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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Forty-first Meeting  
Montreal, 17 -19 December 2003

**OVERVIEW OF ISSUES IDENTIFIED DURING PROJECT REVIEW**

## **Projects and activities presented to the 41<sup>st</sup> Meeting**

### Submissions by Implementing and Bilateral Agencies

1. The total value of multi-year agreements (all tranches), projects and activities received by the Fund Secretariat from implementing and bilateral agencies is US \$326,834,086 (including agency support costs where applicable). The requested level of funding to be considered for approval at the 41<sup>st</sup> Meeting amounts to US \$115,892,322 for annual tranches of multi-year agreements, projects, and activities.

### Secretariat's review of proposed projects and activities

2. The review by the Fund Secretariat of proposals for the funding of projects and activities has resulted in a recommendation for blanket approval of 87 annual tranches, projects and activities amounting to US \$11,446,527. 25 investment projects and other activities with a total value of US \$43,823,853 have been withdrawn or deferred, including projects which did not provide adequate information or the eligibility of which was in doubt.

3. The incremental costs of investment projects and annual tranches of sector plans and national phase-out plans, with a total value of requested funds amounting to US \$55,268,151 have been agreed with the relevant implementing agencies, and are submitted for individual consideration in keeping with past practice.

### Status of the Fund

4. At the time of preparation of this paper, Multilateral Fund resources available for commitment amount to some US \$127.1 million.

## **Issues arising from project review**

### Projects for accelerated phase-out or maintaining momentum

5. At its 40th Meeting, the Executive Committee established the criteria for determining the funding that could be allocated to a window for projects that involved accelerated phase-out or maintaining momentum and the criteria for assessing whether projects met the requirements to access the funding window (Decision 40/7). Projects received by the Secretariat which involved accelerated phase-out or maintaining momentum are as follows, and their covering pages are attached to this document (Annex I):

- CFC phase-out plan for the refrigeration manufacturing industry in Bolivia
- Halon consumption phase-out in Chile. Part A: technical assistance programme. Part B: halon recycling and recovery equipment
- Phase-out of methyl bromide in the production of cut flowers at Primavest, Gypso and Latitude 0 Farms in Ecuador

- Sector plan for the phase-out of CFC-12 consumption in the Indian refrigeration and air conditioning service sector (first tranche) in India
- National plan for phasing out the use of CFC in the aerosol sector through a combination of policies, technical assistance, and enterprise investment initiatives in Indonesia
- Phase-out of residual CFCs in the foam sector in Indonesia
- National compliance action plan for Sri Lanka

6. Funds that could be allocated to the funding window for accelerated phase-out will be provided principally from amounts included in 2003 business plans but not eventually approved in 2003. The possible size of the window will therefore not be known until the outcome from the year 2003 is known: that is, when the Executive Committee has taken decisions on the approval of projects at the 41st Meeting. Since no decision has yet been taken on the level of funding to be allocated to the window, the projects that might be funded from it have not been submitted for consideration at this meeting.

7. The Secretariat will attempt to calculate for the Sub-Committee on Project Review, prior to the conclusion of its meeting, an estimate of the likely available funding that could be allocated to the window in accordance with Decision 40/7 on the basis of the recommendations the Sub-Committee has made, so that the Executive Committee can provide guidance on the size of the window, on the inclusion of projects under Decision 40/7, including those listed above, in 2004 business plans, and on the opening of the window at the 42<sup>nd</sup> Meeting.

8. Moreover, several projects that were included in the 2003 business plans have not been submitted in 2003. Activities included in the 2003 business plan were identified based on compliance needs in the 3-year ODS phase-out plan. Since the compliance needs may still exist, funding for the projects may still be sought through 2004 or 2005 business plans. The Executive Committee may wish to consider the allocation of funding to the window for accelerated phase-out or maintaining momentum in the light of these ongoing but delayed compliance needs.

#### Projects submitted under bilateral cooperation

9. A National Compliance Action Plan for Sri-Lanka prepared by Japan as bilateral cooperation is included in the list of projects involving accelerated phase out or maintenance of momentum as indicated above. However, as per Japan's statement at 40th Meeting contained in Annex II of the Report of the 40th Meeting (UNEP/OzL.Pro/ExCom/40/50), Japan has indicated it considers that restrictions on the funding of projects for accelerated phase-out embodied in the Decision 40/7 should not apply to bilateral cooperation projects. This position has not been adopted by the Executive Committee and could not, therefore, be considered as guidance on review or submission of projects to the 41st Meeting. In accordance with Decision 17/18 of the Executive Committee, the coversheet for project proposal for Sri Lanka is attached to allow for consideration of the policy issue raised by the Government of Japan.

