UNITED NATIONS

EP

United Nations Environment Programme

Distr.
Limited

UNEP/OzL.Pro/ExCom/31/22
9 June 2000

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-first Meeting
Geneva, 5-7 July 2000

OVERVIEW OF ISSUES IDENTIFIED DURING PROJECT REVIEW

Projects and activities presented to the 31st Meeting

Submissions by Agencies and Bilateral Partners

1. The total value of requests associated with projects and activities received by the Fund Secretariat from implementing and bilateral agencies for submission to the 31st Meeting, is US $59,304,878 (including agency support costs where applicable). The total is comprised of:

(a) Bilateral co-operation:

- 4 project proposals including an investment project were received from Germany and Japan with a total value of US $ 1,046,290 as submitted;

(b) Work Programme Amendments:

- Work Programme Amendments have been submitted by UNDP, UNEP, UNIDO and the World Bank with a total value of US $2,335,308. The proposals include US $1,086,658 for 10 renewal of institutional strengthening projects and US $1,248,650 for other activities.

(c) Investment projects:

- 112 proposals for investment projects were submitted to the 31st Meeting by UNDP, UNIDO and the World Bank with a total value, as submitted, of US $55,923,280. The proposals include US $11,880,000 for the 2000 annual work programme for production sector phase-out in India.

Secretariat's review of proposed projects and activities

2. The review of project proposals by the Fund Secretariat has resulted in the following:

(a) Bilateral projects:

- 3 bilateral projects with a total value of US $661,732 have been recommended for blanket approval;
- 1 bilateral project with a value of US $350,000 is referred for individual consideration.

(b) Work Programme Amendments:

- 21 activities with a total value of US $1,425,658 has been recommended for blanket approval;
- 6 activities with a total value of US $412,450 are referred for individual consideration.
- 6 activities with a total value of US $395,500 have been withdrawn or deferred.

(c) Investment Projects:

- 75 project proposals with a total value of US $16,202,475 have been recommended for blanket approval;
- 31 project proposals with a total value of US $26,943,859 have been listed for individual consideration by the Sub-Committee on Project Review (see Annex I);
- 6 project proposals with a total value of US $7,556,296 have been withdrawn or deferred.

Status of the Fund

3. At the time of preparation of this paper, Multilateral Fund resources available for committal amount to some US $13 million. If the recommendations of the Secretariat for blanket approval are taken up and projects and activities for individual consideration were to be approved with their values as submitted, there would be a shortfall of some US $33 million.

Issues arising from project review

Project durations

4. Many of the investment projects submitted by implementing agencies to the 31st Meeting have a duration of 36 months. For example, this duration is used by UNDP even for small and straightforward foam conversion projects such as retrofitting foam equipment for HCFC-141b use in the production of sprayfoam. The trend towards a minimum three year duration has been evident from the time that the Executive Committee decided on performance criteria which included penalties for late completion of projects. In the light of (a) the need to protect the ozone layer (b) the need to assist countries to meet or sustain their freeze requirements and (c) the need for project durations to provide a realistic means of measuring agencies' implementation performance, the Executive Committee might consider whether it wishes all implementing agencies to define more precisely the estimated durations of relatively straightforward projects, the completion of which could be expected in less than three years.

Projects for individual consideration

5. Twenty-one new projects in the foam sector are listed for individual consideration in Annex I. Foam density is the only outstanding issue. A paper on foam density is included in the agenda for this meeting. The Executive Committee might wish to consider approving the twenty-one foam projects on the basis of its conclusions on the foam density paper. All other cost and eligibility issues have been agreed with the implementing agencies.

6. Twenty foam projects were provisionally approved at the 29th Meeting and according to Decision 29/52, funding would not be disbursed pending determination of incremental operating costs associated with foam density. The projects are listed in Annex II. Consistent with this

decision, the Executive Committee might wish to provide final approval for these projects, with project costs determined according to the Committee's conclusions on the foam density paper.

7. Two additional foam projects have been included for individual consideration in Annex III. One project in Colombia has eligibility issues. The other project for Comsisa, Mexico, was deferred from the 30th Meeting. The Comsisa project is now presented for consideration on the basis of a proposal from the Secretariat with the agreement of the Government of Mexico and UNDP.

8. Three process agent projects have been referred for individual consideration as they are the first to be submitted in which process agents are used for manufacture of pharmaceutical chemicals. One of the three projects also has an issue associated with retroactive phase-out. The projects are listed in Annex III.

