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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-seventh Meeting
Montreal, 21-25 November 2005

PROJECT PROPOSALS: FIJI

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

Fumigant

- Technical assistance project to project to install alternatives, achieve compliance and phase-out methyl bromide UNDP, UNEP

Refrigeration

- Terminal phase-out management plan on ozone depleting substances UNDP, UNEP

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**PROJECT EVALUATION SHEET – NON-MULTI-YEAR PROJECTS
FIJI**

PROJECT TITLES**BILATERAL/IMPLEMENTING AGENCY**

(a)	Technical assistance project to install alternatives, achieve compliance and phase-out methyl bromide	UNDP
(b)	Technical assistance project to install alternatives, achieve compliance and phase-out methyl bromide	UNEP

NATIONAL CO-ORDINATING AGENCY	Ministry of Local Government, Housing, Squatter Settlement and Environment
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2004 AS OF OCTOBER 2005)**

Annex E, Methyl bromide	2.1		
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B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2004, AS OF SEPTEMBER 2005)

ODS Name	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity
Methyl bromide	2.1			

CFC consumption remaining eligible for funding (ODP tonnes)	n/a
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CURRENT YEAR BUSINESS PLAN ALLOCATIONS		Funding US \$	Phase-out ODP tonnes
	(a)	100,000	1.0
	(b)	16,950	0.0

PROJECT TITLE:	(a)	(b)
ODS use at enterprise (ODP tonnes):	n/a	n/a
ODS to be phased out (ODP tonnes):	2.1	
ODS to be phased in (ODP tonnes):		
Project duration (months):	36	
Initial amount requested (US \$):	0	154,200
Final project cost:		
Incremental Capital Cost (US \$)		
Contingency (10%) (US \$)		
Incremental Operating Cost (US \$)		
Total Project Cost (US \$)	50,000	65,000
Local ownership (%):	n/a	n/a
Export component (%):	0	0
Requested grant (US \$):	50,000	65,000
Cost-effectiveness (US \$/kg):	n/a	n/a
Implementing agency support cost (US \$):	4,500	8,450
Total cost of project to Multilateral Fund (US \$):	54,500	73,450
Status of counterpart funding (Y/N):	n/a	n/a
Project monitoring milestones included (Y/N):	Y	Y

SECRETARIAT'S RECOMMENDATION	Blanket approval
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PROJECT DESCRIPTION

1. The Government of Fiji, through UNDP and UNEP, has submitted for consideration by the Executive Committee at its 47th Meeting a technical assistance project to install alternatives, achieve compliance, and phase-out methyl bromide (MB) in Fiji. Implementation of this project will result in the phase-out of 1.61 ODP tonnes of MB, representing the total consumption of controlled uses of MB eligible for funding in Fiji.
2. MB is mainly used in Fiji for fumigation of mills, stored cereal grains and pulses, ships, buildings and artefacts. The technical assistance project proposes to completely phase-out all MB used in these applications by: facilitating transfer of existing alternatives from other countries and piloting them if necessary, conducting training programmes in alternatives for fumigators and other MB users, and training Customs officials to ensure the control of MB at the borders. The alternative technologies proposed in this project are already in use in Fiji (i.e., phosphine) or in other countries (i.e., sulfuryl fluoride and ethyl formate). Although sulfuryl fluoride and ethyl formate are not yet registered, it was assured during the consultation with industry and relevant authorities at the project preparation stage that the registration process should be straightforward for Fiji as the amounts required are small. These activities will be accompanied by the development of a policy package to ensure a successful, sustainable and orderly phase-out of MB.
3. The total cost of the project, as submitted, is US \$154,200 (excluding agency support costs) with the following breakdown: technical personnel (US \$60,000), training and technology transfer (US \$65,200); policy development (US \$15,000); and contingency (US \$14,000).
4. The project will be jointly implemented by UNDP and UNEP. Overall project management will be executed nationally by the Ozone Unit within the Ministry of Local Government, Housing, Squatter Settlements and Environment. Stakeholders will play an integral role in the evolution and implementation of this project through the Technical Consultative Working Group on MB, a stakeholder group established as a means to reach decisions about the phase-out of MB. The estimated time frame for implementation of the project is three years.
5. The technical assistance programme for the phase-out of MB in Fiji was submitted with a letter signed by the Chief Executive Officer for Local Government, Housing, Squatter Settlements and Environment. In a separate communication received at the Secretariat, it was confirmed that the Government of Fiji commits to completely phasing out all controlled uses of MB without further assistance from the Multilateral Fund.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

