



**Programa de las
Naciones Unidas
para el Medio Ambiente**

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COMITÉ EJECUTIVO DEL FONDO MULTILATERAL
PARA LA APLICACIÓN DEL
PROTOCOLO DE MONTREAL
Cuadragésima Reunión
Montreal, 16 al 18 de julio de 2003

PROPUESTA DE PROYECTO: MALASIA

Este documento contiene los comentarios y las recomendaciones de la Secretaría del Fondo sobre la propuesta de proyecto siguiente:

Eliminación

- Plan nacional de eliminación de CFC: programa anual de trabajo para 2003 Banco Mundial

DESCRIPCIÓN DEL PROYECTO

Antecedentes

1. En su 35ª Reunión, el Comité Ejecutivo aprobó el plan nacional malayo de eliminación de CFC y acordó, en principio, un financiamiento total de \$EUA 11 517 005 que se desembolsarán entre 2002-2010 destinado a eliminar el consumo remanente de 2 092 toneladas PAO de CFC del Anexo A, Grupo I, 33 toneladas PAO de 1.1.1 TCA y 4 toneladas PAO de tetracloruro de carbono. Desde su aprobación, se pagaron las partidas correspondientes a 2001 y 2002 al Banco Mundial, con un desembolso total de \$EUA 4 769 005. Según los términos del Acuerdo, el Banco Mundial presenta el programa anual de trabajo para 2003, el primero bajo el plan nacional de eliminación y pide que se libere la partida correspondiente a 2003 correspondiente a \$EUA 2 013 100 más el costo de apoyo asociado de \$EUA 169 179. La presentación comprende un informe sobre la marcha de las actividades del programa de trabajo de 2002, el programa de trabajo propuesto para 2003, y un informe realizado por un auditor acreditado sobre las importaciones de CFC en 2002. Se adjunta el programa anual de trabajo de 2003 del plan nacional malayo de eliminación de CFC.

Marcha de la ejecución conforme al Acuerdo de 2002

2. La marcha de las actividades relacionadas con la ejecución del programa de trabajo de 2002 indicó un consumo real total de 1 671,30 toneladas PAO de CFC, 1.1.1 TCA y CTC, con un desglose de 305 toneladas PAO para las industrias manufactureras y de 1.360 toneladas PAO para el sector de servicio y mantenimiento. Estas cantidades son todas inferiores a los objetivos de 2002 fijados en el Acuerdo: el consumo total de CFC, 1.1.1 TCA y CTC se fijó en 1 910 51 toneladas PAO, distribuidas en 532,51 toneladas PAO para las industrias manufactureras y 1 378 toneladas PAO para servicio y mantenimiento. Se informó que esta reducción del consumo se había alcanzado combinando la ejecución de los proyectos, aprobados antes del plan nacional de eliminación, y los factores económicos. Bajo la categoría de asistencia técnica, había una descripción de las actividades realizadas en 2002, que van desde inhaladores de dosis medida (MDI), requisito obligatorio para la inspección de climatización de automotores (MAC), y programas de capacitación de instructores y de certificación de técnicos de servicio de MAC, capacitación de agentes aduaneros hasta el establecimiento de la dependencia de la gestión de proyectos. La descripción se completa con una presentación en forma de tabla de la marcha de cada actividad, abarcando la meta, el grupo de objetivos, el impacto y la situación de la puesta en ejecución. El informe financiero de 2002 da los datos sobre el gasto previsto (\$EUA 746 000) y los compara con el gasto real (\$EUA 550 891) de seis actividades, así como el compromiso previsto en 2003.

Programa anual de trabajo para 2003

3. El programa de trabajo para 2003 contiene los objetivos de consumo de CFC (1 566 toneladas PAO), 1.1.1 TCA (48 toneladas PAO) y CTC (4,51 toneladas de PAO), que coinciden con los objetivos previstos en el Acuerdo. Hay una descripción de las siete categorías

de las actividades de asistencia técnica que se emprenderán, y una presentación en forma de tabla de los objetivos e impacto de tales actividades. El programa de trabajo para 2003 proyectó un aumento en el consumo en 2003 en los sectores de fabricación de 146,95 toneladas PAO y una disminución en el sector de servicio y mantenimiento de 200 toneladas PAO. El presupuesto propuesto para el programa anual de trabajo de 2003 desglosó los gastos previstos de 11 rubros de actividades para un desembolso total previsto de \$EUA 2 013 100.

Auditoría de las importaciones de SAO

4. La auditoría de las importaciones de CFC, 1.1.1 TCA y CTC para el año 2002 fue hecha por un auditor acreditado en nombre del Auditor General de Malasia. La auditoría examinó los procedimientos de expedir cuotas de importación para licencias de importación dadas por el Ministerio de Industria y Comercio Internacional y los comparó con los procedimientos de control de importación realizado por el Ministerio Real de Aduana, describió los procedimientos para llevar a cabo la auditoría y presentó las conclusiones. El informe de auditoría concluyó que los procedimientos empleados para el control de importaciones de SAO eran satisfactorios y recomendó que el Ministerio Medio Ambiente no confiara solamente en los datos secundarios del Ministerio de Estadísticas (DOS), sino que los verificara en el futuro, reconciliando los datos de importación del DOS y del MITI.

COMENTARIOS Y RECOMENDACIONES DE LA SECRETARÍA

COMENTARIOS

5. El informe de la marcha de las actividades y el programa de trabajo para 2003 fueron preparados de acuerdo con las directrices para la preparación, ejecución y gestión de planes nacional de eliminación de SAO y sectorial, basados en el desempeño (UNEP/OzL.Pro/ExCom/38/57), aprobados en la 38ª Reunión. La Secretaría comunicó sus comentarios al Banco Mundial sobre la presentación. El Banco aclaró los comentarios de la Secretaría y revisó el programa de trabajo en consecuencia. Por lo tanto, los comentarios siguientes han tomado en consideración las aclaraciones proporcionadas por el Banco Mundial.

Información detallada sobre los resultados de las actividades de eliminación en 2002

6. Las disposiciones del Acuerdo no requieren la presentación de un programa anual de trabajo para el año 2002 y el documento del proyecto presentado a la 35ª Reunión del Comité Ejecutivo, que fue base del Acuerdo, no incluyó los detalles sobre el programa de trabajo de 2002. Por lo tanto, es difícil determinar la marcha indicada de las actividades para el año 2002 debido a la naturaleza muy general de los datos que se dan (por ej. la nota 1 al pie de la página 4 es lo único que se proporciona sobre las actividades de eliminación en las industrias manufactureras en 2002). En ausencia de datos específicos sobre la eliminación procedentes de los proyectos en curso, o los niveles comparativos de la producción de las empresas afectadas por el bajón económico entre 2001 y 2002, por ejemplo, es difícil determinar cuál de los dos factores es más responsable de la reducción de consumo de CFC.

7. El informe sobre los datos financieros del proyecto cubrió solamente \$EUA 746 000 como gasto previsto de los cuales \$EUA 550 891 se habían gastado para la fecha de este informe. Sin embargo, la transferencia total del Fondo al Banco Mundial de las partidas de 2001 y 2002 fue de \$EUA 4 769 005. En la presentación no se dio un informe completo de la transferencia total, a pesar de los datos suplementarios proporcionados en el compromiso previsto en 2003.

Informe de auditor acreditado

8. El informe contiene una descripción completa del sistema de control nacional de otorgamiento de licencias para las importaciones de SAO, y una verificación del abastecimiento de CFC en Malasia para el año 2002. La metodología usada es sólida. Se debería felicitar al gobierno de Malasia y el Banco Mundial por este esfuerzo, y pedir que en 2004 apliquen una metodología igualmente firme para la verificación del consumo de CFC en Malasia para el año 2002.

RECOMENDACIONES

La Secretaría recomienda que el Comité Ejecutivo:

1. Apruebe el programa de trabajo de 2003 del plan nacional malayo de eliminación de CFC a los niveles de financiamiento solicitados de \$EUA 2 013 100 y el costo de apoyo asociado de \$EUA 169 179 para el Banco Mundial.
2. Felicite al gobierno de Malasia y el Banco Mundial por el esfuerzo de hacer una auditoría de las importaciones de CFC para el año 2002, y pida al Banco Mundial que en 2004 aplique una metodología igualmente firme para la verificación del consumo de CFC en Malasia para el año 2002.
3. Pida al Banco Mundial que en la presentación futura del programa de trabajo suministre un informe completo de los fondos que recibió conforme al Acuerdo.

