



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/57/23  
3 March 2009



ORIGINAL: ENGLISH

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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-seventh Meeting  
Montreal, 30 March-3 April 2009

**PROJECT PROPOSAL: BANGLADESH**

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

Phase-out

- National ODS phase-out plan (second, third and fourth tranches) UNDP and UNEP

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**  
**Bangladesh**

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
ODS phase out plan	UNDP, UNEP

<b>(II) LATEST ARTICLE 7 DATA (ODP Tonnes)</b>					<b>Year: 2007</b>
CFC: 154.9	CTC: 0.1	Halons: 0	MB: 0	TCA: 0.5	

<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)</b>											<b>Year: 2007</b>		
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC				20.	60.8			71.9					152.7
CTC						0.1							0.1
Halons													0
Methyl Bromide													0
Others													0
TCA						0.5							0.5

<b>(IV) PROJECT DATA</b>			2004	2005	2006	2007	2008	2009	2010	Total
<b>Montreal Protocol Consumption Limits</b>		CFC	581.6	290.8	290.8	87.2	87.2	87.2	0.	
		CTC, TCA	0.9	1.5	1.5	1.5	1.5	1.5	0.3	
<b>Maximum Allowable Consumption (ODP Tonnes)</b>		CFC	328.7	289.7	207.2	87.1	71.	53.	0.	
		CTC, TCA	6.6	1.5	1.5	1.5	1.5	1.5	0.	
<b>Project Costs (US\$)</b>	UNDP	Project Costs	155,000.	516,000.	134,000.	55,000.	55,000.	55,000.	55,000.	1,025,000.
		Support Costs	11,625.	38,700.	10,050.	4,125.	4,125.	4,125.	4,125.	76,875.
	UNEP	Project Costs	90,500.	125,500.	30,500.	30,500.	30,500.	22,500.		330,000.
		Support Costs	11,765.	16,315.	3,965.	3,965.	3,965.	2,925.		42,900.
<b>Total Funds Approved in Principle (US\$)</b>		Project Costs	245,500.	641,500.	164,500.	85,500.	85,500.	77,500.	55,000.	1,355,000.
		Support Costs	23,390.	55,015.	14,015.	8,090.	8,090.	7,050.	4,125.	119,775.
<b>Total Funds Released by the ExCom (US\$)</b>		Project Costs	245,500.	0.	0.	0.	0.	0.	0.	245,500.
		Support Costs	23,390.	0.	0.	0.	0.	0.	0.	23,390.
<b>Total Funds Requested for Current Year (US\$)</b>		Project Costs						<b>891,500.</b>		891,500.
		Support Costs						<b>77,120.</b>		77,120.

<b>(V) SECRETARIAT'S RECOMMENDATION:</b>	<b>Individual consideration</b>
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## **PROJECT DESCRIPTION**

1. On behalf of the Government of Bangladesh UNDP, as the lead implementing agency, has submitted a progress report on the implementation of the first work programme of the national ODS phase-out plan for Bangladesh (NPP), together with the verification report required by the Agreement, for consideration by the Executive Committee at its 57th Meeting. UNDP has also submitted a request for funding for the second, third and fourth work programmes at a total cost of US \$705,000 plus agency support costs of US \$52,875 for UNDP, and US \$186,500 plus agency support costs of US \$24,245 for UNEP.

### **Background**

2. The NPP for Bangladesh was approved at the 42<sup>nd</sup> Meeting of the Executive Committee at a total cost of US \$1,355,00 plus agency support costs of US \$76,875 for UNDP, and US \$42,900 for UNEP, to completely phase out the remaining consumption of CFCs (194 ODP tonnes), CTC and TCA (7 ODP tonnes) by the end of 2009. At the same Meeting, the Executive Committee approved US \$155,000 plus agency support costs of US \$11,625 for UNDP, and US \$90,500 plus agency support costs of US \$11,765 for UNEP for the implementation of the first tranche.

3. Subsequent to the approval of the NPP for Bangladesh, the Committee approved funding for preparation of a project for the phase-out of CFCs in the metered-dose inhaler (MDI) sector in Bangladesh, taking into account the exceptional circumstances of Bangladesh (decision 50/19). The investment project was subsequently approved at the 52<sup>nd</sup> Meeting of the Executive Committee to phase out 76.3 ODP tonnes of CFCs used in the manufacturing of MDIs (decision 52/32).

