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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-eighth Meeting
Montreal, 6-10 July 2009

OVERVIEW OF ISSUES IDENTIFIED DURING PROJECT REVIEW

Introduction

1. This document consists of the following sections:
 - (a) An analysis of the number of projects and activities submitted by bilateral and implementing agencies to the 58th Meeting;
 - (b) Policy issues identified during the project review process;
 - (c) Projects and activities submitted for blanket approval;
 - (d) Investment projects for individual consideration; and
 - (e) Activities and projects not required for compliance.

Projects and activities submitted by bilateral and implementing agencies

2. Bilateral and implementing agencies submitted 82 funding requests including new multi-year agreements, tranches of approved multi-year agreements, as well as projects and activities amounting to US \$41,637,283, including agency support costs where applicable, as submitted. Following the project review process by the Secretariat, 44 projects and activities amounting to US \$7,315,333 are recommended for blanket approval; 33 projects and activities amounting to US \$20,571,483 are being forwarded for consideration by the Executive Committee; and 5 projects and activities amounting to US \$8,024,837 were withdrawn by relevant agencies.

Policy issues identified during project review

3. During the project review process, the Secretariat identified the following two policy issues: levels of funding for institutional strengthening projects beyond 2010; and confidentiality of HCFC data reported under Article 7.

Levels of funding for institutional strengthening projects

4. The current policy of the Executive Committee allows for continued funding for institutional strengthening support through the renewal of institutional strengthening projects. However, decision 47/49 indicates that possible funding arrangements and levels for institutional strengthening support beyond 2010 should be examined at the end of 2007. Since the adoption of this decision, the Executive Committee has considered several policy papers on this issue, the last being discussed at its 57th Meeting, where no substantive conclusion was reached. During its deliberations, some members of the Committee were of the view that future institutional strengthening funding may need to be considered as part of a package of funding that had to be agreed in the context of HCFC phase-out. As the Committee was unable to reach a conclusion on the matter, it decided, *inter alia*, to continue to fund requests for the renewal of institutional strengthening projects up to the end of December 2010 at current levels pending final resolution of the matter at its 58th Meeting (decision 57/36 (b)). The policy paper on institutional strengthening beyond 2010 has been resubmitted to the 58th Meeting (document UNEP/OzL.Pro/ExCom/58/48).

5. On behalf of 16 governments of Article 5 countries, the implementing agencies have submitted to the 58th Meeting of the Executive Committee requests for funding renewals of institutional strengthening projects, for a two-year period. There are no outstanding costs or other policy issues with any of these proposals. Noting decision 57/36, and the fact that funding for the projects was being requested beyond 2010, the Secretariat was unable to recommend blanket approval of these institutional strengthening renewal requests.

6. The Executive Committee may wish to consider approving the institutional strengthening renewals for these countries at the level of funding being requested (i.e., for a two-year period) as well as the observations to be communicated to recipient Governments as contained in relevant work programmes of the implementing agencies, or deferring consideration of the institutional strengthening projects submitted to the 58th Meeting until it has discussed the policy paper on institutional strengthening beyond 2010, and taken a decision on this matter.

Confidentiality of HCFC data reported under Article 7

7. At their 1st Meeting, the Parties to the Montreal Protocol decided *inter alia* that the Ozone Secretariat, in preparing ODS data reports, shall aggregate the data from several Parties in such a way as to ensure that data from Parties deemed to be confidential is not disclosed. The Ozone Secretariat shall also publish total data aggregated over all Parties for each individual controlled substance (decision I/11).

8. During the phase-out of all ODS excluding HCFCs, aggregation of data by group of ODS was not a major issue, as the two substances most commonly used by Article 5 countries had the same ODP value (i.e., CFC-11 and CFC-12 with an ODP value of 1), and there was also one substance in other groups (i.e., CTC, TCA and methyl bromide). The situation is different concerning HCFCs, as all of them are classified under Annex C, Group I of the Protocol. The most commonly used HCFCs by Article 5 countries, i.e., HCFC-141b, HCFC-142b and HCFC-22, have different ODP values. Therefore, disaggregated data for each HCFC would need to be provided to assess the costs and implementation of HPMPs and phase-out activities.

