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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fortieth Meeting  
Montreal, 16 -18 July 2003

**WORK PROGRAMME AMENDMENTS OF UNIDO**

## COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

1. UNIDO is requesting approval from the Executive Committee for US \$456,323 as amendments to its 2003 Work Programme plus agency support costs of US \$36,714.
2. The activities proposed in the Work Programme Amendments of the UNIDO are presented in Table 1 below:

Table 1: Work Programme Amendments of the UNIDO

Country	Activity/Project	Amount Requested US \$	Amount Recommended US \$
	ODP tonnes		
Egypt	Renewal of institutional strengthening project: Phase V	228,323	228,323
Pakistan	Halon Sector Phase-out Plan	22,000	22,000
Serbia and Montenegro	Assistance to prepare a national CFC phase-out plan (manufacturing and servicing sectors)*	40,000	40,000
Serbia and Montenegro	Refrigerant management plan: customs training and institutional framework	166,000	defer
	Subtotal	456,323	
	Agency support costs:**	36,714	
	Total:	493,037	

\*To be implemented jointly with the Government of Sweden at a total project cost of US \$105,000

\*\*Agency support costs were calculated as follows: 7.5 percent for project preparation and institutional strengthening and 9 percent for refrigeration

- (a) Egypt: Renewal of institutional strengthening project (phase V) (US \$228,323)

### Project description

3. The description of the institutional strengthening project for the above country is presented in Annex I to this document.

### Fund Secretariat's recommendation

4. The Fund Secretariat recommends blanket approval of the above project at the funding level shown in Table 1. The Executive Committee may also wish to express additional comments to the Government concerned in Annex II to this document.

- (b) Pakistan: Halon Sector Phase-out Plan (US \$22,000)

Project description

5. Pakistan's latest halon consumption (28.8 ODP tonnes) is about double the level of its baseline (14.2 ODP tonnes). Pakistan has not received any funds from the Multilateral Fund for this purpose.

Fund Secretariat's recommendation

6. The Fund Secretariat recommends blanket approval of the above project at the funding level shown in Table 1.

- (c) Serbia and Montenegro: Assistance to prepare a national CFC phase-out plan (manufacturing and servicing sectors) (US \$40,000) (jointly with Sweden)
- (d) Serbia and Montenegro: Refrigerant management plan: customs training and institutional framework (US \$166,000)

Background

7. The CFC baseline for compliance for Serbia and Montenegro is 849.2 ODP tonnes. The 2002 CFC consumption reported to the Ozone Secretariat was 370.4 ODP tonnes (41 ODP tonnes in the aerosol sector, 30 ODP tonnes in the foam sector, 93.2 ODP tonnes in the refrigeration manufacturing sub-sector and 206.2 ODP tonnes in the refrigeration-servicing sub-sector). So far, the Executive Committee has approved for funding the phase out of 331.4 ODP tonnes of CFCs, out of which only 54.6 ODP tonnes have been already phased out.

8. Due to the economic and political sanctions imposed at the beginning of the 1990s, Yugoslavia was not able to comply with its obligations resulting from its ratification of some international environmental agreements including the Montreal Protocol. As such, Serbia and Montenegro has not yet ratified any amendments to the Montreal Protocol.

Projects so far approved

9. As of its 39<sup>th</sup> Meeting, the Executive Committee has approved eight investment projects for Serbia and Montenegro at a total cost of US \$4,246,215 to phase out 701.4 ODP tonnes of controlled substances. As of December 2002, of the total funding approved, US \$1,905,145 has been disbursed and 54.6 ODP tonnes of CFCs has been phased out. The list of approved projects is presented in Table 2 below:

