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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-fifth Meeting
Bali, Indonesia, 13-17 November 2011

BILATERAL COOPERATION

The Fund Secretariat received the following requests for bilateral cooperation:

PROJECT TITLE	BILATERAL AGENCY
Strategy for disposal and destruction of ODS for 4 low-volume-consuming countries (Bosnia and Herzegovina, Croatia, Montenegro and Turkmenistan)	Czech Republic
HCFC phase-out management plan (stage I, first tranche) in Botswana	France
HCFC phase-out management plan (stage I, first tranche) in Zimbabwe	Germany

Note on the organization of the document

1. This document provides an overview of requests from bilateral agencies, and whether these are eligible for approval by the Executive Committee in light of the maximum level of bilateral cooperation available for 2011. It cross-references relevant meeting documents that include a discussion on the bilateral requests, and contains the standard recommendation on the year of assignment for bilateral cooperation.

2. One project is fully addressed in this document and two are addressed under the respective document and only cross referenced in this document.

Introduction

3. A total of three projects for bilateral cooperation with a value of US \$609,038 (including agency fees) have been received by the Secretariat for approval at the 65th meeting. One from the Government of the Czech Republic, one from the Government of France and one from the Government of Germany, as shown in Table 1.

Table 1

VALUE AND NUMBER OF PROJECTS FOR BILATERAL COOPERATION, BY BILATERAL AGENCY (including agency fees)

Bilateral Agency	Amount Requested (US\$)	Number of Projects
Czech Republic	39,550	1
France	91,530	1
Germany	477,958	1
Total	609,038	3

REQUEST FROM THE GOVERNMENT OF THE CZECH REPUBLIC

Introduction

4. Table 2 provides a summary of the request for bilateral co-operation from the Government of the Czech Republic. The value of this request (US \$39,550) does not exceed 20 per cent of the Czech Republic’s contribution for 2011 (US \$90,973).

Table 2

SUBMISSION FROM THE GOVERNMENT OF THE CZECH REPUBLIC

Project Title	Country	Amount Requested (US\$)	Amount Recommended (US\$)
Strategy for disposal and destruction of ODS for 4 low-volume-consuming countries (Bosnia and Herzegovina, Croatia, Montenegro and Turkmenistan)	Region: Europe	35,000	Individual consideration
Agency Fee		4,550	
TOTAL		39,550	

EUROPE: Strategy for disposal and destruction of ODS for 4 low-volume-consuming countries (Bosnia and Herzegovina, Croatia, Montenegro and Turkmenistan) (US \$35,000) Project description

5. The Government of the Czech Republic is submitting, jointly with UNIDO, a request for project preparation funding to prepare a strategy for the disposal and destruction of unwanted ODS in four low-volume-consuming (LVC) countries in the Europe and Central Asia (ECA) region. The proposal's objective is to develop a full-size project to address stocks of unwanted ODS for destruction for Bosnia and Herzegovina, Croatia, Montenegro and Turkmenistan, which have identified this need. The Government of the Czech Republic intends for its portion of the project to be implemented by UNEP, whom it will sub-contract. Project preparation funds are also being requested by UNIDO as part of its work programme amendment (UNEP/Oz.L/Pro/ExCom/65/17). The total requested level of funding for the project preparation exercise is US \$100,000, with the Czech Republic's share amounting to US \$50,000.

6. The main activities identified in the original submission included an analysis of the technological options for ODS disposal/destruction comparing their feasibility/cost effectiveness for participating countries, as well as their environmental impact; exploring either transport of waste ODS to a neighbouring non-LVC country where ODS destruction facilities are available or development of destruction strategies at the country level; examining the legal dimensions of each option in particular the regulations governing the potential transport of hazardous waste; looking at synergy with other chemical destruction projects in the region and in participating LVC countries; and identifying best practices for implementation at the national level that will ensure opportunities for the development of joint awareness tools and methods for the involved stakeholders. The proposal will also seek co-financing opportunities for the disposal project.

7. The submission also noted that the project preparation process will draw upon the experience of both UNEP and UNIDO in the implementation of pilot ODS disposal projects for Nepal and Mexico, respectively, as well as ensure that the recently-approved pilot project for Georgia will be taken into account. The Government of the Czech Republic also provided a breakdown for the requested total funding of US \$100,000, indicating that these funds will be shared equally between the Government of the Czech Republic and UNIDO.

