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

**PROJECT PROPOSAL: MOZAMBIQUE**

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**  
**Mozambique**

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
CFC phase out plan	UNDP, UNEP

<b>(II) LATEST ARTICLE 7 DATA (ODP Tonnes)</b>				<b>Year: 2007</b>	
CFC: 2.3	CTC: 0	Halons: 0	MB: 0.4	TCA: 0	

<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)</b>										<b>Year: 2007</b>			
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC					2.3								0
CTC													0
Halons													0
Methyl Bromide										0.4			0.4
TCA													0

<b>(IV) PROJECT DATA</b>		<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
<b>Montreal Protocol Consumption Limits</b>	CFC	2.7	2.7		
<b>Maximum Allowable Consumption (ODP Tonnes)</b>	CFC	2.3			
<b>Project Costs (US\$)</b>	UNEP	Project Costs	75,000.	59,000.	134,000.
		Support Costs	9,750.	7,670.	17,420.
	UNDP	Project Costs	100,500.	17,000.	117,500.
		Support Costs	9,045.	1,530.	10,575.
<b>Total Funds Requested for Current Year (US\$)</b>		Project Costs	175,500.		175,500.
		Support Costs	18,795.		18,795.

<b>(V) SECRETARIAT'S RECOMMENDATION:</b>	<b>For blanket approval</b>
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## **PROJECT DESCRIPTION**

1. On behalf of the Government of Mozambique, 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 to be implemented jointly with UNDP. The total cost of the TPMP as originally submitted is US \$295,000 (US \$152,000 plus agency support costs of US \$19,760 for UNEP and US \$143,000 plus agency support costs of US \$12,870 for UNDP). The project proposes the complete phase out of CFCs by the end of 2009. The CFC baseline for compliance is 18.2 ODP tonnes.

### Background

2. At its 26th Meeting, the Executive Committee allocated US \$35,000 to the Government of Germany for an RMP in Mozambique, in the broader context of a regional RMP covering 14 eastern and southern African countries. The RMP aimed at providing assistance in the design of ODS policies and regulations, training refrigeration service technicians in good practices, and training of customs officers at the regional level. Subsequently, an RMP update for the amount of US \$104,512 was approved at the 44th Meeting of the Executive Committee, to be implemented by the Government of France. It was comprised of the following components: additional assistance with finalization and approval of the ODS regulations; complementary training programmes for customs officers and refrigeration servicing technicians; assistance to restart the national recovery and recycling programme (which had previously been implemented with UNDP assistance); and assistance for the monitoring activities in the RMP. In total, Mozambique received US \$139,512 for assistance in the refrigeration servicing sector.

3. According to the project document, the RMP and its update resulted in the training of three refrigeration trainers and 30 refrigeration technicians, and three customs trainers and 30 customs officers. The earlier recovery and recycling project implemented by UNDP also resulted in the purchase of 26 recovery machines and establishment of three recycling centres. However, the document indicates that most of this equipment is now obsolete. The RMP update shows a balance of US \$50,000 which is being considered in this submission.

### Policy and legislation

4. Mozambique's ODS regulations were enacted in May 2008 and prohibit the import of ODS and equipment containing or designed to use ODS. The regulations cover HCFC control measures, although they are yet to reflect the accelerated phase-out schedule. The regulations include a licensing and quota system that governs the importation of ODS for essential uses. While the Customs Department is responsible for the enforcement of the licensing system, the Department of Environment establishes annual import quotas in line with the Montreal Protocol control measures. A call for applications from potential importers are advertised in the public media, and the Department of Customs and Excise, with the assistance of a Steering Committee, decides on these applications. Mozambique notes that a revision of the ODS regulations will be initiated to reflect the new HCFC control measures.

5. Mozambique has ratified all the amendments to the Montreal Protocol with the exception of the Montreal and Beijing amendments, for which ratification is in progress.

### Refrigeration servicing sector

6. The TPMP indicates that there are over 1,200 refrigeration technicians in the country, of whom 30 technicians and three trainers received training under the RMP.

7. Mozambique reported a consumption of 2.3 ODP tonnes of CFCs in 2007 under Article 7. According to the TPMP, CFC consumption by sector was 0.57 ODP tonnes for servicing domestic refrigerators, 1.67 ODP tonnes for commercial and industrial refrigeration systems, and 0.62 ODP tonnes

for MAC units, totalling 2.86 ODP tonnes. Mozambique indicated that the actual consumption is a little higher than the actual imports for the year, as they had some remaining stock from the previous year, thus showing a difference between Article 7 and their actual use.

8. Country programme data indicates that CFC consumption declined steadily between 2002 and 2005 and increased in 2006. This increase was attributed to the downward trend in CFC consumption, which however resumed in 2007. The TPMP document indicates that in 2007 the most consumed refrigerants were R-134a and R-22, as well as CFC-12.

9. The current prices of refrigerants imported into Mozambique indicate that R-12 is still relatively cheap. Prices per kilogramme are: US \$5.94 for R-12, US \$4.88 for R-22, US \$9.12 for R-134a, US \$15.20 for R-502, US \$ 13.54 for R-404a, and US \$ 11.06 for R-408a.