9. The format of the mandatory annual progress report on the implementation of the country programme submitted to the Fund Secretariat no later than 1 May, requires that each Article 5 country report its ODS consumption by substance and by sector(s) where the substance is used. Article 5 countries shall also report on the total amounts of ODS that have been imported, produced and/or exported. Although the data in this report should be similar to that reported under Article 7 of the Montreal Protocol, the Fund Secretariat has not considered this data for determining whether Article 5 Parties are in apparent compliance with their obligations under the Protocol or with their agreements with the Executive Committee for the phase-out of ODSs.

10. The Fund Secretariat is currently discussing this issue with the Ozone Secretariat to see if a solution can be found to the data confidentiality problem in respect of the Article 5 country governments that deemed the data reported under Article 7 to be confidential. Consideration is being given to seeking their consent to allow the Ozone Secretariat to send the disaggregated HCFC data to the Fund Secretariat in order to review submitted activities and the performance of relevant phase-out projects and activities against the official ODS reported data.

11. In light of the issues on confidentiality, and the fact that the data reported under Article 7 is aggregated by group of ODS, the Executive Committee might wish to consider the data reported under the progress report on the implementation of the country programmes as the data to determine the eligibility of individual sectors in Article 5 countries in regard to phase-out of HCFC consumption on an interim basis, pending a resolution on the confidentiality issue being discussed with the Ozone Secretariat. The Fund Secretariat will report back to the 59th Meeting of the Executive Committee on the resolution reached by the Secretariats.

Projects and activities submitted for blanket approval

12. Annex I to this document, lists 44 projects and activities with a total value of US \$7,315,333, which are recommended for blanket approval. It is to be noted that approval of these projects by the Executive Committee covers relevant conditions or provisions included in the corresponding project evaluation sheets, as well as the following:

- (a) Approval of the agreement between the Government of Haiti and the Executive Committee for the terminal phase-out management plan contained in Annex I to document UNEP/OzL.Pro/ExCom/58/34 at a total amount in principle of US \$190,000 plus agency support costs of US \$24,700 for UNEP and US \$150,000 plus agency support costs of US \$13,500 for UNDP, and the first tranche for the project at the amount indicated in Annex I to this document; and
- (b) Approval of implementation programmes associated with relevant tranches of multi-year projects.

Investment projects for individual consideration

13. A total of 33 projects and activities at a total cost of US \$25,355,643 as submitted, are proposed for individual consideration. The issues associated with non-investment projects are presented in the relevant work programme amendments of the implementing agencies (UNEP/OzL.Pro/ExCom/58/21 for UNDP; UNEP/OzL.Pro/ExCom/58/22 for UNEP; UNEP/OzL.Pro/ExCom/58/23 for UNIDO and UNEP/OzL.Pro/ExCom/58/24 for the World Bank).

14. The list of six investment projects submitted for individual consideration, including a brief explanation of the issues to be addressed, is shown in Table 1 below:

Table 1. Investment projects for individual consideration

Country	Project	Agency	Issue	Ex/Com document
Foam sector				
Brazil	Pilot project to validate methylal as blowing agent in the manufacture of polyurethane foams (phase I)	UNDP	Validation of a technology for HCFC phase-out	58/27
Egypt	Validation/Demonstration of low cost options for the use of hydrocarbons as foaming agent in the manufacture of polyurethane foams	UNDP	Validation of a technology for HCFC phase-out	58/33
Phase-out plan				
Iraq	National phase-out plan (first tranche)	UNEP, UNIDO	Phase-out plan from a non-LVC country	58/36
Korea, DPR	National phase-out plan (fifth tranche)	UNEP	Reporting by UNEP on modalities for transferring of funds	58/37
Production sector				
India	CFC production sector gradual phase-out: 2009 annual implementation plan	World Bank	Import audit with the accelerated phase-out production plan not submitted	58/35
India	CTC phase-out plan for the consumption and production sectors: 2009 annual programme	World Bank	Quality of verification report. consumption in 2008 higher than the maximum allowable consumption under the Agreement	58/35

Activities and projects not required for compliance

15. In line with decision 52/3 (c), Table 2 below lists one activity that was submitted to the 58th Meeting and is not required for compliance as per the compliance-oriented model.

