



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/56/49
7 October 2008

ORIGINAL: ENGLISH



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

PROJECT PROPOSAL: SURINAME

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

Suriname

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

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)					Year: 2007
CFC: 0.1	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					0.1								0.1
CTC													0
Halons													0
Methyl Bromide													0
TCA													0

(IV) PROJECT DATA				2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC		6.2	6.2		
Maximum Allowable Consumption (ODP Tonnes)		CFC		6.2	3.1		
Project Costs (US\$)	UNDP	Project Costs		125,000.			125,000.
		Support Costs		11,250.			11,250.
	UNEP	Project Costs		100,000.	53,000.		153,000.
		Support Costs		13,000.	6,890.		19,890.
Total Funds Requested for Current Year (US\$)		Project Costs		225,000.			225,000.
		Support Costs		24,250.			24,250.

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

1. On behalf of the Government of Suriname, 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 \$450,350, (US \$213,000 plus agency support costs of US \$27,690 for UNEP and US \$237,350 plus agency support costs of US \$21,362 for UNDP). The CFC baseline for compliance is 41.3 ODP tonnes.

Background

2. In regard to the phase-out of CFCs in the refrigeration servicing sector, the Executive Committee allocated, at its 41st Meeting, US \$132,000 to UNEP for the implementation of an RMP aimed at developing and strengthening the policy and regulatory framework, training customs officers, and training refrigeration technicians in good practices. At the 44th Meeting of the Executive Committee, an additional US \$300,430 was approved for an investment component of the RMP to be implemented by UNDP, consisting of training in retrofitting, recovery and recycling, provision of tools and equipment to workshops, upgrading of a technical institute, and establishment of a refrigeration association.

3. Implementation of the above projects resulted in the amendment of national laws to include control measures on ODS imports and exports; the training of 210 refrigeration technicians and trainers in good practices, recovery and recycling; and the training of 200 customs officers and trainers. The investment component of the RMP has so far resulted in the training of 20 future trainers in retrofitting fixed and MAC systems. However, the equipment sub-component is still in progress, and a significant balance of funds remained unspent up to the time that this project was submitted.

Policy and legislation

4. Suriname has ratified all amendments to the Montreal Protocol. In 2006, its State Decree Negative List was amended to include the prohibition of import and export of CFC-11 and CFC-12 appliances or products, and to introduce an ODS licensing system.

Refrigeration servicing sector

5. After an initial period of non-compliance with the Montreal Protocol between 2000 and 2002, Suriname achieved and has maintained compliance with respect to consumption levels since 2003, when CFC consumption decreased sharply. The consumption reported under Article 7 in 2007 was 0.1 ODP tonnes. However, the project document indicates that the level of demand for CFCs is presently around 6.2 ODP tonnes mostly for servicing of existing equipment. The gap between actual consumption and demand is attributed to a decision of importers to stop importing CFCs due to some issues with the suppliers, yet the demand in the country remains. It is the intention of the TPMP to therefore sustain this current low consumption of CFCs, as well as to ensure that the dangers of potential illegal trade are addressed early.

6. The TPMP indicates that there are 500 refrigeration technicians in the country, with 350 employed in the formal sector and 150 in the informal sector. 210 technicians have been trained in good practices, and 20 in retrofitting, all of whom are employed in the formal sector.

7. The 2007 prices of refrigerants per kg are: US \$10.27 for R-134 a, US \$5.20 for R-22, US \$21.20 for R-404a, US \$13.05 for R-406, and US \$14.96 for R-410. R-12 and R-502 are not available on the local market.

Activities proposed in the TPMP

8. The following activities are proposed to be implemented through the TPMP project:
- (a) Facilitating the sustained phase out of CFCs beyond 2010 through training and enforcement of the ODS regulations;
 - (b) Technical assistance to provide tool kits for service technicians and strengthen training facilities; and
 - (c) Project monitoring, evaluation and reporting.
9. The Government of Suriname plans the complete phase-out of CFCs by 1 January 2010. A work plan for 2009 has been submitted with the TPMP proposal.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

10. Suriname's CFC consumption in 2007 as reported under Article 7 of 0.1 ODP tonne is within the required limit of the Montreal Protocol for the country of 6.2 ODP tonnes. It was noted that the country has stopped importing CFCs due to problems encountered with the suppliers; therefore the supply of CFC is very low. However, the Government recognises that there is a continued demand for servicing, and believes that the activities in this TPMP will provide the required assistance. Suriname has set 6.2 ODP tonnes as its import quota for 2008 consistent with its allowable consumption under the Montreal Protocol, and its CFC phase out level is therefore based on this figure.

