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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

UNIDO 1999 WORK PROGRAMME

COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

COMMENTS

1. UNIDO is requesting approval from the Executive Committee for US \$2,436,280 for its 1999 work programme as indicated in Table 1.

Table 1:

UNIDO 1999 Work Programme and corresponding funding levels

<u>Country</u>	<u>Sector and Sub-Sector</u>	<u>Date of Completion</u>	<u>Remaining Project Preparation from 1998 (US \$)</u>	<u>Total Funds for Project Preparation in 1999 including Request to 27th Meeting (US \$)</u>	<u>Project Preparation Requested at 27th Meeting (US \$)</u>	<u>Amount Recommended (US \$)</u>
Algeria	Project preparation in the aerosol sector (general)	April 2000	0	15,000	15,000	15,000
Algeria	Project preparation in the foam sector (flexible polyurethane)	April 2000	12,000	30,000	18,000	18,000
Algeria	Project preparation in the refrigeration sector (commercial)	April 2000	0	15,000	15,000	15,000
Argentina	Project preparation in the foam sector (general)	April 2000	0	40,000	40,000	40,000
Argentina	Formulation of investment projects the methyl bromide sector (flower)	April 2000	0	40,000	40,000	40,000
Argentina	Formulation of investment project in methyl bromide sector (strawberries, tomatoes)	April 2000	0	40,000	40,000	40,000
Bosnia & Herzegovina	Establishment of an Ozone Secretariat (Institutional Strengthening)	April 2002	0	200,000	200,000	110,000
Brazil	Project preparation in the commercial refrigeration sector for four companies	April 2000	5,000	45,000	40,000	40,000
Brazil	Project preparation in the aerosol sector (general)	April 2000	0	30,000	30,000	30,000
Brazil	Project preparation in the foam sector (general)	April 2000	5,000	55,000	50,000	50,000

<u>Country</u>	<u>Sector and Sub-Sector</u>	<u>Date of Completion</u>	<u>Remaining Project Preparation from 1998 (US \$)</u>	<u>Total Funds for Project Preparation in 1999 including Request to 27th Meeting (US \$)</u>	<u>Project Preparation Requested at 27th Meeting (US \$)</u>	<u>Amount Recommended (US \$)</u>
Brazil	Project preparation in the fumigant/methyl bromide sector (tobacco)	April 2000	0	50,000	50,000	50,000
China	Preparation of investment project in the foam sector (rigid polyurethane)	October 2000	0	50,000	50,000	50,000
Côte d'Ivoire	Preparation of a project for stored commodities (cocoa beans) (methyl bromide)	April 2000	0	25,000	25,000	Pending
Egypt	Project preparation in the in solvent sector (TCA)	April 2000	0	15,000	15,000	15,000
Egypt	Phase III: Institutional Strengthening Project for the Montreal Protocol Related Activities	April 2001	0	175,000	175,000	175,000
India	Preparation of investment project in the solvent sector (several)	April 2000	7,000	17,000	10,000	10,000
Indonesia	Preparation of investment project in the aerosol sector (general)	April 2000	6,000	21,000	15,000	Withdrawn
Indonesia	Preparation of investment project in the foam sector (flexible polyurethane)	April 2000	0	50,000	50,000	50,000
Iran	Preparation of investment projects in the foam sector (flexible polyurethane)	April 2000	7,000	25,000	18,000	18,000
Iran	Preparation of investment projects in the refrigeration sector (commercial)	April 2000	7,000	27,000	20,000	20,000
Jordan	Training of refrigeration technicians	April 2000	0	50,000	50,000	Withdrawn
Jordan	Preparation of investment projects in the refrigeration sector (commercial)	April 2000	19,000	24,000	5,000	5,000

