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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
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**REPORT ON IMPLEMENTATION OF APPROVED PROJECTS
WITH SPECIFIC REPORTING REQUIREMENTS**

Introduction

1. The Government of Germany, UNDP and UNEP have submitted progress reports on the implementation of the following projects, where specific reporting requirements are contained in the agreements, for consideration by the Executive Committee at its 57th Meeting:

- (a) Afghanistan: National phase-out plan (Germany and UNEP);
- (b) Brunei Darussalam: Refrigerant management plan (UNEP and UNDP);
- (c) China: Work plan for activities beyond 2009 for the polyurethane foam sector (World Bank)
- (d) Fiji: Terminal phase-out management plan (progress report) (UNDP and UNEP);
- (e) Jordan: Complete phase-out of the use of methyl bromide (Germany);
- (f) Democratic People's Republic of Korea: Plan for terminal phase-out of CTC (progress report) (UNIDO)
- (g) Trinidad and Tobago: Terminal CFC phase-out management plan: verification audit report (UNDP).

2. The Secretariat reviewed the progress reports in light of the original project proposals, ODS data reported by the Governments concerned under Article 7 of the Montreal Protocol, and relevant decisions taken by the Executive Committee and the Meeting of the Parties.

Afghanistan: National phase-out plan (Germany and UNEP)

3. The national phase-out plan (NPP) was approved by the Executive Committee at its 47th Meeting. Under the NPP, the Government of Afghanistan committed to phasing out all CFCs by 1 January 2010 and CTC by 1 January 2007. The Executive Committee approved in principle US \$1,065,806 plus agency support costs of US \$98,905 for the Government of Germany and US \$39,650 for UNEP, for the implementation of the NPP. The Executive Committee has already approved the funding for the two tranches included in the NPP at its 47th and 48th Meetings.

Progress report

4. A number of results have been achieved so far during the implementation of the Afghanistan NPP, including: awareness campaigns and information dissemination on ODS regulations; implementation of a regional cooperation workshop to control illegal trade in ODS; distribution of UNEP's customs training manual in the local language; distribution of 26 ODS identifiers among customs officers; continued operation of the recovery and recycling network, through which 3.2 tonnes of CFC-12 were recovered during 2008; and training of 127 refrigeration service technicians in good practices. Technical assistance was also provided to two foam manufacturing plants and one small commercial refrigeration manufacturing enterprise, resulting in the complete phase-out of CFCs. CTC used as a solvent has been phased out. Many information and awareness activities were also implemented. By the end of 2008, US \$994,438 had been disbursed, and the balance of US \$71,368 is to be disbursed in 2009.

5. In 2008, an audit of the 2007 consumption verification report was undertaken by an independent auditor, who concluded that total CFC consumption was 54.5 ODP tonnes in 2007. The report also indicated that there were no imports of any other ODS except HCFC, as evidenced by the Customs Department records. It further stated that "adequate systems are in place to ensure implementation of the

ODS rules and regulations.” The report also pointed out that the licensing system for HCFCs is not yet in place and immediate action is required to regulate and record imports.

2009-2010 work programme

6. The planned activities for 2009 include enforcement of the ODS regulations; continued training for refrigeration service technicians and customs officers; the establishment of two additional training centres for technicians; completing the distribution of recovery and recycling equipment to service workshops; continued awareness; and management and monitoring activities.

Secretariat’s comments

7. The Secretariat noted the comprehensive progress report on the implementation of the Afghanistan NPP, together with the supporting documents, including the favourable verification report on national ODS consumption in Afghanistan. The 2007 CFC consumption of 55.2 ODP tonnes reported by the Government of Afghanistan under Article 7 of the Montreal Protocol was already 1.8 ODP tonnes below that of 57.0 ODP tonnes allowed for that year.

8. The Secretariat discussed technical details related to the operation of the ODS identifiers so far distributed among customs officers. UNEP, as the lead implementing agency, indicated that this equipment has helped customs officers in identifying suspected ODS, particularly CFC-12. However, this equipment does not have the ability to recognize most ODS blends. To overcome this limitation UNEP, in consultation with some manufacturers and laboratories, has developed a fact sheet to guide the Ozone Unit and the customs officers to identify the blends through other mechanisms.

9. Regarding the conversion of the foam and refrigeration manufacturing industries, UNEP reported that the Ozone Unit was also working closely with the three importers of CFCs and the enterprises. With the widely available cheaper alternative products, the Ozone Officer does not see any high risk of the enterprises reverting back to CFCs in 2009, and little risk after 2009.

