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Executive Committee of  
the Multilateral Fund for the  
Implementation of the Montreal Protocol

Twenty-seventh Meeting  
Montreal, 24-26 March 1999

**UNDP 1999 WORK PROGRAMME**

## COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

### COMMENTS

1. UNDP is requesting approval from the Executive Committee for US \$2,961,701 for its 1999 work programme as indicated in Table 1.

Table 1:

UNDP 1999 Work Programme and corresponding funding levels

Country	Sector and Sub-Sector	Date of Completion	Remaining Project Preparation from 1998 (US \$)	Total Funds for Project Preparation in 1999 including Request to 27 <sup>th</sup> Meeting (US \$)	Project Preparation Requested at 27 <sup>th</sup> Meeting (US \$)	Amount Recommended (US \$)
Argentina	Prepare 1 umbrella project and 3 other projects in the rigid foam subsector	April 2000	0	40,000	40,000	40,000
Argentina	Prepare 1 project in the commercial refrigeration subsector	April 2000	0	20,000	20,000	20,000
Argentina	Prepare 2 projects in the integral skin foam subsector	April 2000	0	20,000	20,000	20,000
Bahrain	Prepare 2 projects in the commercial <sup>1</sup> refrigeration subsector	April 2000	0	20,000	20,000	Pending
Benin	Prepare 2 projects in the general foam subsector	April 2000	0	25,000	25,000	15,000

<sup>1</sup> The original request was for the domestic refrigeration sector. UNDP subsequently informed the Secretariat that the request is for the commercial refrigeration sector.

Country	Sector and Sub-Sector	Date of Completion	Remaining Project Preparation from 1998 (US \$)	Total Funds for Project Preparation in 1999 including Request to 27 <sup>th</sup> Meeting (US \$)	Project Preparation Requested at 27 <sup>th</sup> Meeting (US \$)	Amount Recommended (US \$)
Bolivia	Prepare 1 methyl bromide alternative demonstration project in soil fumigation (cotton and soy <sup>2</sup> )	April 2000	0	20,000	20,000	20,000
Brazil	Prepare 5 projects in the integral skin foam subsector	April 2000	0	35,000	35,000	35,000
Brazil	Prepare 6 projects in the rigid foam subsector	April 2000	0	30,000	30,000	30,000
Brazil	Prepare 4 projects in the commercial refrigeration subsector	April 2000	0	40,000	40,000	40,000
Brazil	Prepare 1 project in the domestic refrigeration sector	April 2000	0	15,000	15,000	15,000
Brazil	Prepare 4 projects in general foam subsector	April 2000	0	30,000	30,000	30,000
Chad	Prepare 1 project in refrigerant recovery/recycling and RMP preparation <sup>3</sup>	April 2000	0	25,000	25,000	25,000
China	Prepare 10 projects in the integral skin foam subsector	April 2000	0	75,000	75,000	75,000

<sup>2</sup> The original request was for soil fumigation (other). UNDP subsequently informed the Secretariat that the request is for cotton and soy.

<sup>3</sup> UNDP agreed to provide RMP preparation along with the elaboration of the recovery and recycling equipment component as part of the approval.

Country	Sector and Sub-Sector	Date of Completion	Remaining Project Preparation from 1998 (US \$)	Total Funds for Project Preparation in 1999 including Request to 27 <sup>th</sup> Meeting (US \$)	Project Preparation Requested at 27 <sup>th</sup> Meeting (US \$)	Amount Recommended (US \$)
China	Completion of preparations of projects <sup>4</sup> for the solvent sector strategy and financing plan	April 2000	0	80,000	80,000	0
China	Prepare 1 project in the solvent (TCA and CFC-113 sub-sectors) <sup>5</sup>	April 2000	0	40,000	40,000	0
China	Prepare 16 project in the general foam subsector	April 2000	0	100,000	100,000	100,000
Colombia	Prepare 3 projects in the rigid foam subsector	April 2000	0	20,000	20,000	Withdrawn
Costa Rica	Renewal of institutional strengthening project for the phase-out of ozone depleting substance under the Montreal Protocol: Phase 3		0	108,087	108,087	108,087
Dominican Republic	Prepare 1 project in the general foam subsector	April 2000	0	20,000	20,000	20,000

<sup>4</sup> UNDP originally requested funding for the 1<sup>st</sup> Tranche of the Solvent Strategy, but subsequently indicated that the request was to complete project preparation for the solvent strategy.