Non-compliance issue

6. Fiji's MB baseline for compliance is 0.67 ODP tonnes. Consumption levels for 2003 and 2004 reported under Article 7 of the Montreal Protocol were 1.51 and 1.61 ODP tonnes respectively. An additional 2.25 ODP tonnes of MB were consumed for quarantine and pre-shipment applications.

7. As reported in the proposal, the calculation of Fiji's MB consumption baseline did not take into account unreported MB imports (fumigations carried out by private companies are not always registered by relevant authorities under present circumstances). If import records had been kept, Fiji's MB baseline would have been more than 2 ODP tonnes. In the absence of any documentary proof of MB consumption, the Government of Fiji was unable to submit a request to the Implementation Committee for a change of its MB baseline.

8. At their 16th Meeting, the Parties to the Montreal Protocol noted that Fiji had reported annual data for the controlled substances in Annex E (MB) for 2003 that is above its allowed consumption level for that substance. As a consequence, for 2003, Fiji was in non-compliance with its obligations under Article 2H of the Montreal Protocol. The Parties requested Fiji, as a matter of urgency, to submit a plan of action with time-specific benchmarks to ensure a prompt return to compliance (decision XVI/23). In response to a request by the Secretariat, UNEP indicated that the Government of Fiji had already submitted the requested plan of action for the phase-out of MB for consideration by the Parties to the Montreal Protocol at their 17th Meeting.

9. In regard to the request for technical personnel, the Secretariat was informed that two experts will be located at the two main ports in Fiji where MB applications are currently being used (these ports are far from the capital city where the Ozone Office is located). The officers will provide continuous monitoring and reporting on levels of MB consumption and phase-out, ensure that MB imported for QPS is not being used for controlled uses, and will implement awareness activities to support MB phase out.

10. The Secretariat, UNDP and UNEP also discussed a number of cost issues, all of which have been taken into consideration in the revised project proposal submitted to the 47th Meeting. As a result, the adjusted cost of the project is US \$115,000 with the following breakdown: US \$65,000 for UNEP for policy development, training programmes and monitoring, and US \$50,000 for equipment needed to demonstrate and implement the proposed alternative technologies. UNEP has been selected as the lead implementing agency by the Government of Fiji.

RECOMMENDATION

11. The Executive Committee may wish to consider approval of the project proposal at the level indicated in the table below, noting that the phase-out of MB will be achieved in 2009, on the understanding that no more funding will be provided from the Multilateral Fund for the phase-out of controlled uses of MB in Fiji, and without prejudice to the operation of the Protocol's mechanism for dealing with non-compliance:

	Project Title	Project Funding (US \$)	Support Cost (US \$)	Implementing Agency
(a)	Technical assistance project to install alternatives, achieve compliance and phase out methyl bromide	50,000	4,500	UNDP
(b)	Technical assistance project to install alternatives, achieve compliance and phase out methyl bromide	65,000	8,450	UNEP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
FIJI

