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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-fourth Meeting  
Montreal, 7-11 April 2008

**PROJECT PROPOSAL: CAPE VERDE**

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

Phase-out

- Terminal phase-out management plan for CFCs (first tranche)

UNEP

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**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS  
CAPE VERDE**

<b>PROJECT TITLE</b>	<b>BILATERAL/IMPLEMENTING AGENCY</b>
Terminal phase-out management plan for CFCs	UNEP

<b>NATIONAL CO-ORDINATING AGENCY:</b>	Ministère de l'Environnement et de l'Agriculture – Bureau Ozone
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**LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT****A: ARTICLE-7 DATA (ODP TONNES, 2006, AS OF FEBRUARY 2008)**

Annex A, Group I	0		

**B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2006, AS OF FEBRUARY 2008)**

ODS	Aerosol	Foam	Ref. Mfg.	Ref. Servicing	Solvents	Process agent	Fumigant
CFCs			0	0			

<b>CFC consumption remaining eligible for funding (ODP tonnes)</b>	0.3
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**CURRENT YEAR BUSINESS PLAN:** Total funding US \$93,000: total phase-out: 0 ODP tonnes.

<b>PROJECT DATA</b>		<b>2008</b>	2009	2010	Total
<b>CFCs (ODP tonnes)</b>	Montreal Protocol limit	<b>0.35</b>	0.35	0	n/a
	Annual consumption limit	<b>0</b>	0	0	n/a
	Annual phase-out from ongoing projects	<b>0</b>	0	0	0
	Annual phase-out newly addressed	<b>0</b>	0	0	0
	Annual unfunded phase-out	<b>0</b>	0	0	0
<b>TOTAL ODS CONSUMPTION TO BE PHASED OUT</b>		<b>0</b>	0	0	0
Total ODS consumption to be phased-in (HCFCs)		<b>0</b>	0	0	0
<b>Final project costs (US \$):</b>					
Funding for Lead IA: UNEP		<b>70,000</b>	30,000	-	100,000
<b>Final support costs (US \$):</b>					
Support cost for Lead IA: UNEP		<b>9,100</b>	3,900	-	13,000
<b>TOTAL COST TO MULTILATERAL FUND (US \$)</b>		<b>79,100</b>	33,900	-	113,000
Final project cost effectiveness (US \$/kg)					n/a

**FUNDING REQUEST:** Approval of funding for the first tranche (2008) as indicated above.

<b>SECRETARIAT'S RECOMMENDATION</b>	For blanket approval
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## **PROJECT DESCRIPTION**

1. On behalf of the Government of Cape Verde, UNEP, as implementing agency, has submitted a terminal CFC phase-out management plan (TPMP) for consideration by the Executive Committee at its 54th Meeting. The project will be implemented by UNEP alone and contains mainly non-investment technical assistance activities for Cape Verde. The total cost of the TPMP as submitted is US \$125,000 plus agency support costs of US \$16,250 for UNEP. The project proposes to sustain the current zero consumption of CFCs in the country to meet the phase out of CFCs by 2010. The CFC baseline for compliance is 2.3 ODP tonnes.

### Background

2. In regard to the phase-out of CFCs in the refrigeration servicing sector, at its 44th Meeting the Executive Committee allocated US \$175,400 to UNDP and UNEP for the implementation of an RMP which included development of ODS regulations, implementation of training programmes for refrigeration service technicians and customs officers, establishment of a recovery and recycling programme, and a programme for monitoring the activities included in the RMP. The implementation of the RMP in Cape Verde resulted in an ODS licensing system being implemented in 2007, the training of 34 refrigeration service technicians in good servicing practices, and 11 customs officers. It also led to the distribution of one recovery machine and five pieces of recycling equipment. The use of the recovery and recycling programme has resulted in the recovery of over 65 kilogrammes of CFCs. The project also facilitated the distribution of five kits of refrigerant identifiers.

### Policy and legislation

3. Cape Verde just started the implementation of its ODS regulations in late 2007. These require importers of CFCs to have licenses and calls for a ban on the import of ODS containing equipment. Within the country, the framework for implementing the ODS legislation remains the national law that defines the basis for environmental policies.

### CFC consumption and the refrigeration servicing sector

4. Cape Verde reported zero consumption of CFCs in 2006. This dropped from 1.9 ODP tonnes in 2005. It also imported higher amounts of HFC-134a, HCFC-22 and other alternatives for the same year. The project document also indicated that there was zero use of CFCs in the refrigeration servicing sector for 2006, with data showing that only nine per cent (103 units) of the total domestic and commercial refrigeration equipment (12,373 units) that required servicing were actually serviced in 2006.

