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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-eighth Meeting
Montreal, Canada, 3-7 December 2012

OVERVIEW OF ISSUES IDENTIFIED UNDER PROJECT REVIEW

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

Introduction

1. This document consists of the following sections:
 - (a) An analysis of the number of projects and activities submitted by bilateral and implementing agencies to the 68th meeting;
 - (b) Issues identified during the project review process;
 - (c) Projects and activities submitted for blanket approval; and
 - (d) Investment projects for individual consideration.

Projects and activities submitted by bilateral and implementing agencies

2. Bilateral and implementing agencies submitted 104 funding requests for new multi-year agreements, tranches of approved multi-year agreements and projects and activities, amounting to US \$444,192,684, including agency support costs where applicable. The funding requests covered:
 - (a) Four HCFC phase-out management plans (HPMPs) for low-volume-consuming (LVC) countries and nine HPMPs for non-LVC countries;
 - (b) HCFC production phase-out management plan for one country (to be considered by the Sub-group on the Production Sector);
 - (c) Second tranches of approved HPMPs for nine countries (including China which consists of five sector plans) and one request for advanced funding of the second tranche to be requested in 2013;
 - (d) Two tranches of approved methyl bromide (MB) phase-out projects;
 - (e) UNEP Compliance Assistance Programme; and core units for UNDP, UNIDO and the World Bank;
 - (f) Thirty-three renewal requests for institutional strengthening projects, and start-up costs for one new institutional strengthening; and
 - (g) Two regional project preparation activities.
3. Following the project review process, 35 projects and activities totalling US \$5,770,045 including support costs are recommended for blanket approval; 64 projects and activities totalling US \$423,370,587 including support costs (of which US \$155,989,873 is requested at the 68th meeting) are being forwarded for individual consideration by the Executive Committee. Of the total amount of funding requested submitted for individual consideration, US \$301,000,000 (of which US \$75,250,000 is requested at the 68th meeting) is related to the HCFC production sector. Together, the projects for blanket approval and those for individual consideration represent a total amount of US \$161,759,918 in funding being requested at this meeting.
4. As advised in the “Report on balances and availability of resources” (UNEP/OzL.Pro/ExCom/68/4), the total level of resources available for approval by the Executive

Committee at the 68th meeting is US \$42,648,146, as of 5 November 2012. This amount is lower than that being requested for projects and activities at the same meeting.

Issues identified during project review

5. No policy issues were identified during the project review process for the 68th meeting. However, at its 67th meeting, the Executive Committee agreed to continue considering the issue of “maximizing the climate benefits from the phase-out of HCFCs in the refrigeration servicing sector” at its 68th meeting.

Maximizing the climate benefits from the phase-out of HCFCs in the refrigeration servicing sector

6. During the discussion of the document on “overview of issues identified during the project review¹” held at the 67th meeting, the Chair referred to decision 66/20 through which the Committee deferred further consideration of the issue of maximizing the climate benefits from the phase-out of HCFCs in the refrigeration servicing sector until the 67th meeting. Accordingly, the Executive Committee agreed to set up a contact group to discuss the matter further.

7. The Convenor of the contact group, introduced the draft recommendation that was presented at the 66th meeting, recalling that it was important to ensure that the phase-out of HCFCs in the refrigeration servicing sector had no negative impact on the climate. While some activities in the refrigeration servicing sector, such as the training of technicians, could have a beneficial impact on the climate, other activities, such as the retrofitting of existing HCFC-based refrigeration and air-conditioning equipment, could have a detrimental impact on the climate depending on the effect in climate of the alternatives being used. The Convenor also recalled that when agencies proposed early retrofits or conversions to alternative refrigerants, the Secretariat questioned the availability of these alternatives in the local market and their sustainability; as a result, activities in early stages of HPMPs have focused instead on emission reduction. He also pointed out that where low GWP alternatives were available at competitive prices countries should give priority to their use.

8. During the discussion of the contact group, several issues were raised and observations were made, including the different levels of success in implementing recovery and recycling schemes; the limited availability of low-GWP and cost-effective alternatives in local markets; the barriers at the national and international levels for the introduction of low-GWP alternative refrigerants. Further issues included the need to address safety related issues with some of the alternative refrigerants; in addition to refrigeration and air-conditioning systems, a heat-exchange system was considered; guidance on the use of refrigerant blends; whether additional funding would be provided for implementing activities addressing climate issues; and any additional reporting requirements that would be required. It was also noted that regulations to disallow the venting of refrigerants during service/maintenance operations and reducing the HCFC based equipment population were key factors.