<sup>5</sup> UNDP agreed to change the name to reflect the fact that there is one project for CFC-113 and TCA, instead of two projects, one for solvent general and the other for solvent TCA.

<b>Country</b>	<b>Sector and Sub-Sector</b>	<b>Date of Completion</b>	<b>Remaining Project Preparation from 1998 (US \$)</b>	<b>Total Funds for Project Preparation in 1999 including Request to 27<sup>th</sup> Meeting (US \$)</b>	<b>Project Preparation Requested at 27<sup>th</sup> Meeting (US \$)</b>	<b>Amount Recommended (US \$)</b>
India	Renewal of institutional strengthening project for the phase-out of ozone depleting substance under the Montreal Protocol: Phase 3	April 2000	0	287,100	287,100	287,100
India	Prepare 2 projects in the aerosol sector	April 2000	15,000	30,000	15,000	15,000
India	Prepare 10 projects in the general foam subsector	April 2000	0	50,000	50,000	50,000
India	Prepare 4 halon non-recycling projects	April 2000	0	20,000	20,000	Withdrawn
India	Prepare 5 projects in the commercial refrigeration subsector	April 2000	0	35,000	35,000	35,000
India	Prepare 7 projects in the rigid foam subsector	April 2000	0	25,000	25,000	25,000
Indonesia	Prepare 3 projects in the general foam subsector	April 2000	0	20,000	20,000	Withdrawn
Indonesia	Prepare 2 projects in the commercial refrigeration subsector	April 2000	0	20,000	20,000	Withdrawn
Iran	Prepare 4 projects in the integral skin foam subsector	April 2000	0	50,000	50,000	50,000
Iran	Prepare 3 projects in the commercial refrigeration subsector	April 2000	0	25,000	25,000	25,000

<b>Country</b>	<b>Sector and Sub-Sector</b>	<b>Date of Completion</b>	<b>Remaining Project Preparation from 1998 (US \$)</b>	<b>Total Funds for Project Preparation in 1999 including Request to 27<sup>th</sup> Meeting (US \$)</b>	<b>Project Preparation Requested at 27<sup>th</sup> Meeting (US \$)</b>	<b>Amount Recommended (US \$)</b>
Lebanon	Prepare 4 projects in the aerosol sector	April 2000	0	30,000	30,000	30,000
Lebanon	Prepare 1 project in the foam subsector	April 2000	0	20,000	20,000	20,000
Mada-gascar	Prepare 1 project in the foam subsector	April 2000	0	25,000	25,000	Withdrawn
Malaysia	Prepare 3 projects in the rigid foam subsector	April 2000	0	25,000	25,000	Pending
Malaysia	Institutional strengthening: Phase III		0	215,000	215,000	Withdrawn
Malaysia	Prepare 2 projects in the commercial refrigeration subsector	April 2000	0	20,000	20,000	20,000
Mexico	Prepare 3 projects in the foam sector	April 2000	10,000	40,000	30,000	20,000
Mexico	Prepare 1 halon recycling project	April 2000	20,000	25,000	5,000	Withdrawn
Mongolia	Prepare 1 project in the general foam subsector	April 2000	0	25,000	25,000	Withdrawn
Morocco	Prepare 1 methyl bromide alternative demonstration project in fumigation storage	April 2000	0	25,000	25,000	Withdrawn