PROJECT TITLE**BILATERAL/IMPLEMENTING AGENCY**

(a)	Terminal phase-out management plan: policy review and initiatives	UNEP
(b)	Terminal phase-out management plan: certification of refrigerant identifiers	UNEP
(c)	Terminal phase-out management plan: accredited refrigerant analysis laboratory	UNEP
(d)	Terminal phase-out management plan: development of an MDI transitional strategy	UNEP
(e)	Terminal phase-out management plan: training for refrigeration servicing technicians	UNEP
(f)	Terminal phase-out management plan: customs training programme	UNEP
(g)	Terminal phase-out management plan: recycling centre and equipment subsidy	UNDP
(h)	Terminal phase-out management plan: public awareness for the servicing sector	UNEP
(i)	Terminal phase-out management plan: project management unit	UNEP

NATIONAL CO-ORDINATING AGENCY:	Ministry of Local Government, Housing, Squatter Settlement and Environment
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2004, AS OF OCTOBER 2005)**

Annex A, Group I: CFC	0.5*		
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* Zero consumption reported in the TPMP proposal

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2004, AS OF SEPTEMBER 2005)

ODS Name	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity
CFCs	0			

CFC consumption remaining eligible for funding (ODP tonnes)	n/a
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CURRENT YEAR BUSINESS PLAN ALLOCATIONS		Funding US \$	Phase-out ODP tonnes
	(a) – (e), (g) - (i)	22,600	
	(f)	105,000	2.0

CFC consumption remaining eligible for funding (ODP tonnes)	n/a
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PROJECT TITLE:	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
ODS use at enterprise (ODP tonnes):									
ODS to be phased out (ODP tonnes):									
ODS to be phased in (ODP tonnes):									
Project duration (months):	36	12	36	18	24	24	60	36	36
Initial amount requested (US \$):	61,600	16,500	42,900	30,000	22,000	28,600	71,500	22,000	101,200
Final project cost:									
Incremental Capital Cost (US \$)									
Contingency (10%) (US \$)									
Incremental Operating Cost (US \$)									
Total Project Cost (US \$)	61,600	16,500	42,900	30,000	22,000	28,600	71,500	22,000	101,200
Local ownership (%):									
Export component (%):					n/a				
Requested grant (US \$):	61,600	16,500	42,900	30,000	22,000	28,600	71,500	22,000	101,200
Cost-effectiveness (US \$/kg):									
Implementing agency support cost (US \$):	8,008	2,145	5,577	3,900	2,860	3,718	6,435	2,860	13,156
Total cost of project to Multilateral Fund (US \$):	69,608	18,645	48,477	33,900	24,860	32,318	77,935	24,860	114,356
Status of counterpart funding (Y/N):					n/a				
Project monitoring milestones included (Y/N):					Yes				
SECRETARIAT'S RECOMMENDATION									For individual consideration

PROJECT DESCRIPTION

12. The Government of Fiji has submitted, through UNDP and UNEP, for consideration by the Executive Committee at its 47th Meeting, a terminal phase-out management plan on ozone depleting substances (TPMP), to be implemented by the UNDP and UNEP.

Background

13. At its 29th Meeting, the Executive Committee approved the refrigerant management plan (RMP) project for Fiji, at a total cost of US \$209,755, to be jointly implemented by UNDP and UNEP. The implementation of the RMP, together with other activities undertaken by the Government of Fiji, reduced CFC consumption in the country from a CFC baseline of 33.4 ODP to zero consumption in 2000. Since then, and up until 2003, no CFC consumption was reported by the Government of Fiji. However in 2004, the Government of Fiji had reported a CFC consumption of 0.5 ODP tonnes under Article 7 of the Montreal Protocol.

The refrigeration servicing sector

14. Fiji has maintained advance CFC phase-out from 2000 onwards through strong enforcement of its ODS regulations, and through technical assistance from the projects under the RMP. An ODS import licensing system was introduced in 2000 and a quota system for ODS importation in December 2000. A quota system for methyl bromide (MB) is currently under consideration and expected to be established in 2006.