9. Further to this discussion, the Convenor presented a revised draft proposal to the contact group that had incorporated relevant issues and observations made by the members. Several members supported the revised draft recommendation noting that it was an improvement from the first draft. Given the time constraints, the Convenor proposed, if the Committee were to agree, that interested members submit comments to the revised draft proposal to the Secretariat and continue discussing the issue at the 68th meeting.

10. Further to the report by the Convenor of the contact group, the Executive Committee noted the revised proposal by the Convenor of the contact group on maximizing climate benefits from the phase-out

¹ UNEP/OzL.Pro/ExCom/67/18.

of HCFCs in the refrigeration servicing sector, inviting members to submit written comments on the revised proposal to the Secretariat no later than 14 September 2012; and requested the Secretariat to compile the comments received from the Executive Committee members and to submit them, together with the revised proposal by the Convenor, in the document on overview of issues identified under project review, for consideration by the Committee at its 68th meeting (decision 67/16).

11. Pursuant to decision 67/16, on 27 August 2012 the Secretariat sent to members of the Executive Committee the revised proposal on maximizing climate benefits from the phase-out of HCFCs in the refrigeration servicing sector and kindly requested from them to submit written comments. However, no comments were received. The text of the proposal is contained in Annex I to this document.

12. The Executive Committee might wish to continue discussing the draft recommendation on maximizing the climate benefits from the phase-out of HCFCs in the refrigeration servicing sector as contained in Annex I to this document.

Projects and activities submitted for blanket approval

13. Annex II to this document, lists 35 projects and activities totalling US \$5,770,045 including support costs that are recommended for blanket approval. The second tranche of stage I of the HPMPs for two countries (Morocco and Uruguay) have been recommended for blanket approval in line with decision 66/19. The approval of these projects by the Executive Committee would include the relevant conditions or provisions in the corresponding project evaluation sheets as well as the approval of implementation programmes associated with the relevant tranches of multi-year projects.

Investment projects for individual consideration

14. After a review by the Secretariat, a total of 64 projects and activities totalling US \$423,370,587 including support costs (of which US \$155,989,873 is requested at the 68th meeting) are proposed for individual consideration. Of the total amount of funding requested and submitted for individual consideration, US \$301,000,000 (of which US \$75,250,000 is requested at the 68th meeting) is related to the HCFC production sector. The issues associated with non-investment projects are presented in the bilateral cooperation document (UNEP/OzL.Pro/ExCom/68/15), and the 2012 work programme amendments for UNEP (UNEP/OzL.Pro/ExCom/68/17).

15. To facilitate the Executive Committee's consideration of the projects submitted for individual consideration, the Secretariat has classified the projects by sector, and has grouped projects according to the issues, as shown in Table 1 below.

Table 1. List of projects for individual consideration

Country	Project	Agency	ExCom	Issue
Non-funding requested				
India	CTC phase-out plan for the consumption and production sectors: 2011 verification report and work plan covering the funds remaining	World Bank	68/31	Work plan for CTC phase-out plan
Philippines	National CFC phase-out plan: work programme for 2013-2015	UNEP	68/37	Work plan for CFC activities
Second tranches of HPMPs				
Brazil	HCFC phase-out management plan (phase I, second tranche)	UNDP/Germany	68/23	All issues have been satisfactorily addressed
China	HCFC phase-out management plan (phase I, second tranche) five sector plans	UNDP/UNEP/UNIDO/ World Bank/Japan/	68/24	Issues related to fund disbursement