### **Progress report and verification**

4. According to the progress report on the implementation of the first tranche of the NPP for Bangladesh, the following activities have been completed: training of 1,000 refrigeration service technicians and 150 customs officers; reproduction of 10,000 copies of the code of good practice manual, 7,500 copies of the certificate and 150 copies of the customs training manual. A total of 10 ODS identifiers have been purchased and procurement of the refrigeration service kits is almost finalised. Public awareness activities have been conducted and the project management unit has been staffed.

5. A verification report on the levels of CFC consumption for the years 2004 to 2007 has been prepared. The verification report indicated a sharp deviation in the CFC import data for 2007 with regard to the stipulations in the Agreement between the Government of Bangladesh and the Executive Committee. This issue was discussed with the Ozone Unit, which reported that due to the CFC-MDI requirements for the health sector, and in light of decision of XVIII/16 of the Parties (i.e., difficulties faced by some Article 5 Parties manufacturing CFC-based MDIs), a separate license was issued for CFCs used in the pharmaceutical sector. The report concluded that in 2007 the total CFC consumption was 155.1 ODP tonnes, of which 83.3 ODP tonnes were used in the refrigeration sector and 71.9 ODP tonnes in the pharmaceutical sector. The total consumption of CTC and TCA for that year was 0.07 ODP tonnes and 0.5 ODP tonnes respectively. The rules and regulations on ODS imports and the licensing system are comprehensive and have been enforced strictly.

6. Of the US \$245,500 approved for the first tranche, only US \$157,258 has been disbursed. The balance of US \$88,242 has been committed up to June 2009.

### **Plan of action for the third tranche**

7. The Government of Bangladesh commits to implementing a number of activities under the second to fourth tranches of the NPP. These include additional training and certification of 5,500

refrigeration service technicians between 2009 and 2011, and printing an additional 10,000 copies of the code of good practice manual and an additional 7,500 copies of the certificate. Training of an additional 250 customs officers and the procurement of 10 refrigerant identifiers is also foreseen. Planned activities also include procurement of an additional 125 recovery units and 25 MAC recovery/recycling units and ancillary equipment, and an incentive programme to retrofit 4,000 CFC-based domestic and small-sized commercial refrigeration systems and 750 MAC systems to alternative refrigerants. Public awareness and information dissemination activities will be implemented, along with monitoring and reporting activities associated with the NPP.

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

#### Reductions in funding for failure to comply

8. According to data reported by the Government of Bangladesh under Article 7 of the Montreal Protocol, the levels of CFC consumption between 2004 and 2006 were below those allowed under the Protocol and in the Agreement between the Government and the Executive Committee. In 2007 (Article 7 data) and 2008 (preliminary data reported by the Government) CFC consumption levels were above those allowed under the Montreal Protocol and in the Agreement as shown in the table below.

Parameter	CFC consumption (ODP tonnes)						
	2004	2005	2006	2007	2008	2009	2010
Montreal Protocol levels	581.6	290.8	290.8	87.2	87.2	87.2	0.0
Agreement levels	328.7	289.7	207.2	87.2	71.0	53.0	0.0
Consumption (Article 7)	294.9	263.0	196.2	154.9	158.3(*)		
Consumption over Agreement				67.7	87.3		
<b>Sectoral uses of CFC</b>							
Refrigeration servicing	232.1	201.7	120.4	83.3	59.9		
Manufacturing of MDIs	63.2	61.8	76.3	71.9	98.4		
Total CFC consumption	295.3	263.5	196.7	155.2	158.3		

(\*) Preliminary estimated level of CFC consumption provided by the Government of Bangladesh.

9. In accordance with paragraph 10 (reductions in funding for failure to comply) of the Agreement between the Government and the Executive Committee, the amount of funding provided may be reduced by US \$13,480 per ODP tonne of reductions in consumption not achieved in the year. Applying this clause of the Agreement should entail a reduction of US \$912,596 in the level of funding for the NPP (based on an excess consumption of 67.7 ODP tonnes in 2007 only since the 2008 CFC consumption has not yet been reported under Article 7). The Executive Committee may wish to note that the levels of CFCs used in the refrigeration servicing sector alone have been reduced from 232.1 ODP tonnes in 2004 to 59.9 ODP tonnes in 2008 and these levels have always been below the maximum allowable level of consumption in the Agreement.

