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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-ninth Meeting
Port Ghalib, Egypt, 10-14 November 2009

PROJECT PROPOSAL: BRAZIL

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

Phase-out

- National CFC phase-out plan (eighth tranche) UNDP and Germany

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Brazil

(I) PROJECT TITLE	AGENCY
CFC phase out plan	Germany, UNDP

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)					Year: 2008
CFC: 290.4	CTC: -11	Halons: 0	MB: 0	TCA: 0	

(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								290.4					290.4
CTC													0
Halons													0
Methyl Bromide										131.3			131.3
Others													0
TCA													0

(IV) PROJECT DATA		2000	2001	2002	2003*	2004	2005	2006	2007	2008	2009**	2010	Total
Montreal Protocol Consumption Limits	CFC	10,525.8	10,525.8	10,525.8	10,525.8	10,525.8	5,262.9	5,262.9	1,578.9	1,578.9	1,578.9	0.	
Maximum Allowable Consumption (ODP Tonnes)	CFC	9,276.	9,276.	8,280.	6,967.	5,020.	3,070.	2,050.	1,000.	424.	74.	0.	
Project Costs (US\$)	Germany	Project Costs		577,137.	1,062,863.	1,000,000.	1,000,000.	243,600.					3,883,600.
		Support Costs		51,942.	95,658.	90,000.	90,000.	21,924.					
	UNDP	Project Costs		7,860,000.		5,420,000.	4,270,000.	2,856,400.	1,190,000.	870,000.	250,000.	100,000.	22,816,400.
		Support Costs		687,700.		473,000.	369,500.	242,276.	92,300.	63,500.	12,500.	5,000.	1,945,776.
Total Funds Approved in Principle (US\$)				8,437,137.	1,062,863.	6,420,000.	5,270,000.	3,100,000.	1,190,000.	870,000.	250,000.	100,000.	26,700,000.
Total Funds Released by the ExCom (US\$)				739,642.	95,658.	563,000.	459,500.	264,200.	92,300.	63,500.	12,500.	5,000.	2,295,300.
				8,437,137.	6,420,000.	1,062,863.	6,826,400.	2,733,600.	870,000.	250,000.	0.	0.	26,600,000.
Total Funds Requested for Current Year (US\$)				762,727.8	563,000.	95,658.	584,776.	231,224.	63,500.	12,500.	0.	0.	2,313,385.8
											100,000.		100,000.
											5,000.		5,000.

*in 2003, only the unapproved funds of the first tranche were approved

**approval of the 2010 tranche is foreseen at the last meeting in 2009

(V) SECRETARIAT'S RECOMMENDATION:	For individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of Brazil, UNDP, as the lead implementing agency, has submitted to the 59th Meeting of the Executive Committee a request for funding for the eighth and final tranche (2010) of the national CFC phase-out plan (NCPP) amounting to US \$100,000 plus agency support costs of US \$5,000 for UNDP. The Government of Germany, the cooperating agency, received its final tranche allocation with the release of the fifth tranche. The request is accompanied by progress reports on the implementation of the NCPP during the years 2008 and part of 2009, the implementation plan for 2010, a verification report for the year 2008 and multi-year agreement (MYA) tables.

Background

2. The NCPP for Brazil was approved by the Executive Committee at its 37th Meeting to completely phase-out CFC consumption in the country by 2010. The total level of funds approved for the first seven tranches amounts to US \$26,600,000 plus support costs of US \$2,313,385.80.

2008 and 2009 progress reports

3. In the domestic and commercial refrigeration sectors the procurement process for 3,000 recovery kits was completed in June 2009, reaching the target of 3,060 such kits for the overall NCPP. Of these, 550 units are planned to be distributed in October 2009 and the remaining in the beginning of 2010. Five reclamation centres were established, which are all centres to be established under the NCPP; the original plan had foreseen ten centres, but was subsequently modified; the delivery of 360 recovery and recycling (R&R) machines, organisation of training sessions and distribution of thematic brochures were part of the set-up process. As a part of an activity targeted directly at the chiller sector, ten R&R machines together with 40 cylinders specifically for chillers (CFC-11 and CFC-12) were distributed in 2008, representing the full amount planned under the NCPP. It was further planned to procure 200 recycling units as part of the CFC-12 recycling project, of which six were procured before 2008 and 114 were procured and arrived in the country in August 2009.

4. The training of technicians continued in 2008 and 2009. One thousand nine hundred and two technicians were trained in 2008 and 2,102 were trained from January to August 2009, bringing the total number of technicians trained under the plan to 23,657. Another 1,660 technicians are expected to be trained in the remaining months of 2009. Fifty thousand booklets on good practices in refrigeration were published in 2008 and distributed to supermarkets. Two seminars on alternative fluids in refrigeration took place in 2009. Technical standards were developed and submitted for approval. A new activity titled "Control of illicit traffic" was introduced in 2008 and is ongoing; this complements the actual customs training, which was completed prior to the current reporting period. Activities in the foam and solvent sectors were completed prior to 2008. A MDI (metered dose inhaler) transition strategy was completed, with additional activities in the MDI sector expected for 2010.