10. One of the conclusions of the verification report indicated that HCFCs are not included in the licensing system. UNEP advised that the Ozone Unit intends to immediately address this issue by restricting the import of HCFCs through licenses only. The Ozone Unit was advised to review the current licensing system, in consultation with other relevant ministries, to include HCFC under this system. In response to a question about the ability of the Government of Afghanistan to completely phase-out CFC consumption before the end of 2009 with the remaining funding available in the NPP, UNEP indicated that the proposed work plan of 2009 would facilitate this, especially the strict enforcement of the licensing/quota system.

11. Noting that funding for the preparation of the HPMP was approved by the Executive Committee at its 55th Meeting, the Secretariat suggested that, during the implementation of the final tranche of the NPP, the Government of Germany and UNEP consider advising the Government on undertaking preliminary action to facilitate the phase-out of HCFCs in due time. UNEP stated that it is already in the process of initiating action to prepare the HPMP for Afghanistan.

Secretariat’s recommendation

12. The Executive Committee may wish to:

- (a) Take note of the progress report on the implementation of the 2008 work programme of the national CFC phase-out plan (NPP) for Afghanistan;
- (b) Take note on the verification report of the 2007 CFC consumption; and

- (c) Approve the annual implementation programme for 2009-2010.

Brunei Darussalam: Refrigerant management plan (UNEP and UNDP)

13. At the 54th Meeting, the Executive Committee, requested both UNEP and UNDP to complete a full RMP for Brunei Darussalam for submission to the 56th Meeting using the balance of funds from the RMP (decision 54/19). As lead agency, UNEP informed the Executive Committee at the 56th Meeting that it could not complete the TPMP as requested in decision 54/19, and asked the Executive Committee to allow it instead to fully implement the remaining activities under the RMP as the plan for the terminal phase-out of CFCs in the country. UNEP and UNDP were therefore requested to prepare and submit to the Executive Committee at its 57th Meeting an action plan for 2009 and 2010 to include activities that would enable the country to achieve complete phase out of CFCs by 2010 (decision 56/71).

14. The RMP for Brunei Darussalam was approved at the 44th Meeting of the Executive Committee at a total cost of US \$496,000 plus agency support costs for UNEP and for UNDP. These had four components which included training in good practices in refrigeration, customs training, technical assistance for the servicing and MAC sectors and monitoring of the implementation of the RMP.

Progress report

15. Two Memoranda of Understanding (MOU) between the Government of Brunei Darussalam and UNEP were signed in April and October 2007. It has enabled UNEP to implement Phase I covering the train the trainers phase for customs training and good practices in refrigeration. These were completed in July 2007 and February 2008 respectively. Phase II of these training programmes which comprises the full training for customs and refrigeration service technicians will be done only in 2009.

16. No progress has been reported for the technical assistance component of the RMP covering the provision of equipment to assist good servicing practice including recovery and recycling of refrigerants. The MOU between the Government and UNDP still remains unsigned. This component is also important to support the good practices training which will be implemented in 2009.

17. As at the end of 2008, UNEP reports a balance of US\$ 423,966 from the total funds approved for the RMP of US\$496,000 showing a disbursement rate of fourteen per cent.

Secretariat's comments

18. Brunei Darussalam's 2007 consumption of CFCs as reported under Article 7 of the Montreal Protocol is 9.9 ODP tonnes which is lower than its maximum allowable consumption for 2007 of 11.87 ODP tonnes. The country's baseline consumption is 78.2 ODP tonnes. This reduction has been achieved by the country despite the tremendous delays in the implementation of the RMP.

19. In its submitted annual plan for 2009, the country undertakes to complete the training programme for customs officers and refrigeration service technicians. The action plan provides details including dates of the training planned for 2009. While it indicates that the country will expedite the signing of the project document to enable the implementation of the technical assistance component, it is concerned that the continued delay in this component will have an impact on both the training sector, and in reducing CFC use for servicing sector. UNEP as lead agency informed the Secretariat that it is working closely with UNDP and the country to get the MOU signed at the earliest time. The action plan also covers the continued monitoring of the ODS licensing system to maintain zero imports of CFCs.

Secretariat's recommendation

20. The Executive Committee may wish to take note of the progress report on the implementation of the RMP for Brunei Darussalam and to take note of the annual implementation plan for 2009.

