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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-first Meeting
Montreal, 19-23 March 2007

BILATERAL COOPERATION

The Fund Secretariat received the following requests for bilateral cooperation:

PROJECT TITLE	BILATERAL AGENCY
Customs Enforcement Network for the Latin America Network - Preventing illegal trade of ODS for the LAC Region	Canada
Terminal phase-out management plan for Bolivia (first tranche)	Canada
Terminal ODS phase-out management plan in Seychelles (first tranche)	France
National CFC phase-out plan: 2007 annual implementation programme for the Islamic Republic of Iran	Germany
National phase-out of Annex A (Group I) substances for Zimbabwe (phase II, first tranche)	Germany
Umbrella project for terminal phase-out of ODS in the solvent sector for the Democratic Republic of the Congo (first phase)	Italy

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.

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to the meeting and not to request additional copies.

Note on the Organization of the Document

1. This document provides an overview of requests from bilateral agencies and whether they are eligible for approval by the Executive Committee in light of the maximum level of bilateral cooperation available for the year 2007. It also cross-references relevant meeting documents, which include a discussion on the bilateral requests. Documents that have been cross-referenced are addressed in other agenda items under consideration at the 51st Meeting.
2. The only request that is fully addressed in this document is that from the Government of Canada for a Latin American Customs Enforcement Network. Requests from other governments have been addressed in documents covering other agenda items.
3. Germany has already received approval for annual tranches of multi-year agreements (MYAs) and other activities, which have fully utilized its 2006 allocation and most of its 2007 allocation. At its 48th Meeting, the Executive Committee decided to inform the Meeting of the Parties that, with the approvals at the 48th Meeting, Germany had exceeded 20 per cent of its contribution for 2006 (decision 48/19 (b)). At its 49th Meeting, the Executive Committee agreed to continue informing the Meeting of the Parties of cases where bilateral cooperation exceeded 20 per cent of the 2006 contribution in the current replenishment period, in particular where they relate to commitments for existing MYAs (decision 49/19 (a)).

Introduction

4. A total of five requests for bilateral cooperation with a value of US \$2,048,817 (including MYAs) have been received by the Secretariat for approval at the 51st Meeting. This document presents, by bilateral agency, those projects that are before the Executive Committee for its consideration.
5. Table 1 provides a summary of the value and number of requests by bilateral agency.

Table 1

VALUE AND NUMBER OF PROJECTS FOR BILATERAL COOPERATION, BY BILATERAL AGENCY (including agency fees)

Bilateral Agency	Total Amount Requested (US \$)	Number of Projects
Canada	258,770	2
France	135,600	1
Germany	1,219,510	2
Italy	434,937	1
TOTAL	2,044,817	6

REQUEST FROM THE GOVERNMENT OF CANADA

Introduction

6. Table 2 presents a summary of the requests for bilateral cooperation from the Government of Canada. The value of these requests does not exceed 20 per cent of Canada's contribution for 2007 (US \$940,073) and Canada did not exceed its allocation for 2006.

Table 2

SUBMISSION FROM THE GOVERNMENT OF CANADA AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Customs Enforcement Network for the Latin America Network - preventing illegal trade of ODS in the LAC Region	Region: LAC	150,000	50,000
Terminal phase-out management plan (first tranche)	Bolivia	79,000	(1)
Agency Fee		29,770	6,500
TOTAL		258,770	56,500

(1) Under UNEP/OzL.Pro/ExCom/51/25

LATIN AMERICA REGION: Customs enforcement network (US \$150,000)

Project description

7. The Government of Canada is submitting, jointly with UNEP, a project to establish a regional enforcement network for Latin America. This project will be implemented through UNEP's networking activity under the CAP, and linked with the ODSNET/LAC network.

8. The Secretariat notes that this project follows the concept of an earlier approved project to improve monitoring and control of ODS imports in the Asia and the Pacific region, funded through the Multilateral Fund as bilateral assistance from Sweden. This project aims to replicate the ODS Officers and Customs Officers network in Southeast Asia and the Pacific funded by Sweden as part of its bilateral programme under the Multilateral Fund.

9. The current network will cover the 20 countries that are part of the Latin American network of ODS Officers operated by the UNEP CAP Programme through its regional CAP team in the UNEP Regional Office for Latin America. The project's main objective is to prevent illegal trade in ODS by initiating and sustaining regional cooperation to control trans-boundary movement of ODS (within the framework of the ODSNET/South America and Central and Latin America) and encouraging cooperation among customs officers, other enforcement officers, and the ozone focal points in the region. UNEP proposes that the Customs Enforcement Network (CENet) should be a three-year initiative and hold a total of six meetings of customs and ozone officers. It also proposes the development of enforcement tools that would be useful for the region.

10. The project is being submitted with a total proposed budget of US \$390,000, of which US \$240,000 would be managed by UNEP and US \$150,000 would be in bilateral assistance

from the Government of Canada. The UNEP component will fund the participation of 20 customs officers from the LAC region in six meetings over three years, including travel expenses and per diems. The Government of Canada will bear the costs for other elements such as experts and resource speakers, the local organisation of meetings, and the development of enforcement tools and other management tools.

Fund secretariat's comments

11. The project proposal presents a comprehensive picture of the current situation in the region with respect to ODS trade, and provides examples of discussions and conclusions from past meetings where these issues have been considered. To obtain an initial commitment on the establishment of such a network, the Secretariat sought clarification on whether any informal consultations with customs and other enforcement officers in the region had been undertaken. The Government of Canada informed the Secretariat that there had been a total of two network meetings in 2005 and 2006, which included senior customs officers along with producers and ODS traders in the LAC region. These meetings addressed the challenges and experiences related to the control of trade, including illegal trade in ODS and ODS-containing technologies. Canada confirmed that there was a clear interest from the customs representatives in the region to initiate this project.