Level of funding and implementation modalities

11. During the review of the TPMP, the Secretariat noted that:
- (a) CFC-12 and 502 are not currently available in the local market, and the price of HFC-134a is still quite higher than in many Article 5 countries. However the country has set a CFC import quota for 2008 at 6.2 ODP tonnes;
 - (b) With regard to its RMP implementation, the non-investment component was implemented successfully, however a number of delays occurred in the investment component which shows an unspent balance of over US \$300,000;
 - (c) The TPMP proposes to build upon the completed activities in the training of enforcement and customs officers as well as to strictly enforce the current ODS regulations to sustain the low level of CFC consumption;
 - (d) The TPMP also proposes to strengthen training institutes for sustainable training, as well as to provide additional tool kits to service workshops over and above what will be covered under the remaining activities for the RMP; and
 - (e) The refrigeration training component will also endeavour to support and work closely with the Association of Refrigeration technicians to develop a Code of Practice of Good Practice as well as promote retrofitting of the existing CFC-using equipment;

12. The Secretariat discussed with the lead implementing agency some technical issues related to the unspent balance of funds left in the RMP. In discussions with UNEP, they indicated that the government will work closely with the implementing agencies to ensure that the remaining activities in the investment component of the RMP are fully integrated into the current action plan, taking into consideration the soon to be deployed recovery and recycling equipment, and other tool kits to be distributed under the RMP. 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 within components are complementary.

13. UNEP also informed the Secretariat that as illegal CFC trade is one of the important issues facing the country, the component on customs training and enforcement needs to include a sub-component that will enable the country to bring together the important stakeholders into a small organised group that will meet on a regular basis to determine an approach for stricter enforcement of the ODS regulations. Through UNEP, this group would also take advantage of the current regional enforcement network existing for Latin America and participate in its meetings to benefit from these interactions.

14. On the basis that the original amount requested was higher than what Suriname would be eligible for under decision 45/54 and taking into account the remaining funds available from the RMP, the Secretariat and UNEP as the lead agency discussed the above information and agreed that the total cost for the TPMP would be US \$278,000 plus support costs.

Agreement

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

RECOMMENDATION

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

- (a) Approve, in principle, the terminal phase-out management plan for Suriname, at the amount of US \$153,000 plus agency support costs of US \$19,890 for UNEP, and US \$125,000 plus support costs of US \$11,250 for UNDP;
- (b) Approve the draft agreement between the Government of Suriname 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)	100,000	13,000	UNEP
(b)	Terminal phase-out management plan (first tranche)	125,000	11,250	UNDP

Annex I

DRAFT AGREEMENT BETWEEN SURINAME 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 Suriname (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-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)	6.2	6.2	0	
2	Max. allowable total consumption of Annex A, Group I substances (ODP tonnes)	6.2 ¹	3.1	0	
3	Reduction from on-going projects (ODP tonnes)	0	0	0	0
4	New reduction under plan (ODP tonnes)	3.1	3.1	0	6.2
5	Unfunded reductions (ODP tonnes)	0.0	0.0	0	0
6	Total annual reduction (ODP tonnes)	3.1	3.1	0	6.2
7	Lead IA agreed funding (US \$)	100,000	53,000	0	153,000
8	Cooperating IA agreed funding (US \$)	125,000	0	0	125,000
9	Total agreed funding (US \$)	225,000	53,000	0	278,000
10	Lead IA support costs (US \$)	13,000	6,890	0	19,890
11	Cooperating IA support costs (US \$)	11,250	0	0	11,250
12	Total agreed support costs (US \$)	24,250	6,890	0	31,140
13	Grand total agreed funding (US \$)	249,250	59,890	0	309,140

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.

¹ Consumption quota set by the country for 2008.

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. The government will establish a project monitoring mechanism (PMM) to monitor project implementation, report on progress, monitor the impact of projects and recommend remedial actions if project implementation is delayed or impacts not achieved. UNEP, as the lead IA will be responsible for establishing this mechanism and UNDP, as the cooperating IA will support UNEP in executing this function

Verification and reporting

2. In accordance to decision 45/54 (d), the Executive Committee reserves the right for independent verification in case the Executive Committee selects Suriname for related auditing. Based on discussion with the Lead IA, Suriname 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 Suriname 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 Suriname 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 Suriname 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.

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