



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/54/17
11 March 2008



ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-fourth Meeting
Montreal, 7-11 April 2008

BILATERAL COOPERATION

The Fund Secretariat received the following requests for bilateral cooperation:

PROJECT TITLE	BILATERAL AGENCY
Terminal phase-out management plan for CFCs (second tranche) for Burkina Faso	Canada
National methyl bromide phase-out plan (first tranche) for Mexico	Canada
Terminal CFCs phase-out management plan (second tranche) for Kenya	France
Terminal phase-out management plan (first tranche) for Lao, PDR	France
National CFC consumption phase-out plan focusing on the refrigeration service sector: 2008 work programme for India	Germany
National CFC phase-out plan: 2008 annual implementation programme for Iran	Germany
National phase-out of Annex A (Group I) substances (phase II, second tranche) for Zimbabwe	Germany
Extension of the institutional strengthening project (phase IV) for Papua New Guinea	Germany
National methyl bromide phase-out plan (first tranche) for Mexico	Italy
Project preparation for a demonstration project on ODS disposal for the Asia and the Pacific Region	Japan
Technical assistance to introduce chemical alternatives in countries which have rescheduled methyl bromide phase out plan (Argentina and Uruguay) for the Latin America and the Caribbean Region	Spain
National CFC consumption phase-out plan focusing on the refrigeration service sector: 2008 work programme for India	Switzerland

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 issuance 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 2008. It also cross-references relevant meeting documents, which include a discussion on the bilateral requests.
2. There are three requests that are fully addressed in this document. These are from the Government of Germany for an institutional strengthening project in Papua New Guinea, the Government of Japan for a project preparation for a demonstration project on ODS disposal for the Asia and the Pacific Region, and the Government of Spain for a technical assistance programme to introduce new emerging chemical alternatives for the replacement of methyl bromide for the Latin America and the Caribbean Region. This document also contains the standard recommendation on the year of assignment of bilateral cooperation as a general recommendation at the end of the document.

Introduction

3. A total of twelve requests for bilateral cooperation with a value of US \$5,647,779 (including agency fees) have been received by the Secretariat for approval at the 54th Meeting. This document presents, by bilateral agency, those projects that are before the Executive Committee for its consideration.
4. 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	Total request for 2008
Canada	656,272	2	656,272
France	577,995	2	577,995
Germany*	1,568,182	4	2,494,813*
Italy	2,230,000	1	2,230,000
Japan	33,900	1	33,900
Spain	166,562	1	166,562
Switzerland	414,868	1	414,868
TOTAL	5,647,779	12	

* Includes an additional amount of US \$572,817 approved at the 51st Meeting and US \$353,814 at the 52nd Meeting for Germany's 2008 bilateral programme.

REQUEST FROM THE GOVERNMENT OF CANADA

Introduction

5. Table 2 presents a summary of the request for bilateral co-operation from the Government of Canada. The value of this request (US \$656,272), does not exceed 20 per cent of Canada's contribution for 2008 (US \$940,073). Canada did not exceed its allocation for 2006 and 2007.

Table 2

SUBMISSION FROM THE GOVERNMENT OF CANADA AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Terminal phase-out management plan for CFCs (second tranche)	Burkina Faso	86,500*	(1)
National methyl bromide phase-out plan (first tranche)	Mexico	500,000	(2)
Agency Fee		69,772*	
TOTAL		656,272	

* Including the request for US \$20,000 plus US \$2,600 agency support cost as per decision 51/16 (c)

(1) Under UNEP/OzL.Pro/ExCom/54/25

(2) Under UNEP/OzL.Pro/ExCom/54/41

BURKINA FASO: Terminal phase-out management plan for CFCs (second tranche) (US \$86,500)

6. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/54/25.

MEXICO: National methyl bromide phase-out plan (first tranche) (US \$500,000)

7. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/54/41.

REQUEST FROM THE GOVERNMENT OF FRANCE

Introduction

8. Table 3 presents a summary of the request for bilateral co-operation from the Government of France. The value of this request (US \$577,995), does not exceed 20 per cent of France's contribution for 2008 (US \$2,015,159) and France also did not exceed its allocation for 2006 and 2007.