Table 2: List of investment projects so far approved for Serbia and Montenegro

Project title	Agency	ODP tonnes		US\$ approved	US\$ disbursed
		To be phased out	Phased out		
Conversion of CFC-12 to HFC-134a in the manufacture of open compressors at Prva Petoletka - Kocna Tehnika Co.	UNIDO	2.0	0.0	223,412	0
Umbrella refrigeration project 2, replacement of refrigerant CFC-12 with HFC-134a and foam blowing agent CFC-11 with HCFC-141b in the manufacture of commercial refrigeration equipment at three enterprises	UNIDO	10.9	0.0	150,109	0
Conversion from CFC-11 to methylene chloride in the production of flexible slab stock foam at Prva Iskra-Poliuretani	UNIDO	34.4	0.0	100,240	29,059
Replacement of CFC-113 as solvent for dialyser cleaning by water and steam at Hemomed Ltd.	UNIDO	54.6	54.6	608,729	608,729
Replacement of refrigerant CFC-12 with HFC-134a and foam blowing agent CFC-11 with HCFC-141b in the manufacture of commercial refrigeration equipment at seven enterprises (Jugostroj, Frigozika, Prva Petoletka, EIAD, BS Inzenjering, Soko and Alfa Klima)	UNIDO	59.6	0.0	755,162	469,023
Phase out of CFC-11 by conversion to n-pentane technology in the production of continuous rigid polyurethane foam insulating panels at Prva Iskra-Fim Co.	UNIDO	75.0	0.0	475,728	0
Replacement of CFC-11 with cyclopentane foam blowing agent and CFC-12 with HFC-134a refrigerant in the manufacture of domestic refrigerators and freezers at Obod Elektroindustrija	Italy	94.9	0.0	1,683,135	790,317
Halon bank management programme	UNIDO	370.0	0.0	249,700	8,017
<b>Total</b>		<b>701.4</b>	<b>54.6</b>	<b>4,246,215</b>	<b>1,905,145</b>

Project proposals

10. Two project proposals for Serbia and Montenegro were submitted for the consideration of the Executive Committee at its 40<sup>th</sup> Meeting:

- (a) Assistance for the preparation of a national CFC phase out plan (US \$105,000) to be implemented jointly by the Government of Sweden and UNIDO, that will

identify legal requirements and directives needed, institutional responsibilities and the role of main stakeholders. UNIDO's role will be related to the CFC phase out in the manufacturing sector while Sweden's role will be related to the refrigeration servicing sub-sector;

- (b) Project proposal for customs training and institutional framework for the refrigerant management plan (US \$166,000) to be implemented by UNIDO, consisting of a training programme for 120 customs officers (US \$87,000), to acquaint themselves with the Montreal Protocol and related environmental issues, and to enable them to identify ODS and ODS-based equipment; and an institutional strengthening sub-project (US \$79,000), to conduct an analysis of the refrigeration servicing sub-sector, selection of trainers for training of technicians, selection of service workshops to be trained, awareness raising, and monitoring and reporting.

#### Fund Secretariat's comments

##### Amendments to the Montreal Protocol

11. The Government of Serbia and Montenegro is not yet a Party to any of the amendments to the Montreal Protocol and, therefore, the country has no obligations to phase out the consumption of ODS that are controlled by the amendments to the Protocol.

12. The Secretariat brought the attention of the Government of Sweden and UNIDO to Decision 29/21 through which the Executive Committee decided "to approve funding for the projects and activities submitted by countries which had not ratified the London Amendment, on the understanding that a letter would be sent to those countries urging them to take the necessary action to ratify the London Amendment as rapidly as possible". Pursuant to this Decision, on 6 April 2000, the Secretariat sent a letter to the Federal Minister for Development, Science and Environment addressing the issue of the ratification of the London Amendment to the Montreal Protocol. The Government of Sweden and UNIDO advised the Secretariat that the Government of Serbia and Montenegro is expecting to ratify the London amendment to the Montreal Protocol in 2003.

##### Status of ODS regulation

13. The Secretariat noted that in the project proposal for assistance to prepare a national CFC phase out plan, several issues related to ODS legislation were identified (i.e., a need to improve the licensing system, establish import/export quotas, and update the current ODS related regulations). The Secretariat also drew attention to Decision 27/19, through which the Executive Committee decided *inter alia*, that no funds should be expended on customs-training projects until either the relevant legislation was already in place or substantial progress had been made towards promulgating such legislation.

14. In this regard, UNIDO provided the Secretariat with a list of already implemented ODS-related legislations, including the 1994 decree on exempting equipment intended for environmental and ozone layer protection from customs duties; the 1995 law on production and trade of poisonous substances; the 1997 federal regulation on classification of goods to regulate import and export of controlled substances; and the 1998 federal law on environment.