Country	Sector and Sub-Sector	Date of Completion	Remaining Project Preparation from 1998 (US \$)	Total Funds for Project Preparation in 1999 including Request to 27 <sup>th</sup> Meeting (US \$)	Project Preparation Requested at 27 <sup>th</sup> Meeting (US \$)	Amount Recommended (US \$)
Mozambique	Prepare 1 methyl bromide alternative demonstration project in soil fumigation (tobacco)	April 2000	0	20,000	20,000	20,000
Nepal	Prepare <sup>6</sup> a recovery and recycling project for the refrigeration sector	April 2000	0	20,000	20,000	10,000
Nepal	Prepare 1 project in the commercial refrigeration subsector	April 2000	0	20,000	20,000	Pending
Nigeria	Prepare 7 projects in the general foam subsector	April 2000	0	35,000	35,000	35,000
Nigeria	Prepare 3 projects in the general foam subsector	April 2000	0	15,000	15,000	15,000
Nigeria	Institutional strengthening: Phase II		0	200,000	200,000	Withdrawn
Pakistan	Institutional strengthening: Phase II		0	172,667	172,667	Withdrawn
Panama	Prepare a refrigerant recovery/recycling project	April 2000	0	15,000	15,000	Withdrawn
Papua New Guinea	Prepare a refrigerant recovery/recycling project	April 2000	0	25,000	25,000	Withdrawn

<sup>6</sup> The original request was for the foam sector. UNDP subsequently informed the Secretariat that the request is for a refrigeration recycling and recovery project.

Country	Sector and Sub-Sector	Date of Completion	Remaining Project Preparation from 1998 (US \$)	Total Funds for Project Preparation in 1999 including Request to 27 <sup>th</sup> Meeting (US \$)	Project Preparation Requested at 27 <sup>th</sup> Meeting (US \$)	Amount Recommended (US \$)
Paraguay	Prepare a refrigerant recovery/recycling project	April 2000	0	20,000	20,000	20,000 on the condition that funds are used to develop RMP
Peru	Prepare 1 project in the general foam subsector	April 2000	0	20,000	20,000	20,000 on the condition that this is for a terminal project in polystyrene sub-sector
Sri Lanka	Prepare 1 project in the halon recycling	April 2000	0	25,000	25,000	Withdrawn
Sri Lanka	Institutional strengthening: Phase III		0	103,120	103,120	Withdrawn
Syria	Prepare 1 project in the flexible foam subsector	April 2000	0	15,000	15,000	15,000
Syria	Prepare 4 projects in the commercial refrigeration subsector	April 2000	0	25,000	25,000	25,000
Syria	Prepare 3 projects in the domestic refrigeration subsector	April 2000	0	50,000	50,000	50,000
Thailand	Prepare 6 projects in the general foam subsector	April 2000	0	25,000	25,000	25,000



Country	Sector and Sub-Sector	Date of Completion	Remaining Project Preparation from 1998 (US \$)	Total Funds for Project Preparation in 1999 including Request to 27 <sup>th</sup> Meeting (US \$)	Project Preparation Requested at 27 <sup>th</sup> Meeting (US \$)	Amount Recommended (US \$)
Venezuela	Prepare 1 project in the refrigeration MAC & compressors subsector	April 2000	0	30,000	30,000	30,000
Vietnam	Prepare 3 projects in the aerosol sector	April 2000	10,000	20,000	10,000	Withdrawn
Vietnam	Prepare 2 projects in the general foam subsector	April 2000	0	15,000	15,000	15,000
Zambia	Prepare a methyl bromide alternative demonstration project in soil fumigation	April 2000	0	30,000	30,000	Withdrawn
<b>Sub-Total</b>			55,000	2,675,974	2,620,974	Pending
<b>Agency support costs</b>	(13%)		7,150	347,877	340,727	Pending
<b>Less</b>	Project preparation advance approved at 26 <sup>th</sup> Meeting (decision 26/24)					(337,870)
<b>Total</b>			62,150	3,023,851	2,961,701	Pending

## COMMENTS

### Criteria for the submission of project preparation proposals

2. The Executive Committee approved the criteria for the submission of project preparation proposals at its 23<sup>rd</sup> Meeting (decision 23/51). UNDP's request for project preparation complies in general with these criteria. The criteria require that project preparation should be considered on a case-by-case basis if the request is for project preparation for countries for which approved projects have phased out over 80 per cent of their ODS consumption as reported in the latest available data (decision 23/51 (d)). This criterion

was not intended to preclude approval, but instead, to identify for individual consideration project preparation requests from countries where the Executive Committee has already provided significant assistance.

