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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-third Meeting
Montreal, 26-30 November 2007

PROJECT PROPOSAL: MONGOLIA

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

Phase-out

- Terminal phase-out management plan (second tranche) Japan

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PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Mongolia

(I) PROJECT TITLE	AGENCY
CFC phase out plan	Japan

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)				Year: 2006	
CFC: 2.2	CTC: 0	Halons: 0	MB: 0	TCA: 0	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)										Year: 2006			
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC					2.2								2.2
CTC													0
Halons													0
Methyl Bromide													0
TCA													0

(IV) PROJECT DATA			2005	2006	2007	2008	2009	2010	Total
Maximum Allowable Consumption (ODP Tonnes)		CFC		3.3	1.5	1	0.8	0	
Project Costs (US\$)	Japan	Project Costs	150,000		55,000				205,000
		Support Costs	19,500		7,150				26,650
Total Funds Approved in Principle (US\$)		Project Costs	150,000		55,000				205,000
		Support Costs	19,500		7,150				26,650
Total Funds Released by the ExCom (US\$)		Project Costs	150,000		0				150,000
		Support Costs	19,500		0				19,500
Total Funds Requested for Current Year (US\$)		Project Costs			55,000				55,000
		Support Costs			7,150				7,150

(V) SECRETARIAT'S RECOMMENDATION:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Mongolia, the Government of Japan has submitted a progress report on the implementation of the first work programme of the terminal phase-out management plan (TPMP) to the 53rd Meeting of the Executive Committee. The Government of Japan has also submitted a request for funding for the second and final work programme at a total cost of US \$55,000 plus agency support cost of US \$7,150.

Background

2. The TPMP for Mongolia aimed at completely phasing-out CFC consumption in the country by 2009 was approved in principle by the Executive Committee at its 47th Meeting, at a total funding of US \$205,000 plus agency support costs of US \$26,650. At the same meeting, the Executive Committee approved US \$150,000, plus agency support cost of US \$19,500 for Japan, for the implementation of the first work programme.

Progress report on the implementation of the first work programme

3. The Governments of Japan and Mongolia requested UNEP to implement the activities proposed in the TPMP. Following the approval of the TPMP by the Executive Committee, a memorandum of understanding between the Government of Mongolia and UNEP was signed on 14 March 2006.

4. ODS licensing and import quota systems have been in place since 2000. There are agreements between the National Ozone Unit and Government authorities to exchange data on imports of ODS and CFC-based equipment, and to check the storage facilities of registered ODS importers and distributors. In 2005, the Ozone Unit issued CFC-12 import licenses to four importers for a total of 3.2 ODP tonnes.

5. A Ministerial Decree banning imports of methyl bromide (MB), CTC, TCA and CFC-based MAC systems has been drafted and is currently under discussion by the Parliament. A proposal for the ratification of the Beijing Amendment to the Montreal Protocol was submitted to the Cabinet in November 2006 and approved on 13 June 2007.

6. Implementation of the activities in the refrigeration servicing sector resulted in the training of 36 trainers and refrigeration service technicians in good servicing practices and 48 customs officers. It also led to the development of a customs handbook and training manuals for refrigeration service technicians in the local language. Furthermore, support to the Mongolian Refrigeration Association has continued, as well as the implementation of several public awareness and information dissemination activities, and the establishment of the project monitoring unit. The recovery and recycling programme has been in operation since 2003. Over the last two years more than 2.2 ODP tonnes of CFC-12 have been recovered and recycled. As of September 2007, US \$150,000 has been disbursed or committed.

Plan of action for the second work programme

7. The Government of Mongolia is committing to implementing the following activities under the second work programme of the TPMP:

- (a) Further training programmes for customs officers to implement the licensing

system;

- (b) Training an additional 50 refrigeration service technicians in good servicing practices, and certification of technicians handling ODS refrigerant;
 - (c) Ongoing technical assistance and support to the established Mongolian Refrigeration Association;
 - (d) Technical assistance activities to manage ODS stockpiles and confiscated ODS;
 - (e) Public awareness and information dissemination activities.
8. Annex I contains the overview tables for this multi-year project.