10. In addressing this issue, UNDP indicated that the Government of Bangladesh and UNDP had understood that the approval of the MDI investment project was a recognition of the fact that CFC consumption in the MDI sector was likely to exceed the maximum allowable level of consumption under the Montreal Protocol and under the Agreement. It was their belief that, for Bangladesh, the total phase-out of CFCs should be considered through both the NPP project addressing the consumption in the refrigeration servicing sector and the MDI project addressing the consumption in the pharmaceutical sector. Accordingly, if the verification report demonstrates that the consumption of CFCs in the

refrigeration servicing sector was within the limits set out in the Agreement, Bangladesh is in compliance with the plan.

11. UNDP also pointed out that the issue of potential non-compliance by Bangladesh, based on the level of CFC consumption reported in 2007, was brought to the attention of the Parties to the Montreal Protocol at their 20<sup>th</sup> Meeting. The Parties opted to consider the specific situation of Bangladesh again in 2009. In regard to the issue of compliance with the Montreal Protocol, both UNDP and UNEP will continue supporting the Government in its ongoing dialogue with the Implementation Committee.

#### Technical issues

12. In reviewing the activities proposed in the 2009 and 2010 work programmes, it was noted that:

- (a) The training programmes for refrigeration technicians and customs officers were based on typical training programmes without giving due consideration to strengthening the capacity of existing training institutes and/or vocational schools, which would assure the long-term sustainability of the training programmes;
- (b) The impact on the CFC consumption associated with the proposed recovery/recycling component of the NPP was negligible, and it will only be realized in 2010, once the equipment is in operation. Similarly, the level of reduction in CFC consumption through the proposed incentive programme was very small (no more than 1 to 1.5 tonnes) and will only be realized in 2010 and 2011;
- (c) No activity has been proposed for the introduction of drop-in refrigerants that could be used immediately. It was noted that, over the last few years, several Article 5 countries have achieved significant reductions in CFC consumption by retrofitting small-sized refrigeration systems with drop-in refrigerants (in many cases without assistance from the Fund);
- (d) The funding being requested for public awareness and information dissemination should be used for direct assistance to the refrigeration servicing sector, considering that this type of activity is being implemented through the institutional strengthening project.

13. The above issues were discussed with the implementing agencies, in light of the limited time available before the compliance phase-out date of 1 January 2010. Consequently, UNDP and UNEP agreed to revise the work programme as follows:

- (a) For the technicians training programme, one additional train-the-trainer workshop on good refrigeration servicing practices and retrofitting procedures will be conducted, and some 4,000 technicians will be trained before end of 2010. About 20 vocational schools that conduct training programmes in good servicing practices will be strengthened by providing training equipment. The good servicing practices will be introduced into the curriculum of the refrigeration course (US \$334,000 including the training equipment);
- (b) The long term strategy for the training of customs officers is being finalized by the Ozone Unit with relevant stakeholders (i.e., National Board of Revenue and the customs authority). The dialogue between Bangladesh and India, facilitated by UNEP as part of its CAP, will be strengthened in 2009 for a better and more effective monitoring and control of ODS trade among the two countries. An additional 200 customs and enforcement officers will be trained (US \$30,500);
- (c) The size of the recovery/recycling component of the NPP has been reduced from

US \$373,000 to US \$65,000 to address CFC needs post 2010.

- (d) The retrofit incentive programme has been revised to include specific training in retrofitting domestic and small commercial refrigeration equipment drop-in alternative refrigerants and to retrofit a larger number of end-users as previously proposed (at a revised cost of US \$601,000) through the provision of retrofit kits to registered service workshops;
- (e) A small and targeted awareness campaign for the phase-out of CFCs in the refrigeration servicing sector is proposed for 2009 (reduced from US \$60,000 to US \$20,000); and
- (f) Project monitoring, evaluation and reporting activities (reduced from US \$214,000 to US \$134,000).

## RECOMMENDATION

14. The project for the national ODS phase-out plan Bangladesh is submitted for individual consideration.

15. In assessing the 2007 and 2008 CFC phase-out targets set out in the Agreement entered into with the Government of Bangladesh, the Executive Committee may wish to either consider only consumption in the refrigeration servicing sector as reported by the Governments, or the total consumption in both the refrigeration servicing and MDI manufacturing sub-sectors.

16. The Executive Committee may also wish to:

- (a) Take note of the progress report on the implementation of the first tranche of the national ODS phase-out plan in Bangladesh;
- (b) Take note on the verification report of 2004-2007 CFC consumption; and
- (c) To approve the second, third and fourth work programmes at a total level of funding to be determined once the issue of the country's performance in line with the Agreement is addressed.

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