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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-fifth Meeting
Montreal, 5-7 December 2001

BILATERAL COOPERATION

The Fund Secretariat received the following requests for bilateral co-operation:

PROJECT TITLE	BILATERAL AGENCY
Implementation of the RMP: recovery and recycling program in Chile	Canada
Implementation of the RMP: training programme for refrigeration technicians in Chile	Canada
Preparation of update of refrigerant management plan in Saint Lucia	Canada
Training for customs officers in Colombia	Canada
Development of a country programme update in Algeria	Germany
Development of a country programme update in Zimbabwe	Germany
Conversion of the use of CFC to LCD in the manufacture of flexible foam at Sarl Djurjura Mousse in Algeria	Germany
Sectoral phase out program: establishing a halon bank in Algeria	Germany
Sectoral phase out program: establishing a regional halon bank for Eastern and Southern Africa (Botswana, Ethiopia, Kenya, Lesotho, Namibia, Tanzania, Zimbabwe) in African Region	Germany
Conversion of the use of CFC to LCD in the manufacture of flexible foam at Esfanj Jajerood foam company in Iran	Germany
Phase-out of the use of methyl bromide in soil fumigation in Syria	Germany
Conversion of the use of CFC to HC in the manufacture of thermostats at Foshan Tongbao Co., Ltd. in China	Germany
Project preparation for development of a refrigerant management plan (RMP) in Papua New Guinea	Germany
Project preparation for the phase out of ODS use in the flexible foam sub-sector in 5 companies in Iran	Germany
Project proposal for the development of a solvent sector strategy in Kenya	Germany
Methyl bromide communications project in Lebanon	Germany

1. A total of 16 requests totalling US \$5,992,277 for bilateral co-operation were submitted for consideration at 35th Meeting by Canadian and German bilateral agencies. This document contains, by bilateral agency, those projects that are before the Executive Committee for its consideration.

2. Table 1 presents a summary of the value and number of requests by bilateral agency before the Executive Committee for its consideration.

TABLE 1

**VALUE AND NUMBER OF PROJECTS FOR BILATERAL COOPERATION, BY
BILATERAL AGENCY (Including Agency Fees)**

Bilateral Agency	Amount Requested	Number of Projects
Canada	US \$1,007,006	4
Germany	US \$4,985,271	12
TOTAL	US \$5,992,277	16

REQUESTS FROM THE GOVERNMENT OF CANADA

Introduction

3. The Government of Canada submitted requests for bilateral co-operation for projects in Chile, Colombia and Saint Lucia. The amount requested, plus the amount approved for Canada in 2001 and at the 34th Meeting, exceeds 20 per cent of Canada's total contribution for the years 2001 and 2002 by US \$118,912 taking into account the credit of US \$96,580 from balances returned to be offset against future approvals (Decision 28/11).

4. Table 2 presents a summary of Canada's requests by project title, country, amount requested, and amount recommended. The total amount recommended, once approved by the Executive Committee, should be offset against Canada's contributions for years 2001 and 2002.

TABLE 2

SUBMISSIONS FROM THE GOVERNMENT OF CANADA AND RECOMMENDATIONS

Project Title	Country	Amount Requested (US\$)	Amount Recommended (US\$)	Agency Fee
Implementation of the RMP: training programme for refrigeration technicians in Chile	Chile	260,000	260,000	33,800
Implementation of the RMP: recovery and recycling program in Chile	Chile	531,620	531,620	53,162
Training for customs officers in Colombia	Colombia	106,150	106,150	13,799
Preparation of update of refrigerant management plan in Saint Lucia	Saint Lucia	7,500	7,500	975
Sub-total		905,270	905,270	101,736
Agency fee		101,736		
TOTAL		1,007,006		

CHILE: Implementation of RMP (2 projects) (US \$791,620)

5. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/35/33.