Malaysia ODS Phase-out Project: National CFC
Phase-out Plan (NCFCP)

CY 2003: Annual Work Program (AWP2003)

Submitted to the Executive Committee

Prepared by:

Ozone Protection Section

The Department of Environment (DOE)
Ministry of Science, Technology and Environment
MALAYSIA

15 May 2003

1. DATA

| | |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Country | MALAYSIA |
| Year of plan | 2003 |
| No. of years completed | 1 |
| No. of years remaining under the plan | 7 |
| Target ODS Consumption of the preceding year (2002) | <ul style="list-style-type: none"> • 1,855 ODP MT of Annex A, Group I Chemicals (CFCs) • 51 ODP MT of TCA • 4.51 ODP MT of CTC |
| Total | 1,910.51 ODP MT |
| Target ODS Consumption of the year of plan (2003) | <ul style="list-style-type: none"> • 1,566 ODP MT of Annex A, Group I Chemicals (CFCs) • 48 ODP MT of TCA • 4.51 ODP MT of CTC |
| <u>Total ODS</u> | 1,618.51 ODP MT |
| Level of funding requested | USD 2,013,100 |
| Lead implementing agency | The World Bank |
| Co-operating agency (ies) | Nil |

2. TARGETS

| Targets: | | | | | | |
|--------------------------|--------------------------|----------------------|----------------------------------|--------------------------------|------------------|--------------|
| Indicators | | Chemicals | Preceding Year (2002) | Year of Plan (2003) | Reduction | |
| Supply of ODS | Import | CFCs | 1,855 ODP MT | 1,566 ODP MT | 289 ODP MT | |
| | | TCA | 51 ODP MT | 48 ODP MT | 3 ODP MT | |
| | | CTC | 4.51 ODP MT | 4.51 ODP MT | 0 ODP MT | |
| | Production | -- | -- | -- | -- | |
| | Total (1) | CFCs | 1,855 ODP MT | 1,566 ODP MT | 289 ODP MT | |
| | | TCA | 51 ODP MT | 48 ODP MT | 3 ODP MT | |
| | | CTC | 4.51 ODP MT | 4.51 ODP MT | 0 ODP MT | |
| | Demand of ODS | Manufacturing | CFCs | 477 ODP MT | 400 ODP MT | 77 ODP MT |
| | | | TCA | 51 ODP MT | 48 ODP MT | 3 ODP MT |
| CTC | | | 4.51 ODP MT | 4.51 ODP MT | 0 ODP MT | |
| Servicing | | CFCs | 1,378 ODP MT | 1,166 ODP MT | 212 ODP MT | |
| Stockpiles | | -- | --- | --- | --- | |
| Total (2) | | CFCs | 1,855 ODP MT | 1,566 ODP MT | 289 ODP MT | |
| | | TCA | 51 ODP MT | 48 ODP MT | 3 ODP MT | |
| | | CTC | 4.51 ODP MT | 4.51 ODP MT | 0 ODP MT | |

3. INDUSTRY ACTION

| Sector | Actual Consumption Preceding Year (ODP MT) 2002 ¹ | Target Consumption Year of Plan (ODP MT) 2003 ² | Reduction Within Year of Plan | Number of Projects Completed | Number of Servicing Related Activities | ODS Phase-out (in ODP tones) |
|----------------------|--------------------------------------------------------------|------------------------------------------------------------|-------------------------------|------------------------------|----------------------------------------|------------------------------|
| | (1) | (2) | (1)-(2) | | | |
| Manufacturing | | | | | | |
| Aerosol | 8 | 20 | - 12 | 2 | | - 12 |
| Foam | 222.58 | 265 | - 42.42 | 10 | | - 42.42 |
| Refrigeration | 62 | 112.3 | - 50.3 | 2 | | - 50.3 |
| Solvents | 12.8 | 55.03 | - 42.23 | 2 | | - 42.23 |
| Other | - | - | - | - | | - |
| Total | 305.38 | 452.33 | - 146.95 | 16 | | - 146.95 |
| Servicing | | | | | | |
| Refrigeration | 1,366 | 1,166 | 200 | - | 7 | 200 |
| Total | 1,366 | 1,166 | 200 | - | 7 | 200 |
| GRAND TOTAL | 1,671.38 | 1,618.33 | 53.05 | 16 | 7³ | 53.05 |

Note: The represented figures refer to Annex A Group I, Chemicals (CFCs), 1,1,1-TCA, and CTC.

¹ Figures of ODS consumption used in each sub-sector in manufacturing in year “2002” are lower than the targeted because of early phaseout of CFC from on-going sub-projects and lower production encountered from economic crisis. However, it is expected that annual production in each sub-sector will be increase when the economic conditions improve;

² ODS consumption used in each sub-sector in manufacturing in year “2003” are estimated figures. However, actual consumption in 2003 cannot be determined at the time being and will be determine at a later stage;

³ Seven activities are (i) Operation of MASHRAE Project, (ii) Chiller Replacement/Retirement, (iii) Retirement of CFC-12 Domestic Refrigerators, (iv) Retirement of CFC-12 Refrigerator Containers, (v) New Vehicle Inspection Requirement Upgrading Capacity of Inspection Stations, (vi) Train-the-Trainer Program and Certification of MAC Service Technicians, and (vii) Financial Subsidy for R&R Machines.

4. TECHNICAL ASSISTANCE --- CY 2002 [*Preceding Year*]

DOE has initiated formal discussion with the concerned agencies in order to establish working groups to formulate sector policies and prepare action plan for each activities. Brief description of activities undertaken is provided in table below.

MDI: A working group, chaired by the Department of Pharmaceutical Control, was established in late 2002. The working group proposed to appoint a consultant to prepare a report describing the current situation of the CFC MDI and non- CFC MDI markets in Malaysia and the existing policy framework for promoting the transition to non-CFC MDI products or other alternatives. This report will serve as a discussion paper for the working group. Moreover, the MDI workshop was organized in October 2002 and there were representatives from related agencies participating in this workshop.

Mandatory Requirement for MAC Inspection: DOE initiated discussion with the Road Transport Department, PUSPAKOM and DOE's mobile vehicle inspection unit. A representative from the Road Transport Department participated in the workshop on the National CFC Phase-out Plan held by the Bank in December 2002. Implementation modalities for the Mandatory MAC Inspection Requirement including regulatory requirement were discussed among these agencies.

Train-the-Trainer Program for MAC Service Technicians and Certification of MAC Service Technicians: The scope of works for the consultant to carry out this activity has been finalized and finalization of this TOR is expected in early 2003. The consultant will be responsible for developing a training module, providing training to the authorized training centers, and coordinating procurement equipment. In addition, the implementation modality for acquisition of equipment (using voucher scheme) was also agreed during the year. In parallel, DOE has identified the right person/entity whose qualifications meet the minimum requirement for the assignment.

Custom Training: DOE initiated discussion with the Customs Department and the Custom Training Center (Royal Customs Academy Malaysia, AKMAL). A representative of AKMAL attended a workshop on the National CFC Phase-out Plan held by the Bank in December 2002. This person also planned to participate in the Customs Training Workshop conducted by UNEP in Philippines in February 2003. A number of discussion on ways and means to inspect and proceed with the customs training program were discussed among DOE, Customs, and the Bank. The customs training is expected to commence in 2003.

Project Management Unit: DOE has initiated a process to establish a Project Management Unit (PMU) comprising of at least 4 staff members: Senior Technical Officer, Technical Officer, Public Outreach Officer, and Project Accountant. TORs for these consultants have been prepared and the consultants will be selected in line with the Bank procurement guidelines for consultants. The consultant selection process was discussed with the Bank. With regard to public awareness activities, DOE organized a workshop in January 2002 and a seminar on International Ozone Day aiming to disseminate information on NCFCP strategies and the Government policy relevant stakeholders in the government sector and the general public. In addition, DOE participated in a number of training and/or workshop in the country to disseminate information regarding the NCFCP. As for regulatory support, DOE has initiated the discussion on actions regarding regulatory requirements as proposed in the NCFCP proposal.