Table 3**SUBMISSION FROM THE GOVERNMENT OF FRANCE AND RECOMMENDATION**

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Terminal CFCs phase-out management plan (second tranche)	Kenya	330,000	(1)
Terminal phase-out management plan (first tranche)	Lao PDR	181,500	(2)
Agency Fee		66,495	
TOTAL		577,995	

(1) Under UNEP/OzL.Pro/ExCom/54/37

(2) Under UNEP/OzL.Pro/ExCom/54/39

KENYA: Terminal CFCs phase-out management plan (second tranche) (US \$330,000)

9. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/54/37.

LAO PDR: Terminal Phase-Out Management Plan (first tranche) (US \$181,500)

10. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/54/39.

REQUEST FROM THE GOVERNMENT OF GERMANY**Introduction**

11. Table 4 presents a summary of the request for bilateral co-operation from the Government of Germany. The value of this request (US \$1,568,182) is to be added to the amount of US \$926,631 in bilateral projects already approved for 2008 at the 51st and 52nd meetings which leaves a balance of US \$399,931 in Germany's bilateral programme based on the 20 per cent allocation of Germany's contribution for 2008 of US \$2,894,744. However, for 2008 Germany's business plan, as presented in UNEP/OzL.Pro/ExCom/54/7, includes 18 activities at a value of US \$3,044,929. Since Germany has fully committed its 20 per cent bilateral contribution for 2006 and 2007, should the level of activities included in the 2008 business plan be approved, Germany would exceed its maximum level of bilateral contributions for the 2006-2008 triennium.

Table 4

**SUBMISSION FROM THE GOVERNMENT OF GERMANY AND
RECOMMENDATION**

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
National CFC consumption phase-out plan focusing on the refrigeration service sector: 2008 work programme	India	436,200	(1)
National CFC phase-out plan: 2008 annual implementation programme	Iran	729,846	(2)
Extension of the institutional strengthening project (phase IV)	Papua New Guinea	60,000	60,000
National phase-out of Annex A (Group I) substances (phase II, second tranche)	Zimbabwe	175,000	(3)
Agency Fee		167,136	7,800
TOTAL		1,568,182	67,800

(1) Under UNEP/OzL.Pro/ExCom/54/34

(2) Under UNEP/OzL.Pro/ExCom/54/36

(3) Under UNEP/OzL.Pro/ExCom/54/50

INDIA: National CFC consumption phase-out plan focusing on the refrigeration service sector: 2008 work programme (US \$436,200)

12. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/54/34.

IRAN: National CFC phase-out plan: 2008 annual implementation programme (US \$729,846)

13. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/54/36.

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

14. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/54/50.

PAPUA NEW GUINEA: Extension of the institutional strengthening project (Phase IV) (US \$60,000)

Project descriptions

15. The Government of Germany submitted a request for the renewal of institutional strengthening project for Papua New Guinea. The description of the institutional strengthening project for the above countries is presented in Annex I to this document.

Fund Secretariat's comments and recommendation

2. The Fund Secretariat recommends blanket approval of the institutional strengthening renewal request for Papua New Guinea at the level of funding shown in Table 4. The Executive Committee may wish to express to the Government of Papua New Guinea the comments which appear below:

The Executive Committee has reviewed the report submitted for Phase II of the institutional strengthening project extension request for Papua New Guinea and notes with appreciation that the country reported Article 7 data to the Ozone Secretariat that shows its consumption well below the 2007 control measure under the Montreal Protocol. The Executive Committee recognizes that there is good work being done in promoting and identifying activities to sustain this consumption and continue its reduction to meet the full CFC phase out in 2010 particularly the country's plans to enforce a ban on CFC imports commencing 2008. The Executive Committee would also like to encourage Papua New Guinea to move faster towards the ratification of both the Beijing and Montreal Amendments and notes that this activity should be taken on priority in this next IS phase. The Executive Committee is hopeful that with all the activities being implemented in the country, Papua New Guinea is on its way to meet the 2010 phase-out target.

