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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: KENYA

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

Phase-out

- Terminal CFCs phase-out management plan (second tranche) France

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PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Kenya

(I) PROJECT TITLE	AGENCY
CFC phase out plan	France

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)					Year: 2006
CFC: 57.7	CTC: 0.3	Halons: 0	MB: 34.2	TCA: 0.1	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)											Year: 2006		
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC					57.7								57.7
CTC						0.3							0.3
Halons													0
Methyl Bromide										27	34.2		34.2
TCA						0.1							0.1

(IV) PROJECT DATA			2003	2004	2005	2006	2007	2008	2009	2010	Total
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.				725,000.
		Support Costs		28,069.	42,900.		23,281.				94,250.
Total Funds Released by the ExCom (US\$)		Project Costs		215,914.	0.		0.				215,914.
		Support Costs		28,069.	0.		0.				28,069.
Total Funds Requested for Current Year (US\$)		Project Costs		0.	330,000.		0.				330,000.
		Support Costs		0.	42,900.		0.				42,900.

* The 2005 tranche is being requested at the 54th Meeting of the Executive Committee

(V) SECRETARIAT'S RECOMMENDATION:	Individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of Kenya, the Government of France has submitted to the 54th Meeting of the Executive Committee a progress report on the implementation of the first work programme of the terminal CFCs phase-out management plan (TPMP). The Government of France has also submitted a request for funding for the second work programme at a total cost of US \$330,000 plus agency support costs of US \$42,900. 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 in principle at the amount of US \$725,000 plus agency support costs of US \$94,250 for the Government of France by the Executive Committee at its 44th Meeting, to completely phase out CFC consumption in the country by 2009. 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.

Progress report on the implementation of the first work programme

3. The first work programme of the TPMP for Kenya was approved on the understanding that funding could only be disbursed once ODS regulations were in place. The Government of Kenya undertook to do so immediately, but only managed to approve regulations for a mandatory licensing system covering imports, exports, and also use of ODS in May 2007.

4. Following approval of the ODS regulations, the training programme for customs officers was developed, and training workshops are proposed for 2008. During that time 26 ODS identification kits have been procured; refrigeration equipment for the training centres has been purchased and delivered; and training workshops for refrigeration service technicians started in December and will continue until June-July 2008.

5. By the end of 2007, US \$97,759 will have been disbursed or committed, with a balance of US \$118,155 to be utilized in 2008.

Plan of action for the second work programme

6. The Government of Kenya has developed the second work programme of the TPMP taking into consideration those activities that were included in the first work programme but not implemented due to the delay in the establishment of ODS regulations. The proposed activities consist of continuing to work on the ODS legislation and policy options to increase awareness among major stakeholders; providing training to customs officers at boarder posts and refrigeration service technicians; continuing to operate the recovery and recycling scheme and providing service tools to technicians; initiating conversions of CFC-based commercial refrigeration systems; and continuing to monitor progress in the implementation of TPMP sub-projects.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

7. The levels of CFC consumption reported by the Government of Kenya were 131.7 and 160.6 ODP tonnes in 2004 and 2005 respectively. These levels of consumption were 16.7 and 70.6 ODP tonnes above the allowable levels under the Agreement. In accordance with paragraph 10 of the Agreement between the Government of Kenya and the Executive Committee, the amount of funding provided for the TPMP may be reduced by US \$10,000 per ODP tonne of reductions in consumption not achieved in any one year. The Secretariat noted, however, that although implementation of the TPMP only commenced after the approval of ODS regulations in May 2007, the levels of CFC consumption for 2006 and 2007 were below the maximum levels allowed under the Agreement for those years, as shown in the table below.

	2004	2005	2006	2007	2008	2009
Montreal Protocol limits	239.5	119.0	119.0	35.9	35.9	35.9
Consumption limit under the TPMP	115.0	90.0	60.0	30.0	10.0	-
Actual consumption reported	131.7	160.6	57.7	22.7		
Difference (limit TPMP - actual)	(16.7)	(70.6)	2.3	7.3		

8. The Secretariat was informed that despite being unable to implement phase-out activities before the approval of ODS regulations, the Government of Kenya has been working closely with importers to adhere to the consumption levels as agreed in the TPMP project. Furthermore, the Government of Kenya commits to meeting the planned CFC phase-out target for 2008 including the disbursement of the funds available.

9. Noting the balance available from the first tranche, and taking into account the two-year delay in commencing implementation of the TPMP project, the Secretariat asked whether modifications to the phase-out activities proposed in the original project were considered by major stakeholders. In this respect, the Government of Germany indicated that overall, there is no need to change the activities laid out in the TPMP. In order to meet the 2008 and subsequent CFC phase-out compliance targets on time an acceleration of the implementation of the TPMP would be required. Therefore, the Government is proposing to implement in parallel the activities in the first work programme not yet implemented with the activities proposed in the second work programme. These activities include: awareness raising workshops with ODS importers and users, training of customs officers and refrigeration technicians and distribution of basic service tools, technical support to the established recovery and recycling scheme, a comprehensive incentive programme for end-users in the commercial refrigeration subsector, and monitoring.

RECOMMENDATION

10. The Secretariat is unable to recommend blanket approval for the second tranche of the TPMP for Kenya, as CFC consumption levels in 2004 and 2005 were over the maximum allowable levels under the Agreement between the Government and the Executive Committee. However, the Executive Committee may wish to consider approval of the second tranche of the project at a total cost of US \$330,000 plus agency support costs of US \$42,900 for France, taking into account that reported CFC consumption for 2006 and 2007 was much lower than the

allowable levels in the Agreement and the commitment by the Government of Kenya to meet the 2008 CFC phase-out target.

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