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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
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**REPORT ON IMPLEMENTATION OF APPROVED PROJECTS WITH SPECIFIC
REPORTING REQUIREMENTS**

Introduction

1. UNDP, UNEP, UNIDO and the World Bank have submitted progress reports on the implementation of the following projects, where specific reporting requirements are contained in the agreements, for consideration by the Executive Committee at its 61st Meeting:

- (a) Bhutan: Terminal phase-out management plan (2009-2010 progress report and 2010-2011 implementation programme) (UNEP/UNDP)
- (b) China: Sector plan for phase-out of ODS process agent applications (phase II) and corresponding CTC production (2009 consumption verification report) (World Bank)
- (c) India: CTC phase-out plan for the consumption and production sectors (2009 verification report, annual implementation report and 2010 annual programme) (World Bank)
- (d) Nepal: Terminal phase-out management plan (2009-2010 progress report and 2010 implementation programme) (UNEP/UNDP)
- (e) Venezuela (Bolivarian Republic of): National phase-out plan (2008 and 2009 audit reports and report on implementation of other related activities) (UNIDO)

2. The Secretariat reviewed the progress reports in light of the original project proposals, ODS data reported by the Governments concerned under Article 7 of the Montreal Protocol, and relevant decisions taken by the Executive Committee and the Meeting of the Parties.

Bhutan: Terminal phase-out management plan (UNEP/UNDP)

3. The terminal phase-out management plan (TPMP) of Bhutan was approved at the 52nd meeting of Executive Committee in July 2007 at the funding level of US \$75,000 plus agency support costs, funding that was approved in one tranche at the same meeting. This report covers activities implemented in 2009-2010.

Progress report

4. In 2009, no quotas for CFC imports had been issued in the country. Work has progressed in the revision of the ODS regulations, and there is now a ban in place for entry of all ODS (except HCFCs) into the country. The current licensing system already includes HCFCs, however, the quota for HCFC imports is still being determined and will be known once the baseline is set.

5. The training for refrigeration technicians has been completed since 2008. The last training workshop for the customs department was done in March 2010, thereby bringing this component to a close. The equipment component of the TPMP has been finalized with fully operational units based in the vocational institute and some selected workshops. Limited results were seen with the equipment retrofit programme for commercial refrigeration as there were very few interested parties. However, three industrial refrigeration beneficiaries received assistance during the period. The retrofit programme for mobile air conditioning systems (MAC) was also not implemented successfully due to the fact that there are very few CFC-MACs in the country.

6. Public awareness activities continued during this period, with activities focusing on International Ozone Day. The Project Management Unit has also been provided with an additional half time staff member in order to continue monitoring and implementation of the components in the TPMP.

Secretariat's comments

7. Bhutan has now banned the imports of all ODS, except for HCFCs, and it continues to sustain zero CFC consumption. It will continue to sustain the implementation of the activities under the TPMP: in particular, enforcing the licensing system to maintain zero CFC imports beyond 2010, and considering quotas for HCFC imports in order to meet the accelerated HCFC phase out targets. UNEP has indicated that the Government is committed to continuing these efforts under the Montreal Protocol.

Secretariat's recommendation

8. The Executive Committee may wish to take note of the progress report on the implementation of the terminal phase-out management plan for Bhutan.

China: Sector plan for phase-out of ODS process agent applications (phase II) and corresponding CTC production: 2009 consumption verification report (World Bank)

Introduction

9. The World Bank is submitting to the 61st Meeting, on behalf of the Government of China the verification report for phase-out of ODS process agent applications under the Sector plan II (China PA II). This is the last year of implementation for the plan. All the funding tranches under the PA Sector Plan II have been disbursed and the programme implemented. The remaining monitoring and support activities will be conducted with funds from the first process agent sector plan in China (China PA I). A summary of the verification report is provided below and the report itself can be made available to members of the Executive Committee upon request.

Verification of CTC consumption under phase II of the CTC sector plan in 2009

10. The verification was carried out in March 2010 by the same consultant who had been contracted by the World Bank for the verification in previous years. The team visited 11 CTC-consuming enterprises, which share 26.83 per cent of the total number of PA II enterprises of the Sector and 100 per cent of the PA II enterprises operating in 2009.

