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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Thirty-ninth Meeting  
Montreal, 2-4 April 2003

**BILATERAL COOPERATION**

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

<b>PROJECT TITLE</b>	<b>BILATERAL AGENCY</b>
Implementation of the refrigerant management plan: recovery and recycling in Bolivia	Canada
Demonstration of exotherm management technology (EMT) in the manufacture of flexible polyurethane foam in Morocco	Canada
Regional network for 11 Article 5 countries in Eastern Europe/Central Asia	Czech Republic
Refrigerant management plan in Angola	Germany
Project preparation for an RMP update in Botswana	Germany
Training of refrigeration mechanics in domestic and commercial refrigeration service sub-sectors (2 <sup>nd</sup> installment of the 1 <sup>st</sup> tranche) in Brazil	Germany
Project preparation/technical assistance for the halon sector in Croatia	Germany
Preparation of a national CFC phase-out plan in Iran	Germany
Technology transfer leading to methyl bromide phase-out in soil fumigation (all other horticulture – release of first tranche) in Kenya	Germany
Conversion of TCA based cleaning process to non-ODS alternatives at the Kenya Power and Lighting Company in Kenya	Germany
Implementation of the refrigerant management plan in Liberia	Germany
Terminal phase-out management plan for ODS (1st phase) in Papua New Guinea	Germany
Regional network for 11 article 5 countries in Eastern Europe/Central Asia	Hungary
Regional network for 11 article 5 countries in Eastern Europe/Central Asia	Slovak Republic
Terminal phase-out management plan for CFCs (first tranche) in Croatia	Sweden
Preventing illegal trade of ODS in the South Asia Region	Sweden

1. A total of 16 requests amounting to US \$4,402,231 for bilateral co-operation were submitted for consideration at the 39<sup>th</sup> Meeting by Canadian, Czech, German, Hungarian, Slovak and Swedish 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.

Table 1

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

<b>Bilateral Agency</b>	<b>Amount Requested (US \$)</b>	<b>Number of Projects</b>
Canada	420,360	2
Czech Republic	67,800	1
Germany	3,583,996	9
Hungary	45,200	1
Slovak Republic	16,950	1
Sweden	267,925	2
<b>TOTAL</b>	<b>4,402,231</b>	<b>16</b>

## REQUEST FROM THE GOVERNMENT OF CANADA

### Introduction

3. Table 2 presents a summary of Canada's request for bilateral co-operation. The value of the request does not exceed 20 percent of Canada's contribution for 2003 adjusted for approvals in principle and other funding commitments (US \$518,481).

Table 2

### SUBMISSION FROM THE GOVERNMENT OF CANADA AND RECOMMENDATION

Project Title	Country	Amount Requested (US\$)	Amount Recommended (US\$)
Implementation of the refrigerant management plan: recovery and recycling	Bolivia	292,000	292,000
Demonstration of exotherm management technology (EMT) in the manufacture of flexible polyurethane foam in Morocco	Global	80,000	Withdrawn
Agency Fee		48,360	37,960
TOTAL		420,360	329,960

#### **BOLIVIA: Implementation of the refrigerant management plan: recovery and recycling (US \$292,000)**

### Project description

4. At its 36<sup>th</sup> Meeting, the Executive Committee approved the Bolivia RMP, submitted by the Government of Canada as a bilateral contribution to the Multilateral Fund. The total agreed cost of the RMP was US \$517,000, including a recovery and recycling programme (at a cost of US \$292,000).

5. Given that the total cost of the RMP exceeded Canada's 20 percent bilateral contribution for 2002, the Government of Canada requested that the recovery and recycling programme be funded in 2003.

6. Accordingly, the Government of Canada has re-submitted to the 39<sup>th</sup> Meeting of the Executive Committee the request for funding the recovery and recycling programme included in the Bolivia RMP.

### Fund Secretariat's recommendation

7. The Fund Secretariat recommends blanket approval of the above project proposal in the amount of US \$292,000 plus US \$37,960 as agency support costs.

**GLOBAL: Demonstration of exotherm management technology (EMT) in the manufacture of flexible polyurethane foam in Morocco (US \$80,000)**

8. The Government of Canada withdrew the above project.

**REQUEST FROM THE GOVERNMENT OF CZECH REPUBLIC**

Introduction

9. Table 3 presents a summary of Czech Republic’s request for bilateral co-operation. This request exceeds 20 percent of Czech Republic’s contribution for 2003 adjusted for approvals in principle and other funding commitments (US \$34,579).

