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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

**PROJECT PROPOSAL: DEMOCRATIC REPUBLIC OF THE CONGO**

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

Solvents

- Umbrella project for terminal phase-out of ODS in the solvent sector Italy  
(second phase)

**PROJECT EVALUATION SHEET – NON-MULTI-YEAR PROJECT****DEMOCRATIC REPUBLIC OF THE CONGO****PROJECT TITLE(S)****BILATERAL/IMPLEMENTING AGENCY**

(a) Umbrella project for terminal phase-out of ODS in the solvent sector (second phase)	Italy
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**NATIONAL CO-ORDINATING AGENCY**

Ministry of Environment

**LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT****A: ARTICLE-7 DATA (ODP TONNES, 2007, AS OF OCTOBER 2008)**

CFC	48.9	TCA	3.3
CTC	2.2		

**B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2007, AS OF OCTOBER 2008)**

ODS	Subsector/quantity
CFC	53.9
CTC	2.2
TCA	3.3

**CFC consumption remaining eligible for funding (ODP tonnes)**

n/a

**2008 BUSINESS PLAN ALLOCATIONS**

Funding US \$

Phase-out ODP tonnes

0

0

<b>PROJECT TITLE:</b>	Total project	Second phase
ODS use in sector (ODP tonnes):	37.3	N/A
ODS to be phased out (ODP tonnes):	37.3	11.7
ODS to be phased in (ODP tonnes):	0	N/A
Project duration (months):	24	12
Initial amount requested (US \$):	616,970	N/A
Final project costs (US \$):		
Incremental Capital Cost:	349,145	N/A
Contingency (10 %):	34,915	N/A
Non-investment component	48,600	N/A
Total Project Cost:	432,660	144,220
Local ownership (%):	100	100
Export component (%):	Nil	Nil
Requested grant (US \$):	432,660	144,220
Cost-effectiveness (US \$/kg):	16.1	N/A
Implementing agency support cost (US \$):	56,246	18,749
Total cost of project to Multilateral Fund (US \$):	488,906	162,969
Status of counterpart funding (Y/N):	N/A	N/A
Project monitoring milestones included (Y/N):	Y	N/A

**SECRETARIAT'S RECOMMENDATION**

For blanket approval

## PROJECT DESCRIPTION

1. On behalf of the Government of the Democratic Republic of the Congo (DR Congo), the Government of Italy as a bilateral donor submitted the request for the second tranche for an umbrella project for terminal phase-out of ODS in the solvent sector in DR Congo, at a total cost of US \$144,220 plus agency support costs of US \$18,749, for the consideration of the Executive Committee at its 56<sup>th</sup> Meeting.

### Background

2. DR Congo is neither a producer nor an exporter of ODS. CTC, CFC-113 and TCA, the three substances dealt with in the proposed project, form the consumption in the solvent sector of DR Congo. It was agreed between Italy and the Secretariat that the project would be split into two phases to provide faster support to the country, since there is an issue of non-compliance, while ensuring that the agreed guidelines regarding eligibility are being adhered to. Consequently, the decision included a proviso that the second tranche should only be submitted when implementation of the first phase has begun and equipment supply activities have commenced at the companies, representing at least 13.4 ODP tonnes of consumption, and to include in the report information on the companies addressed in the first phase. Furthermore, the plan for the second phase should identify the remaining enterprises to be supported by investment activities, as well as for each one the exact use of the solvent, the quantity used, information on baseline equipment, and type of support intended to be given. The level of support for each company in both phases should remain below the applicable cost-effectiveness thresholds, and should take into account the established eligibility criteria. The first tranche and the description of the overall project was submitted to the 51<sup>st</sup> Meeting of the Executive Committee, where the project was approved in principle at a level of US \$432,660 with support cost of US \$56,246. The first tranche was approved at the same time at a level of US \$288,440 with support cost of US \$37,497.

3. The Eighteenth Meeting of the Parties through its decision XVIII/21 found that DR Congo was in non-compliance with the control measures related to Annex B, Group II (carbon tetrachloride) and Annex B, Group III (methyl chloroform). The Meeting of the Parties noted the commitment of the DR Congo and decided:

- “4. (a) To maintain carbon tetrachloride consumption in 2006 at no more than 16.500 ODP tonnes and then to reduce it as follows:
- (i) To 2.2 ODP tonnes in 2007;
  - (ii) To zero in 2008;
- (b) To maintain methyl chloroform consumption in 2006 at no more than 4.000 ODP tonnes and then to reduce it as follows:
- (i) To 3.3 ODP tonnes in 2007
  - (ii) To zero in 2008.”