11. The consultant followed the established methodology in conducting the verification, namely:

- (a) Briefing by the plant management on plant history, plant identification, and plant activities on the production of products using CTC as process agents and CTC consumption/purchase in 2009, and in the case of plant closures activities on shutting down the CTC-related production or conversion on trial and pilot progress;
- (b) Verifying CTC purchases by reviewing the purchase orders and CTC daily movement records into the plant warehouse;
- (c) Verifying CTC opening and closing stocks by checking the inventory records, including the amount of CTC stored in the plant warehouse and what remained in the production system;
- (d) Verifying CTC consumption on the basis of CTC purchase plus CTC opening stock minus CTC closing stock;
- (e) Verifying production and sales by reviewing daily production logs, product packaging/transfer slips and daily movement records in and out of the product warehouse;

- (f) Verifying the opening and closing stocks of products by reviewing the product inventories;
- (g) Verifying the number of operating days by reviewing the daily plant production logbooks;
- (h) Cross checking of financial records by reviewing all VAT invoices related to the CTC purchased in 2008; and
- (i) Inspecting the production site, or the dismantled site in those cases of plant closures, and taking photographs.

12. The report on each of the companies visited includes a description of their history, their main product lines, and the product line which is the focus of the verification. The results of the verification are presented inter alia by showing the opening stock, purchase, consumption, other uses and closing stock of CTC in the plant for 2009, including products. The verification covers the number of days when the production was dedicated to the products concerned and the ratio of CTC consumption per unit of product manufactured. It concludes by presenting the issues and problems that came out of the visit, the actual CTC purchased by the plant in 2009 and the CTC quota received from the Ministry of Environmental Protection (MEP).

13. The field visits by the consultant concluded that the eleven enterprises purchased a total of 3,792.44 ODP tonnes of CTC against a total quota of 4,546.3 ODP tonnes issued by MEP. A summary of the verification results of eleven enterprises, with the name of the enterprise, products that use CTC in their production, production of these products, CTC purchase, CTC consumed, opening CTC stock and closing stock, and status of the production line (operating or closed), is contained in an Annex to this document.

14. The submission from the World Bank included, in an Annex, the 2009 PA II verification records and closure/conversion activities. Two further Annexes to the report were provided by the World Bank. They contain the photographs from verification visits and visual documentation from plant closures.

Secretariat's comments

15. The methodology provided in the Agreement for conducting the verification of the CTC consumption requires that "the Bank will verify consumption by companies and applications covered by the PA II Sector Plan. The annual verification should cover a random selection of at least 30 per cent of all enterprises representing at least 30 per cent of the PA II consumption". It appears to the Secretariat that the selection of enterprises for verification satisfies the related requirements in the Agreement. Although the verification is covering only 26.83 per cent of the original number of enterprises in China PAII, it covers 100 per cent of the enterprises in operation in 2009 in that sector. The 2009 CTC procurement of 3,792.44 ODP tonnes by the 11 enterprises verified represented 99.96 per cent of the total CTC procurement in 2009.

16. Based on the verification result, the eleven verified PA II enterprises have signed 13 closure/conversion contracts with FECO/MEP in 2009. The implementation of the 13 closure/conversion contracts was generally in good progress except for the company Jiangsu Yangnong who signed a closure contract but implemented instead a process conversion, and two other enterprises, Shunde Antai Printing Ink and Jiangsu Yixing Yonggu, who delayed closure action as required by the contract. At the time of verification, Jiangsu Yangnong had completed the conversion and the converted non-ODS production line was in normal operation. Shunde Antai Printing Ink has about 40 metric tonnes of CTC in stock in March 2009 and applied to FECO/MEP for permission to continue the use until the stock has been depleted. At the production rate of last year, the stock would be used up

by May 2010. Jiangsu Yixing Yonggu has stopped using CTC in their operations but has not dismantled the equipment, as the company intended to revise the closure contract with MEP and use one line previously used for manufacturing with CTC for trials with a non-CTC process.