3. The following countries for which UNDP is requesting project preparation funds are suggested for individual consideration based on decision 23/51 criterion d (with percentage of ODS funding of latest consumption in brackets): China (88 per cent), Indonesia (374 per cent), Malaysia (120 per cent), Mozambique (111 per cent), and Peru (96 per cent).

#### **Institutional strengthening renewals for Malaysia, Nigeria, Pakistan, and Sri Lanka (US \$790,787)**

4. UNDP included requests for institutional strengthening renewals for Malaysia, Nigeria, Pakistan, and Sri Lanka in its 1999 work programme in error as the necessary documentation for institutional strengthening renewal was not provided. However, UNDP has included these activities in its 1999 business plan and plans to submit requests for these countries later in 1999. For this meeting, these requests were withdrawn.

#### **Bahrain - Prepare 2 projects in the commercial refrigeration subsector (US \$20,000)**

5. The country programme of Bahrain indicated the consumption is in the end-user sector for this subsector. UNDP identified two enterprises producing water coolers with CFC-12 that were not identified in the country programme.

#### **China - Solvent sector (US \$100,000)**

6. The Executive Committee approved US \$200,000 for the development of the China Solvent Plan in addition to US \$225,000 for the update of China's country programme at its 21<sup>st</sup> Meeting. At its 23<sup>rd</sup> Meeting, the Executive Committee requested UNDP to resubmit by the second meeting of 1999 a project in China's solvent sector for Irco (Caihong) Colour Picture Tube Factory because although the project was eligible for approval, it required commitment of a significant amount of funding over a four-year period which the Committee considered could be better used for projects contributing directly to attainment of the 1999 freeze.

7. UNDP's China Solvent Plan is submitted for the consideration of the Executive Committee at this meeting. The plan does not require the submission of project proposals on a project-by-project basis. UNDP is requesting the following funds for project preparation:

- a. An additional US \$80,000 to finalize its preparation of projects for the China Solvent Plan
- b. An additional US \$20,000 (original request revised) to reformulate the Caihong project. The project was recommended for blanket approval at the 23<sup>rd</sup> Meeting. However, the Executive Committee decided that the project will not impact on the 1999 freeze due to the long time required for implementation, and that it should be considered for funding only in 1999.

**Costa Rica - Renewal of institutional strengthening project for the phase-out of ozone depleting substance under the Montreal Protocol: Phase 3 (US \$108,087)**

<b>Summary of the Project and Country Profile</b>	
Implementing Agency:	UNDP
Amount originally approved:	Phase I: 213,160 Phase II: 108,087
Amount requested for renewal:	US \$108,087
Date of approval of country programme	1992
ODS consumption reported in country programme (1991), (ODP Tonnes)	240
Latest reported ODS consumption (1996) (ODP tonnes)	864 (*)
Amount approved for investment projects (as of November 1998) (US \$)	863,202
Amount disbursed (as at December 1997) (US \$)	217,279
ODS to be phased out (tonnes ODP)	37
ODS phased out (as at December 1997) (tonnes ODP)	0

(\*) Including 360 ODP tonnes of methyl bromide.

**Progress Report**

8. The following non-investment activities have been approved and funded by the Executive Committee:

<b>Costa Rica</b>		
(a)	Seminar/workshop in the foam sector	21,120
(b)	Project preparation for 2 methyl bromide alternative demonstration projects	40,000
(c)	Implementation of a national programme for recovery and recycling of refrigerant	334,780
(d)	Mobile air conditioning (MAC) and refrigerated transport (RT)	130,000
(e)	Project preparation for 2 projects in commercial refrigeration subsector	20,000
(f)	ODS reconnaissance study	23,422
(g)	Country programme preparation	22,909
(h)	Assistance in project preparation	50,000
(i)	Project preparation in the foam, refrigeration and solvent sectors	35,000
(j)	Seminar/workshop in the solvent sector	21,120
	<b>Total</b>	<b>698,351</b>