REQUEST FROM THE GOVERNMENT OF ITALY

Introduction

16. Table 5 presents a summary of the request for bilateral co-operation from the Government of Italy. The value of this request (US \$2,230,000), exceeds 20 per cent of Italy's contribution for 2008 (US \$1,632,512). However, since the levels of funds approved for the years 2006 and 2007 were below the maximum level of Italy's bilateral contributions, the amount requested for 2008 when, added to these prior years, will still ensure that Italy does not exceed 20 per cent of the total amount of its bilateral allocation for 2006 -2008 triennium.

Table 5

SUBMISSION FROM THE GOVERNMENT OF ITALY AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
National methyl bromide phase-out plan (first tranche)	Mexico	2,000,000	(1)
Agency Fee		230,000	
TOTAL		2,230,000	

(1) Under UNEP/OzL.Pro/ExCom/54/41

MEXICO: National methyl bromide phase-out plan (first tranche) (US \$2,000,000)

17. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/54/41.

REQUEST FROM THE GOVERNMENT OF JAPAN

Introduction

18. Table 6 presents a summary of the request for bilateral co-operation from the Government of Japan. The value of this request (US \$33,900), does not exceed 20 per cent of Japan's contribution for 2008 (US \$5,872,533). Japan also did not exceed its allocation for 2006 and 2007.

Table 6

SUBMISSION FROM THE GOVERNMENT OF JAPAN AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Project preparation for a demonstration project on ODS disposal	Region: ASP	30,000	Individual consideration
Agency Fee		3,900	
TOTAL		33,900	

REGION ASIA AND THE PACIFIC: Project preparation for a demonstration project on ODS disposal (US \$30,000)

Secretariat's comments

19. The Government of Japan submitted to the 54th Meeting a request for funding for project preparation for a demonstration project on ODS disposal, for an amount of US \$30,000. An activity "Demonstration project on ODS disposal in Asia" for Japan was included in the three-year business plan and was moved by the Executive Committee in decision 48/5(h) to the year 2008. The value associated with the activity in the 2007-2009 business plan was US \$200,000. The demonstration project will aim to demonstrate the options of establishing a national/regional system capable of disposing of unwanted ODS and/or national/regional logistics of transferring unwanted ODS to disposal facilities, and the mobilization and encouragement of cooperation of private businesses to establish or operate the destruction facilities.

20. The preparation funding requested will be used to prepare a project to address emerging needs of ODS disposal in Article-5 countries in the Asia-Pacific region. In order to do so, the Government of Japan proposes to prepare a project which would, either alternatively or summarily, address the following issues:

- (a) Know-how transfer for the establishment / modification of destruction facilities;
- (b) International transport of ODS waste with the purpose of subsequent destruction;
- (c) Logistics enhancement for collection of ODS waste;
- (d) The project consists largely into activities such as seminars and workshops. The dissemination of the experiences gained through this project is envisioned in a separate, subsequent project, once such experiences are available.

21. Japan intends to work with countries which belong to the following groups:

- (a) Countries which have established or plan to establish a destruction facility for ODS;
- (b) Countries with waste incinerators which might be suited for ODS destruction;
- (c) Countries with cement kilns; and
- (d) Other countries in the Asia Pacific region, in particular also island countries.

22. Specifically, it is planned to contact China, India, Indonesia, Thailand, Nepal, and Fiji during the preparatory phase as key candidate countries for participation in the project. According to Japan, these countries have either shown preliminary interests in the project or are known to have outstanding issues that indicate need for support. In addition, countries represented at the Joint Meeting of SEAP and South Asia Networks of ODS Officers in March 2008 will be addressed to assess their interest and potential participation. Finally, an assessment will be made to the extent possible how the project might benefit from interaction with the Republic of Korea and Singapore on the matter. Since the decision whether it is meaningful that a country participates or not depends on an analysis of its specific situation, the list of participating countries can only be finalised once funding for project preparation has been approved by the Executive Committee and the preparation work is ongoing.