17. The verification team also found that Chongqing Changfeng used CTC as a process agent in a newly converted production line for some months during 2009. The Secretariat raised this issue with the World Bank and questioned the risk of backward conversion in the new non-CTC production line. The World Bank responded that there is the technical possibility in some cases that some process agent users could revert back to use CTC, since CTC will continue to exist from by-production and will be used by companies as a feedstock. In view of the risk of backward conversion, FECO has set up a series of control measures to avoid illegal use of CTC in the future. The World Bank believes that the measures taken by FECO will prevent backtracking and minimize the risk of illegal use of CTC as process agent in the future, in line with measures taking by other Parties to the Montreal Protocol.

18. The verification confirmed the validity of the total consumption of 3,793.92 ODP tonnes as reported by MEP. The consultant verified that the total CTC consumption under Phase II in 2009 was well below the maximum level allowable of 6,945 ODP tonnes as set in the Agreement for 2009, representing only 54.6 per cent of the maximum allowed consumption.

Secretariat's recommendation

19. The Secretariat recommends that the Executive Committee:
- (a) Takes note of the verification of the CTC consumption of Phase II of the CTC sector plan in 2009;
 - (b) Encourages China to continue its efforts in controlling the use of CTC as process agents (PA) in converted non-CTC production lines and continue the monitoring of CTC use in various enterprises; and
 - (c) Approves reallocation of remaining funding in the China PA I sector plan to support the continuous monitoring, reporting and technical assistant activities under the China PA II sector plan.

India: CTC phase-out plan for the consumption and production sectors: 2009 verification report, 2009 annual implementation report, and 2010 annual programme (World Bank)

20. The World Bank as the lead implementing agency, has submitted, on behalf of the Government of India, the verification of the achievements of the 2009 annual programme, the report on the 2009 annual work programme and the proposed 2010 work programme. The verification report and the work programme are not attached to this document but could be made available upon request.

Background

21. At its 40th Meeting in July 2003, the Executive Committee decided to approve, in principle, a total of US \$52 million to assist India in complying with the Montreal Protocol control schedule for the production and consumption of carbon tetrachloride (CTC). At the 58th Meeting, the final tranche of the project had been released. A summary of the CTC phase-out targets and funding tranches of the sector plan is presented in the following table:

Table 1: CTC phase-out targets and funding provided

	Baseline	2003	2004	2005	2006	2007	2008	2009	2010
Max allowable total consumption (ODP tonnes)	11,505	N/A	N/A	1,726	1,147	708	268	48	0
Max allowable total production (ODP tonnes) for this agreement	11,553	N/A	N/A	1,726	1,147	708	268	48	-
WB agreed funding		8,520,843	9,180,112	399,045	9,556,267	4,020,938	3,211,875	3,211,874	-
France agreed funding		-	1,000,000	1,000,000	500,000	500,000	-	-	-
Germany agreed funding		-	700,000	700,000	300,000	300,000	-	-	-
Japan agreed funding		-	2,500,000	2,500,000	-	-	-	-	-
UNIDO agreed funding				3,500,000	399,046				
Total agreed funding (US \$)		8,520,843	13,380,112	8,099,045	10,755,313	4,820,938	3,211,875	3,211,874	

22. At the 58th Meeting, the verification of the 2007 production and consumption submitted to that Meeting had shown that India had produced a certain quantity of CTC for use as feedstock, but not all of that CTC had been used during 2008. The remaining amount was 1,169 ODP tonnes above the maximum allowable consumption under the agreement. The Executive Committee had in its decision 58/35 (e) requested the World Bank to continue the verification of the CTC phase-out plan for the consumption and production sectors in India, using the established format, until verification of the 2010 production and consumption had been submitted, and to provide, as part of this undertaking, verification that the amount of 1,169 ODP tonnes from the 2007 production for feedstock use had been used for that purpose.

Verification of the 2009 work programme

23. The verification framework, which was developed by the World Bank and noted by the Executive Committee, requires the verification be based on the Montreal Protocol definitions of production and consumption. It also requires the total annual CTC production and imports, exports to be covered, as well as the breakdown of CTC production for feedstock and non-feedstock applications. It includes the checking and validation of records such as production logs, production ratios between product and its feedstock, quotas and quantity of imports, excise records and other related documents.

24. The verification was carried out in March and April 2010 by a four-member team from Mukund M Chitale & Co. Chartered Accountants, the firm which has been involved in the same exercise for the past three years. Two of the members have extensive experience in the chemical industry while the other two are knowledgeable in financial accounting.

