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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: CENTRAL AFRICAN REPUBLIC

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 France

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Central African Republic

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

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)				Year: 2007	
CFC: 1.3	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	Serviceing					QPS	Non QPS		
CFC					5.1								5.1
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	1.7	1.7							
Maximum Allowable Consumption (ODP Tonnes)		CFC	1.3	0.6							
Project Costs (US\$)	UNEP	Project Costs	60,000.	45,000.							105,000.
		Support Costs	7,800.	5,850.							13,650.
	France	Project Costs	55,000.	45,000.							100,000.
		Support Costs	7,150.	5,850.							13,000.
Total Funds Requested for Current Year (US\$)		Project Costs	115,000.								115,000.
		Support Costs	14,950.								14,950.

(V) SECRETARIAT'S RECOMMENDATION:	For individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of the Central African Republic, 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 to be implemented jointly with the Government of France. The total cost of the TPMP as submitted is US \$205,000 (US \$105,000 plus agency support costs of US \$13,650 for UNEP and US \$100,000 plus agency support cost of US \$13,000 for the Government of France). The project proposes the complete phase of CFCs by the end of 2009. The CFC baseline for compliance is 11.2 ODP tonnes.

Background

2. With regard to the phase-out of CFCs in the refrigeration servicing sector, at its 34th Meeting the Executive Committee allocated US \$170,090 to the Government of France for an RMP, which consisted of policy assistance for the development of a taxation scheme for ODS-based and HFC-based systems; enforcement of ODS-related legislation including training for customs officers, a training programme for refrigeration technicians, and a programme for monitoring activities in the RMP. Prior to the RMP preparation, a stand-alone recovery and recycling project had been implemented by UNDP with an allocation of US \$66,441.

3. The TPMP indicates that the implementation of the RMP was severely hampered by political and military crises and changes in the country which affected the operation of the National Ozone Unit, therefore very little progress was done for the RMP activities. Only part of the training for refrigeration technicians was implemented under the RMP, resulting in the 120 technicians and 16 trainers being trained in on good refrigeration practices. The earlier recovery and recycling project implemented by UNDP also resulted in the purchase of 15 recovery machines. However, customs training and the corresponding policy work necessary to support the RMP activities was not carried out.

Policy and legislation

4. The Central African Republic follows the sub-regional regulations of the Economic and Monetary Community of Central Africa (CEMAC), which were adopted in February 2005. These regulations govern, among other things, the import, production and marketing of second-hand equipment containing ODS as well the use of ODS in the region. They supersede national regulations and are directly enforceable by Customs at border points.

5. Regarding status of ratification of all the amendments to the Montreal Protocol, the country has already submitted the relevant documents to the depository in New York and is awaiting finalisation.

Refrigeration servicing sector

6. The Central African Republic reported a consumption of 1.3 ODP tonnes of CFCs in 2007 under Article 7. Its actual consumption as recorded for the same year is 0.8 ODP tonnes for servicing domestic refrigerators, 0.5 ODP tonnes for commercial and industrial refrigeration systems, 1.5 tonnes for domestic and medium size air-conditioning systems, and 1.0 ODP tonnes for MAC units which is a total of 3.8 ODP tonnes.

7. The TPMP indicates that there are about 1,500 workshop-based refrigeration technicians in the country, of whom 120 technicians and 16 trainers received training under the RMP.

8. Between 2003-2006, the trends of refrigerant use in the country indicate that CFC-12 consumption is declining, while HFC 134-a as well as HCFC-22 are on the rise. The document also mentions that equipment using R-410c, R-404a and R-600a is also starting to be available on the market, but these substances are not yet imported into the country.

9. The current prices of refrigerants imported into the Central African Republic per kilogramme are: US \$48 for R-12, US \$36 for R-22, and US \$ 48 for R-134a.

Activities proposed in the TPMP

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

- (a) Technical assistance programme for the retrofitting of refrigeration equipment (including MAC);
- (b) Training for customs officers;
- (c) Training of refrigeration technicians in good practices and retrofit to new refrigerants; and
- (d) Project monitoring and reporting.

11. The Government of the Central African Republic 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

12. The Central African Republic has already reported 2007 Article 7 data indicating a consumption of 1.3 ODP tonnes, which is within the consumption level allowed for it under the Montreal Protocol for 2007 of 1.7 ODP tonnes. Based on the data available, the Central African Republic has demonstrated a steadily declining consumption of CFCs from 2004 (3.9 ODP tonnes) to 2007 (1.3 ODP tonnes).

13. In reviewing the activities implemented during the RMP, the Secretariat noted and expressed concern that there was very little achievement of the main objectives set, and the outputs for the project and activities were not completed. Except for the refrigeration servicing training, where the initial phase was finished, all the rest of the planned components of the RMP including policy assistance, training of customs officers and monitoring were not initiated. The Government of France, as the implementing agency, informed the Secretariat that political problems in the country had resulted in difficulties for the NOU, leading to loss of funds for the RMP. They further explained that the country has acknowledged in a letter that the funds could not be accounted for, and that the earlier Ozone Officer was not to be found. The Secretariat was

also informed by the agency that the Government would like to cancel the activities in the RMP not yet addressed and continue with those that were unfinished as part of the TPMP. Remaining funds that have not been disbursed will be returned to the Multilateral Fund. Financial information reported for the 2007 progress report show this to be US \$57,589 out of the total US \$170,090 originally approved. The Secretariat received official communication from the representative of the Government of France confirming that the funds remaining from the earlier RMP will be returned to this meeting.