Technical assistance that have been carried in CY 2002 could be summarized as follows:

| No. | Proposed Activity | Objective | Target Group | Impact | Status/Remarks |
|-----|-------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Technical Assistance for MDI Sector | To increase awareness on CFC MDI transition plan | Pharmaceutical Association, Doctors, MDI Importers, and Patients | To promote the use of non-CFC MDI | |
| 1 | Selection of consultant | | | | <ul style="list-style-type: none"> * Selection of consultant could not be completed due to the delay in establishing the working group. * The working group established in late 2002 has initiated discussion regarding scope of work. * TOR for the consultant will be finalized in 2003. |
| 2 | Consultation process | | | | <ul style="list-style-type: none"> * Consultation process by the consultant has not been initiated as the consultant is not on board. * Internal consultation process among relevant agencies has been started in late 2002 by organizing a MDI workshop. |
| | Mandatory Requirement for MAC Inspection | To prevent HFC MAC system from any retrofitting for using with CFC-12 | PUSPAKOM and DOE's mobile vehicle inspection unit | Reduction of CFC-12 consumption in MAC service sector and increase awareness of vehicle's owners | |
| 1 | Development of a Standard Inspection Manual | | | | <ul style="list-style-type: none"> * Selection of consultant to develop the manual was delayed due to lack of PMU in 2002. * DOE therefore decided to proceed with development of TOR and selection of consultant in close consultation with relevant agencies. |

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|---|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | <ul style="list-style-type: none"> * Selection of consultant will be completed in 2003. * Soon after consultant is on board, development of Standard Inspection Manual will be initiated immediately. |
| 2 | - | | | | Actions regarding regulatory requirements were discussed. |
| | Train-the-Trainer Program for MAC Service Technicians and Certification of MAC Service Technicians | Increase technical capacity of the MAC service shops | Authorized Training centers and MAC service shops | Reduction of CFC-12 consumption in MAC service from repairing MAC system properly | |
| 1 | Train-the-Trainer programme | | | | <ul style="list-style-type: none"> * Selection of a consultant was delayed due to lack of PMU in 2002. * DOE therefore decided to proceed with development of TOR. The scope of works for the consultant to carry out this activity has been finalized and finalization of this TOR is expected in early 2003. * Selection of a consultant will be completed by March 2003. * Soon after a consultant is on board, the consultant will develop training module and provide training to the authorized training centers. |
| | Custom Training Program | Build technical capacity of custom officials to inspect the import chemicals | Custom officials | Strengthen effectiveness of import control system of CFC | |
| 1 | Development of a Training Course | | | | <ul style="list-style-type: none"> * Selection of a consultant was delayed due to lack of PMU in 2002. * DOE therefore decided to proceed with development of TOR and selection of a consultant will be completed |

| | | | | | |
|----------|---------------------------------------|----------------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | <p>in 2003.</p> <p>* In the meantime, DOE initiated discussion with the Customs Department and the Custom Training Center (AKMAL) and plan to have a representative from the Custom Training Center to participate in the Custom Training Workshop undertaken by UNEP in Philippines in February 2003.</p> |
| | <p>Project Management Unit</p> | <p>To provide Government with necessary support to carry out all activities proposed under this plan</p> | <p>DOE</p> | <p>Strengthen capacity of Government to carry out the NCFCP to ensure timely and effective preparation and execution of the project activities</p> | |
| <p>1</p> | <p>Set up of PMU</p> | | | | <p>* DOE has initiated a process to establish a Project Management Unit (PMU) comprising of at least 4 staff members: Senior Technical Officer, Technical Officer, Public Outreach Officer, and Project Accountant.</p> <p>* TORs for these consultants have been prepared.</p> <p>* Consultant selection process is underway.</p> |
| <p>2</p> | <p>Implementation Assistance</p> | | | | <p>DOE proceeded with preparation of Foam subproject by preparing TOR and proceed with selection of consultant to assist the enterprises to prepare proposals in foam sector.</p> |
| <p>3</p> | <p>Public Awareness Activities</p> | | | | <p>DOE has organized a workshop in January 2002 and a seminar on International Ozone Day aiming to disseminate information on NCFCP strategies and the</p> |

| | | | | | |
|---|--------------------|--|--|--|------------------------------------------------------------------------------------------|
| | | | | | Government policy relevant stakeholders in the government sector and the general public. |
| 4 | Regulatory Support | | | | Actions regarding regulatory requirements were discussed among relevant agencies. |

4. TECHNICAL ASSISTANCE ---CY 2003 [Year of Annual Work Program] – as of 10 May 2003

MDI: The working group has prepared a draft TOR for the consultant and it is expected to be finalized in August 2003. The working group will also identify the expert who is capable of undertaking this assignment and DOE will secure no objection from the Bank before hiring him/her. The preparation of the strategy will start in 2003 and will be completed in 2004.

Mandatory Requirement for MAC Inspection: Regarding the proposal to include MAC testing as part of DOE’s road-side exhaust gas testing procedures, NOU informed the Bank that the National Steering Committee has already approved this proposal and recommended that exiting regulations be amended. The draft legal text is being finalized before sending to the legal department. For commercial vehicles, PUSPAKOM and RTD will explore the possibility of including MAC inspection in the commercial vehicle inspection requirements and will inform DOE by July 2003. Specification of refrigerant identifier and TOR for consultant is being finalized.

Train-the-Trainer Program for MAC Service Technicians and Certification of MAC Service Technicians: The consultant who will be assisting DOE in development of training modules, providing training to the authorized training centers and coordinating equipment procurement was engaged in March 2003. To date, the consultant has started the preparation of the training materials. Train-the-Trainer Program will be carried out in August and September 2003.

Custom Training: A working group has been established and AKMAR will take the lead in the implementation. A draft TOR for hiring of consultant to assist in the preparation of training manual DOE and training the trainer program is being finalized. The working group will identify the expert who is capable of undertaking this assignment and DOE will secure no objection from the Bank before hiring him/her. Specification for the refrigerant identifier will also be established by the working group. DOE will however procure the equipment and provide all the support to the working group. It is expected that the first batch of the training will be carried out at the end of CY2003.

Project Implementation and Monitoring: Given the restructure of DOE, hiring of consultants for the PMU has been delayed. However, many preparation activities have been undertaken by NOU staff with assistance from the sector experts. It is expected that PMU staff will be board by end of June 2003. DOE also plan to carry out a number of public awareness activities and/or workshops in CY03.

| No. | Proposed Activity | Objective | Target Group | Impact | Status |
|-----|--------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Technical Assistance for MDI Sector | To increase awareness on CFC MDI transition plan | Pharmaceutical Association, Doctors, MDI Importers, and Patients | To promote the use of non-CFC MDI | |
| 1 | Selection of consultant | | | | *Continued from CY02 * TOR for a consultant is being finalized. |
| 2 | Consultation process | | | | |
| 3 | Development of MDI Strategy | | | | *Development of the Phaseout strategy will be completed by the end of CY04 |
| | Mandatory Requirement for MAC Inspection | To prevent HFC MAC system from any retrofitting for using with CFC-12 | PUSPAKOM and DOE's mobile vehicle inspection unit | Reduction of CFC-12 consumption in MAC service sector and increase awareness of vehicle's owners | |
| 1 | Development of a Standard Inspection Manual | | | | *Continued from CY02 * Specification of refrigerant identifier and TOR for consultant is being finalized. * PUSPAKOM and DOE will work closely with the relevant industry in determining standard minimum refrigerant content for passing the inspection. * Inspection manual will be completed in CY 03. |
| 2 | Training for Vehicle Inspection Technician | | | | |
| 3 | Procurement of Equipment | | | | |
| 4 | Equipment Delivered | | | | |
| | Train-the-Trainer Program for MAC Service Technicians | Increase technical capacity of | Authorized Training centers and | Reduction of CFC-12 consumption | |

| | | | | | |
|---|-----------------------------------------------------|------------------------------------------------------------------------------|-------------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | and Certification of MAC Service Technicians | the MAC service shops | MAC service shops | in MAC service from repairing MAC system properly | |
| 1 | Train-the-Trainer programme | | | | * Continued from CY02 * Consultant was engaged in March 2003. * Training of the qualified training centers will be carried out in August and September 2003. |
| 2 | Certification of Service Technicians | | | | |
| 3 | Procurement of MAC Service Tools | | | | To be implemented in 2004 |
| 4 | Procurement of MAC R&R Machines | | | | To be implemented in 2004 |
| | Custom Training Program | Build technical capacity of custom officials to inspect the import chemicals | Custom officials | Strengthen effectiveness of import control system of CFC | |
| 1 | Development of a Training Course | | | | * Continued from CY02 * A representative from AKMAL participated in the Customs workshop in the Philippines in February 2003. * Specification of refrigerant identifier and TOR for consultant is being finalized |
| 2 | Train-the-trainer Program | | | | * Training for the trainer will be completed by October 2003 |
| 3 | Procurement of Equipment | | | | |
| | Project Management Unit | To provide Government with necessary support to carry out all | DOE | Strengthen capacity of Government to carry out the NCFCP to ensure | |