25. The objectives of the verification were to confirm that the CTC production and consumption of controlled uses in 2009 had not exceeded the maximum allowable limits set in the agreement, namely 48 ODP tonnes in each case. The methodology employed was to verify the CTC production and imports from the supply side, and deduct from the total supply the CTC used as feedstock in the production of primarily CFCs and dichloro vinyl acid chloride (DVAC). The balance would represent the CTC consumption for non-feedstock uses controlled under the Montreal Protocol.

26. Prior to visiting the industries, the verification team collected information through the Ozone Cell which forwarded a questionnaire to each CTC producer and feedstock user for completion; these were verified during site visits. The verification team visited the four CTC storage installations in the only port where bulk CTC is imported. It also inspected the four CTC producers, eight DVAC producers, one vinyl chloride monomer (VCM) producer, one di-fluro benzophenone (DBBP) producer, four CTC storage agents and two surveyors. The findings of the verification team include the level of total CTC production, sales for feedstock and for controlled use, the feedstock use and the overall mass balance.

27. The findings of the verification for 2009 in comparison to 2008 are as shown in the following table:

Table 2: Findings of the verification

Year	2009	2008
	(metric tonnes)	
Total CTC production	11,248	12,036
Feedstock use	15,792	16,437
Imports	1,593	5,949
Increase in stock	-3,069	1,063
From current year production	11,130	11,551
Direct sales to non-feedstock users	113	512
Inventory built up from 2004; status at year end	48	134
CTC destroyed	0	0
Export of CTC	0	0

28. The verification found that sales to non-feedstock users were 113 metric tonnes. Deducting 86 metric tonnes of sales out of the year 2004 stockpile, the direct measure of non-feedstock consumption under the Montreal Protocol is 27 metric tonnes. This is equivalent to 29.70 ODP tonnes, which is within the limit imposed under the project agreement of 48 ODP tonnes.

29. The verification also showed a reduction of stockpiles by 3,069 metric tonnes, or 3,375.9 ODP tonnes, during the year 2009. This fulfils the condition of the Executive Committee stipulated in decision 58/35 (e) to show that the amount of 1,169 ODP tonnes from the 2007 production for feedstock use had been used for that purpose.

Report on the annual programme

30. The World Bank had submitted a report about the accomplishments of the 2009 annual programme. In 2009, the Government of India, with the support by the Project Management Unit (PMU), monitored the phase-out programme for CTC. The National Ozone Unit (NOU) was involved in training workshops for customs officials on CTC trade requirements, of which three were implemented in 2009. The NOU also held a number of stakeholder meetings on demand and supply, stocks and prices of CTC. The industry conversion has progressed, and of the 103 enterprises identified initially, 52 have received assistance, and a further two are currently under review; the remaining are deemed ineligible. The World Bank has disbursed the funds for the production and most of the consumption sector, with the exception of US \$1.25 million for technical assistance. UNDP in close cooperation with Japan as bilateral cooperating agency had dealt with the use of CTC as a cleaning solvent and had completed implementation of the phase-out in the four enterprises identified. The remaining balance at this point in time is US \$1.4 million. UNIDO has also largely completed the implementation of its programme, and is to finalize implementation at the last two enterprises shortly. These enterprises continued to use CTC in 2009, although at a reduced rate as compared to the original target. The Governments of France and Germany, dealing with small scale users of CTC, have completed their activities. The table below provides an overview over the funding available to the agencies from approved tranches.

Table 3: Funding available to the agencies from approved tranches, as of 31 December 2009

Agency	Total approved (US \$)	Cumulative disbursement at end 2009 (US \$)	Undisbursed balance (US \$)
World Bank	38,100,954	36,727,490	1,373,464
UNDP/ Japan	5,000,000	3,665,839	1,334,161
GTZ/ Germany	2,000,000	1,986,771	13,229
GTZ/ France	3,000,000	3,000,000	0
UNIDO	3,899,046	3,682,980	216,066
Total (US \$)	52,000,000	49,063,080	2,936,920

Annual programme for 2010

31. The activities by the Government will focus on post-phase out monitoring and capacity building of local monitoring authorities as well as supervision of imports and production. The agencies advised that they planned to use most of those funds for project monitoring and implementation, support to enterprises previously not identified, and finalisation of their respective programmes.