Level of funding and implementation modalities

14. 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 medium sized air conditioning systems. Consumption data also shows that HFC-134a has a large share of imports of refrigerants and its use has been increasing since 2004. Between 2004 and 2007, the highest use of HCFCs was recorded for 2004;
- (b) While recovery equipment was purchased under a project approved before the RMP, there is no information on the amount of ODS recovered by the recovery and recycling programme, it is assumed that this was one of the projects that was also not implemented in the country;
- (c) While there were 120 technicians that have been trained under training of technicians, there is no information whether this has resulted in good practices being followed by those trained, and the proposal stresses that such training needs to be done again as the earlier one was not that successful. The influx of new equipment using alternative substances including hydrocarbons also justified the request for additional training of technicians;
- (d) The price of CFCs as well as HCFC-22 is increasing, while HFC-134a prices show a decreasing trend;
- (e) Despite the presence of HC compressors in the market, the document indicates that there is as yet very little import of hydrocarbon into the country;
- (f) The TPMP envisages the implementation of similar projects as in the RMP with the justification that these were not implemented and therefore the country continues to need assistance in the training of technicians and customs officers, as well as the provision of equipment to workshops; and
- (g) It also provides for the establishment of one centre for excellence which will lead retrofitting activities in the country, provide opportunities further training and ensure availability of equipment and spares.

15. UNEP will be the lead agency responsible for the non-investment part of the project, while the Government of France as a collaborating agency will look after the equipment support and the establishment of a centre of excellence. In clarifying with UNEP, as the lead agency, the status of the investment component, it was explained that none of the technicians trained earlier

were provided with equipment at the RMP stage. Under the TPMP, they will be given a set of basic tools, as well as the opportunity to work with the centre of excellence that will serve as a permanent technology and information centre on refrigeration training and retrofitting.

16. The Secretariat also requested information on the incentive programme that will be implemented, particularly on who would bear the cost of retrofits and how many beneficiaries would benefit. UNEP explained that the cost of the retrofits will be covered from the technical assistance component. Once hydrocarbon technology is taken up, the cost of the retrofit will be borne by the equipment owners. It is envisioned that doing it this way will encourage ownership by the technicians of the need for ongoing training, and will be an avenue for continuing training once funding for the TPMP is finished. The Secretariat also sought clarification on the equipment component described in the TPMP and UNEP provided a list, including the unit price for the tool kits that are to be provided for this component.

17. On the basis of the above information, the Secretariat and UNEP agreed the total cost for the TPMP at US \$205,000 plus support costs for both agencies, as originally submitted. The Government of France has officially informed the Secretariat of the return of the funds remaining from the RMP of US \$57,589.

Agreement

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

RECOMMENDATION

19. In considering the conditions faced by the Government of the Central African Republic as well as their intention to meet CFC phase out by 2010, the Executive Committee may wish to:

- (a) Approve, in principle, the terminal phase-out management plan for the Central African Republic, at the amount of US \$105,000 plus agency support costs of US \$13,650 for UNEP and US \$100,000 plus support costs of US \$13,000 for the Government of France on the condition that the funds for the Government of France be disbursed only when the remaining balance from the RMP has been returned;
- (b) Approve the draft agreement between the Government of the Central African Republic 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 the Government of France 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)	60,000	7,800	UNEP
(b)	Terminal phase-out management plan (first tranche)	55,000	7,150	France

Annex I

DRAFT AGREEMENT BETWEEN CENTRAL AFRICAN REPUBLIC 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 Central African Republic (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 France 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)	1.7	1.7	0	0
2	Max. allowable total consumption of Annex A, Group I substances (ODP tonnes)	1.3	0.6	0	0
3	Reduction from on-going projects (ODP tonnes)	0	0	0	0
4	New reduction under plan (ODP tonnes)	0.7	0.6	0	1.3
5	Unfunded reductions (ODP tonnes)	0	0	0	0
6	Total annual reduction (ODP tonnes)	0.7	0.6	0	1.3
7	Lead IA agreed funding (US \$)	60,000	45,000	0	105,000
8	Cooperating IA agreed funding (US \$)	55,000	45,000	0	100,000
9	Total agreed funding (US \$)	115,000	90,000	0	205,000
10	Lead IA support costs (US \$)	7,800	5,850	0	13,650
11	Cooperating IA support costs (US \$)	7,150	5,850	0	13,000
12	Total agreed support costs (US \$)	14,950	11,700	0	26,650
13	Grand total agreed funding (US \$)	129,950	101,700	0	231,650

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 Central African Republic for related auditing. Based on discussion with the Lead IA, Central African Republic 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 Central African Republic 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 Central African Republic 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 Central African Republic 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.
