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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

BILATERAL COOPERATION

The Fund Secretariat received the following requests for bilateral co-operation:

PROJECT TITLE	BILATERAL AGENCY
Phase-out of the use of methyl bromide in grain storage in Indonesia	Canada
Refrigerant management plan update in Saint Lucia	Canada
National CFC Phase-out plan (first annual implementation programme) in Iran (French component)	France
Sector plan for the phase-out of CFC-12 consumption in the Indian refrigeration and air conditioning service sector (first tranche) in India (German component)	Germany
National CFC Phase-out plan (first annual implementation programme) in Iran (German component)	Germany
Terminal ODS phase-out management plan in Lesotho	Germany
Implementation of the refrigerant management plan: incentive programme for the commercial and industrial refrigeration end-user sector in Liberia	Germany
Implementation of the refrigerant management plan: mobile air conditioning recovery/recycling of CFC-12 in Liberia	Germany
Implementation of the refrigerant management plan: monitoring activities in Liberia	Germany
Implementation of the refrigerant management plan: improved servicing and maintenance within the refrigeration sector-recovery and recycling project in Liberia	Germany
Implementation of an ODS terminal phase out management plan in Mauritius	Germany
Terminal phase-out management plan for ODS in Namibia	Germany
Extension of institutional strengthening project in Papua New Guinea	Germany
Refrigerant management plan update in Swaziland	Germany
Total phase-out of the use of methyl bromide in agriculture in Yemen	Germany
Development of handbook on industry operated systems for recovery and reuse of ozone depleting substances (jointly with Sweden)	Japan
National CFC Phase-out plan (first annual implementation programme) in Iran (Japanese component)	Japan
Implementation of the refrigerant management plan: development of an ODS import/export licensing system in Cambodia	Sweden
Development of handbook on industry operated systems for recovery and reuse of ozone depleting substances	Sweden
National CFC phase-out plan: servicing sector (2004 annual programme) in Philippines	Sweden

1. A total of 20 requests amounting to US \$28,371,925 (including multi-year agreements) for bilateral co-operation was received by the Secretariat of which US \$3,254,163 is submitted for approval at the 41st Meeting by Canadian, French, German, Japanese and Swedish bilateral agencies. This document contains, by bilateral agency, those projects that are before the Executive Committee for its consideration.

2. Table 1 presents a summary of the value and number of requests by bilateral agency.

Table 1

VALUE AND NUMBER OF PROJECTS FOR BILATERAL COOPERATION, BY BILATERAL AGENCY (Including Agency Fees)

Bilateral Agency	Total Amount Requested	Amount Requested at 41st Meeting (US \$)	Number of Projects
Canada	572,989	572,989	2
France	1,793,577	179,358	1
Germany*	23,441,782	2,029,261	12
Japan	2,282,234	202,692	2
Sweden	281,343	269,863	3
TOTAL	28,371,925	3,254,163	20

* Germany has US \$847,393 remaining in its bilateral allocation of 20 per cent of its contributions for 2003.

REQUEST FROM THE GOVERNMENT OF CANADA

Introduction

3. Table 2 presents a summary of Canada's requests for bilateral co-operation. The value of the request plus US \$329,960 approved at the 39th Meeting does not exceed 20 percent of Canada's contribution for 2003 (US \$990,967).

Table 2

SUBMISSION FROM THE GOVERNMENT OF CANADA AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Requested at 41 st Meeting (US\$)	Amount Recommended (US\$)
Phase-out of the use of methyl bromide in grain storage	Indonesia	433,620	433,620	(1)
Refrigerant management plan update	Saint Lucia	73,450	73,450	(2)
Agency Fee		65,919	65,919	
TOTAL		572,989	572,989	

(1) Under UNEP/OzL.Pro/ExCom/41/37

(2) Under UNEP/OzL.Pro/ExCom/41/55

INDONESIA: Phase-out of the use of methyl bromide in grain storage (US \$433,620)

4. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/41/37.

SAINT LUCIA: Refrigerant management plan update (US \$73,450)

5. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/41/55.