9. The main achievements reported in the progress report include: completion of the investment project for the conversion of manufacturing of domestic refrigerators at Atlas Eléctrica with a total ODP phased out of 27.25 tonnes; implementation of the MAC recovery and recycling demonstration project and the commercial/industrial recovery and recycling project (including training programmes for service technicians in recovery/recycling operations); establishment of a national refrigeration technicians' organization; preparation of two demonstration project proposals for alternatives to methyl bromide use as a soil fumigant in cut flowers and melons and a project proposal for conversion of two commercial refrigeration plants; implementation of a training programme for establishing a national license system for ODS import and a training programme for customs officers on ODS control; ratification of the Copenhagen and London Amendments to the Montreal Protocol.

Plan of Action

10. The action plan for the next period involves approval by the Ministry of Environment of restrictions to import and/or manufacture domestic and commercial refrigerators using CFCs and development of additional regulations and controls for ODSs; preparation of new investment projects; implementation of methyl bromide demonstration projects and follow-up on projects currently under implementation, including refrigerant recovery and recycling projects and establishment of a system to certificate service technicians in the refrigeration and air conditioning sector; continuation of awareness campaigns to consolidate reduction of ODS consumption.

**India - Renewal of institutional strengthening project for the phase-out of ozone depleting substance under the Montreal Protocol: Phase 3 (US \$287,100)**

<b>Summary of the Project and Country Profile</b>	
Implementing Agency:	UNDP
Amount originally approved:	(Phase I, 1992) US \$430,600 (Phase II, 1996) US \$287,100
Amount requested for renewal:	US \$287,100
Date of approval of country programme	1993
ODS consumption reported in country programme (1991), (ODP Tonnes)	13,111 ODP Tonnes
ODS production reported in country programme (1991), (ODP Tonnes)	9,280 ODP Tonnes
Latest reported ODS consumption (1996) (ODP tonnes)	16,038 ODP Tonnes
Latest reported CFC production (1996) (ODP tonnes)	22,460 ODP Tonnes
Amount approved for investment projects (as of November 1998) (US \$)	41,811,961
Amount disbursed (as at December 1997) (US \$)	11,112,158
ODS to be phased out (tonnes ODP)	6,352 ODP Tonnes
ODS phased out (as at December 1997) (tonnes ODP)	741 ODP Tonnes

Progress Report

11. The Executive Committee has approved US \$ 4.26 million for India for non-investment related activities.

12. The main achievements reported in the progress report include: 43 investment projects which have been completed phasing out a total of 1,624 ODP tonnes; total disbursement (as of end December 1998) for completed and ongoing projects stood at US \$ 18.9 million; requests made to the Ministry of Environment and Forests for granting a 'certificate' for availing the benefit of customs duty exemptions were processed and certificates were issued; efforts were made to expedite implementation of already approved projects (meetings were held with UNDP and the World Bank to overcome bottlenecks in project implementation); the project for survey of small scale and informal sector enterprises was completed; the Defense Institution of Fire Research has submitted the draft report of a halon sector strategy in September 1998; consumption of halons by enterprises is being verified and the draft strategy report is being analyzed and examined.

13. A technical audit team appointed by the Multilateral Fund had visited India in October 1998 and conducted audit in all four CFCs producing units and submitted their reports to the Fund. The World Bank undertook surveys of all CFC producing units located in Vadodara, Surat, Chennai and Bhiwadi (a draft

proposal has been submitted to the Sub-Group on Production Sector). The Steering Committee established by the Government decided to allow the benefit of customs and excise duty exemptions for ODS phaseout projects and for goods required for the setting up of new capacity with non-ODS technologies. Annex A and B substances of the Montreal Protocol were brought under the ambit of licensing for purposes of both imports and exports. Also, exports of these substances to non-Article-5 Parties was banned. The Draft Ozone Regulations are in the process of finalization.

14. Two papers were prepared on process agents (UNEP/OzL.Pro/WG-1/17/CRP-13) and on the production sector (UNEP/OzL.Pro/WG-1/17/CRP-15) and were submitted for consideration of XVII Meeting of the Open Ended Working Group of the Parties. Several information dissemination and public awareness programmes were implemented.