9. The year 2000 annual programme for India's Production Sector is also listed in Annex III. The Executive Committee is invited to consider whether the data included in the verification report is adequate to substantiate the conclusions reached in the report.

10. One domestic refrigeration project in China (for Banshen Electric Appliance Co.) has been referred for individual consideration in Annex III. The updated country programme of China, which was considered at the 30th Meeting of the Executive Committee, indicated that, the remaining consumption to be phased out in the refrigeration sector in China was 620 ODP tonnes. Since August 1998 the Executive Committee has approved another four domestic refrigeration projects to phase out 997.4 ODP tonnes. Additionally, the Secretariat has been advised by UNIDO that the agency has identified additional domestic refrigeration projects in China. The Secretariat has raised the issue of eligibility of the Banshen project since it appears from the updated China country programme that all the required phaseout in the domestic refrigeration sector has already been funded by the Multilateral Fund.

11. In accordance with usual practice, three methyl bromide projects have also been listed in Annex III. Two of the projects involve the export of produce to non-Article 5 countries. This issue is being considered by the Working Group on revised guidelines for methyl bromide projects.

Resource allocation

12. The value of projects and activities likely to be recommended for the approval of the Executive Committee at the conclusion of the meeting of the Sub-committee on Project Review is likely to exceed the funding available for commitment at the 31st Meeting. Consistent with established practice, the Executive Committee might wish to consider allocating the available funding initially to Work Programme Amendments. The Executive Committee might further request the Secretariat to authorise the intersessional transfer of funds by the Treasurer to the relevant implementing agencies for approved investments projects once enough contributions have been received.

ANNEX I

LIST OF PROJECTS FOR INDIVIDUAL CONSIDERATION IN THE FOAM SECTOR

Country	Project	Agency	Doc.No.
China	Conversion of PU slabstock manufacture from CFC-11 to liquid carbon dioxide technology at Qujing Plastic No. 2 Plant	IBRD	31/30
India	Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded polyurethane foam at Pyarelal Coir Products Ltd.	UNDP	31/33
India	Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded polyurethane foam at Raipur Agencies	UNDP	31/33
India	Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded polyurethane foam at SR Poly-steel P. Ltd.	UNDP	31/33
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam insulated thermoware at Crown Industries	UNDP	31/33
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam insulation at Enertech Engineering P. Ltd.	UNDP	31/33
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam insulated thermoware at Evershine Plastic Industry	UNDP	31/33
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam insulated thermoware at M-Plast	UNDP	31/33
India	Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded and from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Enkay Foam P. Ltd.	UNDP	31/33
India	Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded polyurethane foam at Nindra Foams	UNDP	31/33
India	Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded polyurethane foam at Pinnacle Industries Ltd.	UNDP	31/33
India	Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded polyurethane foam at R.H. Industries	UNDP	31/33
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam insulated thermoware at Naorang Plast	UNDP	31/33
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam insulated thermoware at Ramakrishna Moulders	UNDP	31/33
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam insulated thermoware at Sanjay Industries	UNDP	31/33
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam spray and insitu insulation at sixteen enterprises	UNDP	31/33
Indonesia	Phaseout of CFC-11 by conversion to water based technology and LCD technology in the manufacture of flexible molded foam and to HCFC-141b in the manufacture of molded integral skin polyurethane foam at Anto Indo Foam	IBRD	31/34
Malaysia	Conversion from CFC-11 to LCD technology in the manufacture of flexible molded foam at Pointray	UNDP	31/38
Malaysia	Conversion from CFC-11 to LIA technology in the manufacture of flexible polyurethane boxfoam, and to LCD technology in the manufacture of flexible molded foam at Sy Heng Huat	UNDP	31/38
Malaysia	Conversion from CFC-11 to LCD (liquid carbon dioxide) and water-based technology in the manufacture of flexible molded foam at Unique Field	UNDP	31/38
Philippines	Phaseout of CFC-11 by conversion to HCFC-141b in the manufacture or rigid polyurethane foam (sprayfoam) at Prescon Construction & Development	UNDP	31/42