#### Consideration in 2004 of projects originating in 2003 business plans

10. An RMP update/ national ODS phase-out plan for Bangladesh prepared by UNDP was not submitted in time for consideration at 41st Meeting. On the basis of the latest Article 7

consumption data submitted, Bangladesh may need assistance to phase out some 230 tonnes to achieve its 2005 and 2007 CFC compliance targets. Similarly, Nigeria indicated that it would not be able to submit its solvent sector phase-out plan in time for the 41<sup>st</sup> Meeting, but would like to submit the project to the 42<sup>nd</sup> Meeting since early implementation was critical to Nigeria's efforts to achieve the 85 percent reduction in CTC consumption by 2005.

11. Under the business planning approach arising from the three-year phase-out plan of the Fund, a carryover of business plan projects to the following year is not envisaged. Therefore, any project not considered in 2003 will need to be reprogrammed for either the 2004 or 2005 business plan. Currently, apart from multi-year agreements scheduled for consideration at the first meeting of the year, projects in the 2004 business plans would not be submitted until the second meeting of the year (43<sup>rd</sup> Meeting) following endorsement of the business plans at the first meeting of the year (42<sup>nd</sup> Meeting). The Executive Committee may wish to consider if activities not submitted in 2003 and subsequently included in the 2004 business plan could be considered for funding at the first meeting of the year, concurrently with consideration of the business plan for that year, taking into account that unspent 2003 business plan funds may be allocated to the special funding window for accelerating phase-out and maintaining momentum.

#### Projects for phase-out of bromochloromethane (BCM): ratification of Beijing amendment

12. Argentina has submitted a solvent sector phase-out plan containing a BCM project. The BCM application was included in the interim as a process agent use by a decision of the Parties at their XV<sup>th</sup> Meeting. Argentina has not yet ratified the Beijing amendment and so BCM is not yet a controlled substance for Argentina. The Executive Committee requires a statement of intention to ratify the Copenhagen Amendment within 9 months as a pre-requisite for considering projects in the methyl bromide sector. The Executive Committee may wish to consider whether a similar provision ought to apply to ratification of the Beijing Amendment as a pre-requisite for projects concerning the phase-out of bromochloromethane.

#### Bilateral co-operation in multi-year agreements

13. In the proposed CTC sector plan in India, Germany plans to credit funds proposed for approval in 2004 and 2005 to its 2006-2008 bilateral cooperation contributions. Germany has already provided a 2003-2005 business plan that exceeds the maximum of its bilateral for the 2003-2005 triennium by almost US \$7.9 million. The financial rules of the Fund require "no commitments shall be made in advance of the receipt of contributions" (Terms of Reference of the Multilateral Fund UNEP/OzL.Pro.4/15 Annex IX). Although contributing Parties are allowed to specify the year of their contribution, contributions are currently specified for previous years of the existing triennium since any balance of contributions is considered as part of the carryover for the new triennium. Parties have not so far received bilateral cooperation credit in advance of the year of contribution.

14. Moreover, the German proposal appears to require commitment in advance of a decision on a replenishment of the Fund. This raises additional issues since there are no pledged contributions for the period beyond the current triennium 2003-2005 and without a pledged amount, the maximum level of bilateral contributions cannot be determined. The Executive Committee may wish to consider whether bilateral cooperation funding could be committed in

principle to future years within the triennium and any circumstances where such contributions could be committed in advance of an agreed level for the next replenishment of the Multilateral Fund.