| | | activities proposed under this plan | | timely and effective preparation and execution of the project activities | |
|---|-----------------------------|-------------------------------------|--|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Set up of PMU | | | | * Continued from CY02 * Selection of 4 PMU staffs are on-going. |
| 2 | Implementation Assistance | | | | * Consultant for preparation of foam sub-sector has been engaged in January 2003 and the consultant now is under process of preparing proposal. * DOE proceeded with preparation of solvent subproject by preparing TOR and proceed with selection of consultant to assist DOE in identifying end-user and consumption of ODS solvents in Malaysia. |
| 3 | Public Awareness Activities | | | | * A series of official announcement and/or public relations to inform the public and end-users on NCFCP. |
| 4 | Regulatory Support | | | | Continuing discussion on actions regarding regulatory requirements among relevant agencies. |

5. GOVERNMENT ACTION

CY 2002 [Preceding Year]

Based on the National CFC Phase-out proposal, the Government proposed to undertake a number of regulatory actions as part of the NCFCP. These actions include (a) control of CFC consumption, 111-TCA, and CTC; (b) monitoring of compliance to those enterprises that received funding from MLF in all the sectors (aerosol, foam, refrigeration, MAC, etc.), (c) control the use of CFC in foam and MAC manufacturing, and (d) prohibit the use of 111-TCA and CTC in solvent. Procedures for monitoring and enforcement will be established and training workshops will be provided to Government officials to carry out the tasks. The activities carried out in CY02 are summarized below.

| NO. | POLICY/ACTIVITY PLANNED | SCHEDULE OF IMPLEMENTATION | STATUS |
|-----|------------------------------------------------------------------------------------|----------------------------|------------------------------------------------------------------|
| 1. | Control of import quota through AP system ¹ | January -December 2002 | Import control policy in place and in operation |
| 2. | Announcement of Import Quotas for CFCs from 2002-2010 ² | December 2001 | Announcement of import quotas for 2002 was done in December 2001 |
| 3. | Criteria and procedures for financial support for investment projects ² | January-December 2002 | Completed for foam sub-sector |
| 4. | Workshop on NCFCP | 3 January 2002 | Completed |
| 5. | Training on Chiller and Refrigerant Management (CRM), (I) | 21-22 May 2002 | Completed |
| 6. | Briefing on Halon Bank Management | 2-6 July 2002 | Completed |
| 7. | Training on CRM, II | 27-28-August 2002 | Completed |
| 8. | Seminar on ODS on International Ozone Day | 16 September 2002 | Completed |

¹ 2002 Performance Target

² 2003 Performance Target

5. GOVERNMENT ACTION – (as of 10 May 2003)

CY 2003 [Year of Annual Work Program]

Verification of the consumption level. The Government has taken initiative in the preparation of a consumption verification arrangement and process (during February-March 2003) and a verification report as per ExCom requirement was submitted to the Bank in Mid May 2003.

Mandatory inspection of commercial vehicles. As an integral part of the NCFCP strategy to reduce the use of CFC in Mac servicing, the Government proposed to introduce a mandatory inspection for commercial vehicles. DOE initiated discussion with Road Transport Department (RTD), and PASPAKOM and amendment of the existing regulations (RTD and DOE) may be needed. Discussion on the regulatory actions will be continued and concluded by the end of 2003. As for the capacity building activities, it is expected that consultant will be hired to assist the working group in the preparation of the training manual and standard inspection procedure and a draft TOR is being finalized. The working group will finalize the TOR, identify the expert, establish specification for the refrigerant identifier, and supervise the activities to be carried out by the consultant. It is expected that training will be provided to staff from RTD, PASPAKOM and DOE and DOE will procure equipment and distribute to other agencies.

Other activities. DOE also plans to carry out a number of regulatory actions related to ODS and to carry out public awareness activities to increase knowledge and awareness of the enterprises and the public of the government policies pertaining to completed phaseout of CFC, TCA, and CTC as per the agreement of the NCFCP between Malaysia and ExCom.

Key activities for the Government actions are summarized in table below.

| NO. | POLICY/ACTIVITY PLANNED | SCHEDULE OF IMPLEMENTATION | STATUS |
|-----|------------------------------------------------------------------------------------|----------------------------|------------------------------------------------------------------|
| 1. | Control import quota for CY2003 through AP system ¹ | January-December 2003 | Import control policy in place and in operation |
| 2. | Verification of import Quota for CY2002 | February-March 2003 | Completed |
| 3. | Announcement of Import Quotas for CFCs from 2002-2010 ² | December 2002 | Announcement of import quotas for 2003 was done in December 2002 |
| 4. | Criteria and procedures for financial support for investment projects ² | January-December 2003 | On-going for solvent and commercial refrigerator sub-sector |

¹ 2002 Performance Target

² 2003 Performance Target

| | | | |
|-----|--------------------------------------------------------------------------------------------------|----------------------------|-------------------------------------------------------------------------------------------------------|
| 5. | Announcement of Mandatory MAC Inspection Requirement ³ | June-December 2003 | On-going to amend Road Transport Act and Environment Quality (Refrigerant Management) Regulation 1999 |
| 6. | National Survey uses of Methyl Bromide in QPS | July – September 2003 | Develop survey form and distribution |
| 7. | Updated National Survey in Chiller Commercial sector | July – September 2003 | Develop survey form and distribution |
| 8. | Hand On Training for DOE Officers | October 2003 | On-going |
| 9. | Directive free ODS product in Government Contract – Foam Sector | 30 April 2003 | Meeting with Ministry of Finance |
| 10. | Establish Project Management Unit (PMU) | April – December 2003 | Propose working paper to JPA, TOR, Scheme, Appointment |
| 11. | Enforcement/Audit | July – December 2003 | Identification potential project approved by MLF |
| 12. | Develop Strategy – NO new CFC-MAC and Refrigeration System | October 2003 – March 2004 | Identification on options in any new vehicles |
| 13. | Develop Strategy – Ban the Imputation/Sale and Use CFC in the MAC and Refrigerator Manufacturers | November 2003 – March 2004 | Identification on potential guideline |

³ 2004 Performance Target

6. ANNUAL BUDGET

In line with the activities described above, the annual budget are summarized below.

CY 2002 [Preceding Year]

| No. | Activity | Planned Expenditure (USD) | Actual Approved Expenditure (USD) | Remarks |
|------------|----------------------------------------------------------------|----------------------------------|------------------------------------------|---------------------------------------------|
| 1 | Conversion at Seasonair sub-project | \$550,000 | \$550,891 | First disbursement to Seasonair sub-project |
| 2. | Launching of NCFCP activities | \$66,000 | \$0 | Use fund from other sources ?? |
| 3. | Establishment of PMU | \$40,000 | \$0 | |
| 4. | Preparation of proposal for phasing out CFC in the foam sector | \$50,000 | \$0 | Disbursement will taken place in 2003 |
| 5. | Preparation of Customs training Program | \$20,000 | \$0 | Disbursement will taken place in 2003 |
| 6. | Preparation of Mobile Air Conditioner Service Training | \$20,000 | \$0 | Disbursement will taken place in 2003 |
| | Total | \$746,000 | \$550,891 | |

CY 2003 [Year of Annual Work Program]

| No. | Activity | Planned Expenditure (USD) | Actual Expenditure (USD) | Remarks |
|------------|-----------------------------------------------------|----------------------------------|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| 1. | Conversion of Seasonair sub-project | 0 | | Second disbursement will be made in early 2004 after the enterprise dispose its baseline equipment (expected in December 2003) |
| 2. | Conversion in Foam/commercial refrigeration Sectors | 949,100 | | |
| 3. | Mac servicing --Train-the-Trainer | 319,000 | | |
| 4. | Mac servicing -- Financial subsidy | 100,000 | | |
| 5. | Conversion in solvent sector | 100,000 | | |
| 6. | Refrigeration --Train-the-Trainer | 0 | | |
| 7. | Refrigeration -- Financial subsidy | 0 | | |
| 8. | TA for MDI | 25,000 | | |
| 9. | Mac --Mandatory training | 120,000 | | |
| 10. | Custom training | 100,000 | | |
| 11. | PMU | 300,000 | | |
| | TOTAL | 2,013,100 | | |

**MALAYSIA ODS PHASE-OUT PROJECT : THE NATIONAL CFC
PHASE-OUT PLAN (NCFCPP)**

PART 1

REPORT OF CERTIFIED AUDITOR

We have audited procedures for issuing import quota against the Application Import License executed by the the Ministry of International Trade and Industry and import control executed by the Royal Customs Department including supporting documents to certify actual consumption (actual imports) of Annex A, Group I Chemicals (i.e. CFCs); 1,1,1-Trichloroethane (1,1,1-TCA); and Carbon Tetrachloride (CTC) for the period 1st January 2002 to 31st December 2002. These supporting documents are the responsibility of the concerned agencies, the Department of Environment (DOE), the Ministry of International Trade and Industry (MITI), the Royal Customs Department and the Statistics Department. Our responsibility is to express an opinion on these supporting document based on our audit.