Country	Project	Agency	ExCom	Issue
		Germany		
Cuba	HCFC phase-out management plan (phase I, advanced approval of second tranche)	UNDP	68/25	Request for an advance of funding associated with the second tranche
Egypt	HCFC phase-out management plan (phase I, second tranche)	UNDP/UNIDO	68/27	All issues have been satisfactorily addressed
Guatemala	HCFC phase-out management plan (phase I, second tranche)	UNIDO/UNEP	68/29	Amending the funding schedule of the second and third tranches
Islamic Republic of Iran	HCFC phase-out management plan (phase I, second tranche)	UNDP/UNIDO/ Germany	68/32	All issues have been satisfactorily addressed
Saint Lucia	HCFC phase-out management plan (phase I, second tranche)	UNEP/UNIDO	68/38	Potential change of HCFC baseline in 2013
HPMPs for LVC countries				
Ethiopia	HCFC phase-out management plan (stage I, first tranche)	UNEP/UNIDO	68/28	All issues have been satisfactorily addressed
Haiti	HCFC phase-out management plan (stage I, first tranche)	UNDP/UNEP	68/30	Change of baseline request awaiting decision by the 24th meeting of the Parties
Myanmar	HCFC phase-out management plan (stage I, first tranche)	UNEP/UNIDO	68/35	All issues have been satisfactorily addressed
Uganda	HCFC phase-out management plan (stage I, first tranche)	UNEP/UNIDO	68/43	All issues have been satisfactorily addressed
HPMPs/sector plan for non-LVC countries				
Bahrain	HCFC phase-out management plan (stage I, first tranche)	UNEP/UNIDO	68/22	Reduction above 10 per cent of baseline
Democratic People's Republic of Korea	HCFC phase-out management plan (stage I, first tranche)	UNIDO/UNEP	68/26	Disbursement, organizational structures and monitoring procedures. UN Security Council Resolutions. Reduction beyond 10 per cent of baseline.
Peru	HCFC phase-out management plan (stage I, first tranche)	UNDP/UNEP	68/36	Reduction beyond 10 per cent of baseline. No confirmation has been received from the Government on licensing/quota systems (decision 63/17)
Philippines	HCFC phase-out management plan (stage I, first tranche)	UNEP	68/37	All issues have been satisfactorily addressed
Saudi Arabia	HCFC phase-out management plan (stage I, first tranche)	UNEP/UNIDO	68/39	Reduction above 10 per cent of baseline
Syrian Arab Republic	HCFC phase-out management plan (stage I, no tranche request)	UNEP/UNIDO	68/40	Implementation of activities under the circumstances prevailing in the country
Thailand	HCFC phase-out management plan (stage I, first tranche)	World Bank/Japan	68/41	Reduction above 10 per cent of baseline
Turkey	HCFC phase-out management plan (stage I, first tranche)	UNEP/UNIDO	68/42	Reduction above 10 per cent of baseline
Yemen	HCFC phase-out management plan (stage I, first tranche)	UNEP/UNIDO	68/45	Reduction above 10 per cent of baseline

Annex I

**MAXIMIZING THE CLIMATE BENEFITS FROM THE PHASE-OUT OF HCFCs IN THE
REFRIGERATION SERVICING SECTOR**

(Proposed draft recommendation by the Convenor of the Contact Group)

1. The Executive Committee decided:
 - (a) To encourage Article 5 countries with approved HCFC phase-out management plans (HPMPs) that address HCFC reductions up to and beyond 2020 in the refrigeration servicing sector to take into account climate-related impacts during implementation of their HPMPs by:
 - (i) Prioritizing approved HPMP activities that promote the reduction of refrigerant emissions (such as training of technicians, good service practice, containment of emissions and recovery/reuse) and/or retrofitting/replacement of HCFC-based equipment to lower global warming potential (GWP) energy efficient alternatives, when such alternatives are commercially available and cost-effective in their countries;
 - (ii) Minimizing, to the extent possible, replacement or retrofitting of HCFC-based equipment to higher GWP alternatives;
 - (iii) Giving due consideration, within the limits of approved funding, to facilitating the introduction of energy efficient technologies based on non-HCFC and low-GWP refrigerants by:
 - a. Fostering a dialogue amongst regulatory authorities and key stakeholders addressing ozone, climate, and energy efficiency issues at the country level;
 - b. Identifying technical and economic barriers to the use of these alternative technologies including implications for training and servicing practices; and
 - c. Developing policies and/or codes and standards to promote the introduction and sustainability of these alternative technologies;
 - (b) To encourage other Article 5 countries to consider the issues mentioned in paragraph (a) above when developing stage I and/or stage II of their HPMPs; and
 - (c) To request the Secretariat, in consultation with bilateral and implementing agencies, to prepare a discussion document to the 70th meeting outlining key issues and considerations involved in further promoting strategies, approaches and technologies to maximize the climate benefits of HCFC phase-out in the refrigeration servicing sector in the context of decision XIX/6 of the Parties.

