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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventieth Meeting
Bangkok, 1-5 July 2013

PROJECT PROPOSAL: MADAGASCAR

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

Phase-out

- HCFC phase-out management plan (stage I, second tranche)

UNEP/UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Madagascar

(I) PROJECT TITLE	AGENCY
HCFC phase out plan (Stage I)	UNEP (lead), UNIDO

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2011	16.5 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2011	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123									
HCFC-124									
HCFC-141b									
HCFC-142b									
HCFC-22					16.5				16.5

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	24.9	Starting point for sustained aggregate reductions:	17.1
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	6	Remaining:	11.1

(V) BUSINESS PLAN		2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.8			0.6		0.5		0.6	2.5
	Funding (US \$)	79,100			67,800		49,720		63,280	259,900
UNIDO	ODS phase-out (ODP tonnes)				1.29					1.29
	Funding (US \$)				129,000					129,000

(VI) PROJECT DATA		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits*		n/a	n/a	n/a	17.1	17.1	15.4	15.4	15.4	15.4	15.4	11.1	n/a	
Maximum allowable consumption (ODP tonnes)		n/a	n/a	n/a	17.1	17.1	15.4	15.4	15.4	15.4	15.4	11.1	n/a	
Agreed Funding (US\$)	UNEP	Project costs	70,000	0	0	70,000	0	0	60,000	0	44,000	0	56,000	300,000
	UNIDO		Support costs	9,100	0	0	9,100	0	0	7,800	0	5,720	0	7,280
		Project costs	140,000	0	0	0	0	0	120,000	0	0	0	0	260,000
	Support costs	10,500	0	0	0	0	0	0	9,000	0	0	0	0	19,500
Funds approved by ExCom (US\$)	Project Costs	210,000	0	0	0	0	0	0	0	0	0	0	210,000	
	Support Costs	19,600	0	0	0	0	0	0	0	0	0	0	19,600	
Total funds requested for approval at this meeting (US\$)	Project Costs	0	0	0	70,000	0	0	0	0	0	0	0	70,000	
	Support Costs	0	0	0	9,100	0	0	0	0	0	0	0	9,100	

*Estimated baseline

Secretariat's recommendation:	Blanket Approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Madagascar UNEP, as the lead implementing agency, has submitted to the 70th meeting of the Executive Committee a request for funding for the second tranche of stage I of the HCFC phase-out management plan (HPMP) at a total cost of US \$70,000 plus agency support costs of US \$9,100 for UNEP only. The submission includes a progress report on the implementation of the first tranche of the HPMP, and an implementation plan for the period 2013-2015.

Background

2. Stage I of the HPMP for Madagascar was approved by the Executive Committee at its 62nd meeting for a 35 per cent reduction in HCFC consumption by 2020 for the joint implementation of UNEP and UNIDO. The total funding approved in principle was US \$560,000, plus agency support costs of US \$58,500. At this meeting, the Executive Committee approved the first tranche of stage I of the HPMP at a total amount of US \$229,600, comprising US \$70,000 plus agency support costs of US \$9,100 for UNEP, and US \$140,000 plus agency support costs of US \$10,500 for UNIDO for implementation of the first two years of the HPMP.

Progress report on the implementation of the first tranche of the HPMP

3. During the first tranche of the HPMP, training of policy and enforcement officers and a train the trainers course in good practices and refrigeration for service technicians including the use of hydrocarbon technologies was completed. The capacity of refrigeration technicians was strengthened through these trainings as well as through the provision of necessary tool kits by UNIDO, and through the collaboration with the main refrigeration association. A recovery and recycling training workshop was also organized with participants from the eight regions of Madagascar.

4. With regard to the component being implemented by UNIDO, a mission to Madagascar took place mid-May 2011 to finalize implementation modalities. The mission undertook stakeholder consultation meetings as well as visits to refrigeration and air-conditioning (RAC) service workshops and fishing companies in two provinces, to develop the strategy for the work to be done with the fishing industry. The terms of reference as well as the specifications for equipment and tools for the service workshops were finalized and agreed. The bidding process, technical and financial evaluations were concluded and the equipment was delivered on May 2012.

5. A number of awareness and outreach activities as well as the dissemination of posters and videos with ozone protection messages were also launched during this period. The project management unit (PMU) is now functional and provided support to the national ozone unit (NOU) on the implementation of the licensing and quota systems, and day-to-day management of HPMP activities including administration and coordination with cooperating agencies.

Level of funding disbursement

6. As of March 2013, of the US \$210,000 in funds approved for the first tranche, around 75 per cent (US \$156,965) had been as disbursed. Out of these, UNEP had disbursed US \$59,965 and UNIDO had US \$97,000. The balance of US \$53,035 has been indicated as committed, and will be disbursed in 2013.

