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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-eighth Meeting
Montreal, 3-7 April 2006

PROJECT PROPOSAL: KYRGYZSTAN

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

Halon

- Halon phase-out programme

UNIDO

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issue of the document.

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COUNTRY: KYRGYZSTAN**PROJECT TITLES****BILATERAL/IMPLEMENTING AGENCY**

(a)	Halon phase-out programme	UNIDO
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NATIONAL CO-ORDINATING AGENCY	Ministry of Emergency Situations of Kyrgyz Republic
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2004, AS OF FEBRUARY 2006)**

Annex A, Group II	Halon: 2.4		
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B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2004, AS OF FEBRUARY 2006)

ODS Name	Halon	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity.
	Halon-1211: 2.1			
	Halon-1301: 0.3			

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)		50,000	2.4

PROJECT TITLE:	(a)
ODS use at enterprise (ODP tonnes):	2.4
ODS to be phased out (ODP tonnes):	2.4
ODS to be phased in (ODP tonnes):	0
Project duration (months):	36
Initial amount requested (US \$):	50,000
Final project cost:	
Incremental Capital Cost (US \$)	45,455
Contingency (10%) (US \$)	4,545
Incremental Operating Cost (US \$)	0
Total Project Cost (US \$)	50,000
Local ownership (%):	
Export component (%):	
Requested grant (US \$):	50,000
Cost-effectiveness (US \$/kg):	N/A
Implementing agency support cost (US \$):	4,500
Total cost of project to Multilateral Fund (US \$):	54,500
Status of counterpart funding (Y/N):	n/a
Project monitoring milestones included (Y/N):	Y

SECRETARIAT'S RECOMMENDATION	Blanket approval
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PROJECT DESCRIPTION

1. UNIDO has submitted, on behalf of the Government of Kyrgyzstan, a project aiming at establishing and implementing the national halon management programme which will support Kyrgyzstan in meeting its obligations under the Montreal Protocol.
2. UNIDO submitted a request for US \$54,500 that includes:
 - a national/regional halon expert to deliver training on halon management and halon alternatives to halon users, traders, wholesalers, the military, aviation and oil and gas sectors (US \$6,000);
 - A national/regional legal expert to review and improve the halon legislation including a provision for the ban on newly produced halons and allowances for recycled or reclaimed halon (US \$3,000);
 - A national/regional information technology (IT) expert to establish and maintain a halon website (US \$1,000);
 - The local organization of stakeholder meetings, annual meetings of the Halon Steering Committee, and training workshops (US \$8,000);
 - Local travel and accommodation for stakeholders, Steering Committee members and workshop participants (US \$4,000);
 - Awareness raising materials on halon management and halon alternatives (US\$ 3,000);
 - The acquisition and maintenance of basic recovery and recycling equipment (US \$25,000); and
 - Support costs at 9 per cent (US \$4,500).
3. The national ozone unit (NOU) will cover: the national coordination of project activities; the collection, verification and analysis of data related to halon consumption, installed capacities, critical uses, stockpiles and contaminated halons; and the creation of a national/regional clearinghouse for providing information on halon alternatives and sources for recycled halon.
4. The country has a zero baseline for halon and has reported zero halon consumption every year since 1991 until 2004 when a consumption of 2.4 ODP tonnes was reported. The level of installed halon 1211, 1301 and 2402 is not known. The NOU does not expect the installed halon capacities to exceed 250 metric tonnes of halon 1301 or 1,000 metric tonnes of halon 1211. There are no data available concerning halon stockpiles, contaminated halons and critical uses of halon. The project proposal indicates that Kyrgyzstan has potential halon users including the military, the national airlines, hydropower facilities, gold mines, oil and gas industry.

5. Kyrgyzstan does not produce halons and fully depends on the import from other countries.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

6. The Secretariat raised several issues with respect to the project. An incentive scheme was indicated in the proposal, but UNIDO advised that the details of the incentive scheme are still to be developed as it had obtained and submitted a proposal prepared by UNEP without modification. Concerning the sustainability of the project with respect to the equipment to be purchased, UNIDO indicated that the equipment would be located at the Fire Protection State Department, which is within the Ministry of Emergency Situations. It would be the responsibility of the ministry to sustain the operation of the equipment. The sustainability of the other activities would be the responsibility of the NOU. It was expected that the equipment would be mainly used for halon 2402 recovery.

7. In response to the Secretariat's query, UNIDO indicated that there were several established halon banks in Asia, but the closest halon bank was located in Kazakhstan. However, since the halon recovered is mostly intended for the military, the Kyrgyz Republic is requesting the equipment to be operated in Kyrgyzstan.

8. Concerning assistance for countries with a baseline consumption of zero, the Executive Committee decided at its 47th Meeting that "Article 5 countries with zero halon baselines but a low level of documented installed halon inventories could submit project proposals to manage their halon stocks in accordance with the Executive Committee's Interim Halon Banking Guidelines. The level of funding for such proposal should normally be between US \$25,000 (as recommended in the Interim Halon Banking Guidelines) and US \$50,000 (as per decision 44/8), depending on the level of the inventory" (decision 47/10, para. a.)

9. As indicated above, the level of installed capacity in Kyrgyzstan is not known and part of the project's activities will be to collect, verify and analyze the historical and current halon consumption. Currently, based on country estimates it appears that there are 32 ODP tonnes of halon 1301, 2.4 ODP tonnes of halon 1211, and 80.7 tonnes of halon 2402.

10. With this level of installed capacity, the non-investment activities indicated in the proposal should be sufficient. However, given the fact that the equipment is intended for the recovery of halon 2402 that is only available from Russia, the Secretariat is recommending that the highest level of support should be provided, namely US \$50,000.

RECOMMENDATIONS

11. The Fund Secretariat recommends blanket approval for this activity in the amount indicated in the following table with the understanding that no further funds would be sought by Kyrgyzstan for the halon sector:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Halon phase-out programme for Kyrgyzstan	50,000	4,500	54,500