Secretariat's comments

32. The verification has been carried out according to the agreed verification framework, the contracted team has the relevant expertise and experience in this field, and the methodology used is appropriate in light of the current Indian Government policy controls on CTC production, imports, consumption and distribution. CTC producers and feedstock users must be registered with the government and are the only entities allowed to import CTC. CTC dealers and CTC users of controlled applications are not allowed to import and can only purchase CTC from CTC producers who have a list of all the dealers and the major non-feedstock users. The Government decided that for the purpose of the verification, sales from CTC producers to dealers and non-feedstock users were deemed to be non-feedstock uses even if the stock was subsequently diverted to feedstock use. One of the key objectives of the verification is to confirm that CTC imported and locally purchased by feedstock users was not diverted to non-feedstock uses. The results of the verification show India to be in compliance with the provisions of the agreement for the CTC phase-out plan for the consumption and production sectors in India.

33. The Secretariat sought further information on fluctuations of supply and demand of CTC, as mentioned in the reports by the World Bank. The World Bank provided with information about the DVAC market, where the demand increased in late 2008 leading to a gap between demand and supply and a price increase for CTC. In 2009, the market was more even over the year, and both domestic CTC production as well as CTC imports were used to supply the producer of DVAC with the necessary feedstock.

34. The Secretariat raised a number of questions with the World Bank as lead implementing agency regarding the planned activities for 2010 versus the balance of funds for 2010.

- (a) The World Bank, having an unspent balance of US \$1.25 million in their budget for technical assistance, had by the end of 2009 spent less than 40 per cent of the funds on technical assistance originally foreseen. The World Bank informed the Secretariat that the priority for activities under the technical assistance budget consists of an increase in customs training activities, and continued verification of the CTC producing enterprises including the DVAC manufacturers. The World Bank will also support the operation of the PMU from the remaining funds and carry out capacity building of customs and enforcement authorities until and throughout the year 2012. All funds are expected to be

spent by the end of 2012 on related activities;

- (b) UNIDO clarified that by now the funds available are only US \$16,000, which is meant to be used for awareness activities and some concluding activities;
- (c) Similarly, the balance of Germany and France is presently at US \$13,000 which is 0.3 per cent of the original budget; the World Bank informed that this funding will be used to wrap up the activities of France and Germany in the small scale consumer sector; and
- (d) UNDP and Japan have at this point in time an undisbursed balance of US \$1.33 million, which is 27 per cent of the originally approved budget. UNDP advised that only US \$705,500 funds remain uncommitted, and are to be allocated in the second half of 2010. UNDP further advised that 95 SMEs were identified during an additional survey in 2009 covering the metal cleaning sub-sector, and it is assumed that 70 of these enterprises might be eligible. Technical assistance will be provided directly to each enterprise to facilitate process improvements ensuring safe and sustainable use of alternatives. In addition, technical assistance workshops and training are to be carried out by national and international technical experts on the same topic. UNDP assumed that this will exhaust the available funds.

35. Based on the explanation provided by the implementing agencies, the Secretariat would suggest that the reporting activities continue until and including 2012 as well as 2010 and 2011. Should significant funds remain after the activities detailed above have been carried out, the implementing agencies would need to submit a work programme for the remaining funds or return these funds to the Executive Committee.

Secretariat's recommendation

36. The Secretariat recommends that the Executive Committee:

- (a) Takes note of the verification of the CTC production and consumption for the year 2009 in India;
- (b) Takes note that India used the full difference between the allowed 2008 consumption and the actual 2008 consumption, i.e. 1,169 ODP tonnes, as feedstock in 2009;
- (c) Approves the 2010 work programme of the CTC phase-out plan for the consumption and production sectors;
- (d) Requests the World Bank to continue the verification of the CTC phase-out plan for the consumption and production sectors in India using the established format until verification of the 2011 production and consumption has been submitted; and
- (e) Requests the World Bank to provide reports on the implementation for the years 2010, 2011, and 2012 in time for the second meeting of the Executive Committee in each following year and to include in the submissions any major changes to the planned activities approved at the 61st Meeting.