#### Methodology for assessing multi-year progress reports and technical audits

15. As noted in the document on the Work of the Sub-Committees (UNEP/OzL.Pro/ExCom/41/79), there are no uniform criteria for assessment of performance and the verification and audit processes that are part of multi-year agreements' requests for annual tranche funding. The progress reports and technical audits received by the Fund Secretariat vary in detail. The Secretariat currently reviews these reports and audits to ascertain if the targets were met and performance was verified. Important criteria include the level of independence and authority of the agent conducting the performance verification, and the methodology for conducting the assessment, including the level of detail of the audit, for instance, government import/consumption data, or importers' data or enterprise level data. Some agreements and annual tranches specify detailed actions that the implementing agency will take while others do not describe the responsibilities of the agencies vis-à-vis the responsibilities of the country to achieve and verify the agreed levels of consumption, phase-out, and/or production. The Executive Committee may wish to request the Fund Secretariat in cooperation with the implementing agencies with multi-year agreements to develop criteria for the assessment of the progress reports and verification audits of multi-year agreements with the goal of submitting a paper to the 43<sup>rd</sup> Meeting for the consideration of the Executive Committee.

#### Projects with data discrepancies: implementation of Decision 34/18

16. In the course of reviewing proposals for investment projects submitted to the 41<sup>st</sup> Meeting, it was found that data discrepancies between the consumption remaining to be addressed in the relevant sector or sub-sector and the consumption to be phased out in the project, existed in 3 projects (Annex II).

17. As required in sub-paragraph (b) of Decision 34/18, relevant details of these projects are listed for the information of the Executive Committee in a table in Annex II to this document. As required by sub-paragraph (a) of the decision, the projects have not been submitted.

18. These data discrepancies have effectively prevented a project from being submitted. It would appear that during project preparation the relevant co-ordination with the National Ozone Unit to compare the latest Article 7 consumption data, the sectoral data reported to the Secretariat and the level of consumption requested for the project may not have taken place. The Executive Committee may wish to consider requesting agencies to ensure that they have verified with the National Ozone Unit the consistency of Article 7 data, the country programme implementation data and the project phase-out data, prior to conveying projects to the Secretariat for review.

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**41<sup>st</sup> Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol**

**COUNTRY:** Bolivia **IMPLEMENTING AGENCY:** UNDP  
**PROJECT TITLE:** CFC Phaseout Plan for the Refrigeration Manufacturing Industry  
**PROJECT IN CURRENT BUSINESS PLAN** : Yes  
**SECTOR** : Refrigeration  
**ODS USE IN SECTOR**  
Baseline (1995-97) : 56.9 ODP tons  
Current (2001) : 82.2 ODP tons (as per Government reporting)  
**ODS USE AT PARTICIPANTS (2000)** : 5.8 ODP tons  
**PROJECT IMPACT (ODP to be eliminated)** : 5,8 ODP tons  
**REMAINING ODS USE IN SECTOR** : 45.6 (mainly related to RAC servicing)  
**PROJECT DURATION** : 36 Months

**PROJECT COSTS (in US\$):**

	Total	2003	2004	2005	2006
Resulting ODP Phaseout:	5.8	0	0	0	5.8
Management/Technical Assistance	62,500	0	30,000	30,000	2,500
Individual Enterprises Group Project	137,265	0	45,640	91,625	--
Contingencies	11,010	0	7,760	3,000	250
<b>Total Project Cost</b>	<b>210,775</b>	<b>0</b>	<b>83,400</b>	<b>124,625</b>	<b>2,750</b>

**LOCAL OWNERSHIP:** 100 %  
**EXPORT COMPONENT:** 0  
**REQUESTED MLF GRANT:** US\$ 210,775  
**IMPLEMENTING AGENCY SUPPORT COST:** US\$ 18,970  
**TOTAL COST OF PROJECT TO MLF:** US\$ 229,745  
**OVERALL COST-EFFECTIVENESS:** US\$ 24.54/kg ODP (LVC: no threshold applicable/investment only)  
**STATUS OF COUNTERPART FUNDING:** Individual commitment letters included  
**PROJECT MONITORING MILESTONES:** Included  
**NATIONAL COORDINATING AGENCY:** Bolivian Government Ozone Protection Unit (COGO)

**PROJECT SUMMARY**

Under this project all CFC-12 and R502 consumption in the Commercial Refrigeration Manufacturing (CRM) sector in Bolivia will be phased out. This will be implemented through regional technical assistance programs. The project covers technology conversion in 28 enterprises and ensures timely, sustainable and cost-effective phaseout through a combination of investment, technical support and policy/management support components. All participants are active in servicing as well. This activity will be covered through a segment of the Refrigeration Management Plan (RMP). The RMP and the CRM plans will be implemented in close coordination to avoid any duplication of activities. The total incremental costs and the requested grant for this plan are US\$ 210,775.