Table 3

**SUBMISSION FROM THE GOVERNMENT OF CZECH REPUBLIC AND  
RECOMMENDATION**

<b>Project Title</b>	<b>Country</b>	<b>Amount Requested (US\$)</b>	<b>Amount Recommended (US\$)</b>
Regional network for 11 Article 5 countries in Eastern Europe/Central Asia	Europe Region	60,000	Pending
Agency Fee		7,800	Pending
TOTAL		67,800	Pending

**EUROPE REGION: Regional network for 11 Article 5 countries in Eastern Europe/Central Asia (US \$60,000)**

10. Czech Republic informed the Secretariat of its intention to contribute to a European Network of ozone officers through bilateral co-operation. UNEP would administer the network and has included the activity in its work programme amendment where a description of the project is found (UNEP/OzL.Pro/ExCom/39/22).

11. A description of the issues associated with this request is found in the Overview of Issues identified during Project Review (UNEP/OzL.Pro/ExCom/39/20).

Fund Secretariat’s recommendation

12. Pending.

## REQUEST FROM THE GOVERNMENT OF GERMANY

### Introduction

13. Table 4 presents a summary of Germany's requests for bilateral co-operation. This request does not exceed 20 percent of Germany's contribution for 2003 adjusted for approvals in principle and other funding commitments (US \$1,979,232).

Table 4

### SUBMISSION FROM THE GOVERNMENT OF GERMANY AND RECOMMENDATION

Project Title	Country	Amount Requested (US\$)	Amount Recommended (US\$)
<b>Blanket Approval</b>			
Project preparation for an RMP update	Botswana	15,000	15,000
Training of refrigeration mechanics in domestic and commercial refrigeration service sub-sectors (2 <sup>nd</sup> installment of the 1 <sup>st</sup> tranche)	Brazil	1,062,863*	1,062,863
Project preparation/technical assistance for the halon sector	Croatia	16,500	16,500
Preparation of a national CFC phase-out plan	Iran	24,000	24,000
Technology transfer leading to methyl bromide phase-out in soil fumigation (all other horticulture – release of first tranche)	Kenya	287,247*	287,247
<b>Submissions considered under investment projects</b>			
Refrigerant management plan	Angola	707,000	(1)
Conversion of TCA based cleaning process to non-ODS alternatives at the Kenya Power and Lighting Company	Kenya	112,000	(2)
Terminal phase-out management plan for ODS (1st phase)	Papua New Guinea	632,500	(3)
<b>Submissions withdrawn</b>			
Implementation of the refrigerant management plan	Liberia	358,200	Withdrawn
Agency Fee		368,686	140,215
TOTAL		3,583,996	

\* Approved in principle

(1) Under UNEP/OzL.Pro/ExCom/39/28

(2) Under UNEP/OzL.Pro/ExCom/39/34

(3) Under UNEP/OzL.Pro/ExCom/39/36

14. The submissions from Germany are addressed in two sections: I--Projects recommended for blanket approval and II--Submissions considered under investment projects.

**SECTION I: PROJECTS RECOMMENDED FOR BLANKET APPROVAL****BOTSWANA: Project preparation for an RMP update (US \$15,000)**Project description

15. In accordance with Decision 31/48, the Government of Germany is submitting a request to update the RMP of Botswana. 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 Botswana RMP project.

Fund Secretariat's recommendation

16. The Fund Secretariat recommends blanket approval of the RMP update for Botswana in the amount of US \$15,000 plus US \$1,950 as agency support costs.

**BRAZIL: Training of refrigeration mechanics in domestic and commercial refrigeration service sub-sectors (2<sup>nd</sup> installment of the 1<sup>st</sup> tranche) (US \$1,062,863)**

Project description and Secretariat's comments

17. At the 37<sup>th</sup> Meeting the Executive Committee approved in principle the National CFC Phase-out Plan for Brazil. The plan included a programme for the training of refrigeration mechanics to be implemented by the Government of Germany under bilateral cooperation. The total value of the first tranche (2002-2003) of this training programme was US \$1,633,692, including 9 percent support costs. To correspond with Germany's 20 percent limit for bilateral contributions in the triennium 2000-2002, the level of funding approved at the 37<sup>th</sup> Meeting for the training programme was limited to US \$475,171 (including 9 percent support costs). The funding was approved with an understanding that Germany would request the balance of funding for the first tranche at the 39<sup>th</sup> Meeting. Accordingly, the Government of Germany has submitted a request for approval of the balance of funding of US \$1,158,521 (including 9 percent support costs).

