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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-seventh Meeting
Montreal, 17-19 July 2002

PROJECT PROPOSALS: KYRGYZSTAN

This document consists of the comments and recommendations of the Fund Secretariat on the following project proposals:

Refrigeration

- Implementation of the refrigerant management plan: awareness and incentive programme UNDP
- Implementation of the refrigerant management plan: monitoring UNDP
- Implementation of the refrigerant management plan: national programme for recovery & recycling of refrigerants UNDP
- Implementation of the refrigerant management plan: training for customs excise and personnel involved in the monitoring of ODS/equipment UNEP
- Implementation of the refrigerant management plan: training of refrigeration technicians UNEP

**PROJECT EVALUATION SHEET
KYRGYZSTAN**

SECTOR: Refrigeration ODS use in sector (2000) : 46.8

Sub-sector cost-effectiveness thresholds: n/a

Project Titles:

- (a) Implementation of the refrigerant management plan: awareness and incentive programme
- (b) Implementation of the refrigerant management plan: monitoring
- (c) Implementation of the refrigerant management plan: national programme for recovery & recycling of refrigerants
- (d) Implementation of the refrigerant management plan: training for customs excise and personnel involved in the monitoring of ODS/equipment
- (e) Implementation of the refrigerant management plan: training of refrigeration technicians

Project Data	Refrigerant management plan				
	Awareness	Monitoring	R&R	Training customs	Training ref
Enterprise consumption (ODP tonnes)					
Project impact (ODP tonnes)	2.50		9.10		
Project duration (months)	60	60	36	24	12
Initial amount requested (US \$)	212,227	16,500	185,175	88,880	133,900
Final project cost (US \$):					
Incremental capital cost (a)	187,242	16,500	171,214	68,100	89,000
Contingency cost (b)			13,961	6,810	8,900
Incremental operating cost (c)					
Total project cost (a+b+c)	187,242	16,500	185,175	74,910	97,900
Local ownership (%)	100%	100%	100%	100%	100%
Export component (%)	0%	0%	0%	0%	0%
Amount requested (US \$)	187,242	16,500	185,175	74,910	97,900
Cost effectiveness (US \$/kg.)			20.35		
Counterpart funding confirmed?					
National coordinating agency		National Ozone Office			
Implementing agency	UNDP	UNDP	UNDP	UNEP	UNEP

Secretariat's Recommendations					
Amount recommended (US \$)	187,242	16,500	185,175	74,910	97,900
Project impact (ODP tonnes)	2.50		9.10		
Cost effectiveness (US \$/kg)			20.35		
Implementing agency support cost (US \$)	24,341	2,145	24,073	9,738	12,727
Total cost to Multilateral Fund (US \$)	211,583	18,645	209,248	84,648	110,627

PROJECT DESCRIPTION

1. The Kyrgyzstan country programme submitted for consideration by the Executive Committee at its 37th Meeting (UNEP/OzL.Pro/ExCom/37/63) includes a refrigerant management plan (RMP) project proposal which will be jointly implemented by UNEP and UNDP.

The refrigeration sector

2. In 2000, the total consumption of CFCs in the country was estimated at 53.5 ODP tonnes, mainly CFC-12 used for servicing refrigeration equipment: 39.4 tonnes in commercial refrigeration systems (20,000 units with capacity less than 3,000 watts, 940 units with capacity over 3,000 watts), 6.7 tonnes in dairy facilities (127 milk freezing units and 55 tank coolers), 4.4 tonnes in domestic refrigerators (347,500 units), and 3.0 tonnes in 21 refrigeration wagons. There are more than 500 technicians in this sector.

3. In 1991, there were 14 CFC-12-based chillers installed in public buildings in the country. By 1997, these chillers were decommissioned. In 2000, 3 new HCFC-22-based chillers were installed.

Policy measures

4. Article 25 of the law pertaining to the environment protection stipulates the establishment of a system for collection of ODS consumption data and inventory of ODS-based equipment; compliance with limiting values and standards of emissions of substances affecting the ozone layer; and regulatory controls for ODS industrial and domestic activities. In addition, a law pertaining to free air protection, stipulates that all juridical persons that repair, maintain or use refrigeration equipment are obliged to make inventories and implement measures to prevent emissions of ODS into the atmosphere.