4. DR Congo has submitted its Article 7 data for 2007 to the Ozone Secretariat, and reported a consumption of 2.2 ODP tonnes of CTC for 2007, and 3.3 ODP tonnes of TCA. With this report it appears that DR Congo is in compliance with the control provisions of the Montreal Protocol regarding CTC and TCA.

### Report of first phase implementation

5. The report regarding the implementation of the first phase was extensive. The objective of the terminal umbrella project is to support DR Congo to reduce and, subsequently, eliminate consumption of CTC, CFC-113 and TCA in the country, in line with the country's commitment cited above.

6. A second, thorough survey of the sector was conducted in order to identify the solvent consumption pattern and solvent users in DR Congo in detail. The main sectors of consumption are lacquers, paints, adhesives and cleaning agents' blenders; industrial and general cleaning and degreasing services; and dry cleaning.

7. Almost the entire consumption of the formal sector is located in one region. There are a number of manufacturers of degreasers and related chemical products as well as paint distributors in DR Congo. These enterprises are mainly SMEs with 15 to 100 workers. Several paint manufacturers still utilize CFC-113, CTC and/or TCA for their products. CTC, CFC-113 and TCA are traditional and a common base for formulation of degreasers and stain removers due to easy access where relevant SMEs are located. Some enterprises manufacture adhesives with acrylic resin dissolved in TCA. Other enterprises manufacture leather dyes based on pigment and CTC.

8. Industrial cleaning contractors supply cleaning service for large installations like power stations, petroleum stations, refineries and breweries. While general cleaning uses high-pressure hot water formulations, TCA and CTC are common cleaning agents for removing hard stains on machinery and buildings. Many enterprises refurbish old plants and machinery such as automobile engines, generator sets, construction equipment, etc. and use CTC, CFC-113 and TCA for cleaning of metal parts. CFC-113 is also often added into the washing machine during textile cleaning, and CTC is sprayed onto the textiles to remove stains.

9. In the first phase of implementation, priority was given to the production of painting blends and lacquers. This sector and cleaning/degreasing services were assigned a high priority since their ODS release to the environment is significant and, as an additional aspect, the occupational safety of staff because of exposure to ODS vapours. The activities addressed seven companies that represent a total consumption of 14.84 ODP tonnes. The Government of Italy supplied to six companies blending equipment and to one high pressure washer machine.

### Plan for next phase

10. The Government of Italy submitted details on 15 beneficiaries for the second part, including on consumption and uses. While the uses are widespread, the support that can be given is relatively similar and falls into three groups: support through the provision of blending and mixing equipment (up to six beneficiaries), through provision of high pressure water blasting equipment (up to three beneficiaries), or through technical assistance, i.e. mainly supplying specific technical information and expert advice. From those enterprises, not all will be supported by the project due to lack of funds. Italy will select the relevant ones in discussions with the National Ozone Unit.

## **SECRETARIAT'S COMMENTS AND RECOMMENDATION**

### **COMMENTS**

11. While this is a project with two phases, it is not a performance-based agreement, and consequently there is no maximum allowable consumption agreed. Nevertheless, since DR Congo was in non-compliance, there is a phase-out schedule for TCA and CTC agreed by the Meeting of the Parties, and the country has reported consumption which brings it into compliance with the provisions. Certain

information regarding the eligibility of beneficiaries of the second phase was to be collected during the first phase.

12. The Government of Italy provided an extensive report on the first phase, and upon a request from the Secretariat, detailed information about the second. The conditions for implementing projects in DR Congo are not easy, nevertheless the quality of the documentation in particular regarding the survey and the first phase implementation was impressive. The necessary data regarding the second phase was submitted. Since costing for that second phase was not carried out in detail, it is impossible to assess the exact level of support that each beneficiary will receive.

### RECOMMENDATION

13. The Fund Secretariat takes note of the progress report on the first phase and plan of action for the second phase, and recommends blanket approval of the second phase of the umbrella project for terminal phase-out of ODS in the solvent sector at the funding level indicated below:

	<b>Project title</b>	<b>Project Funding (US \$)</b>	<b>Support Cost (US \$)</b>	<b>Implementing Agency</b>
(a)	Umbrella project for terminal phase-out of ODS in the solvent sector (second phase)	144,220	18,749	Italy

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