



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/57/26
23 February 2009

ORIGINAL: ENGLISH



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

PROJECT PROPOSAL: BOTSWANA

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) Germany

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Botswana

(I) PROJECT TITLE	AGENCY
CFC phase out plan Proposal	Germany

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)				Year: 2007	
CFC: 0.6	CTC: 0	Halons: 0.6	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					0.6								0.6
CTC													0
Halons			.6										0.6
Methyl Bromide													0
Others													0
TCA													0

(IV) PROJECT DATA			2009	2010	Total
Montreal Protocol Consumption Limits		CFC	1.	0.	
Maximum Allowable Consumption (ODP Tonnes)		CFC	1.	0.	
Project Costs (US\$)	Germany	Project Costs	155,000.	50,000.	205,000.
		Support Costs	20,150.	6,500.	26,650.
Total Funds Requested for Current Year (US\$)		Project Costs	155,000.		155,000.
		Support Costs	20,150.		20,150.

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

1. On behalf of the Government of Botswana, the Government of Germany has submitted a terminal CFC phase-out management plan (TPMP) for consideration by the Executive Committee at its 57th Meeting. The total cost of the Botswana TPMP as originally submitted is US \$215,000 plus agency support costs of US \$27,950 for Germany. The CFC baseline for compliance is 6.9 ODP tonnes.

Background

2. At its 26th Meeting, the Executive Committee approved funding for Germany to assist Botswana in the implementation of the refrigerant management plan (RMP), which included: development of ODS legislation, training of refrigeration service technicians and customs officers, and establishment of a recovery and recycling programme. These activities were conducted as part of the umbrella regional approach of the RMP for 14 South East and West African countries. An additional US \$64,295 plus agency support costs of US \$8,358 for Germany was approved at the 45th Meeting for the implementation of the RMP update.

3. Implementation of the activities in the refrigeration servicing sector resulted in the training of 110 refrigeration service technicians in good servicing practices; updated curriculum in vocational schools teaching refrigeration; and the distribution of refrigerant recovery and recycling machines, resulting in the recovery and reuse of some 1.7 ODP tonnes of CFCs. As CFC-12 consumption has significantly reduced, the recovery units are being used to recover alternatives, namely HCFC-22 and HFC-134a (2 to 3 tonnes/year). Due to the delay in the drafting and approval of ODS regulations the first training programme for customs officers was proposed for February 2009.

4. In addition to the projects addressing the refrigeration servicing sector, Botswana is part of a regional halon phase-out project that was approved at the 35th Meeting of the Executive Committee.

ODS legislation and licensing system

5. In 2008, the Department of Meteorological Services, responsible for the implementation of the Montreal Protocol in Botswana, drafted ODS regulations including a licensing system and submitted them to the Parliament for approval. ODS regulations have been published in the Government Gazette of 6 February 2009 (the Ozone Secretariat has been informed, accordingly).

Refrigeration servicing sector

6. CFCs are currently used for servicing domestic and commercial refrigeration systems. The refrigeration servicing sector comprises some 150 formal and 50 informal workshops, employing some 500 technicians. The reduction in CFC consumption is partly attributed to retrofitting of CFC-based equipment to alternative refrigerants when they are serviced.

7. The prices of refrigerants in 2007 per kg were: US \$6.60 to US \$8.25 for CFC-12; US \$11.50 to US \$13.75 for HFC-134a, US \$4.35 to US \$4.80 for HCFC-22, and US \$14.70 for R-404a and R-507.

Activities proposed in the TPMP

8. The following activities are proposed to be implemented through the TPMP project: additional training of refrigeration technicians and distribution of service tool kits; additional training for customs officers including ODS identifiers; an incentive scheme for CFC-based commercial refrigerator end-users to replace or retrofit their equipment with non-CFC refrigerant; public awareness; and a monitoring and evaluation component. The Government of Botswana plans the complete phase-out of CFCs by 1 January 2010.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

ODS consumption

9. According to the data reported by the Government of Botswana under Article 7 of the Montreal Protocol, the 2007 CFC consumption of 0.6 ODP tonnes was already 0.4 ODP tonnes below that of 1.0 ODP tonnes allowed for that year. The Government of Germany reported that reductions in CFC consumption have been achieved because most refrigeration equipment in Botswana is imported from South Africa, which has been CFC-free for several years. Over time, the equipment base in the country has gone from being CFC-based to predominantly non-CFC-based. Furthermore mining companies have changed their CFC-based systems to alternative refrigerants.

10. Halons are mainly used by the Botswana power plant. Halon consumption increased from 0.3 to 0.6 ODP tonnes between 2006 and 2007 (the halon baseline for compliance is 5.2 ODP tonnes). In a requested status report on the implementation of a regional halon bank for Eastern and Southern African countries, through which the Governments of Botswana, Ethiopia, Kenya, Lesotho, Namibia, Tanzania and Zimbabwe committed to phase out their halon consumption, the Government of Germany indicated that halon-1301 is currently used by the power plant. Assistance has been offered to the power company to decommission the existing halons and use an alternative system. Once the alternative is selected by the power company, incentives will be provided through the regional project.

TPMP activities

11. Technical issues were raised in relation to: the current levels of CFC consumption by type of equipment; the request for additional customs training, given that the training programmes included in the RMP update would be conducted in the first quarter of 2009; the request for equipping the training centres and purchasing tool kits for service technicians without any further explanation or justification for the need for the equipment; the request for public awareness activities in addition to those carried out by the Ozone Unit; and the roles and responsibilities of major stakeholders that will be associated with the phase-out programme. All of these issues have been addressed by the Government of Germany and incorporated into the final project proposal as follows: eight additional customs training sessions are planned to introduce the new ODS regulations to more customs officers; four additional ODS identifiers will be provided; and additional training courses for technicians are planned targeting small towns. Accordingly, the total level of funding has been adjusted to US \$205,000, representing the funding level for TPMPs for countries with a CFC baseline below 15 ODP tonnes.

Agreement

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

RECOMMENDATION

13. The Secretariat recommends that the Executive Committee:

- (a) Approves, in principle, the terminal phase-out management plan for Botswana, at the amount of US \$205,000 plus agency support costs of US \$26,650 for the Government of Germany;

- (b) Approves the draft agreement between the Government of Botswana and the Executive Committee for the implementation of the terminal phase-out management plan as contained in Annex I to this document;
- (c) Approves the 2009 annual implementation programme (first tranche);
- (d) Urges the Government of Germany 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

14. The Secretariat further recommends blanket approval of the first tranche of the 2009 annual 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)	155,000	20,150	Germany

Annex I

DRAFT AGREEMENT BETWEEN BOTSWANA 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 Botswana (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 4 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. Germany has agreed to be the lead implementing agency (IA) in respect of the Country's activities under this Agreement. The 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 IA with the fees set out in row 5 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	CFCs
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APPENDIX 2-A: THE TARGETS, AND FUNDING

		2009	2010	Total
1	Montreal Protocol reduction schedule of Annex A, Group I substances (ODP tonnes)	1.0	0.0	0
2	Max. allowable total consumption of Annex A, Group I substances (ODP tonnes)	1.0	0.0	0
3	New reduction under plan (ODP tonnes)	1.0	0.0	1.0
4	Lead IA agreed funding (US \$)	155,000	50,000	205,000
5	Lead IA support costs (US \$)	20,150	6,500	26,650
6	Grand total agreed funding (US \$)	175,150	56,500	231,650

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).

2. The 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, along with the Cooperating IA 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

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