#### Activities proposed in the TPMP

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

- (a) Building capacity for implementation and enforcement of ODS regulations through training of customs officers, review of training curriculum and strengthening of a customs training school;
- (b) A technical assistance and equipment programme for three regional recovery, recycling and retrofitting centres;
- (c) Training of refrigeration technicians in good practices, retrofit to new refrigerants, and servicing of hydrocarbon technology, equipment for training demonstrations and review of training curricula;
- (d) A technical assistance and incentive programme for commercial and industrial refrigeration end-users; and
- (e) Assistance for project monitoring and reporting.

11. The Government of Mozambique plans the complete phase-out of CFCs by 1 January 2010. A detailed work plan for 2009 has been submitted with the TPMP proposal.

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

#### **COMMENTS**

12. Mozambique's CFC consumption in 2007 as reported under Article 7 of 2.3 ODP tonnes is just below the limit of 2.7 ODP tonnes required by the Montreal Protocol, indicating the potential continued demand for CFC's as illustrated by its actual consumption per sector. The current low price of CFCs supports this demand, and the Government recognizes that there needs to be more concerted efforts to ensure that the availability of cheap CFCs is controlled. It is believed that the activities in this TPMP will provide the assistance that they require.

Level of funding and implementation modalities

13. During the review of the TPMP, the Secretariat noted that:
- (a) The country's Article 7 data shows that it is within the Montreal Protocol limit for CFC consumption, but its actual consumption per sector as described in the document shows that this is a little higher than the imports;
  - (b) CFC-12 and HCFC-22 are still cheaper on the market than HFC-134a;
  - (c) The RMP approved and implemented for Mozambique was part of the regional approach for RMP implementation adopted for fourteen countries in Africa and followed a different implementation modality as compared to a fully national implementation;
  - (d) The TPMP proposes to strengthen the three recovery and recycling centres established initially under the RMP by providing these with equipment and providing the logistics to be fully operational;
  - (e) The TPMP will, in implementing the training as well as establishment of the retrofit centres, endeavour to promote sustainability of the training programme beyond the project period by providing logistics and equipment support to the identified training centres;
  - (f) The TPMP will provide basic tool sets to selected workshops in the country as part of the technicians training programme; and
  - (g) An end-user incentive programme will be implemented to target end-users, in particular in the commercial and industrial refrigeration sector, to shift from CFC to non-CFC alternatives by providing them with technical assistance.
14. The Secretariat discussed with the implementing agency some technical issues related to some unspent balance of funds left in the RMP. In discussions, UNEP advised that the remaining balance has already been allocated for the equipment purchase and that delivery is being awaited. The Secretariat also proposed that some changes be made to certain components submitted in order to reflect the situation in the country, and to ensure that activities in the different components are complementary with the RMP, in particular the new equipment that is to be delivered.
15. The Secretariat also discussed issues related to the proposal for an incentive programme for end users as described above, and UNDP as the cooperating agency provided information on the approach, the criteria for selecting beneficiaries, as well as the estimated amount of the incentive vis-à-vis total retrofit cost. The programme is envisaged to be implemented in close cooperation with the refrigeration association that will lead in identifying potential beneficiaries based on the criteria.
16. On the basis of the above information, the Secretariat and UNEP as the lead agency agreed that the total cost for the TPMP would be US \$251,500 plus support costs.

Agreement

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

## RECOMMENDATION

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

- (a) Approve, in principle, the terminal phase-out management plan for Mozambique, at the amount of US \$134,000 plus agency support costs of US \$17,420 for UNEP, and US \$117,500 plus support costs of US \$10,575 for UNDP;
- (b) Approve the draft agreement between the Government of Mozambique 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:

	<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)	75,000	9,750	UNEP
(b)	Terminal phase-out management plan (first tranche)	100,500	9,045	UNDP

**Annex I**

**DRAFT AGREEMENT BETWEEN MOZAMBIQUE 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 Mozambique (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 , 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)	2.7	2.7	0	
2	Max. allowable total consumption of Annex A, Group I substances (ODP tonnes)	2.3	0	0	
3	Reduction from on-going projects (ODP tonnes)	0	0	0	0
4	New reduction under plan (ODP tonnes)	2.3	0	0	2.3
5	Unfunded reductions (ODP tonnes)	0	0	0	0
6	Total annual reduction (ODP tonnes)	2.3	0	0	2.3
7	Lead IA agreed funding (US \$)	75,000	59,000	0	134,000
8	Cooperating IA agreed funding (US \$)	100,500	17,000	0	117,500
9	Total agreed funding (US \$)	175,500	76,000	0	251,500
10	Lead IA support costs (US \$)	9,750	7,670	0	17,420
11	Cooperating IA support costs (US \$)	9,045	1,530	0	10,575
12	Total agreed support costs (US \$)	18,795	9,200	0	27,995
13	Grand total agreed funding (US \$)	194,295	85,200	0	279,495

### 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**

<b>Policy/Activity planned</b>	<b>Schedule of implementation</b>
Type of policy control on ODS import: servicing, etc.	
Public awareness	
Others	

6. **Annual Budget**

<b>Activity</b>	<b>Planned expenditures (US \$)</b>
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 Mozambique for related auditing. Based on discussion with the Lead IA, Mozambique 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 Mozambique 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 Mozambique 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 Mozambique 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.