COLOMBIA: Training for customs officials (US \$106,150)

6. This project is to train a relevant percentage of customs officers about the importance of controlling imports/exports of ODS and ODS using equipment; obtain a statistical backup on import/export of ODS; ensure the correct codification of ODS; establish a reliable monitoring system for ODS imports; provide customs offices responsible for controlling large volume of imports the required equipment to identify and detect ODS; and comply with the dispositions of

the national regulations and Montreal Protocol on the control on trade of ODS and products containing ODS.

Fund Secretariat's recommendation

7. The Fund Secretariat recommends blanket approval of the above project with associated support costs at the funding level shown in Table 2 above on the understanding that no additional funding will be requested for customs training in the Colombia.

SAINT LUCIA: Preparation of the RMP update (US \$7,500)

8. In accordance with Decision 31/48, the Government Canada is submitting a request to update the RMP of Saint. Lucia. As per Decision 33/13, this request was accompanied by a progress report on the status of work being undertaken on the sub-projects approved within the RMP project. A written justification from Saint Lucia, explaining how the additional activities are related to the RMP and phase-out commitments was also provided.

Fund Secretariat's recommendation

9. The Fund Secretariat recommends blanket approval of the above project with associated support costs at the funding level shown in Table 2 above.

REQUESTS FROM THE GOVERNMENT OF GERMANY

Introduction

10. The Government of Germany submitted requests for bilateral co-operation for projects in Algeria, China, Iran, Kenya, Lebanon, Papua New Guinea, Syria and Zimbabwe and an African regional project for Germany in 2001 and at the 34th Meeting, does not exceed 20 per cent of Germany's total contribution for the years 2001 to 2002.

11. Table 3 presents a summary of Germany's requests by project title, country, amount requested, and amount recommended. The total amount recommended, once approved by the Executive Committee, should be offset against Germany's contributions for years 2001 and 2002.

TABLE 3

SUBMISSIONS FROM THE GOVERNMENT OF GERMANY AND RECOMMENDATIONS

Project Title	Country	Amount Requested (US\$)	Amount Recommended (US\$)	Agency Fee
Country Programme				
Development of a country programme update in Algeria	Algeria	51,000	Pending	Pending
Development of a country programme update in Zimbabwe	Zimbabwe	52,260	Pending	Pending
Investment Projects				
Conversion of the use of CFC to LCD in the manufacture of flexible foam at Sarl Djurjura Mousse in Algeria	Algeria	386,259	Defer	Defer
Sectoral phase out program: establishing a halon bank in Algeria	Algeria	259,500	259,500	33,735
Conversion of the use of CFC to HC in the manufacture of thermostats at Foshan Tongbao Co., Ltd. in China	China	213,271	213,271	27,725
Conversion of the use of CFC to LCD in the manufacture of flexible foam at Esfanj Jajerood foam company in Iran	Iran	499,299	Pending	Pending
Phase-out of the use of methyl bromide in soil fumigation in Syria	Syria	2,364,812	Policy Issue	Policy Issue
Sectoral phase out program: establishing a regional halon bank for Eastern and Southern Africa (Botswana, Ethiopia, Kenya, Lesotho, Namibia, Tanzania, Zimbabwe) in African Region	Region: AFR	507,000	Pending	Pending
Project Preparation				
Project preparation for the phase out of ODS use in the flexible foam sub-sector in 5 companies in Iran	Iran	23,750	23,750	3,088
Project proposal for the development of a solvent sector strategy in Kenya	Kenya	15,000	15,000	1,950
Project preparation for development of a refrigerant management plan (RMP) in Papua New Guinea	Papua New Guinea	60,200	Pending	Pending

Project Title	Country	Amount Requested (US\$)	Amount Recommended (US\$)	Agency Fee
Technical Assistance				
Methyl bromide communications project in Lebanon	Lebanon	23,000	Withdrawn	Withdrawn
Sub-total		4,455,351	Pending	Pending
Agency fee		529,920	Pending	
TOTAL		4,985,271	Pending	