15. Prior to 1999, CFCs were mainly used for servicing refrigeration and air-conditioning equipment. Since CFC imports were banned, recovered and recycled CFCs have been used to meet servicing needs. The number of CFC-based domestic refrigerators in operation in 2004 was estimated at 140 units. A significant percentage of existing commercial refrigeration and air-conditioning equipment is reaching the end of its life span. Most units have been replaced with new non-CFC-based refrigerants, and the last reported consumption of CFC-115 was 0.3 tonnes in 1999. In 2000, Fiji stopped importing vehicles fitted with CFC-12 MAC units. The existing stock of CFC-12 based MAC vehicles (estimated at 755 units) is expected to decline over the next few years at a rate based on normal repair practices in the country.

16. Fiji does not produce any metered dose inhalers (MDIs). Although non-CFC MDIs are already available in the country, mainly from Australia, there are still imports of CFC-based MDI products from other countries.

17. There are 145 refrigeration servicing workshops (70 located in the capital city). Out of 700 refrigeration service technicians, 360 have been licensed in Fiji. Larger servicing organizations have competent, well-trained technicians, while smaller workshops generally have less qualified personnel. Under the RMP, more than 600 technicians were trained in good practices to avoid unnecessary losses of ODS during maintenance, servicing and repair of existing ODS-based equipment. However, during the survey for TPMP preparation, it was found that untrained technicians still use CFCs to flush systems as a normal practice.

Activities proposed in the TPMP

18. The Fiji TPMP includes the following sub-projects:
- (a) Policy review and initiatives (US \$61,600, UNEP): to conduct a review of the legislation and make the necessary amendments to both the regulations and the Ozone Depleting Substances Act of 1998;
 - (b) Certification of refrigerant identifiers (US \$16,500, UNEP): to provide two refrigerant identifiers and visits to equipment manufacturers as part of the certification process;
 - (c) Setting-up an accredited refrigerant analysis laboratory (US \$42,900, UNEP): to produce chemical analysis report for any prosecution;
 - (d) Development of a MDI transitional strategy (US \$30,000, UNEP);
 - (e) Training for refrigeration servicing technicians (US \$22,000, UNEP): to provide additional training to 300 technicians in good servicing practices;
 - (f) Customs training programme (US \$28,600, UNEP): to train all 370 customs officers and update customs officers on recent developments in illegal trade and develop a guideline for the handling of confiscated ODS;
 - (g) Recycling centre and equipment subsidy (US \$71,500, UNDP): to upgrade the current recycling centre and establish a subsidy programme for the recovery machine;
 - (h) Public awareness for the servicing sector (US \$22,000, UNEP);
 - (i) Project management unit (US \$101,200, UNEP), to establish a project management unit under the supervision of the Ozone Unit for any policy issues; it will be in direct contact with UNDP and UNEP for implementation of the activities approved under the TPMP.
19. The total cost of the TPMP is US \$396,300.

SECRETARIAT'S COMMENTS AND RECOMMENDATION**COMMENTS**

20. At its 45th Meeting, the Executive Committee considered two requests from UNDP and UNEP to prepare a project proposal to achieve and sustain phase-out of all ODS in Fiji. The resulting project was aimed at phasing out newly identified MB consumption and to provide already identified additional assistance with activities typical of those in an RMP update, to enable Fiji to sustain the phase-out of CFCs first achieved in 2000.

21. Consistent with decision 31/48, Fiji prepared a detailed report of its circumstances in regard to CFC phase-out. In its progress report, the Government of Fiji identified certain specific additional activities necessary to maintain momentum:

- (a) A request for 4 to 5 ODS identifiers for customs officers;
- (b) A request for 2 or 3 recovery/recycling machines;
- (c) Additional support for strengthening the local training centre for refrigeration servicing technicians; and
- (d) The development of an ODS monitoring database.

22. On this basis, the Executive Committee approved funding for the preparation of the TPMP proposal “subject to all CFC-based funding proposals in the resulting project being directly related to the specific needs identified and quantified in Fiji’s report on implementation of its refrigerant management plan” (decision 45/19).