Nepal: Terminal phase-out management plan (UNEP/UNDP)

37. The terminal phase-out management plan (TPMP) for Nepal was approved at the 52nd Meeting of the Executive Committee at a total cost of US \$170,000 plus agency support costs for UNEP and for

UNDP, together with the first tranche of US \$110,000 plus support costs. The second tranche was approved at the 57th Meeting at the level of funding of US \$60,000 for both UNDP and UNEP, plus agency support costs. This report covers the implementation of the TPMP up to March 2010.

Progress report

38. During this period, 112 refrigeration technicians were trained in good practices in refrigeration, as well as some 35 customs and enforcement officers. This activity is expected to be completed by mid-2010. The Government also continued to monitor the release of the CFCs that are in stock which have been inspected to ensure that there are no leaks. With regard to the end-user incentive programme, which covers the investment part being implemented by UNDP, the report indicates that the equipment has not yet been purchased. This has led to some delays in the completion of the incentive programme.

39. The ratification of the Copenhagen, Montreal and Beijing Amendments is still outstanding, and meetings with the Parliament as well as official communication has been transmitted to expedite the ratification process.

Secretariat's comments

40. Nepal's situation does not allow the country to import CFCs, although it has to closely monitor the seized stock in the country that is being made available to meet any CFC requirements. During this period, it has shown good progress in implementing the activities under the TPMP to ensure that this zero CFC consumption is sustained until 2010 and beyond. The Secretariat notes that the report mentions that the remaining small level of CTC consumption continues to be a problem, and sees a possible solution in the visit of a consultant to examine how this can be phased out. UNEP should continue to monitor this issue. The Secretariat also notes that extensive awareness raising activities continue to be carried out in Nepal and was informed by UNEP that this will assist in sustaining zero CFC consumption beyond 2010.

41. There is a continued delay in the implementation of the investment component of the TPMP. The report indicates that the purchase of the equipment is underway and should be procured by the end of 2010. Consultation with industry is also ongoing for the selection of recipient enterprises for recovery and recycling equipment. The Secretariat notes the continued non-ratification of the Copenhagen, Montreal and Beijing Amendments to the Montreal Protocol and the consequences of this, in particular for funding activities under the Multilateral Fund.

Secretariat's recommendation

42. The Executive Committee may wish:

- (a) To take note of the progress report on the implementation of the terminal phase-out management plan (TPMP) for Nepal and request UNEP and UNDP to expedite the implementation of the end-user investment component of the TPMP, and to report to the Executive Committee at its 62nd Meeting on progress;
- (b) Urge the Government of Nepal to ratify the remaining amendments to the Montreal Protocol as soon as possible.

Venezuela (Bolivarian Republic of): National phase-out plan: 2008 and 2009 audit reports and report on implementation of other related activities (UNIDO)

43. On behalf of the Government of the Bolivarian Republic of Venezuela, UNIDO has submitted to the 61st Meeting of the Executive Committee two audit reports regarding the consumption of CFCs by

Venezuela (Bolivarian Republic of) in the years 2008 and 2009. In addition, UNIDO also submitted information describing the progress in implementation of the national phase-out plan.

Background

44. The national CFC phase-out plan of the Bolivarian Republic of Venezuela was approved at the 42nd Meeting of the Executive Committee for a total value of US \$6,240,555 plus agency support costs of US \$468,040 to support the country in completely phasing out CFC consumption by 1 January 2010. At the 57th Meeting the Executive Committee took decision 57/30, where it noted that Venezuela (Bolivarian Republic of) was in non-compliance with its related agreement with the Executive Committee for the year 2006 and that Venezuela (Bolivarian Republic of) had taken action to effectively return to compliance with the agreement for the year 2007. The Executive Committee also noted the commitment of the Government of the Bolivarian Republic of Venezuela to export or destroy any remaining stockpiled CFCs. The decision had also requested UNIDO to submit, no later than eight weeks prior to the 61st Meeting of the Executive Committee, a verification of the level of stockpiles of the CFCs at the end of the years 2008 and 2009, any export of CFCs during 2008 and 2009, and the destruction of any remaining CFCs not exported prior to December 2009. The verification reports submitted addressed the above issues.