12. In discussions with the Government of Canada, the Secretariat noted that even if this project is being submitted as bilateral assistance, it would have to be considered in the context of UNEP's CAP budget, since networking is an activity under the CAP, and is already funded as such. In approving the CAP funding for 2007, the Executive Committee clearly encourages *UNEP to continue extending the prioritization of funding among CAP budget lines so as to accommodate changing priorities* (decision 50/26). In clarifying with both UNEP and Canada whether such a change in priorities had occurred, the Secretariat was informed that if the current CAP budget were to be allocated to this project, it would not allow for funding of other regional priorities. Both UNEP and the Government of Canada also indicated that part of the CAP funds would be used to support the participation of other countries in the LAC region, as required.

13. The Secretariat draws the Executive Committee's attention to the fact that this project was included in Sweden's 2006 business plan as submitted to the 48th Meeting, as per decision 48/5. In deciding to leave this project in Sweden's 2006 business plan, the Executive Committee noted that the activity was required, although indirectly, for compliance. Since Sweden has discontinued further bilateral assistance under the Multilateral Fund, Canada is now pursuing this project.

14. The Secretariat has compared the costs associated with this project with the CAP funding approved for the LAC region, and considers the project costs proposed to be reasonable.

15. In light of these comments, and following discussions between the Secretariat, the Government of Canada and UNEP, it was agreed that funding could be recommended for the first year of the project only, without prejudice to the approval of the funding for the remaining two years. This would allow the network to gather the commitment it needed and ensure the sustainability of its future operation.

Secretariat's Recommendation

16. The Fund Secretariat recommends approval of this project for one year only, at the following funding levels: Canada, US \$50,000 plus support costs; and UNEP, US \$80,000 plus support costs. This is without prejudice to future funding approvals for the remaining two years proposed for this project.

BOLIVIA: Terminal phase-out management plan (first tranche) (US \$79,000)

17. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/51/25.

REQUESTS FROM THE GOVERNMENT OF FRANCE

Introduction

18. Table 3 presents a summary of the request for bilateral co-operation from the Government of France. The value of this request (US \$135,600) does not exceed 20 per cent of France's contribution for 2007 (US \$2,015,159) and France did not exceed its allocation for 2006.

Table 3

SUBMISSION FROM THE GOVERNMENT OF FRANCE AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Terminal ODS phase-out management plan (first tranche)	Seychelles	120,000	(1)
Agency Fee		15,600	
TOTAL		135,600	

(1) Under UNEP/OzL.Pro/ExCom/51/36

SEYCHELLES: Terminal ODS phase-out management plan (first tranche) (US \$120,000)

19. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/51/36.

REQUESTS FROM THE GOVERNMENT OF GERMANY

Introduction

20. Table 4 presents a summary of the request for bilateral co-operation from the Government of Germany. Germany submitted two projects amounting to US \$1,219,510 (including agency fees) to this Meeting for the Executive Committee's approval. As mentioned in paragraph 3 above, Germany has already fully utilized its 20 per cent bilateral allocation for 2006 (US \$2,894,744). US \$2,248,051 has been assigned for bilateral cooperation for 2007. The requested amount (US \$1,219,510) plus the amount already committed under Germany's bilateral programme for 2007 (US \$2,248,051) exceeds Germany's 20 per cent allocation for 2007.

Table 4

SUBMISSION FROM THE GOVERNMENT OF GERMANY AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
National CFC phase-out plan: 2007 annual implementation programme	Islamic Republic of Iran	920,868	(1)
National phase-out of Annex A (Group I) substances (phase II, first tranche)	Zimbabwe	175,000	(2)
Agency Fee		123,642	
TOTAL		1,219,510	

(1) Under UNEP/OzL.Pro/ExCom/51/31

(2) Under UNEP/OzL.Pro/ExCom/51/38

Secretariat's recommendation

21. Pursuant to decision 49/19 (a), the Executive Committee may wish to inform the Parties of the level of bilateral contributions assigned to Germany's contribution for 2008 if the Committee agrees to fund the project in the light of its consideration of the business plan issue identified in UNEP/OzL.Pro/ExCom/51/7.

ISLAMIC REPUBLIC OF IRAN: National CFC phase-out plan: 2007 annual implementation programme (US \$920,868)

22. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/51/31.

ZIMBABWE: National phase-out of Annex A (Group I) substances (phase II, first tranche) (US \$175,000)

23. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/51/38.

REQUESTS FROM THE GOVERNMENT OF ITALY

Introduction

24. Table 5 presents a summary of the request for bilateral co-operation from the Government of Italy. The value of this request does not exceed 20 per cent of Italy's contributions for 2006 or 2007 (US \$1,632,512). Although no projects were approved against Italy's 2006 contributions this activity, if approved, could be assigned to Italy's 2006 contributions in lieu of the fact that Italy plans to submit activities in 2007 against both its 2006 and 2007 contributions.

Table 5

SUBMISSION FROM THE GOVERNMENT OF ITALY AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Umbrella project for terminal phase-out of ODS in the solvent sector (first phase)	Democratic Republic of the Congo	384,900	(1)
Agency Fee		50,037	
TOTAL		434,937	

(1) Under UNEP/OzL.Pro/ExCom/51/27

DEMOCRATIC REPUBLIC OF THE CONGO: Umbrella project for terminal phase-out of ODS in the solvent sector (first phase) (US \$384,900)

25. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/51/27.