COUNTRY PROGRAMME

ALGERIA: Development of a country programme update in Algeria (US \$51,000)

Project Description

12. Algeria had its country programme approved at the 11th Meeting of the Executive Committee in November 1993. In spite of the considerable progress that has been made since then, Algeria's ODS consumption in 1999 was still considerable high at over 1,500 ODP tonnes. The country intends to work with the Government of Germany to take advantage of the opportunity of updating the country programme to conduct an overall assessment of the various sectors and sub-sectors where the ODS consumption still continues and prepare, on the basis of the results of a survey, a compliance strategy for the country. That will ensure that Algeria is able to meet all its obligations under the Montreal Protocol. Under the project, a survey will be undertaken to collect the remaining consumption of the various controlled substances in the country and prepare an action plan for completing the national phase out.

Comments and recommendations of the Fund Secretariat

13. Algeria has received US \$60,000 at the 31st Meeting for the preparation of a refrigerant management plan. Since the Executive Committee will continue its discussion on the draft guidelines on the preparation of country programme updates, decision on this request should be withheld until the Executive Committee has decided on the draft guidelines.

ZIMBABWE: Development of a country programme update in Zimbabwe (US \$52,260)

Project description

14. The existing country programme of Zimbabwe was approved in June 1994 and progress achieved since then has been significant and as a result the country is able to meet its CFC freeze obligation and is well positioned to meet 50% reduction target in 2005. However the ODS consumption of the country as shown by its 2000 consumption of 528 ODP/tons is still high and consists mainly of CFCs and methyl bromide. The Government of Zimbabwe intends to work with Germany to take stock of the remaining ODS consumption in the country by updating the country programme and prepare the country's compliance strategy accordingly. The activities that will be carried out under the project will include a national survey of the ODS consumption still remaining and the preparation of an action plan to completing the national phase out.

Comments and recommendations of the Fund Secretariat

15. Zimbabwe received US \$30,000 for the preparation of the RMP in November 1997 and US \$45,000 for the RMP in 1998. Both projects were under bilateral co-operation with Germany. It is one of the countries in the South African Development Community for which Germany is attempting to implement the RMP under the regional umbrella.

16. Since the Executive Committee will continue its discussion on the draft guidelines on the preparation of country programme updates, decision on this request should be withheld until the Executive Committee has decided on the draft guidelines.

INVESTMENT PROJECTS

ALGERIA: Conversion of the use of CFC to LCD in the manufacture of flexible foam at Sarl Djurjura Mousse in Algeria (US \$386,259)

17. The Government of Germany decided to defer this request until the 36th Meeting.

**PROJECT EVALUATION SHEET
ALGERIA**

SECTOR: Halon ODS use in sector (2000): 195 ODP tonnes

Sub-sector cost-effectiveness thresholds: N/a

Project Titles:

(a) Sectoral phase out program: establishing a halon bank

Project Data	General
Enterprise consumption (ODP tonnes)	
Project impact (ODP tonnes)	195.00
Project duration (months)	36
Initial amount requested (US \$)	259,500
Final project cost (US \$):	
Incremental capital cost (a)	
Contingency cost (b)	
Incremental operating cost (c)	
Total project cost (a+b+c)	259,500
Local ownership (%)	100%
Export component (%)	0%
Amount requested (US \$)	259,500
Cost effectiveness (US \$/kg.)	1.30
Counterpart funding confirmed?	Yes
National coordinating agency	National Ozone Unit
Implementing agency	Germany

Secretariat's Recommendations	
Amount recommended (US \$)	259,500
Project impact (ODP tonnes)	195.00
Cost effectiveness (US \$/kg)	1.30
Implementing agency support cost (US \$)	33,735
Total cost to Multilateral Fund (US \$)	293,235

Project Description

18. This project would establish a national halon bank for Algeria. The HBMP will ensure that Algeria can meet its obligations under the Montreal Protocol. The halon bank would concentrate on the natural gas industry. The halon reclamation centre would be located at Sonatrach, the state owned oil and gas company. Recovery services would be offered to other halon users from telecommunications, banks and other installations.

