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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixtieth Meeting
Montreal, 12-15 April 2010

PROJECT PROPOSAL: NICARAGUA

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 Annex A Group I substances (second tranche)

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PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Nicaragua

(I) PROJECT TITLE	AGENCY
CFC phase out plan	UNDP, UNEP

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)					Year: 2008
CFC: 0	CTC: 0	Halons: 0	MB: 0	TCA: 0	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)											Year: 2008		
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC													0
CTC													0
Halons													0
Methyl Bromide										11.3			11.3
Others													0
TCA													0

(IV) PROJECT DATA		2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC	12.4	12.4	0.
Maximum Allowable Consumption (ODP Tonnes)		CFC	3.7	2.	0.
Project Costs (US\$)	UNDP	Project Costs	320,000.		320,000.
		Support Costs	24,000.		24,000.
	UNEP	Project Costs	130,000.	70,000.	200,000.
		Support Costs	16,900.	9,100.	26,000.
Total Funds Approved in Principle (US\$)		Project Costs	450,000.	70,000.	520,000.
		Support Costs	40,900.	9,100.	50,000.
Total Funds Released by the ExCom (US\$)		Project Costs	450,000.	0.	450,000.
		Support Costs	40,900.	0.	40,900.
Total Funds Requested for Current Year (US\$)		Project Costs		70,000.	70,000.
		Support Costs		9,100.	9,100.

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

1. On behalf of the Government of Nicaragua, UNEP, as the lead implementing agency, has submitted to the 60th Meeting of the Executive Committee a request for funding for the second and final tranche of the terminal phase-out management plan (TPMP) for Annex A Group I substances (TPMP) at a cost of US \$70,000 plus agency support costs of US \$9,100. The submission also includes a progress report on the implementation of the TPMP during 2008 and 2009 and the implementation programme for 2010.

Background

2. The TPMP for Nicaragua was approved by the Executive Committee at its 56th Meeting, to completely phase out CFC consumption in the country by 2009. Total funding of US \$520,000 plus agency support costs of US \$50,000 was approved in principle by the Executive Committee. At the same meeting, the Executive Committee approved US \$130,000 plus agency support costs of US \$16,900 for UNEP, and US \$320,000 plus agency support costs of US \$24,000 for UNDP, for the implementation of the first tranche of the TPMP.

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

3. Following the approval of the TPMP by the Executive Committee, modifications were introduced into the import quota system to include HCFCs, import permits for HFCs, and export permits for ODS; cooperation between the Customs department and Ozone Units of neighbouring countries was enhanced; and participation began in the previous informed consent mechanism established by UNEP CAP. In total, 156 officers from 12 border posts were trained in ODS import/export controls, identification of refrigerants, and addressing illegal trade in CFCs. An agreement between the Ministry of Environment and the Nicaraguan refrigeration association was signed, aimed at providing technical support for the development of regulations for the operation of the refrigeration servicing sector. Alternative refrigerants and good practices have been included in the refrigeration module for training service technicians, and a mobile training module has been provided (through the Nicaraguan-German Training Centre and the Government of Spain). Training in retrofitting CFC-based equipment was provided to 140 technicians, and tool kits were supplied to technicians and training centres. A survey of refrigeration equipment in operation in 33 hospitals was carried out and a study of the feasibility of their conversion or replacement is underway. Monitoring and reporting activities were also implemented.

4. As of December 2009, of the US \$450,000 approved for the first tranche, US \$102,300 had been disbursed. The balance of US \$347,700 will be disbursed in 2010. Of this amount, US \$246,000 has already been committed by the Government.

Plan of action for the second tranche of the TPMP

5. The Government of Nicaragua commits to implementing the following activities under the second work programme of the TPMP: additional training for 500 refrigeration servicing technicians who have not previously received training; certification of 200 technicians and 100 workshops; and distribution of 200 copies of the code of good refrigeration servicing practices. National regulations on safe use of alternatives, particularly hydrocarbon-based refrigerants are also to be prepared as well as audits on CFC consumption for each refrigerant distributor, and monitoring and verification activities.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

6. The Government of Nicaragua has reported zero consumption of CFCs for 2008 under Article 7 of the Montreal Protocol. Preliminary data indicates that about 2.0 ODP tonnes of CFCs were imported in late 2009. Responding to a question on the amounts of CFCs stockpiled by major refrigerant distributors, UNEP indicated that the 3.7 ODP tonnes of CFC-12 that were imported in 2007 were used to satisfy the demand from 2007 to 2009. The last import of 2.0 ODP tonnes in late 2009 will be used to avoid a shortage of CFC-12 during the final phase of equipment conversions or retrofitting.

7. Responding to a question on when the revised ODS legislation and recently drafted licensing system will enter into force, UNEP indicated that the Ministry of the Environment had forwarded these to the President for approval through an Executive Decree. It is expected that the revised instrument and permits system will be in place during the first half of 2010. The new special regulation for ODS control that includes Annex C, Group I substances (40 HCFCs) has been completed and consultation with all involved parties had taken place. UNEP also confirmed the Government of Nicaragua's commitment to sustain zero CFC consumption beyond 2009 by completing all activities in the TPMP.

8. With regard to the requirements for the distribution of servicing tools among the technicians, UNEP responded that technicians must have passed the training course on good practices, must be rendering services to the refrigeration and air conditioning sector, and must sign a letter of commitment regarding the use of the tool kits provided. Tools are given to service workshops that are legally established and operating in accordance with municipal requirements. With regard to the recovery and recycling network, UNEP indicated that the equipment that was given to teaching schools is also used by technicians working in private workshops to recover CFCs and for later reuse. Fifteen small recovery units will be delivered to workshops that will be selected to retrofit CFC-based equipment in hospitals and other priority areas.

9. Considering the low levels of CFC consumption reported over the last several years, the refrigeration servicing technicians and customs officers trained so far, the relatively small number of CFC-based equipment than can be feasibly retrofitted, and the fact that funding for the preparation of the HPMP for Nicaragua has already been approved, the Secretariat suggested that UNEP examines the merits of focusing the final tranche of the TPMP on activities that will sustain zero consumption of CFCs and facilitate the phase-out of HCFCs in the country. UNEP reported that the final tranche of the TPMP will focus on retrofitting refrigeration systems with low global warming potential (GWP) alternatives; completing the certification programme for technicians; monitoring the activities under implementation and activities to control the use of CFC stocks to sustain zero CFC consumption in the country; and establishing guidelines for monitoring HCFC uses. The national HCFC strategy is in a preliminary stage of development. Although the Ozone Unit is planning to submit the HPMP during 2010, it will depend on consultations with major stakeholders in the country.

RECOMMENDATION

10. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the first tranche of the terminal phase-out management plan (TPMP) in Nicaragua;
- (b) Approves the 2010 annual implementation programme associated with the second tranche; and

- (c) Requests the Government of Nicaragua, with the assistance of UNDP and UNEP, to submit a progress report on the implementation of the work programme associated with the second and final tranche of the TPMP no later than the 63rd Meeting of the Executive Committee.

11. The Secretariat further recommends blanket approval of the 2010 plan associated with the second and final tranche of the TPMP for Nicaragua, 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 phase-out management plan for Annex A Group I substances (second tranche)	70,000	9,100	UNEP
