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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-fifth Meeting
Bangkok, 14-18 July 2008

PROJECT PROPOSAL: GUINEA

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 UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Guinea

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

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)				Year: 2006	
CFC: 4.9	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	Serviceing					QPS	Non QPS		
CFC					2.9								2.9
CTC													0
Halons													0
Methyl Bromide													0
TCA													0

(IV) PROJECT DATA			2008	2009	2010	2011	2012	2013	2014	2015	Total
Montreal Protocol Consumption Limits		CFC	6.4	6.4							
Maximum Allowable Consumption (ODP Tonnes)		CFC	2.9	1.5							
Project Costs (US\$)	UNEP	Project Costs	74,000.	58,000.							132,000.
		Support Costs	9,620.	7,540.							17,160.
	UNIDO	Project Costs	140,000.	60,000.							200,000.
		Support Costs	12,600.	5,400.							18,000.
Total Funds Requested for Current Year (US\$)		Project Costs	214,000.								214,000.
		Support Costs	22,220.								22,220.

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

1. On behalf of the Government of Guinea UNEP, as the lead implementing agency, has submitted a terminal CFC phase-out management plan (TPMP) for consideration by the Executive Committee at its 55th Meeting. The project will also be implemented with assistance from UNIDO. The total cost of the TPMP as submitted is US \$345,000 (US \$132,000 plus agency support costs of US \$17,160 for UNEP and US \$213,000 plus agency support cost of US \$19,170 for UNIDO). The project proposes the complete phase-out of CFCs by the end of 2009. The CFC baseline for compliance is 42.4 ODP tonnes.

Background

2. With regard to the phase-out of CFCs in the refrigeration servicing sector, at its 30th Meeting the Executive Committee allocated US \$109,000 to UNEP for the implementation of training programmes for customs officers and trainers of refrigeration technicians. Subsequently, at its 45th Meeting, the Executive Committee allocated a further US \$119,890 to UNEP and UNDP for an RMP update which consisted of additional training programmes for refrigeration service technicians and customs officers, the second phase of a recovery and recycling programme, as well as a programme for monitoring activities in the RMP update. Prior to the two phases of the RMP, a stand-alone recovery and recycling project had been implemented by UNIDO with an allocation of US \$80,780.

3. The implementation of the RMP and the RMP update in Guinea resulted in the training of 135 customs officers and 197 refrigeration service technicians, of which 146 technicians received thorough training in recovery and recycling practices. The projects also facilitated the distribution of equipment including one recycling machine 11 recovery machines, and eight identifiers. The proposal does not indicate any amount of ODS recovered.

Policy and legislation

4. The Environment Act, adopted in 1987, established a licensing system for chemicals and was revised in 2001 to include ODS substances in Annex A and Annex E. An annual quota for imports of ODS are established by the National Ozone Unit in the Ministry of Environment based on the Montreal Protocol limits. While the importers are registered with the Ministry of Trade, import licenses are issued by the Ministry of the Environment.

Refrigeration servicing sector

5. Guinea reported a consumption of 4.9 ODP tonnes of CFCs in 2006. There are an estimated 800 technicians in Guinea, 197 of them have received formal training under the RMP. Most of the technicians belong to a large informal sector.

6. The recovery and recycling project implemented by UNIDO also provided for the training of technicians in the refrigeration sector and the provision of equipment to one training centre, the National School of Arts and Jobs (ENAM) of Conakry.

7. In 2006, the prices of refrigerants per kg were as follows: US \$11.00 for R-11, US \$8.50 for R-12, US \$5.00 for R-22, US \$9.00 for R-502, and US \$7.00 for R-134a.

Activities proposed in the TPMP

8. The following activities are proposed to be implemented through the TPMP project:
 - (a) Refrigeration service and end user incentive programme;
 - (b) Additional training of refrigeration technicians in good practices and retrofit technologies;
 - (c) Additional training for customs officers and review of training curricula; and
 - (d) Project monitoring and reporting.
9. The Government of Guinea plans the complete phase-out of CFCs by 1 January 2010. A detailed work plan for 2008 has been submitted with the TPMP proposal.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

10. The 2006 CFC consumption reported by the Government of Guinea under Article 7 of the Protocol of 4.9 ODP tonnes is lower than the consumption level allowed under the Montreal Protocol for 2007 for Guinea which is 6.4 ODP tonnes. Based on the data available, Guinea has demonstrated a steadily declining consumption of CFCs from 2001 (35.4 ODP tonnes) to 2006 (4.9 ODP tonnes). While Guinea has not yet reported its 2007 Article 7 data, its country programme report shows that for 2007, the country's actual consumption is at 2.9 ODP tonnes.
11. The Secretariat discussed with the implementing agency the technical issues related to the level of implementation of the RMP particularly as it relates to similar activities proposed in the TPMP, and the current status of the disbursement of activities included in the approved RMP. It also discussed issues related to the proposal for the establishment of a centre of excellence and the viability of its accompanying incentive programme especially for the domestic refrigeration sector, and the overall sustainability of activities within the TPMP in order to ensure that the country achieves its zero phase-out of CFCs by 2010.

