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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-second Meeting  
Montreal, 23-27 July 2007

**PROJECT PROPOSAL: MALAYSIA**

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

Phase-out

- National CFC phase-out plan: 2007 annual work programme World Bank

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**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS  
MALAYSIA**

<b>PROJECT TITLE</b>	<b>BILATERAL/IMPLEMENTING AGENCY</b>
National CFC phase-out plan: 2007 annual work programme	World Bank

<b>NATIONAL CO-ORDINATING AGENCY:</b>	Department of Environment
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**LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**

**A: ARTICLE-7 DATA (ODP TONNES, 2005, AS OF JUNE 2007)**

CFC: 668.3	1,1,1 TCA: 3.3		
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**B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2005, AS OF JUNE 2007)**

ODS	Aerosol	Foam	Ref. Mfg.	Ref. Servicing	Solvents	Process agent	Fumigant
CFC-11				2.9			
CFC-12				658.29			
CFC-115				0.58			

<b>CFC consumption remaining eligible for funding (ODP tonnes)</b>	n/a
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**CURRENT YEAR BUSINESS PLAN:** Total funding US \$300,000: total phase-out: 46 ODP tonnes.

PROJECT DATA		2006	2007	2008	2009	2010	Total*
<b>CFC</b> (ODP tonnes)	Montreal Protocol limits	1,635.6	<b>490.7</b>	490.7	490.7	0	3,271.1
	Annual consumption limit	579	<b>490.7</b>	401	332	0	1,855
	Annual phase-out from ongoing projects						
	Annual phase-out newly addressed						
	Annual unfunded phase-out						
<b>1,1,1 TCA</b> (ODP tonnes)	Montreal Protocol limits	35.7	<b>35.7</b>	35.7	35.7	0	51
	Annual consumption limit	18	<b>18</b>	18	18		51
	Annual phase-out from ongoing projects						
	Annual phase-out newly addressed						
	Annual unfunded phase-out						
<b>CTC</b> (ODP tonnes)	Montreal Protocol limits	0.68	<b>0.68</b>	0.68	0.68	0	4.51
	Annual consumption limit	0.68	<b>0.68</b>	0.68	0.68	0	4.51
	Annual phase-out from ongoing projects						
	Annual phase-out newly addressed						
	Annual unfunded phase-out						
<b>TOTAL ODS CONSUMPTION TO BE PHASED OUT</b>		597.68	<b>508.68</b>	419.68	350.68	0	1,910.51
<b>Final project costs (US \$):</b>							
Funding for Lead IA: World Bank		1,013,300	<b>275,000</b>	275,000	275,000	0	11,517,005
<b>Total project funding</b>		1,013,300	<b>275,000</b>	275,000	275,000	0	
<b>Final support costs (US \$):</b>							
Support cost for Lead IA: World Bank		83,197	<b>24,750</b>	24,750	24,750	0	974,930
<b>Total support costs</b>		83,197	<b>24,750</b>	24,750	24,750	0	974,930
<b>TOTAL COST TO MULTILATERAL FUND</b>		1,096,497	<b>299,750</b>	299,750	299,750	0	12,491,935
Final project cost effectiveness (US \$/kg)							n/a
* Totals include consumption, phase-out and cost figures from the approval in 2001 (project approved) to 2010							

**FUNDING REQUEST:** Approval of funding for the 2007 work programme of the Malaysia CFC national phase-out plan as indicated above.

<b>SECRETARIAT'S RECOMMENDATION</b>	Blanket approval
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## PROJECT DESCRIPTION

1. The World Bank, on behalf of the Government of Malaysia, is submitting the 2007 annual work programme and requesting the release of the 2007 tranche of funding at US \$275,000 plus the associated support cost of US \$24,750. The submission also includes the audit of the ODS imports of Malaysia for the year 2005 as a mandatory requirement for the release of the 2007 funds. The 2007 annual work programme and the audit of the 2005 ODS imports are not attached but could be made available to members of the Executive Committee upon request.