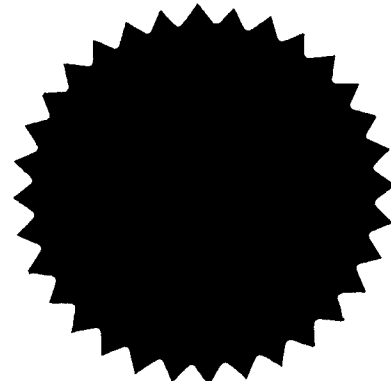
We conducted our audit in accordance with Malaysian Approved Standards on Auditing to obtain reasonable assurance about whether the supporting document for issuing import quota against the Application Import License and import control are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and type of these controlled chemicals that have been issued against the Application Import License and actually imported or exported for the year throughout 2002. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these procedures and supporting documents can be fairly relied on to support imported amount of these controlled substances for the year throughout 2002 and they are adequately documented.



(ANG NAI HAR)
For **AUDITOR GENERAL**
MALAYSIA

23 April 2003



**MALAYSIA ODS PHASE-OUT PROJECT : THE NATIONAL CFC
PHASE-OUT PLAN (NCF CPP)**

PART II

**A. Allowable Imported Level Of Controlled Substances As Permitted By
MITI Under The AP System**

| | | | | | | | | |
|------------------------|-------------------------------------|---------------|-----------------|-------------|----------|--------------|--------------|---------------|
| 1 | Aurora Chemicals Sdn. Bhd. | 18.00 | 15.00 | - | - | - | - | - |
| 2 | Daichem Ent. (M) Sdn. Bhd. | 80.00 | 77.00 | - | - | - | - | - |
| 3 | Keylargo (M) Sdn. Bhd. | 18.00 | 194.00 | - | - | - | - | - |
| 4 | Perusahaan Kimia Gemilang Sdn. Bhd. | 64.72 | 84.00 | - | - | - | - | 10.00 |
| 5 | Sing Swee Bee Sdn. Bhd. | 9.30 | 74.00 | - | - | - | - | - |
| 6 | Syarikat Carto Sdn. Bhd. | 20.00 | - | - | - | - | - | - |
| 7 | Texcarrier Industries Sdn. Bhd. | 29.10 | 89.90 | - | - | - | - | - |
| 8 | Unigas (M) Sdn. Bhd. | 39.00 | 89.06 | - | - | - | - | - |
| 9 | Westech Sdn. Bhd. | 54.80 | 325.20 | - | - | - | - | - |
| 10 | CCM Chemicals Sdn. Bhd. | - | 148.00 | - | - | - | - | 74.00 |
| 11 | Chemquest Trading (M) Sdn. Bhd. | - | 76.50 | - | - | - | - | - |
| 12 | Globechem Sdn. Bhd. | - | 26.40 | - | - | - | - | - |
| 13 | Nagase (Malaysia) Sdn. Bhd. | - | 7.30 | - | - | - | - | 22.00 |
| 14 | ST Chemicals Sdn. Bhd. | - | 152.50 | - | - | - | - | - |
| 15 | Tesway (M) Sdn. Bhd. | - | 58.00 | - | - | - | - | - |
| 16 | Kimia Pertama (M) Sdn. Bhd. | - | - | - | - | - | - | 100.00 |
| 17 | Contingencies* | 46.48 | 44.74 | 3.00 | - | 21.00 | 11.50 | 324.00 |
| Total Quota (A) | | 379.40 | 1,461.60 | 3.00 | 0 | 21.00 | 11.50 | 530.00 |

Note:

- * - Contingencies were set aside for applications for imports of Ozone Depleting Substances (ODS) by Government Departments/Agencies. Importers may apply for additional quota and MITI can approve by using the contingencies quota if the quantity set aside has not being utilised by any Government Department/Agencies.

B. Actual Quantity Of Controlled Substances Imported During The Calendar Year 2002 (1st January 2002 - 31st December 2002)

| | | | | | | | | |
|-------------------------|-------------------------------------|---------------|-----------------|----------|----------|----------|----------|---------------|
| 1 | Aurora Chemicals Sdn. Bhd. | 17.92 | 14.96 | - | - | - | - | - |
| 2 | Daichem Ent. (M) Sdn. Bhd. | 79.99 | 76.99 | - | - | - | - | - |
| 3 | Keylargo (M) Sdn. Bhd. | 17.92 | 193.99 | - | - | - | - | - |
| 4 | Perusahaan Kimia Gemilang Sdn. Bhd. | 64.67 | 84.00 | - | - | - | - | 10.00 |
| 5 | Sing Swee Bee Sdn. Bhd. | 9.30 | 55.08 | - | - | - | - | - |
| 6 | Syarikat Carto Sdn. Bhd. | 18.56 | - | - | - | - | - | - |
| 7 | Texcarrier Industries Sdn. Bhd. | 29.10 | 89.90 | - | - | - | - | - |
| 8 | Unigas (M) Sdn. Bhd. | 38.91 | 89.01 | - | - | - | - | - |
| 9 | Westech Sdn. Bhd. | 53.27 | 283.72 | - | - | - | - | - |
| 10 | CCM Chemicals Sdn. Bhd. | - | 126.26 | - | - | - | - | 19.17 |
| 11 | Chemquest Trading (M) Sdn. Bhd. | - | 75.98 | - | - | - | - | - |
| 12 | Globechem Sdn. Bhd. | - | 26.40 | - | - | - | - | - |
| 13 | Nagase (Malaysia) Sdn. Bhd. | - | 7.30 | - | - | - | - | - |
| 14 | ST Chemicals Sdn. Bhd. | - | 152.50 | - | - | - | - | - |
| 15 | Tesway (M) Sdn. Bhd. | - | 52.45 | - | - | - | - | - |
| 16 | Kimia Pertama (M) Sdn. Bhd. | - | - | - | - | - | - | 98.80 |
| Total Import (B) | | 329.64 | 1,328.54 | 0 | 0 | 0 | 0 | 127.97 |

| | | | | | | | |
|-------------------|--------|--------|---------|---------|---------|-------|-------------|
| Difference | CFC-11 | CFC-12 | CFC-113 | CFC-114 | CFC-115 | CTC | 1,1,1 - TCA |
| A - B | 49.76 | 133.06 | 3.00 | 0 | 21.00 | 11.50 | 402.03 |

C. Reconciliation

| | | | | | | | |
|-----------------|---------------|-----------------|----------------|----------------|----------------|--------------|--------------------|
| | CFC-11 | CFC-12 | CFC-113 | CFC-114 | CFC-115 | CTC | 1,1,1 - TCA |
| Total Quota | 379.40 | 1,461.60 | 3.00 | 0 | 21.00 | 11.50 | 530.00 |
| Total Import | 329.64 | 1,328.54 | 0 | 0 | 0 | 0 | 127.97 |
| Reconciliation* | 49.76 | 133.06 | 3.00 | 0 | 21.00 | 11.50 | 402.03 |