**IMPACT OF PROJECT ON COUNTRY'S MONTREAL PROTOCOL OBLIGATIONS**

This project will allow Bolivia to complete its obligations for the refrigeration manufacturing sector with the Montreal Protocol, eliminating the use of CFCs in this application

Prepared by: COGO/Bert Veenendaal/Mary Courtney  
Reviewed by: Dr. Lambert Kuypers

Date: September 2002/October 2003  
Date: September 2002

41st Meeting of the Executive Committee of the Multilateral Fund for the Implementation  
of the Montreal Protocol

<b>COUNTRY</b>	CHILE
<b>IMPLEMENTING AGENCY</b>	The World Bank
<b>PROJECT TITLE</b>	HALON CONSUMPTION PHASE OUT IN CHILE PART A: TECHNICAL ASSISTANCE PROGRAM PART B: HALON RECYCLING AND RECOVERY EQUIPMENT
<b>PROJECT IN CURRENT BUSINESS PLAN</b>	Yes (2003 Business Plan)
<b>SECTOR/SUBSECTOR</b>	FIRE PROTECTION - HALON
<b>ODS USE IN SECTOR</b> Current consumption(2000):	0
<b>ODS CONSUMPTION AT CHILE [1994]</b>	9.81 MT Halon 1211 1,82 MT Halon 1301
<b>PROJECT IMPACT</b>	26.25 MT Halon 1301 11.70 MT Halon 1211
<b>PROJECT DURATION</b>	30 MONTHS
<b>TOTAL PROJECT COSTS:</b>	
TECHNICAL ASSISTANCE	USD 14,300
INVESTMENT CAPITAL COSTS(R&R)	USD 41,550
CONTINGENCIES -10%	USD 4,150
<b>TOTAL PROJECT COSTS</b>	<b>USD 60,000</b>
<b>LOCAL OWNERSHIP</b>	100 %
<b>EXPORT COMPONENT</b>	0 %
<b>REQUESTED GRANT</b>	<b>USD 60,000</b>
<b>IA SUPPORT COSTS</b>	USD 4,500
<b>TOTAL COST OF PROJECT TO MLF</b>	<b>USD 64,500</b>
<b>COST EFFECTIVENESS</b>	N/A
<b>STATUS OF COUNTERPART FUNDING :</b>	Committed
<b>PROJECT MON. MILESTONES INCL.</b>	Yes
<b>NATIONAL COORDINATING AGENCY</b>	CONAMA

**PROJECT SUMMARY**

The project incorporates a National Halon Management Program ,including technical assistance and the installation of a Halon Recovery and Recycling equipment to phase out Halon 1301 and 1211 in Chile in the most effective and environmental friendly manner. This project would assisted to implement sustainable alternatives to Halon 1301 and 1211 in applications not considered critical in terms of country's needs. Also the project would support to manage the recovered halon 1301and 1211 to serve existing critical installations during the equipment's lifetime. The project is an integral part of the overall approach towards the phase out of the consumption and use of Halons in Chile, besides a framework regulation to control Halon imports and use. It includes two stages (i) setting up a Technical Assistance Program to elaborate overall Halon Management Programme including regulations and adequate training/education activities, (ii) the establishment of a national H-1301/1211 recycling and recovery system and clearing-house activities to register and monitor of Halon in the country.

**IMPACT OF PROJECT ON COUNTRY'S MONTREAL PROTOCOL OBLIGATIONS**

**PROJECT COVER SHEET**

**COUNTRY:** Ecuador **IMPLEMENTING AGENCY:** The World Bank

**PROJECT TITLE:** Phase out of Methyl Bromide in the production of cut flowers at PRIMAVEST, GYPSO and LATITUDE 0° FARMS in Ecuador

**PROJECT IN CURRENT BUSINESS PLAN:** Yes  
**SECTOR / SUB-SECTOR:** Methyl Bromide in the cut-flower sector

**ODS USE IN SECTOR:** 2000-2002 avg.: 296.08 MT (177.65 ODP tons)  
**BASELINE:** 1995-98 avg: 66.2 ODP tons  
**ODS USE AT ENTERPRISES (12 months):** 28.32 MT (17 ODP tons)  
**PROJECT IMPACT:** 28.32 MT (17 ODP tons) (25.6% from baseline)  
**PROJECT DURATION:** 24 months