### Background

2. At its 35<sup>th</sup> Meeting, the Executive Committee approved the Malaysian CFC national phase-out plan and agreed, in principle, a total level of funding of US \$11,517,005 to be disbursed between 2002-2010 for eliminating the remaining consumption of 2,092 ODP tonnes of Annex A, Group I CFCs, 33 ODP tonnes of TCA and 4 ODP tonnes of carbon tetrachloride. Since its approval, the 2003, 2004, 2005 and the 2006 tranches have been released to the World Bank, with a total disbursement of US \$10,692,005. The audit of the 2005 ODS imports confirmed that consumption of CFC was 668.3 ODP tonnes, 0 for CTC and 3.28 ODP tonnes for TCA. The 2007 tranche is now being requested, in accordance with the terms of the Agreement.

3. The key data from the national phase-out plan and the 2007 annual work programme are summarized in the following table:

Country	<b>MALAYSIA</b>
Year of plan	2007
No. of years completed	5
No. of years remaining under the plan	3
Target ODS Consumption of the preceding year (2006)	<ul style="list-style-type: none"> <li>• 579 ODP tonnes of Annex A, Group I Chemicals (CFCs)</li> <li>• 18 ODP tonnes of TCA</li> <li>• 0.68 ODP tonnes of CTC</li> </ul>
<b>Total</b>	<b>597.68 ODP tonnes</b>
Target ODS Consumption of the year of plan (2007)	<ul style="list-style-type: none"> <li>• 490 ODP tonnes of Annex A, Group I Chemicals (CFCs)</li> <li>• 18 ODP tonnes of TCA</li> <li>• 0.68 ODP tonnes of CTC</li> </ul>
<b>Total ODS</b>	<b>508.68 ODP tonnes</b>
Total MLF funding approved in principle	US \$11,517,005
Total MLF funding released by Nov.2006	US \$10,692,005
Level of funding requested	Investments: USD 275,000 PMU costs: USD 0 <b>Total: USD 275,000</b>
IA Support Costs	Investments activities (9%): USD 24,750 PMU (5%): USD 0 <b>Total: USD 24,750</b>

### 2007 annual work programme

4. Part I of the work programme summarized the achievement of the programme in 2006. The audit of ODS imports in Malaysia for 2005 confirmed, as shown in the table below, that the

actual consumption of CFCs, TCA and CTC all stayed below the targets set in the Agreement between the Government of Malaysia and the Executive Committee.

### ODS Consumption in 2005, as reported to Ozone Secretariat

All data in ODP Tonnes	CFCs	1,1,1 TCA	CTC
Maximum allowable consumption in 2005	699	18	0.68
Imports in 2005 <sup>1</sup>	668.3	3.276	0

(<sup>1</sup>): Reflects imports from January to December 2005 as shown in the audit report.

5. Data collected for the year 2006 also indicated similar encouraging results but have to be audited before they are submitted together with the 2008 annual work programme.

6. 2006 was an important year for the Malaysian programme. The conversion of the remaining ODS-dependent industries in the solvent and foam sectors was completed, resulting in the conversion of the entire industry. All the 3,000 refrigeration servicing shops, designed for training, completed their training by the end of 2006. At the same time the programme continued with the identification of workshops qualified to receive subsidies to purchase recovery and recycling (R&R) equipment and MAC maintenance tools. This exercise was scheduled to be completed by the middle of 2007.

7. The phase out plan continued to benefit from a number of new policies the Government had introduced since 2000. Among these was the ban on the use of CFCs in the manufacturing sector by the end of 2005, and an amendment to the Malaysian Refrigerant Management Law approved by Cabinet on 1 December 2004, requiring: (a) all refrigeration service shops (including MAC) to be equipped with R&R units; and (b) all service technicians who handle refrigerant to be trained and certified. Mandatory inspection of MAC systems of commercial vehicles was implemented with effect from December 2004. The new requirement is being enforced by the Department of Environment. The project was however experiencing some difficulty in identifying 20 workshops to be authorized training centres to train servicing technicians because there was some scepticism from the workshops about the willingness of technicians to participate in the training in the absence of a strong commitment from the Government to enforce the Refrigerant Management Law.