<u>Country</u>	<u>Sector and Sub-Sector</u>	<u>Date of Completion</u>	<u>Remaining Project Preparation from 1998 (US \$)</u>	<u>Total Funds for Project Preparation in 1999 including Request to 27th Meeting (US \$)</u>	<u>Project Preparation Requested at 27th Meeting (US \$)</u>	<u>Amount Recommended (US \$)</u>
Libya	Preparation of Country Programme	April 2000	0	80,000	80,000	0
Malaysia	Preparation of investment projects in the foam sector (rigid polyurethane)	April 2000	4,000	29,000	25,000	25,000
Mexico	Preparation of project in the refrigeration sector (commercial)	April 2000	11,000	26,000	15,000	15,000
Mexico	Preparation of project in the refrigeration/ recycling sector (including RMP)	April 2000	0	100,000	100,000	Pending
Morocco	Preparation of investment project in the commercial refrigeration sector	April 2000	14,000	21,000	7,000	7,000
Morocco	Preparation of investment project in aerosol sector (general)	April 2000	0	20,000	20,000	Pending
Morocco	Preparation of investment project in the fumigants/methyl bromide sector (flowers and bananas) ¹	April 2000	0	60,000	60,000	30,000
Nigeria	Preparation of Refrigerant Management Plan	April 2000	0	30,000	30,000	Pending
Oman	Preparation of County Programme	April 2000	0	80,000	80,000	50,000
Pakistan	Preparation of Refrigerant Management Plan	April 2000	0	30,000	30,000	Pending
Philippines	Preparation of investment project in the aerosol sector (general)	April 2000	0	25,000	25,000	25,000
Regional Latin America (El Salvador, Honduras, and Nicaragua)	Preparation of a demonstration project (broccoli, cucurbits, tobacco, seed beds, grain fumigation) (methyl bromide)	April 2000	0	40,000	40,000	40,000

¹ Originally submitted as two project preparation requests, but UNIDO subsequently agreed to combine the two requests.

<u>Country</u>	<u>Sector and Sub-Sector</u>	<u>Date of Completion</u>	<u>Remaining Project Preparation from 1998 (US \$)</u>	<u>Total Funds for Project Preparation in 1999 including Request to 27th Meeting (US \$)</u>	<u>Project Preparation Requested at 27th Meeting (US \$)</u>	<u>Amount Recommended (US \$)</u>
Qatar	Establishment of an Ozone Secretariat (Institutional Strengthening)	April 2002	0	68,450	68,450	68,450
Sudan	Preparation of investment project in the aerosol sector (general)	April 2000	0	25,000	25,000	25,000
Sudan	Preparation of Refrigerant Management Plan	Not provided.	0	25,000	25,000	Withdrawn
Syria	Preparation of investment projects in the aerosol sector (general)	April 2000	12,000	20,000	8,000	Pending
Syria	Preparation of investment projects in the domestic refrigeration sector (hydrocarbon)	April 2000	0	20,000	20,000	20,000
Syria	Phase II: Support to Strengthening General Commission for Environmental Affairs to implement MP-related activities (Institutional Strengthening)	April. 2002	0	180,000	180,000	Withdrawn
Venezuela	Preparation of investment project in the foam sector (integral skin)	April 2000	0	20,000	20,000	20,000
Venezuela	Preparation of investment project in the foam sector (Polystyrene/ Polyethylene)	April 2000	0	20,000	20,000	20,000
Venezuela	Preparation of investment project in the foam sector (rigid polyurethane)	April 2000	10,000	20,000	10,000	10,000
Venezuela	Preparation of investment projects in the refrigeration sector (commercial)	April 2000	0	25,000	25,000	25,000

<u>Country</u>	<u>Sector and Sub-Sector</u>	<u>Date of Completion</u>	<u>Remaining Project Preparation from 1998 (US \$)</u>	<u>Total Funds for Project Preparation in 1999 including Request to 27th Meeting (US \$)</u>	<u>Project Preparation Requested at 27th Meeting (US \$)</u>	<u>Amount Recommended (US \$)</u>
Venezuela	Preparation of investment projects in refrigeration/MACs and compressors sector	April 2000	0	20,000	20,000	20,000
Venezuela	Workshop on Alternatives to Methyl Bromide in Tobacco cultivation	April 2000	0	40,000	40,000	40,000 on the condition that no further funds will be approved for Venezuela in the methyl bromide sector
Viet Nam	Preparation of project in the halon (recycling) sector	April 2000	0	15,000	15,000	Withdrawn
Yemen	Preparation of project in the aerosol sector (general)	April 2000	0	20,000	20,000	Pending
Yemen	Preparation of project in the foam sector (general)	April 2000	0	20,000	20,000	Pending
Yugoslavia	Preparation of investment project in the commercial refrigeration sector	April 2000	0	20,000	20,000	20,000
Yugoslavia	Preparation of investment project in the aerosol sector (general)	April 2000	0	25,000	25,000	20,000
Zambia	Preparation of a demonstration project (tobacco, flowers) (methyl bromide)	April 2000	0	30,000	30,000	30,000
Sub-Total			119,000	2,275,000	2,156,000	Pending
Agency support costs	13 per cent		15,470	295,750	280,280	Pending
Less	Project preparation advance approved at 26 th Meeting (decision 26/24)					(190,970)
Total			134,470	2,570,750	2,436,280	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 23rd Meeting (decision 23/51). UNIDO'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 UNIDO 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), Egypt (95 per cent), Indonesia (374 per cent), Jordan (85 per cent), and Malaysia (120 per cent).