REQUEST FROM THE GOVERNMENT OF FRANCE

Introduction

6. Table 3 presents a summary of France's request for bilateral co-operation. This request does not exceed 20 percent of France's contribution for 2003 (US \$2,503,738). It should be noted, however, that pursuant to Decision 40/9, US \$125,665 should be offset against future approvals at the 41st Meeting or thereafter.

Table 3

SUBMISSION FROM THE GOVERNMENT OF FRANCE AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Requested at 41 st Meeting (US\$)	Amount Recommended (US\$)
National CFC Phase-out plan (first annual implementation programme) (French component)	Iran	1,615,835	161,584	(1)
Agency Fee		177,742	17,774	
TOTAL		1,793,577	179,358	

(1) Under UNEP/OzL.Pro/ExCom/41/38

IRAN: National CFC Phase-out plan (first annual implementation programme) (French component) (US \$161,584)

7. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/41/38.

REQUEST FROM THE GOVERNMENT OF GERMANY

Introduction

8. Table 4 presents a summary of Germany's requests for bilateral co-operation. This amount requested for the 41st Meeting (US \$2,029,261) plus the amount approved at the 39th Meeting (US \$2,969,479) including the net funds to be offset against 41st Meeting approvals based on the return of net funds to the 40th Meeting (-US \$33,984) amounts to US \$4,908,870 that exceeds 20 percent of Germany's contribution for 2003 (US \$3,782,888).

Table 4

SUBMISSION FROM THE GOVERNMENT OF GERMANY AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Requested at 41 st Meeting (US\$)	Amount Recommended (US\$)
Sector plan for the phase-out of CFC-12 consumption in the Indian refrigeration and air conditioning service sector (first tranche) (German component)	India	12,656,670	0	(1)
National CFC Phase-out plan (first annual implementation programme) (German component)	Iran	6,162,072	265,470	(2)
Terminal ODS phase-out management plan	Lesotho	127,300	127,300	(3)
Implementation of the refrigerant management plan: incentive programme for the commercial and industrial refrigeration end-user sector	Liberia	130,000	130,000	(4)
Implementation of the refrigerant management plan: mobile air conditioning recovery/recycling of CFC-12	Liberia	97,000	97,000	(4)
Implementation of the refrigerant management plan: monitoring activities	Liberia	14,910	14,910	(4)
Implementation of the refrigerant management plan: improved servicing and maintenance within the refrigeration sector-recovery and recycling project	Liberia	142,000	142,000	(4)
Implementation of an ODS terminal phase out management plan	Mauritius	212,030	212,030	(5)
Terminal phase-out management plan for ODS	Namibia	252,500	252,500	(6)
Extension of institutional strengthening project	Papua New Guinea	85,000	85,000	39,693
Refrigerant management plan update	Swaziland	74,295	74,295	(7)
Total phase-out of the use of methyl bromide in agriculture	Yemen	1,293,360	400,000	(8)
Agency Fee		2,194,645	228,756	5,160
TOTAL		23,441,782	2,029,261	44,853

(1) Under UNEP/OzL.Pro/ExCom/41/36

(2) Under UNEP/OzL.Pro/ExCom/41/38

(3) Under UNEP/OzL.Pro/ExCom/41/42

(4) Under UNEP/OzL.Pro/ExCom/41/43

(5) Under UNEP/OzL.Pro/ExCom/41/47

(6) Under UNEP/OzL.Pro/ExCom/41/49

(7) Under UNEP/OzL.Pro/ExCom/41/59

(8) Under UNEP/OzL.Pro/ExCom/41/64

9. Germany has a remainder of US \$847,393 in bilateral contributions that could be approved in 2003. It has, however, requested funding totally US \$2,029,261 at the 41st Meeting. Therefore, Germany should advise the Executive Committee which activities to defer until 2004

or other means of enabling these projects to be approved without exceeding 20 per cent of Germany's contributions for the year 2003.

10. Moreover, issues regarding inter alia forward commitments beyond the current replenishment are addressed in the context of the Overview of Issues Identified during Project Review (UNEP/OzL.Pro/ExCom/41/15) and the agreement for the CTC phase-out plan in India (UNEP/OzL.Pro/ExCom/41/36).