ANNEX II

LIST OF PROJECTS PROVISIONALLY APPROVED AT THE 29th MEETING IN THE FOAM SECTOR WITH DENSITY ISSUES

Country	Project	Agency
Brazil	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Brasinj	UNDP
Brazil	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane boxfoam at Fibrasil	UNDP
Brazil	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Intertelhas	UNDP
Brazil	Conversion from CFC-11 to HCFC-141b in the manufacture of rigid polyurethane foam for display cabinets at Vacuum Systems	UNDP
China	Phase out of CFC-11 by conversion to HCFC-141b technology in the manufacture of rigid polyurethane insulation foam at Beijing Hangxing Polyurethane Corporation	IBRD
China	Phase out of CFC-11 by conversion to HCFC-141b technology in the manufacture of rigid polyurethane insulation foam at Beijing Qianjin Polyurethane Corporation	IBRD
China	Phase-out of CFC-11 by conversion to HCFC-141b technology in the manufacture of rigid polyurethane insulation foam at Henan Bingxiong Refrigeration Truck Plant	UNDP
China	Phase-out of CFC-11 by conversion to HCFC-141b technology in the manufacture of rigid polyurethane insulation foam at Fushan Anti-Corrosion Insulation Engineering Co. Ltd.	UNDP
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam insulated thermoware at National Plastics	UNDP
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam insulated thermoware at Tokyo Plast International Ltd.	UNDP
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam insulated thermoware at Crystal Electronics and Plastics	UNDP
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam insulated thermoware at Mayur Jugs P. Ltd.	UNDP
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam insulation at Saddle Poly Products P. Ltd.	UNDP
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam insulation at Santech Industries	UNDP
India	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam insulation at 24 small and medium-sized enterprises	UNDP
India	Conversion from CFC-11 to water-blown technology in the manufacture of flexible molded polyurethane foam and from CFC-11 to HCFC-141b technology in the manufacture of integral skin polyurethane foam at Harjas Plastic and Metal Components P. Ltd.	UNDP
India	Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded polyurethane foam at Delite Foam and Polymers	UNDP
India	Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded polyurethane foam and from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Reactive Polymers Ltd.	UNDP
Indonesia	Phase-out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam (sprayfoam, panels, blocks) at Tansri Gani	UNDP
Indonesia	Phase-out of CFC-11 by conversion to water-based systems (FMF) and HCFC-141b (ISF) in the manufacture of polyurethane foam for automotive and furniture applications at P.T. Yoska Prima Inti	UNDP

ANNEX III

LIST OF PROJECTS WITH ISSUES

Country	Project	Agency	Doc. No.	Issue
Foam:				
Colombia	Retroactive funding for the conversion from CFC-11 to water-based technology in the manufacture of flexible molded polyurethane foam at Espumlatex-Promicolda	UNDP	31/31	Baseline data not consistent with the information provided in the country programme. Difficulty in ascertaining exact date of phaseout because of the time elapsed.
Mexico	Phaseout of CFC-11 by conversion to HCFC-141b or water-blown technology in rigid polyurethane foam (spray) and to water based formulations in integral skin foam at Comsisa	UNDP	31/39	Way forward in light of chemicals' prices. A proposal from the Secretariat has been agreed by Mexico and UNDP.
Fumigant:				
Peru	Phase-out of methyl bromide in soil fumigation in Peru	UNDP	31/41	No issues for individual consideration as per established practice for methyl bromide projects.
Turkey	Phase-out methyl bromide in the dried fig sector in Turkey	IBRD	31/47	Pending.
Zimbabwe	Phase-out of methyl bromide in cut flowers	UNIDO		For individual consideration as per established practice for methyl bromide projects. Exports.
Process Agent:				
India	Conversion of carbon tetrachloride (CTC) as process solvent to trichloromethane at M/S Alpha Drugs India Ltd., Patiala	UNIDO	31/33	New sub-sector. No cost or eligibility issues.
India	Conversion of carbon tetrachloride (CTC) as process solvent to ethylene dichloride at Svis Labs Ltd., Ranipet	UNIDO		New sub-sector, retroactive phaseout.
India	Conversion of carbon tetrachloride (CTC) as process solvent to ethylene dichloride at Satya Deeptha Pharmaceuticals Ltd., Humnabad	UNIDO		New sub-sector. No cost or eligibility issues.
Production Sector:				
India	CFC Production sector gradual phase-out project – 2000 Annual Programme	IBRD	31/33	Whether the data included in the verification report is adequate to substantiate the conclusions reached in the report.
Refrigeration:				
China	Replacement of CFC-11 and CFC-12 with cyclopentane and HFC-134a in the production of refrigerators at Banshen Electric Appliances Co	UNIDO	31/30	Issue of remaining ODS consumption in the domestic refrigeration sector.