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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

Corrigendum

PROJECT PROPOSAL: SRI LANKA

This corrigendum is being issued to:

- **Replace** paragraphs 27 and 28 **with** the following:

27. On the basis of the RMP project approved at the 32nd Meeting, similar terminal ODS phase-out plans approved for other Article 5 countries and the relatively small amounts of CFCs and halons that have not been funded for phase-out in Sri Lanka, the Secretariat noted that the level of funding requested for the NCAP was high (over US \$2.88 million). The Secretariat informed the Government of Japan that the following factors were relevant to calculation of the incremental cost of the phase-out plan:

- (a) The remaining CFC consumption eligible for funding in Sri Lanka (on the basis of Decision 35/57) is 134.7 ODP tonnes; an additional 20 ODP tonnes of CFCs that are used in the northern territories of the country had not been funded for phase-out;
- (b) The current CFC consumption in Sri Lanka is for servicing refrigeration systems, mainly MAC units (about 60 per cent of the total consumption). While no information is available on the number of vehicles fitted with a CFC-12 MAC unit, since 1993 new vehicles imported from Europe, Japan and the United States were fitted gradually with HFC-134a based MAC units;

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- (c) The RMP project under implementation (approved at the 32nd Meeting of the Executive Committee) through which the Government committed to meet the 2005 and 2007 CFC phase-out targets on time without further funding from the Multilateral Fund (the project included training programmes for customs officers and refrigeration servicing technicians and a recovery/recycling scheme comprising 124 recovery units and 8 recycling centers);
- (d) The training programmes for customs officers and for refrigeration technicians have been completed; the refrigeration training centers have been properly equipped; and the CFC recovery/recycling network has become operational; and
- (e) The cost-effectiveness of other national CFC phase out plans that have been recently approved by the Executive Committee (e.g., from less than US \$5.00/kg to less than US \$7.00/kg).

28. On the basis of the above considerations, the Secretariat suggested an alternative methodology which resulted in an incremental cost of the Sri Lanka NCAP of US \$900,000, consisting of the following sub-projects:

- (a) Certification programme and additional training for refrigeration service technicians;
- (b) Additional training programme for custom officers;
- (c) Public awareness and information dissemination to main stakeholders;
- (d) Technical assistance programme for the refrigeration servicing subsectors, to address specific needs that might arise during project implementation; for example, provide more recycling machines in the event of a steep rise in the price of CFCs, purchase basic service tools should technicians experience difficulties in implementing good practices; or promote cost-effective and sustainable end-users retrofit programmes. To the extent possible, this programme would be implemented in stages so that resources can be diverted to other activities, such as additional training or procurement of service tools, if the proposed results are not achieved. Thus, the objective would be to continuously monitor and survey the needs of technicians and adapt the project accordingly;
- (e) Technical assistance for the phase out of halons (through a halon banking programme); and
- (f) Monitoring and management.

29. The Secretariat also indicated that once the incremental cost of the project had been established, it will also be necessary to draft an agreement between the Government of Sri Lanka and the Executive Committee on the modalities of the implementation of the NCAP.

30. In a subsequent communication two weeks prior to the 42nd Meeting, the Secretariat drew the attention to the Government of Japan to Decision 41/80, through which the Executive

Committee decided, *inter alia*, that if cost-related issues associated with projects were not resolved and/or complete up-to-date documentation was not available one week before the meeting, the related projects should not be considered at that meeting.

31. Subsequently, the Government of Japan indicated that while it appreciated the work of the Secretariat, including the proposed funding level for the NCAP for Sri Lanka based upon past experiences, the project proposal should be submitted to the 42nd Meeting so that the Executive Committee could discuss the outstanding issues.

32. Upon a request by the Government of Japan concerning the historical cost-effectiveness of national and sectoral phase-out plans, the Secretariat reviewed all the agreements for phase-out plans that have been funded for non-LVC countries. The cost-effectiveness values of all except one of these plans ranged from US \$4.60/kg to US \$6.74/kg (the national CFC phase-out plan for Turkey was approved at a cost-effectiveness value of US \$10.00/kg, taking into account the significant acceleration of agreed phase-out in the country and the resulting reduction in ODS emissions). All of the approved plans address CFC consumption in the manufacturing sector (mainly foam and refrigeration) as well as in the servicing sector; some plans also address consumption of controlled substances other than CFCs (e.g., halons, TCA and/or CTC). Currently, servicing sector components of all sectoral or national plans in non-LVC countries are being reviewed and submitted to the Executive Committee at a cost-effectiveness value of US \$5.00/kg.

RECOMMENDATION

33. The project is submitted for individual consideration.

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