8. The write-up of the achievements of the 2006 work programme has been supplemented by a tabular presentation of the progress of each activity in Tables 4-6, covering the objective, target group, impact and status of implementation. The financial report for 2006 in Table 7 provides data on disbursement in 2005, cumulative disbursement by December 2005, disbursement in 2006 as well as cumulative disbursement as of December 2006. There is also data on cumulative disbursement by approved funding tranche in Table 8. Of the total approved funds of US \$10,692,005, US \$7,597,276 (about 70 per cent) had been disbursed by December 2006.

9. Part II of the submission contains the proposed 2007 work programme which sets the consumption ceiling of 508.68 ODP tonnes, broken down into 490 ODP tonnes for CFCs,

18 ODP tonnes for TCA and 0.68 ODP tonnes for CTC. These are consistent with the targets provided for in the Agreement and the Montreal Protocol reduction schedule for these substances. The programme contains a description of the activities to be undertaken by the Government such as the verification of the ODS consumption level and the enforcement of the policies that have been introduced. Since conversion activities for ODS-dependent industries have been completed, the efforts will focus on the components of the programme that will enable the gradual phase out of CFCs in the servicing sector. These on-going activities include: training of technicians, and distribution of basic MAC servicing tools and R&R units to the eligible service workshops. The 89 ODP tonnes of CFC consumption to be phased out would be realized from the chiller replacement/retirement programme, reduction of CFC-12 vehicles, and retirement of CFC-based refrigeration equipment. The Government intends to extend the operation of the project management unit (PMU) until the end of 2007 since it continues to need the unit to assist in implementing the on-going programme. The PMU is planning a major public awareness campaign in 2007 as the final day for CFC phase out is drawing near.

10. There is a tabular presentation of the objective, target group, impact and status of each activity under industry action in Table 12. Table 13 presents the actions to be taken by the Government in 2007 with information on policy planned, schedule of completion, and status. The proposed budget for the 2007 annual work programme provides a breakdown of the planned expenditures over 16 items of activities for a total expected outlay of US \$2.98 million. Some of the funds would come from the unspent balance from previous years. The proposed budget also anticipates reallocation of some of the fund balance from completed projects to the MAC project.

### **Audit of ODS imports**

11. The audit of imports of CFCs, TCA and CTC for the year 2005 was done by a certified auditor on behalf of the Auditor General of Malaysia. The auditor started by examining the procedures for issuing import quota against the application for an import license carried out by the Ministry of International Trade and Industry (MITI), and went on to verify the quotas issued to 5 of the 15 authorized importers. This was followed by comparing the records on CFC imports between those from MITI and those from the Department of Statistics. The data from the latter came from Customs. The comparison resulted in a discrepancy of 7.12 mt of CFC between the records of the importers and those from Customs. The auditors attributed this to the incorrect coding of some of the packaging and recommended the higher amount as the verified imports in 2005. The report concluded that the total imports in 2005 amounted to 668.3 ODP tonnes for CFC, 3.27 ODP tonnes for TCA and zero for CTC, which were below the allowable quota of 717.68 ODP tonnes. The audit report concluded that the procedures employed for ODS import control by the Government of Malaysia were satisfactory.

## **SECRETARIAT'S COMMENTS AND RECOMMENDATIONS**

### **COMMENTS**

12. The report on the 2007 work programme was prepared in accordance with the Guidelines for the preparation, implementation and management of performance-based sector and national ODS phase-out plans approved at the 38<sup>th</sup> Meeting (decision 38/65). The report on the 2006 work programme showed good progress in reducing the CFC, TCA and CTC consumption and the completion of the industry conversion activities.

13. The report on the verification of the CFC, TCA and CTC imports of 2005 shows that the Government of Malaysia has implemented a functioning licensing control system for ODS imports. The verification was carried out using a sound methodology, and used data from varied sources for the purpose of validation.

14. In spite of the success of the plan so far, there could be greater challenges for the programme in the next two years. The audit report covering 2005 ODS imports showed that 6 of the 14 importers exceeded their quota and received additional quota from MITI in 2005. It is true that the overall imports of the country stayed below the target, however, the indications seem to be that the demand for CFCs is still strong. On the other hand, the conversion of ODS manufacturing industries has been completed and the reduction in 2007 and onward will have to be achieved through efforts in the servicing sector. These reductions will be more difficult to achieve.