China: Work plan for activities beyond 2009 for the polyurethane foam sector

21. At its 56th Meeting the Executive Committee, through its decisions 56/13 and 56/52, decided to continue monitoring activities and the utilization of project balances beyond the end of the Agreement with the Executive Committee for the foam sector plan and the related accelerated phase-out sector plan in China, with certain simplified procedures, including requesting China to submit a final work plan for the foam sector. The work plan would provide a list of activities and the associated budget for each activity to be carried out in 2009 and beyond. China would use these work plans as a basis for implementation of activities in each sector in 2009 and beyond, with the understanding that it had flexibility to make necessary adjustments to those plans. With this flexibility, China would not be required to submit any additional work plans unless there were major changes made to them. The Executive Committee therefore approved the 2009 programme of the plan for phasing-out CFCs in the polyurethane foam sector in China and the associated tranche, on the understanding that funding for activities beyond 2009 would be released by the World Bank only after a work plan to be submitted to the 57th Meeting had been approved.

22. On behalf of the Government of China, the World Bank submitted a plan to the 57th Meeting of the Executive Committee. The plan includes the screening and evaluation of CFC-free substitutes and development of new substitutes (US \$2,700,000), technical service to foam enterprises for better application of new alternatives (US \$1,100,000), continued monitoring of CFC phase-out in the foam sector with (US \$600,000), and additional provincial foam activities (US \$500,000). The activities will last until 2012, and China forecasts that US \$2,000,000 will be disbursed in 2010, US \$2,050,000 in 2011 and US \$850,000 in 2012. The World Bank also provided a detailed description of each activity.

23. The World Bank emphasized the tentative nature of the budget, and stated that it would like to reserve the right for changes as needed. In the understanding of the Secretariat, the specifics of this flexibility have already been laid out in decision 56/13, covering the need to submit additional work plans in case of major changes. What would be seen as "major changes" is clearly defined in decision 46/37.

Secretariat's recommendation

24. The Executive Committee might wish to:

- (a) Approve the work plan for the foam sector in China for 2010 to 2012; and
- (b) Provide China with the flexibility as defined in decision 46/37.

Fiji: Terminal Phase-out management plan (UNEP and UNDP)

25. The TPMP for Fiji was approved at the 47th Meeting of the Executive Committee at a total cost of US \$120,000 plus agency support costs for UNEP and for UNDP. The TPMP for Fiji was approved on a one-time funding basis, with the condition that the country must submit annual reports on the implementation of the activities undertaken in the previous year.

Progress report

26. Training for customs officers continued with the completion of six workshops, resulting in 48 officers receiving refresher courses on the licensing system for the country. These workshops were also

used as venues for discussing the proposed revisions to ODS regulations, which the customs officers will enforce in future.

27. The good refrigeration practices programme also completed four training workshops during the year, for an additional 134 trained service technicians. At the same time, the equipment component of the project was finalized and 12 sets of recovery and recycling equipment have been purchased, but have not yet been distributed. The criteria for distribution is being prepared, taking into account the location of trained technicians and workshops, and the equipment is expected to be fully deployed and used by 2009. The final consultative meeting for the review and amendment of the ODS regulation was completed at the end of 2008. A draft revised regulation is available and will be presented for approval in 2009.

Secretariat's comments

28. Fiji has consistently reported zero CFC consumption since 2000. Its 2007 CFC consumption under Article 7 of the Montreal Protocol remains zero. Fiji has been implementing the activities under the TPMP to ensure that this zero CFC consumption is sustained until 2010 and beyond.

Secretariat's recommendation

29. The Executive Committee may wish to take note of the progress report on the implementation of the TPMP for Fiji and approve the annual implementation programme for 2009.

Jordan: Complete phase-out of the use of MB (Germany)

Background

30. On behalf of the Government of Jordan, the Government of Germany submitted to the 29th Meeting of the Executive Committee an investment project for the total phase-out of MB use in soil fumigation. The Executive Committee decided to approve the project at a total level of funding of US \$3,063,000 (excluding agency support costs), according to conditions stipulated in the Agreement between the Government of Jordan and the Executive Committee (decision 29/34), to achieve complete phase-out of MB by 1 January 2015.

31. At its 48th and 50th Meetings, the Executive Committee considered progress reports on the implementation of the MB phase-out project for Jordan.

Progress report

32. Since the approval of the phase-out project, viable MB-alternative technologies have been introduced as replacements for MB as a soil fumigant through 535 field demonstrations and 285 extension activities, and with the participation of 7,000 farmers. In addition, ten nurseries have been established to produce grafted seedlings. So far, the number of MB users was reduced from at least 557 in the Jordan Valley alone, at the start of the project, to 94 users in all the country. A Web page has been established at the National Centre for Agricultural Research and Technology Transfer.