SECRETARIAT’S COMMENTS AND RECOMMENDATION

COMMENTS

9. The 2006 CFC consumption of 2.2 ODP tonnes reported by the Government of Mongolia under Article 7 of the Protocol was already 3.1 ODP tonnes below the Protocol’s maximum allowable level of consumption of 5.3 ODP tonnes for that year, and 0.6 ODP tonnes above the 2007 allowable level of consumption of 1.6 ODP tonnes. Considering that this is the last funding tranche of the TPMP, the Secretariat asked the Government of Japan how the activities proposed for 2007-2009 would assist the Government of Mongolia in completely phasing out the use of CFCs by the end of 2009. In response, the Government of Japan indicated that during the final tranche, retrofitting of CFC-based refrigeration equipment and the introduction of drop-in refrigerants will continue to be implemented. By continuing to provide support to the newly formed refrigeration association, the skills and good service practices of technicians will be enhanced. A small stock of CFCs is also being considered to address the future needs of servicing CFC-based refrigeration systems that will not be able to be retrofitted.

RECOMMENDATION

10. The Fund Secretariat recommends blanket approval of the second tranche of the project with associated support costs at the funding level shown in the table below.

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Terminal phase-out management plan (second tranche)	55,000	7,150	Japan

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OVERVIEW TABLES FOR MULTI-YEAR AGREEMENTS
MONGOLIA

(1) PROJECT TITLE: Terminal phase-out management plan

(2) EXECUTIVE COMMITTEE APPROVALS AND PROVISIONS

CODE	AGENCY	EXCOM PROVISION	Fulfilled	According to (Agency/ Country/ Verification/ Secretariat/ ExCom)
MON/PHA/47/INV/10	Japan	Approved in principle the TPMP at a total cost of US\$205,000 plus support cost of US \$26,650 for the Government of Japan, as the total funding available to the Government from the Fund for the total elimination of CFC in Mongolia. The Government commits to the phased reduction and complete phase-out in the consumption of CFCs used in Mongolia, according to the following phase-out schedule: from 3.3 ODP tonnes in 2006, to 1.5 ODP tonnes in 2007, to 1.0 ODP tonnes in 2008, to 0.8 ODP tonnes in 2009, to zero consumption in 2010. A final tranche amounting to US\$55,000 plus support costs of US\$7,150 for the Government of Japan would be requested in the last meeting of the Executive Committee in 2007. The Committee agrees to provide Mongolia with flexibility in using the agreed funds consistent with operational procedures as agreed between Mongolia and the Government of Japan in the TPMP. The Government agrees to ensure accurate monitoring of the phase-out and provide regular reports by 30 September each year, as required under Article 7 of the Montreal Protocol. Annual reporting on the implementation of the activities undertaken in the previous year, as well as a thorough and comprehensive work plan for the implementation of the following year's activities, will be submitted by the Government of Japan for consideration by the Committee. The amount of funding provided may be reduced by US\$10,000 per ODP tonne of consumption reductions n		

Source: Inventory

(3) ARTICLE 7 DATA (ODP TONNES)

Substances	Baseline	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
CFC	10.6	7.2	12.2	12.5	13.2	12.4	11.2	9.3	6.9	5.7	4.1	3.7
CTC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Halons	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MBR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TCA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: A7 Data from the Ozone Secretariat

(4) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES)

Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco Fluffing	Total
				Manufacturing	Servicing					QPS	Non-QPS		
CFC					3.7								3.7
CTC													0.0
Halons													0.0
MBR													0.0
TCA													0.0

Source: Country Programme Data

(5) PHASE-OUT (ODP TONNES)

Substances	Calendar year	2005	2006	2007	2008	2009	2010	Total	Decision
CFC	Maximum Allowable Consumption (Agreement; per substance if valid)		3.3	1.5	1.0	0.8	0.0		
	Compliance Action Target (MOP)								N/A
	Consumption Reported in Implementation Report submitted								
	Consumption Reported in the Verification Report		3.7						
	Reduction Under Plan			1.8	0.5	0.2	0.8	3.3	
	Approved Phase-Out (Inventory)		0.7					0.7	
	Actual Phase-Out (Current Progress Report)		0.0					0.0	
	Remaining Phase-Out to be Achieved								

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

(6a) PROJECT COSTS (US\$)

Calendar year	2005	2006	2007	Total
Japan				
Funding as per Agreement	150,000		55,000	205,000
Funds approved (Inventory)	150,000			150,000
Estimated Disbursement in Previous Progress Report				0
Funds Disbursed in Current Progress Report	0			0
Funds Obligated in Current Progress Report	0			0
Estimated Disbursement in Current Progress Report	150,000			150,000
Disbursement as per Annual Plan				
[Comments]				

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

(6b) SUBMISSION SCHEDULES (planned and actual)

Submission year as per agreement	2005	2006	2007
Japan			
Planned submission as per Agreement	Nov-05		Nov-07
Tranche Number	1		2
Revised Planned Submission (As per Submission Delays Decisions)			
Date Approved	Nov-05		