23. The Secretariat clarified some issues with the Government of Japan. In addition, it was pointed out to Japan that the project broadly covers the logistics of collection of ODS for destruction as one topic and the destruction technology as the other. Japan replied to the Secretariat's suggestion to focus only on one topic by informing that both aspects will be considered during the project preparation, and might lead to selecting the most appropriate focus. Based on the experience of the Secretariat, the funding requested for the task appears reasonable.

Secretariat's recommendation

24. The Executive Committee might wish to consider approving the project preparation funding in light of its decision 48/5(h) at the amount indicated in Table 6 and in light of the destruction study.

REQUEST FROM THE GOVERNMENT OF SPAIN

Introduction

25. Table 7 presents a summary of the request for bilateral co-operation from the Government of Spain. The value of this request (US \$166,562), does not exceed 20 per cent of Spain's contribution for 2008 (US \$842,156). Spain has also not exceeded its bilateral allocation for 2006 and 2007.

Table 7

SUBMISSION FROM THE GOVERNMENT OF SPAIN AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
Technical assistance to introduce chemical alternatives in countries which have rescheduled methyl bromide phase out plan (Argentina and Uruguay)	Region: LAC	147,400	147,400
Agency Fee		19,162	19,162
TOTAL		166,562	166,562

GLOBAL: Technical assistance to introduce chemical alternatives in countries which have rescheduled methyl bromide phase out plan (Argentina and Uruguay) (US \$147,400)

Project description

26. The Government of Spain has submitted a technical assistance programme to introduce new emerging chemical alternatives for the replacement of MB for consideration by the Executive Committee at its 54th Meeting. The project cost is US \$147,400 with agencies fees of US \$19,162

27. The project proposes to assist countries that have embarked on small and large trials with new MB alternative chemicals as a soil fumigant, in particular methyl iodide, in order to accelerate registration processes and provide farmers with access to additional alternatives, thus strengthening the sustainability of achieved phase-out. The project proposes to demonstrate these new alternative chemicals in the field, first on a pilot scale and then on a commercial scale. One demonstration will be implemented for fresh strawberries and nurseries in Argentina and another demonstration will be conducted for tomatoes in Argentina and Uruguay.

28. The proposed duration of the project is two years.

Fund Secretariat's comments

29. The Secretariat discussed a number of technical and cost issues with UNIDO on behalf of the Government of Spain, specifically: that the activities should focus only on the demonstration of new alternative fumigants, specifically methyl iodide; these alternatives should be tested in the

field where some demonstrations have already been implemented; the results achieved through the field demonstration of the chemicals should be made available to all Article 5 countries in order that they may also benefit; and support from the manufacturers of alternative chemicals should be further explored. UNIDO revised the proposal accordingly, and the level of funding requested was adjusted. The level of funding being requested for equipment and alternative chemicals is minimal, as contributions and support from chemical manufacturers is expected. Funding to conduct a workshop for dissemination of the results has also been included.

Fund Secretariat's recommendation

30. The Secretariat recommends blanket approval of the technical assistance project to introduce new emerging chemical alternatives for the replacement of methyl bromide in Argentina and Uruguay at the level of funding indicated in Table 7 above.

REQUEST FROM THE GOVERNMENT OF SWITZERLAND

Introduction

31. Table 8 presents a summary of the request for bilateral co-operation from the Government of Switzerland. The value of this request (US \$414,868), exceeds 20 per cent of Switzerland's contribution for 2008 (US \$400,024). However Switzerland 2008 bilateral activities approved for years prior to 2008 do not exceed 20 per cent of Switzerland cooperation activities for the 2006 – 2008 triennium.

32. This issue is addressed in the Bilateral Business Plans for 2008-2010 (UNEP/OzL.Pro/ExCom/54/7). The outcome of the consideration of that issue will determine whether this activity can be approved.

Table 8

SUBMISSION FROM THE GOVERNMENT OF SWITZERLAND AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Recommended (US\$)
National CFC consumption phase-out plan focusing on the refrigeration service sector: 2008 work programme	India	367,140	(1)
Agency Fee		47,728	
TOTAL		414,868	

(1) Under UNEP/OzL.Pro/ExCom/54/34

INDIA: National CFC consumption phase-out plan focusing on the refrigeration service sector: 2008 work programme (US \$367,140)

33. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/54/34.