Project preparation duration

4. One of UNIDO's requests for project preparation will be completed in 18 months. Normally, project preparation is expected to correspond to the 12 months duration of the business plan. The Executive Committee advanced project preparation at its last meeting to UNDP, UNIDO and the World Bank to ensure that preparation activities could move forward in advance of approval of the 1999 work programme.

RMP preparation in Mexico (US \$100,000), Nigeria (US \$30,000), and Pakistan (US \$30,000)

5. The Executive Committee has approved the preparation of refrigerant management plans for low-volume ODS-consuming countries for which RMPs may be the only investment project they receive. The Committee has yet to receive a report of their implementation. The development of RMPs for medium and large consuming countries may be premature at this stage.

Bosnia & Herzegovina - Establishment of an Ozone Secretariat (Institutional Strengthening) (US \$200,000)

6. The Bosnia and Herzegovina country programme submitted for consideration by the Executive Committee at its 27th Meeting (UNEP/OzL.Pro/ExCom/27/42) includes a project for the establishment of an Ozone Unit within the Environmental Steering Committee (institutional strengthening). The Government of the Bosnia and Herzegovina is requesting a total of US \$200,000 for the implementation of this project.

7. The main responsibilities of the Ozone Office is to supervise the ODS phase out activities proposed in the country programme; monitor and collect ODS import/export and ODS consumption data and assist in the creation of an ODS data bank; prepare and introduce legislative and administrative measures

supporting ODS phase out, including import licences, sector specific bans on ODS use and sanctions upon enterprises that do not comply with the ODS phase out schedule; serve as a liaison office for governmental agencies involved in ODS phase out programmes; establish an information programme for public awareness, ensure the implementation of training programmes and review project proposals to ensure that they are consistent with the strategy defined in the country programme; communicate with the Executive Committee, the Ozone Secretariat, implementing agencies; submit quarterly reports to UNIDO on the progress of project implementation.

8. Based on analysis of similar projects so far approved by the Executive Committee, current market prices of office equipment and software, the Fund Secretariat and UNIDO agreed on a budget of US \$110,000 for a three-year period.

Cote d'Ivoire - Fumigation cocoa bean demonstration (US \$25,000)

9. Cote d'Ivoire has not ratified the Copenhagen Amendment. The Secretariat requested documentation indicating the country's imminent ratification of the Copenhagen Amendment. UNIDO provided a letter from its regional office in Abidjan indicating that the Government has prepared a decree of ratification.

Egypt - Renewal of institutional strengthening (US \$175,000)

Summary of the Project and Country Profile	
Implementing Agency:	UNIDO
Amount originally approved:	Phase I: US \$263,450 US \$43,900 Phase II: US \$175,630
Amount requested for renewal:	US \$175,000
Date of approval of country programme	1992
ODS consumption reported in country programme (1991), (ODP Tonnes)	2,763
Latest reported ODS consumption (1996) (ODP tonnes)	2,945
Amount approved for investment projects (as of November 1998) (US \$)	28,974,440
Amount disbursed (as at December 1997) (US \$)	21,217,750
ODS to be phased out (tonnes ODP)	2,365
ODS phased out (as at December 1997) (tonnes ODP)	1,410

Progress Report

10. The Executive Committee has also approved 20 non-investment activities (including country programme and project preparation, training programmes and technical assistance) in the amount of US \$0.89 million of which US \$0.72 million has been disbursed (as of December 1997).

11. The main achievements reported in the progress report include: establishment of a monitoring system for import and use of ODS substances; issuing ODS quotas to end-users, updating the country programme and reporting to the Ozone Secretariat on ODS consumption; establishing the halon strategy developed through UNDP; developing a project for recovery and recycling of ODSs; completion of two project proposals on methyl bromide alternatives for soil fumigation and storage fumigation, through bilateral co-operation with the Government of Germany; supporting activities for other African and Arab

states, including a regional demonstration workshop on foams and halons recycling and recovery; assisting in the establishment of a mechanism between Arab countries for the implementation of the Montreal Protocol; information dissemination and public awareness programmes; translation and distribution of the OzonAction Newsletter and the five-volume technical brochure to Article 5 countries; representing the Government in national and international meetings relating to the ozone layer.

