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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-first Meeting
Montreal, 5-9 July 2010

PROJECT PROPOSAL: TUNISIA

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

Phase-out

- National ODS phase-out plan (second tranche)

World Bank

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Tunisia

(I) PROJECT TITLE	AGENCY
ODS phase out plan	IBRD

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)					Year: 2009
CFC: 16.6	CTC: 0	Halons: 0	MB: 6.6	TCA: 0	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)										Year: 2009			
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffina	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC					16.6								16.6
CTC													0
Halons													0
Methyl Bromide										6.6			6.6
Others													0
TCA													0

(IV) PROJECT DATA			2006	2007	2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC	435.1	130.5	130.5	130.5	0.	
		HAL	52.2	52.2	52.2	52.2	0.	
Maximum Allowable Consumption (ODP Tonnes)		CFC	300.	130.5	130.5	130.5	0.	
		HAL	42.	42.	42.	42.	0.	
Project Costs (US\$)	IBRD	Project Costs	790,000.		345,395.			1,135,395.
		Support Costs	59,250.		25,905.			85,155.
Total Funds Approved in Principle (US\$)		Project Costs	790,000.		345,395.			1,135,395.
		Support Costs	59,250.		25,905.			85,155.
Total Funds Released by the ExCom (US\$)		Project Costs	790,000.		0.			790,000.
		Support Costs	59,250.		0.			59,250.
Total Funds Requested for Current Year (US\$)		Project Costs					345,395.	345,395.
		Support Costs					25,905.	25,905.

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

1. On behalf of the Government of Tunisia, the World Bank has submitted to the 61st Meeting of the Executive Committee a request for funding for the second and last tranche (2008) of the national ODS phase-out plan (NPP) amounting to US \$345,395 plus agency support costs of US \$25,905. The request is accompanied by annual progress reports on the implementation of the NPP during the years 2008 and 2009, the implementation programme for 2010 and 2011, a verification report for the years 2006 and 2007 and multi-year agreement tables. The World Bank also provided an update of their implementation so far in the year 2010.

Background

2. The NPP for Tunisia was approved by the Executive Committee at its 49th Meeting to completely phase-out CFC and halon consumption in the country by 2010. Total funding of US \$1,135,395 plus agency support costs of US \$85,155 was approved in principle by the Executive Committee. At the same meeting, the Executive Committee approved US \$790,000 plus agency support costs of US \$59,250 for the implementation of the first tranche of the NPP. The second tranche request was submitted earlier to the 59th Meeting, but later withdrawn following the Secretariat's recommendation due to low disbursement figures.

Verification report

3. The verification report was conducted in relation to the annual consumption of CFCs and halons for 2006 and 2007. The report indicates that the country did not have ODS export in 2006 and 2007. The licensing system is operational in the country and import is allowed with the license being issued by the National Environmental Protection Agency. According to the report there were imports of CFCs but no import of halons in the years 2006 and 2007. The report compared different sources of information and some inconsistencies were found for CFC 2006 import data; these refer in particular to the transit of CFC-12 in 2006, which was reported as an import without taking into account the related export. The 2006 consumption has been verified at 47.2 ODP tonnes of CFCs, which is 11.8 ODP tonnes lower than the 59 ODP tonnes reported under Article 7. According to the verification, the consumption of CFCs in 2007 was 17.7 ODP tonnes of CFC-12.

2008 and 2009 progress report

4. The NPP for Tunisia was approved in July 2006. Its implementation was delayed and the activities started only in 2008. The NPP covers the foam, aerosol, halon and refrigeration servicing sector; the aerosol sector includes activities related to metered dose inhalers.

5. All identified enterprises in the foam sector have either been converted or changed their operations by the end of 2007. CFC-11 is no longer imported and methylene chloride (MC) is used for many foaming operations. The activities in the sector consist of technical assistance and awareness raising. A sector study was initiated in 2008 and completed in 2009, confirming that the foam enterprises have converted or are no longer using CFC-11; in addition, a technical assistance workshop was held in 2009. The activities in the foam sector have been completed and the remaining funds are being reallocated to the other sectors. A similar picture evolves in the aerosol sector, where companies either converted or changed their operations. Aerosol and halon sector studies were initiated in 2008 and completed in 2009; one technical assistance workshop in the aerosol sector and another in the halon sector were also organized in 2009. No halon has been imported since 2005. Procurement documents for recovery and recycling (R&R) equipment were prepared in 2009, but due to organizational delays the actual procurement will only take place in 2010. A sector study in the refrigeration servicing sector was completed in 2009. In regard to legislation and its enforcement, two customs training workshops for 60 officers were organized in 2009. Awareness raising activities also took place from 2007 to 2009.

Finally, a Programme Management Unit (PMU) has been established in the country and supports reporting and monitoring activities.

6. The unspent balance of the approved funding as of 1 January 2010 is US \$709,975 equivalent to 90 per cent of the funding approved so far. The unspent balance of the approved funding as of 1 May 2010 is US \$669,034 equivalent to 85 per cent of the funding approved so far.