Further activities to be undertaken

33. Further activities to phase out MB and ensure the long-term sustainability of this phase-out include six additional demonstration activities, extension activities, further capacity-building and awareness activities, field visits and study tours for farmers and technical staff in order to exchange information and experiences that will help the sustainability of the project; improving palm-date storage techniques through using the national experts to conduct regional workshops. These activities will be implemented in order to achieve the complete phase-out of MB by end of 2014.

Secretariat's comments

34. The 2007 MB consumption reported by the Government of Jordan under Article 7 of the Montreal Protocol of 39.0 ODP tonnes was already 102.0 ODP tonnes below that of the 141.0 ODP tonnes allowed for that year and 1.5 ODP tonnes below the maximum allowable level of consumption of 40.5 ODP tonnes in the agreement between the Government and the Executive Committee. Furthermore, the estimated consumption of 27.0 ODP tonnes of MB in 2008 was the same as the level of consumption stipulated in the agreement for that year.

35. Responding to questions on the alternative technologies that have been introduced in Jordan, the Government of Germany indicated that the most viable and sustainable alternatives are solarization and bio-fumigation in the production of tomato and cucumber, especially in protected agriculture. Grafting seedlings is the most viable alternative for producing watermelon under open field production. Other alternatives, such as soil-less culture and direct seeding, are considered technically viable but they have a limited distribution due to their high costs.

Release of funding tranches

36. The Government of Germany is requesting the release of the fourth (and final) tranche of the project (US \$499,930). The Secretariat notes that, as per the agreement with the Executive Committee, a funding tranche can only be released when it has been demonstrated that the relevant MB phase-out targets have been met (i.e., 27 ODP tonnes for 2008). In this regard, two verification reports submitted by an independent auditor have confirmed that the 2007 and 2008 levels of MB of 39.0 and 27.0 ODP tonnes respectively, were below or the same as those stipulated in the agreement.

Secretariat's recommendation

37. The Executive Committee may wish:

- (a) To take note of the progress report on the implementation of the complete phase-out of the use of MB in Jordan;
- (b) To authorize for the Government of Germany the release of US \$499,930 for the fourth tranche of the project;
- (c) To further request the Government of Germany to continue monitoring the phase-out of MB in Jordan and regularly report back to the Executive Committee.

Democratic People's Republic of Korea: Plan for terminal phase-out of CTC (progress report)

38. The Executive Committee discussed during its 55th Meeting the status report on the implementation of the phase-out of CTC in the Democratic People's Republic of Korea at 2.8 Vinalon Factory Complex and the Sinuiju Chemical Fibre Complex. In its related decision 55/12, the Executive Committee noted that some equipment items required for the conversion had been purchased but were deemed to fall under the dual-use restrictions of the International Chemical Weapons Convention, to which the Democratic People's Republic of Korea had not yet adhered. Based on this, the Executive Committee requested UNIDO to carry out a number of activities. Progress on each activity is presented in the following paragraphs.

39. The Executive Committee requested UNIDO to sell the relevant equipment items and to report back to the Executive Committee, presenting a financial report on all disbursements so far incurred, including storage cost. UNIDO advised the Secretariat that a buyer had been identified through a public bidding process in early February 2009. The buyer in Egypt offered a total of US \$50,000 for the

equipment, and would pay the transport cost. The original cost of the equipment was US \$400,000. UNIDO contacted the Secretariat whether to initiate the selling of the equipment. In view of the circumstances, the Secretariat considers it an achievement that UNIDO succeeded in identifying a buyer for a purpose-built chemical process equipment of medium quality, with limited use outside the very specific application.

40. The Executive Committee also requested UNIDO to continue with the implementation of all other components of the plan for the terminal phase-out of CTC, without using any remaining funds associated with CTC phase-out activities at the 2.8 Vinalon Factory Complex and the Sinuiju Chemical Fibre Complex. UNIDO has provided a progress report to the Secretariat, which contained information indicating that the other activities foreseen under the plan namely, a workshop, a study tour and management of the plan, will be completed by end of April 2009.

41. The Executive Committee further requested the Secretariat to send a letter to the Government of the Democratic People's Republic of Korea advising of the possible cancellation of the plan for terminal phase-out of CTC if all the activities proposed in the plan or the approved annual work programmes, including those related to the 2.8 Vinalon Factory Complex and the Sinuiju Chemical Fibre Complex, were not completed by 30 April 2009. The Secretariat informed the Government of the D.P.R. Korea accordingly in a letter dated 11 August 2008.

