



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/58/26
5 June 2009

ORIGINAL: ENGLISH



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

PROJECT PROPOSAL: ALGERIA

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

Phase-out

- National phase-out plan (second tranche)

UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Algeria

(I) PROJECT TITLE	AGENCY
ODS phase out plan	UNIDO

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)				Year: 2008	
CFC: 149.6	CTC: 2	Halons: 67	MB: 2	TCA: 3	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)							Year: 2008						
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC		68.		0.5	80.3	0.8							149.6
CTC						0.9			1.1				2
Halons			67.										67
Methyl Bromide										2.			2
Others					0.1								0.1
TCA						1.5			1.5				3

(IV) PROJECT DATA			2007	2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC	317.9	317.9	317.9	0.	
		CTC	3.1	3.1	3.1	0.	
		HAL	118.7	118.7	118.7	0.	
		Other fully halogenated hydrocarbons	0.2	0.2	0.2	0.	
		TCA	4.1	4.1	4.1	1.7	
Maximum Allowable Consumption (ODP Tonnes)		CFC	200.	150.	100.	0.	
		HAL	80.	70.	50.	0.	
		CTC	2.	2.	1.	0.	
		TCA	4.	3.5	2.	1.5	
		Other fully halogenated hydrocarbons	0.1	0.1	0.1	0.	
Project Costs (US\$)	UNIDO	Project Costs	723,500.		198,000.		921,500.
		Support Costs	54,263.		14,850.		69,113.
Total Funds Approved in Principle (US\$)		Project Costs	723,500.		198,000.		921,500.
		Support Costs	54,263.		14,850.		69,113.
Total Funds Released by the ExCom (US\$)		Project Costs	723,500.		0.		723,500.
		Support Costs	54,263.		0.		54,263.
Total Funds Requested for Current Year (US\$)		Project Costs			198,000.		198,000.
		Support Costs			14,850.		14,850.

(V) SECRETARIAT'S RECOMMENDATION:	For blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Algeria, UNIDO has submitted to the 58th Meeting of the Executive Committee a request for funding for the second and final tranche (2009) of the national ODS phase-out plan (NPP) at a total cost of US \$198,000 plus agency support costs of US \$14,850. The submission also includes a progress report on the implementation of the NPP during the year 2008, the implementation programme for 2009, a verification report for the years 2007 and 2008 and multi-year agreement tables.

Background

2. The NPP for Algeria was approved by the Executive Committee at its 53rd Meeting to completely phase-out CFC consumption in the country by 1 January 2010. Other ODS under Annex A Group II (halons), Annex B Group I (other CFC) and Annex B Group II (CTC) are also to be phased out by 1 January 2010. ODS under Annex B Group III (methyl chloroform) are to be reduced to 1.5 ODP tonnes in 2010 and fully phased out in 2015. Total funding of US \$921,500 plus agency support costs of US \$69,113 was approved in principle by the Executive Committee. At the same meeting, the Executive Committee approved US \$723,500 plus agency support costs of US \$54,263 for the implementation of the first tranche of the NPP.

Verification

3. The verification report indicates that Algeria does not produce or export ODS. A licensing system is in place to control ODS import. The general list of ODS importing companies is presented in the report as well as a list of companies that imported ODS in 2007 and 2008. Quotas of controlled substances are established at the level equal or lower to the maximum allowable consumption defined in the agreement between Algeria and the Executive Committee. The verification report compares consumption data reported by the NOU with imports data collected from Algerian customs and established quotas. According to NOU data, 2007 consumption was equal to 200 ODP tonnes of CFCs, 67 ODP tonnes of halons, 0.1 ODP tonnes of CFC-13, 2 ODP tonnes of CTC and 4 ODP tonnes of methyl chloroform. The related 2008 consumption figures are 149.6 ODP tonnes of CFC, 67 ODP tonnes of halons, 0.1 ODP tonnes of CFC-13, 2 ODP tonnes of CTC and 3 ODP tonnes of methyl chloroform. The reported consumption is equal or, by a small margin, lower than the established quotas for all substances and for both years. There is a minor discrepancy between customs and NOU data, as figures reported by the NOU for some of the substances are slightly higher. The imports verified are fulfilling the conditions of the agreement between the Multilateral Fund and Algeria.

2008 Progress report

4. Due to the unstable political situation in Algeria, specifically in the capital region, the project start-up was delayed. Most of the activities originally planned for 2008 were not implemented. For some of the components activities were partly implemented during the first quarter of 2009, but a greater part of the activities are expected to be implemented starting from May 2009.