5. The Implementation and Monitoring Unit has been in operation in the country since 2002. In 2008/2009 several workshops and seminars were organized, and consultants were hired for the monitoring purposes. Public awareness included activities such as creating, printing and distributing thematic posters and brochures. In February 2009, the International Fair of Refrigeration, Air Conditioning, Heating and Quality of Air was organised to inform the public on the latest activities undertaken by the Government in the field ozone layer protection.

6. The unspent balance of the approved funding as of 31 July 2009 is US \$7,916,794, equivalent to 29.8 per cent of the funding approved so far; including commitments and expected disbursements, this amount is to shrink to US \$5,141,595 by the end of this year.

Verification

7. The verification report points out that ODS production is not allowed in Brazil, thus all substances consumed are imported; in addition, stockpiles might be used to some extent. The import of CFCs is allowed only for consumption in the MDI sector. The verification report contains detailed information on the ODS import and export procedures. Brazil keeps records of imported and exported ODS through several electronic tools that are coordinated by the Ministry of Development, Industry and Trade and the Central Bank. Those tools are used to facilitate the licensing system, and the Brazilian Institute of Environment and Natural Resources (IBAMA) uses these tools to control ODS import and export and produces reports to the Environment Ministry. IBAMA grants the import license after the online registration, performed by the importer and after examination of the importer's eligibility. Export is also facilitated through the online system and requires export registration. According to the verification report, 290.4 ODP tonnes of CFCs were imported to Brazil in 2008, namely CFC-11, CFC-12, and CFC-114. In the same year 20 ODP kg of CFC-113 were exported. Thus the total consumption equals to 290.4 ODP tonnes, which is 68.5 per cent of the maximum allowable consumption of 424 ODP tonnes.

2010 Implementation plan

8. A number of activities are foreseen for 2010. Additional equipment will be purchased and distributed: 500 tool kits to the reclaim centres and 300 recovery kits to the companies using recovery machines. The training of technicians will be completed and the target of 26,000 technicians is expected to be reached. The purchased 114 recycling units will be installed and five relevant workshops will be organised. Five workshops are planned to be organized within the reclaim project together with five workshops on the use of the new monitoring system that will allow companies to report using one government-controlled source. Another workshop is foreseen in regards to the MDI transition strategy. The National Transition Strategy will be published and distributed. The Implementation and Monitoring Unit will continue to carry out its work.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

9. The implementation of the NCPP for Brazil has progressed well. The country accepted in the Agreement substantial reductions below the Montreal Protocol consumption limits for CFC (1,578.9 ODP tonnes), namely 1,000 ODP tonnes for the year 2007, 424 ODP tonnes for the year 2008 and 74 ODP tonnes for the year 2009. The verified consumption in 2008 was 290.4 ODP tonnes, which is 68.5 per cent of the Agreement's maximum allowable consumption; however, this consumption for 2008 is at the same time about fourfold above the limit for 2009. The reduction in consumption between 2007 and 2008 was both in absolute as well as relative terms the smallest reduction of the last five years, with 27.7 ODP tonnes or 8.7 per cent of the previous year's value. However, Brazil appears to have a well-functioning licensing system, and since the reporting year (2008), imports are only allowed for MDI use.

10. The Secretariat requested a clarification with regard to the unspent balance and the further activities needed. A large number of funds was not programmed so far, and are also not included in the 2010 annual implementation plan. The Secretariat entered into discussions with UNDP about the different options related to the remaining funds. UNDP indicated that it would not be possible to decide on the utilisation of the remaining funds in time before the documentation needs to be submitted to the Executive Committee. Consequently, the Executive Committee may wish to consider approving the tranche, while withholding disbursement until a plan has been provided covering the unallocated funds.

RECOMMENDATION

11. The Secretariat recommends that the Executive Committee:
- (a) Notes the progress report on the implementation of the national CFC phase-out plan (seventh tranche) in Brazil during the year 2008 and the verification report for the year 2008;
 - (b) Approves the implementation plan for 2010;
 - (c) Approves the funding of US \$100,000 and US \$5,000 as support costs for UNDP for the eighth and final tranche (2010) for the national CFC phase-out plan for Brazil;
 - (d) Requests UNDP not to commence disbursement of the funding approved by this decision as well as any funding not yet allocated in an approved annual implementation plan until the Executive Committee had approved, at a future meeting, an implementation plan covering activities for the remaining funds, including their timing;
 - (e) Requests UNDP:
 - (i) To continue preparing annual reports about activities and expenditures according to the established formats; and
 - (ii) To provide on annual basis a verification of the national CFC phase-out plan for Brazil, until verification of the 2010 consumption had been submitted; and
 - (f) Requests the Secretariat to inform the Executive Committee at its 60th Meeting of the progress achieved in planning the use of unallocated funds.