**PROJECT COSTS:**

Incremental Capital Cost	US\$ 382,781.50
Incremental Operating Cost	US\$ 27,383.43
Contingency (10%)	US\$ 38,278.15
Technical assistance	US\$ 15,000.00
Total Project Cost	US\$ 463,443.08

**LOCAL OWNERSHIP:** 100%, 100% & 85% respectively  
**EXPORT COMPONENT:** 74.04%  
**REQUESTED MLF GRANT:** US\$ 433,310.36  
**IA SUPPORT COST (7.5%):** US\$ 32,498.277  
**TOTAL COST OF PROJECT TO MLF:** US\$ 465,808.64  
**COST EFFECTIVENESS:** 25.5 US\$ / kg ODP  
**COUNTERPART FUNDING:** Commitment Letters attached  
**PROJECT MONITORING MILESTONES:** Included  
**NATIONAL COORDINATING AGENCY:** Ministerio de Comercio Exterior, Industrialización, Pesca y Competitividad (MICIP)

**PROJECT SUMMARY**

The project is designed to completely phase out the use of Methyl Bromide at PRIMAVEST, GYPSO and LATITUDE 0° FARMS, with an overall annual consumption of 28.32 metric tons (17 ODP tons) of this fumigant. In 2002, the companies' consumption of MeBr represented 35.3% of the country's consumption, and 6.3% during the period 2000-2002. These companies have performed extensive research to find effective and feasible alternatives for replacing the use of Methyl Bromide. At PRIMAVEST and GYPSO, through the evaluation of alternatives, the use of soil disinfection with steam proved to be the most suitable replacement. LATITUDE 0° FARMS has developed the Integrated Crop Management System, a method of crop-rotation, nematicides, organic amendments and soil-solarization. This project is part of Ecuador's Country Program and is in the current Business Plan. It builds on a World Bank MB phase-out project, currently being implemented at Plantador in Ecuador, which is scheduled to eliminate 37.2 ODP tons MB and thereby reduce national MB consumption to 29 ODP tons by January 2005.

**IMPACT OF PROJECT ON COUNTRY'S MONTREAL PROTOCOL OBLIGATIONS**

Once the implementation is completed, an additional 28.32 MT of Methyl Bromide will be eliminated in the cut flower sector in Ecuador. The companies' consumption represented 35.3% of the use of Methyl Bromide in the country in 2002, and 6.3% during the period 2000-2002. This leaves 12 ODP tons MB remaining after completion of the projects.

Prepared by: Consultora Govdesign, H. Terraza, R. Aiello  
OORG review: Melanie Miller

date:  
Date: October 21, 2003



**PROJECT COVER SHEET**

<b>COUNTRY:</b>	India
<b>IMPLEMENTING AGENCY:</b>	Germany (Lead) Switzerland, UNDP, UNEP
<b>PROJECT TITLE:</b>	Sector Plan for the Phase-Out of CFC-12 Consumption in the Indian Refrigeration and Air Conditioning Service Sector / Final CFC consumption phase-out plan
<b>PROJECT IN CURRENT BUSINESS PLAN(s):</b>	Included in Business Plans 2002, 2003
<b>SECTOR/SUB-SECTOR</b>	Refrigeration / Service
<b>ODS USE IN SECTOR [year]:</b>	1502 ODP tons [2001]
<b>PROJECT IMPACT</b>	Total Phaseout of CFC-12 consumption in the refrigeration service sector: 1502 ODP tonnes of consumption; of that eligible: 876.2 ODP tons
<b>REMAINING ODS USE IN SECTOR [2010]:</b>	0
<b>PROJECT DURATION:</b>	84 Months
<b>PROJECT COSTS (MLF related part of project):</b>	
Incremental Capital Cost as per proposal	US\$ 21,696,324
Incremental Operating Cost	US\$ 0
Contingency (10%)	Included above
Share of remaining tons eligible for funding of consumption in sub-sector	58.34 %
Remaining eligible project cost	US\$12,656,670
<b>LOCAL OWNERSHIP:</b>	100 %
<b>EXPORT COMPONENT:</b>	0%
<b>REQUESTED MLF GRANT:</b>	US\$ 12,656,670 (to be released in tranches for the entire sector plan)
<b>IMPLEMENTING AGENCY SUPPORT COST:</b>	US\$ 1,216,993 (entire sector plan)
<b>TOTAL COST OF PROJECT TO MLF:</b>	US\$ 13,873,663 (entire sector plan)
<b>OVERALL COST-EFFECTIVENESS (MLF PART)</b>	US\$ 8.42/ kg ODP US\$ 14.44/kg eligible ODP
<b>ADDITIONAL FUNDING:</b>	Government of Switzerland (task specific) Equivalent services value: US\$ 1'250'869
<b>PROJECT MON. MILESTONES INCLUDED:</b>	Yes
<b>NATIONAL COORDINATING AGENCY:</b>	Project Coordinator / Ozone Cell, MoEF