Table 2. List of projects and activities that are not required for compliance

Country	Agency	Type	Sector / Sub-Sector	US\$ in 2009 business plans (*)	US\$ requested 58 th Meeting(*)
Unwanted ODS					
Mexico	World Bank	PRP	Second component of the pilot demonstration project on ODS waste management and disposal	(**)	53,750

(*) Including agency support costs

(**) Not included in 2009 Business Plans

List of projects and activities recommended for blanket approval

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Annex I

Project Title	Agency	ODP (tonnes)	Funds recommended (US\$)		C.E. (US\$/kg)
			Project	Support	
ALBANIA					
PHASE-OUT PLAN					
ODS phase out plan					
National ODS phase out plan (sixth and seventh tranches)	UNIDO	2.2	\$44,644	\$3,348	\$47,992
Total for Albania		2.2	\$44,644	\$3,348	\$47,992
ALGERIA					
PHASE-OUT PLAN					
HCFC phase out plan					
Preparation of a HCFC phase-out management plan (additional funding)	UNIDO		\$65,000	\$4,875	\$69,875
ODS phase out plan					
National phase-out plan (second tranche)	UNIDO	72.5	\$198,000	\$14,850	\$212,850
<i>UNIDO was requested to provide, to the 61st Meeting an additional verification report regarding the consumption of all ODS covered in the Agreement focussing in particular on the recording of imports at customs and the process of forwarding that data to the National Ozone Unit.</i>					
Total for Algeria		72.5	\$263,000	\$19,725	\$282,725
CAMEROON					
PHASE-OUT PLAN					
HCFC phase out plan					
Preparation of a HCFC phase-out management plan (additional funding)	UNIDO		\$65,000	\$4,875	\$69,875
ODS phase out plan					
Terminal CFC/TCA phase-out management plan (third tranche)	UNIDO	24.0	\$95,000	\$7,125	\$102,125
<i>The Executive Committee noted with appreciation the actions taken by the Government for the ratification of the Montreal and Beijing Amendments to the Montreal Protocol.</i>					
Total for Cameroon		24.0	\$160,000	\$12,000	\$172,000
CHINA					
FUMIGANT					
Methyl bromide					
National phase-out of methyl bromide (phase II, fourth tranche)	UNIDO		\$1,300,000	\$97,500	\$1,397,500
PROCESS AGENT					
Sectoral phase out plan					
Sector plan for phase-out of ODS process agent applications (phase II) and corresponding CTC production: 2009 annual programme	IBRD	5,951.0	\$1,500,000	\$112,500	\$1,612,500
Total for China		5,951.0	\$2,800,000	\$210,000	\$3,010,000
COSTA RICA					
PHASE-OUT PLAN					
CFC phase out plan					
Terminal phase-out management plan for Annex A Group I substances (third tranche)	UNDP	37.5	\$165,000	\$12,375	\$177,375
Total for Costa Rica		37.5	\$165,000	\$12,375	\$177,375

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Project Title	Agency	ODP (tonnes)	Funds recommended (US\$)			C.E. (US\$/kg)
			Project	Support	Total	
COTE D'IVOIRE						
PHASE-OUT PLAN						
CFC phase out plan						
Terminal phase-out management plan (second tranche)	UNIDO	44.1	\$121,000	\$9,075	\$130,075	
Terminal phase-out management plan (second tranche)	UNEP		\$109,000	\$14,170	\$123,170	
	Total for Cote D'Ivoire	44.1	\$230,000	\$23,245	\$253,245	
CUBA						
REFRIGERATION						
Preparation of project proposal						
Preparation for HCFC phase-out investment activities (manufacturing sector)	UNDP		\$50,000	\$3,750	\$53,750	
	Total for Cuba		\$50,000	\$3,750	\$53,750	
DJIBOUTI						
PHASE-OUT PLAN						
HCFC phase out plan						
Preparation of a HCFC phase-out management plan (additional funding)	UNEP		\$55,000	\$7,150	\$62,150	
	Total for Djibouti		\$55,000	\$7,150	\$62,150	
DOMINICAN REPUBLIC						
PHASE-OUT PLAN						
CFC phase out plan						
Terminal phase-out plan for Annex A (Group I) substances: (fifth tranche)	UNDP	53.0	\$200,000	\$15,000	\$215,000	
	Total for Dominican Republic	53.0	\$200,000	\$15,000	\$215,000	
HAITI						
PHASE-OUT PLAN						
CFC phase out plan						
Terminal phase-out management plan for Annex A Group I substances (first tranche)	UNDP	2.0	\$150,000	\$13,500	\$163,500	
<i>Approved in accordance with the Agreement between the Government and the Executive Committee. The agencies were urged to take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the TPMP.</i>						
Terminal phase-out management plan for Annex A Group I substances (first tranche)	UNEP		\$125,000	\$16,250	\$141,250	
<i>Approved in accordance with the Agreement between the Government and the Executive Committee. The agencies were urged to take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the TPMP.</i>						
	Total for Haiti	2.0	\$275,000	\$29,750	\$304,750	
IRAN						
REFRIGERATION						
Preparation of project proposal						
Preparation for HCFC phase-out investment activities (room air-conditioning and compressors)	UNIDO		\$45,000	\$3,375	\$48,375	