15. Taking into consideration that Serbia and Montenegro has not ratified any of the amendments to the Montreal Protocol and that the ODS legislation and regulations (including the licensing system) would be revised/updated, the Secretariat noted that the request for the custom training and institutional framework for RMP was premature and, at this time, cannot be recommended for approval. In this regard, the Government of Sweden and UNIDO indicated that Serbia and Montenegro is in need of urgent actions during the compliance period, and that the customs training and institutional framework for the refrigerant management plan project proposal cannot await the finalization of the phase out plan.

#### Project duration

16. The Secretariat proposed to reduce the project duration from 12 months to 9 months, in order that the phase out plan could be considered by the Executive Committee at its 42<sup>nd</sup> Meeting. The Government of Sweden reported that the proposed reduction would imply to have the phase out plan completed by December 2003, which is not feasible for these types of projects.

#### Fund Secretariat's recommendations

17. The Fund Secretariat recommends as follows:

- (a) To approve the project preparation of a national CFC phase-out plan (manufacturing and servicing sectors), at the level of funding as indicated in Table 1; and
- (b) To defer the project proposal in customs training and institutional framework until it is presented within the national CFC phase-out plan.

**Annex I**

**INSTITUTIONAL STRENGTHENING PROJECT PROPOSAL**

**Egypt: Renewal of institutional strengthening**

<b>Summary of the Project and Country Profile</b>	
Implementing Agency:	UNIDO
Amount originally approved:	
Phase I June 1993	US \$263,450
Phase II: Nov. 1995 (US \$43,900), Feb. 1997 (US \$175,630)	US \$219,530
Phase III: March 1999	US \$175,000
Phase IV: July 2001	US \$175,000
<b>Total</b>	<b>US \$832,980.00</b>
Amount requested for renewal (US \$):	228,323
Amount recommended for approval (US \$)	228,323
Agency support costs (US \$)	17,124
Total cost of institutional strengthening Phase V to the Multilateral Fund	245,447
Equivalent amount of CFC phase-out due to institutional strengthening Phase V at US \$12.1/kg (ODP tonnes)	18.87
Date of approval of country programme	October 1992
ODS consumption reported in country programme (1991), (ODP tonnes)	2,762.20
Latest reported ODS consumption (2002) (ODP tonnes)*	1,977
Baseline consumption of controlled substances (ODP tonnes):	
(a) Annex A Group I (CFCs) (Average 1995-1997)	1,668.0
(b) Annex A Group II (Halons) (Average 1995-1997)	705.0
(c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000)	27.5
(d) Annex B Group III (Methyl chloroform) (Average 1998-2000)	20.0
(e) Annex E (Methyl bromide) (Average 1995-1998)	238.0
Latest consumption of controlled substances (ODP tonnes)*:	
(a) Annex A Group I (CFCs)	1,294.0
(b) Annex A Group II (Halons)	160.0
(c) Annex B Group II (Carbon tetrachloride)	11.0
(d) Annex B Group III (Methyl chloroform)	1.9
(e) Annex C Group I (HCFCs)	120.1
(f) Annex E (Methyl bromide)	390.0
Amount approved for projects (US \$)	37,856,669
Amount disbursed (as at April 2003) (US \$):	32,504,035
ODS to be phased out (ODP tonnes)	3,379.8
ODS phased out (as at April 2003) (ODP tonnes)	2,250.1

\* Data reported by Egypt to the Fund Secretariat on 29 April 2003.

