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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-second Meeting
Montreal, 29 November - 3 December 2010

**LETTER FROM THE GOVERNMENT OF BANGLADESH ON DECISIONS 57/28 AND 60/35
OF THE EXECUTIVE COMMITTEE**

1. The Secretariat has received on 1 November 2010 a letter from the Government of Bangladesh regarding the penalty clauses applied by the Committee when it considered the release of funding for the second to the sixth tranches of its national phase-out plan. The Government of Bangladesh has requested the Secretariat “to put up the issue to the upcoming ExCom of MLF and to release the deducted amount as it is necessary to sustain compliance under Montreal Protocol”.
2. The letter, as submitted by the Government of Bangladesh, is attached to this document.
3. To assist the members of the Executive Committee, the Secretariat is reproducing below the relevant paragraphs of decisions 57/28 and 60/35 on the funding deductions applied to Bangladesh on its national phase-out plan:

Decision 57/28:

- “(c) To apply the penalty clause in the Agreement between the Government of Bangladesh and the Executive Committee calculated, on an exceptional basis, at 5 per cent of the amount for each of the second, third and fourth tranches being submitted to the Executive Committee for approval, for reasons of non-compliance with the Agreement, on the basis of the following considerations that:
- (i) The levels of CFCs used in the refrigeration servicing sector alone had been reduced from 232.1 ODP tonnes in 2004 to 59.9 ODP tonnes in 2008;
 - (ii) The status of non-compliance by Bangladesh with its Agreement was attributable to a large extent to the CFC consumption associated with the manufacturing of CFC metered-dose inhalers (MDIs), for which a phase-out project had only been approved by the Executive Committee at its 52nd Meeting, in 2007;

- (d) Using the method outlined in sub-paragraph (c) above, to apply a total penalty of US \$44,575 for the second, third and fourth tranches of the national ODS phase out plan for Bangladesh;”

Decision 60/35

- “(e) To apply the penalty clause in the Agreement between the Government of Bangladesh and the Executive Committee, calculated, at 50 per cent of the amount for each of the fifth and sixth tranches being submitted to the Executive Committee for approval, for reasons of non-compliance with the Agreement, on the basis that no sufficient and timely regulatory controls on imports of CFCs for the refrigeration servicing sector had been applied to curtail consumption in the sector;
- (f) Using the method outlined in sub-paragraph (c) above, to apply a total penalty of US \$81,500 for the fifth and sixth tranches of the NPP for Bangladesh;”



Secretary
Ministry of Environment & Forest
Government of the People's Republic of Bangladesh

D. O. No. No.MOEF/Plan2/204/ODS/RTPP/2010/ 253

Dated the 31 October, 2010

Subject: Decision 57/28 and Decision 60/35 of Executive Committee of the Multilateral Fund on Bangladesh.

Dear Ms. Maria Nolan,

Kindly refer the above two decisions of the Ex.Com during release of second, third, fourth, fifth and sixth tranches under National Phase-out Plan (NPP) of Bangladesh being implemented by UNDP as lead agency and UNEP as cooperating agency. Please also refer to MOP Decisions XXI/17.

2. After accession to the Montreal Protocol on 2 August 1990 and subsequent ratification of amendments of the Protocol, government started implementation of Montreal Protocol in Bangladesh and successfully complied with 2005 reduction targets. For 85% reduction in 2007 and 100% reduction target in RAC and solvent sector, government has undertaken National Phase-out Plan under MLF assistance.

3. While we are engaged in the implementation of our National Phase-out Plan, we face a serious problem in the MDI sector. We have discovered, post agreement of the NPP, that there are five Pharmaceutical companies engaged in the production of CFC based Metered Dose Inhalers (MDIs) in Bangladesh. Three have production facilities and other two have to develop the same but they have started preparing their products in one national pharmaceutical company on contract basis.

4. The production from these plants meets our country's demand for the treatment of asthma and chronic obstructive pulmonary diseases (COPD). But consumption of CFC for MDIs was growing very high and we expected that our total permissible allocation of CFCs would be not enough to met our demand for both RAC & MDI sector. Bangladesh informed the Parties, Ozone Secretariat and MLFS of this situation through a Section 4 notification of the non-compliance procedure signed by the Honorable Minister of Environment and Forests on 17 September 2006.