D. Description Of Differences Of Quota And Actual Import

Unused quotas by importers and quantities reserved by MITI as "contingencies" make up the differences as follows:

| | | | | | | | | |
|--------------------------|-------------------------------------|--------------|---------------|-------------|----------|--------------|--------------|---------------|
| 1 | Aurora Chemicals Sdn. Bhd. | 0.08 | 0.04 | - | - | - | - | - |
| 2 | Daichem Ent. (M) Sdn. Bhd. | 0.01 | 0.01 | - | - | - | - | - |
| 3 | Keylargo (M) Sdn. Bhd. | 0.08 | 0.01 | - | - | - | - | - |
| 4 | Perusahaan Kimia Gemilang Sdn. Bhd. | 0.05 | - | - | - | - | - | - |
| 5 | Sing Swee Bee Sdn. Bhd. | - | 18.92 | - | - | - | - | - |
| 6 | Syarikat Carto Sdn. Bhd. | 1.44 | - | - | - | - | - | - |
| 7 | Texcarrier Industries Sdn. Bhd. | - | - | - | - | - | - | - |
| 8 | Unigas (M) Sdn. Bhd. | 0.09 | 0.05 | - | - | - | - | - |
| 9 | Westech Sdn. Bhd. | 1.53 | 41.48 | - | - | - | - | - |
| 10 | CCM Chemicals Sdn. Bhd. | - | 21.74 | - | - | - | - | 54.83 |
| 11 | Chemquest Trading (M) Sdn. Bhd. | - | 0.52 | - | - | - | - | - |
| 12 | Globechem Sdn. Bhd. | - | - | - | - | - | - | - |
| 13 | Nagase (Malaysia) Sdn. Bhd. | - | - | - | - | - | - | 22.00 |
| 14 | ST Chemicals Sdn. Bhd. | - | - | - | - | - | - | - |
| 15 | Tesway (M) Sdn. Bhd. | - | 5.55 | - | - | - | - | - |
| 16 | Kimia Pertama (M) Sdn. Bhd. | - | - | - | - | - | - | 1.20 |
| 17 | Contingencies | 46.48 | 44.74 | 3.00 | - | 21.00 | 11.50 | 324.00 |
| Total Differences | | 49.76 | 133.06 | 3.00 | - | 21.00 | 11.50 | 402.03 |

Note:

- i. Westech Sdn. Bhd. (No.9) has imported/used 26.72 metric tonnes in January 2003 out of the unused quota of 41.48 metric tonnes.
- ii. CCM Chemicals Sdn. Bhd. (No. 10) has imported 21.62 metric tonnes in January 2003 out of the unused quota of 21.74 metric tonnes.

**MALAYSIA ODS PHASE-OUT PROJECT : THE NATIONAL CFC
PHASE-OUT PLAN (NFCPP)**

PART III

**NOTE TO PROCEDURES FOR ISSUING IMPORT QUOTA AGAINST THE APPLICATION IMPORT
LICENSE AND IMPORT CONTROL**

1. INTRODUCTION

- 1.1 At the 35th Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol (ExCom) in December 2001, the Government of Malaysia, through the Department of Environment (DOE), has received a grant fund to implement the Malaysia National CFC Phase-out Plan (NFCPP) for the phased reduction and complete phase-out of the consumption of Annex A, Group I Chemicals (i.e. CFC); 1,1,1 - TCA; and Carbon Tetrachloride (CTC) in the country. The Malaysia NFCPP aims to reduce the negative impacts of the enterprises in light of the world trend and regulatory actions by applying a combination of regulations, monitoring and financial assistance and the program will be implemented through the World Bank.
- 1.2 The ExCom has agreed in principle that it will provide funds to support the activities on an annual basis if the Malaysia NFCPP completes the phase-out of the consumption of CFC; 1,1,1 - TCA; and CTC in the year 2010 and the maximum allowable consumption for CFC; 1,1,1-TCA; and CTC for the year 2002 are 1,855; 51; and 4.51 Ozone Depleting Potential metric tonnes (ODP mt) respectively. At the same time, the Government of Malaysia should ensure that the import control policy for ODS is in place and operational.

2. PROCEDURES FOR ISSUING IMPORT QUOTA AGAINST THE APPLICATION IMPORT LICENSE (EXECUTED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY)

MITI's control and procedures for issuance of import quota are as follows:

- i. Quota for the importation of ODS for the year will be based on the Malaysia NCF CPP.
- ii. Basing on the reduced quota (for example, a 6.8% reduction for CFC 11 for the year 2002 as quota for CFC 11 for the year 2001 and 2002 were 523.7 mt and 488.0 mt respectively), the Industry Services Division (ISD) of MITI needs to tabulate the quantity to be approved for each individual importer by reducing their approved quota for the year 2001 by 7%.
- iii. Quota approval can only be given to 19 importers only (that is existing importers at the time imports of CFC was frozen on 7 April 1994).
- iv. Before the end of the year, ISD should issue quota approved for the following year to all importers and a copy of the letter of approval should be submitted to the Trade Services Division (TSD) of MITI.
- v. TSD is required to maintain a Register/Ledger to control the issuance of Application Import Licence (Customs Form CD 69 Rev.1/2000) or Approved Permit (AP). The quantities approved for the year will be recorded in each individual importer's ledger.
- vi. The importer requires an AP issued by the TSD for every shipment/import of ODS and every AP issued needs to be recorded in the individual ledger to control the balance of quota for the year.
- vii. Applications for additional quota or transfer of quota for ODS items under Annex A can be considered but approval can only be given if the approved quota has been fully utilised and quantity set aside

under contingencies are still available. ISD will check and verify the register kept by TSD before deciding on the application.

viii. Importers are required to submit a report on actual imports of ODS for the year to ISD.

3. PROCEDURES FOR IMPORT CONTROL (EXECUTED BY THE ROYAL CUSTOMS DEPARTMENT)

3.1 The importation of ODS into Malaysia was effectively controlled from 1st June 1998 by the 2nd Schedule, Customs (Prohibition of Imports) Order, 1998. Since then, all importers of ODS requires an import licence from MITI and for every shipment/import, importers are required to furnish the Royal Customs Department with the AP issued by MITI.

3.2 During actual importation, the importers are required to furnish the Royal Customs Department with the AP issued by MITI, Declaration of Goods Imported Form (Customs No.1 Rev. 8/89) and the necessary supporting document to get such chemicals for importation into Malaysia.

3.3 The customs officer manning the ports or check points (for imports by road from Singapore) will endorse the license when goods are cleared through the Customs. Information will be kept at the Customs office and copies of the Declaration of Goods Imported forms (or soft copies if Customs Office has been computerised) will be sent to the Department of Statistics for data compilation. DOE will collect the data from the Department of Statistics and report the data on the ODS consumption to UNEP at the end of September every year.

4. PROCEDURES FOR AUDITING

4.1 Verification Of Process For Issuing Of Import Quota For The Year 2002

4.1.1 Audit examinations on the process and controls of issuing import quota by MITI for the year 2002 were carried out and the following were noted:

- i. Prior to the issuance of the quota for the year 2002, IDS requested for confirmation on the Malaysia NCF CPP for the year 2002 to 2010 from DOE (MITI's letter reference MITI:ID/BDI/E(S)664/22 dated 30 November 2001). That was to ensure any latest amendments regarding maximum allowable consumption level for Malaysia under the Montreal Protocol will be taken into consideration before decisions are made on the quota for the year 2002.
- ii. DOE confirms the maximum allowable consumption level for the year 2002 - 2010 through a faxed letter dated 11 December 2001.
- iii. Quota for each importer was correctly tabulated and all importers notified of their quota by 14 December 2001.
- iv. The register/ledger to control the issuance of AP was maintained properly by TSD and up to date. Supervising officers has carried out regular checks on the register.
- v. Importers had submitted their report on actual imports of ODS for the year to ISD.
- vi. The report on the import of ODS for the year 2002 has been prepared and submitted to DOE.

4.1.2 From audit examinations, we are satisfied that MITI has proper controls and adhered to the procedures of issuing import quota and approval of the application import licence.

4.2 Verification Of Quotas Issued To Importers

4.2.1 Verifications of quotas issued to the following 5 importers were carried out:

- i. CCM Chemicals Sdn. Bhd.
- ii. Daichem Enterprise (M) Sdn. Bhd.
- iii. Keylargo (M) Sdn. Bhd.
- iv. ST Chemicals Sdn. Bhd.
- v. Westech Sdn. Bhd.