15. The submission discussed the scepticism of some service workshops about the level of efforts of the Government in enforcing the Refrigerant Management Law, which requires the certification of refrigerant technicians and the possession of R&R equipment by each service shop. It is not clear how real this scepticism might be, but the World Bank is committed to exploring this issue with the Government.

16. The final phase-out in 2010 is about three years away, which means that by 2010 Malaysia will no longer be able to import any virgin CFCs. Any remaining demand will have to be met either from stockpiles or recycled CFCs. This has to be addressed through the agenda of the national phase out programme.

17. The 2007 annual programme presents clear phase-out targets, which are consistent with those in the Agreement and the reduction schedule of the Montreal Protocol for the concerned substances. The proposed programme includes a series of actions which will gear towards preparing the country for taking on the CFC phase-out in the servicing sector.

## **RECOMMENDATIONS**

18. The Secretariat recommends that the Executive Committee:

- (a) Approves the 2007 work programme of the Malaysia CFC national phase-out plan at the requested funding level of US \$275,000 plus the associated support cost of US \$24,750 for the World Bank; and
- (b) Encourages the World Bank and the Government to examine closely the need for stockpiling and the functioning of the recovery and recycling programme to plan for the continued demand for CFCs beyond 2010, in view of the approaching final phase-out.

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**DRAFT OVERVIEW TABLES FOR MULTI-YEAR AGREEMENTS**  
**MALAYSIA**

(1) PROJECT TITLE: National CFC phase-out plan

**(2) EXECUTIVE COMMITTEE APPROVALS AND PROVISIONS**

CODE	AGENCY	EXCOM PROVISION	Fulfilled	According to (Agency/
MAL/PHA/35/INV/145	IBRD	Approved in accordance with the agreement between the Government of Malaysia and the Executive Committee.		
MAL/PHA/37/INV/147	IBRD			
MAL/PHA/40/INV/149	IBRD	The Executive Committee commended the Government and the World Bank for the good effort in providing an audit of the CFC imports for the year 2002, and requested the World Bank to apply an equally credible methodology for the verification of the CFC consu		
MAL/PHA/44/INV/154	IBRD	Took note, with appreciation, of the report by the certified auditor on the imports of CFCs, TCA and CTC for 2003, and requested the World Bank to follow up as appropriate on the recommendation of the auditor regarding the system for ODS import control. T		
MAL/PHA/47/INV/156	IBRD	The World Bank was requested to include data on approved funding from the Multilateral Fund in the financial performance report, as has been done in the Thailand national phase-out plan.		
MAL/PHA/49/INV/157	IBRD			

Source: Inventory

**(3) ARTICLE 7 DATA (ODP TONNES)**

Substances	Baseline	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
CFC	3,271.1	3,426.6	3,038.2	3,348.4	2,333.7	2,010.1	1,979.8	1,946.9	1,605.5	1,174.4	1,128.5	668.3
CTC	4.5	0.0	0.0	0.4	0.9	0.0	12.7	0.0	0.0	0.0	0.0	0.0
Halons	8.0	24.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MBR	14.6	33.5	24.9	0.0	0.0	0.0	60.6	72.2	8.8	6.0	0.0	0.0
TCA	49.5	39.2	35.1	36.3	21.4	76.1	51.0	35.0	12.9	11.4	11.4	3.3

Source: A7 Data from the Ozone Secretariat

**(4) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES)** Year: 2005

Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco Fluffing	Total
				Manufactur	Servicing					QPS	Non-QPS		
CFC					661.5								661.5
CTC													0.0
Halons													0.0
MBR									98.8	74.3			173.0
TCA						6.2							6.2