Fund Secretariat's recommendation

18. The Fund Secretariat recommends blanket approval of the balance of the first tranche of the above project proposal in the amount of US 1,062,863 plus agency support costs.

	<b>Project Title</b>	<b>Project Funding (US\$)</b>	<b>Support Cost (US\$)</b>	<b>Implementing Agency</b>
(a)	Training of refrigeration mechanics in domestic and commercial refrigeration service sub-sectors (2 <sup>nd</sup> installment of the 1 <sup>st</sup> tranche)	1,062,863	95,658	Germany

**CROATIA: Project preparation/technical assistance for the halon sector (US \$16,500)**

Project description

19. The Government of Croatia has requested the Government of Germany to prepare a project in the halon sector. Germany is cancelling an aerosol project preparation activity in Croatia and will offset US \$18,645 against future approvals. The activities of this project include undertaking a comprehensive survey of the consumption of the different types of halons, identifying the users and collecting relative data in the country. This project when completed would then provide the necessary information for determining the requirements of the country with respect to reclamation, recycling and recovering facilities for halon, need for a demonstration project and the development of a halon bank.

Fund Secretariat's recommendation

20. The Fund Secretariat recommends blanket approval of the project preparation/technical assistance for the halon sector for Croatia in the amount of US \$16,500 plus US \$2,145 as agency support costs.

**IRAN: Preparation of a national CFC phase-out plan (US \$24,000)**

Project description and comments

21. The Government of the Islamic Republic of Iran has requested GTZ to prepare a national ODS phase-out plan and act as lead agency in coordinating the participation of other implementing agencies and bilateral partners: UNDP, UNIDO, France and Japan. GTZ is requesting US \$24,000 to compile the available data from implementing agencies and prepare a national ODS phase-out plan in accordance with Decision 38/55. The decision requested the I.R. of Iran to prepare a national ODS phase-out plan, clearly identifying and explaining consumption in each sector and sub-sector and any differences between this and consumption previously reported.

Fund Secretariat's recommendation

22. The Fund Secretariat recommends blanket approval of the GTZ request of US \$24,000 plus US \$3,120 agency support cost.

**KENYA: Technology transfer leading to methyl bromide phase-out in soil fumigation (all other horticulture – release of first tranche) (US \$287,247)**

Project description

23. At its 38<sup>th</sup> Meeting, the Executive Committee approved in principle US \$1,595,811 (US \$574,492 for Germany and US \$1,021,319 for UNDP) as the total funds that would be available to Kenya to achieve the complete phase out of 97 tonnes of MB used for soil



fumigation, according to the agreed conditions provided in Annex IX of UNEP/OzL.Pro/ExCom/38/70/Rev.1. The agreed conditions stipulate approval of US \$510,066 for UNDP at the 38<sup>th</sup> Meeting and US \$287,247 for Germany in 2003. The Executive Committee also approved the first tranche of the cut flower component and allocated US \$510,066 for UNDP's implementation

24. The Government of Germany has submitted to the 39<sup>th</sup> Meeting of the Executive Committee, a request in the amount of US \$287,247 as the first tranche for the project component for the phase out of MB in nurseries, seedbeds and vegetables.

Fund Secretariat's recommendation

25. The Fund Secretariat recommends blanket approval of the Government of Germany request (first tranche of the nurseries, seedbeds and vegetables project component) in the amount of US \$287,247 plus agency support costs.

**SECTION II: SUBMISSIONS CONSIDERED UNDER INVESTMENT PROJECTS**

**ANGOLA: Refrigerant management plan (US \$707,000)**

26. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/39/28.

**KENYA: Conversion of TCA based cleaning process to non-ODS alternatives at the Kenya Power and Lighting Company (US \$112,000)**

27. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/39/34.

**PAPUA NEW GUINEA: Terminal phase-out management plan for ODS (1st phase) (US \$632,500)**

28. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/39/36.

**REQUEST FROM THE GOVERNMENT OF HUNGARY**

Introduction

29. Table 5 presents a summary of Hungary’s request for bilateral co-operation. This request exceeds 20 percent of Hungary’s contribution for 2003 adjusted for approvals in principle and other funding commitments (US \$24,326).