19. The activities under this project include costs for the formulation of a national Halon Banking Management Plan, the provision of recovery & recycling, storage and quality control equipment, and a training program on the design of alternative fire protection systems.

20. Algeria would ban the importation of newly produced halons in line with the establishment of the reclamation centre. The project proposal indicated that the halon bank would be sufficiently operational in 2002 to assist the country in meeting the year 2002 freeze and provide halon for essential uses.

Halon Consumption Background

21. Algeria's consumption of halons is mostly due to the highly developed natural gas extraction and refinery processes in the country. Government-owned gas production companies have protected their extraction, processing and storage systems with halons. Halon is also installed in telecommunications equipment, commercial banks, electricity utilities, hotels, electronic data processing centres, government offices and airline. The proposal did not indicate any consumption by halon fire extinguisher manufacturers or halon system installation operations. The project would provide information on alternative halon systems.

22. Algeria's baseline for the purposes of compliance with the halon control measures of the Montreal Protocol is 237.3 ODP tonnes and its 2000 consumption was 195 ODP tonnes. Data on halon consumption from 1994 is available for Algeria. A survey was conducted for the preparation of this request. The survey identified more than 2000 installations with halon fire protection systems with an overall installed capacity of 223 metric tonnes of halon 1211 and 282 metric tonnes of halon 1301.

Comments of the Fund Secretariat

23. The project document indicates that a ban on the importation of halon will occur upon the completion of the project. The project is expected to be completed in January 2005.

24. The request complies with Decision 18/22 for countries with a medium-level of installed capacity.

Fund Secretariat's recommendations

25. This project is recommended for blanket approval in the amount as indicated below with the understanding that the importation of halon into Algeria would cease starting January 2004.

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Sectoral phase out program: establishing a halon bank	259,500	33,735	Germany

CHINA: Conversion of the use of CFC to HC in the manufacture of thermostats at Foshan Tongbao Co., Ltd. in China (US \$213,271)

26. The Secretariat's comments and recommendations on the Foashan thermostat project in China are found in UNEP/OzL.Pro/ExCom/35/34.

IRAN: Conversion of the use of CFC to LCD in the manufacture of flexible foam at Esfanj Jajerood foam company in Iran (US \$499,299)

27. The Secretariat's comments and recommendations on the Esfanj Jajerood foam project are found in UNEP/OzL.Pro/ExCom/35/41.

SYRIA: Phase-out of the use of methyl bromide in soil fumigation in Syria (US \$499,299)

28. A policy issue was raised with regard to this submission, therefore, pursuant to Decision 34/18 the project was not submitted.

29. The policy issue is addressed in the document "Overview of issues identified during project review" (UNEP/OzL.Pro/ExCom/35/20)

**PROJECT EVALUATION SHEET
REGION: AFRICA**

SECTOR: Halon ODS use in sector (various): 27 ODP tonnes

Sub-sector cost-effectiveness thresholds: N/a

Project Titles:

- (a) Sectoral phase out program: establishing a regional halon bank for Eastern and Southern Africa (Botswana, Ethiopia, Kenya, Lesotho, Namibia, Tanzania, Zimbabwe)

Project Data	General
Enterprise consumption (ODP tonnes)	28.00
Project impact (ODP tonnes)	28.00
Project duration (months)	36
Initial amount requested (US \$)	507,000
Final project cost (US \$):	
Incremental capital cost (a)	
Contingency cost (b)	
Incremental operating cost (c)	
Total project cost (a+b+c)	
Local ownership (%)	100%
Export component (%)	0%
Amount requested (US \$)	
Cost effectiveness (US \$/kg.)	1.40
Counterpart funding confirmed?	Yes
National coordinating agency	
Implementing agency	Germany

Secretariat's Recommendations	
Amount recommended (US \$)	
Project impact (ODP tonnes)	
Cost effectiveness (US \$/kg)	
Implementing agency support cost (US \$)	
Total cost to Multilateral Fund (US \$)	

PROJECT DESCRIPTION

Project Summary

30. The Government of Germany has received official requests from the Governments of Botswana, Ethiopia, Kenya, Lesotho, Namibia, Tanzania and Zimbabwe for the identification, preparation, establishment and implementation of a regional Halon Bank.