5. The Government is proposing several actions to phase out ODS consumption in the country, including restrictive measures and policies on ODS export/import, implementation of a licensing and quota system for ODSs and ODS-based equipment; an incentive programme supported by policy measures favouring the use of alternative substitutes and recycled ODS; training of customs officers and refrigeration service technicians; enforcement of existing regulatory measures in place; and implementation of public awareness campaigns on ozone-related issues.

Sub-projects in the RMP

6. The RMP includes requests for a training programme for customs officers and establishment of a quota and licensing system (US \$88,880); a training programme on good refrigerant management practices (US \$133,900); a national recovery and recycling project (US \$185,175); an awareness and incentive programme to encourage refrigeration end-users to replace or permanently retrofit their existing ODS-based equipment to zero/low-ODP refrigerants (US \$212,227); and monitoring the sub-projects in the RMP (US \$16,500).

7. Through the implementation of the RMP, the Government of Kyrgyzstan proposes to phase out 85 per cent of the CFC baseline consumption (72.8 ODP tonnes) by 2007.
8. The Ozone Unit supported by the National Ozone Committee will be responsible for the monitoring, co-ordination and implementation of proposed phase-out activities in the RMP.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

9. The Secretariat sought a clarification from UNDP and UNEP on the basis used for calculating the amounts of CFCs used for servicing refrigeration commercial and industrial refrigeration equipment in the country. UNDP advised the Secretariat that the consumption was based on the servicing provided by the refrigeration technicians in the country. For example, service to commercial refrigeration units are often done at least once a year, independently on whether or not a breakdown of the equipment occurs and needs a major repair during that year; also during routine check ups (i.e., systems are cleaned and oiled), topping up of refrigerant to maintain an adequate refrigeration capacity.
10. The Secretariat pointed out to UNEP that the request for substantive assessment and co-ordination was not an eligible incremental cost; also the request for international experts in both training programmes for custom officers and for refrigeration service technicians was already covered under UNEP's Compliance Assistance Programme (CAP). Subsequently, UNEP revised the project costs.
11. The Secretariat advised UNDP on its reservations on the proposed retrofit incentive programme, taking into consideration that the training programmes and recovery and recycling operations proposed in the RMP will commence only in late 2002 or early 2003 and the amount of CFC potentially to be phased out will be shown only in late 2003 or early 2004; the current leakage rate for commercial and industrial refrigeration is very high; the price of CFC-12 is below the prices of HCFC-22 and HFC-134a; and that new legislation is under development, including development of a licensing system and a ban on imports of ODS-based equipment. In this regard, UNDP indicated that the experience gained from similar projects in Burkina Faso, Ghana and Sri Lanka shows that starting up the incentive/awareness programme takes as much time as the start-up of the recovery and recycling activities. The awareness workshop proposed will provide valuable information to end-users on the Montreal Protocol, and the earlier this happens the better. Also, the incentives will entice owners of refrigeration systems to retrofit/replace their equipment earlier, which will have a multiplying effect, since competitors will follow the examples of the few entrepreneurs which have received an incentive. Furthermore, the prices of CFCs are expected to change significantly over the next few months/years. Being a long-term programme, its effects will be spread out accordingly.
12. Upon a request by the Fund Secretariat, the Government of Kyrgyzstan has submitted an official letter stating its commitment, responsibilities and financial implications associated with Decisions 31/48, 32/10 and 33/13.

RECOMMENDATIONS

13. The Fund Secretariat recommends blanket approval of the projects at the funding level indicated below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Implementation of the refrigerant management plan: awareness and incentive programme	187,242	24,341	UNDP
(b)	Implementation of the refrigerant management plan: monitoring	16,500	2,145	UNDP
(c)	Implementation of the refrigerant management plan: national programme for recovery & recycling of refrigerants	185,175	24,073	UNDP
(d)	Implementation of the refrigerant management plan: training for customs excise and personnel involved in the monitoring of ODS/equipment	74,910	9,738	UNEP
(e)	Implementation of the refrigerant management plan: training of refrigeration technicians	97,900	12,727	UNEP