List of projects and activities recommended for blanket approval

 UNEP/OzL.Pro/ExCom/68/14
 Annex II

Project Title	Agency	ODP (tonnes)	Funds recommended (US\$)		C.E. (US\$/kg)
			Project	Support	
ANTIGUA AND BARBUDA					
SEVERAL					
Ozone unit support					
Extension of institutional strengthening project (phase IV)	UNEP		\$60,000	\$0	\$60,000
Total for Antigua and Barbuda			\$60,000		\$60,000
ARMENIA					
SEVERAL					
Ozone unit support					
Extension of institutional strengthening project (phase III)	UNIDO		\$120,000	\$8,400	\$128,400
Total for Armenia			\$120,000	\$8,400	\$128,400
BAHRAIN					
SEVERAL					
Ozone unit support					
Extension of institutional strengthening project (phase VII)	UNEP		\$60,000	\$0	\$60,000
Total for Bahrain			\$60,000		\$60,000
BARBADOS					
SEVERAL					
Ozone unit support					
Renewal of institutional strengthening project (phase V)	UNEP		\$117,000	\$0	\$117,000
Total for Barbados			\$117,000		\$117,000
BURKINA FASO					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase X)	UNEP		\$72,410	\$0	\$72,410
Total for Burkina Faso			\$72,410		\$72,410
CENTRAL AFRICAN REPUBLIC					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase VI)	UNEP		\$60,000	\$0	\$60,000
Total for Central African Republic			\$60,000		\$60,000

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Project Title	Agency	ODP (tonnes)	Funds recommended (US\$)		C.E. (US\$/kg)
			Project	Support	
CHINA					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase X)	UNDP		\$390,000	\$27,300	\$417,300
Total for China			\$390,000	\$27,300	\$417,300
COTE D'IVOIRE					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase VI)	UNEP		\$106,340	\$0	\$106,340
Total for Cote D'Ivoire			\$106,340		\$106,340
DOMINICAN REPUBLIC					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase VII)	UNEP		\$134,333	\$0	\$134,333
Total for Dominican Republic			\$134,333		\$134,333
ERITREA					
SEVERAL					
Ozone unit support					
Institutional strengthening (phase II)	UNEP		\$60,000	\$0	\$60,000
Total for Eritrea			\$60,000		\$60,000
GUATEMALA					
FUMIGANT					
Methyl bromide					
National phase-out of methyl bromide (phase II, second tranche)	UNIDO	217.7	\$943,047	\$70,728	\$1,013,775
<i>UNIDO was requested to submit the project completion report to the Executive Committee soon after completion of the 2013 annual implementation programme.</i>					
Total for Guatemala			217.7	\$943,047	\$70,728
GUYANA					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase V)	UNEP		\$60,000	\$0	\$60,000
Total for Guyana			\$60,000		\$60,000

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Project Title	Agency	ODP (tonnes)	Funds recommended (US\$)		C.E. (US\$/kg)
			Project	Support	
HONDURAS					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase VII)	UNEP		\$60,000	\$0	\$60,000
	Total for Honduras		\$60,000		\$60,000
JAMAICA					
SEVERAL					
Ozone unit support					
Extension of institutional strengthening project (phase VIII)	UNEP		\$60,000	\$0	\$60,000
	Total for Jamaica		\$60,000		\$60,000
JORDAN					
SEVERAL					
Ozone unit support					
Extension of institutional strengthening project (phase X)	IBRD		\$147,333	\$10,313	\$157,646
	Total for Jordan		\$147,333	\$10,313	\$157,646
KUWAIT					
SEVERAL					
Ozone unit support					
Extension of institutional strengthening project (phase V)	UNEP		\$105,320	\$0	\$105,320
	Total for Kuwait		\$105,320		\$105,320
KYRGYZSTAN					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase VI)	UNEP		\$115,830	\$0	\$115,830
	Total for Kyrgyzstan		\$115,830		\$115,830
LEBANON					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase VIII)	UNDP		\$155,090	\$10,856	\$165,946
	Total for Lebanon		\$155,090	\$10,856	\$165,946

