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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

Corrigendum

PROJECT PROPOSAL: VENEZUELA

In the table “Cost summary” below paragraph 1, **replace** the column title “Consumption to be phased out (ODP tonnes)” **with** “Estimated cost US \$” and **replace** the column title “Estimated cost US \$” **with** “Consumption to be phased out (ODP tonnes)”.

In the last line of paragraph 9, **replace** the words “for 2” **with** “2 percent”

In the fifth line of paragraph 12, **replace** the year “1977” **with** “1997”

Replace paragraphs 10, 21 and 22 **with** the following paragraphs:

10. The objective of the project proposal, as submitted, is to phase out 2,013 ODP tonnes of CFCs, representing the total remaining CFC consumption eligible for funding. In the project review process, the Secretariat noted that the latest (2002) consumption reported by the Government of Venezuela under Article 7 data was 1,553 ODP tonnes, and pointed out that the eligible cost of the national plan should be based on this level of consumption. On this basis, and taking into consideration a consumption of 504 ODP tonnes of CFCs associated with approved but not yet implemented projects, the remaining consumption eligible for funding would be 1,049 ODP tonnes. In this regard, UNIDO pointed out that the consumption in 2002 was not representative of the CFC use in Venezuela because of the economic crisis experience in the country and it proposed to consider the CFC consumption based on the average of the last three-year consumption reported under Article 7 (e.g., 2,267 ODP tonnes); therefore, the eligible consumption for funding amounts to 1,763 ODP tonnes after subtracting the consumption associated with ongoing projects (504 ODP tonnes).

22. Following further discussions on the project proposal, UNIDO agreed to base the phase out plan on the remaining consumption of 1,049 ODP tonnes. Based on the 2002 progress report on the implementation of the country programme submitted by the Government of Venezuela to the Fund Secretariat, the sector distribution of CFCs is as follows: 19.1 ODP tonnes in the foam sector; 1.1 ODP tonnes in the refrigeration manufacturing sector; and 1,011 ODP tonnes in the refrigeration servicing sector; 9 ODP tonnes in the solvent sector; and 8.4 ODP tonnes in the aerosol sector. The Secretariat also noted that according to the progress report on the implementation of the Venezuela country programme, the amount of CFCs used in 2002 for servicing refrigeration equipment was about 1,380 ODP tonnes.

22bis. Subsequently, UNIDO revised the sector plan taking into consideration the issues raised by the Secretariat. The revised incremental cost of the plan was calculated at US \$6,240,554, with the following breakdown:

- (a) US \$201,500 for the phase out of the remaining 19.1 ODP tonnes of CFCs in the foam sector. The level of funding was based on the foam sector strategy that was submitted by the Government of Venezuela in connection with an umbrella foam project approved by the Executive Committee at its 36th Meeting;
- (b) US \$16,731 for the phase out of 1.1 ODP tonnes of CFCs, representing the remaining eligible consumption in the refrigeration manufacturing sector, determined on the basis of the cost effectiveness threshold for the sector (US \$15.21/kg);
- (c) US \$5,055,000 for the phase out of the total CFC consumption in the servicing sector. The incremental cost was based on a consumption of 1,011 ODP tonnes, instead of 1,380 ODP tonnes indicated in the progress report on the implementation of the country programme, to take account, *inter alia*, of the projects in the refrigeration servicing sector that have been approved by the Executive Committee for Venezuela;
- (d) US \$400,000 for a technical assistance programme that would phase out 9 ODP tonnes of CFCs used the solvent sector and 8.4 ODP tonnes of CFCs in the aerosol sector; and covers residual CFC consumption in very small enterprises in the commercial refrigeration manufacturing sub-sector; and
- (e) US \$567,323 for management and national coordination of the phase out plan.

22ter. In regard to the recovery and recycling programme, the Secretariat proposed to UNIDO that the Government of Venezuela should have flexibility in the utilization of the resources available under the recovery and recycling programme when specific needs arise during project implementation, and that the programme should be funded in stages so that resources can be diverted to other activities, such as additional training or procurement of service tools, if the anticipated results from the programme are not achieved. Thus, the objective would be to continuously monitor and survey the needs of technicians and adapt the project accordingly. Subsequently, it was agreed to reflect this particular flexibility in the draft Agreement.

22quar. UNIDO is preparing the first annual implementation programme which will be consistent with the above conclusions. A draft agreement is also being prepared and will be distributed upon completion.

RECOMMENDATIONS

22. On the basis of the Secretariat's comments and responses from UNIDO, and subject to the timely provision of a draft Agreement, the Executive Committee might consider whether to approve:

- (a) In principle the national CFC phase-out plan for Venezuela at a total level of funding of US \$6,240,554 plus agency support costs of US \$468,042;
- (b) The draft Agreement; and
- (c) Funding of US \$998,096 plus support costs of US \$74,857 for the first tranche of the project.