12. Seventy two percent of investment projects in the foam sector have been completed and the remaining 28% are under implementation, with a total phase out of 1,120 ODP tonnes; 50% of the projects in the domestic refrigeration sector have been completed with a total phase out of 240 ODP tonnes; five projects on the industrial and commercial refrigeration subsector (357 tonnes) are under implementation, completion of 1 project (18 tonnes ODS); five projects in the solvent sector (193 ODS tonnes) are under implementation and two other projects will be finalized during 1999.

Plan of Action

13. The Ozone Unit will continue its current regulatory efforts and conclude agreements with industrial enterprises and associations in order to achieve a 90% reduction in CFCs, carbon tetrachloride and halons by the year 2000 and implement two demonstration projects for methyl bromide alternatives; tracking imports and consumption of ODS; coordinating and managing projects supported through bilateral cooperation including CFCs recovery and recycling programme; in cooperation with UNIDO, completing the ODS phase out in the domestic refrigeration and solvent sectors and, in cooperation with UNDP, completing implementation of projects in the foam sector and formulation of the halon sectoral strategy; providing technical assistance to enterprises and public awareness campaigns; establishing a monitor and license systems for ODS uses; participate in ODS related meetings, prepare annual celebrations for the International Ozone Day; and publishing UNEP's OzonAction Newsletter in Arabic.

Libya Country programme preparation (US 80,000)

14. A United Nations travel ban has not been lifted for Libya.

Morocco - Aerosol (US \$20,000)

15. The country programme indicated a consumption of 3 ODP tonnes in the entire aerosol sector in 1994. UNIDO provided a list of five companies involved in the aerosol sector in Morocco. UNIDO could not confirm their consumption, but estimates a consumption of 20 tonnes.

Morocco Preparation of investment projects in the fumigants/methyl bromide sector (flowers and bananas) (US \$60,000)

16. UNIDO agreed to combine the two requests into one request and accept a budget of US \$30,000 to prepare the investment projects. UNIDO also noted that the Government of France would participate in the development of the project, but no additional project preparation funds would be required for France.

Qatar - Establishment of an Ozone Secretariat (Institutional Strengthening) (US \$68,450)

17. The Qatar country programme submitted for consideration by the Executive Committee at its 27th Meeting (UNEP/OzL.Pro/ExCom/27/44) includes a project for the establishment of an of an Ozone Unit within the Environment Department, Ministry of Municipal Affairs and Agriculture (institutional strengthening). The Government Qatar is requesting a total of US \$68,450 for the implementation of this project.

18. The main responsibilities of the Ozone Office would include, inter alia, coordinating with government offices to ensure that policies adopted are supportive of the ODS phase out strategy; developing and updating a register of ODS importers and consumers and collecting data on ODS consumption; advising on restrictions on imports and other methods for taxing ODS and ODS-based equipment; monitoring progress and effectiveness of projects identified in the country programme; coordinating and implementing the refrigerant management plan; preparing information and awareness campaigns; reporting periodically to the government on the trends of imports and consumption and the effectiveness of the action plan; submitting annual reports to the Ozone Secretariat and annual reports on progress of implementation of country programme to the Multilateral Fund; and facilitating the exchange of information with other countries.

Sudan Aerosol sector (US \$25,000)

19. The Executive Committee approved an aerosol project for Sudan in November 1995 for UNIDO implementation. The project document indicated that there were no other aerosol projects in Sudan and the company's consumption was equal to the consumption for the sector in the country programme.

Syria Aerosol sector (US \$8,000)

20. The Executive Committee has approved projects leading to the phase out of 812 ODP tonnes in Syria's aerosol sector. Syria's country programme indicates a consumption of 814 ODP tonnes for the sector and every project proposal received has indicated the same level of consumption.

Venezuela Workshop on alternatives to MBR in tobacco cultivation (US \$40,000)

21. Venezuela's Ministry of Environment has prepared a decree that bans imports of methyl bromide from 1 January 2000 on the condition that a workshop would be organized to present alternatives to methyl bromide for the remaining uses (mainly tobacco and tomatoes). In noting its low level of consumption (17 metric tonnes), the Government indicated that a demonstration projects is not necessary and a technical workshop would suffice. The Government also indicated that Venezuela would not seek further funding from the Multilateral Fund for the methyl bromide sector.

Yemen - Aerosol (US \$20,000) and Foam (US \$20,000)

22. Yemen's country programme (approved in July 1998) indicated no consumption in either the foam or sectors. UNIDO indicated that the ozone officer is preparing a country programme update to indicate consumption in these two sectors.

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 UNIDO. 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 UNIDO'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 \$190,970 that approved for UNIDO at the 26th Meeting as an advance on the UNIDO's 1999 work programme.