**PROJECT SUMMARY**

This phase-out plan, being the last MLF funded undertaking dealing with CFC consumption, will support the Government of India in eliminating entirely India's CFC consumption. The remaining consumption in the service sector will be dealt with in one component of the plan through a number of training and equipment support measures enabling good practice and retrofit. Expected natural retirement of equipment will further support reduction in CFC-12 consumption. Starting with a significant outreach effort, the component implementation will last until 2009. A second component, the policy and customs training strategy, will provide much-needed assistance to the Government of India to ensure optimum outreach of all measures and will be finished in 2007. Any other funding necessities for remaining CFC consumption in India would be covered under this or other, already approved sector plans through the flexibility provided through the agreements between the Government of India and the MLF.

**IMPACT OF PROJECT ON COUNTRY'S MONTREAL PROTOCOL OBLIGATIONS**

The project will entirely phase out CFC consumption in India.

Component Service Sector Strategy: Prepared by: S. Sicars, GTZ-consultant (lead), in cooperation with MoEF, Switzerland, UNDP, UNEP, local experts and stakeholders:

Aug. 18, 02, updated April 15<sup>th</sup>, 03 and September 10<sup>th</sup>, 05; Reviewed by Martien Janssen, Re/Gent Consultancy, The Netherlands on Aug. 23, 02

Component Policy and Customs Training: Prepared by UNEP in cooperation with MoEF, local experts and stakeholders

## PROJECT COVER SHEET

**COUNTRY:** Indonesia **IMPLEMENTING AGENCY:** The World Bank

**PROJECT TITLE** National plan for phasing out the use of CFC in the Aerosol sector through a combination of policies, technical assistance, and enterprise investment initiatives

**PROJECT IN CURRENT BUSINESS PLAN:** YES

**SECTOR:** Aerosols

**SUB-SECTOR COVERED:**  
ODS used CFC-11; CFC 12, & CFC 113 Before: 220 tons After: 0 tons

**NATIONAL ODP CONSUMPTION :**  
Latest reported national consumption [Y 2001]: 5,297 tons ODP  
Remaining Unfunded national ODP consumption Before: tons ODP After: tons ODP

**PROJECT IMPACT :** 240 tons ODP

**PROJECT DURATION:** Until January 1, 2010

**PROJECT COSTS: (total and full costs of the project)**

Incremental Capital Cost	US\$ 820,000.00
Contingency (10%)	US\$ 82,000.00
Technical Assistance	US\$ 222,700.00
Project Management Unit	US\$ 80,000.00
Total Project Cost	US\$ 1,204,700.00

**LOCAL OWNERSHIP:** 100 %

**EXPORT COMPONENT:** 0%

**REQUESTED MLF GRANT:** US\$ 1,204,700.00

**IA SUPPORT COSTS:** [7.5% %] US\$ 90,352.50

**TOTAL COST OF PROJECT TO MULTILATERAL FUND:** US\$ 1,295,052.50

**COST EFFECTIVENESS:** Technical Assistance \$8.99/kg Investment Component \$4.60/kg.

**COUNTERPART FUNDING:** The government is committed to implement to Aerosol sector plan as presented in this proposal.

**PROJECT MONITORING MILESTONES:** Included

**NATIONAL COORDINATING AGENCY:** Ministry for Environment of Indonesia

### EXISTING PROJECT SUMMARY

The objective of this Aerosol Sector Plan is to eliminate the national consumption of CFCs in aerosols by 1 January 2009 through a combination of policy actions, awareness creating activities, technical assistance programs and direct investment enterprise initiatives to aerosol fillers. The implementation of aerosol sector plan would be managed by an integrated Project Management Unit (PMU) under the National Ozone Unit (NOU). To maximize effective implementation of the program, specific activities shall be subcontracted to specialized agencies and experienced institutions.

