



**United Nations
Environment
Programme**



Distr.
GENERAL

UNEP/OzL.Pro/ExCom/56/31
7 October 2008

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-sixth Meeting
Doha, 8-12 November 2008

PROJECT PROPOSAL: GUATEMALA

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

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Guatemala

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

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)				Year: 2007	
CFC: 5.9	CTC: 0	Halons: 0	MB: 290.8	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					5.9								5.9
CTC													0
Halons													0
Methyl Bromide										28.9	290.8		319.6
TCA													0

(IV) PROJECT DATA			2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC	33.7	33.7		
Maximum Allowable Consumption (ODP Tonnes)		CFC	5.9	2.5		
Project Costs (US\$)	UNEP	Project Costs	33,000.	32,000.		65,000.
		Support Costs	4,290.	4,160.		8,450.
	UNDP	Project Costs	249,000.			249,000.
		Support Costs	22,410.			22,410.
Total Funds Requested for Current Year (US\$)		Project Costs	282,000.			282,000.
		Support Costs	26,700.			26,700.

(V) SECRETARIAT'S RECOMMENDATION:	For blanket approval
--	-----------------------------

PROJECT DESCRIPTION

1. On behalf of the Government of Guatemala, UNEP, as the lead implementing agency, has submitted a terminal CFC phase-out management plan (TPMP) for consideration by the Executive Committee at its 56th Meeting. The project will also be implemented with assistance from UNDP. The total cost of the TPMP as originally submitted is US \$565,000 (US \$124,000 plus agency support costs of US \$16,120 for UNEP, and US \$441,000 plus agency support cost of US \$33,075 for UNDP). The project proposes the complete phase-out of CFCs by the end of 2009. The CFC baseline for compliance is 224.6 ODP tonnes.

Background

2. Between its 18th Meeting and 23rd Meeting, the Executive Committee approved a total of US \$427,131 for a series of stand-alone projects in Guatemala's refrigeration sector. These projects consisted of a national programme for recovery and recycling of refrigerants, a recovery and recycling programme in the MAC sub-sector, and a national train the trainer programme in good practices in refrigeration. Subsequently, at its 27th Meeting, the Executive Committee approved US \$54,000 for the implementation of Guatemala's refrigeration management plan (RMP), comprising the development of a code of good practices in refrigeration training, and development of a licensing system. An RMP update was approved at the 35th Meeting, with an allocation of US \$231,000, that included five components: establishment of a licensing system, establishment and enforcement of legislation, training of customs officers, alternatives to CFC-12 use, and monitoring. All of the activities in the RMP were implemented by UNEP.

3. The stand-alone projects and the original RMP have been completed, as a result of which 352 technicians were certified and 652 refrigeration technicians and 26 instructors trained in good practices. Also 172 technicians were trained in recovery and recycling, 17.7 tonnes of CFCs being recovered, a licensing system was designed, and 60 customs officers trained. The various components of the RMP update are still in progress. There is an outstanding balance of funds in the RMP of more than US \$150,000 that the Government has indicated will be incorporated into the TPMP.

Policy and legislation

4. Guatemala has ratified all amendments to the Montreal Protocol. The country has enacted a series of ODS regulations that prohibits and regulates the use of ODS in the country, and has established an ODS licensing system which controls its imports through the establishment of an import quota.

Refrigeration sector

5. Guatemala reported a consumption of 12.7 ODP tonnes of CFCs in 2006 and 5.9 tonnes in 2007. According to the TPMP survey, all CFC consumption is concentrated in the refrigeration servicing sector. In 2006, an estimated 4.07 tonnes were used for servicing domestic refrigerators, 5.98 tonnes for MAC units, and 2.04 tonnes for commercial and industrial refrigeration systems. While Guatemala has indicated in its RMP that the prices of CFCs are increasing, they did not provide details on the current prices of CFCs and alternatives available on the market.

Activities proposed in the TPMP

6. The following activities are proposed to be implemented through the TPMP project:
- (a) Technical assistance for refrigeration and air-conditioning workshops and technicians;

- (b) Customs officers training programme and enhancement of national capacity to monitor trade and prevent illegal trade of CFC;
- (c) Certification of refrigeration technicians;
- (d) Retrofitting of 6 cold chambers with HFC-134a;
- (e) Technical assistance for implementation and monitoring of the national CFC phase out plan; and
- (f) Awareness and information campaign.