23. The information presented in the Fiji TPMP proposal submitted to the 47th Meeting has confirmed once again that, through the implementation of the RMP project together with other Government initiatives for the control of ODS, Fiji successfully reached its advance phase-out target in the year 2000 and has maintained momentum. As a result, since 2000 the CFC consumption level in Fiji has been zero. The table below indicates ODS consumption as reported in the TPMP submitted to the 47th Meeting. The Secretariat noted that the 2004 CFC consumption is indicated as zero, notwithstanding the report of 0.5 ODP tonnes submitted under Article 7 of the Protocol:

Annex	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Baseline
CFCs	59.76	26.72	13.74	13.11	9.38	0	0	0	0	0	33.40
Halon	0	0	0	0	0	0	0	0	0	0	0
Other CFCs	0	0	0	0	0	0	0	0	0	0	0
CTC	0	0	0	0	0	0	0	0	0	0	0
TCA	0	0	0	0	0	0	0	0	0	0	0
HCFCs	1.1	1.54	0.04	2.40	1.01	1.56	1.34	5.03	0.07	0	
MB	1.38	1.31	0	0	0.96	0.85	1.20	0.26	1.51	2.10	0.67

Source: Terminal phase-out management plan on ozone depleting substances (16 September 2005).

24. Based on the above considerations, the Secretariat pointed out that the request for US \$396,300 for the implementation of the TPMP for Fiji cannot be justified and does not meet the Executive Committee’s requirements as specified in decision 45/19. Taking into account similar costs for the equipment and training requirements specifically identified by the Government of Fiji, and considering additional funding to strengthen the monitoring unit to ensure comprehensive annual monitoring and reporting of the TPMP, the maximum level of funding that could be considered for the TPMP for Fiji to meet the requirements of decision 45/19 would be US \$120,000.

25. In this regard, UNEP reported that the Government of Fiji has encountered various challenges in enforcing ODS regulations, and that failure to adequately address these challenges would have a negative effect on Fiji’s ability to sustain phase-out, especially in the area of enforcement and prosecution. The additional activities identified in the progress report were

based on feedback from a limited group of stakeholders. During preparation of the TPMP, however, the Government of Fiji was able to hold comprehensive discussions with all national stakeholders, in particular those with enforcement and prosecution responsibilities. The level of funding requested is based on the TPMP guidelines provided under decision 45/54 (i.e., US \$345,000).

26. Under the above circumstances, an agreement on costs could not be reached between the Fund Secretariat and UNEP (as the lead implementing agency selected by the Government of Fiji). The Secretariat also noted that it is clearly stated in decision 45/54 that:

- (a) “TPMP project proposals should be in conformity with all relevant decisions taken by the Executive Committee”.

Under decision 45/19, the level of funding of the TPMP for Fiji should be directly related to the specific needs identified and quantified in Fiji’s report on implementation of its refrigerant management plan; and

- (b) “That future TPMP proposals for the post-2007 period might include requests for funding up to the levels indicated in the table below, on the understanding that individual project proposals would still need to demonstrate that the funding level was necessary to achieve complete phase-out of CFCs”.

As indicated in the project description, CFC consumption in Fiji was nil from 2000 to 2003 and 0.5 ODP tonnes in 2004.

27. Noting that there has not been agreement between the Secretariat and UNEP (as the lead implementing agency) on costs, the Executive Committee could consider deferring the project proposal. Alternatively, the Executive Committee could consider approving funding at US \$120,000 for final phase-out of CFCs in Fiji subject to confirmation from UNEP at the Meeting that Fiji wished to proceed on this basis and with disbursement withheld pending agreement by the Secretariat to an implementation programme to be prepared and submitted by UNEP.

RECOMMENDATION

28. The Executive Committee may wish to consider the proposed TPMP for Fiji in light of the above comments.