Source: Country Programme Data

**(5) PHASE-OUT (ODP TONNES)**

Substances	Calendar year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total	Decision
CFC	Maximum Allowable		1,855.0	1,566.0	1,136.0	699.0	579.0	490.0	401.0	332.0	0.0		
	Compliance Action												N/A
	Consumption Reported												
	Consumption Reported												
	Reduction Under Plan			289.0	430.0	437.0	120.0	89.0	89.0	69.0	332.0	1,855.0	
	Approved Phase-Out	0.0	0.0	292.0	430.0	470.8	120.0						1,312.8
	Actual Phase-Out	0.0	0.0	292.0	430.0	0.0							722.0
Remaining Phase-Out to													
CTC	Maximum Allowable		4.5	4.5	4.5	0.7	0.7	0.7	0.7	0.7	0.0		
	Compliance Action												N/A
	Consumption Reported												
	Consumption Reported												
	Reduction Under Plan					3.8					0.7	4.5	
	Approved Phase-Out	0.0	0.0	0.0	0.0	0.0	0.0					0.0	
	Actual Phase-Out	0.0	0.0	0.0	0.0	0.0						0.0	
Remaining Phase-Out to													

## (5) PHASE-OUT (ODP TONNES) - Cont'd

Substances	Calendar year	2,001	2002	2003	2004	2005	2,006	2007	2008	2009	2010	Total	Decision
TCA	Maximum Allowable		51.0	48.0	48.0	18.0	18.0	18.0	18.0	18.0	0.0		
	Compliance Action												N/A
	Consumption Reported												
	Consumption Reported												
	Reduction Under Plan			3.0		30.0					18.0	51.0	
	Approved Phase-Out	0.0	0.0	0.0	0.0	0.0	0.0						0.0
	Actual Phase-Out	0.0	0.0	0.0	0.0	0.0							0.0
	Remaining Phase-Out to												

Source: Agreement, Inventory, Progress Report, MOP Report, Project Document (Annual Plan) and Verification Reports.

## (6a) PROJECT COSTS (US\$)

Calendar year	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
<b>IBRD</b>										
Funding as per	1,799,940	2,969,065	2,013,100	1,688,300	1,208,300	1,013,300	275,000	275,000	275,000	11,517,005
Funds approved	1,799,940	2,969,065	2,013,100	1,688,300	1,208,300	1,013,300				10,692,005
Estimated Disbursement	546,320	1,637,539	1,500,000	500,000						4,183,859
Funds Disbursed in	1,396,211	2,790,964	1,545,001	682,800	1,182,300	0				7,597,276
Funds Obligated in	320,864	430,359	19,917	294,566	848,114	793,180	275,000			2,982,000
Estimated Disbursement	320,864	430,359	19,917	294,566	848,114	793,180	275,000			2,982,000
Disbursement as per										
[Comments]										

Source: Agreement, Inventory, Progress Reports and Project Document (Annual Plan)

## (6b) SUBMISSION SCHEDULES (planned and actual)

Submission year as per	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>IBRD</b>									
Planned submission as	Dec-01	Jul-02	Jul-03	Dec-04	Nov-05	Jul-06	Jul-07	Jul-08	Jul-09
Tranche Number	I	II	III	IV	V	VI	VII		
Revised Planned									
Date Approved	Dec-01	Jul-02	Jul-03	Dec-04	Nov-05	Jul-06			

Source: Agreement, Inventory and Final ExCom Report Decisions

## (7) INFORMATION ON POLICIES FROM COUNTRY PROGRAMME AND VERIFICATION REPORTS

	2005	
	Country Programme	Verification Report
<b>Establishing general guidelines to control import (production and export)</b>		
ODS Import/Export licensing or permit system in place of bulk ODSs	Yes	Yes
Regulatory procedures for ODS data collection and reporting in place	Yes	Yes
Requiring permits for import or sale of bulk ODSs	Yes	Yes
Quota system in place for import of bulk ODSs	Yes	Yes
<b>Banning import or sale of bulk quantities of:</b>		
CFCs	No	No
Halons	No	No
Other ODSs (CTC, TCA, methyl bromide)	No	No
<b>Banning import or sale of:</b>		
Used domestic refrigerators or freezers using CFC	Yes	N/A
MAC systems using CFC	Yes	N/A
Air conditioners and chillers using CFC	Yes	N/A
CFC-containing aerosols except for metered dose inhalers	Yes	N/A
Use of CFC in production of some or all types of foam	Yes	N/A
<b>Enforcement of ODS import controls</b>		
Registration of ODS importers	Yes	Yes
<b>Qualitative assessment of the operation of RMP</b>		
The ODS import licensing scheme functions	Very Well	N/A
The CFC recovery and recycling programme functions	Very Well	N/A