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Project Title	Agency	ODP (tonnes)	Funds recommended (US\$)		C.E. (US\$/kg)
			Project	Support	
LESOTHO					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase VI)	UNEP		\$60,000	\$0	\$60,000
	Total for Lesotho		\$60,000		\$60,000
MEXICO					
SEVERAL					
Ozone unit support					
Extension of institutional strengthening project (phase XI)	UNIDO		\$247,000	\$17,290	\$264,290
	Total for Mexico		\$247,000	\$17,290	\$264,290
MOROCCO					
PHASE-OUT PLAN					
HCFC phase out plan					
HCFC phase-out management plan (stage I, second tranche) (refrigeration servicing sector)	UNIDO		\$220,000	\$16,500	\$236,500
	Total for Morocco		\$220,000	\$16,500	\$236,500
NIGERIA					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase VII)	UNDP		\$260,000	\$18,200	\$278,200
	Total for Nigeria		\$260,000	\$18,200	\$278,200
PAKISTAN					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase VII)	UNDP		\$224,467	\$15,713	\$240,180
	Total for Pakistan		\$224,467	\$15,713	\$240,180
PERU					
SEVERAL					
Ozone unit support					
Renewal of institutional strengthening project (phase IV)	UNEP		\$133,510	\$0	\$133,510
	Total for Peru		\$133,510		\$133,510

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 UNEP/OzL.Pro/ExCom/68/14
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Project Title	Agency	ODP (tonnes)	Funds recommended (US\$)		C.E. (US\$/kg)
			Project	Support	
SAINT KITTS AND NEVIS					
SEVERAL					
Ozone unit support					
Extension of institutional strengthening project (phase V)	UNEP		\$60,000	\$0	\$60,000
Total for Saint Kitts and Nevis			\$60,000		\$60,000
SAINT LUCIA					
SEVERAL					
Ozone unit support					
Renewal of institutional strengthening project (phase VIII)	UNEP		\$60,000	\$0	\$60,000
Total for Saint Lucia			\$60,000		\$60,000
SOMALIA					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase VII)	UNEP		\$60,000	\$0	\$60,000
Total for Somalia			\$60,000		\$60,000
THAILAND					
SEVERAL					
Ozone unit support					
Extension of institutional strengthening project (phase VII)	IBRD		\$346,668	\$24,267	\$370,935
Total for Thailand			\$346,668	\$24,267	\$370,935
TOGO					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase VII)	UNEP		\$60,666	\$0	\$60,666
Total for Togo			\$60,666		\$60,666
TRINIDAD AND TOBAGO					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase VII)	UNDP		\$60,000	\$4,200	\$64,200
Total for Trinidad and Tobago			\$60,000	\$4,200	\$64,200

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Project Title	Agency	ODP (tonnes)	Funds recommended (US\$)		C.E. (US\$/kg)
			Project	Support	
URUGUAY					
PHASE-OUT PLAN					
HCFC phase out plan					
HCFC phase-out management plan (stage I, second tranche)	UNDP		\$100,000	\$7,500	\$107,500
Total for Uruguay			\$100,000	\$7,500	\$107,500
VENEZUELA					
SEVERAL					
Ozone unit support					
Renewal of institutional strengthening project (phase XI)	UNDP		\$285,480	\$19,984	\$305,464
Total for Venezuela			\$285,480	\$19,984	\$305,464
VIETNAM					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase IX)	UNEP		\$118,976	\$0	\$118,976
Total for Vietnam			\$118,976		\$118,976
YEMEN					
FUMIGANT					
Methyl bromide					
Terminal phase-out of methyl bromide (third tranche)	Germany	20.0	\$200,000	\$25,325	\$225,325
<i>The Government of Germany was requested to submit the project completion report to the Executive Committee soon after completion of the 2013-2014 annual implementation programme.</i>					
SEVERAL					
Ozone unit support					
Extension of the institutional strengthening project (phase VII)	UNEP		\$169,999	\$0	\$169,999
Total for Yemen		20.0	\$369,999	\$25,325	\$395,324
GRAND TOTAL		237.7	\$5,493,469	\$276,576	\$5,770,045