INDIA: Sector plan for the phase-out of CFC-12 consumption in the Indian refrigeration and air conditioning service sector (first tranche) (German component) (German component) (US \$0)

11. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/41/36.

IRAN: National CFC Phase-out plan (first annual implementation programme) (German component) (US \$265,470)

12. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/41/38.

LESOTHO: Terminal ODS phase-out management plan (US \$127,300)

13. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/41/42.

LIBERIA: Implementation of the refrigerant management plan: incentive programme for the commercial and industrial refrigeration end-user sector (US \$130,000)

Implementation of the refrigerant management plan: mobile air conditioning recovery/recycling of CFC-12 (US \$97,000)

Implementation of the refrigerant management plan: monitoring activities (US \$14,910)

Implementation of the refrigerant management plan: improved servicing and maintenance within the refrigeration sector-recovery and recycling project (US \$142,000)

14. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/41/43.

MAURITIUS: Implementation of an ODS terminal phase out management plan (US \$212,030)

15. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/41/47.

NAMIBIA: Terminal phase-out management plan for ODS (US \$252,500)

16. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/41/49.

PAPUA NEW GUINEA: Extension of institutional strengthening project (US \$85,000)

Project description and comments

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

Fund Secretariat's recommendation

18. The Fund Secretariat recommends blanket approval of the above project at the funding level of US \$39,693 and associated support cost of US \$5,160. The Executive Committee may also wish to express additional comments to the Governments concerned in Annex II to this document.

SWAZILAND: Refrigerant management plan update (US \$74,295)

19. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/41/59.

YEMEN: Total phase-out of the use of methyl bromide in agriculture (US \$400,000)

20. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/41/64.

REQUEST FROM THE GOVERNMENT OF JAPAN

Introduction

21. Table 5 presents a summary of Japan's requests for bilateral co-operation. This request does not exceed 20 percent of Japan's contribution for 2003 (US \$6,952,000).

Table 5

SUBMISSION FROM THE GOVERNMENT OF JAPAN AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Requested at 41 st Meeting (US\$)	Amount Recommended (US\$)
Development of handbook on industry operated systems for recovery and reuse of ozone depleting substances (jointly with Sweden)	Global	46,166	46,166	
National CFC Phase-out plan (first annual implementation programme) (Japanese component)	Iran	2,009,068	135,607	(1)
Agency Fee		227,000	20,919	
TOTAL		2,282,234	202,692	

GLOBAL: Development of handbook on industry operated systems for recovery and reuse of ozone depleting substances (US \$46,166)

22. Please refer to the bilateral programme of Sweden, paras. 26-41 in this document, concerning this request.

IRAN: National CFC Phase-out plan (first annual implementation programme) (Japanese component) (US \$135,607)

23. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/41/38.

REQUEST FROM THE GOVERNMENT OF SWEDEN

Introduction

24. Table 6 presents a summary of Sweden's requests for bilateral co-operation. This request plus US \$49,450 approved as 2003 contributions at the 39th Meeting plus US \$73,450 approved at the 40th Meeting does not exceed 20 percent of Sweden's contribution for 2003 (US \$397,693).

Table 6

SUBMISSION FROM THE GOVERNMENT OF SWEDEN AND RECOMMENDATION

Project Title	Country	Total Amount Requested (US\$)	Amount Requested at 41 st Meeting (US\$)	Amount Recommended (US\$)
Implementation of the refrigerant management plan: Development of an ODS import/export licensing system	Cambodia	68,750	58,750	(1)
Development of handbook on industry operated systems for recovery and reuse of ozone depleting substances	Global	21,583	21,583	Pending
National CFC phase-out plan: servicing sector (2004 annual programme)	Philippines	166,134	166,134	(2)
Agency Fee		24,696	23,396	
TOTAL		281,343	269,863	

(1) Under UNEP/OzL.Pro/ExCom/41/27

(2) Under UNEP/OzL.Pro/ExCom/41/52

CAMBODIA: Implementation of the refrigerant management plan: development of an ODS import/export licensing system (US \$58,750)

25. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/41/27.