4.2.2 As a result of audit verifications, the following were noted:

- i. The quota for each importer was correctly computed and recorded in the register.
- ii. All additional quota or transfer of quota were approved by the ISD and duly recorded in the register.
- iii. Total quantities in AP approved by TSD for each importer do not exceed the importer's yearly quota.

4.2.3 From audit examinations, we are satisfied that quotas issued to importers are done in accordance to procedures and the total quantities of ODS approved for import by MITI does not exceed the maximum allowable consumption level as stipulated by the Malaysia NCF CPP.

4.3 Verification Of Customs' Records And Documentation From Importers.

4.3.1 The import of ODS by the same 5 importers (paragraph 4.2.1) were verified to Customs' record and importers' documentation. Supporting documents verified are as follows:

i. **CCM Chemicals Sdn. Bhd.**

| No. | Type of Supporting Document Verified | | | Type of Controlled Substance | Quantity (mt) |
|-----------------------------------|--------------------------------------|--------------|--------------------|------------------------------|----------------|
| | Declaration No. | Invoice No. | Bill of Lading No. | | |
| 1 | B10104003521 | CKN-G1B-6492 | HSM100654 | CFC - 11 | 19.170 |
| TOTAL QUANTITY (111 - TCA) | | | | | 19.170 |
| 2 | B10102009654 | LK11044/EXP | PSHPKG02A0021 | CFC - 12 | 15.640 |
| 3 | B10103018813 | LK11175/EXP | KKLU852137561 | CFC - 12 | 14.3888 |
| 4 | B10103032057 | LK11190/EXP | PSHPKG02A0066 | CFC - 12 | 14.960 |
| 5 | B10104018532 | LK11260/EXP | 00LU41703640 | CFC - 12 | 25.0376 |
| 6 | B10104032056 | LK11278/EXP | TCTPLPKG021 | CFC - 12 | 14.960 |
| 7 | B10107004703 | LK11521/EXP | MOLU800306880 | CFC - 12 | 9.996 |
| 8 | B10107028826 | LK11601/EXP | PSHPKG02C6591 | CFC - 12 | 15.640 |
| 9 | J15-1-12006090/02 | B10711/03 | # | CFC - 12 | 1.7136 |
| 10 | B10111003032 | LK11975/EXP | SWPSHKG6621 | CFC - 12 | 15.640 |
| 11 | J15-1-01005717/03 | B10716/03 | # | CFC - 12 | 19.902 |
| TOTAL QUANTITY (CFC - 12) | | | | | 147.878 |

ii. **Daichem Enterprise (M) Sdn. Bhd.**

| No. | Type of Supporting Document Verified | | | Type of Controlled Substance | Quantity (mt) |
|----------------------------------|--------------------------------------|----------------------|--------------------|------------------------------|---------------|
| | Declaration Form No. | Invoice No. | Bill of Lading No. | | |
| 1 | B10101027427 | 737/2368/01-02 | BOMCB 2009231 | CFC - 11 | 16.800 |
| 2 | B10101027427 | 738/2369/01-02 | BOMCB 2009231 | CFC - 11 | 2.700 |
| 3 | B18104003875 | EX/FCD/4488 | SMND 2394 | CFC - 11 | 19.040 |
| 4 | B10105007263 | 040-042/2022-2024/02 | NSACB2010326 | CFC - 11 | 7.650 |
| 5 | B10106012703 | 259-260/2140-2141/02 | JNICB2010724 | CFC - 11 | 19.080 |
| 6 | B10109027113 | 604-605/2295-2296/02 | JNICB2012405 | CFC - 11 | 14.720 |
| TOTAL QUANTITY (CFC - 11) | | | | | 79.990 |
| 7 | B10105001797 | 029/2012/02-03 | NSACB2010233 | CFC - 12 | 16.320 |
| 8 | B10108029477 | M018/02 | MOLU800459250 | CFC - 12 | 16.864 |
| 9 | B10108016049 | 455/2232/02-03 | JNICB2011633 | CFC - 12 | 16.320 |
| 10 | B10112002825 | M043/02 | HLCULIV021106068 | CFC - 12 | 16.605 |
| 11 | J25-1-11022702/02 | 17521 | # | CFC - 12 | 10.88 |
| TOTAL QUANTITY (CFC - 12) | | | | | 76.989 |

iii. **Keylargo (M) Sdn. Bhd.**

| No. | Type of Supporting Document Verified | | | Type of Controlled Substance | Quantity (mt) |
|----------------------------------|--------------------------------------|-------------|--------------------|------------------------------|---------------|
| | Declaration Form No. | Invoice No. | Bill of Lading No. | | |
| 1 | B18103003666 | 1102900227 | 00962101 | CFC - 11 | 17.920 |
| TOTAL QUANTITY (CFC - 11) | | | | | 17.920 |
| 2 | B18104008441 | 1102100693 | NSAUSA430GNKL005 | CFC - 12 | 24.480 |
| 3 | B18104010629 | 1102100684 | NSAUSA430GNKL004 | CFC - 12 | 24.480 |
| 4 | B18105003561 | 1102100902 | NSAUPH433GNKL002 | CFC - 12 | 12.460 |
| 5 | B18105008061 | 1102100992 | NSAUTS435GNKL002 | CFC - 12 | 12.460 |
| 6 | B18105008060 | 1102100995 | NSAUTS435GNKL001 | CFC - 12 | 24.480 |
| 7 | B10106014601 | EX/FCD/4574 | SMND 2466 | CFC - 12 | 15.640 |
| 8 | B18107004892 | 1102101568 | APLU 701926634 | CFC - 12 | 24.480 |
| 9 | B18107004891 | 1102101568 | APLU 701926634 | CFC - 12 | 12.460 |
| 10 | B10108011618 | EX/FCD/4679 | SMND 2557 | CFC - 12 | 0.544 |
| 11 | B18109003378 | 2102100033 | APLU 701927698 | CFC - 12 | 12.460 |
| 12 | B10111027807 | EX/FCD/4787 | SMND 2834 | CFC - 12 | 4.8552 |
| 13 | B10112018518 | 20025158 | SHACB2117706 | CFC - 12 | 25.200 |
| TOTAL QUANTITY (CFC - 12) | | | | | 194.00 |

iv. **ST Chemicals Sdn. Bhd.**

| No. | Type of Supporting Document Verified | | | Type of Controlled Substance | Quantity (mt) |
|----------------------------------|--------------------------------------|-------------|--------------------|------------------------------|---------------|
| | Declaration Form No. | Invoice No. | Bill of Lading No. | | |
| 1 | J02042620 | S-SG-009642 | # | CFC - 12 | 4.500 |
| 2 | J02044834 | S-SG-009641 | # | CFC - 12 | 3.900 |
| 3 | B10103025311 | D-SC-010003 | NSACB2009729 | CFC - 12 | 15.640 |
| 4 | B10105002995 | D-SC-010309 | NSACB2010392 | CFC - 12 | 15.640 |
| 5 | B10108034470 | 3776 | HLCULIV020711378 | CFC - 12 | 9.520 |
| 6 | B18106000704 | 3658 | ZIMUFLX204812501 | CFC - 12 | 8.160 |
| 7 | J02050737 | S-SC-010781 | # | CFC - 12 | 6.188 |
| 8 | B10108021512 | D-SC-010946 | BOM/S-9156 | CFC - 12 | 14.960 |
| 9 | B10109012546 | D-SC-011090 | JNICB2012225 | CFC - 12 | 14.960 |
| 10 | B10110013468 | D-SC-011270 | JNICB2012653 | CFC - 12 | 14.960 |
| 11 | B10110019879 | D-SC-011298 | JNICB2012703 | CFC - 12 | 14.960 |
| 12 | B10110025937 | D-SC-011334 | JNICB2012907 | CFC - 12 | 14.960 |
| 13 | B10111004178 | D-SC-011426 | JNICB2013181 | CFC - 12 | 12.180 |
| 14 | J01013355 | S-SC-011528 | # | CFC - 12 | 1.972 |
| TOTAL QUANTITY (CFC - 12) | | | | | 152.5 |

