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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-sixth Meeting
Doha, 8-12 November 2008

Addendum

**REPORT ON IMPLEMENTATION OF APPROVED PROJECTS WITH SPECIFIC
REPORTING REQUIREMENTS**

This addendum is being issued to:

- **Add** para. 2 ter.:

2 ter. The Secretariat also prepared a report on planned conversion to HCFC based equipment in on going projects.

- **Delete** the following words in para. 9:

“and using voluntary markets in the country”

- **Add** the following paragraphs:

Planned conversion to HCFC-based equipment in on-going projects

146. The Executive Committee, at its 55th Meeting, requested through its decision 55/5 that the Fund Secretariat identifies projects where conversion to HCFC-based equipment was still being considered, assesses briefly the feasibility of conversion to non-HCFC alternatives, and reports to the Executive Committee on the matter at the 56th Meeting.

147. In response to the query, the Secretariat has used the available information to identify conversion projects, which are ongoing and for which HCFCs have been declared as the replacement technology. Only one such project has been identified, the “Terminal umbrella project for phase-out of the use of CFC-11 in the manufacture of polyurethane foam” for Chile, approved at the 48th Meeting. The Secretariat contacted UNDP regarding the status of this project and was informed that the implementation had been completed for one company, but another 14 companies were eligible and it was planned to purchase equipment for delivery in the second half of 2009, with commissioning before the end of 2009.

UNDP also pointed out that the 14 companies concerned are small consumers of ODS in several different applications, such as spray foam and injection foaming, and that they had to move to HCFC-141b using the existing equipment without optimisation to the detriment of product quality and process efficiency. UNDP further informed that the issue of using HCFCs as replacements had been considered in a recent update of the implementation plan, and that it is intended to purchase equipment which is compatible and would allow a change to non-ODS technology within the current approved budget for incremental capital cost.

148. It is possible that conversions to HCFC technology are still planned in some national phase-out plans, but for TPMPs there are typically no conversions of manufacturing facilities included. The Executive Committee has only a limited possibility to directly influence technology choice under national phase-out plans because of the flexibility clause usually included in all agreements, which leaves it to the country to determine the replacement technology best suited. The Secretariat has used the information available to assess whether there appear to be any uses of HCFCs as replacements in conversion activities in national phase-out plans approved since 2006. Of those, the only plan intending to phase in HCFC is the NPP for Yemen. The 55th Meeting of the Executive Committee had specifically discussed this case and noted in its decision 55/40 that the only commercially available and proven CFC-11 replacement technology as a foam blowing agent in Yemen was HCFC-141b. It was also noted that the limited time available for implementation before the complete phase-out of CFCs in 2010 would not allow for the timely introduction of a new non-HCFC-based technology, a situation that could potentially place the country at risk of non-compliance and that, in the case of Yemen, a two-stage approach to ODS phase-out with HCFC-141b as an interim step was the most suitable approach in view of the urgency of the assistance needed at a time when alternatives to CFC-11, other than HCFC-141b, were not yet widely available in Article 5 countries. These considerations would also apply *mutatis mutandis* to other national phase-out plans that might be in a similar situation.

Secretariat's recommendation

149. The Executive Committee might wish to:

- (a) Note the report by the Fund Secretariat;
- (b) Note the information cited therein that UNDP will tender under the project "Terminal umbrella project for phase-out of the use of CFC-11 in the manufacture of polyurethane foam" in Chile for equipment that allows the use of non-ODS technology once available in the country, so removing the need for further investment support to the related companies for the manufacturing capacities converted;
- (c) Request agencies to discuss with relevant countries the possibility of avoiding the use of HCFC technology as replacement technology in conversion activities under phase-out plans where possible; and
- (d) Request agencies to report in their annual implementation reports for multi-year agreements those cases in which HCFC technology is used to replace CFC technology, including name and location of the relevant beneficiaries, capacity converted or previous CFC consumption, the reason for the technology selection, and whether the equipment was selected that could also be used with non-ODS technology to reduce the need for further assistance from the Multilateral Fund.
