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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-seventh Meeting  
Montreal, 30 March-3 April 2009

**PROJECT PROPOSAL: EQUATORIAL 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

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**  
**Equatorial Guinea**

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
CFC phase out plan Proposal	UNEP

<b>(II) LATEST ARTICLE 7 DATA (ODP Tonnes)</b>				<b>Year: 2007</b>	
CFC: 4.6	CTC: 0	Halons: 1	MB: 0	TCA: 0	

<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)</b>										<b>Year:</b>			
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.
CTC													0.
Halons													0.
Methyl Bromide													0.
Others													0.
TCA													0.

<b>(IV) PROJECT DATA</b>			<b>2009</b>	<b>2010</b>	<b>Total</b>
<b>Montreal Protocol Consumption Limits</b>		CFC	4.7		
		HAL	14.2		
<b>Maximum Allowable Consumption (ODP Tonnes)</b>		CFC	4.6		
		HAL	1.		
<b>Project Costs (US\$)</b>	UNEP	Project Costs	105,000.	75,000.	180,000.
		Support Costs	13,650.	9,750.	23,400.
<b>Total Funds Requested for Current Year (US\$)</b>		Project Costs	105,000.		105,000.
		Support Costs	13,650.		13,650.

<b>(V) SECRETARIAT'S RECOMMENDATION:</b>	<b>FOR BLANKET APPROVAL</b>
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## **PROJECT DESCRIPTION**

1. On behalf of the Government of Equatorial Guinea, UNEP has submitted a terminal CFC phase-out management plan (TPMP) for consideration by the Executive Committee at its 57th Meeting. The project will be implemented by UNEP alone. The total cost of the TPMP as originally submitted is US \$200,000 plus agency support costs of US \$26,000. The project proposes the complete phase out of CFCs by the end of 2009. The CFC baseline for compliance is 31.5 ODP tonnes and its halon baseline is 28.3 ODP tonnes. The country has reported a consumption of 4.6 ODP tonnes of CFCs and 1 ODP tonne of halon in 2007.

### **Background**

2. Equatorial Guinea became a party to the Montreal Protocol in December 2006 and to the London, Copenhagen, Montreal, and Beijing Amendments in October 2007. At its 49th Meeting, the Executive Committee approved funding for UNEP for the preparation of the country programme/TPMP as well as start-up costs for the establishment of the Ozone Unit. Together with the TPMP, the Government of Equatorial Guinea is also submitting its country programme for consideration of the 57th Meeting of the Executive Committee (UNEP/OzL.Pro/ExCom/57/58).

### **Policy and legislation**

3. Equatorial Guinea is a member of the Economic and Monetary Community of Central Africa (CEMAC) and its policy on ODS is covered by the sub-regional regulations on ODS adopted by CEMAC countries in 2006. These sub-regional regulations form the basis for the monitoring of ODS imports and exports in the country. The country still has not established its own national ODS licensing system although a draft has been prepared and is under consideration, however it also indicates that for all intents and purposes, the CEMAC regulations are being implemented and enforced.

### **Refrigeration servicing sector**

4. The refrigeration servicing sector in Equatorial Guinea is characterised by the need to service mostly second-hand domestic refrigerator units that dominate the domestic refrigeration sector. In addition, there are also a number of refrigerated trucks and containers, cold stores and larger industrial plants that require servicing on a regular basis, as well as mobile air conditioning units.

5. Of the total 4.6 ODP tonnes of CFCs used in the refrigeration servicing sector in 2007, 2.4 ODP tonnes are used for servicing domestic refrigerators, 1.2 ODP tonnes for commercial, industrial refrigeration and air conditioning systems, and 1.0 ODP tonnes for MAC units.

6. There are approximately 200 refrigeration technicians in the country, none of whom have received training in good servicing practices, recovery/recycling operations or retrofit of refrigeration systems. The current average prices of refrigerants per kg are: US \$18.00 for CFC-12, US \$17.00 for HFC-134a, US \$9.60 for HCFC-22, US \$18.00 for R-502 and US \$22.00 for R-600a.

### **Activities proposed in the TPMP**

7. The TPMP proposes to implement the following sub-components:

- (a) Customs training, implementation and enforcement of ODS regulations
- (b) Refrigeration technician training and support to refrigeration associations

(c) Project monitoring and reporting

8. The Government of Equatorial Guinea plans to complete the 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**

#### Policy issues

9. The Secretariat notes that the CFC consumption reported by Equatorial Guinea under Article 7 of the Montreal Protocol for 2007 is 4.6 ODP tonnes and 1 ODP tonne for halon, which is within the country's maximum allowable level of ODS consumption for the period. The Secretariat however also notes that the country continues not to have a national ODS licensing system despite being provided with funds to do so under the IS start up approved at the 49<sup>th</sup> Meeting. UNEP indicated that as Equatorial Guinea is a member of CEMAC, the sub-regional regulations may supersede national policy and be used as a basis to issue licenses for importers of ODS. However, UNEP also reported that it continues to assist the Government in developing its own national licensing system.

