000
Total project funding			236,000	59,000			295,000
Final support costs (US \$):							
Support cost for Lead IA: UNEP			11,570	7,670			19,240
Support cost for Cooperating IA: UNDP			13,230				13,230
Total support costs			24,800	7,670			32,470
TOTAL COST TO MULTILATERAL FUND (US \$)			260,800	66,670			327,470
Final project cost effectiveness (US \$/kg)							

FUNDING REQUEST: Pending.

SECRETARIAT'S RECOMMENDATION[S]	Pending
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PROJECT DESCRIPTION

1. On behalf of the Government of Djibouti, UNEP, as the lead implementing agency, has submitted a terminal CFC phase-out management plan (TPMP) for consideration by the Executive Committee at its 53rd Meeting. The project will also be implemented with assistance from UNDP. The total cost of the Djibouti TPMP as submitted is US \$295,000 (US \$148,000 plus agency support costs of US \$19,240 for UNEP and US \$147,000 plus agency support cost of US \$13,230 for UNDP). The project proposes the complete phase of CFCs by the end of 2009. The CFC baseline for compliance is 21.0 ODP tonnes.

Background

2. In regard to the phase-out of CFCs in the refrigeration servicing sector, the Executive Committee allocated US \$277,263 to UNDP and UNEP at its 37th Meeting for the development of ODS regulations, implementation of training programmes for refrigeration service technicians and customs officers, establishment of a recovery and recycling programme, and a programme for monitoring the activities included in the RMP. Implementation of the activities in the refrigeration servicing sector resulted in the training of 80 refrigeration service technicians in good servicing practices, 25 technicians in recovery and recycling operations and 80 customs officers. It also led to the distribution of the purchase of 10 ODS identification kits which are as yet to be distributed, distribution of 23 recovery and recycling machines and ancillary equipment, and public awareness and information dissemination activities. Very small amounts of CFCs have been recovered and reused.

Policy and legislation

3. ODS regulations have been in place since 2004 providing for a quota system for ODS imports, a ban on imports of ODS, on ODS containing equipment, and restrictions on export of ODS and ODS based equipment. The quota system will however become effective only in 2008, when import permits will become mandatory. While this decree has already been introduced to the customs officers, there is little evidence to determine its full implementation.

Refrigeration servicing sector

4. Of the total 3.1 tonnes of CFC used in the refrigeration servicing sector in 2006, 2.1 ODP tonnes are used for servicing domestic refrigerators, 0.9 ODP tonnes for commercial and industrial refrigeration systems, and 0.1 ODP tonnes for MAC units. There are approximately 420 refrigeration technicians in the country many of whom are in the informal sector. Approximately 23 percent (80 technicians) of these technicians have received formal training. The current prices of refrigerants per kg are: US \$15.30 for CFC-12, US\$16.9 for CFC-11, US \$19.80 for HFC-134a, US \$12.00 for HCFC-22.

Activities proposed in the TPMP

5. The following activities are proposed to be implemented through the TPMP project:
- (a) Review and update of legislation and awareness raising;

- (b) Training refrigeration technicians in good practices related to alternatives and provision of tools;
- (c) Training complement for customs officers and other officials; and
- (d) Project implementation and monitoring.

6. The Government of Djibouti plans the complete phase-out of CFCs by 1 January 2010. A detailed work plan for 2008 has been submitted with the TPMP proposal.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

7. The 2006 CFC consumption reported by the Government of Djibouti as part of its country programme reporting of 3.1 ODP tonnes is already at the same level as the consumption allowed under the Montreal Protocol. Based on the data available, Djibouti has demonstrated a steadily declining consumption of CFCs of 20.7 in 2000 (20 ODP tonnes) to 7.1 in 2005 (7 ODP tonnes). While its 2006 consumption is already within the limits allowed, the reduction between 2005 and 2006 was almost 50 percent through activities under the RMP as reported by the agency.

12. The Secretariat discussed with the implementing agency the technical issues related to the current levels of CFC consumption in Djibouti, the level of implementation of the RMP particularly as it relates to similar activities proposed in the TPMP, the current status of the disbursement of activities included in the approved RMP, and the status of the equipment that was purchased through the RMP particularly the refrigerant identifiers. It also raised issues related to the technical viability of an incentive programme especially for the domestic refrigeration sector, and the overall sustainability of activities within the TPMP in order to ensure that the country achieves its zero phase-out of CFCs by 2010.

Level of funding and implementation modalities

13. During the review of the TPMP, the Secretariat noted that:

- (a) Most of the CFC use in the refrigeration sector in the country, as indicated in paragraph 5, is in the domestic air conditioning sector. It was also noted that CFC use in this sector represented only 47 percent with 53 percent being divided between HCFC-22 and HFC-134a;
- (b) The recovery and recycling programme under the RMP was expected to establish a national recovery and recycling system in the country. While equipment has been distributed to some workshops, it is not being used extensively since there is very little incentive for such a programme, and the quantities recovered are small and immediately reused equipment being serviced;
- (c) The training of technicians has resulted in good practices being followed by the people trained, but the need for further training in new technology and

alternatives, such as hydrocarbons, was expressed due to the recent influx of hydrocarbon compressors onto the market;

- (d) The prices of refrigerants show an interesting trend of cost of CFCs increasing while HFC-134a, which is still more expensive than CFCs, is showing a downward trend in the last four years;
- (e) Despite the presence of HC compressors in the market, there is no import of hydrocarbon refrigerants into the country, and so they are not easily available. Often owners have to resort to the use of butane gas as a refrigerant;
- (f) While the projects proposed in the TPMP are expected to draw upon the lessons learned from the RMP, the TPMP still appears to be considered on a project by project basis and does not provide an overall strategy of how compliance will be met and sustained through the interaction of its various components.

8. UNEP provided clarification on the status of the equipment and how this will be integrated into the TPMP, and indicated that the full distribution of the identifiers will take place in November when the final batch of good customs training will be undertaken. The Secretariat sought information on the equipment component described in the TPMP particularly the need for a hydrocarbon (HC) demonstration equipment which is being requested at a high cost, and the distribution of spare parts and alternative fluids for refrigeration servicing. UNEP explained that the HC equipment is needed to enable the technicians to service refrigerators with HC compressors. This will also potentially encourage the import of HC refrigerants which the country needs in order to engage in a large scale retrofit of equipment which is being planned under the TPMP.

9. The Secretariat is still discussing with UNEP some unresolved cost issues, and will accordingly advise the Executive Committee on the outcome of this discussion before the 53rd Meeting.

RECOMMENDATION

10. Pending.

