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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-eight Meeting
Montreal, 3-7 December 2012

PROJECT PROPOSAL: MOROCCO

This document consists of the comments and recommendations of the Fund Secretariat on the following project proposal:

Phase-out

- HCFC phase-out management plan (stage I, second tranche)

UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**Morocco**

(I) PROJECT TITLE	AGENCY
HCFC phase out plan (Stage I)	UNIDO (lead)

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2011	78.8 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2011	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123									
HCFC-124									
HCFC-141b					11.4	0.4			11.8
HCFC-141b in Imported Pre-blended Polyol		9.1							9.1
HCFC-142b									
HCFC-22					57.9				57.9

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	59.7	Starting point for sustained aggregate reductions:	68.0
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	16.77	Remaining:	51.2

(V) BUSINESS PLAN		2012	2013	2014	2015	2016	2017	Total
UNIDO	ODS phase-out (ODP tonnes)	3.8					0.6	4.4
	Funding (US \$)	236,500					37,625	274,125

(VI) PROJECT DATA			2010	2011	2012	2013	2014	2015	2016	2017	Total
Montreal Protocol consumption limits			n/a	n/a	n/a	59.7	59.7	53.7	53.7	53.7	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	n/a	59.7	57.7	53.7	53.7	47.7	n/a
Agreed Funding (US\$)	UNIDO	Project costs	951,740	80,000	220,000					35,000	1,286,740
		Support costs	71,381	6,000	16,500					2,625	96,506
Funds approved by ExCom (US\$)		Project Costs	951,740	80,000	0	0	0	0	0	0	1,031,740
		Support Costs	71,381	6,000	0	0	0	0	0	0	77,381
Total funds requested for approval at this meeting (US\$)		Project Costs			220,000	0	0	0	0	0	220,000
		Support Costs			16,500	0	0	0	0	0	16,500

Secretariat's recommendation:	Blanket Approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Morocco UNIDO as the designated implementing agency, has submitted to the 68th meeting of the Executive Committee a request for funding for the second tranche of stage I of the HCFC phase-out management plan (HPMP) at a total cost of US \$220,000, plus agency support costs of US \$16,500 for UNIDO. The submission includes a progress report on the implementation of the first tranche of the HPMP together with the tranche implementation plan for 2013.

Background

2. The HPMP for Morocco was approved by the Executive Committee at its 65th meeting, to reduce HCFC consumption by 20 per cent of the baseline by the end of 2017. The total funding for stage I of the HPMP amounted to US \$1,286,740, plus agency support costs of US \$96,506, which included US \$951,740, plus agency support costs of US \$71,381 approved at the 62nd meeting to phase out 100.0 metric tonnes (mt) (11.0 ODP tonnes) of HCFC-141b used in the manufacture of polyurethane rigid insulation foam for domestic refrigerators at Manar Company. Also at the 65th meeting, the Executive Committee approved US \$80,000, plus agency support costs of US \$6,000 for implementation of the first tranche of the HPMP.

Progress report on the implementation of the first tranche of the HPMP

3. Following the approval of the HPMP, the Government of Morocco completed the process of ratification of the Beijing and Copenhagen Amendments to the Montreal Protocol, which entered into force on 9 September 2012. The Ministry of Commerce, Industry and New Technologies and UNIDO organized in partnership with the Cleaner Production Centre of Morocco a workshop where the HMPMP was launched on 6 June 2012. All stakeholders were officially informed on the overarching strategy and action plan for phasing out HCFCs, including obligations and measures to be adopted and alternative technologies available for the various sectors.

4. Stage I proposes the conversion of two foam enterprises, namely Manar Company and Fagor. With regards to Manar Company, UNIDO reported that the project document was signed and the contract for the conversion awarded on November 2010 for an amount of US \$865,000. Equipment and materials required for the conversion has been purchased and will be delivered to the enterprise in mid-November 2012. Modification to the enterprise for the introduction of the cyclopentane technology is currently under implementation. The installation of the ventilation system and safety related items will be completed by the end of November 2012. Full production with no HCFC-141b is expected by the end of December 2012. Destruction of HCFC-based equipment will be done in early 2013.

5. With regards to Fagor, the enterprise is self-financing the conversion of its foam production lines to cyclopentane technology, which will be completed before 1 January 2015. Fagor agreed to limit its import of HCFC-141b to 22.10 mt (2.43 ODP tonnes) in 2013 in order to assist the Government of Morocco to meet the 2013 HCFC consumption freeze. Further to the approval of the HPMP, the enterprise is considering converting only manufacturing appliances with no insulation foam. The Government of Morocco and UNIDO will be monitoring the situation during implementation of the HPMP.

6. As of October 2012, of the total funding of US \$1,031,740 approved thus far, US \$970,925 had been disbursed or committed. The balance of US \$60,815 will be disbursed in 2013.