GLOBAL: Development of handbook on industry operated systems for recovery and reuse of ozone depleting substances (US \$21,583)

Project Description

26. The Government of Sweden submitted for consideration at the 41st Meeting a bilateral proposal to develop a Handbook on Industry Operated Systems for Recovery and Reuse of Ozone Depleting Refrigerants in co-operation with the Government of Japan and UNEP.

27. The handbook will describe different recovery, recycling and reclamation systems, the benefits and drawbacks of each system, the cost elements involved, including different means to fund its operation primarily in market-based conditions. The economic incentives and

disincentives for establishing a long-term viable system to recover and reuse refrigerants will be covered in detail. Economic feasibility will be demonstrated using examples of established infrastructures in a number of Article 2 countries.

28. The Government of Sweden will co-fund the handbook and have the overall responsibility for its development and will work in close collaboration with Government of Japan and UNEP. Japan will co-fund the project and will contribute using their experience with the establishment of a system for safe reuse of ozone depleting refrigerants. UNEP will support the project through its Compliance Assistance Programme (CAP). The project scope is an area where Sweden has developed substantial capacity and know-how from its own national ODS phase-out management initiatives, as well as Sweden's regional networking and project activities in the Article 5 countries over the past years.

29. The UNEP CAP team has neither the economic resources available in order to develop this handbook nor the funding for the development and printing of this publication within its 2004 budget. UNEP has however offered the CAP staff's time for contribution to the development of the contents of the publication.

30. The proposed budget is US \$67,749 plus US \$8,807 for the Implementing Agency support cost.

Secretariat's comments

31. The Secretariat reviewed the bilateral proposal submitted by the Government of Sweden and provided its comments. It was noted that the proposal referred to case studies in Sweden and Australia which demonstrate the successful operation of a cost-effective, market-based and industry operated system to handle the whole process; from importation to re-use and the disposal of refrigerant. The information available to the Secretariat indicates that in case of Australia, most of the refrigerant collected has not been re-used but has been stored for future destruction.

32. The establishment of a reclamation system in Sweden was supported by the introduction of a voluntary environmental fee on the sale of virgin refrigerants. The Secretariat advised the Government of Sweden that the issue of the introduction of a fee or a tax on sales of ODSs has been discussed at several network meetings with Ozone Officers from Article 5 countries. There is no indication that the introduction of a new sales tax on ODSs is under consideration in most Article 5 countries, and it has not been included in management plans, refrigeration sector plans and national ODS phase-out plans that have so far been reviewed by the Secretariat.

33. The successful functioning of the system in Sweden also presupposes introduction and successful enforcement of a ban on venting refrigerant. Of the 38 proposals for refrigerant management plans, terminal phase-out management plans and national CFC or ODS phase-out plans submitted for consideration at the 41st Meeting of the Executive Committee, only one containing a ban on venting of CFC-based refrigerants at some future date.

34. The handling of HCFCs and HFCs will also be covered in the handbook. The Secretariat indicated that the Indicative List of Categories of Incremental Costs, which was approved by the

2nd Meeting of Parties as part of the Financial Mechanism, did not include a category for incremental costs associated with recovery and recycling non-ODP refrigerant.

35. In view of UNEP's proposed 2004 CAP budget allocation of US \$50,000 for reprinting and updating publications, and to avoid double counting, the Secretariat proposed that UNEP should fund the preparation, printing and dissemination of the handbook. The Secretariat was informed that only the dissemination of the handbook can be accommodated within the CAP budget.

Recommendations

36. The Executive Committee might consider whether to approve the proposal on the basis of the information provided by the Government of Sweden and the Secretariat's comments above.