Annual plans for the second tranche of the HPMP

7. The main activities to be implemented between 2013 and 2015 as follows:

- (a) A national workshop on the updated HCFC regulations, and licensing and quota systems will be organized for policy makers, customs officials, importers/suppliers, refrigeration technicians and the general public;

- (b) Training of service technicians will continue with six workshops to be implemented in close cooperation with the refrigeration association in the country;
- (c) Further training of customs and other law enforcement agents will be undertaken, with five workshops planned. Continued collaboration and strengthening of the customs training centre will also be a priority for the second tranche;
- (d) Workshops will be held for end-users in the fisheries industries on low-global warming potential (GWP) alternatives to HCFC-22. A brochure will be prepared and disseminated to all fisheries within the country;
- (e) The incentive programme will be implemented to retrofit HCFC-22-based air-conditioners to alternative refrigerants based on a 50 per cent subsidy. Criteria for determining beneficiaries and alternatives to be used will be finalized with the refrigeration association; and
- (f) Monitoring activities of the PMU will continue, which will be responsible for ensuring that the second tranche targets are met.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Operational licensing system

8. In line with decision 63/17, the Government of Madagascar through an official communication received by the Secretariat confirmed that an enforceable system of licensing and quotas for HCFC imports and exports is in place and the system is capable of ensuring the country's compliance with the HCFC phase-out schedule.

HCFC consumption

9. The HCFC baseline for compliance has been established at 24.9 ODP tonnes, based on the actual consumption reported under Article 7 of the Montreal Protocol for 2009 and 2010 as shown in Table 1. The established baseline is 7.8 ODP tonnes higher than that of 17.1 ODP tonnes estimated when the HPMP for Madagascar was approved at the 62nd meeting. At the time of the approval of the HPMP, the country had committed to request a correction of their 2009 data to the Ozone Secretariat based on the HPMP survey results, as the reported figure under Article 7 was found to be higher than the data gathered in the survey. This data revision had not yet been requested, and the officially recorded baseline with the Ozone Secretariat remains at 24.9 ODP tonnes.

Table 1: HCFC Consumption in Madagascar

Year	Article 7		Survey results (from HPMP submitted to 62 nd meeting)	
	HCFC-22 (in mt)	HCFC-22 (in ODP tonnes)	HCFC-22 (in mt)	HCFC-22 (in ODP tonnes)
2006	30.90	1.7	85.99	4.72
2007	38.18	2.1	129.43	7.11
2008	40	2.2	237.23	13.04
2009	600	33	299.87	16.49
2010	305.45	16.8	323.8	17.8
2011	300	16.5	N/A	N/A
Baseline	452.72	24.9	311.35	17.1*

*Starting point used and agreed at the approval of stage I of the HPMP at the 62nd meeting

10. The Government of Madagascar is currently preparing an official request to the Ozone Secretariat to revise the data reported for 2009. The Secretariat had also received an official communication from the Government of Madagascar confirming that the country's starting point remains at 17.1 ODP tonnes as approved at the 62nd meeting.

Review of the 2011-2012 progress report submitted by UNEP

11. The Secretariat asked UNEP to provide details and clarification on the activities initiated and implemented during the first tranche. In particular, it requested details on the training for both the refrigeration service technicians and the customs and enforcement officers, and noted that there was a discrepancy in the number of training courses planned for the period and those that had been completed. UNEP explained that the delays in the implementation of the training courses were affected by the late delivery of the equipment. These have subsequently been received, training is proceeding as scheduled and will be completed as soon as possible.

12. With regard to the investment component to be implemented by UNIDO, in which three elements were planned: assistance to the fisheries sector, a retrofit incentive programme and the establishment of a recovery network, the Secretariat requested more details on the progress of the implementation of these activities, linking it in particular to the disbursement reported for UNIDO. The Secretariat also asked for details on the equipment purchased and how it had been distributed.

13. UNEP, on behalf of UNIDO, clarified that for the fisheries sector, a mission was completed to coordinate with fishing vessel operators and provide them with information about the project, as well as finalize plans for a workshop on low-GWP alternatives for the sector in the second quarter of 2013. The Secretariat was also informed that the incentive scheme was moved for implementation as part of the second tranche to get a better picture of the availability of alternatives for retrofitting, and how it will affect the performance of the equipment to be retrofitted.

14. With regard to the financial report and the manner by which funds had been transferred to the country, to support the disbursement percentage reported in the progress report, both agencies indicated that these transfers were done through signed agreements with the country which is the final beneficiary.

Work plan 2013-2015

15. After reviewing the work plan submitted jointly by UNEP and UNIDO, the Secretariat requested UNEP to provide quantitative targets for the activities proposed (i.e. number of training courses to be held, number of trainees, etc). It also asked UNEP to ensure that those activities from the previous tranche as well as the remaining balances are fully reflected in the current work plan as they will be implemented at the same time. The work plan was subsequently revised by UNEP and provided to the Secretariat.

RECOMMENDATION

16. The Fund Secretariat recommends that the Executive Committee takes notes of the progress report on the implementation of the first tranche of stage I of the HCFC phase-out management plan of (HPMP) in Madagascar and further recommends blanket approval of the second tranche of stage I of the HPMP for Madagascar, and the corresponding 2013-2015 tranche implementation plan, at the funding level shown in the table below:

	Project Title	Project Funding (US \$)	Support Cost (US \$)	Implementing Agency
(a)	HCFC phase-out management plan (stage I, second tranche)	70,000	9,100	UNEP