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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fortieth Meeting
Montreal, 16 -18 July 2003

PROJECT PROPOSAL: SEYCHELLES

This document consists of the comments and recommendation of the Fund Secretariat on the following project proposal:

Refrigeration

- Phasing out ODS use in the refrigeration and air conditioning sector Germany

**PROJECT EVALUATION SHEET
SEYCHELLES**

SECTOR: Refrigeration (servicing) ODS use in sector (2002): 1.5 ODP tonnes

Sub-sector cost-effectiveness thresholds: n/a

Project Title:

(a) Phasing out ODS use in the refrigeration and air conditioning sector

Project Data	Refrigeration
Enterprise consumption (ODP tonnes)	
Project impact (ODP tonnes)	*
Project duration (months)	36
Initial amount requested (US \$)	41,607
Final project cost (US \$):	
Incremental capital cost (a)	41,607
Contingency cost (b)	
Incremental operating cost (c)	
Total project cost (a+b+c)	41,607
Local ownership (%)	100%
Export component (%)	0%
Amount requested (US \$)	41,607
Cost effectiveness (US \$/kg.)	
Counterpart funding confirmed?	
National coordinating agency	National Ozone Office, Ministry of Environment
Implementing agency	Germany

Secretariat's Recommendations	
Amount recommended (US \$)	41,607
Project impact (ODP tonnes)	*
Cost effectiveness (US \$/kg)	
Implementing agency support cost (US \$)	5,409
Total cost to Multilateral Fund (US \$)	47,016

*The remaining consumption by 1 January 2007 will be no more than 0.4 ODP tonnes (i.e. 85 per cent reduction from the CFC baseline)

PROJECT DESCRIPTION

1. In 2002, total CFC consumption in the refrigeration-servicing sector in Seychelles was estimated at 1.5 ODP tonnes for servicing domestic refrigerators and MAC units.
2. There are approximately 20,000 domestic refrigerators in use in the country, 80 per cent of which are still CFC-based. The new refrigerators imported into the country are based on non CFC-based refrigerant. The majority of the commercial refrigeration and air conditioning units are based on HCFC or HFC refrigerants, and only a small number of chest freezers and display cabinets are still using CFCs. There are also 7,000 vehicles fitted with CFC-12 MAC units.
3. The Seychelles RMP was approved at the 26th Meeting of the Executive Committee as a bilateral contribution by the Government of Germany. The RMP was developed as a national/regional project involving 14 South and East African countries. The activities covered under the RMP were related to legislation/policy, establishment of a licensing system, training of refrigeration servicing technicians and training of customs officers.
4. The Ozone Regulations which have been in force since 2000, stipulate that all activities relating to production, sale, purchase or use of ODS require a permit and all users of ODS must be trained and certified. As of July 2002, imports of CFC-12 and R502 and equipment containing these refrigerants were banned.
5. The training for customs officers was held as part of the regional training programme; 20 customs officers from the various customs departments from Seychelles were trained. Also, three technicians were trained in Germany as trainers in good refrigeration servicing practices. The training centre received necessary tools and equipment to hold training courses for other refrigeration technicians. The trainers conducted two training courses for 27 technicians as part of the RMP activity.
6. The RMP update includes additional training for refrigeration servicing technicians (US \$13,500); a recovery and recycling programme (US \$12,000) to provide two recovery units and one recycling unit; ODS identification kits for Customs Department (US \$5,400); and an incentive programme (US \$10,707), to provide a small subsidy to owners of ODS based refrigeration equipment (mainly MAC) to retrofit to non-CFC refrigerants.
7. The current prices of refrigerants per kg are as follows: US \$36.32 for CFC-12, US \$28.50 for HFC-134a and US \$29.78 for HCFC-22.
8. The Seychelles RMP project was submitted with an official letter from the Government of Seychelles stating the Government's commitment to achieve, without further request for funding, at least 50 per cent reduction in consumption of CFCs by 2005 and an 85 per cent reduction by 2007.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

9. According to the data reported by the Government of Seychelles to the Ozone Secretariat, CFC consumption in the country decreased from 2.5 tonnes in 1997 to 0.7 tonnes in 2001, however, it rose again in 2002 to 1.5 ODP tonnes. The Government of Germany indicated that in 2002 some importers had an "open permit" that allowed them to import ODSs without the Ozone Unit's approval. Currently, importers require an import permit issued by the Ozone Unit.

10. The Secretariat requested an explanation for the large number of CFC-based domestic refrigerators and MAC units (16,000 and 7,000 units, respectively), for a country with a population of 80,000 inhabitants. The Secretariat was informed that during the preparation of the RMP update, the Ozone Unit conducted a survey in the country, resulting in the numbers presented in the project proposal. There is a large fleet of old vehicles each fitted with a CFC-based MAC system; it is to be noted that provision has been made in the ODS regulations to control import of second-hand vehicles with CFC-MAC units.

11. The Secretariat sought a clarification on the amount of CFC-12 to be recovered through the recovery and recycling programme and the incentive programme. The Government of Germany informed the Secretariat that about 200 kg/year of CFC-12 would be recovered and recycled from the MAC sector and an additional 200 kg/year from commercial refrigeration units. Given that the licensing system is already in place and subsequent imports of CFCs will gradually decline, the CFC-12 recovered and recycled will be essential for meeting the servicing needs of existing refrigeration equipment.

RECOMMENDATIONS

12. The Fund Secretariat recommends blanket approval of the project with associated support costs at the funding level shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Phasing out ODS use in the refrigeration and air conditioning sector	41,607	5,409	Germany