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Project Title	Agency	ODP (tonnes)	Funds recommended (US\$)			C.E. (US\$/kg)
			Project	Support	Total	
Total for Iran			\$45,000	\$3,375	\$48,375	
IRAQ						
FUMIGANT						
Preparation of project proposal						
Project preparation in the elimination of controlled uses of methyl bromide in pre and post-harvest sector	UNIDO		\$40,000	\$3,000	\$43,000	
<i>Approved on the condition that the resulting national phase out plan constitutes the final phase out for methyl bromide in Iraq, and that no additional project preparation funds for methyl bromide projects will be approved for the country.</i>						
Total for Iraq			\$40,000	\$3,000	\$43,000	
KENYA						
PHASE-OUT PLAN						
HCFC phase out plan						
Preparation of a HCFC phase-out management plan	Germany		\$85,000	\$11,050	\$96,050	
Total for Kenya			\$85,000	\$11,050	\$96,050	
KYRGYZSTAN						
FOAM						
Preparation of project proposal						
Preparation for HCFC phase-out investment activities (foam sector)	UNDP		\$30,000	\$2,250	\$32,250	
Total for Kyrgyzstan			\$30,000	\$2,250	\$32,250	
MALDIVES						
PHASE-OUT PLAN						
CFC phase out plan						
Terminal phase-out management plan (second tranche)	UNEP		\$15,000	\$1,950	\$16,950	
Total for Maldives			\$15,000	\$1,950	\$16,950	
MEXICO						
FOAM						
Preparation of project proposal						
Preparation for HCFC phase-out investment activities (foam sector plan)	UNDP		\$150,000	\$11,250	\$161,250	
MULTI-SECTOR						
Preparation of project proposal						
Preparation for HCFC phase-out investment activities (solvent and aerosol sectors)	UNIDO		\$100,000	\$7,500	\$107,500	
REFRIGERATION						
Preparation of project proposal						
Preparation for HCFC phase-out investment activities (refrigeration manufacturing sector)	UNIDO		\$150,000	\$11,250	\$161,250	

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Project Title	Agency	ODP (tonnes)	Funds recommended (US\$)			C.E. (US\$/kg)
			Project	Support	Total	
DESTRUCTION						
Preparation of project proposal						
Preparation for the second component of the pilot demonstration project on ODS waste management and disposal	IBRD		\$50,000	\$3,750	\$53,750	
<i>Approved on the understanding that these funds would be deducted from future funds to be approved for Mexico depending on the maximum amount that might be agreed to by the Executive Committee as a limit for the funding of that ODS disposal project.</i>						
Total for Mexico			\$450,000	\$33,750	\$483,750	
MONTENEGRO						
PHASE-OUT PLAN						
CFC phase out plan						
Terminal phase-out plan for CFCs (second tranche)	UNIDO	2.2	\$95,295	\$7,147	\$102,442	
Total for Montenegro			2.2	\$95,295	\$7,147	\$102,442
MOZAMBIQUE						
PHASE-OUT PLAN						
HCFC phase out plan						
Preparation of a HCFC phase-out management plan (additional funding)	UNEP		\$55,000	\$7,150	\$62,150	
Total for Mozambique			\$55,000	\$7,150	\$62,150	
NIGER						
PHASE-OUT PLAN						
CFC phase out plan						
Terminal phase out management plan (second tranche)	UNIDO	4.8	\$53,000	\$4,770	\$57,770	
Terminal phase out management plan (second tranche)	UNEP		\$68,000	\$8,840	\$76,840	
Total for Niger			4.8	\$121,000	\$13,610	\$134,610
NIGERIA						
REFRIGERATION						
Preparation of project proposal						
Preparation for HCFC phase-out investment activities (refrigeration manufacturing sector)	UNIDO		\$50,000	\$3,750	\$53,750	
Total for Nigeria			\$50,000	\$3,750	\$53,750	
PARAGUAY						
PHASE-OUT PLAN						
CFC phase out plan						
Terminal phase-out management plan for Annex A Group I substances (second and third tranches)	UNDP		\$190,000	\$14,250	\$204,250	
Terminal phase-out management plan for Annex A Group I substances (second and third tranches)	UNEP		\$90,000	\$11,700	\$101,700	
Total for Paraguay			\$280,000	\$25,950	\$305,950	