31. The project would establish a regional halon bank for East Africa and it states that the halon management plan would ensure that the countries meet their obligations under the Montreal Protocol. The regional halon bank would provide: halon banking, the promotion of recovery and recycling of halons, recovery services for halons in the case of maintenance of a fire protection system, storage of halon recovered and recycled, a system of distribution of halons for essential uses, provisions for the trade of recycled halons, and regional co-ordination of activities. The halon bank would be developed by a team of international and national halon bank experts.

32. Each country will ban the importation of new produced halons with the establishment of the halon bank, except for essential uses as decided by the Meetings of the Parties to the Montreal Protocol.

Sector Background

33. The proposal includes a survey of users. Therefore, the document provides only a generic review of the uses of halon in the chemical and oil and gas industries; in data processing centres; in military, marine and airline equipment; in electrical utilities; in gold and diamond mines; and in commercial banks.

34. The document indicates that there are no manufacturers of fire protection systems in the region.

35. Four of the seven countries no reported consumption in their latest consumption reported pursuant to Article 7. The baseline for halon controls for these four countries ranged from 0.2 ODP tonnes to 5.3 ODP tonnes. The latest consumption of the other three countries was reported to be in a range of 7.3 to 10.7 ODP tonnes.

36. The levels of installed capacity estimated in the proposal range from 2 ODP tonnes to 107 ODP tonnes. The overall installed capacity for the region is estimated at 361 ODP tonnes.

Comments of the Fund Secretariat

37. The requested level of funding exceeds the amount allowed under the guidelines for halon banking for countries with a high level of installed capacity. Projects have been approved for countries with medium and low levels of installed capacities. The requested amount of funding does not comply with the guidelines for halon banking (Decision 18/22) due to a cost issue. The Secretariat is continuing to discuss the request with the Government of Germany and will provide a report on the outcome of its discussions to the Meeting.

Fund Secretariat's recommendation

38. Pending.

PROJECT PREPARATION

IRAN: Project preparation for the phase out of ODS use in the flexible foam sub-sector in 5 companies in Iran (US \$23,750)

39. The Secretariat reviewed the sector consumption and there remains consumption in the foam sector to be phased out. The Secretariat also noted that the request corresponds to the allocation of activities among the implementing and bilateral agencies as indicated in the Government of Iran's business plan letter.

Fund Secretariat's recommendation

40. The Secretariat recommends blanket approval for this project preparation in the amount as indicated in Table 3.

KENYA: Project proposal for the development of a solvent sector strategy in Kenya (US \$15,000)

41. The Government of Germany has sought project preparation funding of US \$15,000 plus support costs to address during a 12 month period consumption of 70 ODP tonnes in the solvent sector as reported to the Ozone Secretariat. Consumption of carbon tetrachloride (CTC) is reported to have increased substantially in the last two years and the Montreal Protocol 85 percent reduction step comes into force in 2005.

Fund Secretariat's recommendation

42. The proposal is recommended for blanket approval as indicated in Table 3.

PAPUA NEW GUINEA: Project preparation for development of a refrigerant management plan (RMP) in Papua New Guinea (US \$60,200)

43. The Fund Secretariat noted that UNEP and the Government of Australia plan to implement the Pacific Island Country Strategy that is expected to include Papua New Guinea. The Strategy is expected to be submitted to the 36th Meeting. UNEP and the Government of Australia have included the implementation of the strategy as part of their 2002 business plans.

Fund's Secretariat's recommendation

44. Pending.
