



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/44/49
30 October 2004

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-fourth Meeting
Prague, 29 November-3 December 2004

PROJECT PROPOSALS: NEPAL

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

Refrigeration

- Implementation of the refrigerant management plan: assistance in remaining in compliance UNEP
- Implementation of the refrigerant management plan: recovery and recycling, retrofit and their monitoring UNDP

**PROJECT EVALUATION SHEET – NON-MULTI-YEAR PROJECTS
COUNTRY: NEPAL**

PROJECT TITLES	BILATERAL/IMPLEMENTING AGENCY
(a) Implementation of the refrigerant management plan: assistance in remaining in compliance	UNEP
(b) Implementation of the refrigerant management plan: recovery and recycling, retrofit and their monitoring	UNDP

NATIONAL COORDINATING AGENCY	Ministry of Industry, Commerce & Supplies
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES)**

CFC	0		

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES)

ODS Name	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity.
CFC	0			

CFC consumption remaining eligible for funding (ODP tonnes)	n/a
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CURRENT YEAR BUSINESS PLAN ALLOCATIONS		Funding US \$ million	Phase-out ODP tonnes
	(a)	124,000	-
	(b)	190,000	7.3

PROJECT TITLE:	Assistance in remaining in compliance	Recovery and recycling, retrofit and their monitoring
ODS use at enterprise (ODP tonnes):		
ODS to be phased out (ODP tonnes):		
ODS to be phased in (ODP tonnes):		
Project duration (months):	36	36
Initial amount requested (US \$):	55,000	57,495
Final project cost:		
Incremental Capital Cost (US \$)	51,440	57,495
Contingency (10%) (US \$)		
Incremental Operating Cost (US \$)		
Total Project Cost (US \$)	51,440	57,495
Local ownership (%):	100%	100%
Export component (%):	0%	0%
Requested grant (US \$):	51,440	57,495
Cost-effectiveness (US \$/kg):		
Implementing agency support cost (US \$):	6,687	5,175
Total cost of project to Multilateral Fund (US \$):	58,127	62,670
Status of counterpart funding (Y/N):		
Project monitoring milestones included (Y/N):		

SECRETARIAT'S RECOMMENDATION	Pending
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PROJECT DESCRIPTION

1. The Refrigerant Management Plan Update for Nepal will enable Nepal to meet the 2005 reduction of 50% and the 2007 reduction of 85% from its baseline. It also outlines a plan of action to deal with Decisions XIV/23 and XV/39 of the Meeting of the Parties related to possible non-compliance. Nepal was identified in Decision XIV/23 as being in non-compliance with the CFC consumption freeze for the control period 1 July 2000 – 30 June 2001 and had been requested to submit to the Implementation Committee a plan of action with time-specific benchmarks to ensure a prompt return to compliance. The Government of Nepal clarified that 74 tonnes of CFCs had been imported without an import license and detained by customs authorities. Therefore, Nepal wished to report the shipment as illegal trade under the terms of Decision XIV/7, paragraph 7, which provided that ‘the illegally traded quantities should not be counted against a Party’s consumption provided the Party does not place the said quantities on its own market’.

2. At the 32nd Meeting of the Implementation Committee (Geneva, 17-18 July 2004), a draft decision had been proposed for approval at the Sixteenth Meeting of the Parties, which notes that Nepal could release the amount of seized CFCs on to the market in a controlled manner, i.e, not exceeding the permitted level under the Protocol in any one year and without allowing new CFC imports. If the proposed decision is approved by the Meeting of Parties, Nepal will no longer be considered to be in non-compliance. The Government of Nepal has recommitted not to release more than the following amount of CFCs each year:

27.0 ODP tonnes in 2004

13.5 ODP tonnes in 2005

13.5 ODP tonnes in 2006

4.05 ODP tonnes in 2007

4.05 ODP tonnes in 2008

4.00 ODP tonnes in 2009

Zero in 2010, save for any essential uses that may be authorized by the Parties

3. The RMP for Nepal was approved in July 1999. Since then, the Government of Nepal has successfully implemented a number of activities supported by the Multilateral Fund for complete phase-out of CFCs in the year 2010. This RMP Update, submitted by the National Ozone Unit and endorsed by the Government of Nepal, includes: proposed activities to enhance the national capacity for compliance, mainly to strengthen border control, institutionalize the dialogue with China and India, establish the ODS enforcement/information center, establish the management of the seized CFCs and amend government regulations related to the phase-out of ODS in Nepal.

4. The refrigeration servicing sector is the major CFC-consuming sector in Nepal. The RMP update is seeking additional funding to procure more servicing tools for the refrigeration servicing workshops, which will enable them to apply better servicing practices. Funds are also requested for pilot retrofitting of refrigeration equipment, which will reduce the demand for CFCs in Nepal. The total demand in 2003 was estimated at 20 ODP tonnes.

5. The total requested funding is US \$112,495 with the following breakdown:

Activities to be implemented by UNEP

Activities	Budget
Management and regular inspection of the seized CFCs in storage	\$9,500
Operation of the ODS information/enforcement centre including the development of the database	\$10,000
Institutionalize Nepal's dialogue with India/China on illegal trade (3 years)	\$10,000
Training of security personnel and the remaining customs staff	\$13,000
Pamphlet for border enforcement in Nepalese	\$1,000
1 standby refrigerant identifier	\$1,500
National workshops for policy revision and development and implementation	\$10,000
Total	\$55,000

Activities to be implemented by UNDP

ITEM	QTY	UNIT COST	TOTAL COST
Recovery And Recycling			
Recovery Cylinders - 30lbs	20	\$100	\$2,000
Vacuum Pumps	20	\$450	\$9,000
R&R for MAC	2	\$3,500	\$7,000
100 lb cylinders for use with MAC R&R m/c	2	\$200	\$400
Spares			\$1,840
Contingency			\$2,024
Freight			\$2,226
Sub-Total Recovery & Recycling			\$24,490
Retrofit of Domestic Refrigerators			
International Consultant (Travel, 3 days DSA and fees)			\$5,000
Hands on training workshop			\$1,000
Study Tour to India to visit HC service training school			\$5,000
Retrofit kits @ \$17 per kit	500	\$17	\$8,500
HC blend @\$3,000 per MT	500	\$1	\$500
Other materials @\$10 per fridge	500	\$10	\$5,000
Labour and ancillary expenses @\$5 per fridge	500	\$5	\$2,500
Contingency			\$1,650
Freight			\$1,815
Sub-Total Dom. Ref. Retrofit			\$30,965
TOTAL R&R and Retrofit			\$55,455
Monitoring of R&R and retrofit (48 man days per year)			\$2,040
TOTAL			\$57,495

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

6. A draft decision regulating the handling of seized CFCs and the respective plan of action have been formulated by the Implementation Committee under the Non-Compliance Procedure for the Montreal Protocol and proposed to the Sixteenth Meeting of the Parties for approval. Consideration of the RMP update for Nepal by the Executive Committee would be contingent upon the decision to be taken by the Sixteenth Meeting of Parties, which will take place prior to the 44th Meeting of the Executive Committee. The Executive Committee will be advised of the outcome accordingly.

7. The Secretariat has discussed the proposed budget with UNEP and UNDP. It was agreed to adjust the budget from US \$112,495 to US \$108,935, reflecting Decision 31/48. The cost of the non-investment component related to assistance in monitoring and policy development to be implemented by UNEP is US \$51,440. The cost of the UNDP investment component remains the same at US \$57,495.

8. The project is submitted for individual consideration.

RECOMMENDATION

9. Pending