2010 and 2011 implementation programme

7. There are a number of activities foreseen for 2010. Among them are five additional training sessions for the customs officers and the procurement of additional 32 refrigerant identifiers, not foreseen in the original plan. For the refrigeration service sector, 15 R&R units will be provided for mobile air conditioning (MAC) and another 23 for commercial refrigeration, and 39 small refrigeration workshops will receive tools. In addition, a MDI study and a transition workshop are planned. In 2011 another five customs training workshops are planned to train 2,360 refrigeration technicians in good practice, as well as the purchase of equipment for the management and storage of halons and organisation of two additional technical assistance workshops in the halon sector. Awareness activities and strengthening of the PMU will also continue. Savings from the implementation in the foam and aerosol sectors will be utilized for the training of refrigeration technicians, the strengthening of enforcement in particular through customs training, and in the halon sector. Finally, the continued functioning of the PMU will be also supported by these funds.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

8. The verification report was submitted only for the years 2006 and 2007. Due to the way the agreement between the Government of Tunisia and the Executive Committee was phrased, the submissions for those years provided the condition for the release of the 2008 tranche requested now; it was not foreseen in the agreement to request verifications beyond 2007. The agreement foresaw a phase-out exactly in line with the Montreal Protocol reduction schedule, and the 2007 consumption demonstrates the country's ability to comply with the reduction of consumption to 15 per cent of the baseline, starting in that year.

9. In line with common procedure in those cases where significant funds remain to be spent, the Secretariat recommends annual reporting and verification to be requested in the next year, and to continue to do so until the funds are essentially disbursed.

10. Through decision 57/15 the Executive Committee decided that bilateral and implementing agencies should not submit for the Committee's consideration requests for funding of tranches of multi-year agreements with low rates of implementation of activities initiated with previously approved tranches, and where the rate of disbursement of funding available from the previously approved tranche was less than 20 per cent, even when the levels of consumption of the ODS under consideration were below the maximum allowable levels under the Montreal Protocol and in the agreement between the Government concerned and the Executive Committee. At the end of April 2010, the disbursement for this Agreement – according to the World Bank's definition of disbursement which is actual funds that flow from the accounts of the World Bank to the country client's special account – was at 15 per cent.

11. The World Bank informed that they perceived differences between the Bank and the other implementing agencies in employing the UN definition of disbursement, and that should the UN definition be used, Tunisia would have definitely surpassed the 20 per cent disbursement requirement.

While the Secretariat could not subscribe fully to that view, the World Bank proposed to submit to the Executive Committee the biennial plan and second tranche submission, with the condition that contractual obligations as defined by the Secretariat plus actual disbursements amount to a sum greater than 20 per cent of the funding under the first tranche of the NPP by the first day of the Meeting. The Bank would withdraw the submission at that time if this were not the case. On the background of decision 60/11 paragraph (b), requesting that funding tranches of NPPs or TPMPs not submitted to the 61st Meeting should be integrated into the relevant HCFC phase-out management plans, the Secretariat agreed to this proposal.

12. The World Bank was advised regarding the decision 60/11 paragraph (a), referring to submission of outstanding funding tranches of national phase-out plans and expressing the understanding that the governments concerned, with assistance from relevant bilateral and implementing agencies, would consider implementing activities to sustain zero consumption of CFCs and other activities to facilitate the phase-out of HCFCs. The World Bank will take this into account in their activities related to training and equipment supply.

13. With reference to paragraph (a) of decision 60/11, expressing the understanding of the Executive Committee that the Government, with assistance from the implementing agencies, would also consider implementing activities to facilitate the phase-out of HCFCs, the Secretariat contacted the World Bank to request further information. The World Bank advised that the degree to which the country has considered undertaking HCFC phase-out activities under the NPP is limited to date because activities focusing on sustaining the CFC and halon phase-out are the priority. However, in a national conference undertaken in 2009 on the successes of CFC and halon phase-out through the implementation of Montreal Protocol and Multilateral Fund projects, accelerated HCFC phase-out was covered as a topic. Customs training is broader and covers all refrigerants; because of possible illegal imports and mislabelling. Customs officers must therefore have the capacity to identify all possible ODS. In the two training sessions that already took place, the participants were advised about the accelerated HCFC phase-out. In regards to the licensing system, the World Bank informed the Secretariat that as of late 2009 the Government had asked importers to fill out special forms on 2009 data which request details on clients of importers, quantities of HCFC that went to different sectors, etc., before they were granted import licenses for 2010.

RECOMMENDATION

14. The Executive Committee may wish to consider, based on the comments and information above and the advice of the Secretariat regarding the World Bank's most recent disbursement level, to be provided during the Meeting:

- (a) Taking note of the progress report on the implementation of the first tranche of the national ODS phase-out plan (NPP) in Tunisia;
- (b) Taking note of the verification report for the years 2006 and 2007;
- (c) Approving the 2010 and 2011 annual implementation programme associated with the second tranche; and
- (d) Requesting the Government of Tunisia, with the assistance from the World Bank, to submit a progress report on the implementation of the work programme associated with the second and final tranche of the NPP, a verification for the years 2008 and 2009, and, if significant funds remain uncommitted at the beginning of 2011, an implementation plan for those funds no later than the 64st Meeting of the Executive Committee.

15. The Executive Committee may wish to approve the 2010 and 2011 plan associated with the second and final tranche of the NPP for Tunisia, 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 ODS phase-out plan (second tranche)	345,395	25,905	World Bank