7. The Government of Guatemala plans to phase out 5.9 ODP tonnes of CFCs by 1 January 2010. A work plan for 2009 has been submitted with the proposal.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

8. Guatemala's CFC consumption in 2007, as reported under Article 7 of 5.9 ODP tonnes, is within the required limit of the Montreal Protocol for the country of 33.7 ODP tonnes. The Secretariat appreciates the consideration of the balances left from the funds approved for projects in the RMP that will cover a number of the activities under this TPMP. The Government has made a commitment to review the RMP plan to ensure that the remaining activities are consistent with the action plan identified in the terminal phase out plan.

Level of funding and implementation modalities

9. The Secretariat reviewed the other elements of the TPMP for which funding is being sought from the Executive Committee and has the following observations:

- (a) The original RMP approved for Guatemala covered mostly capacity building and training activities and had limited consideration for the equipment component;
- (b) The capacity building and training activities proposed in the TPMP will be implemented using unspent balances from the RMP, and the current action plan and request for funding will cover mostly the investment and equipment part only;
- (c) In implementing the activities for training, the TPMP proposes to build upon the lessons learnt in the earlier training programme implemented on the need to develop and strengthen a training institute in order to sustain training for the future. Training materials and equipment will be provided to the selected training institutes;
- (d) The TPMP will provide basic CFC recovery equipment and tool kits to workshops to support their training on good practices with the bigger objective of establishing a certification scheme for technicians;
- (e) The TPMP will also retrofit six cold chambers in the country with HFC-134a, with such exercise serving as a possible demonstration for other potential small cold stores to follow in their conversion; and

- (f) Through the support of the Association of Refrigeration technicians, the refrigeration training component will develop a Code of Good Practice as well as promote retrofitting of the existing CFC-using equipment.

10. The Secretariat also discussed with the implementing agency other issues related to some unspent balance of funds left in the RMP. In discussions with the lead implementing agency, UNEP reiterated that the Government is committed to ensuring that the remaining funds as well as activities in the RMP will contribute fully to the TPMP implementation. These will be used to continue the training of refrigeration technicians and customs and enforcement officers, as well as cover awareness activities that the Government sees as an important aspect in the success of the TPMP implementation.

11. Taking into account that the remaining funds for the RMP will cover the activities shown above, the Secretariat and both agencies agreed that the total cost for the TPMP would be US \$314,000 plus support costs.

Agreement

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

RECOMMENDATION

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

- (a) Approve, in principle, the terminal phase-out management plan for Guatemala, at the amount of US \$65,000 plus agency support costs of US \$8,450 for UNEP, and US \$249,000 plus support costs of US\$22,410 for UNDP;
- (b) Approve the draft agreement between the Government of Guatemala 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 UNDP 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)	33,000	4,290	UNEP
(b)	Terminal phase-out management plan (first tranche)	249,000	22,410	UNDP

Annex I

DRAFT AGREEMENT BETWEEN GUATEMALA 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 Guatemala (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 fulfill the obligations under this Agreement. UNEP 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 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
---------	---------	----------------

APPENDIX 2-A: THE TARGETS, AND FUNDING

		2008	2009	2010	Total
1	Montreal Protocol reduction schedule of Annex A, Group I substances (ODP tonnes)	33.7	33.7	0	
2	Max. allowable total consumption of Annex A, Group I substances (ODP tonnes)	5.9	2.5	0	
3	Reduction from on-going projects (ODP tonnes)	0	0	0	0
4	New reduction under plan (ODP tonnes)	3.4	2.5	0	5.9
5	Unfunded reductions (ODP tonnes)	0	0	0	0
6	Total annual reduction (ODP tonnes)	3.4	2.5	0	5.9
7	Lead IA agreed funding (US \$)	33,000	32,000	0	65,000
8	Cooperating IA agreed funding (US \$)	249,000	0	0	249,000
9	Total agreed funding (US \$)	282,000	32,000	0	314,000
10	Lead IA support costs (US \$)	4,290	4,160	0	8,450
11	Cooperating IA support costs (US \$)	22,410	0	0	22,410
12	Total agreed support costs (US \$)	26,700	4,160	0	30,860
13	Grand total agreed funding (US \$)	308,700	36,160	0	344,860

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 Control 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). The Lead IA, 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 Guatemala for related auditing. Based on discussion with the Lead IA, Guatemala 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 Guatemala 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 Guatemala 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 current Annual Implementation Programme and preparing for the annual implementation programme for the following year, 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 Guatemala 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.