Secretariat's comments

8. The Secretariat noted that this request for project preparation is submitted for consideration under the window for funding for demonstration projects for ODS destruction for LVC countries in line with decision XXI/2 of the Twenty-first Meeting of the Parties to the Montreal Protocol, and decision 63/5(c) of the Executive Committee.

9. The Secretariat reviewed the submission in line with decision 58/19 of the Executive Committee, and noted that the information required for the consideration of such a project preparation request in line with this decision had not been provided. It drew the Government of the Czech Republic's attention to the information needed to support requests for project preparation for pilot ODS disposal projects in decision 58/19, as follows:

- (a) An indication of the category or categories of activities for the disposal of ODS (collection, transport, storage, destruction), which will be included in the project proposal;
- (b) An indication whether disposal programmes for chemicals related to other multilateral environmental agreements are presently ongoing in the country or planned for the near future, and whether synergies would be possible;

- (c) An estimate of the amount of each ODS that is meant to be handled within the project;
- (d) The basis for the estimate of the amount of ODS; this estimate should be based on known existing stocks already collected, or collection efforts already at a very advanced and well-documented stage of being set up;
- (e) For collection activities, information regarding existing or near-future, credible collection efforts and programmes that are at an advanced stage of being set up and to which activities under this project would relate; and
- (f) For activities that focus at least partially on CTC or halon, an explanation of how this project might have an important demonstration value.

10. In its response UNEP, on behalf of the Government of the Czech Republic, noted that the proposal at this point has not identified the specific category of activities for which the project will be developed, and had indicated that this will be done during the project preparation process. While the response also indicated that the countries participating in the project have good collection efforts in place, the subsequent description showed that only Croatia and Montenegro have some collection process set up although not yet fully advanced. There is also an indication that, for the same two countries, no disposal programmes for ODS or other chemicals are currently in place or in the process of being set up, although Croatia appears to have some system to store hazardous wastes with polychlorinated biphenyls (PCBs). With regard to the amount of ODS that would be handled within the regional project, the response indicated that there would be less than 10 ODP tonnes of CFCs, about 90 per cent of which is in one country (Croatia). No information was provided for the two other countries that would participate in the project (Bosnia and Herzegovina and Turkmenistan). The proposal states that no halon nor CTC will be handled within this project.

11. Based on the above, the Secretariat expressed concerns that the proposed project did not meet the guidelines in decision 58/19, nor does it clearly respond to decision XXI/2 of the Twenty-first Meeting of the Parties to the Montreal Protocol where the Executive Committee was requested, *inter alia*, “to consider the costs of a one-time window within its current destruction activities to address the export and environmentally sound disposal of assembled banks of ozone-depleting substances in low-volume-consuming countries that are not usable in the Party of origin”, since the proposal is more of a study to see what are the issues and problems related to ODS waste disposal in this region with a view to finding a future solution. In its reply, the Government of the Czech Republic, through UNEP, explained the unique situation in the region and the strong need for such an assessment to help those LVC countries to ensure that preliminary work (including data collection) is done in order to launch disposal projects that will destroy the quantities of unwanted ODS already identified. It also mentioned that this will draw very strongly upon the experience that might be gained with the project in Georgia, as the conditions there are very relevant to many countries in the region. In addition, it was pointed out that while the Georgia project and its potential results will be considered during the project preparation, this proposal cannot wait until the pilot project in Georgia is completed as the countries involved in the proposal would like to commence activities on ODS waste management and disposal soon.

