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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: SWAZILAND

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
Swaziland

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

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

(IV) PROJECT DATA			2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC	3.7	3.7		
Maximum Allowable Consumption (ODP Tonnes)		CFC	3.7	3.7		
Project Costs (US\$)	UNEP	Project Costs	75,000.	57,000.		132,000.
		Support Costs	9,750.	7,410.		17,160.
	UNDP	Project Costs	81,500.	40,000.		121,500.
		Support Costs	7,335.	3,600.		10,935.
Total Funds Requested for Current Year (US\$)		Project Costs	156,500.			156,500.
		Support Costs	17,085.			17,085.

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

1. On behalf of the Government of Swaziland, 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 \$295,000, (US \$155,000 plus agency support costs of US \$20,150 for UNEP, and US \$140,000 plus agency support costs of US \$12,600 for UNDP). The project proposes the complete phase out of CFCs by the end of 2009. The CFC baseline for compliance is 24.6 ODP tonnes.

Background

2. The Executive Committee at its 26th and 41st Meetings allocated a total of US \$164,670 for the development and implementation of Swaziland's refrigeration management plan (RMP) and its RMP update which consisted of the following components: recovery and recycling project, training of trainers and service technicians in best practices in refrigeration, and training of customs officers. Both the RMP and its update were implemented with the assistance of the Government of Germany. The project document indicates that while the recovery and recycling component did not attain the expected results, 91 technicians and three trainers, and 97 customs officers and two trainers, have received training. In addition, eight portable refrigerant identifiers were distributed to key border posts, resulting in improved enforcement of ODS regulations. A balance of approximately US \$11,000 remains from the RMP update, whose activities were expected to be completed by October 2008.

Policy and legislation

3. Swaziland's regulations concerning ODS were enacted in 2003 and are part of the country's Environment Management Act. These regulations cover all ODS including HCFC. A licensing and quota system has been established, is operational and prohibits the import or/and export of most ODS, particularly CFCs. However, specific controls on the new schedules pertaining to HCFC are yet to be reflected. Annual import quotas are issued based on the limits of the Montreal Protocol and taking into account the demands by importers through their applications.

Refrigeration servicing sector

4. According to the TPMP, there are a little over 200 refrigeration technicians in Swaziland. CFC use in the country has decreased from the baseline level of 24.6 ODP tonnes, with the steepest decrease occurring between 1997 and 1998. According to the project document, there was zero consumption of CFCs in 2007. While there is existing refrigeration and air-conditioning equipment that continues to use CFCs, mainly in the domestic refrigeration and MAC sectors, all new imported equipment or vehicles are using alternatives.

5. The 2007 prices of refrigerants per kg are: US \$17.00 for R-12, US \$10.00 for R-11, US \$3.70 for R-22, US \$8.60 for R-134a, US \$11.50 for R-404, US \$11.30 for R-407, and US \$6.30 for R-408.

Activities proposed in the TPMP

6. The following activities are proposed to be implemented through the TPMP project:
- (a) Review, strengthening and enforcement of ODS regulations and further training for customs officers and review of the training curricula;

- (b) Training of refrigeration technicians in good refrigeration practices, retrofit to new refrigerants and servicing of hydrocarbon technology, and review of the training curricula;
- (c) Technical assistance and equipment programme for retrofitting centres and incentive programme for MAC retrofit; and
- (d) Project monitoring and reporting.

7. The Government of Swaziland plans the complete phase-out of CFCs by 1 January 2010, and sustain this beyond this date. A detailed work plan for 2009 has been submitted with the TPMP proposal.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

8. While Swaziland has reported zero CFC imports in 2007, the Government recognises that there continues to be a demand for CFC and is aware that there may still be a small CFC stock circulating in the country from previous imports. The Government is also cognizant that despite the fact that zero imports are registered, this continued demand might encourage illegal CFC trade therefore could jeopardize their phase-out efforts. This, along with the requirement for servicing refrigeration equipment using CFC-12 is the basis for the submission of this TPMP.

Level of funding and implementation modalities

9. During the review of the TPMP, the Secretariat noted that:
- (a) The country had zero CFC imports in 2007 but that the country indicates there is demand in the market; therefore the quota for 2008 was set at 3.7 ODP tonnes;
 - (b) CFC-12 is the most expensive refrigerant currently on the market, HFC-134a and HCFC-22 are the lowest priced among the alternatives;
 - (c) The RMP approved and implemented for Swaziland was part of the regional approach for RMP implementation adopted for fourteen countries in Africa with a different implementation modality as compared to a fully national implementation;
 - (d) Very little equipment was provided to the country during the RMP, other than refrigerant identifiers and two sets of recovery and recycling equipment, as the RMP focused on capacity building, training and establishing regulations;
 - (e) The TPMP proposes to strengthen the training of service technicians by providing additional training on retrofitting to support the proposal to establish retrofit centres in the country;
 - (f) 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 identified training centres; and

- (g) Since the original RMP did not provide equipment to training workshops, the TPMP will, in supporting the training of technicians provide basic tool sets to selected workshops in the country, as well as an incentive programme for MAC retrofits.

10. The Secretariat discussed with the lead implementing agency some technical issues related to some unspent balance of funds left in the RMP, and was informed that these will be integrated into the TPMP implementation as much as possible. 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 develop criteria for eligibility.

11. 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 \$253,500 plus support costs.

Agreement

12. The Government of Swaziland submitted a draft agreement between the Government and the Executive Committee with the conditions for the complete phase-out of CFCs in Swaziland, 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 Swaziland. The Executive Committee may wish to:

- (a) Approve, in principle, the terminal phase-out management plan for Swaziland, at the amount of US \$132,000 plus agency support costs of US \$17,160 for UNEP, and US \$121,500 plus support costs of US \$10,935 for UNDP;
- (b) Approve the draft agreement between the Government of Swaziland 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)	75,000	9,750	UNEP
(b)	Terminal phase-out management plan (first tranche)	81,500	7,335	UNDP

Annex I

**DRAFT AGREEMENT BETWEEN SWAZILAND 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 Swaziland (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)	3.7	3.7	0	
2	Max. allowable total consumption of Annex A, Group I substances (ODP tonnes)	3.7	3.7	0	
3	Reduction from on-going projects (ODP tonnes)	0	3.7	0	3.7
4	New reduction under plan (ODP tonnes)	0	0	0	0
5	Unfunded reductions (ODP tonnes)	0	0	0	0
6	Total annual reduction (ODP tonnes)	0	3.7	0	3.7
7	Lead IA agreed funding (US \$)	75,000	57,000	0	132,000
8	Cooperating IA agreed funding (US \$)	81,500	40,000	0	121,500
9	Total agreed funding (US \$)	156,500	97,000	0	253,500
10	Lead IA support costs (US \$)	9,750	7,410	0	17,160
11	Cooperating IA support costs (US \$)	7,335	3,600	0	10,935
12	Total agreed support costs (US \$)	17,085	11,010	0	28,095
13	Grand total agreed funding (US \$)	173,585	108,010	0	281,595

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 Swaziland for related auditing. Based on discussion with the Lead IA, Swaziland 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 Swaziland 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 Swaziland 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 Swaziland 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.