Source: Agreement, Inventory and Final ExCom Report Decisions

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

	2006	
	Country Programme	Verification Report
Establishing general guidelines to control import (production and export) of ODS		
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
Banning import or sale of bulk quantities of:		
CFCs	No	No
Halons	No Consumption	Yes
Other ODSs (CTC, TCA, methyl bromide)	No Consumption	Yes
Banning import or sale of:		
Used domestic refrigerators or freezers using CFC		
MAC systems using CFC	No	No
Air conditioners and chillers using CFC	No	Yes
CFC-containing aerosols except for metered dose inhalers	No	Yes
Use of CFC in production of some or all types of foam	No	No
Enforcement of ODS import controls		
Registration of ODS importers	Yes	Yes
Qualitative assessment of the operation of RMP		
The ODS import licensing scheme functions	Very Well	Very Well
The CFC recovery and recycling programme functions	Satisfactory	Satisfactory

Source: Country Programme and Verification Report

(8) IMPLEMENTATION DETAILS

	Completed currently implemented (2006-2007)							Tranche currently implemented (preliminary data) *					
	Activities			Budget				Explanations	Activities		Budget		Explanations
	Planned	Actual	Cumulative achievement as compared to overall plan [%]*	Planned	Actual	Cumulative achievement as compared to overall plan [%]*	Balance		Planned	Actual	Planned	Actual	
Ratification of the Beijing Amendment	1	1	100%	5,000	4,000	80%	1,000	waiting for final approval at the parliament					
Setting up comprehensive regulations	1	1	100%	20,000	17,000	85%	3,000	enforcement needs to be followed up					
Study tour	1	1	100%	15,000	15,000	100%	0						
Bilateral dialogue	2	1	50%	10,000	2,000	20%	8,000	Participated one training workshop of China.					
Customs / enforcement officer training	5	5	100%	20,000	20,000	100%	0	more training would be organized					
Identifiers	9	9	100%	10,000	10,000	100%	0						
Training of technicians	4	3	75%	20,000	15,000	75%	5,000						
Awareness Raising	3	2	71%	22,000	16,000	73%	6,000						
Establishment and support of the association of	3	2	71%	3,000	1,500	50%	1,500						
Stockpiling monitoring	5	2	71%	5,000	2,000	40%	3,000	for 5 years monitoring					
PMU & Monitoring	5	2	40%	75,000	30,000	40%	45,000						
Unforeseen Activities													

*Refers to latest revision of overall plan

* Same as the period of 2006-2007, as only one tranche has been approved for the past two years

(9) PLAN SUBMITTED COMPARED TO OVERALL PLAN (2008-2010 tranche)

	Activities		Budget		Explanations
	Planned (future tranche)	Cumulative achievement as compared to overall plan [%]*	Planned (future tranche)	Cumulative achievement as compared to overall plan [%]*	
Ratification of the Beijing Amendment	1		0		
Setting up comprehensive regulations	0		0		
Bilateral dialogue	1		0		
Customs / enforcement officer training	2		5,000		
Identifiers	0		0		
Training of technicians	2		5,000		
Awareness Raising	1		5,000		
Establishment and support of the association of	1		3,000		
Stockpiling monitoring	1		2,000		
PMU & Monitoring	3		35,000		
Unforeseen Activities					

*Refers to latest revision of overall plan

55,000

(10) EXECUTIVE SUMMARY

The Terminal Phase-out Management Plan (TPMP) for Mongolia was approved at the 47th Meeting of the Executive Committee of the Multilateral Fund as a Japan-funded bilateral project. Financially the project was divided into two tranches: 2005-2007 and 2008-2010.

In the three years of the first tranche, the Mongolian Government has been implementing activities planned in the original TPMP and built up its institutional capacity for preparing annual plans and monitoring their implementation, as is especially exemplified by the establishment and successful operation of the Project Management Unit.

The successful activities realized by Mongolia include significant progress in setting up of the comprehensive regulations and ratifying the Beijing Amendment as well as the establishment of an independent association of service engineers, etc.

As a result, Mongolia has been constantly in compliance with the requirements of the Montreal Protocol and the agreements under the TPMP.

Based upon Mongolia's excellent implementation and ownership of the TPMP and with appreciation toward close, timely support by UNEP, Japan requests the approval and timely disbursement of the second (and last) tranche for the Mongolian TPMP, amounting to US\$55,000 plus support cost of US\$7,150 (no adjustment to the originally planned level).