### IMPACT OF THE PROJECT ON COUNTRY'S MONTREAL PROTOCOL OBLIGATIONS:

The proposal is part of an overall national phase-out plan and will assist Indonesia in implementing its Country Program Update as presented to ExCom and endorsed (Decision ) and will lead to a complete phase-out of the use of CFCs in the Aerosol sector. The requested funding is consistent with ExCom policies and guidelines and the requested funding is based on the remaining unfounded eligible CFC consumption in Indonesia.

Prepared by : Geno Nardini  
Reviewed by : Harry Mc Cain

Date: September 2003  
Date: September 2003

**PROJECT COVER SHEET**

**COUNTRY:** Indonesia **IMPLEMENTING AGENCY:** The World Bank

**PROJECT TITLE:** PHASEOUT OF RESIDUAL CFCs IN THE INDONESIAN FOAM SECTOR

**PROJECT IN CURRENT BUSINESS PLAN:** YES

**SECTOR:** Foam

**SUB-SECTORS COVERED:** Rigid (RPF), Integral skin (ISF)

**ODS USE IN SECTOR: (2001)** 2,651 MT ODP

**PROJECT IMPACT:** 352.3 MT ODP

**PROJECT DURATION:** 5 years

**PROJECT COSTS:**

<b>Investment Costs:</b>	<b>US\$ 4,248,740</b>
<b>Management Costs:</b>	<b>US\$ 345,400</b>
<b>TOTAL:</b>	<b>US\$ 4,593,740</b>

**LOCAL OWNERSHIP:** 100 %

**EXPORT COMPONENT:** 0

**REQUESTED GRANT:** US\$ 3,861,229 (\$3,515,829 investment; \$345,400 non-investment)

**TA SUPPORT COSTS:** US\$ 289,592

**TOTAL COST OF PROJECT TO MLF:** US\$ 4,150,821

**COST EFFECTIVENESS (weighted average):** US\$ 9.72/kg ODP (composite threshold US\$ 9.72/kg ODP)

**STATUS OF COUNTERPART FUNDING:** N/A

**PROJECT MONITORING MILESTONES:** INCLUDED

**NATIONAL COORDINATING AGENCY:** Ministry of Environment of Indonesia

**PROJECT SUMMARY**

With the completion of this sector plan, all CFC-11 consumption in the foam sector in Indonesia will be eliminated. The funding request targets the remaining eligible consumption of CFC-11, and will be carried out through a series of annual programs. In conjunction with presently ongoing foam projects, this project will result in complete phaseout of CFC-11 use for foam applications in Indonesia by the end of 2007. Investment projects are included for 23 rigid foam and 10 integral skin foam enterprises. The plan proposes to replace present ODS-based technology with a combination of non-ODS and, where not feasible, low-ODS technologies (water-based (CO<sub>2</sub>) and HCFC-141b). A Technical Service Support program includes workshops to effect conversion at enterprises too small for investment projects. Conversion projects will be accompanied by associated policy actions to ensure that the phaseout proceeds on schedule, and that ineligible enterprises are also compelled to stop use of CFC-11. An action plan indicating annualized phaseout targets is included in the proposal.

**IMPACT ON THE COUNTRY'S MONTEAL PROTOCOL OBLIGATIONS**

This project will allow Indonesia to complete its obligations for the foam sector with the Montreal Protocol, eliminating the use of CFCs in the production of polyurethane foam.