5. In the legislation and enforcement component ODS legislation is being updated since 2008; training of master trainers was postponed to May 2009, and that also delayed the training of customs officers and the purchase of the relevant equipment. As to certification and licensing, the National Code of Practice is still under development since 2008 and is expected to be completed in May 2009, as is the update of refrigeration curricula.

6. In the investment component related to refrigeration servicing the purchase of equipment planned for 2008 was delayed: bidding was completed in April 2009 and 70 refrigeration service kits, 10 R&R units for large end-users, 60 cylinders for large end-users and R&R centres and 20 R&R machines for MAC workshops are expected to be delivered in July 2009.

7. Activities in the foam, solvent, aerosol and MDI sectors could not start as planned in 2008. UNIDO informed that the NOU decided to use the flexibility clause to reallocate the funds of the aerosol component to other activities in the NPP, since all companies converted to butane/propane mixture due to the higher price of CFCs. During the first year of implementation the project management was carried out by UNIDO and the NOU. The Project Management Unit was established in 2008 and a coordinator was recruited in early 2009.

8. The unspent balance of the approved funding as of 1 January 2009 is US \$687,137, equivalent to 95 per cent of the funding approved so far. However, implementation accelerated rapidly in early 2009, so that the unspent balance of the approved funding as of 8 May 2009 is US \$518,360, equivalent to 72 per cent. Moreover, an additional US \$300,000 is under bidding, so that 70 per cent of the approved funding has been obligated by May 2009.

2009 Implementation programme

9. A number of activities are now planned for 2009; most of which had originally been planned for 2008. Regarding legislation and enforcement, the training of three master trainers and of 100 customs officers, as well as the procurement of five identification sets and the finalization of the ODS legislation review and update is scheduled to take place in 2009; this would complete the activities on legislation and enforcement. The national Code of Practice as well as the refrigeration curricula are planned to be finalized. In addition to investment activities mentioned under para. 6 above, the purchase of an additional 70 refrigeration service kits is being considered, depending on needs identified. The procurement process for purchasing equipment for six foam conversions is expected to start by 15 May 2009. An awareness raising workshop for solvent users and the development of an MDI strategy is planned, the latter being delayed due to a possible MDI investment project, the request for which was submitted by UNIDO to the 55th and 56th Meetings. Project implementation and monitoring activities will continue.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

10. The Secretariat requested additional information from UNIDO regarding the delays in the project. Generally, the implementation situation in Algeria was complex due to a heightened UN security level for the country, which made it difficult for UNIDO to travel to Algeria. UNIDO provided detailed information such as, that it was intended to train the master trainers for customs training abroad, but no suitable foreign training could be identified until recently; it is planned to take place in Morocco during this summer. This led to delays in the training of the customs officers, and in the purchase of refrigerant identifiers to be delivered after the training. The ODS legislation, while reviewed and updated, is awaiting enactment. The activities in the refrigeration service sector, the foam sector and the solvent sector commenced shortly after the PMU was operational, i.e. in early 2009.

11. The year 2008 appears to be a year almost lost in terms of implementation likely related to the security situation in the country and partly to the late establishment of a PMU. However, UNIDO was able to accelerate implementation in 2009 very significantly, leading to a fully sufficient level of implementation by May 2009.

12. While the verification report was as such sufficient, the Secretariat noted with some concern almost the same figures for maximum allowable consumption under the agreement as for the actual consumption were provided. Algeria provided licenses for the full amount of ODS allowed for consumption purposes under the agreement, which appear to have been in most cases completely used. This is very uncommon, because of packaging sizes for ODS that suggest slightly different, and probably lower, imports. On the other hand, the general quality of the verification and the rapid disbursements for time-critical implementation activities suggested not to defer the tranche. The Secretariat raised this issue with UNIDO, which proposes to undertake an additional verification regarding the 2009 consumption of the relevant ODS.

RECOMMENDATION

13. The Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the national phase-out plan (first tranche) in Algeria during the year 2008 and the verification report for the years 2007 and 2008;
- (b) Requests UNIDO to provide, to the 61st Meeting of the Executive Committee, an additional verification report regarding the consumption of all ODS covered in the Agreement between Algeria and the Executive Committee, focussing in particular on the recording of imports at customs and the process of forwarding that data to the National Ozone Unit; and
- (c) Approves the implementation programme for 2009.

14. The Secretariat further recommends blanket approval of the second and final tranche (2009) of the national phase-out plan for Algeria with associated support costs at the funding level shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	National phase-out plan (second tranche)	198,000	14,850	UNIDO
