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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: KENYA

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

Phase-out

- Terminal CFC phase-out management plan (third tranche)

France

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Kenya

(I) PROJECT TITLE	AGENCY
CFC phase out plan	France

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)				Year: 2007	
CFC: 22.7	CTC: 0.1	Halons: 0	MB: 17.4	TCA: 0.1	

(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	Servicing					QPS	Non QPS		
CFC					22.7								22.7
CTC						0.1							0.1
Halons													0
Methyl Bromide										40.8	17.4		58.2
Others													0
TCA						0.1							0.1

(IV) PROJECT DATA			2003	2004	2005	2006	2007	2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC	239.5	239.5	119.8	119.8	35.9	35.9	35.9	0.	
Maximum Allowable Consumption (ODP Tonnes)		CFC	168.8	120.	90.	60.	30.	10.	0.	0.	
Project Costs (US\$)	France	Project Costs		215,914.	330,000.		179,086.				725,000.
		Support Costs		28,069.	42,900.		23,281.				94,250.
Total Funds Approved in Principle (US\$)		Project Costs		215,914.	330,000.		179,086.	0.			725,000.
		Support Costs		28,069.	42,900.		23,281.	0.			94,250.
Total Funds Released by the ExCom (US\$)		Project Costs		215,914.	0.		0.	297,000.			512,914.
		Support Costs		28,069.	0.		0.	38,610.			66,679.
Total Funds Requested for Current Year (US\$)		Project Costs							179,086.		179,086.
		Support Costs							23,281.		23,281.

(V) SECRETARIAT'S RECOMMENDATION:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Kenya, the Government of France has submitted a progress report on the implementation of the second work programme of the terminal CFC phase-out management plan (TPMP) to the 57th Meeting of the Executive Committee. The Government of France has also submitted a request for funding for the third and last work programme at a total cost of US \$179,086, plus agency support costs of US \$23,281. The TPMP project is being implemented by the Government of Germany on behalf of the Government of France.

Background

2. The TPMP for Kenya was approved by the Executive Committee at its 44th Meeting, to completely phase out CFC consumption in the country by 2009. Total funding of US \$725,000, plus agency support costs of US \$94,250, was approved by the Executive Committee. At the same meeting, the Executive Committee approved US \$215,914, plus agency support costs of US \$28,069, for the implementation of the first work programme, on the understanding that funding would be disbursed once ODS regulations had been put in place.

3. At its 54th Meeting, the Executive Committee considered a progress report on the implementation of the first tranche of the TPMP for Kenya and a request for funding for the work programme for the second tranche at a total cost of US \$330,000 plus agency support cost of US \$42,900. The Committee noted that the ODS licensing system had only been approved in May 2007. As a result, the levels of CFC consumption in 2004 and 2005 were above those allowed under the Agreement between the Government of Kenya and the Committee. Accordingly, the Executive Committee applied the penalty clause in the Agreement (calculated as 10 per cent of the amount of the tranche being submitted for approval) resulting in a reduction of US \$33,000 from the second tranche of the TPMP, which was therefore approved at the amount of US \$297,000, plus agency support costs of US \$38,610 (decision 54/34).

Progress report on the implementation of the second tranche of the TPMP

4. Following the approval of the second tranche, the following activities have been implemented: training of 72 customs officers including border officials; training of 356 refrigeration service technicians in good servicing practices, recovery and recycling operations, and retrofitting. The recovery and recycling network approved under the RMP continued to be operational. The incentive programme for the conversion of CFC-based refrigeration systems commenced with the conversion of five cold rooms; however, there has been limited support from the sector. Considering that CFC imports were banned as of 1 January 2009, it is expected that several CFC-based commercial refrigeration systems will be converted in the near future to reduce the need for CFCs in servicing the equipment. The project monitoring unit became operational in 2008.

5. As of December 2008, of the US \$512,914 approved for the first two tranches, US \$295,955 has been disbursed. An additional US \$216,959 will be disbursed in 2009.

Plan of action for the third tranche of the TPMP

6. The Government of Kenya commits to implementing the following activities under the third tranche of the TPMP: assisting with the enforcement of the CFC ban through awareness raising in the servicing industry, and supporting the Customs Department in monitoring suspicious imports of controlled substances by also providing direct cash rewards of up to US \$2,000 to officers who stop illegal imports of ODS; procuring servicing tools for refrigeration service technicians. The Government will also continue to implement the incentive programme for end-users; and to conduct monitoring and verification activities.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

7. The 2007 CFC consumption reported by the Government of Kenya under Article 7 of the Montreal Protocol of 22.7 ODP tonnes was already 13.2 ODP tonnes below the allowable level of 35.9 ODP tonnes for that year, and 7.3 ODP tonnes below the 30.0 ODP tonnes allowed under the agreement between the Government and the Executive Committee. The level of CFC consumption in 2008 has been estimated at 7.0 ODP tonnes (i.e., 3.0 ODP tonnes below the level of consumption stipulated in the agreement). The Government of Germany indicated that the reduction in CFC consumption experienced over the last few years is attributed to the retrofit and/or replacement of CFC-based equipment. The refrigeration servicing industry, especially in major cities, is aware of the eminent phase-out of CFCs and is therefore retrofitting equipment with alternative refrigerants.

8. Noting that so far the incentive programme for end-users has had a limited impact, and that alternative refrigerants (except for HCFC-22 and HFC-134a) are more expensive than CFC-12, the Secretariat sought an explanation as to how the major reductions in CFC consumption have been achieved over the last few years. The Government of Germany indicated that currently there are between 100 and 150 large-size refrigeration systems that could benefit from the programme, and efforts are being made to encourage the owners of such systems to participate. The implementation modalities for the incentive scheme have been discussed with major stakeholders. In order to access the programme, each beneficiary would need to provide three quotations that would be assessed according to the bilateral agency's established rules. The programme will be managed through the Ozone Unit and the project management unit.

9. The Government of Germany and the Secretariat discussed issues regarding the incentive scheme based on a cash reward of up to US \$2,000 for customs officers at border posts for ensuring that illegal imports do not occur. Questions were raised regarding how to manage the programme, namely: whether Government officials could receive cash rewards directly, and whether other mechanisms to control illegal trade in ODS had been explored. Germany pointed out that the Government of Kenya, in looking at all possible ways of curbing illegal imports, realized that the cooperation of customs officers was crucial. Accordingly, the project will provide some necessary equipment to the Kenya Revenue Authority to enhance record-keeping and tracking systems at the border posts. In addition, when customs officers seize illegal imports of ODS, the unit at the border posts will receive recognition in the form of medals and photographs in the Revenue Authority newsletter as part of the initiative.

10. The Secretariat suggested that, during the implementation of the final tranche of the TPMP, the Government of Germany consider advising the Government of Kenya on undertaking preliminary action to facilitate the phase-out of HCFCs in due time. On this observation, the Government of Germany indicated that the TPMP is encouraging the replacement of CFC-12 refrigerant to alternatives other than pure or blended HCFC-22.

RECOMMENDATION

11. The Secretariat recommends that the Executive Committee:
- (a) Takes note of the progress report on the implementation of the second tranche of the terminal phase-out management plan in Kenya; and
 - (b) Approves the implementation programme for 2009-2010 associated with the third tranche.

12. The Secretariat further recommends blanket approval of the 2009-2010 plan associated with the third tranche of the TPMP for Kenya with associated support costs at the funding level shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Terminal CFC phase-out management plan (third tranche)	179,086	23,281	France