1. Funds for the following activities have been approved by the Executive Committee:

		<u>US \$</u>
(a)	Country programme preparation	97,520
(b)	Project preparation	943,674
(c)	Training	49,822
(d)	Technical assistance (including institutional strengthening)	1,985,394
(e)	Investment projects	34,175,259
(f)	Demonstration	605,000
	Total:	37,856,669

### Progress report

2. Egypt has ratified the London, Copenhagen and Montreal Amendments to the Montreal Protocol. Egypt has yet to ratify the Beijing Amendment. During Phase IV of the institutional strengthening projects the National Ozone Unit (NOU) carried out monitoring of import and export of ODS in cooperation with the customs officers and is now in the process of establishing an import/export operating system. The National Ozone Unit coordinated the implementation of the refrigerant management plan (RMP), collected data and developed a database of operations in the informal and formal sectors of refrigeration services. Under the coordination of the National Ozone Unit agreement contracts of cooperation were signed between relevant government ministries for the successful implementation of the refrigerant management plan. It supervised implementation of phase I of the methyl bromide phase-out activities resulting in the finalization of a demonstration project in soil fumigation which will ensure Egypt's compliance with the 20% reduction in methyl bromide baseline consumption by 2005.

3. Through the efforts of the national ozone unit agreement has been signed between the national focal point (Egyptian Environmental Affairs Agency) and relevant ministries and non-governmental organizations for the implementation of the halon bank and purchase of equipment is under way. The NOU also organized training and public awareness programmes including competitions and multi-media displays. It also shared its experience on how the Egyptian phase-out programme was managed as well as its database and other relevant information with some Arab states.

### Plan of action

4. During the next phase of the institutional strengthening project, the National Ozone Unit having the sole responsibility (under Ministerial Decree No. 77) for ODS import applications and approvals will execute a licensing and proper quota system and undertake more precise monitoring of imports of ODS and their use. It will coordinate and manage the activities of the implementing and bilateral assistance agencies to ensure completion of key ongoing investment projects in the halon, methyl bromide and solvent sectors and also ensure progress in the implementation of the refrigerant management plan. It will continue its daily technical assistance to Egyptian enterprises and other authorities as well as the creation of public awareness through workshops and other outreach programmes.



## Annex II

### **VIEWS EXPRESSED BY THE EXECUTIVE COMMITTEE ON RENEWAL OF INSTITUTIONAL STRENGTHENING PROJECT SUBMITTED TO THE 40<sup>th</sup> MEETING**

#### *Egypt*

1. The Executive Committee has reviewed the information presented with the institutional strengthening renewal request for Egypt and notes with appreciation the fact that Egypt reported 2001 CFC consumption data to the Ozone Secretariat and 2002 data to the Fund Secretariat that are lower than its 1995-1997 CFC compliance baseline, and that Egypt appears to be able to comply with and sustain the CFC consumption freeze. The Executive Committee also notes that Egypt has taken some significant steps to phase out its consumption of ODS in the period covered by Phase IV of the institutional strengthening. Specifically in its submission, Egypt reports that it has taken important initiatives, namely the management and coordination of the implementation of investment projects and the refrigerant management plan by implementing and bilateral assistance agencies, monitoring of import and export of ODS. This is encouraging and the Executive Committee greatly appreciates the efforts of Egypt to reduce the consumption of CFCs. The Executive Committee expressed the expectation that, in the next two years, Egypt will take steps to ratify the remaining amendment to the Montreal Protocol to which it is not yet a Party, namely the Beijing Amendment and continue the implementation of its action plan with outstanding progress, and sustain and build upon its current levels of reductions in CFCs and other ODS.

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**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**

40th Executive Committee of the  
Multilateral Fund for the Implementation  
of the Montreal Protocol

UNIDO 2003 Work Programme  
AMENDMENT  
(17 June 2003)

(code: wpamendment.wpd)

**UNIDO Work Programme Amendment (June 2003)**

country	title of projects	sector	type	requested amount US\$ in work programme 2003 (excl. ASC)	requested amount US\$ in work programme 2003 (incl. ASC)	CFC ODP to be phase out	Duration (months)
Egypt	Renewal of institutional strengthening, Phase V	SEV	INS	228,323	245,447	20.2	24
Pakistan	Halon sector phase-out plan	HAL	PRP	22,000	23,650	0	12
Serbia and Montenegro	Assistance to prepare a national CFC phase-out plan for Serbia and Montenegro (jointly with Sweden)	REF	PRP	40,000	43,000	0	12
Serbia and Montenegro	Customs training and institutional framework for refrigerant management plan	REF	TRA	166,000	180,940	0	18
	Total			456,323	493,037	20.2	