Table 5

**SUBMISSION FROM THE GOVERNMENT OF HUNGARY AND  
RECOMMENDATION**

<b>Project Title</b>	<b>Country</b>	<b>Amount Requested (US\$)</b>	<b>Amount Recommended (US\$)</b>
Regional network for 11 Article 5 countries in Eastern Europe/Central Asia	Europe Region	40,000	Pending
Agency Fee		5,200	
TOTAL		45,200	Pending

**EUROPE REGION: Regional network for 11 Article 5 countries in Eastern Europe/Central Asia (US \$40,000)**

30. See the previous discussion in paras. 10-12 concerning this request for Czech Republic.

## REQUEST FROM THE GOVERNMENT OF SLOVAK REPUBLIC

### Introduction

31. Table 6 presents a summary of Slovak Republic's request for bilateral co-operation. This request exceeds 20 percent of Slovak Republic's contribution for 2003 adjusted for approvals in principle and other funding commitments (US \$8,645).

Table 6

### SUBMISSION FROM THE GOVERNMENT OF SLOVAK REPUBLIC AND RECOMMENDATION

Project Title	Country	Amount Requested (US\$)	Amount Recommended (US\$)
Regional network for 11 Article 5 countries in Eastern Europe/Central Asia	Europe Region	15,000	Pending
Agency Fee		1,950	
TOTAL		16,950	Pending

### EUROPE REGION: Regional network for 11 Article 5 countries in Eastern Europe/Central Asia (US \$40,000)

32. See the previous discussion in paras. 10-12 concerning this request for Czech Republic.

## REQUEST FROM THE GOVERNMENT OF SWEDEN

### Introduction

33. Table 7 presents a summary of Sweden's requests for bilateral co-operation. This request exceeds 20 percent of Sweden's contribution for 2003 adjusted for approvals in principle and other funding commitments (US \$208,076).

Table 7

### SUBMISSION FROM THE GOVERNMENT OF SWEDEN AND RECOMMENDATION

Project Title	Country	Amount Requested (US\$)	Amount Recommended (US\$)
Terminal phase-out management plan for CFCs (first tranche)	Croatia	39,000	(1)
Preventing illegal trade of ODS in the South Asia Region	Asia and Pacific Region	200,000	Issue
Agency Fee		28,925	
TOTAL		267,925	

(1) Under UNEP/OzL.Pro/ExCom/39/31

#### **CROATIA: Terminal phase-out management plan for CFCs (first tranche) (US \$39,000)**

34. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/39/31.

#### **ASIA AND PACIFIC REGION: Preventing illegal trade of ODS in the South Asia Region (US \$200,000)**

### Project description

35. The objective of the project proposal is to initiate a regional co-operation among countries in South Asia (SA) and South East Asia and the Pacific (SEAP) that will enable the participating countries (namely, Bangladesh, China, India, Iran, Korea DPR, Korea, Maldives, Mongolia, Nepal, Pakistan and Sri Lanka) to gain better control over their import and export of ODS, promote further regional co-operation for the control of transboundary movement of ODS.

36. The project will improve communication channels for informal information exchanges, develop common tools for data management and collaboration between and within the two regions, and assist the participating countries in ensuring that ODS consumption data in the region is reliable so that phase-out strategies can be enforced.

37. The proposal will be an expansion of the project “Regional co-operation for monitoring and control of ODS consumption in the SEAP region”. The project will utilise the framework of the ODSNET/SA and SEAP Regional Networks for developing a practical co-operation among customs officers and ozone officers in the two regions in order to prevent illegal trade with ODS.

Fund Secretariat’s comments

38. The project proposal was submitted for the consideration by the Executive Committee at its 38<sup>th</sup> Meeting as a regional co-operation for monitoring and control of ODS consumption for South Asia at a total cost of US \$350,000.

39. After considering the comments and recommendations of the Sub-Committee on Project Review, the Executive Committee decided (Decision 38/19):

- (a) Not to approve the project;
- (b) To request Sweden to consult with UNEP on the proposal with a view to revisiting individual components of the project, taking into account the comments made during the discussion in the Sub-Committee on Project Review;
- (c) To request Sweden to resubmit a revised project proposal to the Executive Committee at its 39<sup>th</sup> Meeting, incorporating the lessons learned from the first project; and
- (d) To maintain the allocated funding in Sweden’s 2002 business plan.