**Prepared by:** Edrola/Rappa  
**Reviewed by:** Dr. Mike Jeffs, OORG Technical Reviewer

**Date:** December, 2002  
**Date:** February, 2003

## PROJECT COVER SHEET

<b>Country</b>	:	The Democratic Socialist Republic of Sri Lanka
<b>Name of Project</b>	:	National Compliance Action Plan
<b>Project in Current Business Plan</b>	:	Yes
<b>Sectors Covered</b>	:	Refrigeration and Halon
<b>Sub Sector</b>	:	Servicing
<b>ODS Use in Sub-Sector (2001 Reported data)</b>	:	Refrigeration 190.1 ODP Tonnes Halon 0 ODP Tonnes (funding is requested based upon ExCom Decision 18/22) Solvent 30 ODP Tonnes Methyl bromide 4 ODP Tonnes
<b>Eligible Project Impact (ODS to be eliminated)</b>	:	Refrigeration 152.7 ODP Tonnes ( <i>Difference will be phased out through ongoing projects and legislation</i> ) Halon 0 ODP Tonnes (funding is requested based upon ExCom Decision 18/22) Solvent 0 ODP Tonnes Methyl bromide 0 ODP Tonnes
<b>Project Duration</b>	:	Till Dec. 2009
<b>Project Costs</b>		
<b>Incremental Capital Cost</b>	:	\$2,881,000
<b>Contingency</b>	:	Included in Incremental Capital Cost
<b>Incremental Operating Cost</b>	:	\$0
<b>Total Project Cost</b>	:	\$2,881,000
<b>Requested Grant</b>	:	\$2,881,000
<b>Implementing Agency Support Cost</b>	:	UNDP \$145,725 (as 7.5 % of project costs) UNEP \$121,940 (as 13 % of project costs)
<b>Total Cost of Project to Multilateral Fund</b>	:	\$3,148,665
<b>Local Ownership</b>	:	100%
<b>Export Component</b>	:	Refrigeration 0 % Halon 0 % Solvent 70 % Methyl bromide 0 %
<b>Cost Effectiveness</b>	:	\$20.62/kg
<b>Status of Counterpart Funding</b>	:	In kind
<b>Project Monitoring Milestones Included</b>	:	Yes
<b>National Coordinating Agency</b>	:	Montreal Protocol Unit, Ministry of Environment And Natural Resources
<b>Lead Implementing Agency</b>	:	UNDP
<b>Cooperating Implementing Agency</b>	:	UNDP, UNEP, Japan

The National Compliance Action Plan (NCAP) will phase-out the remaining consumption of 190.1 ODP tons of Annex A, Group I CFCs, etc. over the period of 2003–2010. A series of investment, non-investment, technical assistance, and capacity building activities are proposed to achieve this target. The NCAP will enable the Government of Sri Lanka, which is facing unexpected challenges due to opening of the Northeast, nevertheless to phase-out CFC consumption by 2005 and maintain the momentum after its initiative early phase-out through enforcement of illegal trade prevention measures, etc. Considering this multi-faceted approach it is crucial that flexibility be given to the Government of Sri Lanka to adapt or modify its strategies during implementation of this plan as the need arises.

The Government of Sri Lanka requests US\$3,148,665 as the total funding from the Multilateral Fund for the total elimination of all Annex A Group I substances (CFCs) and halon management in all sectors using these substances. The approval of this project will result in the elimination of CFCs consumption in Sri Lanka and will allow the country to meet its Montreal Protocol obligations.

Annex II**LIST OF PROJECTS WITH DATA DISCREPANCIES**

In accordance with Decision 34/18, the following projects were received by the Secretariat, but were found to have discrepancies between the consumption planned to be phased out in the projects and the sectoral consumption remaining to be addressed. Consumption was assessed on the basis of consumption figures reported to the Fund and Ozone Secretariats by the countries concerned and consumption quoted in projects approved by the Executive Committee. The projects have not been included in the submission to the 41<sup>st</sup> Meeting. Consumption details for each project, as requested in Decision 34/18, are included in Table I below.

Table I

Project title	Sector/Sub-sector	Total reported sector consumption ODP tonnes	Project consumption ODP tonnes	Project cost as submitted (inc. support costs) US \$
CFC phase-out plan for the foam sector (Mexico)	Foam	0	184.1	1,856,800
Phase out of CFC-11 by conversion to HCFC-141b technology at Prva Iskra in the manufacturing of polyurethane sandwich panels (Serbia and Montenegro)	Foam	31.8	10.8	81,550
Phase out of CFC-11 in the manufacture of extruded polystyrene foams through the use of n-Butane as a blowing agent at Laminat A.D. (Serbia and Montenegro)			72.0	354,065