5. In view of the above mentioned situation, Bangladesh raised its concern in 17th MOP through submission of a CRP and obtained decision XVIII/14 and after that subsequent discussion held during 18th MOP where parties through Decision XVIII/16, requested Ex.Com. to provide financial assistance and requested Implementation Committee to consider possible over consumption of the MDI producing countries that might fall into non-compliance during the years 2007, 2008 and 2009.

6. In the 52nd meeting of the Ex.Com. of the Multilateral Fund in July 2007, MDI phase-out project and Transition Strategy for Bangladesh were approved, which targeted the phase-out of 76.3 ODP tons of CFC consumption in this sector. This phase-out in MDIs was in addition to the phase-out of 194 ODP tons (consumption in 2003) under NPP agreement.

7. Bangladesh has made sustained efforts to reduce and limit its consumption of CFCs. Under the NPP agreement, consumption of CFCs in RAC sector has been reduced from 194 ODP tons in 2003 to 83.255 ODP tons in 2007; 59.9 ODP tons in 2008 and 40.00 ODP tons in 2009. The additional CFC consumption in 2007, 2008, and 2009 occurred only because of the CFC use in MDI manufacturing. Until conversion of the MDI manufacturing facilities to safe and cost effective substitute is completed, limiting CFC consumption in MDI manufacturing would have put the health of a significant section of our population in jeopardy.

8. As per request of the Ozone Secretariat, Government submitted her Plan of Action and it was approved in the 21 MOP. It was also assured in the report that Bangladesh will be treated in the same manner as a Party in good standing and should continue to receive international assistance in accordance with item A and item B to apply in case of non-compliance.

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Secretary
Ministry of Environment & Forest
Government of the People's Republic of Bangladesh

D. O. No.

Dated the

9. I am pleased to inform you that, Bangladesh consumption was only 127.00 ODP tons of CFC all together against 140.00 M.Tons as approved by 21st MOP in 2009 and no CFCs have been imported in 2010 except for MDI use under approved EUN and thus Bangladesh has complied as per decision of 21st MOP and approved Action Plan. For implementation of MDI project, government has taken fast track implementation on procedure and by this time 8 (eight) CFC based products have successfully been converted. All other activities going fast and we hope by 2012 all the remaining CFC based products will be converted and there will be no need of CFCs after 2012.

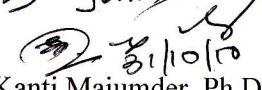
10. Despite decision XVIII/16 of the 18th MOP; Transition Strategy in 52nd Ex.Com where 88.97 M. Tons, 102.83 M. Tons and 119.90 M. Tons for MDI production were approved by MLF; and 21nd MOP Decision XXI/17 that approved of Plan of Action, the 57th Ex.Com. and the 60th Ex.Com. during approval of "2nd, 3rd, and 4th" tranche and "5th and 6th" tranche respectively under NPP imposed penalty 5% and 50% respectively amounting US\$ 44,575 and US\$ 81,500 respectively.

11. Import of CFCs for RAC sector becomes zero as of 01/01/2010 but millions of CFC based equipment needs retrofitting in order to sustain compliance under Montreal Protocol and need to continue training of technicians, awareness activities and also customs capacities building activities. Again to continue technician certification programme will assist HCFC accelerated phase-out plan in the country. All the mentioned activities under NPP are very much essential to sustain our CFC phase-out status and for economic need of our country.

12. Considering the above mentioned situation you are requested to put up the issue to the upcoming Ex.Com of MLF and to release the deducted amount as it is necessary to sustain compliance under Montreal Protocol.

Look forward to having your call, communication and support to release the fund as mentioned.

With best regards,

Sincerely yours

(Mihir Kanti Majumder, Ph D)
Secretary

Ms. Maria Nolan

Chief Officer of the Secretariat of the
Multilateral Fund for the Implementation of the Montreal Protocol
Montreal, Quebec
Canada
Email: Maria Nolan [maria.nolan@unmfs.org]

C.C to :

1. Ms. Suely Carvalho ,
Principal Technical Adviser and Chief,
304 East 45th Street, New York, NY, 10017, USA,
E-mail: suely.carvalho@undp.org.
2. Mr Rajendra Shende,
Chief of Energy and OzonAction Unit, UNEP,
Division of Technology, Industry and Economic (UNEP DTIE),
39-43, quai Andre Citroën, 75739 Paris Cedex 15, France,
Email: rmshende@UNEP.FR.