40. The Government of Sweden reported that under the customs initiative for the SEAP region (approved at the 34<sup>th</sup> Meeting), two meetings have been held back to back with the Ozone Officers’ network meeting; four additional meetings are scheduled over the three-year project duration. Invited speakers to the meeting were from the ASEAN Secretariat, the Regional Intelligence Liaison Office (RILO) for Asia and the Pacific Region, the Dutch Ministry for Environment and the World Bank. Participants were informed about the EurOzone Customs Network experience, the work and function of RILO and the role of ASEAN. Working group discussions were held on the need to strengthen and improve the Ozone Units-Customs co-operation. As a result of the first meeting, one country had established a formal agreement between the Ozone Unit and Customs and several other countries where in the process of formalising an agreement (two countries had an agreement in place before the start of the Customs initiative project).

41. At the second meeting, China was invited to inform participants about their production control measures; the United States Department of Justice presented its experiences in combating illegal trade of ODS and risk profiling systems; and the Environmental Investigation Agency (EIA) discussed current trends of illegal trade in the region, common smuggling methods used and how this evidence could be used to develop risk profiling systems for the countries in the region. There were extensive discussions on intelligence gathering and sharing, the role of different stakeholders and how to handle ODS seizures. Participating countries shared information on ODS importers/exporters and agreed to investigate suspect national brokers if

another country suspected illegal activities. A number of recommendations and actions for follow-up on information exchange, the development of enforcement tools and prevention of illegal trade, were agreed among participants. Through these meetings, it was demonstrated the need for customs officers and ozone officers to meet regularly to discuss sensitive issues such as illegal trade.

42. The Secretariat noted that the Government of Sweden has revised individual project components and budget lines, and provided an explanation on the project elements that are not covered by UNEP's CAP. In this regard, the Government of Sweden indicated that the project will be jointly implemented with UNEP (who will be the lead agency since it is the co-ordinator of ozone officer's network).

43. The revised project cost is US \$200,000, with the following breakdown:

Item	Cost (US \$)
<b>4 meetings back to back to ODSOINET meetings</b>	
Travel and DSA for 11 customs officers for 4 meetings 2-3 days each, plus one additional representative from each country at the final meeting	\$100,000
Resource persons, including travel and DSA	\$15,000
Local organisation	\$10,000
<b>Data management and enforcement tools</b>	
Local Consultants	\$30,000
Management tools	\$30,000
Contingency 5%	\$15,000
<b>Sub total</b>	\$200,000
Support costs 13%	\$26,000
<b>Grand total</b>	\$226,000

44. Regarding the issue raised by the Secretariat when the project was submitted to the 38<sup>th</sup> Meeting of the Executive Committee, the Government of Sweden provided the following comments:

- (a) Participants' travel and DSA. The participants in the proposed meetings will be ozone officers from South Asia (to be funded from the CAP budget), SEAP ODSOINET Networks (funded by the Government of Sweden as a bilateral project outside the Multilateral Fund, and customs officers from all the countries participating in the South Asia (to be funded through the project proposal under consideration) and SEAP ODSOINET (funded through the customs initiative project approved for the SEAP region at the 34<sup>th</sup> Meeting). Therefore, funding is now being requested only for customs officers from the South Asia region.
- (b) Resource persons, including travel and DSA: Experts/resource persons on illegal trade and monitoring and control of ODS will be invited to each meeting. This item is outside the CAP.
- (c) Local organisation: The project participants will meet four times, over a two-year period. The amount proposed for local organisation will be used for conference

facilities and local services connected to these meetings (not covered by CAP).

- (d) Local consultants: The project proposes to undertake national desk studies on ODS monitoring and control, through local consultants, to provide basic support to Ozone Units and customs in carrying out this task (not covered by CAP).
- (e) Management tools: The project proposes setting up a specialised website with input from experts in the field (not included in CAP), for which a minor part of the budget is allocated for this purpose. Most of this project component is to be undertaken by UNEP within the framework of CAP (i.e., setting up and maintaining a website in the initial stage as well as after the two-year project period). It is also proposed to develop databases, with associated software, training and installation in individual countries as necessary (this item is not within UNEP's CAP).

45. Within the framework of CAP, UNEP will provide:

- (a) Travel and DSA for Ozone Officers from 11 countries in South Asia;
- (b) Support for the development of the management tools as described above;
- (c) Fees, travel and DSA for UNEP's professional staff (Regional Network Co-ordinator and UNEP CAP Team) and administrative staff;
- (d) Clearinghouse function.

Fund Secretariat's recommendation

46. The Executive Committee might wish to consider the project proposal, noting that the Government of Sweden has reviewed individual project components and incorporated the lessons learnt from the first project, as requested by Decision 38/19, and taking into consideration the above comments.

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