10. The Fund Secretariat sought clarification from the Ozone Secretariat on the status of countries that are part of and are implementing sub-regional regulations without having a national policy, as well as the status of the establishment of a licensing system in Equatorial Guinea pursuant to Article 4B to the Montreal Protocol. According to the Ozone Secretariat, they do not have confirmation on the establishment and operation of a licensing system in the country and reiterated that the Implementation Committee at its 41<sup>st</sup> Meeting urged the party to submit a plan of action to ensure prompt compliance with Article 4B of the Protocol no later than 31 March 2009.

11. As of writing this document, no plan of action has been received by the Ozone Secretariat, which also clarified that while membership to a sub-regional economic grouping and enforcement of harmonised regulations on ODS may substitute for a national licensing system, there has to be clear evidence that such a system has been integrated into the national system through a legislative process. In view of this, the Ozone Secretariat initially advised that Equatorial Guinea should be considered as a country not meeting the licensing requirement under Article 4B of the Montreal Protocol. However, after further discussions with UNEP and a review of the CEMAC harmonized regulations, the Ozone Secretariat deemed these regulations appropriate and consistent with the spirit of Article 4B of the Montreal Protocol. The Ozone Secretariat advised UNEP to ask the country to send a formal communication confirming the country's implementation and enforcement of these regulations. The Fund Secretariat was informed by UNEP that the official communication has already been forwarded to Nairobi as of writing this document.

#### Issues related to the TPMP

12. The Fund Secretariat raised an issue concerning training of customs and enforcement officers in the absence of an ODS licensing system. It drew UNEP's attention to past decisions of the Executive Committee where conditions were imposed upon approval of some customs training that these can proceed only when the country has established its licensing system. UNEP responded that the first training of the customs officers will look at how the CEMAC policy will be enforced in the country and develop an approach for its implementation and enforcement. UNEP also reiterated that they are ensuring that training of customs officers will continue beyond 2010 by involving a customs training school of CEMAC. The Secretariat also raised some minor cost issues in the proposal which UNEP promptly revised.

13. The TPMP for Equatorial Guinea proposes to establish and equip two centres of excellence to support and assist the service technicians in the country, in addition to providing tool kits and training service technicians. The Secretariat noted that UNEP will implement this equipment component, without the assistance of a cooperating agency which has been the usual practice in similar TPMPs. In clarifying this issue, UNEP indicated that they have the capacity to undertake this component, and that the involvement of another agency at this time may in fact delay activities in the country and result in non-compliance.

14. The Secretariat also raised with UNEP the issue of the halon consumption recorded by Equatorial Guinea, and whether this is included in this TPMP. UNEP clarified that, in discussion with the Government, it was indicated that the main users of halon were public utilities (i.e. airports, military). The Government has committed to ban halon imports beginning 2008, and there are no halon importers identified or registered in the country. This ban on halon imports will be included as part of the customs training programme in the country.

15. Based on these discussions, UNEP agreed with the Secretariat to adjust the cost of the TPMP to a funding level of US \$180,000 plus support costs of US \$23,400.

### Agreement

16. The Government of Equatorial Guinea submitted a draft agreement between the Government and the Executive Committee setting out the conditions for the complete phase-out of CFCs in Equatorial Guinea, which is contained in the annex to the present document.

### RECOMMENDATION

17. In view of the comments above, the Executive Committee may wish to:

- (a) Approve, in principle, the terminal phase-out management plan for Equatorial Guinea, at the amount of US \$180,000 plus agency support costs of US \$23,400 for UNEP;
- (b) Approve the draft agreement between the Government of Equatorial Guinea and the Executive Committee for the implementation of the terminal phase-out management plan as contained in Annex I to this document;
- (c) Approve the 2009 annual implementation programme (first tranche).
- (d) Urge UNEP 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
- (e) 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)	105,000	13,650	UNEP

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## Annex I

### **DRAFT AGREEMENT BETWEEN EQUATORIAL 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 Equatorial 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 and 4 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 7 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") 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 Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 8 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 to facilitate implementation of this Agreement. In particular, it will provide the Lead 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
Annex A:	Group II	Halon

### APPENDIX 2-A: THE TARGETS, AND FUNDING

		2009	2010	Total
1	Montreal Protocol reduction schedule of Annex A, Group I substances (ODP tonnes)	4.7	0	0
2	Max. allowable total consumption of Annex A, Group I substances (ODP tonnes)	4.6	0	0
3	Montreal Protocol reduction schedule of Annex A, Group II substances (ODP tonnes)	14.2	0	0
4	Max. allowable total consumption of Annex A, Group II substances (ODP tonnes)	0	0	0
5	New reduction of Annex A, Group I substances under plan (ODP tonnes)	4.6	0	4.6
6	New reduction of Annex A, Group II	0	0	0
7	Lead IA agreed funding (US \$)	105,000	75,000	180,000
8	Lead IA support costs (US \$)	13,650	9,750	23,400
9	Grand total agreed funding (US \$)	118,650	84,750	203,400

### APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Following approval of the first tranche in 2009, funding for the second tranche will be considered for approval not earlier than the first meeting of 2010.

### 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). 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, 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

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

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 the Country 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 Equatorial 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 2009 and preparing for annual implementation programme for 2010 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 (N/A);
- (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 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 \$5,000 per ODP tonne of reductions in consumption not achieved in the year.

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