#### Plan of Action

15. The action plan for the next period involves: continue to be the national coordinating unit for implementation of the Montreal Protocol; coordinate preparation and processing of ODS phaseout projects; management and creation of database and monitoring of production sector gradual closure project; expedite implementation of approved projects; visits to completed project sites to monitor the use of CFC substitutes as per the project document; implementation, follow up and further development of legal and other measures towards attaining objectives of the country programme; continue information dissemination; contribute substantially to the functioning of different organs of the Protocol by close involvement with the Executive Committee, Open-ended Working Group, Meeting of the Parties, South Asia Network Meeting and other meetings of the Protocol; act as focal point for communication with different organs of the Protocol and provide reports and information to the Fund Secretariat and the UNEP Ozone Secretariat, including reports needed under Article-7 and the country programme progress report; continue awareness campaign among SMEs, general public and other target groups.

#### **Indonesia - Foam (US \$20,000) and Commercial refrigeration (US \$20,000)**

16. 48 foam projects have been approved for Indonesia to phase out 3,424 ODP tonnes at a cost of over US \$18.6 million. Of UNDP's 27 foam projects in Indonesia, only six have been completed. 12 projects have been approved for Indonesia's commercial refrigeration sector at a cost of over US \$2.4 million to phase out 193 ODP tonnes. Eight of these projects are under UNDP implementation but none of them have been completed.

17. UNDP noted that its 1999 implementation is expected to slow down with respect to its business plan targets for disbursement and phase-out in 1999. One of the reason for the slow down is the economic crisis in South East Asia.

#### **Nepal Refrigeration recovery and recycling (US \$20,000) and Commercial refrigeration (US \$20,000)**

18. UNEP received funding (US \$10,000) in March 1998 for the formulation of an RMP for Nepal. UNDP is requesting additional funding to elaborate the recovery and recycling component. UNDP

indicated that it is willing to accept US \$10,000 for this activity as a consultant will be in the area. Nepal's country programme (approved at the 25<sup>th</sup> Meeting and implemented by UNEP) indicated that there was only end user consumption in the commercial refrigeration sector. UNDP indicates that its request is not for the end user sector. UNDP also indicated that the survey connected with the country programme development overlooked three commercial refrigeration enterprises.

#### **Paraguay - Refrigeration recycling (US \$20,000)**

19. Paraguay's institutional strengthening approved at the 21<sup>st</sup> Meeting included the responsibility to formulate, implement and monitor the refrigeration management plan. UNDP is requesting funds to formulate the recovery and recycling component of the RMP. UNDP stated that it would help the Government to finalize its RMP and formulate the recovery and recycling component for submission to the Executive Committee at the same time.

#### **Peru Foam general (US \$20,000)**

20. The Executive Committee approved a project for Promola in July 1995 that will phase out 40 ODP tonnes. Peru's country programme approved at the same meeting, indicated a consumption of 33.6 ODP tonnes in the foam sector. It also stated that foam based mattress and shoe manufacturing had already been converted. The remaining foam production was attributed to rigid foams for domestic refrigeration, not part of the foam sector. UNDP subsequently indicated that this request will be for a terminal project remains in the polystyrene sub-sector.

### **RECOMMENDATIONS**

The Fund Secretariat recommends that the Executive Committee through the Project Review Sub-Committee:

1. Consider the implications of the criteria for the submission of project preparation proposal on the requests of UNDP, especially criterion d that requires that project preparation should be considered on a case-by-case basis if the request is for project preparation for countries for which approved projects have phased out over 80 per cent of their ODS consumption as reported in the latest available data.
2. Consider project preparation requests listed as pending on an individual basis in the light of the Secretariat's comments above.
3. Approve UNDP's 1999 work programme in the amounts recommended in Table 1 above and as amended in the light of recommendations (1) and (2) above. The amount so approved should be offset by the US \$337,870 that approved for UNDP at the 26<sup>th</sup> Meeting as an advance on the UNDP's 1999 work programme.