42. The Executive Committee left open the possibility that, in the event that the Democratic People's Republic of Korea was not able to complete the conversion at the 2.8 Vinalon Factory Complex and the Sinuiju Chemical Fibre Complex, the country could resubmit, no later than the 59th Meeting of the Executive Committee, a funding request for the conversion of these two enterprises. This is on the understanding that an alternative approach could be found to be technically feasible and economical viable, and that the country will in any event achieve compliance with the CTC phase-out schedule under the Montreal Protocol.

43. The Secretariat has until now not received such a request, and there are no CTC projects foreseen in the business plan of UNIDO for 2009 for D.P.R. Korea. The Secretariat had informed UNIDO that it appears that from a technical perspective, there might be considerable difficulties in achieving such an alternative conversion approach. The intention of the dual-use provision appears to be that the delivery of process equipment capable of handling chlorinated compounds is being banned. The characteristic of the products manufactured at the two chemical companies is specific to their containing chlorine, which necessitates the use of chlorinated compounds.

Secretariat's recommendation

44. The Executive Committee might wish to:

- (a) Note the progress report provided by UNIDO; and
- (b) Request UNIDO to present a financial report on all disbursements so far incurred, including storage cost, to the 58th Meeting of the Executive Committee.

Trinidad and Tobago: Terminal CFC phase-out management plan (verification report UNDP)

Background

45. On behalf of the Government of Trinidad and Tobago UNDP, as the lead agency, has submitted a verification of the CFC consumption in Trinidad and Tobago in 2007. Decision 45/54 (d) required, on an annual basis, verification of a randomly selected sample of approved TPMPs under implementation. Trinidad and Tobago was selected for such verification at the 51st Meeting, and the amount of

US \$20,000 was added to UNDP's work programme in that year. The TPMP for Trinidad and Tobago was approved by the Executive Committee at its 40th Meeting, to completely phase out CFC consumption by 1 January 2008. Total funding of US \$460,000 plus agency support costs of US \$34,500 for UNDP was approved in principle by the Executive Committee (decision 40/55), and released in two tranches at the 40th and 49th Meetings of the Executive Committee.

Verification report

46. The verification included reviews of: ODS policies and regulations; official statistics on ODS imports and exports comparing the data from customs and the amount of quota issued against actual quota applied; total sales and uses of CFCs in 2007; technical assistance activities at recipient levels carried out during 2007; and status and use of the recovery/recycling equipment distributed to beneficiary workshops. It concluded that since 2007 there has not been any CFC consumption in the country. The sustainability of the progress achieved under the TPMP is ensured thanks to, among other things, the existing legal framework related to the imports of ODS and ODS-based equipment; the ODS import licensing system; the increasing unavailability of CFCs on the local and international market, and the very steep price of any remaining stock; the commitment to the objectives of the Montreal Protocol by all the stakeholders; and a continued monitoring and public awareness campaign by the Ozone Unit.

47. The report also noted that there might still remain a sizeable number of CFC-based commercial refrigeration equipment operating in the country. The formal refrigeration sector has expressed its concern regarding the effect of the informal sector, and has suggested that the Government provides additional training to this sector.

Secretariat's comments

48. The Government of Trinidad and Tobago has reported zero consumption of CFCs under Article 7 of the Montreal Protocol for 2007. UNEP pointed out that the estimated level of CFC consumption in 2008 is also zero and it was confident that this level will be maintained in 2009.

49. The Secretariat and UNDP discussed some of the suggestions provided by the auditor for improving the systems and/or mechanisms in place related to ODS in Trinidad and Tobago. These included the sizeable amount of CFC-based commercial refrigeration equipment still in operation; training for technicians in the informal sector; improvements to the legal framework, such as regularly accessing customs data by the Ozone Unit; the use of ODS identifiers, and continuous monitoring of the market to avoid fraudulent imports. UNDP stated that owners of CFC-based commercial refrigerators still in operation have been advised to retrofit their equipment, especially given the scarcity of CFC-12 on the market. At the same time, the Refrigeration Industry Association and the Ozone Unit are also following up on this matter. The Ozone Unit is furthermore seeking to engage technicians in the informal sector to receive training. There has been a recent Cabinet Decision (22 January 2009) to, *inter alia*, obtain data from Customs on a quarterly basis, expand ODS monitoring at the ports and amend the negative list to include HCFCs.

50. Finally, the report recommended that the group of institutions that were involved in the implementation of the TPMP must be engaged in any initiative concerning the HPMP, in order to maintain the level of identification and commitment with the objectives of the Montreal Protocol. UNDP pointed out that all institutions have been appraised of the HPMP activity and are ready to assist.

Secretariat's Recommendation

51. The Executive Committee might wish to note the successful verification of Trinidad and Tobago's compliance with its phase-out obligations for CFC consumption under the TPMP in 2007.