5. The TPMP suggests that as of 2007, there are 60 refrigeration technicians in Cape Verde distributed among the six major provinces in the island. Around 50 per cent (34 technicians and trainers) of these have received formal training under the RMP.

6. The prices of refrigerants in Cape Verde per kg in 2006 are: US \$15.70 for CFC-12 (2005 prices), US \$24.62 for HFC-134a, US \$15.4 for HCFC-22. Refrigerants R-600a and R-404a are also available in the country but prices were not provided.

Activities proposed in the TPMP

7. The TPMP for Cape Verde presents a proposal that includes only a set of technical assistance activities, and sustaining the phase out will be implemented through the following activities:

- (a) Strengthening of technical capacities for refrigeration technicians through additional training;
- (b) Complementary training for customs officers to continue building their capacity; and
- (c) Project implementation and monitoring.

8. The Government of Cape Verde plans to sustain its current zero CFC consumption to 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**

9. The 2006 CFC consumption reported by the Government of Cape Verde under Article 7 of the Protocol is currently zero. Based on the data submitted, imports of CFCs into the country dropped from 1.9 ODP tonnes in 2005 to zero in 2006, apparently due to the early precautionary measures taken by the importers to curb import. In addition, the Customs department also began to control CFC imports in 2005 after the completion of the training programme under the RMP. It also seems that the amount imported in 2005 was sufficient for both this year and 2006.

10. The Secretariat discussed with the implementing agency the technical issues related to the current levels of CFC consumption in Cape Verde, 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. The Secretariat made it clear to UNEP that this TPMP is being considered only because the current situation in the country does merit the implementation of just these non-investment training activities. The Secretariat also urged UNEP to encourage the country to ensure the full implementation of the newly approved ODS legislation to provide a framework for the overall sustainability of activities within the TPMP in order for the country to achieve its zero phase out of CFCs by 2010.

Level of funding and implementation modalities

11. During the review of the TPMP, the Secretariat noted that:

- (a) The projects included do not have an investment component and costs are mostly for complementary training for refrigeration technicians and customs officers.

- (b) The recovery and recycling programme under the RMP recovered small quantities of CFC-12, at 65 kilogrammes; and
- (c) The investment component of the RMP has not yet been fully implemented.

12. UNEP provided clarification on the status of the investment component and an explanation as to why the project is for non-investment activities only. It was learned that since the retrofitting programme has only just commenced implementation and will cover the investment component required to sustain the phase out in the TPMP, the country does not need additional investment support and therefore the request for only additional training under this TPMP is justified.

13. On this basis, the Secretariat concluded that most of the activities that are being proposed in the TPMP for Cape Verde are consistent with decision 45/54, and therefore the final amount agreed with UNEP for the TPMP is US \$100,000, plus support costs at the amount of US \$13,000.

#### Agreement

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

### **RECOMMENDATION**

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

- (a) Approve, in principle, the terminal phase-out management plan for Cape Verde, at the amount of US \$100,000 plus agency support costs of US \$13,000 for UNEP;
- (b) Approve the draft agreement between the Government of Cape Verde 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 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:

	<b>Project Title</b>	<b>Project Funding (US\$)</b>	<b>Support Cost (US\$)</b>	<b>Implementing Agency</b>
(a)	Terminal phase-out management plan for CFCs (first tranche)	70,000	9,100	UNEP



**DRAFT AGREEMENT BETWEEN CAPE VERDE 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 Cape Verde (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 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 fulfil 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-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 I, Group I substances (ODP tonnes)	0.35	0.35	0	n/a
2	Max. allowable total consumption of Annex I, Group I substances (ODP tonnes)	0	0	0	n/a
3	Reduction from on-going projects (ODP tonnes)	0	0	0	0
4	New reduction under plan (ODP tonnes)	0	0	0	0
5	Unfunded reductions (ODP tonnes)	0	0	0	0
6	Total annual reduction (ODP tonnes)	0	0	0	0
7	Lead IA agreed funding (US \$)	70,000	30,000	0	100,000
8	Lead IA support costs (US \$)	9,100	3,900	0	13,000
9	Grand total agreed funding (US \$)	79,100	33,900	0	113,000

### 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 earlier than the first 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**

<b>Policy/Activity planned</b>	<b>Schedule of implementation</b>
Type of policy control on ODS import: servicing, etc.	
Public awareness	
Others	

**6. Annual Budget**

<b>Activity</b>	<b>Planned expenditures (US \$)</b>
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).

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 Cape Verde for related auditing. Based on discussion with the Lead IA, Cape Verde 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 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 Cape Verde 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) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- (k) 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 \$10,000 per ODP tonne of reductions in consumption not achieved in the year.

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