Level of funding and implementation modalities

12. During the review of the TPMP, the Secretariat noted that:
 - (a) Most of the CFC refrigeration use in the country is in domestic refrigeration sector. 3.75 ODP tonnes are used for servicing domestic refrigerators, 0.875 ODP tonnes for commercial and industrial refrigeration systems, and 0.425 ODP tonnes for mobile air conditioning. Consumption data also shows that HFC-134a has a large share of the market of refrigerant use in most applications. HCFC use on the other hand is either nil or not recorded;
 - (b) There is no information on the amount of ODS recovered through the recovery and recycling programme implemented under the RMP, and UNEP indicated that this information is still being sought from the NOU;

- (c) The training of technicians has resulted in good practices being followed by those trained, but the need for further training in new technology and alternatives such as hydrocarbons was expressed due to the recent influx of hydrocarbon compressors onto the market;
- (d) The price of CFCs is increasing as well as the price of HCFC-22. On the other hand, HFC-134a prices show a decreasing trend despite the fact that it was more expensive than CFCs in the past three years. It is now currently less expensive than CFCs;
- (e) Despite the presence of HC compressors in the market, the document does not provide information on hydrocarbon imports into the country;
- (f) The TPMP envisages the strengthening of one main workshop that will serve as a model workshop and a training centre, otherwise called a centre of excellence for training; and
- (g) The TPMP also mentions that the country is requesting assistance in the development of an MDI transition strategy, however there is no data provided for MDIs in the document which would justify this request.

13. Following a query from the Secretariat, UNIDO as the agency responsible for the investment component provided clarification on the approach for the incentive programme and the concept of the excellence centre. It explained that because the country has mostly small workshops that are in the informal sector, it has one large workshop that was earlier involved in the training under the RMP, therefore UNIDO selected this workshop to act as the centre for training and for assisting Guinea in securing equipment and tools for smaller workshops, and it will be provided with additional equipment. In responding to the query on who will bear the cost of the retrofit, UNIDO also clarified that while the incentive programme for retrofits will provide assistance for each equipment owner to change; initial recipients could get this service for free from this centre for training purposes. It is envisioned that doing it this way will encourage ownership with the technicians of the need for ongoing training and will provide an approach for continuing training when funding of the TPMP is completed.

14. The Secretariat also sought clarification on the equipment component described in the TPMP. UNIDO provided a list of equipment and its unit prices, explaining that there has been some increase in the equipment cost in the last year due to currency fluctuations.

15. With regard to the hydrocarbon equipment, UNEP explained that the HC equipment is needed to enable the technicians to service refrigerators with HC compressors. The possibility of HC training may encourage the use of HC refrigerants and increase demand.

16. On the basis of the above information, the Secretariat and UNEP agreed that the total cost for the TPMP will not be more than US \$332,000 plus support costs for both agencies. There will be no additional funds for the MDI transition strategy as there was no data provided to justify this.

Agreement

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

- (a) Approve, in principle, the terminal phase-out management plan for Guinea, at the amount of US \$132,000 plus agency support costs of US \$17,160 for UNEP and US \$200,000 plus support costs of US \$18,000 for UNIDO;
- (b) Approve the draft agreement between the Government of Guinea 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 UNIDO 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)	74,000	9,620	UNEP
(b)	Terminal phase-out management plan (first tranche)	140,000	12,600	UNIDO

Annex I

DRAFT AGREEMENT BETWEEN GUINEA 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 Guinea (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 fulfil the obligations under this Agreement. UNEP has agreed to be the lead implementing agency (the "Lead IA") and UNIDO 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)	6.36	6.36	0	
2	Max. allowable total consumption of Annex A, Group I substances (ODP tonnes)	2.9	1.5	0	0
3	Reduction from on-going projects (ODP tonnes)	0	0	0	0
4	New reduction under plan (ODP tonnes)	1.4	1.5	0	2.9
5	Unfunded reductions (ODP tonnes)	0	0	0	0
6	Total annual reduction (ODP tonnes)	1.4	1.5	0	2.9
7	Lead IA agreed funding (US \$)	74,000	58,000		132,000
8	Cooperating IA agreed funding (US \$)	140,000	60,000		200,000
9	Total agreed funding (US \$)	214,000	118,000		332,000
10	Lead IA support costs (US \$)	9,620	7,540		17,160
11	Cooperating IA support costs (US \$)	12,600	5,400		18,000
12	Total agreed support costs (US \$)	22,220	12,940		35,160
13	Grand total agreed funding (US \$)	236,220	130,940		367,160

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 Guinea for related auditing. Based on discussion with the Lead IA, Guinea 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 Guinea 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 Guinea 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 Annual Implementation Programme of 2008 and preparing for annual implementation programme for 2009 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 Guinea 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.