**PHILIPPINES: National CFC phase-out plan: servicing sector (2004 annual programme)
(US \$166,134)**

37. The comments and recommendations of the Fund Secretariat are found in UNEP/OzL.Pro/ExCom/41/52.

Annex I

INSTITUTIONAL STRENGTHENING PROJECT PROPOSALS

Papua New Guinea: Renewal of institutional strengthening

Summary of the Project and Country Profile		
Implementing Agency:		Germany
Amount originally approved:	Phase I: May 1996	45,800
	Total	45,800
Amount requested for renewal (US \$):		85,000
Amount recommended for approval (US \$)		39,693
Agency support costs (US \$)		5,160
Total cost of institutional strengthening Phase III to the Multilateral Fund		44,860
Equivalent amount of CFC phase-out due to institutional strengthening Phase III at US \$12.1/kg (ODP tonnes)		3.7
Date of approval of country programme		May 1996
ODS consumption reported in country programme (1994), (ODP tonnes)		56.2
Latest reported ODS consumption (2002)* (ODP tonnes)		39.7
Baseline consumption of controlled substances (ODP tonnes):		
(a) Annex A Group I (CFCs) (Average 1995-1997)		36.3
(b) Annex A Group II (Halons) (Average 1995-1997)		0
(c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000)		0
(d) Annex B Group III (Methyl chloroform) (Average 1998-2000)		0
(e) Annex E (Methyl bromide) (Average 1995-1998)		0.3
Latest consumption of controlled substances (ODP tonnes)		
(a) Annex A Group I (CFCs)		34.6
(b) Annex A Group II (Halons)		
(c) Annex B Group II (Carbon tetrachloride)		
(d) Annex B Group III (Methyl chloroform)		
(e) Annex C Group I (HCFCs)		3.8
(f) Annex E (Methyl bromide)		1.3
Amount approved for projects (US \$)		704,454
Amount disbursed (as at April 2003) (US \$):		98,340
ODS to be phased out (ODP tonnes)		30.8
ODS phased out (as at July 2003) (ODP tonnes)		

1. The implementation of the provisions of the Montreal Protocol proceeded satisfactorily in Papua New Guinea. During the reporting period, the National Ozone Unit (NOU) implemented many planned activities. These included: enforcement of a regulation refusing permit to import ODS; banning new halon and aerosol containing CFCs; celebrating international ozone day with more ozone awareness activities, such as the publication in the media of topics on the harmful effects of ozone depletion.

2. The National Ozone Unit collected and reported data to the appropriate agencies. Training workshops were organized to train trainers, as well as best practices orientation in ODS management was provided to stakeholders.

3. The NOU was established by Cabinet Decision No. 15/92 and it is located within the Department of Environment and Conservation. The National Action Plan of the NOU has been integrated into the normal work programme of the Department of Environment and Conservation.

Action plan

4. Papua New Guinea plans to reduce the country's annual consumption of CFCs to 170 ODP tonnes (approximately 50% of 2002 consumption level) by 2005, using licensing and quota systems.

5. More training workshops for refrigeration technicians and customs officers are planned under the institutional strengthening project. ODS legislation and regulations will be enforced. Data collection and reporting to the appropriate agencies will be continued, as well as awareness activities will be organized for the general public and specific target groups.

Annex II

**VIEWS EXPRESSED BY THE EXECUTIVE COMMITTEE ON RENEWALS
OF INSTITUTIONAL STRENGTHENING PROJECTS
SUBMITTED TO THE 41st MEETING**

1. The Executive Committee has reviewed the report presented with the institutional strengthening project renewal request for Papua New Guinea, and notes with appreciation that Papua New Guinea reported ODS data to the Ozone Secretariat that was lower than the 1995-1997 CFC compliance baseline. Papua New Guinea for that matter is in compliance with the CFC consumption freeze levels. The Executive Committee also recognizes that within the framework of the institutional strengthening project, Papua New Guinea has taken some significant steps to phase out the consumption of ODS. Specifically, awareness raising campaign, including the celebration of Ozone Day and radio, television and public discussions; enforcement of a regulation requiring permit to import ODS; banning new halon and aerosol containing CFCs; data collection and reporting; training of trainers and best practices..
2. The Executive Committee greatly supports the efforts of Papua New Guinea to reduce the consumption of CFCs. The Executive Committee is therefore hopeful that in the next two years, Papua New Guinea will continue with the implementation of the country programme and the refrigerant management plan activities to reduce current CFC consumption levels in the country.