GENERAL RECOMMENDATION

34. The Executive Committee may wish to request the Treasurer to offset the costs of the bilateral projects approved at the 54th Meeting as follows:

- (a) US \$656,272 (including agency fees) against the balance of Canada's bilateral contribution for 2008
- (b) US \$577,995 (including agency fees) against the balance of France's bilateral contribution for 2008;
- (c) US \$1,568,182 (including agency fees) against the balance of Germany's bilateral contribution for 2008;
- (d) US \$2,230,000 (including agency fees) against the balance of Italy's bilateral contribution for the period 2006 to 2008;
- (e) US \$33,900 (including agency fees) against the balance of Japan's bilateral contribution for 2008;
- (f) US \$166,562 (including agency fees) against the balance of Spain's bilateral contribution for 2008; and
- (g) US \$414,868 (including agency fees) against the balance of Switzerland's bilateral contribution for the period 2006 to 2008 (pending the outcome of the discussion under (UNEP/OzL.Pro/ExCom/54/7)).

Annex I

INSTITUTIONAL STRENGTHENING PROJECT PROPOSALS

Papua New Guinea: Renewal of institutional strengthening

Summary of the project and country profile	
Implementing Agency:	Germany
Amounts previously approved for institutional strengthening (US \$):	
Phase I: May 1996	51,754
Phase II: Dec. 2003	44,853
Phase III: Apr. 2006	67,800
Total	164,407
Amount requested for renewal (Phase IV) (US \$):	60,000
Amount recommended for approval for Phase IV (US \$):	60,000
Agency support costs (US \$):	7,800
Total cost of institutional strengthening Phase III to the Multilateral Fund (US \$):	67,800
Equivalent amount of CFC phase-out due to institutional strengthening Phase IV at US \$12.1/kg (ODP tonnes):	n/a
Date of approval of country programme:	May 1996
ODS consumption reported in country programme (1994) (ODP tonnes):	56.2
Latest reported ODS consumption (2006) (ODP tonnes):	3.1
Baseline consumption of controlled substances (ODP tonnes):	
(a) Annex A Group I (CFCs) (Average 1995-1997)	36.3
(b) Annex A Group II (Halons) (Average 1995-1997)	0
(c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000)	0
(d) Annex B Group III (Methyl chloroform) (Average 1998-2000)	0.3
(e) Annex E (Methyl bromide) (Average 1995-1998)	
Latest consumption of controlled substances (2006) (ODP tonnes):	
(a) Annex A Group I (CFCs)	3.1
(b) Annex A Group II (Halons)	0
(c) Annex B Group II (Carbon tetrachloride)	0
(d) Annex B Group III (Methyl chloroform)	0
(e) Annex E (Methyl bromide)	0
(f) Annex C Group I (HCFCs)	4.0
Amount approved for projects (US \$):	1,064,407
Amount disbursed (as at February 2008) (US \$):	782,279
ODS to be phased out (ODP tonnes):	47.8
ODS phased out (as at February 2008) (ODP tonnes):	-

1. Summary of activities and funds approved by the Executive Committee:

Summary of activities		Funds approved (US \$)
(a)	Investment projects:	787,000
(b)	Institutional strengthening:	164,407
(c)	Project preparation, technical assistance, training and other non-investment projects:	113,000
	Total:	1,064,407

Progress report

2. For Phase 2 (2006-2007) Papua New Guinea has achieved the following: strictly enforced its ODS licensing system and controlled CFC imports into the country thereby meeting its target for the year; continued to implement awareness raising activities targeting the general public; and facilitated the completion of the technicians training and continued its regular reporting to the Fund and Ozone Secretariats. During this phase, the country was also able to establish a database of the accredited technicians providing the country with a way to monitor these.

Plan of action

3. For the period March 2008 to March 2010 – Phase III, Papua New Guinea plans the following activities: To review the current ODS regulations to include stricter control on HCFCs, continue to train customs officers, to raise public awareness, to train refrigeration technicians, to consider tax incentives to promote substitutes and alternatives technologies. The country also plans to continue with its awareness raising activities and focus especially on schools and school children.