12. The Secretariat also noted that, based on the information provided by the Government of the Czech Republic in line with decision 58/19, the four participating countries do not seem to have in place a legal-regulatory framework that would allow for the implementation of an ODS disposal/destruction project. While two countries have some collection efforts in place, these do not seem to be at a stage where a sustained stock of ODS waste will be available to justify a regional project. In view of this, the budget requested for the project preparation was reduced to US \$70,000 (US \$35,000 for the Government of the Czech Republic and US \$35,000 for UNIDO, plus support costs), with details as follows:

Activity	Cost (US \$)
- Consultancy study to confirm data on amounts available for disposal/destruction in LVC countries in ECA (UNEP/Czech Republic)	25,000
- Presentation during a meeting with concerned parties on the occasion of an ECA regional network meeting or thematic meeting (UNEP)	0
- Development of a strategy – including technology and legal aspects - for all countries to address current and future quantities of unwanted ODSs, proposing regional and country specific options for destruction project implementation (UNIDO)	35,000
- Dissemination of results to other interested LVC countries in the region and beyond, consultation with all other potential partners and co-financing opportunities (UNEP/Czech Republic)	10,000
TOTAL	70,000
Agency fee (13%) for the Czech Republic (to be implemented by UNEP)	4,550
Agency fee (7.5%) for UNIDO	2,625
TOTAL (including agency fees)	77,175

13. The Secretariat also sought clarification on the status of Croatia, following its application to be a member of the European Union (EU) and how this would affect its status as an Article 5 country, when implementation of the full pilot project would commence. It was explained that, as of this time, Croatia is still an Article 5 country and will be eligible for project preparation funding. It is hoped that when the full project is proposed Croatia, if already a full member of the EU at that time, could assist in seeking or providing some co-funding for the project implementation.

Secretariat's recommendation

14. The Executive Committee may wish to consider whether or not to approve the request for project preparation for the development of a strategy for disposal and destruction of ozone depleting substances for four low-volume-consuming countries in the Europe and Central Asia region at the level of funding of US \$35,000 for the Government of the Czech Republic plus agency support costs of US \$4,550, in line with decision 58/19.

REQUEST FROM THE GOVERNMENT OF FRANCE

Introduction

15. Table 3 provides a summary of the request for bilateral co-operation from the Government of France. The value of this request (US \$91,530) combined with the 2011 bilateral assistance project of US \$565,000 previously approved does not exceed 20 per cent of France's contribution for 2011 (US \$2,039,952).

Table 3

SUBMISSION FROM THE GOVERNMENT OF FRANCE

Project Title	Country	Amount Requested (US\$)	Amount Recommended (US\$)
HCFC phase-out management plan (stage I, first tranche)	Botswana	81,000	(1)
Agency Fee		10,530	
Total		91,530	

(1) UNEP/OzL.Pro/ExCom/65/26

BOTSWANA: HCFC phase-out management plan (stage I, first tranche) (US \$81,000)

16. The comments and recommendations of the Fund Secretariat are found in document UNEP/OzL.Pro/ExCom/65/26.

REQUEST FROM THE GOVERNMENT OF GERMANY

17. Table 4 provides a summary of the request for bilateral co-operation from the Government of Germany. The value of this request (US \$477,958) combined with Germany's approved bilateral activities in 2009 – 2011 and the amount returned to the 65th meeting exceeds its maximum bilateral contribution for the triennium 2009 – 2011 by US \$469,512. Since the year 2011 is the last of the 2009 – 2011 triennium, the maximum amount to be approved in the bilateral assistance programme for Germany at the 65th meeting should not exceed that of US \$8,446 reported in its submission as an unspent balance on completed projects to the 65th meeting.

Table 4

SUBMISSION FROM THE GOVERNMENT OF GERMANY

Project Title	Country	Amount Requested (US\$)	Amount Recommended (US\$)
HCFC phase-out management plan (stage I, first tranche)	Zimbabwe	426,891	(1)
Agency Fee		51,067	
Total		477,958	

(1) UNEP/OzL.Pro/ExCom/65/52

ZIMBABWE: HCFC phase-out management plan (stage I, first tranche) (US \$426,891)

18. The comments and recommendations of the Fund Secretariat are found in document UNEP/OzL.Pro/ExCom/65/52.

GENERAL RECOMMENDATION

19. The Executive Committee may wish to:

- (a) To request the Treasurer to offset the costs of the bilateral projects approved at the 65th meeting as follows:

- (i) [US \$XXX] (including agency fees) against the balance of the Czech Republic's bilateral contribution for 2011;
- (ii) [US \$XXX] (including agency fees) against the balance of France's bilateral contribution for 2011; and
- (iii) US \$8,446 (including agency fees) against the balance of Germany's bilateral contribution for 2009-2011 and [US \$XXX] to be offset against Germany's approved pledge for 2012-2015.