v. Westech Sdn. Bhd

| No. | Type of Supporting Document Verified | | | Type of Controlled Substance | Quantity (mt) |
|----------------------------------|--------------------------------------|------------------------|--------------------|------------------------------|-----------------|
| | Declaration No. | Invoice No. | Bill of Lading No. | | |
| 1 | B10108016771 | WES/REF/0140 | KKLU 852139887 | CFC - 11 | 22.4000 |
| 2 | B10107029112 | 397-399/2206-2208/02 | JN1CB2011552 | CFC - 11 | 7.4700 |
| 3 | B10104018707 | 1076-1077/2491-2492 | NSACB2009995 | CFC - 11 | 3.2400 |
| 4 | B10103026293 | 960/2451/01-02 | NSACB2009905 | CFC - 11 | 20.1600 |
| TOTAL QUANTITY (CFC - 11) | | | | | 53.2700 |
| 5 | J15-1-12005452/02 | P10710/02 | # | CFC - 12 | 19.5976 |
| 6 | J15-1-01000168/03 | P10712/02 | # | CFC - 12 | 22.5080 |
| 7 | J15-1-01000167/03 | P10712/02 | # | CFC - 12 | .0136 |
| 8 | J15-1-01002554/03 | P10722/03 | # | CFC - 12 | 4.2024 |
| 9 | B10111019425 | 740/2356/02-03 | JN1CB 2013277 | CFC - 12 | 16.3200 |
| 10 | B18112005246 | 2005333/02 | GOAA 064841 | CFC - 12 | 10.1592 |
| 11 | B10110024374 | 676/2324/02-03 | JN1CB 2013126 | CFC - 12 | 19.0000 |
| 12 | B10110034785 | 694/2337/02-03 | JN1CB2012956 | CFC - 12 | 16.3200 |
| 13 | B18108009400 | 2003435 | GOAA061864 | CFC - 12 | 14.2800 |
| 14 | B10107022259 | 374-375/5/2194-2195/02 | JN1CB2011410 | CFC - 12 | 19.9000* |
| 15 | B10107029111 | 397-399/2206-2208/02 | JN1CB2011552 | CFC - 12 | 6.8000 |
| 16 | B18106008409 | 2002202 | GOAA060094 | CFC - 12 | 14.2800 |
| 17 | B18106003994 | 2001837 | GOAA059540 | CFC - 12 | 14.2800 |
| 18 | B18105005559 | 2001409 | GOAA058319 | CFC - 12 | 11.2000 |
| 19 | B18104010834 | 2001152 | GOAA058097 | CFC - 12 | 14.2800 |
| 20 | B10104018708 | 1076-1077/2491-2492 | NSACB2009995 | CFC - 12 | 10.8800 |
| 21 | B10104005041 | 995/2460/01-02 | NASCB2010049 | CFC - 12 | 19.3000 |
| 22 | B18104006147 | 2000803 | GOAA057396 | CFC - 12 | 14.2800 |
| 23 | B10102024924 | 860/2404/01-02 | BOMCB2000975 | CFC - 12 | 16.3200 |
| 24 | B10101024365 | 731/2367/01-02 | BOMSB2000713 | CFC - 12 | 19.8000 |
| TOTAL QUANTITY (CFC - 12) | | | | | 283.7208 |

Note:

- # - Import by land from Singapore (no Bill of Lading)
- * - Declaration Form declared 16.32 mt but actual and approved 19.9 mt.

4.4 Verification Of Department Of Statistics' Record

4.4.1 Department of Statistics will key in (or down load) data from Customs' record and a monthly report produced for submission to DOE. Basing on such reports, DOE prepares data on imports using Data Form 1 (UNEP/Ozl.Pro/Dataform97). However there are discrepancies between total imports of ODS from reports by MITI and Department of Statistics. The discrepancies are:

| Type of Controlled Substance | Quantities Imported For The Year 2002 | | |
|------------------------------|----------------------------------------|---------------------|-------------------|
| | Department of Statistics' record (kgs) | MITI's record (kgs) | Differences (kgs) |
| CTC | 0 | 0 | 0 |
| 1,1,1 - TCA | 129,173.40 | 127,970.00 | 1,203.40 |
| CFC 11 | 282,520.00 | 329,640.00 | (47,120.00) |
| CFC 12 | 1,322,954.62 | 1,328,540.00 | (5,585.38) |
| CFC 113 | 69.00 | 0 | 69.00 |
| CFC 114, & CFC 115 | 0 | 0 | 0 |

4.4.2 Possible reasons for the discrepancies could be explained when audit verifications were carried out to ensure imports of ODS by the same 5 importers (paragraph 4.2.1) are correctly taken up in the Department of Statistics' record. Two computer print-outs were provided by Department of Statistics for checkings. One was the record of manual data entries and the other, the down load of Customs' computerised data. Audit verifications of Department of Statistics' record revealed the following:

- i. Sixty nine (69) kilogrammes of CFC 113 (Customs' code 290343000) was shown as imported in Department of Statistics' report and no AP issued by MITI for such import. However, further investigation by Audit revealed that the imports were actually for R23 - Trifluoromethane and not CFC 113 (Trichlorotrifluoethane). The forwarding agent who clears the import for the importer has mistakenly declares R23 as CFC 113 (Customs' code of 290343000). The relevant import declaration forms are:

| No. | Importer | Customs No. 1 Rev.8/90 | Date of Import | Quantity (kgs) |
|-----------------------|---------------------------------|---------------------------|-------------------|-------------------|
| 1 | Texcarrier Industries Sdn. Bhd. | J15010033660102 | 15.01.02 | 60.00 |
| 2 | Texcarrier Industries Sdn. Bhd. | J15112000093301 | 31.12.01 | 9.00 |
| Total Quantity | | | | 69.00 |

- ii. 7 imports totalling 122.3216 metric tonnes were not captured in the Department of Statistics's record. They are:

| No. | Importer | Declaration Form No. | Type of ODS | Quantity (mt) |
|-----------------------|----------------------------|----------------------|----------------|------------------|
| 1 | Daichem Ent. (M) Sdn. Bhd. | B10105001797 | CFC 12 | 16.3200 |
| 2 | Daichem Ent. (M) Sdn. Bhd. | B10108029477 | CFC 12 | 16.8640 |
| 3 | Daichem Ent. (M) Sdn. Bhd. | J25-1-11022702/02 | CFC 12 | 10.8800 |
| 4 | Keylargo (M) Sdn. Bhd. | B18107004892 | CFC 12 | 24.4800 |
| 5 | Westech Sdn. Bhd. | J15-1-12005452/02 | CFC 12 | 19.5976 |
| 6 | Westech Sdn. Bhd. | B10107022259 | CFC 12 | 19.9000 |
| 7 | Westech Sdn. Bhd. | B18104006147 | CFC 12 | 14.2800 |
| Total Quantity | | | | 122.3216 |

- iii. An import of 17.92 metric tonnes of CFC 11 (Customs' code 290341000) by Keylargo (M) Sdn. Bhd. was wrongly declared by the forwarding agent as CFC 12 (Customs' code 290342000). Import Declaration form B181030003666 is relevant.
- iv. An import of 14.28 metric tonnes of CFC 12 by Westech Sdn. Bhd. via Import Declaration form B18106008409 was erroneously captured by Department of Statistics as 17.43 metric tonnes which happens to be the gross tonnage imported.

4.2.3 From the above audit examinations, we are of the opinion that DOE should not use secondary data from Department of Statistics report alone without verifications. As the monitoring agency, DOE should reconcile total quantities imported as reported by Department of Statistics and MITI. Further investigations should then be carried out for any discrepancy.



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Ruj. Tuun

Ruj. Kam 91420/004/009

Tarikh 19 May 2003

The World Bank
Thailand Office
14th Floor, Tower A, Diethelm
93/1 Wireless Road
BANGKOK 10330 THAILAND

Dear Mr. Gorman,

SUBMISSION LETTER

have the honor to refer to the above-mentioned subject.

The National Ozone Unit of the Department of Environment, which is empowered by the Government of Malaysia to undertake the implementation of ODS phaseout activities in Malaysia to fulfill obligation under the Montreal Protocol, would like to request the World bank to seek financial assistance (the 3rd tranche of National CFC Phaseout Plan 2,013,100 USD) from the Executive Committee at its 40th Meeting.

The enable the World Bank to submit such request to the Executive Committee, we are pleased to submit the 2003 Annual Work Programme and Audit Report on Verification of CFC Consumption as enclosed herewith.

Should you require any further clarification, please don't hesitate to contact our Ozone Protection Unit.

Thank you very much for your kind cooperation

Your sincerely

(ISMAIL ITHNIN)
for the Director General of Environment

(Sila catatkan rujukan Jabatan ini apabila berhubung)