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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-fifth Meeting
Bangkok, 14-18 July 2008

PROJECT PROPOSAL: BENIN

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 UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Benin

(I) PROJECT TITLE	AGENCY
CFC phase out plan	UNEP, UNIDO

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)				Year: 2007	
CFC: 7.9	CTC: 0	Halons: 0	MB: 0	TCA: 0	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)											Year: 2007		
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC					7.9								7.9
CTC													0
Halons													0
Methyl Bromide													0
TCA													0

(IV) PROJECT DATA			2008	2009	2010	2011	2012	2013	2014	2015	Total
Montreal Protocol Consumption Limits		CFC	9.	9.							
Maximum Allowable Consumption (ODP Tonnes)		CFC	7.9	4.							
Project Costs (US\$)	UNEP	Project Costs	85,000.	65,000.							150,000.
		Support Costs	11,050.	8,450.							19,500.
	UNIDO	Project Costs	106,000.	69,000.							175,000.
		Support Costs	9,540.	6,210.							15,750.
Total Funds Requested for Current Year (US\$)		Project Costs	191,000.								191,000.
		Support Costs	20,590.								20,590.

(V) SECRETARIAT'S RECOMMENDATION:	For blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Benin, UNEP, as the lead implementing agency, has submitted a terminal CFC phase-out management plan (TPMP) for consideration by the Executive Committee at its 55th Meeting. The project will also be implemented with assistance from UNIDO. The total cost of the TPMP as submitted is US \$ 345,000 (US \$170,000 plus agency support costs of US \$22,100 for UNEP, and US \$175,000 plus agency support cost of US \$15,750 for UNIDO). The project proposes the complete phase of CFCs by the end of 2009. The CFC baseline for compliance is 59.9 ODP tonnes.

Background

2. The Executive Committee at its 32nd Meeting allocated US\$270,900 for the development and implementation of Benin's refrigeration management plan, which consisted of training of refrigeration service technicians in good practices in refrigeration, training of customs officers and environment inspectors for implementation of the ODS legislation as well as the monitoring and control of ODS imports and exports, and the development of a code of good practice for technicians. The Plan was implemented with the assistance by the Government of Canada. Its outcomes included the training of 329 refrigeration technicians in recovery and recycling practices, the distribution of four recycling and 20 recovery machines and enactment of ODS legislation. In addition, a total of 101 enforcement officers were also trained, and seven identifiers supplied.

Policy and legislation

3. Benin is subject to the sub-regional regulations of the Western African Economic and Monetary Union (UEMOA), including the 2005 decree on harmonizing regulations relating to ODS substances and equipment. Nationally, Benin has adopted legislation that prohibits the import of refrigeration equipment containing ODS for which the Montreal Protocol has imposed control measures, and regulates the import of ODS substances through licensing. The enforcement of these regulations however remains a challenge, in part due to a period of inactivity at the National Ozone Office.

Refrigeration servicing sector

4. Benin reported a consumption of 14.1 ODP tonnes of CFCs in 2006 and 7.92 tonnes in 2007. In 2006, 10.57 ODP tonnes were used for servicing domestic refrigerators, 2.4 ODP tonnes for commercial and industrial refrigeration systems, 1.13 ODP tonnes for MAC units, and 0.045 tonnes for solvents. According to the TPMP there are 1,200 refrigeration technicians in Benin. Around 329 of these have received formal training under the RMP. The current prices of refrigerants per kg are: US \$9.70 for CFC-12, US \$9.10 for CFC-11, US \$15.60 for HFC-134a, and US \$8.30 for HCFC-22.

Activities proposed in the TPMP

5. The following activities are proposed to be implemented through the TPMP project:
 - (a) Additional training of refrigeration technicians in good refrigeration practices and hydrocarbon technology;
 - (b) Additional training of customs officers and review of the training curricula;
 - (c) Strengthening of excellence centres, local production of recovery equipment, provision of spare parts and alternative fluids; and
 - (d) Project monitoring and reporting.
6. The Government of Benin 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 2007 CFC consumption reported by the Government of Benin under Article 7 of the Protocol of 7.9 ODP tonnes is already lower than the level allowed under the Montreal Protocol for 2007, which for Benin is 8.9 ODP tonnes. The reported data for the country shows that it has demonstrated a steadily declining consumption of CFCs from 2003 (17.3 ODP tonnes) to 2007. Its 2007 consumption represents about 50 percent less than its 2006 figure of 14.2 ODP tonnes.
8. The Secretariat discussed with the lead agency (UNEP) the technical issues related to the level of implementation of the RMP particularly as it relates to similar activities proposed in the TPMP, and the current status of the disbursement of activities included in the approved RMP. It also discussed issues related to the proposal for the establishment of a centre of excellence and the viability of its accompanying 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