Source: Country Programme and Verification Report



**(8) IMPLEMENTATION DETAILS**

	Completed tranche covered by report submitted							Tranche currently implemented (preliminary data)					
	Activities			Budget				Explanations	Activities		Budget		Explanations
	Planned (annual)	Actual (annual)	Cumulative achievement as compared to overall plan [%]*	Planned (annual)	Actual (annual)	Cumulative achievement as compared to overall plan [%]*	Carryover		Planned	Actual	Planned	Actual	
<b>Customs Training</b>				171,600	112,544	0.7	10,000	The rest will be utilized			-	-	
Train the Trainers	-	180	Achieved							To be reported			
Training of Customs Officers	-		Achieved							To be reported			
<b>Good Practices in</b>				638,000	319,220	0.5	141,340	The rest will be			-	-	
Train the Trainers (MAC)	60	75	1.3						Completed	-			
Training of Technicians by Trained Trainers	3,000	3,035	1.0							To be reported			
Train the Trainers (RSS)	60	12	0.2						28	To be reported			
Training of Technicians by Trained Trainers	-	-	-							To be reported			
Strengthening vocational	-	-	-						-	-			
<b>Refrigeration Service investment component</b>									5,738,940	4,003,645			
Recovery & Recycling	350	689	2.0						Completed	-			
Service equipment	3,000	2,830	0.9							To be reported			
Conversion (MAC)	1 sub-project	1 sub-project	1.0						Completed	-			
Recovery & Recycling, establish R&R Centers	-	-	-							To be reported			
Service equipment supply other than R&R	-	-	-						200	To be reported			
<b>Solvent Phase-Out</b>									819,649	379,645			
Conversion, ...	13 enterprises	1 enterprise	0.1										
<b>Foam and Commercial Refrigeration Manufacturing</b>				1,466,816	1,437,880	1.0	0			-	-		
Conversion, ...	36 enterprises	40 enterprises	1.1										
<b>Methyl Bromide</b>													
Methyl Bromide Workshop										To be reported		To be reported	
<b>PMU &amp; Monitoring</b>	Implementation, Monitoring, PR, and Regulatory	Implementation, Monitoring, PR, and Regulatory	Achieved	1,540,000	1,147,786	0.7	434,021	The rest will be utilized and requested after 2007.	Implementation, Monitoring, PR, and Regulatory	To be reported	-	-	
<b>Unforeseen Activities</b>	-	-	-	-	-	-	-		-	-	-	-	

\*Refers to latest revision of overall plan

**(9) ANNUAL PLAN SUBMITTED COMPARED TO OVERALL PLAN**

	Activities		Budget		Explanations
	Planned (future tranche)	Cumulative achievement t as compared to overall plan [%] <sup>o</sup>	Planned (future tranche)	Cumulative achievement t as compared to overall plan [%] <sup>o</sup>	
<b>Customs Training</b>					
Train the Trainers					
Training of Customs Off					
<b>Good Practices in</b>					
Train the Trainers					
Training of Technicians					
Strengthening vocational					
<b>Refrigeration Service in</b>					
Recovery & Recycling,					
Service equipment supply					
Conversion....					
<b>Solvent Phase-Out</b>					
<b>Methyl Bromide</b>					
Methyl Bromide					
<b>PMU &amp; Monitoring</b>					
<b>Unforeseen Activities</b>					

<sup>o</sup>Refers to latest revision of overall plan

**(10) EXECUTIVE SUMMARY**

Narrative Executive Summary of 255 characters that assesses for the MYA what results have been achieved in the year compared to the annual and the overall plan and what milestones are planned for the following year.

This would be similar to the information included in the "Remarks" Column of the annual progress report and the remarks associated with implementation delays.

It would also highlight implementation difficulties encountered and actions planned to overcome them.

The implementation of Malaysia ODS phase out project was accomplished according to the 2006 annual plan except for the MAC sector.

The implementation of the foam and solvent sector has been completed. Total disbursement amounted to US\$ 7,597,276, which corresponds to approximately 71% of the approved budget, has been disbursed. The MAC sector is expected to be completed in mid 2007. The implementation of the Refrigeration Servicing component (the last sector) has begun.