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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-second Meeting
Montreal, 29 March - 2 April 2004

Addendum

PROJECT PROPOSALS: INDONESIA

This addendum is being issued to report on the conclusions of the discussion of outstanding issues on the project proposal: Phase-out of residual CFCs in the foam sector.

- **Add** the following paragraphs 25 (bis), 27 (bis) and 27 (ter) to the comments and 28 (bis) to the recommendations.

COMMENTS

25 (bis). The Secretariat received communication from UNIDO, the implementing agency responsible for three approved projects which the World Bank's survey data had indicated as possibly ineligible for funding. The enterprises involved are P.T. Ganesha Rattesko, P.T. Solindah Kita, and P.T. Trias Rantaimas. UNIDO believed that some incorrect data might have been recorded in the World Bank's survey report and provided information, including copies of documents from the enterprises concerned which established that the enterprises were eligible for funding at the time of preparation of their projects.

27 (bis). The Secretariat and the World Bank concluded discussions on the calculation of the eligible incremental costs as well as the funding disbursement and CFC phase-out schedules. The total cost of the phase-out plan was agreed as US \$2,957,564 including US \$250,000 as management cost. The total cost of the project to the Multilateral Fund is US \$3,179,381, including support cost to the World Bank of US \$221,817. The World Bank has revised the action plan to reflect the agreed amounts and the CFC phase-out schedule with corresponding annual implementation programmes for the years 2004-2009. The schedule of disbursement of the requested funds and CFC phase-out provided in the action plan is shown in the table below.

Funding Disbursement and CFC Phase-out Schedule

Line		2003	2004	2005	2006	2007	2008	2009	2010
Phase-out targets (ODP tonnes)									
1.	Maximum allowable total CFC consumption in foam sector	2,515.0	2,046.0	1,270.2	688.4	232.7	[66.2*]	[33.1*]	0
2.	Reduction from on-going projects	469.0	775.8	452.0	300.0	100.0	0	0	0
3.	New reduction under plan	0	0	129.8	155.7	66.5	0	0	0
4.	Total annual CFC reduction	469.0	775.8	581.8	455.7	166.5	[33.1*]	[33.1*]	0
Funding Request (US\$)									
5.	Investment Projects		1,600,000	1,000,000	107,564	0	0	0	0
6.	National SPMCU and supporting activities		125,000	50,000	40,000	35,000	0	0	0
8.	Total		1,725,000	1,050,000	147,564	35,000	0	0	0
9.	Agency support cost		129,375	78,750	11,067	2,625	0	0	0
10.	Total cost to the Multilateral Fund		1,854,375	1,128,750	158,361	37,625			

* Indonesian Country Programme requires that all consumption i.e. import of CFCs stops in 2007 and the consumption as per Article 7 of the Protocol is therefore zero in 2008. The use of CFCs in the foam sector in 2008 and 2009 will be met from amounts stockpiled in previous years.

27 (ter). With regard to the draft agreement on the sector plan, the Secretariat and the World Bank agreed to propose that consistent with the recommendation in paragraph 15 (b) (iii) of Addendum 1 to document UNEP/OzL.Pro/ExCom/42/34, the preparation of the draft agreement should be deferred to the 43rd Meeting when the World Bank would submit a

consolidated draft national CFC phase-out agreement incorporating approved sector plans for the refrigeration, foam and aerosols sectors. The Secretariat and the World Bank further agreed to invite the Executive Committee to consider approval of the foam sector plan in principle, pending the submission of the national CFC phase-out plan, and approve an amount of US \$100,000 as an advance to the World Bank to enable it to begin essential activities towards the implementation of the plan.

RECOMMENDATION

28 (bis). The Executive Committee may wish to consider approval of the project: Phase-out of residual CFCs in the foam sector in the following manner:

- (a) To approve in principle the amount of US \$2,957,564 and agency support cost of US \$221,817 for the implementation of the project: Phase-out of residual CFCs in the Indonesian foam sector based on the funding disbursement and CFC phase-out schedule as indicated in paragraph 27 (bis) above;
- (b) To request the World Bank to incorporate the project, including the amounts approved in principle into the draft national CFC phase-out agreement foreshadowed in paragraph 15 (b) (iii) of document UNEP/OzL.Pro/ExCom/42/34/Add.1;
- (c) To approve an amount of US \$100,000 to the World Bank to initiate activities essential for the implementation of the project. The amount should be offset against the amount approved in principle for the project and accounted for in the funding disbursement schedule of the eventual CFC phase-out agreement.