Annual plans for the second tranche of the HPMP

7. Due to the limited budget approved in the first tranche of the HPMP (US \$80,000), the Government of Morocco and UNIDO considered that it would be more cost-effective to combine the

remaining funding (US \$61,015) with that associated with the second tranche to implement the following activities in the refrigeration servicing sector:

- (a) Completing the phase out of HCFC-141b in bulk which is used for the manufacturing of polyurethane foam at Manar and Fagor. Both foam enterprises will be visited by the National Ozone Unit and UNIDO during implementation of the second tranche to verify compliance with the phase-out schedule;
- (b) Phasing out the consumption of HCFC-141b in bulk which is used for flushing refrigeration circuits by the National Railway Corporation (ONCF). A total of 16 technicians will be trained on best service practices, including safety measures and safe disposal of cleaning agent. Twelve recycling kits will be purchased and distributed to the regional servicing centres. The selection of alternative cleaning agents will be based on the following criteria: non-ODS with low global warming potential (GWP), availability on the local market, cost and safety;
- (c) Training of 40 customs officers on enforcement of the licensing system; monitoring HCFC import; data reporting; and measures to control illegal import of HCFCs. Gas detecting tools for training for main custom entry points will be purchased and distributed;
- (d) One training workshop will be organized for technicians working on installation and servicing of industrial refrigeration and air-conditioning systems, including those working in the fishing sector. The training, coordinated with the Moroccan Refrigeration Association, will focus on the development of the latest technologies in refrigeration and air-conditioning, market penetration for new refrigerants, safety issues related to flammability of refrigerants and proper management of refrigerants during maintenance, and
- (e) Project monitoring and evaluation, including verification of the HCFC consumption.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Operational license system

8. In line with decision 63/17 and as required under the Agreement between the Government of Morocco and the Executive Committee, confirmation has been received from the Government that an enforceable national system of licensing and quotas for HCFC imports and exports is in place and that the system is capable of ensuring compliance with the Montreal Protocol.

9. The licensing system established by the Government includes imports of HCFC-141b and HCFC-22, which are the only HCFCs consumed in the country. Based on consultations with key stakeholders, import quotas for HCFCs have been established as shown in Table 1.

Table 1. Maximum allowable level of HCFC consumption from 2013 (ODP tonnes)

HCFC	2012*	2013**	2014**	2015**	2016**	2017**
HCFC-141b	23.72	13.77	13.77	8.87	8.87	7.90
HCFC-22	60.27	45.90	45.90	44.83	44.83	39.84
Total	84.00	59.67	59.67	53.70	53.70	47.74

* Estimated

** Maximum allowed per proposal

HCFC consumption

10. HCFC consumption in 2010 was lower than in previous years, mainly due to the economic crisis. However, this consumption increased in 2011 to historical levels. Based on preliminary data, the consumption in 2012 is expected to be slightly higher than that of 2011 as shown in Table 2.

Table 2. HCFC consumption in Morocco (2007-2011 Article 7, 2012 estimated)

HCFC	2007	2008	2009	2010	2011	2012*	Baseline
Metric tonnes							
HCFC-141b	66.0	125.6	200.9	178.8	189.55	215.64	189.8
HCFC-22	471.0	674.7	834.1	576.5	1,053.64	1,095.82	705.3
Total (mt)	537.0	800.3	1,035.0	755.3	1,243.18	1,311.45	895.1
ODP tonnes							
HCFC-141b	7.3	13.8	22.1	19.7	20.85	23.72	20.9
HCFC-22	25.9	37.1	45.9	31.7	57.95	60.27	38.8
Total (ODP tonnes)	33.2	50.9	68.0	51.4	78.8	83.99	59.7

(*) Estimated consumption.

11. The Secretariat notes that the import licensing and quota systems are operational and will enable the Government to reduce its consumption by 20 per cent of its baseline by 2017, well in advanced of the Protocol's HCFC phase-out schedule. The conversion of Manar to cyclopentane technology is progressing well and the enterprise will completely phase out consumption of HCFC-141b by the end of 2012. The activities in the servicing sector to be implemented from 2013 will allow for further reductions in the consumption of HCFC-141b used for flushing refrigeration circuits and of HCFC-22 through the implementation of better service practices, including leakage controls.

RECOMMENDATION

12. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the first tranche of stage I of the HCFC phase-out management plan of (HPMP) in Morocco; and further recommends blanket approval of the second tranche of stage I of the HPMP, and the corresponding tranche implementation plan, at the funding level shown in the table below:

	Project Title	Project Funding (US \$)	Support Cost (US \$)	Implementing Agency
(a)	HCFC phase-out management plan (stage I, second tranche)	220,000	16,500	UNIDO