Verification reports

45. The two verification reports provided the information about the production, import, export, and consumption of CFCs and the level of stockpiles as shown in Table 4.

Table 4- Verified consumption and stockpile data of Venezuela (Bolivarian Republic of)
(for the years 2008 and 2009)

Substances	CFC-11 (ODP tonnes)	CFC-12 (ODP tonnes)	Other CFCs (ODP tonnes)	Total CFC (ODP tonnes)
Stockpile 1 January 2008	1.4	695.7	0	697.1
Production 2008	0	0.0	0	0.0
Import 2008	0	0.0	0	0.0
Export 2008	0	15.0	0	15.0
Domestic sale 2008	1.4	298.6	0	300.0
Resulting consumption 2008	0	-15.0	0	-15.0
Measurement adjustments 2008	0	28.3	0	28.3
Stockpile 1 January 2009	0	353.9	0	353.9
Production 2009	0	0.0	0	0.0
Import 2009	0	0.0	0	0.0
Export 2009	0	50.9	0	50.9
Domestic sale 2009	0	0.0	0	0.0
Resulting consumption 2009	0	-50.9	0	-50.9
Measurement adjustments 2009	0	11.5	0	11.5
Stockpile 31 December 2009	0	291.4	0	291.4

46. The verification established that the only CFC manufacturer in Venezuela (Bolivarian Republic of), Produven, which had aggregated considerable stockpiles in the beginning of 2008, did not sell any CFCs on the local market from 18 June 2008 until the end of the verification, i.e. December 2009. At the time of the verification, i.e. in May 2010, the company was considering either exporting the CFCs to the United States of America for destruction or to countries with CFCs essential use exemptions (pharma quality CFC, MDI).

Progress report

47. The progress report provided by UNIDO reiterated the results of the verification report for 2008 and 2009 and reported on the verification of stockpiles, established for the date of 31 December 2009. The stockpile at that date was 291.442 tonnes of CFC-12, i.e. the same figure established by the production sector verification for the end of November 2009. The figures for domestic sales and exports in 2009 remained also unchanged compared to the production sector verification report submitted by the World Bank.

48. On the issue of destruction of surplus CFCs UNIDO advised that Produven has been in contact with carbon market brokers and is considering to sell the remaining CFCs to be destroyed under the voluntary carbon market mechanism. The country is also looking into using one of the cement kilns in the country to destroy the remaining CFCs in accordance with international standards. It is expected that some tests will be made in the third quarter of 2010. UNIDO also advised that the Government of the Bolivarian Republic of Venezuela reported to the Ozone Secretariat that the stockpile of CFC-12 could be potentially exported for essential uses. The offer was received by several countries and Produven has been contacted, negotiations have been initiated and exports are expected during 2010. UNIDO informs that the pharmaceutical quality of CFCs offered by Produven fulfils the related requirements. The final decision is still outstanding about the division of the stockpiled CFC between the options: export for destruction, destruction in the country and export for pharmaceutical uses.

49. The implementation of the NPP has progressed during the year 2009 and in early 2010. UNIDO provided the necessary equipment to set up a reclamation centre in the premises of Produven, resulting in the reclamation of more than 0.5 tonnes of CFC-12 and three tonnes of CFC-11 so far. By the end of April 2010, more than 22 metric tonnes of refrigerant have been recovered by the recovery and recycling network, and the use of virgin refrigerant had been reduced accordingly. However, this figure includes not only CFC-12, but also the refrigerants HCFC-22 and HFC-134a. Finally, the licensing system has been upgraded to include the rules for import and export licences not only for the ODS including HCFCs, but also for HFCs, and to improve and simplify the verification of information and generation of reports.