9. During the review of the TPMP, the Secretariat noted that:
- (a) Most of the CFC use in the refrigeration sector in the country is in domestic refrigeration sector, which uses about 75 percent of the total consumption. The commercial and industrial refrigeration sector on the other hand, uses about 15 percent, mostly in cold rooms for the conservation of imported fish, ice producing plants, hotels, and breweries. Use of CFCs in the mobile air conditioning systems of cars represents around 10 percent, but new cars already have MACs based on HFC-134a;
 - (b) While the current consumption of HFC-134a and R-600a is low due to its high cost, it is noted that most refrigeration equipment imported into the country uses HFC-134a and R-600a and there is a potential for the use of these two substances to increase especially as supply of CFCs becomes more scarce;
 - (c) The RMP that was implemented did not specifically include a component for recovery and recycling of refrigerants. However, the training of technicians included concepts of recovery and recycling and 20 recovery and recycling machines were provided and distributed to the refrigeration associations, some workshops and to the training institute. Some CFCs were apparently recovered but no information was provided on amounts;
 - (d) The training of technicians has resulted in good practices being followed by those trained, but the need for further training in new technology and alternatives such as hydrocarbons was stated due to the recent influx of hydrocarbon compressors in the market;
 - (e) HFC-134a prices continue to be more expensive than CFCs, and are currently pegged at almost double that of CFC-12; and
 - (f) The TPMP envisages the establishment of three centres of excellence for training and for the recovery and recycling of refrigerants. Each centre will have two trained technicians, as well as equipment to assist smaller workshops.
10. UNIDO, as the agency responsible for the investment component, and the Secretariat discussed the concept and approach for the excellence centres. In responding to the query on the role of the centres UNIDO clarified that they will work closely with the training of technicians, and be responsible for the distribution of the basic toolkits to be provided by the project. UNIDO further explained that other than equipment distribution, the centres will also ensure that these basic toolkits are used properly. They also clarified that these centres of excellence will already consist of established institutions that will be provided with material and equipment to enable them to promote retrofitting and assist technicians.
11. The Secretariat also sought clarification on the equipment component described in the TPMP. UNIDO provided a list of equipment and its unit prices.

12. On the basis of the above information, the Secretariat and UNEP agreed that the total cost for the TPMP will not be more than US \$325,000 plus support costs for both agencies.

Agreement

13. The Government of Benin submitted a draft agreement between the Government and the Executive Committee with the conditions for the complete phase-out of CFCs in Benin, which is contained in Annex I to the present document.

RECOMMENDATION

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

- (a) Approve, in principle, the terminal phase-out management plan for Benin, at the amount of US \$325,000 plus agency support costs of US \$19,500 for UNEP and US \$15,750 for UNIDO;
- (b) Approve the draft agreement between the Government of Benin and the Executive Committee for the implementation of the terminal phase-out management plan as contained in Annex I to this document;
- (c) Urge UNEP and UNIDO to take full account of the requirements of decisions 41/100 and 49/6 of the Executive Committee 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:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Terminal phase-out management plan (first tranche)	85,000	11,050	UNEP
(b)	Terminal phase-out management plan (first tranche)	106,000	9,540	UNIDO

Annex I**DRAFT AGREEMENT BETWEEN BENIN AND THE EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE PHASE-OUT OF
OZONE-DEPLETING SUBSTANCES**

1. This Agreement represents the understanding of the Government of Benin (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 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.
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 9 of Appendix 2-A (the “Targets, and 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 sub-paragraph 5(b) 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 60 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 “Format of Annual Implementation Programme”) in respect of the year for which tranche 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 Institutions and Roles”) 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 sub-paragraph 5(b).

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 implementation programme.

8. Specific attention will be paid to the execution of the activities in the refrigeration-servicing sub-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-sector will be implemented in stages so that remaining resources can be diverted to other phase-out 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 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 UNIDO 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 as per sub-paragraph 5(b). The Country also agrees to periodic evaluations, which might 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 10 and 11 of Appendix 2-A.

10. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in Appendix 2-A 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 tranche 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-113,CFC-114 and CFC-115
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APPENDIX 2-A: THE TARGETS, AND FUNDING

		2008	2009	2010	Total
1	Montreal Protocol reduction schedule of Annex A, Group I substances (ODP tonnes)	9	9	0	0
2	Max. allowable total consumption of Annex A, Group I substances (ODP tonnes)	7.9	4	0	0
3	Reduction from on-going projects (ODP tonnes)	0	0	0	0
4	New reduction under plan (ODP tonnes)	3.9	4	0	7.9
5	Unfunded reductions (ODP tonnes)	0	0	0	0
6	Total annual reduction (ODP tonnes)	3.9	4	0	7.9
7	Lead IA agreed funding (US \$)	85,000	65,000	0	150,000
8	Cooperating IA agreed funding (US \$)	106,000	69,000	0	175,000
9	Total agreed funding (US \$)	191,000	134,000	0	325,000
10	Lead IA support costs (US \$)	11,050	8,450	0	19,500
11	Cooperating IA support costs (US \$)	9,540	6,210	0	15,750
12	Total agreed support costs (US \$)	20,590	14,660	0	35,250
13	Grand total agreed funding (US \$)	211,590	148,660	0	360,250

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Following approval of the first tranche in 2008, funding for the second tranche will be considered for approval not later than the second meeting of 2009.

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 (NOU).

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 terminal phase-out plan (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 Unit (NOU).

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 Benin for related auditing. Based on discussion with the Lead IA, Benin 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 Benin 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 5-A. In case the Executive Committee selects Benin 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 2008 and preparing for annual implementation programme for 2009 for submission to the Executive Committee.
- (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 Benin 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 \$10,000 per ODP tonne of reductions in consumption not achieved in the year.