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			Project	Support		Total
SEYCHELLES						
PHASE-OUT PLAN						
HCFC phase out plan						
Preparation of a HCFC phase-out management plan	Germany		\$85,000	\$11,050	\$96,050	
Total for Seychelles			\$85,000	\$11,050	\$96,050	
SUDAN						
PHASE-OUT PLAN						
ODS phase out plan						
National CFC/CTC phase-out plan (fourth tranche)	UNIDO	65.3	\$200,000	\$15,000	\$215,000	
Total for Sudan			65.3	\$200,000	\$15,000	\$215,000
SYRIA						
REFRIGERATION						
Preparation of project proposal						
Preparation for HCFC phase-out investment activities (refrigeration manufacturing sector)	UNIDO		\$60,000	\$4,500	\$64,500	
PHASE-OUT PLAN						
CFC phase out plan						
National CFC phase-out plan (third tranche)	UNIDO	70.0	\$154,050	\$11,554	\$165,604	
Total for Syria			70.0	\$214,050	\$16,054	\$230,104
TANZANIA						
PHASE-OUT PLAN						
CFC phase out plan						
Terminal phase-out management plan (second tranche)	UNEP		\$78,000	\$10,140	\$88,140	
Terminal phase-out management plan (second tranche)	UNDP	38.1	\$72,000	\$5,400	\$77,400	
Total for Tanzania			38.1	\$150,000	\$15,540	\$165,540
THAILAND						
FOAM						
Preparation of project proposal						
Preparation for HCFC phase-out investment activities (extruded polystyrene foam sector)	UNIDO		\$45,000	\$3,375	\$48,375	
REFRIGERATION						
Preparation of project proposal						
Preparation for HCFC phase-out investment activities (air-to-air conditioning sector)	UNIDO		\$65,000	\$4,875	\$69,875	
SOLVENT						
Preparation of project proposal						
Preparation for HCFC phase-out investment activities (solvent sector)	UNIDO		\$20,000	\$1,500	\$21,500	

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			Project	Support	Total	
PHASE-OUT PLAN						
HCFC phase out plan						
Preparation of a HCFC phase-out management plan (refrigeration and air-conditioning sectors, except air-to-air conditioning subsector)	UNDP		\$110,000	\$8,250	\$118,250	
	Total for Thailand		\$240,000	\$18,000	\$258,000	
TUNISIA						
FOAM						
Preparation of project proposal						
Preparation for HCFC phase-out investment activities (polyurethane foam sector)	UNIDO		\$65,000	\$4,875	\$69,875	
	Total for Tunisia		\$65,000	\$4,875	\$69,875	
TURKEY						
FOAM						
Preparation of project proposal						
Preparation for HCFC phase-out investment activities (polyurethane foam sector)	UNIDO		\$150,000	\$11,250	\$161,250	
REFRIGERATION						
Preparation of project proposal						
Preparation for HCFC phase-out investment activities (refrigeration manufacturing sector)	UNIDO		\$150,000	\$11,250	\$161,250	
	Total for Turkey		\$300,000	\$22,500	\$322,500	
	GRAND TOTAL	6,366.7	\$6,762,989	\$552,344	\$7,315,333	