Secretariat's comments

50. The Secretariat raised a number of questions with UNIDO, in regard to "measurement adjustments", the selection of the verifiers, the data collection from customs and the national statistics institute. It also raised some issues on the progress report regarding implementation up to the end of 2009. The significant "measurement adjustments" in the stockpile data of CFC-12 amount to 11.5 tonnes in 2009 and 28.3 tonnes in 2008. In 2008, the measurement adjustments are actually twice as high as the export of CFC-12 in that year; these measurement adjustments are in essence losses of CFC-12. The Secretariat requested more information from UNIDO. The information submitted suggests that part of the losses have occurred when a quantity was shipped to a company bottling the CFC-12 in 340g cans, where the difference between CFC shipped to that company and CFC in cans received back was 2.3 tonnes. The other losses were explained through movements of CFC-12 between different storage tanks. The Secretariat investigated the plausibility and found that at the storage temperature, a 100 tonne tank for liquid refrigerant would, once emptied, still contain in the order of four tonnes of CFC vapour, which is likely to be released to the environment when cleaning the tank. The records of verification show multiple moves of the CFC between different storage tanks in the facility. The Secretariat was satisfied with the explanations provided.

51. UNIDO provided also fully satisfactory replies to all other questions raised by the Secretariat, including the information that agreements on mutual exchange of data are being prepared with the customs authority to ensure better co-operation and access to customs data for the NOU in future verifications.

52. The verification report for 2008 related, *inter alia*, to a Memorandum of Understanding (MOU), establishing that from 18 June 2008, no more sales of CFC-11 or CFC-12 would be allowed into the domestic market. The Secretariat also raised the issue that, according to information from the progress report from UNIDO with status of 31 December 2009, US \$550,000 will remain unobligated at the end of 2010, and had asked whether UNIDO wishes to submit plans for future expenditures. The agency advised that the uncommitted balances of the last tranches amounted as of May 2010 to US \$792,000 and that the funds are planned to be used in the purchase of chillers as part of a revolving fund. No funds are expected to be available beyond 31 December 2010.

Secretariat's recommendation

53. The Secretariat recommends that the Executive Committee takes note of the verification of CFC consumption in the Bolivarian Republic of Venezuela required by decision 57/30 for the years 2008 and 2009.

Annex

Summary of 2009 verification results of the thirteen visited PA II enterprises in China

Plant No.	Name of enterprise	Products that use CTC PA	Annual production in 2008 (MT)	CTC purchase, uses and stocks in 2009 (ODS tonnes)				
				Year beginning stock	CTC purchase *	CTC use**	CTC other uses***	Year end stock
21	Shunde Antai Printing Ink****	CPP	233.51	60.50	162.00	146.00	0.00	76.50
		CEVA	97.85					
		CPP-CEVA	0.00					
22	Jincheng Chemical	CPP	2,168.60	675.55	848.00	772.62	0.00	750.93
		CEVA	402.38					
38	Jingzhou Sanonda	MIC	559.04	28.25	93.00	55.00	0.00	66.25
40	Hunan Gofar	MIC	614.94	46.75	139.00	108.00	0.00	77.75
41	Hunan Haili	MIC	776.29	34.98	214.48	73.70	0.00	175.76
47	Changshu Xiangyang	CPP	172.85	12.99	282.30	295.29	0.00	0.00
		CEVA	185.97					
63	Jiangsu Changlong	MIC	523.03	88.52	136.38	69.38	0.00	52.30
		Bupropfenzin	3,030.44			103.22		
80	Yangnong Group	Imidacloprid	420.6	42.78	108.65	148.28	0.00	3.15
		Mospilam	58.84					
143	Shandong Huayang	MIC	711.64	14.9	196.44	194.00	0.00	17.34
200	Chongqing Chengfeng	CNMA	2,914.20	127.08	499.05	626.13	0.00	0.00
208	Yixing Yonggu*****	CPP	726.68	174.82	768.37	945.82	-9.73	7.10
		CEVA	0.38					
Total verified CTC purchase, use and stocks in 2009			ODS tonnes	1,307.12	3,447.67	3,537.44	-9.73	1,227.08
			ODS tonnes	1,437.83	3,792.44	3,891.18	-10.70	1,349.79

* Actual amount of CTC delivered into the plant warehouse in the verification year.

** Actual amount of CTC use in 2009 for the production of the product(s) that use CTC as a PA.

*** Self uses in plant for other applications.

**** CPP-CEVA is a kind of CPP product made from PP and EVA for special printing ink applications.

***** The 9.73 ODS tonnes of CTC was transferred from Yancheng Sanhua (PAII #118) on 2 November 2009 with verbal approval from FECO/MEP out of the 2009 quota control.