



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/58/37  
11 June 2009

ORIGINAL: ENGLISH



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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

**PROJECT PROPOSAL: THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA**

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

Phase-out

- Implementation of the NPP: regulations, training programme and monitoring (fifth tranche)

UNEP/UNIDO

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**  
**Democratic People's Republic of Korea**

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
CFC phase out plan	UNEP, UNIDO

<b>(II) LATEST ARTICLE 7 DATA (ODP Tonnes)</b>				<b>Year: 2007</b>	
CFC: 40.7	CTC: 0	Halons: 0	MB: 0	TCA: 0	

<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					59.2								59.2
CTC							55						55
Halons													0
Methyl Bromide													0
Others													0
TCA													0

<b>(IV) PROJECT DATA</b>			<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Total</b>
<b>Montreal Protocol Consumption Limits</b>		CFC	220.9	220.9	66.3	66.3	66.3	
<b>Maximum Allowable Consumption (ODP Tonnes)</b>		CFC	177	120	66	48	30	
<b>Project Costs (US\$)</b>	UNEP	Project Costs	234,600	163,400	100,000	20,000	10,000	528,000
		Support Costs	30,498	21,242	13,000	2,600	1,300	68,640
	UNIDO	Project Costs	536,000					536,000
		Support Costs	40,200					40,200
<b>Total Funds Approved in Principle (US\$)</b>		Project Costs	770,600	163,400	100,000	20,000	10,000	1,064,000
		Support Costs	70,698	21,242	13,000	2,600	1,300	108,840
<b>Total Funds Released by the ExCom (US\$)</b>		Project Costs	770,600	163,400	100,000	20,000	0	1,054,000
		Support Costs	70,698	21,242	13,000	2,600	0	107,540
<b>Total Funds Requested for Current Year (US\$)</b>		Project Costs					10,000	10,000
		Support Costs					1,300	1,300

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

1. On behalf of the Government of the Democratic People's Republic of Korea (DPR Korea), UNEP, as the lead implementing agency, submitted a progress report on the implementation of the 2008 work programme of the national CFC phase-out programme (NPP) together with the verification report required by the Agreement, for consideration by the Executive Committee at its 57th Meeting. UNEP also submitted a request for funding for the 2009 work programme at a total cost of US \$10,000 plus agency support costs of US \$1,300. No funding has been requested for UNIDO (UNEP/OzL.Pro/ExCom/57/40).
2. During its deliberations, the Executive Committee sought a clarification regarding UNEP's request for HPMP project preparation and for the implementation of the fifth tranche of the NPP for DPR Korea, as the UNDP project office used by UNEP to distribute funds in that country had been closed. Following the discussion, the Executive Committee decided to defer consideration of the HPMP and the fifth tranche of the NPP to the 58th Meeting, upon confirmation by UNEP regarding the means of distributing the funds to DPR Korea (decision 57/16(a)).
3. Responding to decision 57/16(a), UNEP indicated that, in the past two years following the suspension of operations at the UNDP's Pyongyang office, it has been working with the Government on options for transferring funds through the World Food Programme or the embassies of DPR Korea in Bangkok and Beijing. However, based on consultation with the UN Economic and Social Commission for Asia and the Pacific (ESCAP), the option of transferring funds through the embassies was not viable, as it would take place outside the UN system. The transfer through the World Food Programme, though viable, involves higher agency fees to which UNEP Headquarters could not agree. In the meantime, UNEP and UNIDO agreed with the Government of DPR Korea that the Government will continue implementing ODS phase-out activities using its own resources until a solution for transferring the funds is found. The Government's resources will be paid back once the funds can be transferred. UNEP also organized a mission to DPR Korea for June 2009 to further explore viable options for transferring funds, and will report back to the Executive Committee prior to its 58<sup>th</sup> Meeting.
4. For the benefit of the Members of the Executive Committee, the Secretariat has summarized, in this document, features of the document that was submitted to the 57<sup>th</sup> Meeting.

### Progress report and verification

5. During the implementation of the 2008 work programme of the NPP, 200 refrigeration technicians and 200 customs officers were trained. Additional servicing tool kits were delivered to service workshops. Several public awareness activities were implemented and the project monitoring unit continued to function. The verification report on the levels of CFC consumption concluded that the total amount of 40.7 ODP tonnes of CFCs imported in 2007 was 22.3 ODP tonnes lower than the CFC quotas issued by the Government. The report also indicated that CFCs have not been produced since 2004 and that no illegal trade had been identified.

### 2009 annual work programme

6. Work programme activities for 2009 include continued implementation of training programmes for 100 refrigeration servicing technicians and 50 customs officers, and completion of purchasing and distributing servicing tool kits. They also cover the monitoring of ODS recovery and recycling centres, providing technical assistance to service workshops for CFC needs post-2009, organizing the verification of ODS import and actual use in 2008, and monitoring and evaluation of the activities contained in the NPP.

**SECRETARIAT'S COMMENTS AND RECOMMENDATION**

**COMMENTS**

7. The 2007 CFC consumption of 40.7 ODP tonnes reported by the Government of DPR Korea under Article 7 of the Montreal Protocol was already 25.6 ODP tonnes below the allowable level of 66.3 ODP tonnes for that year. Although CFC import quotas were issued for 63.0 ODP tonnes in 2007, only 40.7 ODP tonnes were actually imported.

**RECOMMENDATION**

8. Pending a report by UNEP on options for the transfer of financial resources to the Government of DPR Korea, the Secretariat recommends that the Executive Committee may wish to consider:

- (a) Taking note of the progress report on the implementation of the 2008 work programme (fourth tranche) of the national CFC phase-out programme in DPR Korea;
- (b) Taking note of the verification report of the 2007 CFC consumption; and
- (c) Approving the 2009 annual implementation programme (fifth tranche).
- (d) Approving the fifth tranche of the plan (2009) at the funding level shown in the table below:

	<b>Project Title</b>	<b>Project Funding (US \$)</b>	<b>Support Cost (US \$)</b>	<b>Implementing Agency</b>
(a)	Implementation of the NPP: regulations, training programme and monitoring (fifth tranche)	10,000	1,300	UNEP

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